

ABERDEEN CITY COUNCIL

COMMITTEE	Licensing Committee
DATE	29 October 2019
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Taxi Fare Review
REPORT NUMBER	GOV/19/392
DIRECTOR	N/A
CHIEF OFFICER	Fraser Bell
REPORT AUTHOR	Karen Gatherum
TERMS OF REFERENCE	3

1. PURPOSE OF REPORT

- 1.1. To provide the Committee with evidence from the taxi fare tariff calculator that will allow it to reach an informed decision on any changes to be made to the current taxi fare tariff and comply with its duty to review taxi fares under section 17 of the Civic Government (Scotland) Act 1982

2. RECOMMENDATION(S)

That the Committee:

- 2.1. Approves either Option A **or** Option B detailed at section 3.4 of this report as the proposed scales to be advertised for the taxi fare review in terms of section 17 of the Civic Government (Scotland) Act 1982;
- 2.2. Instructs Chief Officer-Governance to amend the fare card at surcharge 5 to reflect the holiday dates for 2020 and 2021;
- 2.3. Instructs the Chief Officer-Governance to advertise the proposed scales agreed in a newspaper circulating in its area for at least one month together with the general effect of the proposed scales and the date when it is proposed that they will take effect; and
- 2.4. Instructs the Chief Officer-Governance to submit a report to the Licensing Committee on 03 December 2019 on the outcome of the consultation on the proposed scales and seeking a final decision on the future taxi fare levels to be adopted from 29 January 2020.

3. BACKGROUND

3.1 Matters to Be Taken Into Account When Undertaking a Fare Review.

3.1.1 The Scottish Government's Taxi and Private Hire Car Licensing: Best Practice for Licensing Authorities issued April 2012 states that authorities are advised as best practice to pay regard to advice contained in paragraphs 2.34-2.37 of Scottish Development Department Circular 25/1986. It states that, "in fixing fares, authorities will want to pay primary regard to the costs incurred by the trade, having regard to the capital costs (including interest payments) of the vehicles, the costs of maintaining and replacing them to a standard of the licensing authority, of employing drivers and the prevalent level of wages and costs in related road transport industries. The public interest is best served by ensuring the maintenance of an adequate taxi service by giving the trade a fair return rather than depressing fares for social reasons, however understandable."

3.2 Taxi Fare Formula

3.2.1 A change index is used to calculate the percentage change in costs since the fares were last reviewed. The index used is the outcome of advice received in April 2013 by the Committee from consultants engaged for that purpose and is based on two component parts: operating costs and average earnings.

Change Index = Change Costs + Change Earnings.

3.2.2 The formula assumes an average annual mileage of 27,786 miles, which is the figure arrived at after sampling 10% of the fleet. It also assumes a vehicle life of five years. At present, the fleet comprises 49% saloon cars and 51% wheelchair accessible vehicles. The vehicle cost is based on the weighted average costs of a typical saloon car (Toyota Avensis) and a typical accessible vehicle (Peugeot Partner Premier). Prices are based on the basic diesel model for each. To calculate the annual cost, it is assumed that each have a lifecycle of five years. Parts, tyres, labour and fuel costs are obtained from the annual table of running costs for diesel vehicles from the HPI Motoring cost website at <https://www.hpi.co.uk/tco-check#product-tco>. The Formula identifies the AA website as the source to be used for the average running cost figures, however, the AA cost figures have not been updated since 2014. At the Licensing Committee on 9 July 2019 the Committee advised officers to look for an updated source to replace the AA source. After a failed attempt to contact Halcrow for an alternative source to use, officers identified the HPI website as being the best site to use for the calculation, due to it being a recognised financial data company and the ability to calculate up to date costs per typical model of private hire car. The figures for earnings are obtained from the Office of national Statistics (ONS), Annual Survey of Hours and Earnings (ASHE) and use the UK annual mean earnings for full time employees.

3.3 Index Cost Calculations

3.3.1 The table below shows that using the above formula costs have increased since the last review took place.

Component in Index	Annual Cost 2018	Annual Cost 2019	% Change
Vehicle cost	£3810	£4,633	21.61
Tyres	£384	£686	78.65
Garage and servicing- Labour	£552	£927	67.93
Fuel	£2630	£2781	5.76
Insurance	£1,150	£1,300	13.04
Miscellaneous	£390	£395	1.28
Replacement Parts	£627	£805	28.39
Total Operating Costs	£9,543	£11,527	20.79
Average National Earnings	£35,423	£36,611	3.35
National Insurance	£153	£156	1.96
Total Index Costs	£45,119	£48,294	7.04%

3.3.2 The outdated AA source for running costs has been replaced by information from: <https://www.hpi.co.uk/tco-check#product-tco>. The significant increase in costs are due to the AA source not being updated since 2014, therefore, this has had the effect that 5 years of small increments are being now being reflected in this fare review.

3.4 Options

3.4.1 **Option A:** Agrees to increase the current basic tariff by 7%; (See Appendix 1)

OR

3.4.2 **Option B:** Agrees to maintain the basic tariff at its current level; (see Appendix 2)

4 **CONSULTATION**

4.1 Section 17 of The Act requires the licensing authority, when carrying out a fare review, to first consult with persons or organisations appearing to them to be representative of taxi operators in their area. The members of the Taxi and Private Hire Car Consultation Group were identified as persons who are representative of operators of taxis in the City and the fare formula was sent to them on 20 September 2019 for discussion at the meeting of the Consultation Group on 02 October 2019.

4.2 At the meeting of the Taxi and Private Hire Car Consultation Group on 02 October 2019, the trade representatives provided an initial view on both options A and B as detailed in this report. Although the trade appreciated that it was never a good time, in relation to the public, to ask for an increase in the tariff, they were generally happy with the two options proposed. The trade representatives pointed out that Officers would require to amend the waiting time surcharge as well to reflect the 7% increase, this was agreed by Officers.

4.3 Once the Committee has undertaken the Consultation with the Representatives of Taxi Operators in their area, reviewed the scales and agreed on proposed new scales they require to carry out a formal public consultation on the proposals. Steps will also be taken to consult with current licence holders. Consultation will take place by press advertisement and will commence as soon as practicable following the Committee meeting on 29 October 2019. Responses will be invited to be made by 01 December 2019. The Council's Corporate Communications team will be asked to issue a press release and details of the consultation will be made available on the licensing pages of the Council's website. Social media will also promote this consultation.

4.4 Following the consultation, it is proposed that a report summarising the responses received would be submitted to the Licensing Committee on 03 December 2019. At that time the Committee will be invited to make a final decision on any changes to the fare scales to be fixed on 29 January 2020.

5. **FINANCIAL IMPLICATIONS**

5.1 The approval of the recommendations will require:

- 5.1.1 All licence holders, members of the Taxi and Private Hire Car Consultation Group, the public and the Chief Constable, Police Scotland to be consulted and invited to attend a further special meeting of the Licensing Committee;
- 5.1.2 After fixing the new scales, the licensing authority must give written notice to all taxi licence holders and the persons and organisations consulted during the review, setting out and explaining the effect to the scales fixed, the date they are to come into effect and their rights of appeal to the Traffic Commissioner.
- 5.1.3 Copies of the new Taxi Tariff Card to be produced and issued to all taxi and private hire licence holders to be displayed in their vehicles, approximately 1,500 this will be funded from the Taxi licensing budget;
- 5.1.4 Staff costs of the fare review and meter calibration will be contained within existing approved budgets.
- 5.1.5 There will, therefore, be a financial cost to the Licensing Team, Governance in consultation advertisements, producing and issuing the above documentation. These costs will be met within existing taxi licensing budgets.

6. LEGAL IMPLICATIONS

- 6.1 In terms of Section 17 of the Civic Government (Scotland) Act 1982 (“The Act”) the Council, as the licensing authority for taxis is obliged to regularly review and fix the scales for fares and surcharges so that they take effect within 18 months beginning with the date on which the previous scales came into effect. The Local Authority last reviewed fares in June 2018 and the tariff and surcharges took effect on 31 July 2018. Therefore, the review must be completed, and the scales fixed no later than 31 January 2020.
- 6.2 When reviewing fares and surcharges, the licensing authority may alter them or fix fares and other charges at the same rates. In carrying out the review, the licensing authority must first consult with persons or organisations appearing to them to be, or to be representative of, the operators of taxis operating within their area.
- 6.3 Following consultation, the Committee must review the existing scales and propose new scales in relation to fares and surcharges or propose to make no change to the scales. Thereafter, the licensing authority must publish those proposed scales in a newspaper circulating in its area setting out the proposed scales, explaining the effect of the proposed scales, proposing a date on which the proposed scales are to come into effect, and allowing a period of at least one month for written representations on the proposals. A further report is then brought before the Committee who consider any representations to the proposals before fixing the tariff and the date from which it is to take effect.
- 6.4 Any person who operates a taxi in the area or any person or organisation appearing to the Traffic Commissioner to be a representative of such taxi operators can appeal against any decision the Local Authority makes in respect of fares and surcharges. Any appeal is made to the Traffic Commissioner for

the Scottish Traffic Area. An appeal to the Traffic Commissioner may be made within 14 days of notice being given by the licensing authority to taxi operators and representative taxi organisations of the agreed fare scales

7. MANAGEMENT OF RISK

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
Financial	There is no financial risk to Aberdeen City Council arising from the recommendations in this report	L	
Legal	There is a legal risk if Aberdeen City Council does not comply with legislation	L	To ensure that the Committee approve the fare review within the statutory time scales.
Employee	There is no risk to employees arising from the recommendations of this report	L	
Customer	Implementation of Option A will increase the cost of a taxi/private hire journey for the customer/citizen of Aberdeen	L	
Environment	There is no risk to the environment arising from the recommendations of this report	L	
Technology	There is no risk to technology arising from the recommendations of this report	L	
Reputational	As a licensing authority there would	M	As this report is introducing the review for consultation

	be a reputational risk to the Council if it failed to undertake its legal obligation and not carry out the review.		within the statutory time period any risk is mitigated.
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8. OUTCOMES

Local Outcome Improvement Plan Themes	
	Impact of Report
Prosperous Economy	The proposals within this report may deliver LOIP Stretch Outcome 1 – by increasing employment within the taxi and private hire trade. The paper seeks approval for the increase in taxi fares which may encourage people to enter the trade in future years. The current number of taxi's in the city are falling for the first time in many years and this paper report may resolve this.
Prosperous People	Not applicable
Prosperous Place	Not applicable

Design Principles of Target Operating Model	
	Impact of Report
Customer Service Design	The option to increase the basic taxi fare may however impact on the people of Aberdeen by restricting the affordability of a taxi journey to certain members of the public. The option not to increase the basic taxi fare or surcharges will ensure that taxi journeys remain affordable for a wider customer base.
Organisational Design	There will be no impact on Organisational Design arising from this report.
Governance	There will be no impact on Governance arising from this report.
Workforce	There will be no impact on Workforce arising from this report.
Process Design	There will be no impact on Process Design arising from this report.

Technology	There will be no impact on Technology arising from this report.
Partnerships and Alliances	We anticipate there will be no impact on the taxi trade arising from the implementation of Option A or B.

9. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	Completed and full EHRIA not required
Data Protection Impact Assessment	Not required
Duty of Due Regard / Fairer Scotland Duty	Not applicable

10. BACKGROUND PAPERS

None

11. APPENDICES

- 11.1. Appendix 1- the amended Taxi Tariff Card illustrating the proposed 7% increases.
- 11.2. Appendix 2- the current Taxi Tariff Card.

12. REPORT AUTHOR CONTACT DETAILS

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