

Spelthorne Borough Council
Hackney Carriage Table of Fares Methodology¹

Introduction

1. The Council is required by section 65 of the Local Government (Miscellaneous Provisions) Act 1976 to set a table of maximum fares which apply to hackney carriage journeys which start in the borough. Fares are calculated using a taximeter and the taximeter shows the maximum fare that can be charged at the end of a journey that terminates within the borough of Spelthorne.²
2. This methodology is based on that originally adopted by Guildford Borough Council, Following a judicial review challenge, that methodology was scrutinised by the High Court and confirmed to be robust and lawful.
3. The objective of this methodology is to calculate – as objectively and transparently as possible – a set of fares which strike an appropriate balance between ensuring fair remuneration to the hackney carriage trade and value for money for the travelling public. It has borne in mind the need to ensure sufficient incentives for people to enter the trade to maintain the supply of hackney carriages to meet demand in the borough. The Council also recognises that business models will vary among its licensed hackney carriage fleet and that some businesses will be better run than others.
4. This methodology has calculated a reasonable average of all relevant costs incurred in running a hackney carriage which are then recovered over each mile travelled by the vehicle with a paying passenger on board (i.e. “live” mileage) – assuming the vehicle does the average number of journeys over the average journey distance each year.
5. The costs taken into account can be summarised as follows:

Item	Cost description	Cost
1	Median annual salary (A)	£38,963.00
2	Vehicle running costs (B x E) + (C + D + G + H + I)	£20,784.13
3	Total running costs (1 + 2)	£59,747.13
4	Average live mileage (E – F)	12,498
5	Total cost per mile (3 / 4)	£4.78
6	Total charge per mile ((3 – K x T1) / 4)	£2.93
7	Unit charge (6 / M)	£0.20 (Tariff 1), £0.30 (Tariff 2), £0.40 (Tariff 3)
8	Time charge (5 mins 10 secs / M)	21 secs

¹ Prepared by Matt Lewin of Cornerstone Barristers. With thanks for his advice and assistance to Mike Smith of Guildford Borough Council.

² The fare chart produced by this methodology also applies to journeys finishing outside Spelthorne unless otherwise agreed with the hirer before the journey has started.

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9	Each passenger in excess of one, animal, luggage (O)	£0.30
10	Soiling charge (P)	£100

6. This methodology will take effect from **DATE**. The Council will keep it under review and will update it as appropriate.

Calculation of inputs

Item 1: Median annual salary (A)

7. The person who holds the proprietor's licence (the owner) for a hackney carriage may not be the driver. Different arrangements may exist regarding any income generated from use of the vehicle as a hackney carriage. An owner-driver will retain all the income whereas a driver who is not the vehicle owner may pay rent to the owner (usually on a weekly or monthly basis) to use it and will retain the fare revenue.
8. Therefore this methodology seeks to determine an appropriate level of remuneration taking into account that different business models exist among the licensed hackney carriage fleet. It does so by adopting the median annual gross salary for Spelthorne, as calculated by data published by the Office for National Statistics in its Annual Survey of Hours and Earnings (ASHE).
9. The median is the ONS' preferred measure of average earnings because it is less affected by a relatively small number of very high earners and the skewed distribution of earnings. It therefore gives a better indication of typical pay than the mean and has been adopted for this methodology.
10. The relevant figures³ are as follows:
- (a) earnings and hours worked, place of work by local authority⁴ = £39,703; and
 - (b) earnings and hours worked, place of residence by local authority⁵ = £36,993;
 - (c) earnings and hours worked, place of work by Parliamentary constituency⁶ = £38,577;
 - (d) earnings and hours worked, place of residence by Parliamentary constituency⁷ = £40,579.
11. The mean average of these figures produces a result of £38,963 which is the figure adopted for this methodology in respect of Item 1.

Item 2: Vehicle running costs

³ Derived from ONS' published provisional statistics for 2024

⁴ [Work Geography Table 7.7a – Annual Pay Gross 2024](#)

⁵ [Home Geography Table 8.7b – Annual Pay Gross 2024](#)

⁶ [ASHE Table 9](#)

⁷ [ASHE Table 10](#)

12. For the purposes of this methodology, vehicle running costs are calculated by taking into account (1) day-to-day costs of actually using the vehicle and (2) standing charges which are related to the costs of owning a vehicle and keeping it available for use.
13. For the year 2024, the licensed hackney carriage fleet in Spelthorne comprised 52 vehicles, of which 32 (62%) were diesel vehicles, 8 (15%) were petrol vehicles and 11 (21%) were hybrid vehicles. There was 1 (diesel) wheelchair accessible vehicle. The balance between the different types of licensed hackney carriages has remained more or less consistent since 2022 (during which time the number of licensed vehicles has decreased by about 15%). Therefore, given that a clear majority of licensed vehicles run on diesel, it is reasonable to adopt running costs for diesel vehicles for the purpose of this methodology.
14. This methodology has derived average running costs of a car from the AA's now discontinued annual Motoring Costs reports. The last AA report was published in July 2014.⁸ All of the running costs and standing charges referred to below are derived from the AA report, as Guildford Borough Council has done. Following the example of Guildford, those historic figures have been adjusted for inflation by applying an adjustment factor of 1.45 based on the [ONS RPI Motoring Expenditure Costs Index](#).⁹
15. The AA figures are calculated based on the purchase price of the car when new and fall into five brackets:
- up to £16,000
 - £16,000-£22,000
 - £22,000-£26,000
 - £26,000-£36,000
 - over £36,000.
16. As noted by Guildford Borough Council, the purchase price of a typical vehicle capable of being used as a hackney carriage tends to fall within the £22,000-36,000 brackets. Given that running costs vary considerably between each bracket, the higher of these two brackets has been adopted for this methodology in recognition that a vehicle used as a hackney carriage tends to be used more intensively than a vehicle used purely for private use.

Day-to-day costs (B)

17. Day-to-day costs comprise:

(a) Fuel

The AA has temporarily suspended its monthly Fuel Price Report series with the last available report published in March 2024. At the time of preparing this

⁸ Included as Annex 1 to this methodology.

⁹ Q21 2014 = 239.5; Jan 2025 = 346.8

methodology, the latest available data published by the RAC reported that average diesel prices at the end of February 2025 were 146.48 pence per litre.¹⁰

According to the RAC fuel prices at the end of February 2025 were the highest they had been since September 2024 but were below the 12-month high (158.30 pence per litre for diesel) and well below the record highs recorded in July 2022.¹¹ The RAC also reported the persistent trend of supermarkets selling fuel at lower prices than the UK average. Guildford Borough Council's methodology allowed for an additional 5 pence per litre to allow for any future increase in the cost of fuel and this methodology has also adopted that approach.

This produces a figure of 151.48 pence per litre for fuel.

(b) Tyre replacement costs

The Guildford Borough Council methodology assumes that an average tyre life is approximately 27,000 miles. This is just short of the 27,774 annual average mileage per vehicle calculated for this methodology.

The AA assumed a cost for tyre replacement of 2.02 pence per mile. Adjusted for inflation the cost works out at 2.92 pence per mile

Multiplied by annual average mileage (E) produces a result of £444.35.

(c) Service labour costs

Service labour costs cover normal servicing and parts replacement based on UK average labour rates.

The AA assumed a cost for service labour of 2.24 pence per mile. Adjusted for inflation the cost works out at 3.23 pence per mile.

Multiplied by annual average mileage (E) produces a result of £492.74.

(d) Replacement part costs

Car parts which might need to be replaced regularly under normal driving conditions include brake materials, oils, filters, bulbs and wipers. Sometimes larger parts (e.g. exhaust) may need replacement.

The AA assumed a cost for replacement parts of 2.99 pence per mile. Adjusted for inflation the cost works out at 4.31 pence per mile.

Multiplied by annual average mileage (E) produces a result of £657.72.

(e) Parking and toll charges

Parking and toll charges will vary depending on where the vehicle is used, such as journeys to Heathrow Airport.

¹⁰ <https://media.rac.co.uk/pressreleases/february-fuel-rise-sends-pump-prices-to-six-month-high-3373256>

¹¹ https://www.racfoundation.org/wp-content/uploads/Fuel_Factsheet_24_February_2025.pdf?v=25022025

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The AA assumed a cost for parking and toll charges of 2.00 pence per mile. Adjusted for inflation the cost works out at 2.88 pence per mile.

Multiplied by annual average mileage (E) produces a result of £439.95.

Standing charges (B)

18. Standing charges comprise:

(a) Road tax

Road tax is based on the amount of CO2 produced (based on official figures in the vehicle V5C log book). Vehicles (other than zero-emission vehicles) registered after April 2017 pay a standard rate after the first year.

The AA assumed a cost for road tax of £180. Adjusted for inflation the cost works out at £259.20. This is equivalent to a Band G (151-165g/km of CO2 emissions) vehicle registered between 2001 and 2017. This is currently a reasonable assumption given that the Council's current policy applies a 15 year age limit for ULEZ-compliant vehicles. However this figure will need to be reviewed in future because the Council is introducing stricter emissions limits for new licensed vehicles from 1 October 2025.

(b) Insurance

Any vehicle used on the public highway requires to be insured and this is also a requirement of the Council's Hackney Carriage and Private Hire Vehicles and Operators policy.

The AA assumed a cost for insurance of £601. Adjusted for inflation the cost works out at £865.44.

(c) Cost of capital

The cost of capital represents the loss of income from the vehicle owner having the money tied up in a vehicle which could otherwise be earning money in a deposit account.

The AA assumed a cost of capital of £541. Adjusted for inflation the cost works out at £779.04.

(d) Depreciation over four years

A hackney carriage is an asset which depreciates over time. The rate of depreciation will vary depending on the vehicle's make, age, mileage and condition.

The AA assumed a cost for depreciation over four years at £3,373 per year. Adjusted for inflation the cost works out at £4,857.12.

(e) Breakdown cover

The figure allowed for this item is based on the cost of annual roadside vehicle-based cover.

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The AA assumed a cost for breakdown cover of £50. Adjusted for inflation the cost works out at £72.

Additional allowance for insurance (C)

19. Hackney carriages must be insured for use for hire and reward which incurs a higher premium than a standard insurance policy due to the increased risks associated with using a vehicle for commercial purposes, such as higher mileage, busier driving conditions and time pressures.
20. Guildford Borough Council assumed an additional cost of £500 and this figure has been adopted as a reasonable estimate for this methodology.

Annual cost of hackney carriage vehicle licence (D)

21. In October 2024 the Council published its proposed fees for hackney carriage and private hire vehicles and operators which are due to come into effect on 1 April 2025.¹² The annual cost of a hackney carriage vehicle licence (which includes the cost of a vehicle inspection test) will be £260 and the discounted rate for wheelchair-accessible vehicles is £130. Given that there is just one licensed WAV the standard cost of £260 has been assumed for this methodology.

Annual station rank fee (G)

22. From 1 April 2025, Southwestern Railway introduced a fee for using the rank at Staines railway station of £300. However take up among the trade was very low and the railway company have now told the Council that they will be removing the rank altogether. Therefore no allowance has been made for a station rank fee.

Annual cost of driver's licence (pro rata) (H)

23. From 1 April 2025 the fee for a three-year hackney carriage driver's licence is £468 or £156 per year.

Additional licensing charges (I)

24. The Council does not require hackney carriages to display livery other than an illuminated roof sign, does not require the use of card payment devices and does not mandate CCTV to be installed. Guildford Borough Council's enquiries suggested that a roof sign costs £100, a taxi meter costs £400 and an annual tariff change costs £10. These costs are reasonable and have been adopted in this methodology.
25. Therefore over the 15-year maximum period for which a hackney carriage could remain licensed these additional licensing charges work out at £43 per year.

¹² https://www.spelthorne.gov.uk/media/27368/Proposed-taxi-and-private-hire-fees-for-2025-2026/pdf/Proposed_new_taxi_and_private_hire_licence_fees_for_20252026.pdf?m=1729849127890

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Total vehicle running costs (Item 2)

26. Adding all of these vehicle running costs together the total cost is £20,784.13.

Item 3: Total running costs

27. Total running costs = Item 1 (annual salary) + Item 2 (average running costs). This produces a result of £59,747.13. These running costs are then recovered over each mile travelled with a paying passenger on board.

Item 4: Average live mileage

28. Average live mileage = annual average mileage (E) – dead mileage (F).

Average annual mileage (E)

29. In order to calculate the average annual mileage completed by a hackney carriage in Spelthorne the Council has taken a sample of 9 vehicles using data obtained from MOT tests. The sample data refers to different time periods and therefore an average mileage per day has been calculated in order to calculate an average annual mileage for each vehicle. The results vary between less than 9,000 miles and more than 70,000 miles. In order to reduce the influence of the outlier results, a median has been taken producing a result of 27,774 miles per year per vehicle.

30. Guildford Borough Council's methodology uses average miles per *vehicle* because in recent years (following the introduction of an online knowledge test) there has been a significant increase in the number of licensed hackney carriage drivers, resulting in a disparity of almost 3:1 between drivers and vehicles. This was a departure from earlier versions of their methodology which had calculated average miles *per driver* in order to account for multiple drivers using the same vehicle.

31. However, at the time of drafting this methodology, total annual mileage for all licensed hackney carriages was not available. Therefore it would not be possible to calculate average mileage per *driver*. Therefore this methodology has adopted a figure representing the average annual mileage per *vehicle*.

Dead mileage (F)

32. A hackney carriage does not travel all of its mileage with a fare paying passenger on board. This is usually referred to as "dead mileage".

33. It is not possible to calculate the exact amount of dead mileage comprised within the annual average mileage as there are too many variables which cannot be accounted for. For instance a hackney carriage may not always return empty to its initial point of departure (which would imply 50% dead mileage), it may return with a fare-paying passenger or it may carry a fare paying passenger to another location before returning to its initial point of departure.

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34. Other factors such as mileage spent on commuting into and out of the borough and personal would also need to be excluded and these factors are dependent on the individual circumstances of the vehicle's owner.
35. Furthermore enquiries made by Guildford Borough Council have concluded that it is not possible to reliably calculate dead mileage based on data obtained from taximeters. For instance a hackney carriage may lawfully undertake pre-booked work and may carry out contract work or journeys with a pre-agreed fare that are not recorded by the taximeter and therefore could appear to be dead mileage when in fact they are not.
36. By increasing the allowance for dead mileage, the cost of running a hackney carriage also increases and therefore the cost of the fare and income will also increase. Careful consideration should therefore be given to the amount allowed for dead mileage.
37. The estimate of dead mileage adopted by Guildford Borough Council has been 45% since its methodology was first introduced in 2013. However, in Spelthorne, the feedback received from the trade is that dead mileage is likely to be higher than the rate in Guildford. Therefore this methodology estimates dead mileage at 55%.
38. Adopting a figure of 50% for dead mileage produces a result of 15,276 miles.

Average live mileage

39. Average live mileage = E (annual average mileage) – F (dead mileage). This produces a result of 12,498.3.

Item 5: Cost per mile

40. Cost per mile = Item 3 (total running costs) / Item 4 (average live mileage). This produces a result of £2.93 and represents the cost which needs to be recovered per mile with a paying passenger on board.

Item 6: Total charge per mile

41. Item 6 calculates the total charge per mile of a journey. The charge per mile includes an uplift for the first part of the journey which is known as the "flag drop" (T1, T2 or T3 depending on the applicable tariff). The flag drop is a fixed amount charged for all journeys regardless of distance and so provides an incentive to the trade to meet demand for short journeys.

42. In this methodology the total charge per mile is calculated as follows:

$$\text{Item 3 (total running costs)} - (K (\text{average number of journeys}) \times TX (\text{flag drop}))$$

Distance per journey (J)

43. Based on consultation with the trade, Guildford Borough Council estimated an average journey distance of 2.5 miles.

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44. Guildford borough is much larger (270.9 km²) than Spelthorne borough (51.18 km²) and, unlike Spelthorne, has just one principal settlement (Guildford). Guildford has a much lower population density (around 529 residents per km²) compared with Spelthorne which has one of the highest population densities in south east England (approximately 2,295 residents per km²).
45. Given these points of difference it is reasonable to assume that the average distance per journey is shorter than it would be for Guildford, likely in the region of 1.5-2 miles per journey. Feedback from the trade indicates that there is strong demand for journeys between Staines station and Thorpe Park (outside of the borough) which is approximately 3 miles. This suggests that the higher end of this estimate would be appropriate. Therefore this methodology has assumed an average distance per journey of 2 miles.

Average number of journeys (K)

46. Average number of journeys = Item 4 (average live mileage) / J (average distance per journey). This produces a result of 6,249.15 journeys on average per vehicle per year.

Flag drop (T1)-T(3)

47. As noted above, the “flag drop” sets the minimum fare for any journey regardless of the overall distance travelled: this is the amount that appears on the meter as soon as the journey begins. Under the Council’s current fare table the flag drop is £3.70 for journeys of up to 1 mile, meaning a vehicle would need to travel further than a mile to earn more than £3.70 for that journey.
48. Although the amount of the flag drop is at the discretion of the Council, it needs to be carefully calibrated. This is because the methodology seeks to recover running costs over each mile of a journey carried out by an average vehicle travelling an average distance with a paying passenger on board. Therefore increasing the flag drop means that a lower amount needs to be charged beyond the minimum distance/time in order to recover that cost.
49. In order to assess a reasonable amount for the flag drop, a benchmarking exercise has been carried out with a sample of neighbouring or nearby licensing authorities:

Licensing authority	Tariff 1 flag drop		First mile fare
	Charge	Distance/time	
Guildford Borough Council	£3.60	99 yds/17 secs	£6.36
	£4.00	99 yds/17 secs	£7.36
Elmbridge Borough Council	£6.10 (Mon-Sat)	1760 yds	£6.10
	£7.10 (Sun)	1760 yds	£7.10
Woking Borough Council	£3.10 (Mon-Sat)	125 yds/22 secs	£5.72
	£4.00 (Sun)	125 yds/22 secs)	£6.62

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Runnymede Borough Council	£5.00	1760 yds	£5.00
Surrey Heath Borough Council	£3.60	1210 yds/32 secs	£5.80
Royal Borough of Windsor and Maidenhead	£6.00	0	£6.00*

* minimum fare per journey irrespective of distance travelled

50. This table demonstrates that there are varying approaches to setting the flag drop, with a very wide range in terms of distance/time units used.

51. As noted above, the Council's 2015 fare table set a minimum fare of £3.70 for journeys up to 1 mile. This amount has not been increased since then. Noting the benchmark examples above, and bearing in mind that this methodology significantly increases the overall first mile cost compared to the current fare table (to £5.97), a flag drop of £3.70 (Tariff 1), £5.00 (Tariff 2) and £7.40 (Tariff 3) has been adopted.

Total charge per mile (Item 6)

52. Applying the formula in paragraph 42 above, the total charge per mile for Tariff 1 works out at £2.93 per mile. For Tariff 2 it works out at £4.40 per mile. For Tariff 3 it works out at £5.86 per mile. This works out higher than the current charge per mile for each of Tariff 1 (£2.50), Tariff 2 (£3) and Tariff 3 (£4).

Item 7: Unit charge

53. The unit charge represents the cost for travelling one distance unit. In this methodology it is calculated (and rounded to the nearest 10p) at £0.20 for Tariff 1, £0.30 for Tariff 2 and £0.40 for Tariff 3 (N). In other words, a distance unit represents how far a hackney carriage can travel for 20p (under Tariff 1), 30p (under Tariff 2) or 40p (under Tariff 3). In this methodology that distance (the distance unit) is 120 yards (L).

54. As there are 1,760 yards to a mile, 1 mile works out at 14.65 distance units (M).

Item 8: Time charge

55. An alternative to the unit charge (i.e. charging by distance unit) is the time charge (i.e. charging by time unit). In other words, a taximeter can calculate a fare with reference to distance travelled or time spent on the journey.

56. In this methodology the time charge is calculated by dividing 5 minutes and 10 seconds by Item M (distance units per mile). This produces a result (a time unit) of 21 seconds.

Items 9-10: extra charges and soiling charge

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57. The Council's current fare table included an additional charge of £0.20 for (i) each passenger in excess of two; (ii) each article of luggage conveyed outside the passenger compartment; (iii) and each animal (excluding assistance dogs).

58. A benchmarking exercise against the same authorities has been carried out:

Licensing authority	Additional passenger	Animal	Luggage	Soiling
Guildford Borough Council	£0.50	n/a	£0	£100
Elmbridge Borough Council	£0.40	£0.60	n/a	£100
Woking Borough Council	£0.50	n/a	£0	£100
Runnymede Borough Council	£0.30	£0.30	£0.30	£50
Surrey Heath Borough Council	£0.20	n/a	£0.20	£100 (int) £20 (ext)
Royal Borough of Windsor and Maidenhead	£1.00 (4 passengers only)		£1.00	£80 (ext) £20 (int)

59. In light of the above examples, an extra charge of £0.30 for carrying each additional passenger, animal or item of luggage has been adopted. A soiling charge of £100 has been adopted.

Overall fare calculation

60. The above inputs result in the following fare calculations:

	Tariff 1 ¹³	Tariff 2 ¹⁴	Tariff 3 ¹⁵
Flag drop (first 120 yards/25 seconds)	£3.70	£5.00	£7.40
First mile (including flag drop)	£6.43	£9.10	£12.86
For each additional 120 yards/21 seconds	£0.20	£0.30	£0.40
Subsequent mile	£2.93	£4.40	£5.86

61. This represents a substantial increase on the first mile rates compared with the Council's current (2015) fare table:

First mile rate	Current	Proposed	Increase
Tariff 1	£3.70	£6.43	74%
Tariff 2	£5.40	£9.10	69%
Tariff 3	£7.20	£12.86	79%

62. According to [Private Hire & Taxi Monthly's table of hackney carriage fares](#), the cost of a two mile Tariff 1 journey (£6.20) under the 2015 table of fares placed Spelthorne 294th out of 337 licensing authorities. This methodology would result in a two mile Tariff 1 journey costing £9.36, which would place the Council in 10th

¹³ Monday-Sunday 10.00-18.00

¹⁴ Monday-Sunday and national public holidays (except for Christmas Day, Boxing Day and New Year's Day) 18.00-10.00

¹⁵ Christmas Day, Boxing Day and New Year's Day only

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position in the country. The following table draws a comparison with neighbouring authorities:

Licensing authority	2 mile fare	Position
Guildford Borough Council	£10.00	5
Elmbridge Borough Council	£9.50	9
Spelthorne Borough Council	£9.40	10
Woking Borough Council	£8.70	27
Runnymede Borough Council	£8.30	46
Surrey Heath Borough Council	£7.80	98
Royal Borough of Windsor and Maidenhead	£7.10	184

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