



REPORT TO: LICENSING COMMITTEE ON 12 JUNE 2019

**SUBJECT: CIVIC GOVERNMENT (SCOTLAND) ACT 1982-MANDATORY
REVIEW OF TAXI FARES AND CHARGES**

BY: CORPORATE DIRECTOR (CORPORATE SERVICES)

1. REASON FOR REPORT

- 1.1 This report seeks to invite the Committee to formulate a set of proposals for the maximum fares and charges applicable to taxis. There are no powers delegated to officers in this regard.
- 1.2 This report is submitted to Committee in terms of Section III F (1) of the Council's Administrative Scheme relating to the exercise of the function of the Council as licensing authority for the Moray Council area.

2. RECOMMENDATION

2.1 It is recommended that the Committee:-

- i) considers and notes the views expressed by taxi operators in the informal consultation process;**
- ii) formulates a set of proposals for the maximum fares and charges applicable to taxis in Moray;**
- iii) instructs the Head of Legal and Democratic Services to conduct a formal consultation on those proposals as required by the Civic Government (Scotland) Act 1982; and**
- iv) considers and notes the views expressed in the formal consultation at its next scheduled meeting in order to approve a revised fare structure for implementation on 29 December 2019.**

3. BACKGROUND

- 3.1 In terms of section 17 of the Civic Government (Scotland) Act 1982, the Council, as taxi licensing authority for the Moray Council area, is required to review the fees and charges in connection with the hire of taxis in its area. The fare card, as it is known, requires to be reviewed within 18 months beginning with the date that the previous fare card came into effect. The previous fare card was implemented on 29 June 2018. The fares and charges set are the maximum that can be charged so that, if the taxi operator so

chooses, she/he/they may charge less. The current maximum fares and charges, attached at **APPENDIX 1**, were agreed by the Committee at its meeting on 16 May 2018, and came into effect on 29 June 2018 (para. 6 of the minute refers). A review therefore needs to be completed by 29 December 2019.

3.2 In reviewing the fares, and before setting new ones, the licensing authority is required to undertake the following process:

- review the existing scales and propose new ones (whether at altered rates or the same rates);
- carry out a formal consultation on those proposals by way of newspaper advertisement inviting any person to lodge representations in writing to the Council within one (1) month of the date of publication of that advertisement and thereafter, consider any representations received and fix new maximum fares and charges; and
- inform operators off the decision, implementation date and the right of appeal.

3.3 Although not a requirement, it has been past practice to precede this process with informal consultation with taxi operators, undertaken by licensing officers, that is then reported to Committee and used by it when formulating proposals for new fares and charges upon which the formal public consultation is carried out. Again, although not a requirement, practice in the past has also been for the formal consultation stage to include contact with Community Councils, Local Area Forums and taxi operators within the same timescale.

4. INFORMAL CONSULTATION WITH TAXI OPERATORS

4.1 There are currently 84 licensed taxi operators in Moray. Licensing officers, as part of preliminary consultations, approached all of them seeking their views on current fares and charges and any proposals for change. A small number of responses to the informal consultation, which ran from 16 April 2019 to 7 May 2019, have been received. One response received is in favour of keeping the current taxi fare structure the same, while two responses strongly urge the Committee to consider reducing the current taxi fares. A further response proposed that the Committee consider a 5% increase of fares each year and suggested that the rates should be amended as shown within Appendix 2. The tariffs proposed and detailed in Appendix 2 suggest a reduction of 10 pence to the distance fare and hires between 7pm-12pm. It also proposed an increase of 20 pence to all hires between 12pm-7am, an increase of 40 pence to all hires between 7am-12am on Sundays and Bank Holidays and a reduction of 5 pence to hires on festive holidays. Two of the responses received also proposed that the current fouling charge be increased. One consultee proposed an increase to £125.00, while a second consultee proposed an increase to £150.00. These responses have been collated in **APPENDIX 2** of this report.

5. PROPOSALS FOR MAXIMUM FARES AND CHARGES

5.1 The Committee is invited to formulate a set of proposals for the maximum fares and charges applicable to taxis in Moray, considering any responses received in the informal consultation process.

- 5.2 For the Committee's information and consideration are the following:
- 5.3 Attached is a table showing the Taxi Fare Review history from October 2002 to June 2018 detailed at **APPENDIX 3** of this report.
- 5.4 A report comparing the cost of fuel across the UK which accounts for the largest proportion of costs when running a vehicle (**APPENDIX 4**). This report has been prepared by the Automobile Association ("the AA") in March 2019. While the report produced by the AA has no official status, it may be instructive for the purpose of this review.
- 5.5 Although Appendix 4 provides the Committee with an indication of the cost of fuel, the Committee should also be mindful of standing charges and other running costs that relate to running a vehicle. These include the loss in value of a vehicle (depreciation), car insurance and car tax together with the day-to-day running costs of the vehicle which involves servicing, repairs and parking and tolls. Previously, the AA provided a summary of the various costs involved in running a vehicle. However, these reports are no longer provided by the AA, and as such officers are unable to provide any reports that illustrate the current rates for standing charges and day-to-day running costs. The Committee is invited to give due consideration to the inevitable need to meet these costs taking into consideration the rising cost of goods and services in the UK illustrated in Appendix 9 and further discussed at clause 5.11.
- 5.6 The current fees are:-

Copy of a Licence	£21
Taxi Booking Office	£481
Taxi/Private Hire - Driver Grant	£227
Taxi/Private Hire - Driver Renewal	£184
Taxi/Private Hire - Vehicle	£394
Variation of any Taxi/Private Hire Licence	£26
Licence Plates	£21 non-refundable
Vehicle Substitution	£330

- 5.7 Copies of the taxi fares and charges applicable in the Highland Council and Aberdeenshire Council areas are also produced for comparison purposes (**APPENDICES 5 and 6 respectively**).
- 5.8 For illustrative purposes, based on the current maximum fares the cost of a standard 5-mile taxi journey in the Moray Council area would be £15.60 (standard), £16.60 (late night) and £18.45. In the Highland Council (19 November 2018) area the same journey would cost £11.20 (standard) and in Aberdeenshire Council (1 November 2018) the fare would be £12.60 (standard), £13.60 (late night) and £18.90 (festive period).
- 5.9 There are also attached tables showing National Minimum Wages Rates (**APPENDIX 7**) and Wages in Moray (**APPENDIX 8**).

- 5.10 The Consumer Price Index (CPI) continues to be a National Statistic and is a measure of consumer price inflation produced to international standards and in line with European regulations. First published in 1997 as the Harmonised Index of Consumer Prices (HICP), the CPI is the inflation measure used in the Government's target for inflation. The CPI is also used for purposes such as uprating pensions, wages and benefits and can aid in the understanding of inflation on family budgets. A table showing the Consumer Price Index % change is shown in **APPENDIX 9**. The fuller bulletin is available using this link <https://www.gov.uk/government/statistics/uk-consumer-price-inflation-sept-2018>
- 5.11 The CPIH chart shown in Appendix 9 reflects the cost pressures faced by households in the UK. The average costs of goods and services were at their highest in September 2008 (4.8%) and again in September 2011 (4.5%). This was quickly followed by a decline with prices being at their lowest in October 2015 (0.2%) which coincided with a recession in both the manufacturing and construction industry. Following an initial increase of the costs of goods and services in April 2017 (2.6%), inflation has now fallen once more and as of April 2019, the rate of inflation was valued at 2.1%, up from 1.8% in March 2019; However, the costs of inflation is on the increase once more and with the uncertainty of Brexit, it is predicted that inflation will continue to increase resulting in a further squeeze in living standards.
- 5.12 The Committee is invited to consider the responses from the informal consultation at Appendix 2 and thereafter formulate proposals for formal consultation.

6. FORMAL CONSULTATIONS ON PROPOSALS

- 6.1 The Committee is invited to instruct the Head of Legal and Democratic Services to proceed with a public consultation on its agreed proposals for the maximum fares and charges.
- 6.2 The Committee is reminded that the fares set by the meter are the maximum fares that can be charged so that, if the taxi operator so chooses, s/he may charge less.
- 6.3 The matter will be brought back before the Committee on 6 November 2019 to enable the Committee to consider any responses to the formal consultation and fix the fare structure before 29 December 2019.

7. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

The provisions of licensing directly relate to the priorities within the 10 Year Plan in relation to a growing and diverse economy and safer and healthier communities. The various licensable activities within industry all aid a growing economy in terms of production, retail and the positive effects on tourism. Regulation of the licensed activities contributes to a safer community by ensuring those providing licensable goods and services are fit to do so.

(b) Policy and Legal

The legal implications of a fare review are outlined above.

(c) Financial implications

The costs associated with the review of taxi fares are outlays relating to advertising costs estimated to be approximately £400. This can be met from existing budgets.

Any costs incurred by the Council's Fleet Services department in relation to resealing the taxi meters (if necessary) will require to be met by taxi operators. The cost of recalibrating the taxi meters (if necessary) will also require to be met by taxi operators.

(d) Risk Implications

There are no anticipated risk implications arising from this report.

(e) Staffing Implications

The only staffing implication arising from this report is in terms of the time taken to undertake consultation, draft the newspaper adverts, compile the responses to the consultation, draft further Committee reports and notify taxi operators of the outcome of the review. Whilst the time is considerable this can be met from existing resources.

(f) Property

There are no anticipated property implications arising from this report.

(g) Equalities/Socio Economic Impact

An equalities impact assessment is not required in connection with this report. This is because one of the recommendations of this report is for a public consultation to be undertaken in relation to the taxi fare review.

(h) Consultations

Taxi operators were invited to submit a response to the informal consultation. Proposals recommended by the Committee will form the basis of the formal consultation with taxi operators and the public through being advertised in the local press.

8. CONCLUSION

- 8.1 Following the implementation of the fare card on 29 June 2018, the Council as licensing authority for Moray must begin the process of reviewing the fares, taking into consideration the relevant consultees views and determine whether the existing fare scales should be altered. In line with the licensing authority's statutory duty this review process needs to be progressed.**

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Background Papers:	None
Ref:	