



Agenda Item No: 5

Report To: LICENSING, HEALTH AND SAFETY
COMMITTEE

Date: 19th January 2015

Report Title: REVIEW OF THE HACKNEY CARRIAGE
FARE SCALE

Report Author: Licensing Manager

Summary:

To recommend to Council one of the following options to the hackney carriage fare scale for 2014/15

- No change to the current tariff
- An increase of 10 pence or 20 pence to the starting fare (drop rate)
- An increase of 3% to the overall tariff
- An increase of 5% to the overall tariff.

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 Council approval for the purpose of issuing a public notice any change to the hackney carriage fare.**

Policy Overview: In December 1996 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

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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. To recommend to Council one of the following options to the hackney carriage fare scale for 2015/16.
 - No change to the current tariff.
 - An increase of 10 pence or 20 pence to the starting fare (drop rate).
 - An increase of 3% to the overall tariff.
 - An increase of 5% to the overall tariff.
 - Whether vehicles carrying 6 or more passengers should be able to charge the 1.5 tariff.

Background

3. In December 1996 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 5% increase in the fares and 10p increase in the drop (initial) rate. Members generally considered Ashford's fares were quite high relative to other areas and said they felt uncomfortable recommending an increase at a time when other costs for drivers were reducing. Subsequently there was no increase to fares for 2014/15.

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 68th as at November 2014.

8. The South of England hackney carriage fares are generally and within the County, Ashford ranks 8th out of 12 local authorities.

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 the current tariff, a 3% increase and a 5% increase are contained within Appendices A, B and C.
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, B and C.

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 at December 2014, the average price per litre of unleaded petrol for the South East was 114 pence a litre, a decrease of 16 pence on the previous year. Over the same period diesel prices have decreased by approximately 17 pence per litre. LPG is currently 69.4 per litre and usually sits around 40% of the cost of unleaded petrol.
14. The Consumer Prices Index of inflation (CPI) Indices stood at 1% in December 2014, the lowest it has been since 2002. 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 2014 (known as the third quarter), car insurance premiums are between 6.9% and 14.4% lower than the previous 12 months. The lower figure is the market trends summary which is an average of all quotes on a UK-representative basket of customers, the higher figure is the

Shoparound prices which are an average of the five cheapest quotes for each "customer".

16. Members may wish to note that these figures are for general car insurance, rather than specialist private hire or hackney carriage insurance.

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.

Consultation

19. 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.
20. At the October 2014 Taxi Forum it was agreed that this year's consultation with the trade on fares would continue to be in the form of an online vote. The options to be consulted on were discussed and the forum subsequently agreed. Those present sought an increase to the starting fare (drop rate) of 10 pence and a 3% increase to the overall tariff.
21. 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.
22. The survey consisted of three fare proposals, no increase, an increase of 10 pence or 20 pence to the starting fare (drop rate) and a 3% or 5% increase to the overall tariff.
23. The results of this survey can be seen in Appendix D, but in summary 63% supported a 10 pence increase to the drop rate and 78.3% supported a 3% overall increase. Disappointingly less than 25% of eligible drivers responded to the questionnaire.
24. The responses have been posted on the Taxi Forum web page, to which all drivers have access and trade representatives have been informed.
25. Drivers were also asked to vote on whether vehicles carrying 6 or more passengers should be able to charge the 1.5 tariff.
26. Of the 18 proprietors eligible to vote, 9 did not vote, 7 voted no and 2 voted yes.

Implications Assessment

27. 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

28. 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.
29. The agreed fare scale will take effect on 1st April 2015.

Conclusion

Members may wish to take the following into account:

- Only a small percentage of drivers and operators responded to the consultation. Of those that did, there was the majority voted for a 10p increase in the drop rate and a 3% increase overall.
- 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. In 2013 there was a 3% increase and a 10p increase in the drop rate and there was no increase in 2014.
- Members are asked to set maximum levels for fares, although drivers may charge less if they wish to.
- The price of fuel has dropped considerably during the last 12 months.
- A 3% increase is 2% above the Consumer Price Index (CPI) method of measuring inflation.
- Insurance costs have reduced over the last 12 months.
- Members are also asked to consider whether vehicles carrying 6 or more passengers should be able to charge the 1.5 tariff as a result of the consultation.

Portfolio Holder's Views

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

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APPENDIX A: 3% fare increase for 2015/16

APPENDIX B: 3% fare increase for 2015/16

APPENDIX C: 5% fare increase for 2015/16

APPENDIX D: 2015/16 fare option responses from hackney carriages drivers and operators

APPENDIX A: No fare increase for 2015/16

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: 3% fare increase for 2015/16

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

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: 5% fare increase for 2015/16

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

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

1½ x Rate 1

p) 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

q) 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

r) 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.

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

0.05

t) for perambulators

0.05

u) for dogs

0.10

APPENDIX D: 2015/16 Fare Option Responses from hackney carriages drivers and operators

Drop Rate			
	Total		Total
£2.80 (current)	8	£2.80 (current)	17.4%
£2.90	29	£2.90	63.0%
£3.00	9	£3.00	19.6%
	<u>46</u>		<u>100%</u>

Percentage Increase			
	Total		Total
No change	5	No change	10.9%
3% increase	36	3% increase	78.3%
5% increase	5	5% increase	10.9%
	<u>46</u>		<u>100%</u>

Have you altered your meter to the 2013/14 rate?			
	Total		Total
Yes	41		89.1%
No	5		10.9%
	<u>46</u>		<u>100%</u>

Should vehicles carrying six or more passengers be able to charge the 1.5 tariff?			
	Total		Total
Yes	10		21.7%
No	36		78.3%
	<u>46</u>		<u>100%</u>

There were 18 proprietors eligible to vote on the above rate.

9 did not vote

7 voted no

2 voted yes

Any other matter to be considered:

None