

Agenda Item No:

Report To: LICENSING & HEALTH AND SAFETY COMMITTEE



Date: 17TH January 2011

Report Title: REVIEW OF THE HACKNEY CARRIAGE FARE SCALE

Report Author: Licensing Manager

Summary:	The report reviews the hackney carriage fare scale and recommends that an increase of 20p be made to the starting fare (drop rate) and an increase of 3% be made for 2011/12. This recommendation has been made following consultation with the trade.
-----------------	--

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

Contacts: james.hann@ashford.gov.uk – Tel: 01233 330721

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 20p addition to the starting fare (drop rate) and an additional 3% increase be made to fares for 2010/11 and whether there should be a change in the hours for the higher rate tariff.

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 no percentage increase in the fares and no 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 in 2008/9. The key factors behind this decision were the economic recession and the lack of responses and agreement within 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 2010. 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)	£2.74	£3.77	£5.59	£20.66
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
Swale	£2.60	£4.10	£5.90	£19.60
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
Tonbridge & Malling	£2.80	£3.40	£5.60	£23.20
Ashford	£2.40	£3.60	£5.40	£20.20
Shepway	£2.80	£3.80	£5.40	£18.20
Thanet	£3.00	£3.80	£5.00	£16.20

Source: Private Hire and Taxi Monthly – December 2010.

Proposed Fares

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/191.4 yards.
10. The 3% increase plus 20p on the start fare (drop rate) will equate to an initial fee of £2.60 and a two mile journey would cost approximately £5.80. This would still keep the fare at the average level for Kent, but they will be slightly higher than the average for the South. Full details of the proposed fares are in Appendix A.
11. 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	Proposed rate
1 mile	£3.60	£3.80
2 mile	£5.40	£5.80
5 mile	£11.00	£11.40
10 mile	£20.20	£20.80

12. A key cost for the taxi trade is the price of fuel. There is evidence to indicate that fuel prices have increased significantly over the last 24 months, which is since the last fare increase. 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 2010 fuel price report the UK average unleaded price was £122.1 and the average price of diesel was £126.2. This relates to a 34% increase in the cost of unleaded fuel from December 2008 to December 2010 and a 24% increase in the cost of diesel.
13. With the increase in fuel duty and the increase to a 20% rate of VAT at the start of January 2011, the average price of unleaded petrol has increased to £127.20 and the average price of diesel has increased to £131.44.
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)	2010 (December)
South Average" of Tariff One	£5.44	£5.49	£5.59
South Average Tariff Two	£7.56	£7.65	£7.78
National Average Tariff One	£5.02	£5.07	£5.14
National Average Tariff Two	£6.63	£6.69	£6.78

15. As there has been no increase in fares for two years it is perhaps relevant to look at the percentage increases over a two year period. The national increase in Tariff One and Tariff Two between 2008 and 2010 was approximately 2.3%. There was 2.8% increase in the average increases between Tariff One and Tariff Two for the South.
16. The consumer prices index of inflation has remained over 3% since January 2010 and peaked at 3.7% in April 2010.

Risk Assessment

17. The Council's Policy is to review fares on an annual basis. This report is the mechanism by which this is achieved.
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 and consulted on 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.
22. At the September 2010 Taxi Forum the options to be consulted on were discussed and subsequently a questionnaire was sent to hackney carriage drivers and selected operators in November 2010 asking for their comments on the range of fare options
23. Three start (drop rate) proposals were presented to the taxi trade. The results of this feedback can be seen in Appendix B, but in summary 68% of the respondents, including all four of the largest firms, supported the drop rate increasing from £2.40 to £2.60.
24. Two percentage options were put forward on the percentage increase, no change and an increase of 3%. 78% of the respondents supported the 3% proposal.
25. At the September Taxi Forum it was also proposed by the trade present that a change in the Tariff Two times be presented to drivers to seek their views. The two times proposed were no change (24:00 – 07:00) or 22:00 – 05:00. During the consultation 9 responses were received from a different time (23:00 – 06:00), however the majority (78%) of the respondents were in favour of no changes to the Tariff Two Times. It is therefore proposed that no changes are made to the Tariff Two times.
26. Fifty responses were received from hackney carriage drivers and operators and the results can be seen in Appendix B.
27. Approximately 30% of those polled responded, which is the highest percentage return that the licensing authority has received since this questionnaire process was started.
28. 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.
29. The responses were presented to members of the trade at a meeting of the Taxi Forum in November 2010.
30. The results were discussed and various options were considered by the 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 the 3% increase in fares and an increase of 20p in the drop rate. It was pointed out by

those present that percentage increases had little effect on short journeys, such as from the railway station to Ashford town centre or to the designer centre.

31. There was a significant degree of discussion about the times that the Tariff Two times should start and finish, but it is proposed that as 78% of those that returned their questionnaires were of the opinion that no change should be made, the times should remain as they currently are.
32. It was noted that the price of fuel had increased significantly during the fare increase.

Implications Assessment

33. 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

34. 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.
35. The agreed fare scale will take effect on 1st April 2011.

Conclusion

36. The 3% increase remains below the rate of inflation and the drop rate has remained at the same rate since 2007. Members may wish to take the following into account:
 - The price of fuel has increased significantly during the last two years.
 - Fares in Ashford remain competitive with other fares in Kent.
 - The last increase was in 2009 and was a 3% increase in maximum fares and no change in drop rate.

Portfolio Holder's Views

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

Contact:	James Hann
Email:	james.hann@ashford.gov.uk

APPENDIX A

FARES FOR DISTANCE OR TIME

£

Rate 1

If the distance does not exceed 730.4 yards, for the whole distance or for the first 231.5 seconds of waiting time

2.60

For each subsequent 185.8 yards or uncompleted part thereof

0.20

Or for each subsequent period of 58.9 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: 2011/12 Fare Option Responses from hackney carriages drivers and operators

Drop		Drop	
	Total		Total
£2.40 (current)	13	£2.40 (current)	26%
£2.60	34	£2.60	68%
£4.00	3	£4.00	6%
	50		100%
Tariff Two Times		Tariff Two Times	
	Total		Total
24:00 - 07:00 (No change)	38	24:00 - 07:00 (No change)	78%
22:00 - 05:00	2	22:00 - 05:00	4%
23:00 - 06:00	9	23:00 - 06:00	18%
	49		100%

Percentage Increase		Percentage Increase	
	Total		Total
No change	14	No change	29%
3% increase	34	3% increase	71%
	48		100%