

**Agenda Item No:** 5  
**Report To:** LICENSING & HEALTH AND SAFETY COMMITTEE  
**Date:** 9<sup>th</sup> January 2012  
**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 10p be made to the starting fare (drop rate) and an increase of 3% be made for 2012/13. This recommendation has been made following consultation with the taxi 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 fare scale would be reviewed annually. In setting this fare scale a balance needs to be struck between the legitimate aims of the hackney carriage 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 hackney carriage 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 Cabinet that the hackney carriage fare scale be increased through a 10p addition to the starting fare (drop rate) and an additional 3% increase be made to fares for 2012/13.

**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 3% increase in the fares and 20p increase in the drop (initial) rate. Members agreed the proposals and following a Public Notice the increase came into effect on 1<sup>st</sup> April 2011.

**Comparison with other areas**

7. A recently compiled league table of taxi fares in Kent indicates 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 2011. 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
Sevenoaks	£3.80	£4.22	£6.32	£23.12
Tunbridge Wells	£3.80	£3.80	£6.20	£25.40
Dartford	£2.20	£4.00	£6.20	£27.00
Gravesham	£2.40	£4.10	£6.20	£23.00
Canterbury	£2.60	£4.20	£6.00	£20.40
Swale	£2.60	£4.17	£5.96	£20.27
Maidstone	£2.80	£3.95	£5.95	£21.95
Medway	£3.00			
Ashford	£2.60	£3.70	£5.80	£20.80
Dover	£3.00	£4.20	£5.70	£17.70
Tonbridge & Malling	£2.80	£3.40	£5.60	£23.20
Shepway	£2.80	£3.80	£5.40	£18.20
Thanet	£3.00	£3.80	£5.00	£16.20

Source: Consultation with Licensing Officers from other authorities in Kent (October - December 2011).

## 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. Fare increases are implemented by changing the mileage at which the fare increases e.g. the present tariff charges 20p/185.8 yards.
10. The 3% increase plus 10p on the start fare (drop rate) will equate to an initial fee of £2.70 and a two mile journey would cost approximately £5.90. This would still keep the fare below the average level for Kent. 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	£3.80	£3.90
2 mile	£5.80	£5.90
5 mile	£11.40	£11.70
10 mile	£20.80	£21.50

12. Petrol has fallen slightly during the latter part of 2011, although it remains within 3 pence per litre of the record high set in May 2011. Diesel remains similarly close to the all time high.

13. As of October 2011 the average price per litre of unleaded fuel for the South East was 135.3 pence with the UK average at 134.5 pence. Diesel for the South East was an average of 140.1 pence per litre and 139.6 pence for the UK.
14. This compares with average of 128.9 pence per litre of unleaded petrol (in the South East) in January 2011. The price per litre of diesel at this time was 133.1 pence for the South East. This represents an increase in price, from January 2011 to December 2012 in the South East, of 5% for unleaded fuel and 5.25% for diesel.
15. The Council's Ta xi Licensing 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. However information from this source is no longer available.
16. The consumer prices index of inflation Consumer Price Indices stood at 5% in October 2011.
17. The last two years have seen the largest car insurance premium increases in history, indicated by an increase by over 40% between March 2010 and March 2011. The annual rise has now dropped to 16% for the 12 months ending September 2011, giving hope that the worst of the price hikes are over.
18. Premiums are likely to continue rising next year, but at a much more modest rate (Source: Simon Douglas, Director of AA Insurance).

### **Risk Assessment**

19. The Council's Taxi Licensing Policy states the Council will review fares on an annual basis. This report is the mechanism by which this is achieved.
20. 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**

21. 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.
22. The other options are discussed below.

### **Consultation**

23. At the Taxi Forum in May 2008 members of the taxi trade discussed the mechanisms for consulting with the trade 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.
24. At the September 2011 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 2011 asking for their comments on a range of fare options.

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.
26. 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 42% supported no change to the drop rate and 44% of the respondents supported a 20p increase. Disappointingly only 18% of the drivers responded to the questionnaire, as opposed to 30% last year.
27. The responses were presented to members of the trade at a meeting of the Taxi Forum in November 2011.
28. 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. There was no majority of those present in favour of a percentage fare increase or a drop rate change.
29. There was some discussion at the November 2011 Taxi Forum about increasing maximum fares further than the suggestions sent out for consultation. For example it was suggested that the drop rate could be raised much higher in order to make short journeys more profitable. The trade members present were advised that there was a need to balance requests against what was reasonable for the public.

### **Implications Assessment**

30. 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**

31. 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.
32. The agreed fare scale will take effect on 1st April 2012.

### **Conclusion**

33. The 3% increase remains below the rate of inflation and the drop rate has only been increased by 20p since 2007. Members may wish to take the following into account:
  - The price of fuel has increased significantly during the last two years, as have car insurance premiums.
  - Fares in Ashford remain competitive with other fares in Kent.

- In 2009 an increase of 3% increase in maximum fares and no change in drop rate was agreed. In 2010, the Council decided on no increase. Last year there was a 3% increase in maximum fares and a 20p increase in the drop rate.
- No consensus was reached amongst the taxi trade on increases to drop rates or to percentage increases and the responses to the questionnaire was low.
- Members are asked to set maximum levels for fares, although drivers may charge less if they wish to.

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

34. The views of the Portfolio Holder will be reported at the meeting.

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## APPENDIX A: PROPOSED FARES FOR 2012/13

### FARES FOR DISTANCE OR TIME

£

#### Rate 1

If the distance does not exceed 709.1 yards, for the whole distance or for the first 222 seconds of waiting time

2.70

For each subsequent 180.4 yards or uncompleted part thereof

0.20

Or for each subsequent period of 57.2 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:  
2012/13 Fare Option Responses from hackney carriages drivers and operators**

20012/13 Fare Option Responses

<b>Drop</b>	<b>Total</b>	<b>Drop</b>	<b>Total</b>
£2.60 (current)	<b>15</b>	£2.60 (current)	<b>42%</b>
£2.70	<b>5</b>	£2.70	<b>14%</b>
£2.80	<b>16</b>	£2.80	<b>44%</b>
	<b>36</b>		<b>100%</b>

<b>Percentage Increase</b>	<b>Total</b>	<b>Percentage Increase</b>	<b>Total</b>
No change	<b>6</b>	No change	<b>16%</b>
3% increase	<b>16</b>	3% increase	<b>43%</b>
5% increase	<b>15</b>	5% increase	<b>41%</b>
	<b>37</b>		<b>100%</b>

1 respondent did not indicate a preference for the drop rate