

## ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	Licensing Committee
<b>DATE</b>	1 <sup>st</sup> September 2020
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Taxi Fare Review
<b>REPORT NUMBER</b>	COM/20/122
<b>DIRECTOR</b>	N/A
<b>CHIEF OFFICER</b>	Fraser Bell
<b>REPORT AUTHOR</b>	Karen Gatherum
<b>TERMS OF REFERENCE</b>	15.3

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### 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;
- 2.3 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 10 November 2020 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 30 November 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 since the last review took place on 03 December 2019.

Component in Index	Annual Cost 2019	Annual Cost 2020	% Change
Vehicle cost	£4,633	£4,441	-4.19
Tyres	£686	£658	-4.08
Garage and servicing- Labour	£927	£481	-48.11
Fuel	£2,781	£1,879	-32.43
Insurance	£1,300	£1,300	0
Miscellaneous	£360	£375	4.17
Replacement Parts	£805	£877	8.94
<b>Total Operating Costs</b>	<b>£11,492</b>	<b>£10,011</b>	<b>-14.79</b>
Average National Earnings	£36,611	£36,611	0
National Insurance	£156	£159	1.92
<b>Total Index Costs</b>	<b>£48,259</b>	<b>£46,781</b>	<b>-3.16</b>

3.3.2 The Taxi and Private Car Hire representatives requested a further review in February 2020 to reflect the increase of the barrier charge at Aberdeen Airport. The barrier charge was increased by £1.00 in the same week as the 03 December 2019 Licensing Committee where the Committee agreed fixed the

fares for 2020 and 2021. The legislation does not allow for a partial fare review, therefore, the review had to be carried out in its entirety and the consultation and implementation process completed as in previous reviews. Since this request, the cost of fuel has dropped significantly. This is shown in the table as a reduction of 3.16% of total index costs in the comparison of costs between 2019 and 2020.

### 3.4 Options

3.4.1 **Option A:** Agrees to the current basic tariff and to increase surcharge 8 tariff by £1.00 to a charge of £3.00; (See Appendix 1)

#### OR

3.4.2 **Option B:** Agrees to decrease the basic tariff by 3 percent and to increase surcharge 8 tariff by £1.00 to a charge of £3.00; (see Appendix 2)

## 4 **CONSULTATION**

4.1 Once the Committee has 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 01 September 2020. Responses will be invited to be made by 03 November 2020. 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.

4.2 Following the consultation, it is proposed that a report summarising the responses received would be submitted to the Licensing Committee on 10 November 2020. At that time the Committee will be invited to make a final decision on any changes to the fare scales to be fixed on 30 November 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 any 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 December 2019 and the tariff and surcharges took effect on 29 January 2020. Therefore, the review must be completed, and the scales fixed no later than 29 July 2021. Unless a further review is requested by the Taxi Trade Representatives and agreed by members of the Licensing Committee.
- 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

<b>Category</b>	<b>Risk</b>	<b>Low (L) Medium (M) High (H)</b>	<b>Mitigation</b>
<b>Financial</b>	There is no financial risk to Aberdeen City Council arising from the recommendations in this report	L	
<b>Legal</b>	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.
<b>Employee</b>	There is no risk to employees arising from the recommendations of this report	L	
<b>Customer</b>	Implementation of Option A will increase the cost of a taxi/private hire journey for the customer/citizen of Aberdeen	L	
<b>Environment</b>	There is no risk to the environment arising from the recommendations of this report	L	
<b>Technology</b>	There is no risk to technology arising from the	L	

	recommendations of this report		
<b>Reputational</b>	As a licensing authority there would be a reputational risk to the Council if it failed to undertake its legal obligation and not carry out the review.	M	As this report is introducing the review for consultation within the statutory time period any risk is mitigated.

## 8. OUTCOMES

<b>Local Outcome Improvement Plan Themes</b>	
	<b>Impact of Report</b>
<b>Prosperous Economy</b>	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.
<b>Prosperous People</b>	Not applicable
<b>Prosperous Place</b>	Not applicable

<b>Design Principles of Target Operating Model</b>	
	<b>Impact of Report</b>
<b>Customer Service Design</b>	There will be no impact to the customer service design arising from this report.
<b>Organisational Design</b>	There will be no impact on Organisational Design arising from this report.
<b>Governance</b>	There will be no impact on Governance arising from this report.
<b>Workforce</b>	There will be no impact on Workforce arising from this report.

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

## 9. IMPACT ASSESSMENTS

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

## 10. BACKGROUND PAPERS

None

## 11. APPENDICES

- 11.1. Appendix 1- the amended Taxi Tariff Card illustrating the option A.
- 11.2. Appendix 2- the amended Taxi Tariff Card illustrating Option B
- 11.3. Appendix 3- the current Taxi Tariff Card

## 12. REPORT AUTHOR CONTACT DETAILS

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