

Birmingham City Council

Report to Cabinet

12 November 2024



Title:	HACKNEY CARRIAGE MAXIMUM FARE TARIFF REVIEW
Lead Cabinet Portfolio:	Councillor Majid Mahmood, Cabinet Member for Transportation and Environment
Relevant Overview and Scrutiny Committee:	Neighbourhoods Overview and Scrutiny Committee
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Authorised by:	Nick Lowe, Head of Licensing, Markets and Private Rented Service City Operations
Is this a Key Decision?	Yes
If this is a Key Decision, is this decision listed on the Forward Plan?	Yes
Reason(s) why not included on the Forward Plan:	Not Applicable
Is this a Late Report?	No
Reason(s) why Late:	Not Applicable.
Is this decision eligible for 'call in?'	Yes
If not eligible, please provide reason(s):	Not Applicable.
Wards:	All
Does this report contain exempt or confidential information?	No

1 EXECUTIVE SUMMARY

- 1.1 The purpose of this report is to consider a request from the Hackney Carriage trade to increase the maximum chargeable fares payable by the travelling public for Hackney Carriage journeys and to approve a proposal for consultation with the public.
- 1.2 The setting of fares is a power afforded to the Council and it is the Council's responsibility to strike a balance between setting a fare that is acceptable to the customer and to the taxi driver. Cabinet has the responsibility for decision making.
- 1.3 Two separate proposals have been put forward by the hackney carriage trade asking for an increase in fares:
- 1.4 Proposal A was submitted by the RMT, is attached at Appendix 1, and detailed in sections 4.8 to 4.9 below,
- 1.5 Proposal B was submitted by an individual is attached at Appendix 2, and detailed in sections 4.10 to 4.12 below.
- 1.6 Officers have assessed both proposals and are recommending Proposal A is approved.
- 1.7 The tariff was last amended (increased) in 2022.

2 COMMISSIONERS' REVIEW

- 2.1 Commissioners support the proposals.

3 RECOMMENDATIONS

That Cabinet:

- 3.1 Approves the "2024 Proposed Maximum Fare Tariff" shown in Appendix 1 as the preferred tariff for consultation.
- 3.2 Approves the commencement of the statutory public consultation in accordance with Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 for a period of not less than fourteen days to allow for objections to be made.
- 3.3 Approves the implementation of the proposed fare table once consultation is completed should no objections be made during the statutory consultation period referred to in section 3.2. If objections are received, a further report will be submitted to allow Cabinet to consider the objections raised and to further consider the tariffs proposed.

4 KEY INFORMATION

- 4.1 Two requests have been made for Birmingham City Council to consider an increase in maximum chargeable Hackney Carriage fares.
- 4.2 The last rise in maximum fares took effect in October 2022 and the current fare table is shown in Appendix 3.
- 4.3 Proposal A is in Appendix 1 and uses the current fare tariff and economic data as a basis for proposed fare increases.
- 4.4 The final version, v3, of Proposal B is shown in Appendix 2
- 4.5 There are currently 980 Birmingham-licensed Hackney Carriage Drivers and 673 licensed hackney carriage vehicles. There are more drivers than vehicles as not all licensed drivers choose to drive a hackney carriage. A Hackney Carriage driver's licence also permits the driver to drive private hire vehicles.
- 4.6 Officers have considered the proposals and suggest that Proposal A is pursued for consultation. This Proposal A to be called the "2024 Proposed Maximum Fare Tariff" and is shown in Appendix 1.
- 4.7 This tariff has been proposed in light of the declining numbers of hackney carriages in the City and continued cost of living increases. It is suggested that the increase will slow down or reverse the number of hackney carriages.

Proposal and Reasons for Recommendations

- 4.8 Proposal A is a streamlined approach to putting forward potential increases. It builds on the current tariff system with proposed increases and the cost per first mile for tariff 1, and removal of tariff 2: increases in cost per mile for mileage thereafter and waiting and time charges. It compares the proposal put forward with both Consumer Price Index and Retail Price Index although these have changed since the submission.
- 4.9 The proposal is outlined in the Fare table attached which includes:
- Removal of the current tariff 2
 - Removal of extra charges for bank holidays
 - Adjustment of the Fare time so that days start at 07:00 rather than 04:00
 - Mileage charge adjustment (see table)
 - Waiting time change (see table)
- 4.10 Proposal B is a basic proposal with just a new fare table being submitted. The version included at Appendix 2 is version 3. Distance changes have been corrected by officers following two versions where the tariff change did not match the yardage point. There is no explanation of the methodology used behind the

proposal other than to increase the maximum fare tariff to meet the increased costs of living.

- 4.11 The reasons for this request are mainly due to the increased prices of food, utility bills, interest rates, card charging fees on most hirings and the decreased number of fares.
- 4.12 The proposal is outlined in the Fare table attached which includes:
- Adjustment of the Fare time so that nights start at 20:00 from 22:00
 - Initial Charge adjusted from £3.20 to £3.60
 - Mileage charge adjustment (see table)
 - Waiting time change (see table)
 - Soilage charge increase (see table)

Other Options Considered

- 4.13 Cease regulating fares - Hackney Carriages are unique in that they can be hailed from the street or picked up from a rank. Where a journey is pre booked the hirer has the opportunity to compare and negotiate a price. This opportunity does not exist in the same way when picking up a taxi from a rank and increases the risk of confusion and dispute. Vulnerable customers are more exposed to exploitation. Currently only a handful of Local Authorities in England choose this option. The setting of a maximum fare by the local authority adds protection for the consumer.
- 4.14 No change – given that there was an increase to tariffs in the last 18 months.
- 4.15 Introduction of a new methodology – Fare scales should be designed with a view to practicality. A simple formula for deciding on fare revisions would increase understanding and improve the transparency of the process. Some local authorities have devised a specific methodology with which to review fare tariffs. While this is an option officers would like to consider in the future, this will take a significant amount of time and hence we do not believe it is appropriate to pursue this currently.
- 4.16 Put proposals to the trade – while this is a valid option it is likely to result in no consensus and hence no progression to an actual agreed maximum fare tariff.

- 4.17 The Private Hire and Taxi Monthly (PHTM) publishes a table of hackney carriage fares at tariff one over 2 miles. It measures this fare across 344 local authorities in England. Birmingham is number 114 on the list with a fare of £7.40.

Should Proposal A be implemented the charge would increase to £7.60 and Birmingham's would be equivalent to the fare charges by numbers 87 to 100 in this table. The fare table can be found at [Hackney Taxi Fare Tables \(phtm.co.uk\)](http://phtm.co.uk)

Should Proposal B be implemented the charge would increase to £8.00 and Birmingham's would be equivalent to the fare charges by numbers 55 to 66 in this table.

5 RISK MANAGEMENT

- 5.1 The Hackney Carriage trade would like a fare increase as soon as possible. While their motivations are understood given current inflationary pressures, it is essential that the City Council ensures legislative requirements to consult appropriately and consider the responses to that consultation are met otherwise the approval of new tariffs may be susceptible to legal challenge.
- 5.2 After approval of the new tariffs and the expiry of the minimum 14-day public consultation period (with no objections) all 680 hackney carriages will require their meters to be reset. This means that it is likely that this whole process will take between 6-8 weeks from approval of this Cabinet report, allowing for potential call-in, if there are no objections to the proposal.

6 CONSULTATION

- 6.1 If the recommendations are approved, then "2024 Proposed Maximum Fare Tariff" will be published for public comment in accordance with Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 for a period of not less than fourteen days to allow for objections to be made.

7 MEMBER ENGAGEMENT

Overview and Scrutiny

- 7.1 The chair of the Neighbourhoods Overview and Scrutiny Committee has been consulted on the proposals in this report and has not made any comments.

Other

- 7.2 The chair of The Licensing & Public Protection Committee has been consulted on the proposals in this report.

8 IMPACT AND IMPLICATIONS

Finance

- 8.1 There are no financial implications for the Council. The consultation will be undertaken by existing officer resource and no additional budget is required for this. The cost of administering the hackney carriage licence scheme is funded through licence fee income on a cost recovery basis.
- 8.2 The resource cost of administering this fare review and implementing any meter changes will be considered as a cost of administering the hackney carriage licence scheme and as such will be included in any subsequent licence fee review.

Legal

- 8.3 Section 65 Local Government Miscellaneous Provisions Act 1976 sets out the process and requirements for the fixing of hackney carriage fares, which includes the requirement for advertisement and a statutory 14-day consultation period. If no objections are raised within the consultation period, the revised schedule of fares come into operation on the date specified in the advertisement/notice. If objections are raised and not withdrawn, the council should set a further specified date, not later than 2 months after the first specified date, on which the revised schedule of fares shall come into effect with or without modification after consideration of the objections .
- 8.4 Any challenge to the decision of the council to implement the new schedule of fares would be by way of Judicial Review
- 8.5 The Department of Transport Best Practice Guidance 2010 specifies that it is good practice not only to set fares but also for local authorities to carry out regular review of fares and to adopt a simple formula for deciding any fare revisions. The Best Practice Guidance also states, ' The Department also suggests that in reviewing fares authorities should pay particular regard to the needs of the travelling public, with reference both to what it is reasonable to expect people to pay but also to the need to give taxi drivers sufficient incentive to provide a service when it is needed. There may well be a case for higher fares at times of higher demand'

Equalities

- 9.1 An equality assessment has been undertaken and is found in Appendix 5
- 9.2 All groups would see an equal rise in the fares that they pay to use Hackney Carriages should an increase be decided. There is potential for an increase in fares to impact disproportionately on people with disabilities, in particular wheelchair users. This potential negative impact could be driven by Hackney Carriage fares were too low and causing drivers to cease providing the service or fares being too high and this limiting the ability of users of the service. It is therefore necessary to balance any fare increases carefully. On balance it is considered the proposed tariff increases is likely to ensure the service for

disabled passengers is maintained rather than withdrawn due to lower tariff availability causing hackney carriages to be taken off the road. This is likely to be more positive in equalities terms than the increase itself.

Procurement

9.3 No procurement issues have been identified.

People Services

9.4 All human resource issues will be within existing officer resource.

Climate Change, Nature and Net Zero

9.5 Birmingham City Council Route to Net Zero team have been consulted on the proposed increase and the ESA and their response was "...we don't have enough information to say whether an increase in fares would impact on the city's journey to net zero, but we think it would be negligible."

Corporate Parenting

9.6 There are no implications or opportunities in relation to the Corporate Parenting responsibility arising from the recommendations in this report.

Other

9.7 There are no other implications arising from the recommendations in this report.

10 APPENDICES

Appendix 1 – Proposal A

Appendix 2 – Proposal B

Appendix 3 – Current Birmingham Hackney Carriage Fare Table

Appendix 4 – Comparison of percentage increases

Appendix 5 – Equality Assessment

Appendix 6 – Environmental and Sustainability Assessment

11 BACKGROUND PAPERS

11.1 There are no background papers.