

Executive Decision Report

Hackney carriage fares review

Decision to be taken by: Deputy City Mayor, Culture, Leisure,
Sport and Regulatory Services

Decision to be taken on: 7 October 2022

Lead director/officer: Sean Atterbury, Director of Environment
& Neighbourhood Services

Useful information

- Ward(s) affected: All
- Report author: Rachel Hall
- Author contact details: rachel.hall@leicester.gov.uk
- Report version number: 1

1. Summary

- 1.1 To explain the proposal to review the schedule of hackney carriage fares and seek approval to proceed.
- 1.2 This report explains the rationale, risks and impacts to the public and the industry of increasing hackney carriage fares.
- 1.3 It provides regional context across the industry to justify reasonable fare setting.

2. Recommended actions/decision

- 2.1 It is recommended that
 - i) The council implement the revised fare structure as set out in part 8 (calculated fares) and part 10 (implementation process) of this report.
 - ii) That a process of annual review is implemented to ensure Leicester's Hackney carriage fares reflects the costs incurred by the industry.

3. Scrutiny / stakeholder engagement

- 3.1 Previous reviews have been carried out in response to requests from the trade (RMT union and Leicester Black Cab Association). The last review was in 2014 and the trade has now requested that the fares be increased because of the rising cost of fuel and vehicles operation plus the wider impact of inflation.
- 3.2 Consultation with all 232 registered local hackney drivers was undertaken between 23rd May 2022 and 5th June 2022. 20 responses (10%) were received and evidenced support for the new proposed schedule of rates. **Appendix A** summarises the consultation responses that have been used to calculation our proposed maximum fees.

4 Background

- 4.1 The Local Government (Miscellaneous Provisions) Act 1976 makes provision for councils to fix hackney carriage fares within the district, together with all other charges in connection with the hire of a vehicle. The council has discretion as to what the fares and charges should be and there is no requirement for review at set intervals.
- 4.2 The number of licensed hackney carriages has declined since the consultation and there are now 217 operating within Leicester. Collectively the drivers have been represented by the RMT Union and Leicester Black Cab Association who have approached the Council to request a review of their maximum fares. All hackney drivers have been consulted directly on the proposals.

- 4.3 Licensing authorities set the maximum fares that a hackney driver can charge within the licensing area, although drivers can choose to charge less. Fares must be advertised to the public before being set.
- 4.4 Fares are charged through the use of a taximeter in each vehicle which is calibrated to charge a switch on fee then a charge for distance travelled. The meter also registers a standing charge when a vehicle is laden but stationary.
- 4.5 The switch on fee is the fixed cost that can be charged for an initial distance. It is universal in its application and is included in the cost of all journeys. It offers the taxi driver a minimum return for every journey encouraging the supply of journeys that cover a short distance. In the absence of a switch on fee, all journeys would start at zero. In order to recover the calculated cost per mile the fare increases by a fixed amount at an interval that is also determined as part of the calculation.
- 4.6 The council sets the fares by a formula which determines the increment in pence (rounded to the nearest 10 pence), the distance in yards or standing time charge.
- 4.7 The existing fares that hackney drivers may charge are set out in the table below:-

	Fare	Cost of 2 mile journey
6am to 10pm Mon - Sat		
Any distance up to but not including 104 yards	£2.50 (£3.00 Sunday)	£5.80
For each subsequent 104 yards	10p	
Waiting time per 25 seconds	10p	
10pm to 6am Mon - Sat		
Any distance up to but not including 86 yards	£3.00	£7.00
For each subsequent 86 yards	10p	
Waiting time per 20 seconds	10p	
10pm Christmas Eve to 6am Boxing day, 10pm New Years Eve to 6am New Years day		
Any distance up to but not including 84 yards	£6.00	£10.10
For each subsequent 84 yards	10p	
Waiting time per 20 seconds	10p	

- 4.8 Nationally hackney carriage fares are compared based on a two mile day time journey in each licensing authority area. A league table is produced by Private Hire & Taxi Monthly, which is an industry publication¹. The table ranks authorities from the highest to the lowest cost for a two mile day time journey. A two mile journey in Leicester currently costs £5.80, which places us at 269 out of 355 in the league table.
- 4.9 In response to rising operating costs other local authorities have recently reviewed their Hackney fares this year by up to 27% as summarised in the table below. None of the authorities have an annual review process and therefore have seen significant increases.

¹ [Hackney Taxi Fare Tables \(phtm.co.uk\)](http://phtm.co.uk)

Authority	Previous review	Previous fares	Fares set 2022	% increase
Coventry	2014	£6.30	£8.00	27%
Derby	2017	£6.20	£7.20	16%
Nottingham	2018	£6.80	£8.00	18%

5. Rationale to review fare charges

- 5.1 Hackney drivers are not permitted to charge more than the fare shown on the meter and this means they are recovering costs at 2014 rates even though their own costs will have increased. The steep rise in fuel prices in recent months has brought this into sharp focus.
- 5.2 Fuel prices have fluctuated since 2014 but have recently increased significantly above the 2014 cost. The majority of hackney carriages licensed in Leicester run on diesel. AA fuel price reports² for a litre of diesel in the East Midlands show a steady increase from 2017:

	Diesel – pence per litre
July 2017	115.2
July 2018	131.5
July 2019	131.7
July 2020	117.4
July 2021	134.6
July 2022	197.1

- 5.3 The RAC calculate motoring costs from Office of National Statistics data and they have produced a table monitoring changes in the cost of motoring over the last 10 years³. The data is summarised below:
- Purchase cost of motor vehicles has increased 20.75% between August 2012 and July 2022.
 - Vehicle tax and insurance costs have increased 108.05% in this period.
 - Maintenance has increased 35.08% in this period.
 - Petrol and oil costs have increased 42.2% in this period.
 - Overall combined motoring costs have increased 38.71% in that period.
 - The overall cost of living has increased by 41.23% in this period.

6. Fare review methodology

- 6.1 The review has been carried out using a method of calculating the fares that takes account a range of factors including the average local wage, the cost of buying, financing and running a hackney carriage, plus add-ons such as parking, railway permits, meter checks, etc. This is a recognised method promoted by the Institute of Licensing⁴.

² [Compare latest petrol and diesel fuel prices | The AA](#)

³ [Cost of motoring against inflation \(racfoundation.org\)](#)

⁴ [link-magazine-issue-8-fv.pdf \(instituteoflicensing.org\)](#)

6.2 Fees are formulaically calculated to achieve a table of charges which is the maximum a driver may charge. They may of course use discretion to charge less but are under no obligation to do so

7. Process

7.1 The schedule of fees has been jointly developed with the trade to ensure an accurate reflection of overheads is accounted for. This includes standing time, permits and unladen journey (return from a drop off). All costs associated with running a hackney carriage have been taken into account in the calculations. Trade representatives were consulted in advance and every licensed hackney driver was individually consulted on the proposals.

7.2 The original proposals included an option to change to the definition of day time hours to 7am to 11pm. This was not supported by the trade and it is proposed to retain the hours currently used in Leicester, with day time defined as 6am to 10pm which is consistent with other local authorities.

8. Calculated fares

8.1 The figures referred to above, including the amendments, have been used to generate the maximum fares shown in **the table below**.

	Fare	Cost of 2 mile journey	% increase
6am to 10pm Mon - Sat			
Any distance up to but not including 161 yards	£3.00 (£4.00 Sunday)	£7.20	24%
For each subsequent 161 yards	20p		
Waiting time per 28 seconds	20p		
10pm to 6am Mon - Sat			
Any distance up to but not including 161 yards	£3.50	£9.80	40%
For each subsequent 161 yards	30p		
Waiting time per 28 seconds	30p		
10pm Christmas Eve to 6am Boxing day, 10pm New Year's Eve to 6am New Year's day			
Any distance up to but not including 161 yards	£6.00	£12.30	22%
For each subsequent 161 yards	30p		
Waiting time per 28 seconds	30p		

8.2 Based upon the proposed schedule of charges the cost of a two mile journey during the day time will increase to £7.20, an increase of 24%.

Authority	Published 2 mile day time fare
Coventry	£8.00
Nottingham	£8.00
Derby	£7.20
Leicester (proposed)	£7.20

Harborough	£7.09
Hinckley & Bosworth	£6.40
Melton	£6.40
Charnwood	£6.05
North West Leicestershire	£6.00
Blaby	£5.24
Oadby & Wigston	£4.40

8.3 At Christmas it is appropriate to enhance the usual rates due to the unsocial working times. The original proposal was to double the day time rate but this produced an excessively high fare. Instead it is proposed to double the day time switch on fee but alter the incremental value to 1.5 times the day time rate.

8.4 There is no change proposed to the additional charge for every passenger in excess of four. It is proposed to increase the soiling charge from **£50 to £60**. This covers not only the cleaning of the vehicle but also the loss of potential earnings while the vehicle is off the road. Some responses pointed out that it can be difficult for hackney drivers to recover this charge from passengers and following a review of other authorities the originally proposed amount has been reduced from £100 to £60.

8.5 Hackney carriage licence holders will need to have their taximeters updated to show the new fares. This involves an authorised provider updating and calibrating the taximeter to ensure it turns over at the appropriate distance / time and displays the appropriate fare. The provider also seals the taximeter to prevent tampering. The cost of this to the licence holder is around £35 and it is included in the calculation of the fares.

9. Risks across the industry

9.1 An increase to the Hackney Carriage fares may cause the private hire industry to also review its charges. In Leicester there are 1329 private hire taxis in operation and 89 private hire operators. There are 1914 licensed drivers, who may driver either a hackney carriage or a private hire vehicle.

9.2 The private hire industry does not need council approval to raise its charges

9.3 There is a risk to the hackney trade if fares do not increase, as they will be unable to recover the costs that they incur in providing the service. This is likely to result in the trade making further representations to the council and/or cause individual licence holders to leave the trade. When setting maximum fares the council should take account of real costs to the trade in order to make a reasonable decision, noting that drivers can choose to charge less if they wish.

10. Implementation process

10.1 The licensing authority is required to advertise the proposed fares in a local newspaper and invite comments from the public. This consultation must be for a minimum of 14 days.

10.2 Once the public consultation has closed the authority must take account of any comments received and may amend the proposals if it sees fit.

- 10.3 If no objection is received the new fares come into effect at the end of the objection period.
- 10.4 If objections are received and withdrawn, the new fares come into effect at the end of the objection period or when the objections are withdrawn, whichever is later.
- 10.5 If objections are received and not withdrawn the authority shall set a further date, not later than two months after the end of the objection period, when the fares shall come into effect with or without modifications in light of the objections.
- 10.6 Hackney carriage licence holders will need to have their taximeters updated to show the new fares. This involves an authorised provider updating and calibrating the taximeter to ensure it turns over at the appropriate distance / time and displays the appropriate fare. The provider also seals the taximeter to prevent tampering.

11. Options

- 1) Implement fully as proposed following advertising as set out in part 10 of this report against the proposed schedule of fares. This is the recommended option of this report.
- 2) Introduce a stepped increase in fares over a two year period with 50% applied now and 50% in 12 months.
- 3) Freeze the schedule for another 12 months and review again.

12. Financial, legal, equalities, climate emergency and other implications

12.1 Financial implications

There are no direct financial implications to the Council arising from this report.

Colin Sharpe, Deputy Director of Finance

12.2 Legal implications

Section 65 Local Government Miscellaneous Provisions Act 1976 sets out the process and requirements for the fixing of hackney carriage fares, which includes the requirement for advertisement and a statutory 14-day consultation period. If no objections are raised within the consultation period, the revised schedule of fares come into operation on the date specified in the advertisement/notice.

If objections are raised and not withdrawn, the council should set a further specified date, not later than 2 months after the first specified date, on which the revised schedule of fares shall come into effect with or without modification after consideration of the objections

Any challenge to the decision of the council to implement the new schedule of fares would be by way of Judicial Review

The Department of Transport Best Practice Guidance 2010 specifies that it is good practice not only to set fares but also for local authorities to carry out regular review of fares and to adopt a simple formula for deciding any fare revisions. The Best Practice

Guidance also states, 'The Department also suggests that in reviewing fares 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 sufficient incentive to provide a service when it is needed. There may well be a case for higher fares at times of higher demand'

Feizal Hajat
Qualified Lawyer
3736881

12.3 Equalities implications

Under the Equality Act 2010, public authorities have a Public-Sector Equality Duty (PSED) which means that, in carrying out their functions, they have a statutory duty to pay due regard to the need to eliminate unlawful discrimination, harassment and victimisation, to advance equality of opportunity between people who share a protected characteristic and those who don't and to foster good relations between people who share a protected characteristic and those who don't.

Protected Characteristics under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

This report looks at the proposal for increasing the schedule of Hackney Carriage fares and the 14-day statutory consultation period, the increase could have a negative impact on users who would be from across a range of protected characteristics, with particular emphasis on disability, as disabled people may be more reliant on taxis and hackney carriages cater for wheelchairs and other accessibility needs.

An Equality Impact Assessment is currently underway on the proposed fare review and the outcomes of the consultation with all local hackney carriage drivers will be included within this to ensure equality considerations are taken into account and any disproportionate impacts are identified and addressed as appropriate through mitigating actions. Need to ensure that the consultation for the statutory period for the proposed tariffs is accessible, fair and proportionate.

Sukhi Biring, Equalities Officer, 454 4175

12.4 Climate Emergency implications

The impacts of the proposed price changes on travel behaviour, and therefore emissions, are unknown, but it is not expected that the changes would have significant climate emergency implications.

Aidan Davis, Sustainability Officer, Ext 37 2284

12.5 Other implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

13. Background information and other papers:

None

14. Summary of appendices:

Appendix A – consultation responses

15. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?

No

16. Is this a “key decision”? If so, why?

No

APPENDIX A – Summary of consultation responses

Component	Value	Consultation responses								Officer proposal
		Agree	Should be more	Should be less	Should be removed	Disagree, no reason	Moot	Comment rejected	No response	
Salary	£21,916	11	2	0	1	5	0	1	0	Retain
Annual mileage	21,265	11	3	1	1	4	0	0	0	Retain
Dead mileage	45%	13	1	0	1	3	0	2	0	Retain
Dead mileage figure	9,569	12	1	0	1	5	1	0	0	Retain
Mileage with fare	11,696	10	0	1	2	6	0	1	0	Retain
Average journey distance	2.5 miles	14	1	0	1	3	1	0	0	Retain
Average number of paid journeys	4,678	14	0	0	1	5	0	0	0	Retain
Depreciation	£5,741.99	11	0	0	2	5	1	1	0	Retain
Cost of capital	£909.30	12	1	0	0	3	1	3	0	Retain
Insurance	£1,351.85	14	4	0	0	2	0	0	0	Retain
Road tax	£330	13	3	0	0	4	0	0	0	Retain
Breakdown cover	£55.24	7	6	0	0	6	1	0	0	Increase
Fuel/litre	176.1p	9	5	0	0	4	2	0	0	Increase
Tyres	£674.10	15	2	0	0	2	1	0	0	Retain
Service - labour	£882.50	11	4	0	0	3	1	1	0	Retain
Service - parts	£808.07	12	3	0	0	4	1	0	0	Retain
Parking & tolls	£100	13	3	0	0	4	0	0	0	Retain
Railway permit	£702	16	0	0	0	3	0	1	0	Retain
Vehicle licence	216	16	0	1	0	2	0	1	0	Retain
Vehicle tests	116	10	4	0	0	2	1	3	0	Increase
Driver licence	120	14	0	1	0	4	0	1	0	Retain
Meter check	£35	15	1	2	0	2	0	0	0	Retain
Card terminal	£500	11	1	0	0	7	0	1	0	Retain
Excess passengers	£1	11	3	0	0	4	0	1	1	Retain
Soiling	£100	14	1	2	0	3	0	0	0	Retain