



Item: 3

Licensing Committee: 5 December 2024.

Review of Maximum Fares and Charges for Taxi Services on Mainland Area of Orkney.

Report by Corporate Director of Strategy, Performance and Business Solutions.

1. Overview

- 1.1. The Council publishes information about the setting of taxi fares [here](#).
- 1.2. The licensing authority requires, at intervals not exceeding 18 months, to propose new scales for fares and charges for taxi services, whether at altered rates or the same rates.
- 1.3. The proposals require to be advertised to allow the public a period of at least one month to submit representations.
- 1.4. On 21 March 2024, the Licensing Committee adopted the current scales for maximum fares and charges for all taxi services within the Mainland area of Orkney, including the linked south isles, as detailed in Appendix 1 to this report, which took effect from 1 May 2024.
- 1.5. The Licensing Committee now requires to consider the proposed scales, effective from 1 May 2025, for maximum fares and charges for all taxi services within the mainland area of Orkney, including the linked south isles, for approval for public consultation.

2. Recommendations

- 2.1. It is recommended that members of the Committee:
 - i. Approve proposed revised fares and charges for taxi services on the Mainland Area of Orkney, including the linked south isles, as detailed in Appendix 2 to this report, for public consultation.
 - ii. Request the Corporate Director for Strategy, Performance and Business Solutions to submit a report, to the meeting of the Committee to be held on 13 March 2025, on the outcome of the public consultation, referred to above,

together with proposed scales for the maximum fares and charges for all taxi services within the mainland area of Orkney, including the linked south isles, to be effective from 1 May 2025.

3. Consultation

- 3.1. A statutory consultation process with 16 taxi operators was undertaken during the period 23 August to 4 October 2024, when operators were requested to submit comments or suggestions in respect of the current scales, referred to at paragraph 1.4 above.
- 3.2. On 4 October 2024 one representation was received on behalf of three operators, as detailed at section 4 of this report.
- 3.3. It is now proposed that the new scales, set out in Appendix 2, be advertised from 3 January 2025 stating that any person may make representations in writing until 3 February 2025. A further report will be submitted to the Licensing Committee on 13 March 2025, detailing the outcome of the public consultation.

4. Representation

- 4.1. The representation received on behalf of three operators states:

“Since the last increase implemented in May 2023, operators have seen a rapid increase in costs due to factors beyond their control:

- Energy and rental costs at premises.
- Fuel costs for vehicles.
- Parts and servicing costs.
- Increases in the National Minimum Wage (NMW).

As an indicative factor, the First Mile Charge (FMC) has fallen dramatically behind the National Minimum Wage.

The NMW impacts both affordability of the service for customers and the cost of wages for the Taxi firm:

- 01/05/2024 – Now.
NMW £11.82 P/H.
FMC £5.00.
Ratio ~ 42%.
- 01/05/2016 – 8 Years Ago.

NMW £6.70 P/H.

FMC £3.80.

Ratio ~ 56%.

- If the First Mile Charge had retained its value vs National Minimum Wage it should presently be £6.70.

Operators are also facing the potential for reduction in earnings against increased costs caused by the potential implementation of the 20mph blanket urban speed restrictions to be trialled by Orkney Islands Council.

At a base level, this means that any fares within those areas will be 1/3 lower than at present, meaning at best operators would only be able to service 2/3 of the current number of fares per vehicle in those areas:

- This will increase waiting times between fares.
- This will increase hourly wage costs vs fares by 50%.

Most operators have vehicles that are geared for maximum low speed efficiency at around the national urban speed limit of 30mph. Fuel consumption and mechanical wear and tear will be unfavourable at 20mph leading to increased costs.

Whilst the speed limits are not within the purview of Licensing, it should be recognised that these will have a dramatic effect on the viability of Taxi operations within the area should they be imposed (even if only for a trial period).

Operators are presenting the following three, non-codependent proposals for alteration of the current regime:

Proposal 1.

- Increase the first mile charge for Tariff 1 to £6.50, Tariff 2 to £7.50 and Tariff 3 to £8.50.
- Increase the charge for each additional mile for Tariff 1 to £2.50, Tariff 2 to £3.00 and Tariff 3 to £3.50.
- Increase the extras charge for all Tariffs to £3.00.
- Increase the waiting time charge for all Tariffs to £50 per hour.
- Touring rate - increase all Tariffs to £60 per hour for vehicles carrying up to 4 passengers and £90 per hour for vehicles carrying between 5 and 8 passengers.

Proposal 2.

- For Extras
 - Increase the supplementary booking charge to £30.

Proposal 3.

- For Extras, add an additional clause
 - (c) journeys through areas with signposted 20mph restrictions not related to schools and school hours.

Or similar wording to allow Extras to be used in additional situations to the current regime as authorised by Licensing.”

5. Legislative Position

- 5.1. The fares for the hire of taxis in any area and all other charges in connection with the hire of a taxi or with the arrangements for its hire shall not be greater than those fixed for that area in terms of sections 17 and 18 of the Civic Government (Scotland) Act 1982 (the Act).
- 5.2. In terms of section 17(2) of the Act, the licensing authority must fix scales for the fares and all other charges in connection with the hire of a taxi, and review those scales, within 18 months beginning with the date on which the scales came into effect. In fixing scales, the licensing authority may alter fares or other charges or fix them at the same rates as previously.
- 5.3. The statutory provisions referred to in sections 5.1 and 5.2 above do not apply to fares and charges in respect of private hire cars which do not have a meter fitted. If a meter is fitted in a private hire car, the scales for maximum fares and charges apply.
- 5.4. Before establishing any scales or carrying out any review the licensing authority must:
 - 5.4.1. Consult with persons or organisations appearing to be, or be representative of, the operators of taxis within their area.
 - 5.4.2. Following such consultation, review the existing scales and propose new scales (whether at altered rates or the same rates).
 - 5.4.3. Publish those proposed scales in a newspaper circulating in its area:
 - Setting out the proposed rates.
 - Explaining the effect of the proposed scales.
 - Proposing a date on which the proposed scales are to come into effect.

- Stating that any person may make representations in writing until the relevant date.
- 5.4.4. Consider any such representations.
- 5.5. The relevant date referred to at section 5.4.3 above is a date specified by the licensing authority falling at least one month after the first publication by the authority of the proposed scales.
- 5.6. After fixing scales, the licensing authority must set out and explain the effect of the scales as fixed and notify all persons or organisations appearing to be, or be representative of, the operators of taxis within their area of the date on which the scales as fixed are to come into effect and their rights of appeal to the Traffic Commissioner for Scotland.
- 5.7. Following the fixing of scales, the licensing authority must publish them in a newspaper circulating in its area and specify in the advertisement the date on which the scales are to come into effect.
- 5.8. The scales may come into effect no earlier than 7 days after the date on which they are published.
- 5.9. The authority must give notice of the scales:
- Where no appeal has been lodged, as soon as practicable after the expiry of the period of 14 days within which appeals may be lodged.
 - Where such an appeal has been lodged, as soon as practicable after the determination of the appeal.
- 5.10. An appeal is determined on the date on which the appeal is abandoned or notice is given to the appellant of its disposal.

For Further Information please contact:

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Implications of Report

1. **Financial:** The maximum fares and charges for taxi services were last altered with effect from 1 May 2023, when Tariffs 1, 2 and 3 increased by £0.50 to £5.00, £6.00 and £7.00 respectively. The touring rates increased by £5.00 per hour to £50.00 for

vehicles up to 4 passenger seats and by £8.00 per hour to £75.00 for vehicles up to 8 passenger seats. The fouling charge increased by £30.00 to £150.00.

There are no direct financial implications to the Council arising from the recommendations of this report.

2. **Legal:** See section 5 above.
3. **Corporate Governance:** In terms of the Scheme of Administration, setting fees and charges is delegated to the Licensing Committee.
4. **Human Resources:** None.
5. **Equalities:** None.
6. **Island Communities Impact:** None.
7. **Links to Council Plan:** None.
8. **Links to Local Outcomes Improvement Plan:** None.
9. **Environmental and Climate Risk:** None.
10. **Risk:** None.
11. **Procurement:** None.
12. **Health and Safety:** None.
13. **Property and Assets:** None.
14. **Information Technology:** None.
15. **Cost of Living:** None.

List of Background Papers

Representation on review of maximum fares and charges for taxi services received on behalf of three operators.

Appendices

Appendix 1: Maximum Fares and Charges for Taxi Services 2024/25.

Appendix 2: Proposed Maximum Fares and Charges for Taxi Services 2025/26.



Scales of Maximum Fares and Charges in respect of all Taxi Services in the Mainland Area of Orkney and Linked South Isles 2024/25.

Description.			
First mile.	Tariff 1. £5.00.	Tariff 2. £6.00.	Tariff 3. £7.00.
For each mile thereafter.	Tariff 1. £2.00.	Tariff 2. £2.40.	Tariff 3. £2.90.
Extras – all tariffs.		£2.00.	
Waiting time – all tariffs.		£27.00 per hour.	
Additional.			
Car fouling – all tariffs.		£150.00.	
Touring rate – all tariffs – vehicles licensed to carry up to 4 passengers.		£50.00 per hour.	
Touring rate – all tariffs – vehicles licensed to carry more than 4 passengers (maximum of 8 passengers).		£75.00 per hour.	
Vehicles carrying more than 4 passengers (maximum of 8 passengers).		All tariffs multiplied by 1.5.	
Tariff Information.			
Tariff 1.	normal operating times – 07:00 to 20:59 daily except as otherwise stated herein.		
Tariff 2.	21:00 to 06:59 daily. 21:00 Saturday until 06:59 Monday. 07:00 to 20:59 County Show Day.		
Tariff 3.	County Show Day 21:00 to 06:59 the next day. Christmas holiday 19:00 on 24 December to 06:59 on 27 December. New Year holiday 19:00 on 31 December to 06:59 on 3 January.		

Extras.	
(a)	carriage of animals (excluding assistance dogs).
(b)	journeys to and from Airport.
A limit of £2.00 for extras will apply.	
In addition, provision has been made for a supplementary booking charge of up to a maximum of £20.00 to compensate for the cost of the outward journey for hires which commence 3 miles or more away from the taxi or taxi base (whichever is the nearer) and the customer wishes to travel further away. This charge may only be demanded if the customer is informed of the amount of the charge at the time of booking.	
When a taxi (or a private hire car fitted with a taxi meter) is called but not used, a charge shall be allowed as if it had been occupied from the time it left the stance or garage.	
Car Fouling.	
Maximum of £150.00 payable by an offending passenger, where a vehicle requires to be removed from service for cleaning in order for it to be restored to a usable state and condition.	
Touring Rate.	
Vehicles licensed to carry up to 4 passengers – minimum charge of £50.00.	
Vehicles licensed to carry more than 4 passengers (maximum of 8 passengers) – minimum charge of £75.00.	
Agreed: 21 March 2024.	
Effective From: 1 May 2024.	



Proposed Scales of Maximum Fares and Charges in respect of all Taxi Services in the Mainland Area of Orkney and Linked South Isles 2025/26.

Description.			
First mile.	Tariff 1. £6.50.	Tariff 2. £7.50.	Tariff 3. £8.50.
For each mile thereafter.	Tariff 1. £2.50.	Tariff 2. £3.00.	Tariff 3. £3.50.
Extras – all tariffs.		£3.00.	
Waiting time – all tariffs.		£50.00 per hour.	
Additional.			
Car fouling – all tariffs.		£150.00.	
Touring rate – all tariffs – vehicles licensed to carry up to 4 passengers.		£60.00 per hour.	
Touring rate – all tariffs – vehicles licensed to carry more than 4 passengers (maximum of 8 passengers).		£90.00 per hour.	
Vehicles carrying more than 4 passengers (maximum of 8 passengers).		All tariffs multiplied by 1.5.	
Tariff Information.			
Tariff 1.	normal operating times – 07:00 to 20:59 daily except as otherwise stated herein.		
Tariff 2.	21:00 to 06:59 daily. 21:00 Saturday until 06:59 Monday. 07:00 to 20:59 County Show Day.		
Tariff 3.	County Show Day 21:00 to 06:59 the next day. Christmas holiday 19:00 on 24 December to 06:59 on 27 December. New Year holiday 19:00 on 31 December to 06:59 on 3 January.		

Extras.	
(a)	carriage of animals (excluding assistance dogs).
(b)	journeys to and from Airport.
(c)	Journeys through areas restricted to 20 mph not related to schools and school hours.
A limit of £3.00 for extras will apply.	
In addition, provision has been made for a supplementary booking charge of up to a maximum of £30.00 to compensate for the cost of the outward journey for hires which commence 3 miles or more away from the taxi or taxi base (whichever is the nearer) and the customer wishes to travel further away. This charge may only be demanded if the customer is informed of the amount of the charge at the time of booking.	
When a taxi (or a private hire car fitted with a taxi meter) is called but not used, a charge shall be allowed as if it had been occupied from the time it left the stance or garage.	
Car Fouling.	
Maximum of £150.00 payable by an offending passenger, where a vehicle requires to be removed from service for cleaning in order for it to be restored to a usable state and condition.	
Touring Rate.	
Vehicles licensed to carry up to 4 passengers – minimum charge of £60.00.	
Vehicles licensed to carry more than 4 passengers (maximum of 8 passengers) – minimum charge of £90.00.	
Agreed:	
Effective From: 1 May 2025.	