

Agenda Item No: 6
Report To: LICENSING, HEALTH AND SAFETY COMMITTEE



Date: 20th January 2014
Report Title: REVIEW OF THE HACKNEY CARRIAGE FARE SCALE
Report Author: Licensing Manager

Summary:	<p>To recommend to the Cabinet one of the following options to the hackney carriage fare scale for 2014/15</p> <ul style="list-style-type: none">• no change to the current tariff• an increase of 10p to the starting fare (drop rate) and an additional 3% overall• an increase of 10p to the starting fare (drop rate) and an additional 5% overall.
-----------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

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 any change to the hackney carriage fare.**

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 is 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

Contacts: jack.godley@ashford.gov.uk – Tel: 01233 330722

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. To recommend to the Cabinet one of the following options to the hackney carriage fare scale for 2014/15.
 - No change to the current tariff.
 - An increase of 10p to the starting fare (drop rate) and an additional 3% overall.
 - An increase of 10p to the starting fare (drop rate) and an additional 5% overall.

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 legislation dictates that customers must be advised of the fare beforehand unless the vehicle is fitted with a taximeter set at or below the tariff set by this Council.
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.
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. This was agreed. Following a Public Notice the increase came into affect on 1st April 2013.

Comparison with other areas

7. A league table of hackney carriage fares for the country, based on a 2 mile journey, is produced by the Private Hire Drivers Association ranging from the highest 1 to the lowest 364. Ashford ranks 34th highest as at August 2013.
8. A further league table was produced for the South of England in October 2013 and this also ranks Ashford 34th out of 103.

Proposed Fares

9. 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.
10. Fare increases are implemented by changing the mileage at which the fare increases e.g. the present tariff charges 20p/171.8 yards.
11. A 3% increase plus 10p on the start fare (drop rate) will equate to an initial fee of £2.90 and a two mile journey would cost approximately £6.30. A 5% increase plus 10p on the start fare (drop rate) will equate to an initial fee of £2.90 and a two mile journey would cost approximately £6.50. Full details of a 3% increase are contained within Appendix A and a 5% increase in Appendix B.
12. The table below indicates the approximate cost of a journey for various distances on the basis of the current and 3% and 5% fare scale as listed in Appendices A and B.

Distance	Current rate	Proposed rate 10p increase in the drop rate plus an additional 3% overall	Proposed rate 10p increase in the drop rate plus an additional 5% overall
1 mile	£4.20	£4.30	£4.30
2 mile	£6.20	£6.30	£6.50
5 mile	£12.40	£12.70	£12.90
10 mile	£22.60	£23.30	£23.70

13. As of October 2013, the average price per litre of unleaded fuel for the South East was 132 pence. This is a decrease of 7 pence on the previous year. Over the same period diesel prices have decreased by approximately 5 pence.
14. The Consumer Prices Index of inflation (CPI) Indices stood at 2.2% in October 2013, down from 2.7% in September. The Retail Prices Index (RPI) has been assessed against the Code of Practice for Official Statistics and found not to meet the required standard for designation as National Statistics.
15. According to the latest benchmark AA British Insurance Premium Index for the three months ending 30 September 2013 (known as the third quarter), 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.

16. The Shoparound Index is an average of the five cheapest premiums aggregated premiums from both the direct/broker channel and price comparison sites compiled by the AA. Over the third quarter the average quoted cost for an annual comprehensive car insurance policy fell by 4.5% to £568. However over the 12 month period, October 2012 to October 2013, quotes have decreased by 12.4% overall.

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 options were included in the consultation with the trade, such as no increase and a 3% increase but the majority voted for the proposed 5% increase.
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 2013 Taxi Forum it was agreed that that this year's consultation with the trade on fares would be in the form of an online vote using Survey Monkey as responses to previous postal votes had been so poor. The options to be consulted on were discussed and the forum subsequently agreed. Those present sought an increase to the drop rate of 20 pence and a 3% increase overall.
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. The survey consisted of three start (drop rate) proposals, no overall increase and overall increases of 3% and 5%.
25. The results of this survey can be seen in Appendix C, but in summary 52% supported a 10 pence increase to the drop rate and 72% supported a 5% overall increase. Disappointingly less than 26% of eligible drivers responded to the questionnaire, although this was an increase on the 10% that responded last year.
26. The responses have been posted on the Taxi Forum web page, to which all drivers have access and trade representatives have been informed.

27. Drivers were asked during the consultation if any other changes to the fares should be considered:
- One respondent asked for vehicles that could carry six or more passengers to be able to charge a 1½ metered fare.
 - One respondent asked that hackney carriages be allowed to charge the 1½ metered rate on Sundays.

These views are not echoed by the majority.

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 2014.

Conclusion

31. The 5% increase is above the Consumer Price Index (CPI) method of measuring inflation. Members may wish to take the following into account:
- The price of fuel has dropped 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 and in 2013 there was a 3% 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 a 5% increase overall.
 - Members are asked to set maximum levels for fares, although drivers may charge less if they wish to.
 - Members are also asked to consider the other changes to fares put forward by the trade as a result of the consultation.

Portfolio Holder's Views

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

Contact:	Jack Godley
Email:	jack.godley@ashford.gov.uk

APPENDIX A: 3% fare increase for 2014/15

APPENDIX A: 5% fare increase for 2014/15

APPENDIX B: 2014/15 fare option responses from hackney carriages drivers and operators

APPENDIX A: 3% fare increase for 2013/14

FARES FOR DISTANCE OR TIME

£

Rate 1

If the distance does not exceed 703.90 yards, for the whole distance or for the first 223 seconds of waiting time

2.90

For each subsequent 166.70 yards or uncompleted part thereof

0.20

Or for each subsequent period of 52.90 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: 5% fare increase for 2013/14

FARES FOR DISTANCE OR TIME

£

Rate 1

If the distance does not exceed 690.50 yards, for the whole distance or for the first 219 seconds of waiting time

2.90

For each subsequent 163.60 yards or uncompleted part thereof

0.20

Or for each subsequent period of 51.90 seconds of waiting time or uncompleted part thereof

0.20

SURCHARGES FOR CERTAIN TIMES AND DAYS:-

Rate 2

h) For each hire commenced between 12 midnight and 7 am

1½ x Rate 1

i) 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

j) 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

k) 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.

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

0.05

m) for perambulators

0.05

n) for dogs

0.10

APPENDIX C: 2014/15 Fare Option Responses from hackney carriages drivers and operators

Drop			
	Total		Total
£2.80 (current)	6	£2.80 (current)	12%
£2.90	26	£2.90	52%
£3.00	18	£3.00	36%
	50		100%

Percentage Increase			
	Total		Total
No change	4	No change	8%
3% increase	9	3% increase	18%
5% increase	37	5% increase	74%
	50		100%

Have you altered your meter to the 2013/14 rate?			
	Total		Total
Yes	47		94%
No	3		6%
Failed to comment	0		0%
	50		100%

Any other matter to be considered:

1.5 rate for Sundays

To charge 1.5 rate for 6 or more passengers