

Agenda Item No: 5
Report To: **REGULATORY COMMITTEE**
Date of Meeting: 16 January 2024
Report Title: **HACKNEY FARE TARIFF REVIEW**
Report Author: Trevor Ford
Job Title: Environmental Protection and Licensing Team Leader
Portfolio Holder: Cllr. Liz Wright
Portfolio Holder for: Communities and Health



Summary: A report to consider the maximum hackney carriage fare scale.

The decision, based on the information provided, shall be for the Committee to recommend to Council whether to amend the current maximum fare scale, and for that purpose whether to;

- decrease to the current tariffs
- make no change to the current tariffs
- increase to the current tariff

Key Decision: NO

Significantly Affected Wards: The fare scale has implications for all hackney carriage, across the borough and therefore affects all wards.

Recommendations: **The Committee is recommended to:-**

- **Recommend to Council whether to implement a change to the hackney carriage fare scale, and if so the details of the recommended change.**

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, 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 direct financial impact on the Council

Legal Implications: The annual review of hackney tariffs, which forms part of council policy, is essential to ensure that fares are set at an appropriate and defensible level.

*Text agreed by
Principal Litigator on
28th December 2023*

Equalities Impact Assessment: Not required because 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.

Data Protection Impact Assessment: N/A

Risk Assessment (Risk Appetite Statement): 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.

Sustainability Implications: N/A

Other Material Implications: N/A

Exempt from Publication: NO

Background Papers: None

Contact: trevor.ford@ashford.gov.uk (01233) 330 397

Report Title:

HACKNEY FARE TARIFF REVIEW

Introduction and Background

1. The report presents the review of the hackney carriage fare scale and outlines the consultation with the trade on this matter.
2. This report asks for the Regulatory Committee to review the current fare scale, and if it is deemed appropriate, to recommend an updated fare scale for 2024/25 to Council, which may be one of the following options:
 - A decrease to the current tariffs
 - No change
 - An increase to the current tariffs
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 hackney carriage trade as opposed to the fees that are essentially the licence charges levied by the Borough Council.
5. 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.
6. It should be noted that the tariff is the maximum fare that can be charged and operators are free to charge less, or give discounts, should they so wish.
7. Customers are therefore recommended to 'shop-around' to achieve value for money.
8. In January 2022, Members considered Ashford's fares relative to other areas, and the change in the respective costs, and recommended an increase of 3% to the fare scale which was effective on the 1 April 2022. A further exceptional fare review was conducted in July 2022 due to significantly increased fuel alongside increases in other costs, and a further increase of 10% to the fare scale came into effect on the 15 August 2022.
9. In January 2023 the routine review of the fare scale by the Committee resulted in no further change to the set fare scale.

Proposal

10. 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 commercial profitability in the face of increasing costs, while protecting the public from excessive fares.
11. Fare increases are implemented by changing the initial (drop) rate and subsequent yardage rate at which the fare increases (e.g. £2.90 for the first 465.5 yards or 148 seconds, and a subsequent rate of 20p for every 142.7 yards or 45.5 seconds).
12. The table below indicates the approximate cost of a journey for various distances on the basis of the current fare and examples of 2.5% and 5% decreases/increases, noting the drop rate is rounded to the nearest 10 pence.

Distance	5% decrease	2.5% decrease	Current rate	2.5% increase	5% increase
Initial drop rate	£2.90	£2.90	£2.90	£3.00	£3.00
2 mile	£7.10	£7.10	£7.30	£7.40	£7.60
5 mile	£14.10	£14.30	£14.70	£14.70	£15.40
10 mile	£25.90	£26.50	£27.10	£27.80	£28.40

13. Fare comparison

With regard to the current fees, the Private Hire and Taxi Monthly National Fare table (December 2023) Ashford at joint 122-130th highest in the country, out of a listed 340 local authorities.

When compared to December 2022 our fare scale was at joint 59-65th highest.

The current comparison with respects to the fares of other Kent boroughs and districts are;

2 Mile Fare	Borough
£8.70	Sevenoaks*
£8.40	Tonbridge & Malling*
£8.00	Tunbridge Wells
£8.00	Maidstone
£7.90	Swale
£7.40	Canterbury
£7.30	Dartford
£7.30	Ashford
£7.10	Dover
£7.00	Medway
£7.00	Gravesham
£6.60	Folkestone & Hythe
£6.21	Thanet

* December 2023 PHTM fare table

This compares with the fare table in November 2022;

2 Mile Fare	Borough
£8.70	Sevenoaks*
£8.40	Tonbridge & Malling*
£8.00	Tunbridge Wells
£8.00	Maidstone
£7.90	Swale
£7.40	Canterbury
£7.30	Dartford
£7.30	Ashford
£7.10	Dover
£7.00	Medway
£7.00	Gravesham
£6.60	Folkestone & Hythe
£6.21	Thanet

* November 2022 PHTM fare table

14. Fuel prices

According to the AA Fuel Price Index reports the South East's fuel prices dropped at the start of 2023 and remained relatively consistent during the mid-part of the year, rising again towards the end of the year as shown below;

	2022		2023	
	Pence per litre		Pence per litre	
	Petrol	Diesel	Petrol	Diesel
January	146.8	150.3	150.7	173.6
February	149.2	152.8	149.7	170.7
March	164.7	174.7	148.4	167.7
April	163.4	177.4	148.1	163.6
May	167.7	181.3	146.2	156.5
June	189.3	197.2	145.0	147.4
July	189.3	197.5	144.8	146.1
August	175.1	185.2	150.7	152.2
September	166.0	182.3	156.8	160.5
October	164.9	188.0	157.6	164.1
November	165.6	190.3	152.3	159.4
December	165.6	178.5	Not available	Not available
ANNUAL AVERAGE	167.3	179.6	150.0	160.2

Example fuel costs

In order to assist the Committee, the following indicative comparison is shown to highlight the impact of the fuel price changes over a 10 mile fare (20 mile round trip assuming a return to a town centre hackney rank) in a typical diesel hackney vehicle averaging 35mpg (7.7 miles per litre).

2022 - Diesel at average of 179.6 pence per litre

2023 - Diesel at average of 160.2 pence per litre

Difference = -19.4 pence per litre or -11.4%

Over an example 10 mile fare (20 mile total distance)

2022 fuel cost £4.66

2023 fuel cost £4.16

Reduced fuel costs of £0.50

15. Inflation

According to the Office for National Statistics, the retail prices index increased 5.3% for the period between November 2022 and November 2023.

16. Insurance

According to confused.com's car insurance price index – car insurance prices have reached their highest on record, with national data indicating drivers are paying £924 for their cover on, on average. This is an increase of £338 between Q4 of 2022 and Q 3 of 2023.

With reference to the South East area the average premium is listed at £776, with a £280 (56%) annual change.

Members may however wish to note that the figures stated are general to domestic car insurance premiums, rather than specialist private hire or hackney carriage insurance.

No taxi specific insurance premium index appears to be available, but as per previous years, we remain open to alternate suggestions should the trade wish to highlight suitable data source(s) highlighting any variation from the quoted price index.

17. Car prices

No new information has been provided by the trade with respects to changes in car prices since the July 2022 fare review.

18. Business rates

Businesses operating from commercial premises with a rateable value under £12,000 receive small business rates relief, meaning they do not pay business rates. It appears that all operators in the borough fall within this category. As

such, it continues to appear appropriate to disregard business rates increase as an influence on the decision.

19. Maintenance costs

Research has highlighted that the last AA Motoring Costs Report available was 2014/2015. The Licensing team therefore remain open to suggestions of an alternative reputable source of data for vehicle running costs.

No information has been provided by the trade with respects to changes to these costs since the July 2022 fare review.

20. The above figures are indicative, and based solely on the evidence and information submitted to date. The above indicative figures do not include other potential costs associated with operating a hackney carriage business that have not been evidenced in detail, for example;

- Accountants fees
- Licensing fees – see *Appendix C* for 2024/25 fees
- Parking charges
- Salary rises – to combat the increased cost of living
- Other inflationary impacts

Equalities Impact Assessment

21. Not required because 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.

Consultation Planned or Undertaken

22. Consultation with the hackney carriage trade was undertaken, which consisted of an email to members of the trade via the Taxi Forum eNewsletter on the 5 October 2023 advising;

Annual Hackney Carriage Fare Scale Review.

We will soon be coming around to the time of the year when the council's Regulatory Committee completes the annual review of the maximum hackney carriage fare scale.

As part of the annual scheduled review we would highlight the need to make your views known and supply evidence to enable the Committee to make an informed and justifiable decision. This can be done by return email confirming;

- a) **What percentage change, if any, to the fare do you determine is necessary to ensure the commercial viability of the trade whilst protecting members of the public from excessive fares?**

** Current fares are; 2.90 for the first 465.50 yards or 148 seconds, and 20p for each 142.7 yards or 45.5 seconds*

- b) **What change, if any, to the scheduled chargeable extras do you determine is necessary to ensure the commercial viability of the trade whilst protecting members of the public from excessive fares?**

** Current extra charges are; 20p for each person in excess of two, 5p for each item of luggage conveyed outside the passenger compartment, 5p for pushchairs/prams, and 10p for dogs (excluding assistance/guide dogs)*

- c) **Please supply evidence to support a) and b) above.**

We would like to take this opportunity to remind the trade that the Licensing team provide the Committee with headline cost changes based upon data sources such as the AA fuel price index, the Office for National Statistics, and car insurance premium indexes etc.. What information we do not have access to is what these increases mean to costs of operating a hackney carriage (for example over a typical 10 mile fare). By supplying meaningful operating information such as this, it allows the Committee to see what the overall costs changes mean in practice and what change to the fares tariff may be justified.

We cannot emphasise strongly enough that the Committee need to base their decision on evidence rather than just a support for change, and therefore are reliant on the trade to engage in this process through the submission of evidence.

We would request that any representations on the fare review are made, by reply to this email, **prior to the 30 November 2023**. Responses will be collated and considered at the Regulatory Committee on the 16 January 2024, which is a public meeting you are free to attend.

23. A follow up eNewsletter on the 1 November 2023 was sent to further encourage responses to the fares survey and call for evidence.

24. Three responses were received from the trade
25. The first response requested an increased fare rate of 20% to apply from 23:00-00:00 daily, citing that everywhere else in the country uses such a scale. No supporting evidence was supplied with that statement, or evidence to support additional operating costs for these times that are not adequately covered by the existing fare structure.

The licensing team can however provide the following data for Kent, which does not support the assertion made;

Ashford – 1.5x fare rate applicable 00:00-07:00
Canterbury – fare rate not found
Dover – increased rate applicable 00:00-06:00
Folkestone and Hythe District Council – increased rate applicable 00:00-06:00
Gravesham – increased rate applicable 00:00-06:00
Maidstone – fare rate not published
Medway – increased rate applicable 00:00-06:00
Sevenoaks – A flat £2 extra for hirings between 23:00-07:00
Swale – published fare rate seems not to include any increased fare rate for night-time hiring
Thanet – fare rate not published.
Tonbridge and Malling – increased rate applicable 23:30-06:00
Tonbridge Wells – increased rate applicable 23:30-06:00

26. The second response sought no increase in the fare scale, and gave reasoning as below;

I won't be seeking any increase this year for several reasons. Mainly due to the 10% increase we received last year. Fuel prices have fallen a little. I shopped around for my insurance renewal and actually saved a little on last year's premium, and servicing/maintenance costs remained at last year's rates.

So, all things considered, and while I cannot predict what will happen in the next 12 months, I don't believe it's in the public interest to raise fares again next April.

27. The third response also sought no increase in the fare scale, and gave reasoning as below;

I do not think a price increase is warranted for next year. If there are drastic changes to our expenses over the next 4 months I may have a change of mind but I think that is unlikely.

28. These three responses compare with 141 licensed hackney carriage drivers, as of 1 December 2022, and therefore the response rate represents 2% percentage of the trade

Other Options Considered

29. It is open to the Regulatory Committee to apply a change (or no change) to the fare rates, as they deem necessary to protect the public from excessive fares, whilst ensuring that the trade can continue to make reasonable profits as a commercial enterprise.

Reasons for Supporting Option Recommended

30. It is proposed that the Regulatory Committee recommend one of the following options, including a percentage change, based on the evidence available.
- A decrease to the current tariffs
 - No change to the current tariffs
 - An increase to the current tariff

Next Steps in Process

31. The fares proposed 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 were received in response to this notice a further report would be required.
32. If the proposed fare scale is approved by council, and no objections are received to the public notice, the fare scale is proposed to take effect on 1 April 2024.

Conclusion

33. Members may additionally wish to take the following into account:
- The evidence and engagement from the trade on this occasion was notably small, with no call for a general fare increase.
 - The following changes in the fare scale have taken place in recent years:
 - 2012 - 5% increase and 10 pence increase to drop rate.
 - 2013 - 3% increase and 10 pence increase to drop rate.
 - 2014 - No change
 - 2015 - No change
 - 2016 - No change
 - 2017 - 3% increase and no increase to drop rate.
 - 2018 - No change
 - 2019 – 3% increase and 10 pence increase to drop rate.
 - 2020 – No change
 - 2021 – No change
 - 2022 – 3% increase
 - 2022 – 10% increase (July mid-year exceptional review)
 - 2023 – No change

- Members are asked to set maximum levels for fares, although drivers may charge less if they wish.
- The setting of maximum fares are designed to protect the travelling public from excessive fares, and this process cannot be used to create 'affordable fares' for the public thus preventing hackney carriage drivers from making a reasonable commercial profit.

Portfolio Holder's Views

34. *“As portfolio holder I am of the view that this review has been carried out thoroughly and carefully. Consultation has been offered and due consideration given both to the drivers and the general public.*

Increases in inflation during the past year have led to difficulties for taxi drivers as for everyone else, and we look forward to a more stable situation in the future. However in light of the evidence I see no reason to alter the current fare structure, which should be retained”

Councillor Liz Wright - Portfolio Holder for Communities and Health

Contact and Email

35. Trevor Ford - Environmental Protection and Licensing Team Leader
(01233) 330 397
trevor.ford@ashford.gov.uk

APPENDIX A: Current fare table

APPENDIX B: Taxi licensing fees

APPENDIX A: CURRENT FARE TABLE

ASHFORD BOROUGH COUNCIL
AUTHORISED FARES FOR HACKNEY CARRIAGES 2022/23 (effective from 15 August 2022)

Fares for distance or time: Rate 1	£
If the distance does not exceed 465.50 yards, for the whole distance or for the first 148 seconds of waiting time	2.90
For each subsequent 142.7 yards or uncompleted part thereof	0.20
Or for each subsequent period of 45.5 seconds of waiting time or uncompleted part thereof	0.20
Fares for certain times and days: Rate 2	
a) For each hire commenced between 00:00 and 07:00	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
Fares for certain times and days: Rate 3	
c) For each hire undertaken on a CHRISTMAS DAY, BOXING DAY or NEW YEAR'S DAY	2 x Rate 1
Note: When the holiday charge (b) or (c) is payable the Night Charge (a) is NOT payable.	

Guide to average expected fares;

2 miles - £7.30
 5 miles - £14.70
 10 miles - £27.10

**Complaints about this vehicle or driver
 should be made to the Licensing Authority;**
 Ashford Borough Council, Tannery Lane, TN23 1PL
licensing@ashford.gov.uk
 01233-331111

See overleaf for further fare details

Extras - up to a maximum of £1.20	£
(a) 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. Note: For the purposes of counting the number of persons that the vehicle is licensed to carry, 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.	0.20
(b) for each article of luggage conveyed outside the passenger compartment of the carriage	0.05
(c) for perambulators	0.05
(d) for dogs (but excluding assistance or guide dogs)	0.10

Rates calculated by time

When the hirer expresses his desire to engage a hackney carriage by time, then the rate of fare shall be calculated by time, such rate or fare being agreed in advance.

Journeys outside Council's area

Fares to destinations outside the Ashford Borough area may be negotiated prior to commencement of the journey, but the fare charged must not exceed the above tariff. If no such agreement is reached then the meter fare only must be charged.

Complaints

Complaints about this vehicle or driver should be made to the Licensing Authority
 Ashford Borough Council, Civic Centre, Tannery Lane, Ashford, Kent, TN23 1PL
licensing@ashford.gov.uk 01233-331111

See overleaf for further fare details

**APPENDIX B: HACKNEY CARRIAGE AND PRIVATE HIRE LICENSING FEES
2024/25**

	PROPOSED FEES 2024/25
Private Hire & Hackney Carriage Drivers Licence (for 1 year)	£97.00
Private Hire & Hackney Carriage Drivers Licence (for 3 years)	£200.00
Additional driver's licence (adding a licence)	£39.00
Hackney Carriage Knowledge Test & Re-test	£74.00
Replacement badge / Licence	£15.00
Vehicle Licence - New or Renewal (including plate) for 1 year	£346.00 New £305.00 Renewal
Vehicle Plate Internal / External	£26.00
Transfer of Vehicle Licence (with or without vehicle plate)	£48.00
<i>Vehicle Inspection - Test Fee (set by contract)</i>	£32.00
<i>Vehicle Inspection - Missed Appointment (set by contract)</i>	No charge
Private Hire Operators Licence - New or Renewal (for 5 years)	1-3 vehicles : £210 4-10 vehicles : £620 11-20 vehicles : £1170
To increase number of vehicles licensed during duration of Operators Licence	1-3 : N/A 4-10 : £436.00 11-20 : £588.00
Fee for Returned (Bounced) Cheques	£22.00