

Cheltenham Borough Council
Leader – 14 March 2022
Urgent Decision to Review Hackney Carriage Fares

Accountable member	Councillor Martin Horwood, Cabinet Member Customer & Regulatory Services
Accountable officer	Michael Redman, Director of Environment
Ward(s) affected	All
Key/Significant Decision	Yes
Executive summary	<p>The authority undertakes a review of Hackney Carriage Fares annually in January. In light of the substantial increase in the cost of fuel, an urgent decision is sought to approve the proposed increase, as set out in this report, for consultation.</p> <p>Under normal circumstances, permission would be sought from Cabinet but doing so will delay the process by up to 3 weeks which will place a burden on the licensed trade in the meantime.</p>
Recommendations	<p>The Leader, in consultation with the Chief Executive, is recommended to:</p> <ol style="list-style-type: none">1. approve the proposed fare increase as set out in paragraph 3.1 for consultation; and2. Subject to there being no objections raised in accordance with the statutory provisions, to delegate authority to the Licensing Team Leader to implement the proposed fare increase.

Financial implications	<p>None arising directly from this report.</p> <p>Contact officer: Andy Taylor, andy.taylor@cheltenham.gov.uk</p>
Legal implications	<p>As detailed in the report. Furthermore the proposed changes to fees have to be advertised in accordance with Section 70 of the Local Government (Miscellaneous Provisions) Act 1976.</p> <p>Contact officer: vikki.fennell@onelegal.org.uk, 01684 272015</p>
HR implications (including learning and organisational development)	<p>None arising directly from this report.</p> <p>Contact officer: Clare Jones, Clare.Jones@publicagroup.uk</p>
Key risks	As outlined in Appendix 1
Corporate and community plan Implications	None
Environmental and climate change implications	None
Property/Asset Implications	<p>None</p> <p>Contact officer: Gemma.Bell@cheltenham.gov.uk</p>

1. Background

- 1.1 Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 permits the council to set the maximum fares for hackney carriage vehicles licensed by it.
- 1.2 The last hackney carriage fare review was undertaken in 2021 when Cabinet approved a 2% increase based on the council's adopted fare formula.
- 1.3 In line with the annual review and based on the authority's adopted methodology, it is proposed that the authority increase Hackney Carriage fares by 5%. In light of the substantial increase in the cost of fuel, an urgent decision is sought to approve the proposed increase, as set out in this report, for consultation.

2. Methodology - Fares linked to inflation

- 2.1 In February 2019, Cabinet approved a fare setting methodology linked to inflation. Under this approach, the current fare level will be used as a baseline and the percentage change in the rate of inflation or deflation be applied to determine the revised maximum fares for Cheltenham licensed hackney carriages.

3. Rate of inflation

- 3.1 According to the Office of National Statistics, the average CPIH rate of inflation in 2021 was 2.8%. However in light of the substantial rise in fuel costs, one of the biggest costs to a Hackney Carriage Driver, the 2.8% would be insufficient. It is therefore proposed that the current rate of 5.5% is applied as an average rate of increase.

4. Reasons for recommendations

- 4.1 To ensure the maximum fares chargeable reflect the costs which will be incurred by a good owner-driver who spends whatever is necessary to operate and maintain his hackney carriage to a high standard.

5. Adoption

- 5.1 Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 prescribes that the authority must consult if it proposes to set or vary hackney carriage fares.
- 5.2 It must do so by publishing a notice in a local newspaper setting out the variation and specifying a period and means of objecting. The specified period cannot be less than 14 days.
- 5.3 If no objections are made, or any made are withdrawn, the proposed fares will take effect on the specified date.
- 5.4 However, if objections are made and not withdrawn, the authority must set a further date, not later than two months after the initial date, on which the proposed fares shall come into force with or without modifications as decided after consideration of any objections.
- 5.5 The urgent decision will only apply to approval to consult. If objections are made and not withdrawn, a report will be prepared for Cabinet to consider.

6. Alternative options considered

- 6.1 The council can decide not to increase hackney carriage fares as part of this review although this

option is not considered desirable as it would result in an owner-driver not being able to fully recover the costs which will be incurred by them to operate and maintain their hackney carriage to a high standard.

Report author	Contact officer: Louis Krog, Louis.Krog@cheltenham.gov.uk,
Appendices	<ol style="list-style-type: none">1. Risk Assessment2. Proposed 2022 increase calculation
Background information	<ol style="list-style-type: none">1.

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	If the council decides not to approve the recommended increase in fares, licence holders will be unable to recover their costs and earn a proper living, which could result in the council being legally challenged which could adversely affect the council's reputation.	Director of Environment	Jan 22	2	2	4	Reduce	Adopt recommendations		Licensing Team Leader	If the council decides not to approve the recommended increase in fares, licence holders will be unable to recover their costs and earn a proper living, which could result in the council being legally challenged which could adversely affect the council's reputation.
	If the council does not have a proposed basis for calculating hackney carriage fares, the council may be unable to defend a legal challenge on the fares set and the method used.	Director of Environment	Jan 22	3	2	6	Reduce	Adopt recommendations		Licensing Team Leader	If the council does not have a proposed basis for calculating hackney carriage fares, the council may be unable to defend a legal

											challenge on the fares set and the method used.
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Explanatory notes

Impact – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)

Likelihood – how likely is it that the risk will occur on a scale of 1-6
(1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)

Control - Either: Reduce / Accept / Transfer to 3rd party / Close