
DEREGULATION OF TAXI FARES

1 SUMMARY

- 1.1 This report is to consider the advantages and disadvantages of deregulating the authorised taxi fare tariff and the implications for Rochford Council, the taxi trade, the travelling public and for the taxi voucher scheme.

2 INTRODUCTION

- 2.1 At a meeting of the Taxi Licensing Sub-Committee in July 2004, Members requested a detailed report by the end of October 2004, on the deregulation of taxi fares. With the agreement of the Sub-Committee Chairman the report was deferred to December, due to the workload involved in introducing Decriminalised Parking Enforcement on 1 October 2004.
- 2.2 Each year the taxi trade submit a request to Members for an increase to the authorised fare tariff. A detailed report is then presented to Members at the Taxi Licensing Sub-Committee. A number of issues are taken into consideration when determining an increase to the authorised fare tariff. These include the retail price index and any increases in Council Tax, pensions and taxi insurance. There is no requirement for the authorised fare tariff to be increased each year and if no request is received from the Taxi Associations the fares remain unchanged. However, if the Associations submit a request there is a requirement for Members to consider that request.
- 2.3 Over the past two years Members have decided on a percentage increase less than requested by the taxi trade. The trade feel that, as a lot of their work is undertaken in Southend, the authorised fare tariff should be comparable to the fare structure in that Borough. Following the last fare increase in the District the Southend tariff is now very similar.
- 2.4 There is a requirement for hackney carriage drivers to use the taximeter, when carrying passengers within the district in which they are licensed and to charge no more than the fare shown on the meter. However, when responding to a booking to travel outside the district, a fare may be agreed prior to the commencement of the journey and therefore the meter would not necessarily be operated.

3 WHAT IS “DEREGULATION OF FARES”?

- 3.1 Deregulation of taxi fares is when a Local Authority decides to allow the taxi trade to set their own fares and for market forces to prevail. There would be no requirement for Members to set an authorised fare tariff and taxi drivers could charge their own rates.

- 3.2 It is possible for Local Authorities to abandon Section 65 of the Local Government (Miscellaneous Provisions) Act 1976, which gives Local Authorities powers to set the fares.

4 ESSEX AUTHORITIES

- 4.1 There are two Local Authorities in Essex that have deregulated their taxi fare: Epping Forest and Maldon. Epping Forest is an urban district that borders Greater London and, since licensing hackney carriage vehicles a number of years ago, have never regulated the taxi fares.
- 4.2 Maldon is a small rural district bordering 4 Local Authorities, including Rochford. Maldon deregulated their taxi fares a number of years ago. They have no major town centre and a majority of the work carried out by the taxi trade is pre-booked, rather than hailed or from authorised taxi ranks.
- 4.3 The Hackney Carriage Officers at each Authority confirmed that they have no real problems with deregulated fares, other than the odd complaint concerning overcharging. However, due to the length of time it has been in operation, the trade and the travelling public are accustomed to this practice.
- 4.4 There are no other Authorities in Essex considering deregulation of taxi fares or that have re-regulated.

5 IMPACT ON THE TAXI VOUCHER SCHEME

- 5.1 The deregulation of taxi fares should not impact on the Taxi Voucher Scheme in any way, other than if the trade were to increase the fares, users would travel a shorter distance for their vouchers or have to pay cash for the balance of the fare.

6 IMPLICATIONS FOR ROCHFORD DISTRICT COUNCIL

- 6.1 When an Authority regulates the taxi fares it is its responsibility to ensure that each meter in a licensed hackney carriage vehicle is tested and approved. The testing of taximeters must occur when a new vehicle is licensed, when a vehicle is replaced or when there is a change to the authorised fare tariff.
- 6.2 The meter is tested by a Council officer, who travels in the licensed vehicle, over a measured mile, to ensure the correct tariff is shown on the taximeter. A meter test takes approximately 15 minutes and is completed at the time of the vehicle inspections for new or replacement vehicles. There is no additional cost to the hackney carriage proprietor for the meter test, as it is included in the licence fees.
- 6.3 When there is a change to the authorised fare tariff, all 208 hackney carriage vehicles must be meter tested. This is carried out in one day, by 5 Council

officers at the Freight House. Proprietors pay around £20 for the Meter Agents to update the meter with the new tariff. There is no additional charge made by the Council.

- 6.4 If fares were not regulated by the Authority, there would be no requirement to test the meters. The Council would also lose the control of setting the fares and the times the extra charges may be introduced.

7 IMPACT ON THE TRAVELLING PUBLIC

- 7.1 The travelling public should not notice any major changes if deregulation of fares was introduced. They may find that the fares increase and the implementation of the night rate is introduced earlier than 10.30 pm. Charges could also increase dramatically when there is increased demand, for example, in extreme weather conditions or when the trains are not running.
- 7.2 If, however, competition is fierce, it could spark a price war that could affect the standard of the licensed vehicles, with proprietors having less money to spend on maintenance and replacement vehicles.
- 7.3 It is likely that each taxi operator would set a fare tariff for their company and ensure that hackney carriage drivers and proprietors working for them charge the same tariff.
- 7.4 The public may find that they are charged various fares for the same journey when using different taxi companies or drivers that only work from the ranks and are independent of a circuit.
- 7.5 If a member of the public felt they had been overcharged and wished to make a complaint, the Council would be unable to act, as they would have no jurisdiction over charges made by a taxi driver.

8 THE ADVANTAGES AND DISADVANTAGES FOR THE TAXI TRADE

- 8.1 The advantages of deregulating the taxi fares are that the trade could set their own fare tariff. They would not be required to have their meters tested and approved by the Council. There would be no requirement to submit a request for a fare increase to the Taxi Licensing Sub-Committee each year to change the fare tariff.
- 8.2 The disadvantages are that drivers could undercut each other and cause a price war. This could lead to a decrease in income, which could affect the standard of licensed vehicles. Drivers may be faced with customers haggling over fares on the taxi ranks or at the end of the journey.

9 RISK IMPLICATIONS

9.1 Resource Risk

If Members were to agree to the deregulation of taxi fares, there would be no requirement to test taxi meters or to submit a report to the Taxi Licensing Sub-Committee each year requesting a fare increase. This would free up officers' time. However, this is quite a marginal saving.

9.2 Operational Risk

The travelling public should not see deterioration in the service provided by the taxi trade other than those indicated above.

9.3 Reputation Risk

Two other Authorities have operated with no authorised fare tariff for a number of years without too many problems. However, they are economically and geographically very different Authorities from Rochford.

9.4 Regulatory Risk

It is possible to abandon the regulations that give Authorities the powers to set fares. However, if this is approved, the Council should publicise the proposed removal of the table of fares.

10 RECOMMENDATION

10.1 It is proposed that the Committee **RESOLVES**

To determine whether to remain in a regulated regime for taxi fares

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Background Papers:-

Taxis - Licensing Law and Practice

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