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**REPORT TO: LICENSING COMMITTEE ON 07 SEPTEMBER 2022**

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

**BY: DEPUTE CHIEF EXECUTIVE (EDUCATION, COMMUNITIES AND ORGANISATIONAL DEVELOPMENT)**

**1. REASON FOR REPORT**

- 1.1 This report asks the Committee to consider the outcome of the recent taxi fare consultation and either resolve to keep taxi fares the same or formulate a set of alternative 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 H (1) of the Council's Scheme of Administration 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, in accordance with the Civic Government (Scotland) Act 1982:**
- i. Considers the views expressed in the various responses to the consultation process;**
  - ii. Approve a fare structure for implementation on 29 December 2022 which would either be the existing fare structure or an alternative structure formulated by the Committee for the maximum fares and charges applicable to taxis in Moray;**
  - iii. If it is agreed the current fare structure should remain in place, instruct the Head of Governance Strategy and Performance to publish the fare structure and issue a new fare card to all operators;**
  - iv. If an alternative structure is formulated, instruct the Head of Governance Strategy and Performance to proceed to either, publish the fare structure and issue a new fare card to all operators or to first conduct a further consultation on proposals before final approval.; and**
  - v. In the event of alternative proposals and further consultation being agreed to, considers the views expressed in the formal consultation**

**at its next scheduled meeting in order to approve a revised fare structure.**

### **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 2021. 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 this Committee at its meeting on 9 June 2021 (Paragraph 9 of the Minute refers), and came into effect on 29 June 2021. A review therefore needs to be completed by 29 December 2022.

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 inviting any person to lodge representations in writing to the Council 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. An informal consultation was started on June 17 2022 and an invitation to respond was sent to all licensed Operators

### **4. CONSULTATION WITH TAXI OPERATORS**

4.1 There are currently 94 licensed taxi operators in Moray. Licensing officers have specifically issued information to all of them seeking their views on current fares and charges and any proposals for change. The consultation was also published on the licensing pages of the Council's website and publicised through social media. The consultation ran from 17 June 2022 to 29 July 2022 and a small number of responses have been received. Consultation comments received have been collated and the responses along with a summary appears in **Appendix 2**.

### **5. PROPOSALS FOR MAXIMUM FARES AND CHARGES**

5.1 The Committee is invited to agree to retain the current set of charges or to formulate a new 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 To assist the Committee attention is drawn to the following information and considerations:

5.2.1 The responses from the consultation process are contained in **Appendix 2**. The balance of views clearly favour raising the current fares to reflect the increased cost of fuel and running a taxi.

5.2.2 Table showing the Taxi Fare Review history from October 2002 to June 2021 is attached at **Appendix 3** of this report.

5.2.3 A report comparing the cost of fuel across the UK which accounts for the largest proportion of costs when running a vehicle is attached at **Appendix 4**. That report has been prepared by the Automobile Association (“the AA”) on June 30 2022. While the report produced by the AA has no official status, it may be instructive for the purpose of this review. The report for 2021 has also been included for comparison.. 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 10** and further discussed at clause 5.2.8 below.

5.2.4 The current fare card is attached at **Appendix 1**. The current fee scale for taxi licences is reproduced below. It is detailed here as an additional expense of running a licensed vehicle. Licences last for 3 years typically so this is a 3 year cost:-

Copy of a Licence	£22
Taxi Booking Office (4 or more cars)	£515
Taxi/Private Hire - Driver Grant	£243
Taxi/Private Hire - Driver Renewal	£197
Taxi/Private Hire - Vehicle (Operator)	£422
Variation of any Taxi/Private Hire Licence	£28
Licence Plates	£22 non-refundable
Vehicle Substitution	£353

5.2.5 Copies of the taxi fares and charges applicable in the Highland, Aberdeenshire and Aberdeen City Council areas are also produced for comparison purposes (**Appendices 5, 6 and 7 respectively**).

5.2.6 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), £17.30 (Bank Holidays) and £29.85 (Festive period). For comparison in the Highland Council these charges would be

£11.20 (Standard), £14.10 (late night), £16.80 (Bank holidays) and £21.00 (Festive period).

Note: A call from the trade has requested that Highland Licensing Committee call an early review due to increased fuel process and running costs and Aberdeenshire have confirmed that their Taxi fare review began at the end of August 2022.

5.2.7 There are also attached tables showing National Minimum Wages Rates (**Appendix 8**) and Wages in Moray (**Appendix 9**).

5.2.8 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. 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 10**. The fuller bulletin is available using this link <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/latest>

5.2.9 The chart shown in **Appendix 10** reflects the following main points:

- The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 8.2% in the 12 months to June 2022, up from 7.9% in May.
- The largest upward contributions to the annual CPIH inflation rate in June 2022 came from housing and household services (principally from electricity, gas and other fuels, and owner occupiers' housing costs) and transport (principally from motor fuels).
- On a monthly basis, CPIH rose by 0.7% in June 2022, compared with a rise of 0.4% in June 2021.
- The Consumer Prices Index (CPI) rose by 9.4% in the 12 months to June 2022, up from 9.1% in May.
- On a monthly basis, CPI rose by 0.8% in June 2022, compared with a rise of 0.5% in June 2021.
- Rising prices for motor fuels and food made the largest upward contributions to the change in both the CPIH and CPI 12-month inflation rates between May and June 2022.
- The largest, partially offsetting downward contributions to change in the rates were from second-hand cars and audio-visual equipment (principally recording media).

5.2.10 Given that the owner occupiers' housing costs (OOH) component accounts for around 17% of the CPIH, it is the main driver for differences between the CPIH and CPI inflation rates. The inclusion of Council Tax and rates in CPIH is the only further difference in coverage. This makes CPIH our most comprehensive measure of inflation. While the coverage differs, the key drivers of the annual inflation rate are the same where they are common to both measures. The largest movements in the annual Consumer Prices Index including owner occupiers' housing costs (CPIH) inflation rate in June 2022 came from transport and food, a chart showing the various factors can be found in **Appendix 10**. The annual increase for transport was 15.2% in June 2022. Over the past two years, the annual rate has risen from minus 1.5% in

June 2020 (during the first coronavirus (COVID-19) lockdown) to the latest figure for June 2022.

5.2.11 The Consumer Prices Index including owner occupiers' housing costs (CPIH) rose by 8.2% in the 12 months to June 2022, up from 7.9% in May. The annual rate was below 1.2% from April 2020, at the start of the first coronavirus (COVID-19) lockdown, to March 2021. The rate has since risen. The June 2022 figure is the highest recorded annual inflation rate in the National Statistic series, which began in January 2006. The rate was last higher in the constructed historical estimates in March 1991, when it stood at 8.3%. The largest contributions to the annual rate in June 2022 are from housing and household services, and transport

5.3 The recommendation is for consideration to be given to raising the current fare structure. This accords with the wishes of the respondents and the fares are the maximum that can be charged so market forces can encourage operators to charge lower fares than the maximum.

5.4 Nevertheless, should the Committee resolve to alter the fare structure in any way then the recommendation is to further publicly consult on the alternative proposals and bring the results back to the Committee at the next meeting for final determination. It is possible for the Committee to alter, finalise and immediately publish an alternative structure but further consultation is still recommended. It should be noted that if further consultation is required then the statutory review timescale requires to be met. In the event of further consultation the Committee is invited to:

5.4.1 Instruct the Head of Governance Strategy and Performance to proceed with a further public consultation on its agreed proposals for the maximum fares and charges, in such manner and in accordance with the timeline

5.4.2 Bring the results back to the next meeting of the Committee on the 16 November 2022 as scheduled for consideration and determination of a new fare scale.

## **6 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 mainly considerable staff time as described below in staffing and outlays relating to production and distribution costs for new fare cards. This can be met from existing budgets.

If the Committee chooses to alter the fare structure then it will be necessary to recalibrate all taxi meters. Any costs incurred by the Council's Fleet Services section 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. On average the cost by a meter supplier to run and calibrate a meter (one of their own) over the measured mile costs £10, and a tariff update would be approximately £20. There will also be a £5 charge for fleet services to check the paperwork and reseal the meters.

**(d) Risk Implications**

There is a risk that any decision is open to an appeal. An appeal would be to the Traffic Commissioner and a further process may be specified/required as a result. If the fares are not set within the 18 month statutory timescale then the further delay may also result in an appeal and further process. These risks are mitigated by the fact that we have held a full informal consultation with the clear view of the majority of responses being to alter fares. We will also hold a full formal consultation should the committee decide to alter the fare structure based on the informal consultation responses, which will mitigate the risk of appeal further.

There is 14 days to appeal from notice being given. The effect of an appeal would be to suspend any decision unless and until an appeal has been determined.

For ease a proposed timeline is provided here:

- Informal consultation 17/06/22 to 29/07/22
- Report and information to Committee 7/09/2022
- Further formal consultation on proposals ASAP after 7/09/22
- Formal Consultation end date 30/10/22
- Report to Committee 16/11/22 for final determination
- Notice of Committee decision issued 17/11/22
- 2 weeks for appeal until 2 / 3 /12/22
- Long stop Implementation date 29/12/22
- Implement changes earlier because of Christmas so calibration and reseal of meters would be Wednesday 14 December 2022 on agreement with Fleet Services

**(e) Staffing Implications**

The only staffing implication arising from this report is in terms of the time taken to undertake consultation, draft the published information, compile the responses to the consultation, draft this Committee report

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) Climate Change and Biodiversity Impact**

There are no anticipated climate change or biodiversity implications arising from this report.

**(i) Consultations**

Consultation has taken place as described. Taxi operators and the public were invited to submit a response to the informal consultation. In the event the Committee determines to change the fares then proposals recommended by the Committee will form the basis of further formal consultation with taxi operators and the public.

**7. CONCLUSION**

- 7.1 The Council, as licensing authority, must review the fare scale for taxi/PH operators every 18 months. Following the implementation of the fare card on 29 June 2021, the Council must review the fare scale by 29 December 2022, taking into consideration the relevant consultees views and determine whether the existing fare scales should remain the same or be altered. Given the date of this current review falling between Christmas and New Year we would propose that any decision made at the November 16 2022 Licensing Committee be implemented at the earliest possible date, which after allowing for the appeal process, would be Wednesday December 14 2022**

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Background Papers: None

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