

Agenda Item No: 5
Report To: LICENSING, HEALTH AND SAFETY COMMITTEE
Date: 7th January 2013
Report Title: REVIEW OF THE HACKNEY CARRIAGE FARE SCALE 2013/14
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 2013/14. 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, Health and Safety Committee recommends to the Cabinet 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 Taxi 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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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 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 2013/14.

Background

3. In February 2008 the Council agreed the Licensing Policy for Hackney Carriages and Private Hire Vehicles which stated the hackney carriage 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 the Licensing, Health and Safety Committee, following a consultation of the hackney carriage drivers and selected operators, was for a 3% increase in the fares and 10p increase in the drop (initial) rate. Members however decided agreed to recommend a 5% increase and a 10p increase in the drop rate and the proposals. Following a Public Notice the increase came into affect on 1st April 2012.

Comparison with other areas

7. A request has been sent out to all the licensing authorities in Kent and Medway for their fare rates. The information from this request was not available at the time of writing this report and will be presented to Members at the committee in January.

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/177 yards.
10. The 3% increase plus 10p on the start fare (drop rate) will equate to an initial fee of £2.80 and a two mile journey would cost approximately £6.20. 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	£4.10	£4.20
2 mile	£5.90	£6.20
5 mile	£11.90	£12.40
10 mile	£21.90	£22.60

12. As of October 2012, the average price per litre of unleaded fuel for the South East was 135.7 pence. This is approximately the same price for unleaded fuel as of October 2011 and diesel prices remain approximately the same as of October 2011. Prices did rise in the last 12 months, but have fallen recently.
13. The consumer prices index of inflation Consumer Price Indices stood at 2.7% in October 2012, up from 2.2% in September. The Retail Prices Index annual inflation stood at 3.2% per cent in October 2012, up from 2.6% in September.
14. According to the latest benchmark AA British Insurance Premium Index for the three months ending 30 September 2012, car insurance premiums are showing a downward trend. Members may wish to note that these figures are for general car insurance, rather than specialist private hire or hackney carriage insurance.
15. The Shoparound Index – an average of the cheapest five premiums from directly sold policies for each 'customer' in a nationwide basket of risks – suggests that over the third quarter the average quoted cost for an annual comprehensive car insurance policy fell by 2.9% to £844. However over 12 months quotes have risen by 5.6%.
16. Using the same Shoparound basket of risks on price comparison sites suggests that the average premium has fallen by 1.0% to £612, a drop over 12 months of 2.3%.

Risk Assessment

17. 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.
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. The other options are discussed below.

Consultation

21. 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 officers 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 2012 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 2012 asking for their comments on a range of fare options.
23. 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.
24. 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 100% supported no change to the drop rate. Disappointingly less than 10% of the drivers responded to the questionnaire.
25. The responses were presented to members of the trade at a meeting of the Taxi Forum in November 2012.
26. The results were discussed and the Minutes are available on the Council's website. There was unanimous approval for a 10p increase in the drop rate from the consultation responses and the Taxi Forum. The majority of the respondents wanted to see a 3% increase in fares and this was supported at the Taxi Forum.
27. Drivers were asked during the consultation if any other changes to the fares should be considered and four respondents asked for vehicles that could carry five or more passengers to be able to charge a higher fare. This was not supported by the majority of respondents during the consultation and the matter was not supported by the majority of the Taxi Forum.

Implications Assessment

28. 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

29. 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.
30. The agreed fare scale will take effect on 1st April 2013.

Conclusion

31. The 3% increase is in line with the Retail Price Index measure of inflation, but above the Consumer Price Index method of measuring inflation. Members may wish to take the following into account:
- The price of fuel has remained relatively stable during the last 12 months.
 - In 2010, the Council decided on no increase. In 2011 there was a 3% increase in maximum fares and a 20p increase in the drop rate. In 2012 there was a 5% increase and a 10p increase in the drop rate.
 - Only a small percentage of drivers and operators responded to the consultation. Of those that did, there was a unanimous vote for a 10p increase in the drop rate and all those that responded wanted to see a percentage increase in the fares they could charge,
 - Members are asked to set maximum levels for fares, although drivers may charge less if they wish to.

Portfolio Holder's Views

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

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APPENDIX A: Proposed fares for 2013/14

APPENDIX B: 2013/14 Fare Option Responses from hackney carriages drivers and operators

APPENDIX A: Proposed fares for 2013/14

FARES FOR DISTANCE OR TIME

Rate 1

If the distance does not exceed 700 yards, for the whole distance or for the first 220.5 seconds of waiting time £
2.80

For each subsequent 171.8 yards or uncompleted part thereof 0.20

Or for each subsequent period of 54.5 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: 2013/14 Fare Option Responses from hackney carriages drivers and operators

Drop	Total	Drop	Total
£2.70 (current)	0	£2.70 (current)	0%
£2.80	19	£2.80	100%
	19		100%

Percentage Increase	Total	Percentage Increase	Total
No change	0	No change	0%
3% increase	13	3% increase	68%
5% increase	6	5% increase	32%
	19		100%

Have you altered your meter to the 2012/13 rate?			
	Total	Percentage	Total
Yes	11		58%
No	0		0%
Failed to comment	8		42%
	19		100%

Any other matter to be considered			
	Total	Percentage	Total
Allow extra charges for 5 or more passengers	4		21%
No comment	15		79%
	19		100%