

COMMITTEE	GENERAL LICENSING COMMITTEE
DATE:	24 OCTOBER 2022
TITLE:	MAXIMUM HACKNEY CARRIAGE TAXI FARES
PURPOSE:	APPROVE A PROPOSAL BY THE INDUSTRY TO INCREASE THE MAXIMUM FARES
AUTHOR:	HEAD OF ENVIRONMENT DEPARTMENT

1.0 BACKGROUND INFORMATION

- 1.1 The Local Government (Miscellaneous Provisions) Act 1976 places regulatory duties on the Licensing Authority in relation to operating a maximum fare the public can be charged when travelling in hackney vehicles within the County. The Act allows the provision of a fare chart, and this along with the statutory requirement to use a taxi meter, allows a mechanism to regulate the fares charged and to protect public interests.
- 1.2 It is required that any request to change the maximum fare charged is submitted by the industry. Five requests were recently received from Mr Trevor Roberts, Mr Colin Owen, Hughie John Jones, Gareth Evans and Siôn Edwards who are taxi company owners - to review the fares. A detailed proposal was sent by Mr Trevor Roberts only; and he submitted the proposal on his own behalf as well as for 10 other taxi companies. See the appendix to this report for full copies of the proposals and the correspondence received from the industry.
- 1.3 The maximum fare is not relevant to journeys in private hire vehicles that have been booked in advance.
- 1.4 A successful application to increase the maximum fare was received in 2019, after 9 years of the maximum fare staying the same, and there has been no change since then. See Appendix 1 for a table of the current maximum fares. The maximum fares were increased for the first two miles of a taxi journey from £5 to £6 in 2019; which is a substantial increase that reflected the average inflation costs for the period. Other costs such as fuel costs had remained fairly stable over the same period.

2 FACTORS THAT AFFECT THE COSTS OF TAXI BUSINESSES

- 2.1 Due to the negative impact the Covid Pandemic and the lockdown periods had on the taxi industry, you may remember that this Committee in 2021 voted not to increase the fees for taxi licences.
- 2.2 However, as you will all be aware we have been in an unprecedented position in respect of country's economy over the last 6 months. There has been a significant increase in fuel costs for various geo-political reasons (such as war in Ukraine and pressure on the fuel market coming out of a pandemic). The forecasts note that there is another significant increase on the horizon in gas and electricity costs that will affect everyone.
- 2.3 The increase in fuel costs and basic foods has been consistent throughout this year, with the situation in turn having a far-reaching effect on inflation levels, which has reached a rate of 10.1% in July 2022, and it is likely that the rate will go up again by the date this report is discussed by the Committee.

- 2.4 The most significant increase in inflation since 1982 has led to the Bank of England responding to attempt to control inflation by increasing interest rates.
- 2.5 The costs of appropriate insurance for licensed vehicles is high and of course there are annual costs attached with licensing a taxi vehicle and costs attached every three years in respect of drivers' licences.

3. THE INDUSTRY'S PROPOSAL FOR THE NEW MAXIMUM FARE FOR HACKNEY VEHICLE JOURNEYS

- 3.1 Many councils have recently been receiving specific proposals from the taxi industry to review and increase the maximum fare in various ways. There is a specific maximum rate for different elements; including a rate for a 1 mile journey and a general rate where a journey is 2 miles or more. The maximum fare currently charged for journeys in hackney vehicles in the six counties of North Wales can be seen in the table below and it is noted if the maximum fares have been the subject of recent review.

Table - an equivalent fare for a 2 mile journey

	Current Gwynedd	The current average for the six counties	Anglesey	Conwy	Flintshire	Denbighshire	Wrexham
	£6.00	£5.97	£5.80	£6.60	£5.80	£6.00	£5.60
Review year	2019		2017	2022 Increase	2022 Remain the same	2022 Increase	2011

- 3.2 Many of the companies who have submitted a proposal to increase the maximum fare suggest an increase in the rate for the first mile from £3.60 to £4.00. This proposal is understandable; as the costs of a vehicle and driver are higher for short journeys.
- 3.3 People who use taxis during the day for short journeys are more likely to be unable to use other modes of travel, and are more likely to be elderly or vulnerable. The opinion of the Licensing Authority is that increasing the maximum fare for short journeys during the day will have a negative impact on the population that is more likely to suffer deprivation, and therefore will be impacted most by the current cost of living crisis.
- 3.4 The Bank of England inflation rate costs were used to calculate the maximum fare in 2019; with an average inflation rate between 2011 and 2019 added to the maximum fare of a journey of two miles or more.
- 3.5 One taxi company makes the point that a company has to commit to pay the minimum wage rate to their drivers when accepting a school transport contract with the Council; and this is difficult under the current circumstances; without being able to charge more for taxi journeys.

- 3.6 With inflation and the cost of living so incredibly high at the moment; there is a need to consider alternative options to increasing the maximum fare so that we evaluate the impact of the existing situation on everyone; and to seek to be fair with the taxi industry and also taxi users.
- 3.7 Some who have submitted proposals from the industry also suggest that we should look carefully at the maximum fares in relation to the following matters -
- taxi journeys after midnight;
 - costs of transporting additional bags/cases
 - Costs of cleaning a taxi when customers soil the vehicle
 - Issue a higher tariff for journeys where there are between 5 and 8 passengers in a mini bus due to the additional costs of running a mini bus taxi; and these are usually 'optional' journeys.
 - Present a higher rate for the first mile and short journeys late at night.
- See the appendix to this report for full details of the proposals submitted.
- 3.4 It is important to note that a taxi company does not have to charge the maximum fare for hackney vehicle journeys. Many companies choose not to do so, and charge lower fares that are in accordance with what is considered to be a competitive rate.

4. THE LICENSING AUTHORITY'S PROPOSAL

- 4.1 Having considered all the factors that are important in the existing economic context - it is proposed that the fares are increased as follows -
- Keep the maximum fare for a one mile journey and a journey of two miles or more - the same - as the fare currently charged is around the average when comparing with other Councils in North Wales, and increasing the basic rates for short journeys would disadvantage the most needy in our society.
 - Increase the maximum cost for transporting additional bags in the vehicle's boot from 30p per item to 50p per item
 - Increase the cost of a cleaning valet from £45 to £120 to reflect current professional cleaning costs, and the time when the vehicle is not available for hire.
 - Increase the cost rate to hire a taxi between 00:00 and 07:00 50% higher than the basic rate to 60% higher than the basic rate of £4.50 to £4.80 per mile.
 - Create a new tariff for journeys in a mini bus where there are between 5 and 8 passengers - to £6.60 for a journey of more than two miles.

A table comparing the proposed amendments with the current situation

Relevant maximum fare	Current rates	Recommendation
where the journey is less than a mile	£3.60	No change
Where the journey is more than a mile, for the first mile	£3.00	No change
Create an additional tariff for journeys in a mini bus where there are between 5 and 8 passengers	£3.00	£3.30
Maximum cost for transporting additional bags in the vehicle's boot	30p	50p
Maximum cost of professional valet cleaning	£45	£120
For hiring the vehicle between midnight and 7:00am any day or at any time on a Bank Holiday, except for Christmas Day and New Year's Day.	50% in addition to the basic rate £4.50	60% in addition to the basic rate £4.80

5. CONSULTATION WITH THE INDUSTRY

- 4.1 If this Committee accepts the recommendation, we will hold a consultation on the proposal for 14 days in a local newspaper, with the intention of implementing the new maximum fare from the end date of the notice.
- 4.2 If any objections to the proposal come to hand during the consultation period, the recommendation will be referred back to this Committee to consider the basis of the objection, and it will not be implemented until a final decision is made by the Committee.

RECOMMENDATION

That the Committee approves the proposal to increase the maximum fare in accordance with the recommendations; or approve other options to increase the maximum fare, for journeys in the County's hackney vehicles.