

ABERDEEN CITY COUNCIL

COMMITTEE	Licensing Committee
DATE	4 December 2024
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	Taxi Fare Review
REPORT NUMBER	CORS/24/359
DIRECTOR	Gale Beattie
CHIEF OFFICER	Alan Thomson/Vikki Cuthbert
REPORT AUTHOR	Sandy Munro
TERMS OF REFERENCE	16.3

1. PURPOSE OF REPORT

- 1.1 To ask Committee to agree a fare tariff.

2. RECOMMENDATION(S)

That the Committee:-

- 2.1 Approves a fare tariff after considering the trade responses;
- 2.2 Instructs the Chief Officer-Governance to publish the fare tariff to take effect as of a specified date; and
- 2.3 Instructs the Chief Officer-Governance to report any representations to Committee prior to 28 January 2025, or in the absence of any representation, to notify all operators of taxis within 7 days of the new tariff and their rights of appeal to the Traffic Commissioner.

3. BACKGROUND

- 3.1 The Civic Government (Scotland) Act 1982 ("the Act") requires a Licensing Authority to review taxi fares every 18 months. The last review took effect on 31 July 2023 and accordingly the next one is due by 31 January 2025.
- 3.2 The Scottish Government's Taxi and Private Hire Car Licensing: Best Practice for Licensing Authorities 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.”

- 3.3 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.

- 3.4 The formula assumes an average annual mileage of 54,612 miles, which is the figure arrived at after sampling 5% of the fleet. It also assumes a vehicle life of five years. The vehicle cost is based on the weighted average costs of the most common saloon car available to buy as new (Toyota Corolla Hybrid) and the most common Wheelchair Accessible Vehicle available to buy as new (Peugeot Rifter). Prices are based on the basic 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 HPI website is 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.

- 3.5 The table below shows that using the above formula, most costs have increased since the last review took place.

Component of Index	Annual Cost 2023	Annual Cost 2025	% Change 2022-2023
Vehicle Cost	5,100	5,453	6.92%
Replacement Parts	919	1,203	19.58%
Tyres	566	681	3.81%
Service Labour	748	704	-5.88%
Fuel	4,882	5,304	8.64%
Insurance	2,175	1,400	-35.63%
Miscellaneous	501	468	-6.59%
Total Operating Costs	14,891	15,213	2.16%
Average National Earnings	33,696	34,944	3.70%
National Insurance	2,021	2,097	3.76%
Grand Total	50,608	52,254	3.25%

- 3.6 The formula suggests that an increase of 3% would accordingly be appropriate. The current tariff card is attached as Appendix 1. An amended tariff card is

attached as Appendix 2 where the increase has been achieved by amending the yardage where appropriate.

- 3.7 The Act requires a Licensing Authority to consult with persons or organisations appearing to it to be, or to be representative of, the operators of taxis operating within its area before fixing the scales. The proposed tariff card was shared with the Members of the Taxi & Private Hire Consultation Group on 6 November and all holders of taxi licences were emailed a copy of the calculations using the formula and asked to submit any comments they had by 20 November 2024. The comments are attached as Appendix 3. The tariff card suggested by the trade members of the Taxi & Private Hire Consultation Group is attached as Appendix 4.
- 3.8 The Act requires the Licensing Authority to publish the proposed new tariff in a newspaper circulating in its area stating that representations may be made by a date at least 1 month after the publication of the proposed tariff. Any representations must be considered before the final tariff is agreed upon.
- 3.9 Once the final fare tariff has been agreed the operators of taxis have to be informed within 7 days. Any operator may submit an appeal to the Traffic Commissioner within 14 days of being notified of the final fare tariff.

4. FINANCIAL IMPLICATIONS

- 4.1 The approval of the recommendations will require:
 - 4.1.1 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.
 - 4.1.2 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;
 - 4.1.3 Staff costs of the fare review will be contained within existing approved budgets.
 - 4.1.4 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.

5. LEGAL IMPLICATIONS

- 5.1 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 current tariff and surcharges took effect on 31 July 2023. Therefore, the review must be completed, and the scales fixed no later than 31 January 2025.

6. MANAGEMENT OF RISK

Category	Risk	Low (L) Medium (M) High (H)	Mitigation
Strategic Risk	There is no strategic risk to Aberdeen City Council arising from the recommendations in this report	L	
Compliance	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.
Operational	There is no operational risk to Aberdeen City Council arising from the recommendations in this report	L	
Financial	There is no financial risk to Aberdeen City Council arising from the recommendations in this report	L	
Reputational	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.	L	As this report is introducing the review for consultation within the statutory time period any risk is mitigated.
Environment / Climate	There is no risk to the environment arising from the recommendations of this report	L	

7. OUTCOMES

<u>COUNCIL DELIVERY PLAN</u>	
	Impact of Report
Aberdeen City Council Policy Statement	Not applicable

Aberdeen City Local Outcome Improvement Plan	
Prosperous Economy Stretch Outcomes	Not applicable
Prosperous People Stretch Outcomes	Not applicable
Prosperous Place Stretch Outcomes	Not applicable
Regional and City Strategies	Not applicable
UK and Scottish Legislative and Policy Programmes	The report sets out the procedure to review Taxi fares as per S17 of the Civic Government (Scotland) Act 1982

8. IMPACT ASSESSMENTS

Assessment	Outcome
Impact Assessment	Full impact assessment not required
Data Protection Impact Assessment	not required

9. APPENDICES

- 9.1 Appendix 1- Current Taxi Fare Tariff
Appendix 2 – Proposed Taxi Fare Tariff
Appendix 3 – Trade Consultation Responses
Appendix 4 – TCG Trade Members’ Proposed Tariff

10. REPORT AUTHOR CONTACT DETAILS

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