

# Response to request for hackney carriage fare increase

Date: 18 November 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 by 50p in July 2022, however, owing to the cost of reconfiguring the taximeters, the local hackney carriage trade has requested a more wide ranging review and proposed increase of 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 a higher tariff to be added to the taximeter at the start of every journey, and for all other costs to be increased. The taximeter reading is the maximum fare a driver can charge to a customer.

## What impact will this proposal have?

### Wards affected:

Have ward members been consulted?

Yes

No

- 2 If approved, the fare increase would start with a higher initial cost of every journey made by hackney carriage in Leeds, as shown on the vehicle's taximeter, and would increase the cost per year travelled. 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, and may not now be required.

## 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 or 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. Assuming the statistics for England apply to Leeds, an increase per journey would have a disproportionate impact on some people more than others, and would raise a 2 mile journey from £6.90 to £8.10. Most people (58%) rarely use a taxi or PHV (at most twice a year). However, nationally 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 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 advertised and 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 will remove all 537 fare cards from the vehicles, and replace them with new 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 £6.90 to £8.10 would raise Leeds from being the 57<sup>th</sup> highest in the country to the 25<sup>th</sup> highest, and above York (£7.20) and Harrogate (£7.40) 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 comprehensively reviewed in 2018, so it has been some time since the last full 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:

21 November	Initial delegated decision, start of advertising, engagement, consultation
5 December	end of advertising, engagement, consultation
7 December	response to objections
8 December	Second delegated decision, start of implementation, including fare cards, taximeters

## Appendices

- 23 Fare card submitted by Unite the Union, 17 November, on behalf of 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)

Consumer price index, Office for National Statistics

[CPIH ANNUAL RATE 00: ALL ITEMS 2015=100 - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/indices/price/cpi/cpih/cpih-annual-rate-00-all-items-2015=100)

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 \(phtm.co.uk\)](https://phtm.co.uk/hackney-taxi-fare-tables)

