

Agenda Item No: 7
Report To: LICENSING & HEALTH AND SAFETY COMMITTEE
Date: 20TH January 2010
Report Title: REVIEW OF THE HACKNEY CARRIAGE FARE SCALE
Report Author: Head of Environmental Services



Summary:	The report reviews the hackney carriage fare scale and recommends no increase to the starting fare (drop rate) and no percentage increase or Tariff Two time changes for 2010/11.
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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

Equality Impact Assessment The setting of fares in relation to this statutory function are not considered to cause any discrimination. The fees are set in accordance with Government guidance. The Council's hackney carriage and private hire licensing policy is subject to a separate Equality Impact Assessment.

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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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 should not be changed for 2010/11, 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.
6. Last year the proposal put to Members, following a consultation of the hackney carriage drivers and selected operators, was for a 5% increase, with a 10p increase in the drop (initial) rate. Members may recall that after much consideration a 3% increase, with no increase in the drop rate, was recommended to the Council and adopted. The key factors behind this decision were the economic recession and the lack of responses from the trade to the consultation.

Comparison with other areas

7. 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 2009. 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
SOUTH (Average)	£2.70	£3.70	£5.49	£20.25
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
Gravesham	£2.40	£4.00	£6.00	£26.00
Medway	£2.80	£4.20	£5.80	£18.60
Maidstone	£2.60	£3.80	£5.80	£21.80
Dover	£3.00	£4.20	£5.70	£17.70
Swale	£2.60	£4.10	£5.70	£18.50
Tonbridge & Malling	£2.80	£3.40	£5.60	£23.20
Ashford	£2.40	£3.60	£5.40	£20.20
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 2009.

- Only two authorities (Maidstone and Gravesham) have increased their fares since December 2008.

Proposed Fares

- 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.
- Taxi meters are used to increase fares by changing the mileage at which the fare increases e.g. the present tariff charges 20p/191.4 yards.
- It is proposed that due to the current economic recession the fares for 2010/11 are not increased. Full details of the proposed fares are in Appendix A.
- The table below indicates the cost of a journey for various distances on the basis of the current (and proposed) fare scale as listed in Appendix A.

Distance	Current rate
2 mile	£5.40
5 mile	£11.00
10 mile	£20.20
20 mile	£38.60

13. A key cost for the taxi trade is the price of fuel. There is evidence to indicate that fuel prices have increased over the last 12 months. In December 2008 the average price of petrol in the UK was 89.48p per litre and the average price for diesel was £101.93 per litre. According to the AA December 2009 fuel price report the UK average unleaded price was £108.3.
14. The Council's Policy suggests that consideration should 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. 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	2008 (December)	2009 (December)
South Average" of Tariff One	£5.44	£5.49
South Average Tariff Two	£7.56	£7.65
National Average Tariff One	£5.02	£5.07
National Average Tariff Two	£6.63	£6.69

15. The national increase in Tariff One and Tariff Two between 2008 and 2009 was just approximately 1%. There was a similar 1% increase in the average increases between Tariff One and Tariff Two for the South.

Risk Assessment

16. The Council's Policy is to review fares on an annual basis. This report is the mechanism by which this is achieved. .
17. Two fare proposals were presented to the taxi trade present at the Taxi Forum in November 2009 and support for a freeze on fares was a contentious decision.
18. Approval of a fare below the expectations of the hackney carriage trade may result in dissatisfaction. The setting of a fare much above the rate of inflation may result in complaints from members of the public.

Other Options Considered

19. 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.
20. These other options are discussed below.

Consultation

21. At the Taxi Forum in May 2008 members of the trade discussed the mechanisms for consulting with them on the process of setting fares. 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. As well as the general percentage increase in fares, it was agreed that the questionnaire would include, for example, questions on the midnight rate, Sunday surcharges and supplementary fares.

22. A questionnaire was sent to hackney carriage drivers and selected operators in November 2009 asking for their comments on a range of fare options after discussions with the Taxi Trade representatives.
23. Sixteen responses were received from hackney carriage drivers and operators and the results can be seen in Appendix B.
24. There are currently 18 hackney carriage drivers and 159 joint hackney carriage/private hire drivers and we had only 13 responses from drivers (approximately 7% of those polled).
25. Although an operator's licence is not required to receive bookings for hackney carriages, four of the private hire operators also operate hackney carriage vehicles and were asked to contribute to the survey. Three responded (ie 75%)
26. The responses were presented to members of the trade at a meeting of the Taxi Forum in November 2009.
27. The results were discussed and various options were considered by the fifteen members of the trade present at the Taxi Forum. Minutes are available on the Council's website. The majority of those present were in favour of retaining the current fares for 2010/11.
28. It was noted that the price of fuel had increased significantly during the last year.
29. It was agreed that 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 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. Members of the trade were asked whether they discounted the current fares and all those present stated that they did.
31. Having listened to the discussions the Licensing Manager indicated that he proposed to recommend to the Licensing Committee no changes to the fares for 2010/11. This view was supported by the majority of Taxi Forum members present, but there was not unanimous support.

Implications Assessment

32. 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

33. The fares approved by the Council must be advertised via a Public Notice 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.
34. The agreed fare scale will take effect on 1st April 2010.

Conclusion

35. Whilst the recommended no changes to the percentage increase and drop rate rise 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.
 - There was a 3% increase in maximum fares on 1st April 2009, but not all drivers passed the increase on to the public.
 - Only two other boroughs in Kent have increased the maximum fares during the last 12 months.
 - Britain is currently in recession and the Office for National Statistics revealed in December 2009 that Britain's economic slump was now officially the deepest since the 1940's.

Portfolio Holder's Views

36. The views of the Portfolio Holder are being sought.

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APPENDIX A

FARES FOR DISTANCE OR TIME

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Rate 1

If the distance does not exceed 730.4 yards, for the whole distance or for the first 231.7 seconds of waiting time 2.40

For each subsequent 191.4 yards or uncompleted part thereof 0.20

Or for each subsequent period of 60.7 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: 2010/11 Fare Option Responses from hackney carriages drivers and operators

Responses received				Responses received as percentages			
Drop				Drop			
	HCD	Operator	Total		HCD	Operator	Total
£2.40 (current)	10	3	13	£2.40 (current)	77%	100%	81%
£2.50	0	0	0	£2.50	0%	0%	0%
£2.60	3	0	3	£2.60	23%	0%	19%
			16		100%	100%	100%
Percentage Increase				Percentage Increase			
	HCD	Operator	Total		HCD	Operator	Total
No change	7	3	10	No change	54%	100%	62%
3% increase	0	0	0	3% increase	0%	0%	0%
5% increase	6	0	6	5% increase	46%	0%	38%
			16		100%	100%	100%
Tariff Two Times				Tariff Two Times			
	HCD	Operator	Total		HCD	Operator	Total
24:00 - 07:00 (No change)	11	3	14	24:00 - 07:00 (No change)	85%	100%	87%
23:00 - 06:00	2	0	2	23:00 - 06:00	15%	0%	13%
			16		100%	100%	100%
Sunday Rate				Sunday Rate			
	HCD	Operator	Total		HCD	Operator	Total
Tariff One (No change)	9	2	11	Tariff One (No change)	69%	66%	69%
Tariff Two	4	1	5	Tariff Two	31%	34%	31%
			16		100%	100%	100%

HCD: Hackney carriage driver