

Response to request for hackney carriage fare increase

Date: 10 June 2022

Report of: Taxi & Private Hire Licensing Manager

Report to: Chief Officer, Elections & Regulatory

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

What is this report about?

Including how it contributes to the city's and council's ambitions

- Hackney carriage fares are regulated, unlike private hire fares.
- The council has received a request from trade representatives for hackney carriage fares to be increased in order to meet the general higher cost of living and specific increase to the cost of fuel. The fares were last reviewed and increased in 2018. In recognition of these challenges, the council is now consulting on a proposed increase of 50p on hackney carriage fares.
- The council needs to determine the merit of the request, the legal requirement for reviewing hackney carriage fares, and the practical, financial and resource implications of responding to such a request.
- The council has a legal requirement to engage/consult, and this report seeks the authority to commence the consultation process, after which a decision will be made.

Recommendations

- a) That the Chief Officer Elections and Regulatory approves the start of engagement/consultation/advertising of the proposed hackney carriage tariff review.

Why is the proposal being put forward?

- 1 The request received refers to the significant general increase in the cost of living in the UK and the considerable specific increase in the cost of fuel. The request received is for 50p to be added to the taximeter at the start of every journey, but for all other costs to remain unchanged. The taximeter reading is the maximum fare a driver can charge to a customer. The request also suggests that this could be a temporary, rather than a permanent, increase in fares.

Wards affected:

Have ward members been consulted?

 Yes No**What impact will this proposal have?**

- 2 If approved, the fare increase would add 50p to the maximum cost of every journey made by hackney carriage in Leeds, as shown on the vehicle's taximeter. It would not affect directly private hire fares, which are by UK law not regulated, but may be viewed as contributing to an upward increase in the costs of the general public to use both hackney carriages and private hire vehicles.
- 3 The council licences a maximum of 537 hackney carriage vehicles, and the fare cards would need to be amended and taximeters would need to be updated for each vehicle. There are plans for a wide-ranging vehicle conditions, review later in 2022-23, which would also ordinarily involve a review of hackney carriage fares.

What consultation and engagement has taken place?

- 4 This report is being written **before** any engagement or consultation has taken place. The responses to previous hackney carriage fare reviews have been noted, including objections to the fare increases, on behalf of some passenger groups. The engagement and consultation will need to weigh up the additional costs to passengers against the additional benefits to drivers and vehicle owners.
- 5 The most recent annual report on taxi statistics for England draws attention to which people report using hackney carriages and private hire vehicles. That report says an increase of 50p per journey would have a disproportionate impact on some people more than others, and would raise a 2 mile journey from £6.40 to £6.90. Most people (58%) rarely use a taxi or PHV (at most twice a year). However around a quarter (28%) travel by taxi or PHV at least once a month and 9% of people travel by taxi or PHV on a weekly basis. People with mobility difficulties, women (especially women aged over 70), and families without a car are all likely to take more journeys by hackney carriage or private hire vehicle.
- 6 The most recent annual report on taxi statistics for England also draws attention to the national drop of around 30% in hackney carriage and private hire drivers in 2021 from before Covid pandemic, indicating a potential shortage of hackney carriage and private hire drivers. Leeds currently licenses 800 hackney carriage drivers, compared to 894 at the start of March 2020, a drop of around 12%.
- 7 Fuel is one of the major costs for hackney carriage and private hire vehicle owners and drivers. The UK Office for National Statistics reports that petrol has increased in cost by 34p per litre, and diesel by 47p, in the last 12 months. It is possible that fuel prices may fall in the longer term, but they have been increasing very rapidly in 2022, and may well continue to increase. A small fare increase of 50p per journey would go a small way to covering some of the increased costs.

What are the resource implications?

- 8 There are some resource implications of reviewing hackney carriage fares. These relate to the requirement to advertise, engage, or consult on the proposed fare, the changes to the hackney

carriage vehicle fare cards, and the alterations and resealing of the hackney carriage taximeters.

- 9 While there is some discretion over how fully consultation may take place, as a minimum the following steps have to be followed:
- A decision must be taken by the council to introduce the charge. This could be a delegated decision by an officer or member in line with the council's decision making framework.
 - The proposed additional fee must then be published, as part of an amended table of fares and charges, and made available for inspection.
 - There must be a minimum 14 day consultation period from the date the notice is published.
 - In the absence of any objections, a follow up decision could be published and the amended charge could come into immediate effect after that time.
 - If objections are received they must be considered, and (whether or not amended as a consequence) the council shall set a further date within two months of the consultation closing, on which the final table of fares and charges shall come into force.
- 10 In order to ensure that hackney carriage passengers are aware of the fare increase, the council could remove all 537 fare cards from the vehicles, and replace them with new fare cards. Or the council could issue vehicle owners (or associations) with a temporary hackney carriage fare sticker to be added to all 537 fare cards.
- 11 Similarly, in order to ensure that all taximeters show the same fares, the council should require all taximeters to be updated and resealed with a different colour sealant. The taximeter companies will also charge vehicle owners for the updating and resealing of taximeters.

What are the legal implications?

- 12 The proposal would constitute a change in connection with the hire of a hackney carriage. Accordingly the requirement of section 65 of the Local Government (MP)A1976 would be engaged, and the statutory process for amending the existing fares and charges regime would have to be followed.
- 13 This process would include responding to any objections.

What are the key risks and how are they being managed?

- 14 There are two main risks arising from the increase in fuel costs for hackney carriage drivers and owners.
- 15 First, high and rising fuel costs limit the availability of hackney carriages, with implications for people who regularly use hackney carriages. Because hackney carriage fares are regulated, in contrast to private hire fares, this gives private hire an advantage in responding to higher operating costs (in this case fuel and general cost of living).
- 16 Second, higher hackney carriage fares are seen as unaffordable to people who regularly use hackney carriages. This may or may not result in objections to the proposed fare increases.
- 17 The risks can be managed through the council supporting a comparatively small fare rise, which should maintain the number of vehicles being available and enable hackney carriage owners and drivers to continue to work without having to absorb all of the higher fuel costs. Using the most common fare index of hackney carriage tariffs, increasing the cost of a 2 mile journey from £6.40 to £6.90 would raise Leeds from being the 125th highest in the country to the 57th highest, and remaining below York and Harrogate in neighbouring authorities.

Does this proposal support the council's three Key Pillars?

Inclusive Growth

Health and Wellbeing

Climate Emergency

18 The proposal supports the health and wellbeing priority by recognising that provision of safe and comfortable hackney carriages in the city supports the independence and mobility of a range of people

Options, timescales and measuring success

What other options were considered?

19 The council is legally required to respond to a request from the hackney carriage trade for a fare review. The fares were last reviewed in 2018, so it has been some time since the last review, since when operating costs have increased significantly.

20 The council is examining in how much detail it needs to advertise, engage or consult, in order to get the views of passenger groups and stakeholders who would be particularly affected by a fare increase.

How will success be measured?

21 Success will be measured by gauging the response to advertising, engagement or consultation, and the ease of transition to any new fare.

What is the timetable for implementation?

22 If the council were to pursue the delegated decision route, the timetable could be:

9 May	Initial delegated decision, start of advertising, engagement, consultation
23 May	end of advertising, engagement, consultation
27 May	response to objections
30 May	Second delegated decision, start of implementation, including fare cards, taximeters

Appendices

23 Request from Unite the Union, subsequently endorsed by the Hackney Carriage Joint Trade Council.

Background papers

Taxi and private hire vehicle statistics, England: 2021, Department for Transport:

[Taxi and private hire vehicle statistics, England: 2021 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/taxi-and-private-hire-vehicle-statistics-england-2021)

Weekly fuel prices 2022, Office for national statistics:

[Weekly road fuel prices - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/weekly-road-fuel-prices)

Private Hire Trade Monthly current hackney carriage fare table:

[Hackney Taxi Fare Tables \(phtm.co.uk\)](http://phtm.co.uk)

Branch NEYH/302/3

Branch Secretary

Leeds Cab Section Branch



North East, Yorkshire & Humber

21/4/2022

URGENT PROVISION FOR ADDITIONAL NON-METERED 'EXTRA FEE'

Dear Andrew, Cllr Coupar, Cllr Wray,

As you will be fully aware, we are in the midst of one of the hardest financial times that we can remember in living memory, with significant increases in the cost of not only fossil fuels, but Electric Charging PkWH and LPG too.

Drivers are taking a huge hit to their already beleaguered earnings due to not having the capacity to offset some of these costs.

As any business owner will tell you, it is all about '**profit and loss**' and that the profit should always outweigh the loss and given that each are small business owners, it is hard to comprehend the true cost to each driver with these increases.

However, it is easy to know that from my own experience, electric charging has rocketed, and it costs me now upwards of £6 per day EXTRA, a petrol driven vehicle will have on average a £7 - £10 EXTRA and a diesel vehicle approximately £6 - £8 EXTRA.

As a collective, which includes all the Hackney carriage companies and us, we recently met to discuss this and a prospective fare increase, which we will be submitting shortly. However, it was agreed at that meeting that an increase with immediate effect must happen to try and mitigate to some degree the increased costs hitting drivers due to the situation with oil prices and that of gas too, which is used to generate electricity.

We realise that a precedent has already been set in relation to additional FUEL fees as this was used in 2000 when the tankers drivers went on strike across the whole UK over pay and conditions and at that time the EXTRA FEE was set at 20p.

Obviously as time has moved on, fuel (in whichever variant is used) has increased and other elements of running a business like ours too and hence we all support an **IMMEDIATE EXTRA FEE OF 50P** to be permitted by drivers to **add to every fare they take** until such time as the fuel price situation begins to decrease significantly or when the fare increase proposal that will be announced would then be approved and implemented in to vehicles.

It is always the case that no driver should be earning less than the 'living wage', yet sadly with these increases and the fortunate position like Private Hire to increase at will, drivers are now earning on average less than £8 per hour, not even considering other costs attributed that must be covered within that hourly rate.

We trust that given this has already been approved previously IN 2000 and that drivers are suffering and that in todays meeting you stated that you were keen

to help drivers, this is the time to put those words in to action and support the drivers where they need it most now.....in their take home pay.

I look forward to this being approved with immediate effect and signage being created by LCC with the City crest on it to show the public that this is an approved fee increase and that it will be added to the meter fare at the end of a journey as the 'extras' buttons no longer have the facility to add on amounts via meters.

This is sent on behalf of Unite and encompasses all Hackney Carriage companies and we must urge all those involved to expedite this with utmost urgency.

Kindest regards

