

**Agenda Item No:** 6  
**Report To:** LICENSING & HEALTH AND SAFETY COMMITTEE  
**Date:** 12<sup>TH</sup> January 2009  
**Report Title:** REVIEW OF THE HACKNEY CARRIAGE FARE SCALE  
**Report Author:** Head of Environmental Services



<b>Summary:</b>	The report reviews the hackney carriage fare scale and recommends that an increase of 10p be made to the starting fare (drop rate) and an increase of 5% be made for 2009/10. This recommendation has been made following consultation with the trade.
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**Key Decision:** NO

**Affected Wards:** Anyone who uses a taxi will be affected and therefore there are indirect implications for all wards. There is also an effect on those who visit the Borough.

**Recommendations:** **That the Licensing and Health & Safety Committee recommends to the Executive approval for the purpose of issuing a public notice the Hackney Carriage Fare shown at Appendix A.**

**Policy Overview:** In February 2008 it was agreed by the Council that the hackney carriage (taxi) fare scale would be reviewed annually. In setting this fare scale a balance needs to be struck between the legitimate aims of the taxi trade to maintain profitability in the face of increasing costs, while protecting the public from excessive fares.

**Financial Implications:** Fares relate to the charges levied by the taxi trade and as such have no financial impact on the Council.

**Risk Assessment** YES

**Other Material Implications:** There are no direct legal implications. The procedure for setting fares and public notice requirements are stipulated within Section 65 of the Local Government (Miscellaneous Provisions) Act 1976. Members should note generally that hackney carriage and private hire licences are considered possessions and therefore Article 1 to Protocol 1 of the Human Rights Act 1998, the peaceful enjoyment of possessions is relevant.

**Exemption Clauses:** Not applicable.

**Background Papers:** None

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**Report Title: REVIEW OF THE HACKNEY CARRIAGE FARE SCALE**

**Purpose of the Report**

1. The report reviews the hackney carriage fare scale and outlines the consultation with the trade on this issue.

**Issue to be Decided**

2. Whether to recommend to the Executive that the hackney carriage fare scale be increased through a 10p addition to the starting fare (drop rate) and an additional 5% increase be made to fares for 2009/10, whether there should be a change in the hours for the higher rate tariff and whether there should be an additional fare for Sunday's.

**Background**

3. In February 2008 the Council agreed the Licensing Policy for Hackney Carriages and Private Hire Vehicles which stated the hackney carriage (taxi) fare scale would be reviewed annually.
4. Members are reminded that the fares relate to the charges levied by the taxi trade as opposed to the fees that are essentially the licence charges levied by the Borough Council. It should also be remembered that the legislation governing taxi and private hire vehicles does not allow Councils to set fares for private hire vehicles. Private hire proprietors may charge what they wish, although customers should normally agree the fare beforehand.
5. It should also be noted that the tariff is the maximum fare that can be charged and discounts can be given should the proprietor wish. It is known that such discounts are applied within the Borough especially in the case of pre-booked longer journeys and for regular bookings.

**Comparison with other areas**

6. Examining the national league table of taxi fares the majority of the other Kent Local Authority fares are currently higher than those set by Ashford. The following table shows the fares in effect across Kent as of December 2008. The areas are ranked on the basis of the 2 mile costs. The start-up or drop rate fare is also given.

REGION	INITIAL RATE	1 MILE	2 MILES	10 MILES
<b>SOUTH (Average)</b>	<b>£2.68</b>	<b>£3.66</b>	<b>£5.44</b>	<b>£19.98</b>
Tunbridge Wells	£3.80	£3.80	£6.20	£25.40
Dartford	£2.20	£4.00	£6.20	£27.00
Sevenoaks	£3.50	£3.92	£6.02	£22.82

Canterbury	£2.60	£4.20	£6.00	£20.40
Medway	£2.80	£4.20	£5.80	£18.60
Dover	£3.00	£4.20	£5.70	£17.70
Swale	£2.60	£4.10	£5.70	£18.50
Maidstone	£2.60	£3.80	£5.60	£20.40
Tonbridge & Malling	£2.80	£3.40	£5.60	£23.20
Gravesham	£2.40	£3.80	£5.60	£19.60
<b>Ashford</b>	<b>£2.40</b>	<b>£3.60</b>	<b>£5.40</b>	<b>£19.60</b>
Shepway	£2.70	£3.70	£5.30	£18.10
Thanet	£3.00	£3.80	£5.00	£16.20

Source: Private Hire and Taxi Monthly – December 2008.

7. The table below shows the Sunday rates and tariff two times for the other licensing authorities in Kent.

<b>REGION</b>	<b>Sunday Rate</b>	<b>Tariff Two</b>
Tunbridge Wells	80p surcharge	23:30 – 06:00
Dartford	50% extra	22:00 – 06:00
Sevenoaks	No extra	23:00 – 07:00
Canterbury	50% extra	23:00 – 07:00
Medway	No extra	00:00 – 06:00
Dover	£1.00 surcharge	00:00 – 06:00
Swale	No extra	23:00 – 06:00
Maidstone	50% extra	00:00 – 06:00
Tonbridge and Malling	50p surcharge	00:00 – 06:00
Gravesham	60p surcharge	00:00 – 06:00
<b>Ashford</b>	<b>No extra</b>	<b>00:00 – 07:00</b>
Shepway	75p surcharge	00:00 – 06:00
Thanet	No extra	00:00 – 06:00

### **Proposed Fare Increase**

8. The process of setting a fare increase is complex and a balance needs to be struck between the legitimate aims of the taxi trade to maintain profitability in the face of increasing costs, while protecting the public from excessive fares.
9. Taxi meters are used to increase fares by changing the mileage at which the fare increases e.g. the present tariff charges 20p/197.1 yards.
10. The 5% increase plus 10p on the start fare (drop rate) will equate to an initial fee of £2.50 and a two mile journey would cost approximately £5.50. This would still keep the fares below the average for Kent, but they will higher than the average for the South. Full details of the proposed fares are in Appendix A.

11. The table below presents sample journeys and the increase the tariffs shown in Appendix A will produce.

Distance	2007/8 Fare	Current rate	5% increase & 10p on the drop rate
2 mile	£5.10	£5.40	£5.50
5 mile	£10.10	£10.60	£11.30
10 mile	£18.70	£19.60	£20.50
20 mile	£35.70	£37.40	£39.30

12. 2008 was a rollercoaster for motorists at the filling station, with petrol and diesel prices rising to record levels and increasing at the fastest rate since records began. In July 2008 the price of diesel had reached £6 a gallon (133.1p per litre) and a 50 litre tank of petrol cost £11.46 more than in July 2007.
13. In November 2008 the Chancellor, in his Pre-Budget Report reduced VAT by 2.5%, but raised duty 2p to 52.35 per litre.
14. By December the average price of petrol in the UK was 89.48p per litre (compared to 101.5p in November 2007) and the average price for diesel was £101.93 per litre (compared to 105.4 in November 2007).
15. The Council's Policy suggests that consideration could be given to the percentage by which the "National Average" of Tariff One and Tariff Two, 2 mile journey fares (as published in Private Hire & Taxi Monthly magazine) increased over the previous calendar year (i.e. January to January). In general, this average percentage will constitute the maximum Tariff One and Tariff Two percentage increase in fares above which the authority would not generally consider any application for a tariff increase.

2 mile journey fares	2007 (December)	2008 (December)
South Average" of Tariff One	£4.99	£5.44
South Average Tariff Two		£7.56
National Average Tariff One		£5.02
National Average Tariff Two		£6.63

16. Unfortunately the only figures we have for 2008 are for the South Average of Tariff One, but this shows an increase of 9% over the last twelve months so the proposed 5% increase would fall within the policy's recommended limit.

### Risk Assessment

17. The Council's Policy is that fares will be reviewed annually, so no decision on fares would be a potentially a breach of Council Policy.
18. The fare proposal has been recommended by the taxi trade present at the Taxi Forum in November 2008, supported by a significant proportion of the

hackney carriage drivers and the majority of the operators who responded during the consultation. No decision would undoubtedly result in complaints from the trade of inaction. An approval of a fare below their expectations may result in dissatisfaction from the trade.

19. The setting of a fare too far above the rate of inflation may result in complaints from members of the public. The increases over the last four years have not resulted in complaints from members of the public.

### **Other Options Considered**

20. At the Taxi Forum in May 2008 members of the trade discussed the issue of how fares should be consulted on amongst the taxi trade. It was agreed that the Licensing Team would as part of the annual review of fares issue a questionnaire to trade members and seek views on how they would like to see fares changed. The questionnaire would include, for example, questions on the midnight rate, Sunday surcharges and supplementary fares.
21. A questionnaire was sent to all members of the trade in October 2008 asking for their comments on a range of fare options after discussions with the Taxi Trade representatives.
22. Other fare increases have been considered but it is believed that the option proposed most effectively balances the taxi trade need to maintain profitability whilst protecting the public from excessive fares.

### **Consultation**

23. 39 responses were received from hackney carriage drivers and operators and the results can be seen in Appendix B.
24. There are currently 88 hackney carriage drivers and 81 joint hackney carriage/private hire drivers and we had 39 responses. Approximately 23% of those polled responded.
25. The responses were presented to members of the trade at a meeting of the Taxi Forum in November 2008.
26. The results were discussed and various options were considered, it was commented that a number of responses had recommended no increases in the drop rate, percentage increase or changes to tariff times or days or the Sunday rate. There were also a number of responses that believed that it would be appropriate to raise the fares to the highest option presented.
27. There were thirteen members of the trade present at the Taxi Forum. Minutes are available on the Council's website.
28. It was noted that although the price of fuel had fallen significantly since the summer, the price had risen dramatically to 119.5p per litre during the first half of 2008 and that members had not seen fares rise since April.
29. There had been a general increase in the cost of living affecting members of the trade and the public using the services they provided. A balance needed

to be sought that reconciled the desire for an increase in fares with the public's ability to pay for any increase. It was agreed unanimously at the Taxi Forum, after consideration of the trade responses, that there should be no change to the Sunday rate or the times that the higher tariff (tariff two) started and finished.

30. Having listened to the discussions the Licensing Manager indicated that he proposed to recommend to the Licensing Committee a 5% increase, a 10p increase in the drop rate, with no changes to the times for tariff two rate or the Sunday surcharge. This view was supported by all the Taxi Forum members present.

### **Implications Assessment**

31. As previously stated the recommendation does not represent a key decision. The consideration assessment indicates low impact in terms of human rights, the environment, legal and staffing implications.

### **Handling**

32. If an increase in fares is approved a Public Notice must be placed in the local press in accordance with Section 65 of the Local Government (Miscellaneous Provisions) Act 1976. If relevant objections are received in response to this Notice a further report would be required.
33. The final agreed fare scale will take effect on 1st April 2009.

### **Conclusion**

34. Whilst the recommended 5% increase and drop rate rise is above the rate of inflation the following should be taken into account:
  - The price of fuel has fluctuated significantly during the last twelve months.
  - Fares in Ashford remain competitive with other fares in Kent.

### **Portfolio Holder's Views**

35. The views of the Portfolio Holder are being sought and will be presented to members at the meeting.

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## APPENDIX A

### **FARES FOR DISTANCE OR TIME**

£

#### **Rate 1**

If the distance does not exceed 716.5 yards, for the whole distance or for the first 229 seconds of waiting time 2.50

For each subsequent 187.7 yards or uncompleted part thereof 0.20

Or for each subsequent period of 60 seconds of waiting time or uncompleted part thereof 0.20

### **SURCHARGES FOR CERTAIN TIMES AND DAYS:-**

#### **Rate 2**

a) For each hire commenced between 12 midnight and 7 am 1½ x Rate 1

b) For each hire undertaken on **GOOD FRIDAY, EASTER MONDAY, MAY DAY, SPRING BANK HOLIDAY, SUMMER BANK HOLIDAY** or any other specifically declared Bank Holiday only. 1½ x Rate 1

#### **Rate 3**

c) For each hire undertaken on a **CHRISTMAS DAY, BOXING DAY** or **NEW YEARS DAY** 2 x Rate 1

Note: When the holiday charge (b) or (c) is payable the Night Charge (a) is **NOT** payable.

**Extras** - up to a maximum of £1.20

d) for each person (excluding infants in arms) carried in excess of two persons (two children under 10 years of age count as one person) irrespective of distance. 0.20

**Note: For the purposes of counting the number of persons that the vehicle is licensed to carry, children under 10 years of age should each be counted as a person. A babe in arms should not be counted as a person.**

e) for each article of luggage conveyed outside the passenger compartment of the carriage 0.05

f) for perambulators 0.05

g) for dogs 0.10

**APPENDIX B: 2009/10 Fare Option Responses from hackney carriages drivers and operators**

Responses received				Responses received as percentages			
<b>Drop</b>				<b>Drop</b>			
	HCD	Operator	<b>Total</b>		HCD	Operator	<b>Total</b>
£2.40 (current)	12	1	<b>13</b>	£2.40 (current)	35%	20%	<b>33%</b>
£2.50	12	4	<b>16</b>	£2.50	35%	80%	<b>41%</b>
£2.60	10	0	<b>10</b>	£2.60	29%	0%	<b>26%</b>
	<u>34</u>	<u>5</u>	<b>39</b>		<u>100%</u>	<u>100%</u>	<b>100%</b>
<b>Percentage Increase</b>				<b>Percentage Increase</b>			
	HCD	Operator	<b>Total</b>		HCD	Operator	<b>Total</b>
No change	11	1	<b>12</b>	No change	32%	20%	<b>31%</b>
3% increase	5	0	<b>5</b>	3% increase	15%	0%	<b>13%</b>
5% increase	14	4	<b>18</b>	5% increase	41%	80%	<b>46%</b>
10% increase	4	0	<b>4</b>	10% increase	12%	0%	<b>10%</b>
	<u>34</u>	<u>5</u>	<b>39</b>		<u>100%</u>	<u>100%</u>	<b>100%</b>
<b>Tariff Two Times</b>				<b>Tariff Two Times</b>			
	HCD	Operator	<b>Total</b>		HCD	Operator	<b>Total</b>
24:00 - 07:00 (No change)	20	4	<b>24</b>	24:00 - 07:00 (No change)	59%	100%	<b>63%</b>
23:00 - 06:00	14	0	<b>14</b>	23:00 - 06:00	41%	0%	<b>37%</b>
	<u>34</u>	<u>4</u>	<b>38</b>		<u>100%</u>	<u>100%</u>	<b>100%</b>
<b>Sunday Rate</b>				<b>Sunday Rate</b>			
	HCD	Operator	<b>Total</b>		HCD	Operator	<b>Total</b>
Tariff One (No change)	23	4	<b>27</b>	Tariff One (No change)	68%	100%	<b>71%</b>
Tariff Two	11	0	<b>11</b>	Tariff Two	32%	0%	<b>29%</b>
	<u>34</u>	<u>4</u>	<b>38</b>		<u>100%</u>	<u>100%</u>	<b>100%</b>

HCD: Hackney carriage driver