

Agenda Item No:

5

Report To:

**LICENSING, HEALTH AND SAFETY
COMMITTEE**



Date:

25 January 2016

Report Title:

**REVIEW OF THE HACKNEY CARRIAGE
FARE SCALE**

Report Author:

Interim Licensing Manager

Summary:	To recommend to Council one of the following options to the hackney carriage fare scale for 2016/17 <ul style="list-style-type: none">• No change to the current tariff• An increase of 3% to the overall tariff
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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 2016/17.
 - No change to the current tariff
 - An increase of 3% to the overall tariff

Background

3. The council's current taxi policy states that the hackney carriage fare scale will 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 10 pence 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 2015/16.

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. Ashford ranks 74th highest out of 365 boroughs as at September 2015.

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/171.8 yards.
10. The table below indicates the approximate cost of a journey for various distances on the basis of the current and proposed 3% fare scale increase. Because there drivers did not request an increase to the drop rate no increase is seen until the two mile point.

Distance	Current rate	No change in proposed drop rate plus an additional 3% overall
1 mile	£4.20	£4.20
2 mile	£6.20	£6.40
5 mile	£12.40	£12.60
10 mile	£22.60	£23.20

11. As of November 2015, the average price per litre of unleaded petrol for the South East was 108.31 pence a litre, a decrease of 21 pence on the previous year. Diesel is currently 110.6 pence per litre and LPG 57.9 pence per litre and usually sits around 40% of the cost of unleaded petrol. Prices have continued to fall since the last AA Fuel Price Report was released and locally prices have been as low as 99.9 pence since the middle of December.
12. According to the Office for National Statistics for the whole of 2015 fluctuated between -0.1% and 0.1% with low oil prices and a fiercely competitive environment for supermarkets keeping prices down for consumers.
13. According to the latest benchmark, in October 2015 the AA British Insurance Premium Index saw the second quarterly increase in car insurance premiums. This means premiums are now on average 9.2% higher than 12 months ago. Members may wish to note that these figures are for general car insurance, rather than specialist private hire or hackney carriage insurance.

Risk Assessment

14. 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.
15. 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

16. 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.
17. At the October 2015 Taxi Forum (which was attended by only 10 drivers) 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 of 3% increase to the overall tariff.
18. 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.
19. The survey consisted of two fare proposals, no increase or a 3% increase to the overall tariff. The forum did not wish to consider any other option than a 3% increase.
20. The results of this survey can be seen in Appendix D. Very disappointingly only 15 responses were received which is just 8% of those eligible to vote. 11 respondents (73%) supported a 3% overall increase and 4 (27%) did not want to see any increase.
21. The responses have been posted on the Taxi Forum web page, to which all drivers have access and trade representatives have been informed.

Implications Assessment

22. 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

23. 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.
24. The agreed fare scale will take effect on 1 April 2016.

Conclusion

25. Members may wish to take the following into account:
 - Only a very small percentage (8%) of drivers and operators responded to the consultation. Of those that did, the majority voted for a 3% increase overall.

- In 2012 there was a 5% increase and a 10 pence increase in the drop rate. In 2013 there was a 3% increase and a 10 pence increase in the drop rate and there was no increase in 2014 or 2015.
- Members are asked to set maximum levels for fares, although drivers may charge less if they wish.
- The price of fuel has continued to drop over the last 12 months.
- There has been only a very small fluctuation the rate of inflation in 2015.
- Insurance costs have increased over the last 12 months.

Portfolio Holder's Views

26. Councillor Heyes is of the view that taxi fares should not go up this year considering the following reasons: Inflation has been extremely low and has even dipped into deflation at one stage. Also, fuel has dropped in price substantially.

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APPENDIX A: No increase 2016/17

AAPENDIX B: 3% increase for 2016/17

APPENDIX B: Fare option responses from hackney carriages drivers and operators

APPENDIX A: No fare increase for 2016/17

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
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 <u>that the vehicle is licensed to carry</u>, 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 2016/17

FARES FOR DISTANCE OR TIME	£
Rate 1	
If the distance does not exceed 680.00 yards, for the whole distance or for the first 216 seconds of waiting time	2.80
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 Note: When the holiday charge (b) or (c) is payable the Night Charge (a) is NOT payable.	2 x Rate 1
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 <u>that the vehicle is licensed to carry</u>, children under 10 years of age should <u>each be counted as a person</u>. 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 D: 2015/16 Fare option responses from hackney carriages drivers and operators

Percentage Increase	Responses	%
No change	4	26.7%
3% increase	11	73.3%
	15	100%