

# ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	Licensing Committee
<b>DATE</b>	03 May 2023
<b>EXEMPT</b>	No
<b>CONFIDENTIAL</b>	No
<b>REPORT TITLE</b>	Taxi Fare Review 2023
<b>REPORT NUMBER</b>	COM/23/145
<b>DIRECTOR</b>	Gale Beattie
<b>CHIEF OFFICER</b>	Jenni Lawson
<b>REPORT AUTHOR</b>	Sandy Munro
<b>TERMS OF REFERENCE</b>	16.3

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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;
- 2.2 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
- 2.3 Instructs the Chief Officer-Governance to submit a report to the Licensing Committee on 28 June 2023 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 31 July 2023.

## 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.

$$\text{Change Index} = \text{Change Costs} + \text{Change Earnings.}$$

3.2.2 The formula assumes an average annual mileage of 31,621 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 43% saloon cars and 57% wheelchair accessible vehicles. 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 (Ford Journey). 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.

## 3.3 Index Cost Calculations

3.3.1 The table below shows that using the above formula, most costs have increased since the last review took place on January 2022.

Component of Index	Annual Cost 2022	Annual Cost 2023	% Change 2022-2023
Vehicle Cost	5,100	5,447	6.81%
Replacement Parts	919	1,006	9.47%
Tyres	566	656	15.90%
Service Labour	748	1,594	113.10%
Fuel	4,041	4,882	20.81%
Insurance	2,145	2,175	1.40%
Miscellaneous	541	1,060	96.11%
<b>Total Operating Costs</b>	<b>14,060</b>	<b>16,820</b>	<b>19.63%</b>
Average National Earnings	45,708	48,672	6.48%
National Insurance	246	246	0.00%
<b>Grand Total</b>	<b>60,014</b>	<b>65,738</b>	<b>9.54%</b>

3.3.2 However, the cost of living and inflation have had an impact on the figures this year. The cost of fuel and service labour has increased greatly but this has been partly countered by the smaller rise in the Average National Wage. Therefore, the formula has calculated a increase in fares of 9.54%.

### 3.4 Options

3.4.1 **Option A:** Agrees to increase the current basic tariff by 10%; (See Appendix 2)

#### **OR**

3.4.2 **Option B:** Agrees to increase the current basic tariff by 20% (to account for actual operating cost rise only); (see Appendix 3)

3.4.3 The proposals received from the taxi trade are included at Appendix 4. It should be noted in these proposals the change to the basic tariff is variable depending on the length of journey as the starting distance and distance per fare change have been changed rather than the cost.

3.4.4 It should also be noted that currently there is only one basic tariff in force, not three as stated by the trade. Where they state tariff 2 & 3, the changes are actually extras (as set out in the tariff card) and not separate tariffs.

## **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 they were asked on 17 March 2023 for their proposals.

4.2 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 03 May 2023. Responses will be invited to be made by 31/05/2023. 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.

4.3 Following the consultation, it is proposed that a report summarising the responses received would be submitted to the Licensing Committee on 28 June 2023. At that time the Committee will be invited to make a final decision on any changes to the fare scales to be fixed on 31 July 2023.

## **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 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 January 2022 and the tariff and surcharges took effect on 30 April 2022. Therefore, the review must be completed, and the scales fixed no later than 29 October 2023. 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. ENVIRONMENTAL IMPLICATIONS

- 7.1 There are no environmental implications from the report.

## 8. MANAGEMENT OF RISK

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

## 9. OUTCOMES

<u><a href="#">COUNCIL DELIVERY PLAN</a></u>	
	Impact of Report
<b>Aberdeen City Council Policy Statement</b>	Not applicable
<b>Aberdeen City Local Outcome Improvement Plan</b>	
Prosperous Economy Stretch Outcomes	Not applicable
Prosperous People Stretch Outcomes	Not applicable
Prosperous Place Stretch Outcomes	Not applicable

<b>Regional and City Strategies</b>	Not applicable
<b>UK and Scottish Legislative and Policy Programmes</b>	The report sets out the procedure to review Taxi fares as per S17 of the Civic Government (Scotland) Act 1982

## 10. IMPACT ASSESSMENTS

<b>Assessment</b>	<b>Outcome</b>
<b>Impact Assessment</b>	Full impact assessment not required
<b>Data Protection Impact Assessment</b>	not required

## 10. APPENDICES

- 10.1 Appendix 1 - Current Taxi Fare Tariff
- 10.2 Appendix 2 - Proposed Taxi Fare Tariff (10%)
- 10.3 Appendix 3 - Proposed Taxi Fare Tariff (20%)
- 10.4 Appendix 4 - Trade Fare Review Submissions

## 11. REPORT AUTHOR CONTACT DETAILS

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