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## **TAXI FARES FORMULA REVIEW 2018**

**Report by Service Director Regulatory Services**

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### **EXECUTIVE COMMITTEE**

**4<sup>th</sup> DECEMBER 2018**

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#### **1 PURPOSE AND SUMMARY**

**1.1 This report advises Members of the recent consultation on a revision of the current process the Council uses to review taxi fares (known as "the formula").**

1.2 The Council is required to carry out a review of the scales for fares and other charges in connection with the hire of a taxi at intervals not exceeding 18 months. Since 2009 the Council has used the same formula to undertake these reviews. Following the fare review in 2014/15 the Executive Committee agreed that the formula itself should be reviewed at three yearly intervals. A review has now been carried out and the recommendations flowing from that review are set out in this report.

#### **2 RECOMMENDATION**

**2.1 I recommend that the Executive Committee:**

**(a) Retains the current criteria used in the formula but amends the percentage weighting criteria as follows;**

- A reduction of 5% is applied to the Wages criteria of the formula to give both elements of the formula an even 50/50 split**
- A reduction in the existing weighting applied to the purchase of motor vehicles from 10% to 5%**
- An increase in the weighting to vehicle tax and insurance from 3% to 8% and to include in this category medical costs and license costs**
- An increase in the weighting applied to fuel and oil from 15% to 20%**
- Retain the current 17% weighting for maintenance**

**(b) Agrees that the revised formula will come in to effect at the next taxi fares review in 2019**

- (c) Agrees that future taxi fare reviews should be undertaken using the Citizen Space or similar tool in addition to intimation by advertisement in a newspaper circulating in the area as required by Section 17(3)(b) of the Civic Government (Scotland) Act 1982, although it has been pointed out to us that this is now somewhat draconian it remains a statutory requirement under the Act.**

### 3 BACKGROUND

- 3.1 The Council as licensing authority is required in terms of Section 17 of the Civic Government (Scotland) Act 1982 (“the Act”) to review the scales for fares and other charges in connection with the hire of a taxi at intervals not exceeding 18 months of the last review. The current scales came into effect on 19<sup>th</sup> March 2018
- 3.2 Since 27<sup>th</sup> January 2009 Scottish Borders Council has used the same formula to calculate the annual revision of taxi fares. There is no nationally adopted tool for reviewing taxi fares; each review is undertaken separately by Councils or Licensing Authorities using their own adopted method.
- The formula currently used by Scottish Borders Council was devised by the Council’s Business Information Unit in accordance with guidelines advised by the Traffic Commissioner. All of the figures used in the formula are sourced from the Office of National Statistics.
- 3.3 In previous years the use of the formula has resulted in fare revisions of between 0 and 5%. In the last four reviews three have resulted in no increase being applied.
- 3.4 Following the review of taxi fares in 2014/5 the Councils Executive Committee agreed to review the formula at three year intervals. That review commenced in the summer of 2018.

### 4 FORMULA REVIEW PROCESS AND OUTCOME OF CONSULTATION

- 4.1 The on-line consultation via the Councils Citizen Space tool was opened on 2<sup>nd</sup> July 2018 and closed on 7<sup>th</sup> October 2018. It appeared on the Councils website and was advertised on the Councils social media pages. A copy of the consultation and an explanation of the current formula is attached as APPENDIX 1
- 4.2 71 people responded from groups including taxi operators, taxi drivers, taxi users and other interested parties

<b>Respondent Type</b>	<b>Count</b>	<b>% of 71</b>
Taxi Operator	6	8%
Taxi Driver	11	15%
Taxi User	28	39%
Parent of Taxi User	2	3%
Member of the public	35	49%
Other	3	4%

This represents a significant improvement on previous taxi related reviews where the average number of responders to the annual taxi fare reviews has usually been in single figure for both the trade and public consultations. Officers believe the use of Citizen Space has been invaluable in achieving an improved response rate.

- 4.3 In response to the question “Do you think the above elements above

(the current formula) are the most suitable for calculating any change in taxi fares?" the outcome was that 61% of those who responded agreed that the current formula was still relevant

<b>Current Formula still relevant</b>	<b>Count</b>	<b>% of 71</b>
Yes	43	61%
No	27	38%
Not Answered	1	1%
<b>Grand Total</b>	<b>71</b>	<b>100%</b>

- 4.4 In response to the question "Do you think that this formula should continue to be used to calculate the changes in taxi fares?" 68% of those who responded agreed that the current formula should be retained and of those; half agreed that slight changes may be required.

<b>Keep as Current</b>	<b>Count</b>	<b>% of 71</b>
Yes	24	34%
Yes with slight changes	24	34%
No	21	30%
Not Answered	2	3%
<b>Grand Total</b>	<b>71</b>	<b>100%</b>

- 4.5 Detailed responses to the survey, including comments from those who responded to individual questions are provided in APPENDIX 2.

Responses have been broken down by:

- a) Fair Formula comments (those who thought the current formula was not relevant – this is added here as balance)
- b) Slight Change – those who thought the current formula was still relevant but a slight change may be needed
- c) Some suggestions on the content for a future or new formula
- d) Some final comments relating to the responder type; taxi operator, taxi driver, taxi user etc.

- 4.6 From those comments some common themes emerged:

- a) Taxi fares are considered already high by users
- b) There are a number of items that are not included in the current formula that were raised by predominantly the taxi trade; these included the cost of driver medicals and the cost of taxi licenses.

Given that 68% of all responders agreed that the formula should be kept "as current or with a slight change" officers considered that these costs should not be included in the current formula as a separate category but could be included in the current category for tax and insurance which would then be inflated from 3% to 8% as described in section 2.1 (a) above.

- 4.7 Comments relating to keeping the current formula with "a slight change" were:

- a) a reduction in the % weighting given to the "Wages" element of the formula; in effect reflecting the customers' ability to pay
- b) a reduction to the % weighting given to purchase of motor vehicles. Several responders considered these part of the operators costs and should not be included in the formula.

- c) an increase in the % weighting given to the price of fuel or insurance.

4.8 Officers considered the range of responses and made the recommendations shown in section 2 of this report. A summary of the changes is also shown in Appendix 3

4.9 The next formula review will be scheduled to commence following the fares review of 2022/23.

## **5 IMPLICATIONS**

### **5.1 Financial**

There are no costs to the Council, other than officer time in the reviews, attached to any of the recommendations contained in this report.

### **5.2 Risk and Mitigations**

The Council does have a statutory duty to consider reviewing taxi fares within 18 months of the previous review and therefore may risk a legal challenge and reputational damage if it does not comply with this requirement. Preparation and consideration of this report and its recommendations mitigates this risk.

### **5.3 Equalities**

An Equality Impact Assessment has been conducted and no negative impacts have become apparent. Indeed maintaining the licence fee will lead to a positive impact for the whole community as access should remain status quo.

5.4 Equalities will need reviewed for impact if any increase recommended

### **5.5 Acting Sustainably**

The Council has a statutory responsibility to review taxi fares within 18 months of the previous review.

### **5.6 Carbon Management**

Taxis are a carbon consuming service. However this fact must be balanced against the level of provision particularly in rural areas where mainstream local bus services cannot or do not operate.

### **5.7 Rural Proofing**

Not applicable as this is not a new policy.

### **5.8 Changes to Scheme of Administration or Scheme of Delegation**

No changes to either the Scheme of Administration or the Scheme of Delegation are required as a result of the recommendations in this report.

## **6 CONSULTATION**

- 6.1 The Chief Financial Officer, the Monitoring Officer, the Chief Legal Officer, the Chief Officer Audit and Risk, the Chief Officer HR and the Clerk to the Council have been consulted in the preparation of this report.

**Approved by**

**Service Director Regulatory Services      Signature .....**

**Author(s)**

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**Background Papers:                      None**

**Previous Minute Reference:    Executive Committee 17<sup>th</sup> October 2017**

**Note** – You can get this document on tape, in Braille, large print and various computer formats by contacting the address below. Jacqueline Whitelaw can also give information on other language translations as well as providing additional copies.

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