

Agenda Item No: 5

Report To: LICENSING, HEALTH AND SAFETY
COMMITTEE



Date of Meeting: 15 January 2019

Report Title: REVIEW OF THE HACKNEY CARRIAGE FARE SCALE

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Portfolio Holder: Cllr. Bradford
Portfolio Holder for: Community Safety and Wellbeing

Summary: To recommend to Council a hackney carriage fare scale for 2019/20 in line with the information and evidence available to the committee, which may be

- A decrease to the current tariffs, including percentage change
- No change
- An increase to the current tariff, including percentage change

Key Decision: NO

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

Recommendations: **That the Licensing, Health and Safety Committee recommends to Council a fare scale for the purpose of issuing a public notice for the hackney carriage fares.**

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 direct financial impact on the Council

Legal 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.

Equalities Impact Not required because the setting of fares in relation to this

Assessment	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:	None
Exempt from Publication:	NO
Background Papers:	None
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REVIEW OF THE HACKNEY CARRIAGE FARE SCALE

1. The report reviews the hackney carriage fare scale and outlines the consultation with the trade on this matter.
2. This report asks for the Licensing, Health and Safety Committee to recommend a fare scale for 2019/20 to Council, which may be one of the following options:
 - A decrease to the current tariffs
 - No change
 - An increase to the current tariff

Introduction and 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 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.
6. Last year Members generally considered Ashford's fares relative to other areas, and the change in the respective costs, and, recommended no change to the fare scale.

Proposal/Current Position

7. 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.
8. Fare increases are implemented by changing the initial (drop) rate and subsequent yardage rate at which the fare increases (e.g. £2.80 for the first 680 yards or 216 seconds, and subsequent rate of 20p for every 166.7 yards or 52.9 seconds)
9. The table below indicates the approximate cost of a journey for various distances on the basis of the current fare and examples of 1, 2, and 3% increases on yardage rate and 10p increase (approx. 3%) on the initial drop.

Distance	Current rate	1% increase to fares	2% increase to fares	3% increase to fares
2 mile	£6.40	£6.50	£6.50	£6.50
5 mile	£12.60	£12.90	£12.90	£13.10
10 mile	£23.20	£23.50	£23.70	£23.90

10. With regard to the current fees, Ashford Borough Councils fee of £6.40 based upon a two mile journey is rated as joint 70th to 86th highest, out of a listed 358 local authorities (as of 21 December 2017). Last year's position was joint 59th to 78th.
11. The comparison with respects to other Kent boroughs;

2 Mile Fare	Borough
£7.10	Dartford
£7.00	Tonbridge and Malling
£7.00	Tunbridge Wells
£6.80	Swale
£6.74	Sevenoaks
£6.70	Gravesham
£6.60	Medway
£6.50	Maidstone
£6.40	Ashford
£6.00	Canterbury
£6.00	Dover
£5.40	Thanet

12. Please refer to Appendix B for the national fare tables as provided by Private Hire Monthly.
13. According to the AA Fuel Price reports there was an increase in the South East's petrol fuel prices between November 2017 to November 2018 of 7.4 pence per litre. Across the year petrol prices generally increased month on month as shown below;

2017

November 120.9 pence per litre

December 121.3 pence per litre

2018

January 122.5 pence per litre

February 122.8 pence per litre

March 120.6 pence per litre

April 122.3 pence per litre

May 126.4 pence per litre

June 129.5 pence per litre

July 129.3 pence per litre

August 130.4 pence per litre

September pence per litre 132.2

October pence per litre 132.3

November pence per litre 128.3

14. Diesel is currently 136.7 pence per litre and LPG 73.9 pence.
15. According to the Office for National Statistics inflation between November 2017 and November 2018 has increased by 2.2%, based on the consumer prices index (CPI).
16. According to the latest benchmark, in 2018's third quarter the AA British Insurance Premium Index car premiums are now on average 9.9% lower than 12 months ago. Members may wish to note that the figures stated are general to car insurance premiums, rather than specialist private hire or hackney carriage insurance. No reliable 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 a reliable data source.
17. For those businesses who may operate from commercial premises, our non-domestic rates team advised that business rates increased 2.9% on 1 April 2018.
18. Research has highlighted that the last AA Motoring Costs Report available was 2014/2015. As such without a reliable source of data or evidence from the trade, further reputable information on the costs associated with running vehicles is unavailable. Again we remain open to suggestions of an alternative reputable source of data.
19. Proposals with reference to the licensing fees for 2019/20 are attached at *Appendix C*.

Implications and Risk Assessment

20. 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.

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 has occurred in two stages.
23. The first stage consisted of advising the Taxi Forum, at the 19 September 2018 meeting, of the upcoming fare setting process. At that meeting the hackney representative raised concerns about the wording of questions in the annual questionnaire. As a result, and as agreed at the meeting, the trade representatives were emailed the same day with the list of proposed questionnaire for any comments to be submitted prior to publishing of the survey. No comments were received and accordingly the survey was sent out as proposed on 27 September 2018

24. In line with this feedback, the second stage consisted of an online Survey Monkey questionnaire. This survey emailed to members of the trade, to Taxi Forum representatives for cascade, and advertised publically on the ashford.gov.uk website. This consultation opened on the 27 September 2018 and closed on the 31 October 2018.
25. Other than information to avoid duplicate responses, the questions asked by the survey were as follows;
- What percentage change are you seeking: RATE - main (yardage) rate?
 - What percentage change are you seeking: RATE - initial (drop) rate?
 - Do you have any further comments and evidence to offer to support your requested fare increase?
 - What percentage change are you seeking: EXTRAS - for each person in excess of two persons?
 - Please provide fully supported reasons to justify the proposed change to extra passenger charges
 - What percentage change are you seeking: EXTRAS - for dogs (not assistance dogs)?
 - Please provide fully supported reasons to justify the proposed change for the carriage of dogs (not assistance dogs)
 - What percentage change are you seeking: EXTRAS - Articles of luggage outside passenger compartment?
 - Please provide fully supported reasons to justify the proposed change to articles of luggage outside of the passenger compartment
 - What percentage change are you seeking: EXTRAS - for prams?
 - Please provide fully supported reasons to justify the proposed change to the charge for prams
26. In total 30 responses were received as part of the consultation process representing approximately 8% of licensed drivers. All percentages are approximate representations, as the total number of individuals in the licenced trade fluctuates.
27. The following response breakdown is provided;

What percentage change are you seeking: RATE - main (yardage) rate?

30 persons responded to this question, of which 97% wished to see an increase to the main 'yardage' rate. 3% of respondents did not wish to see a change to this rate. The average increase requested was 6% with the most commonly requested increase being 10% (11 of 30 respondents).

The number of respondents wanting to see an increase represented approximately 8% of the total licensed trade. 92% of the licensed drivers suggested either no change or did not respond.

What percentage change are you seeking: RATE - initial (drop) rate?

30 persons responded to this question, of which 87% wished to see an increase to the 'drop' rate. 13% of respondents did not wish to see a change

to this rate. The average increase requested was 5% with the most commonly requested increase being 10% (9 of 30 respondents).

The number wanting to see an increase represented approximately 7% of the total licensed trade. 93% of the total trade suggested either no change or did not respond.

Do you have any further comments and evidence to offer to support your requested fare increase?

No evidence demonstrating the increased cost was provided, however the following comments were received

- *Yes we have not had a rate increase for at least the last two years.*
- *The cost of living is increasing and my take home pay is not. I work 12 hour shifts at least 5 days a week and sometimes every day. I feel I am treading water and not keeping abreast all my bills. A modest increase could help please.*
- *I do not own my own taxi, I therefore am not asking for a rise to cover the exorbitant fuel and running costs. The news reports are saying that workers are worse off by £800 per year and this is expected to rise. I am not asking for a fare increase, I am asking for a wage increase. The council is putting obstacles to my request by demanding information that I cannot supply. It wrongly assess taxi insurance by comparing it to car insurance and is therefore thousands of £'s out. It assumes running costs on vehicles that have significantly lower mileage. The more miles you drive, the more; tyres, brake pads wheel bearings etc. you will need to replace. General valeting and deep cleaning due to soiling are more frequent. It is alright in principle charging, but you try getting any money, most of the time they spent it all. The cost for larger vehicles is even higher. Drivers are working longer and longer hours and covering more shifts. Drivers are falling asleep on the ranks, this is causing a problem on the feeder rank, we do not know when there is space on the station. More and more marriages are failing, this means the drivers suffer, the wives or partners suffer, the children suffer. Bringing in restricted hours would not be enforceable; drivers would take a shift job cleaning, shop work or the hospital for example. They would then cherry pick when to work the ranks, this would lead to a poorer service to the public. At the moment drivers are being openly rude to customers in the taxi, if they are not travelling far, this persuades them not to use that driver again. The wheelchair user stands no chance as these jobs take far to long. Customers are told that the taxi is booked or only does jobs over a certain amount. The fact that ABC shouts out about being fair to the customer is rubbish, you are being unfair because of the numerous errors you make in dealing with the taxi trade*
- *We have not had a fare increase for quite some time, where the cost of living keeps rising*
- *Fuel/insurance/parts etc have all increased year on year*
- *Fuel is at its highest level in four years. -we did not get an increase last year so will be two years since any increase. -insurance costs including ipt is at its highest. -no limit on plates being issued; which is*

affecting overall drivers takings, company and independent drivers, while living costs continue to rise.

- *The start rate is too low, causing some drivers to refuse jobs. I think it should be £3.50+ because with the new cinema and new hotel there are likely to be more short jobs and at busy times 2 jobs per hour = £7 before costs. At quiet times £3 income per hour = problems. Your assumption of car insurance and taxi insurance being the same is wrong, my wife's private car is £400 pa, my taxi is £1200pa, both Ford Mondeos*
- *Only that the fuel cost has risen considerably in the last six months, the cost of keeping my vehicle road worthy has risen since our last increase plus the day to day expenditure in our household budget including council tax that rises every year without any consultation.*
- *This is in line with current inflation predictions, disposable income is rising as is wages.*
- *To keep pace with inflation during recent years*
- *The taxi fare have been static for some years , cost living has risen my wages have not each year ee do this and each year no increases*
- *The fuel costs have increased by 30% since three years ago and that shortfall in profit needs to be covered by the fares. Also, newer more fuel efficient vehicles need to be purchased; again an extra expense that needs to be covered. Taxis do not run attract huge profits and our operation has to remain effective and adaptable. Taxis are a luxury; if people cannot afford them then of course they should not be taking them. I always go the shortest possible way to keep costs down for the customer, but my occupation has to turn a profit. Bearing in mind that wages are growing faster than they have done for many years I feel that the price needs to rise and I feel my suggestion is not unreasonable. Thank you.*
- *We have not had a rise for a few years , prices cost of living has risen, there are more taxis so less work to go around.*
- *I jut think if taxi rate are the same, in respective of the time ,all taxi farm and businesses will be busy throughout the night. (before midnight taxis are busy,but after midnight,less work,because everyone wants to go home b4 the after midnight fairs, which is making Ashford people not to enjoy their night out, but if fair was the same as day,or no midnight charges, the more people will prefer to stay longer and all businesses will benefit from it.*

In reference to these comments, some respondents do not seem aware of prior fare increases.

The Taxi Forum hackney representative previously raised concerning insurance, the use of the AA insurance premium index. The index provides a percentage change for car insurance premiums, but is not specific to taxis. We are aware of this, but as there is no specific taxi insurance premium index we have retained this data source as an indication as to the percentage change in premiums. We have requested an alternative suggestion from the trade representative, however nothing has been provided. The suggestion to

call an insurance company to find a price difference is unreliable as such comparison will vary on many factors including;

- Driver history
- Level of cover
- Location
- Vehicle insured
- Competitiveness of the insurance company called

With regards to the comments pertaining to the running costs for higher mileage vehicles, we would query the basis of these comments as the more miles that are driven the more fare that is charged, and accordingly the fare should be set at a rate so as to cover the reasonable running costs of a vehicle.

We would also highlight that with respects to increased charges between 00:00 and 07:00, the fares are maximum fares and drivers/firms are free to charge less. We encourage competition within the market, and are aware of firms in other boroughs who actively advertise 'no extra charge after midnight'.

EXTRAS - for each person in excess of two persons

25 persons responded to this question, of which 80% wished to see no increase or a reduction to this 'extra' charge. Those who did wish to see an increase represented approximately 1% of the licensed trade.

The average percentage change requested was 0% with the most commonly requested increase being 0% (16/25 respondents).

No evidence demonstrating the increased cost was provided, however the following comments were received

- *We don't do it now and people would find it confusing.*
- *The percentages for Q. 8 are not calculated correctly. If they travelled in a standard taxi the fare for more than 5 persons would be 100%, the cost of 2 vehicles. We believe that 50% is reasonable as it represents a 50% saving to the customer. It means that the customers can split the costs between more of them, as there are more passengers in the taxi. The larger the vehicle the dearer the; insurance, fuel, cleaning, initial cost, road tax, valeting, parts, labour costs. So for more expense to the owner they get the same money as a saloon driver. I have sat in the car while 6 passengers take ages to scramble through their pockets for a total fare of £4.60. They have to get their phones out and calculate the costs and divide it by 6 and work out who has change. If we don't get some help the bigger vehicles will disappear from the ranks and larger vehicle will struggle to get a taxi that can take them. This means that the most severely disabled will struggle most*
- *Not had a rise in years*
- *This fee is irrelevant 5p or 10p means nothing apart from upset customers*

- *If it's more than 4 passengers in a 5- 8 seater taxis. As this taxis more costly to buy as well as high in maintenance. Therefore I believe to minimum 20% higher than a 4 passengers with seater taxis. Hope it's helpful. Thanks*
- *Nobody charges for extra passengers. It just annoys the customers. Same as charging extra for prams and dogs and shopping bags. Though we can always start.....*

With reference to the comments received, it is our understanding that most drivers/firms do not utilise the extra charges. However we also recognise through the existence of this extra that additional passenger loading does affect fuel consumption and costs.

It should be noted that there is no policy requirement to run a larger vehicle (i.e. 5-8 seat) and accordingly those operators are free to chose to do so. It should also be noted that the newer smaller wheelchair accessible vehicles are able to accommodate the larger wheelchairs.

EXTRAS - for dogs (not assistance dogs)

25 persons responded to this question, of which 76% wished to see no increase or a reduction to this 'extra' charge. Those who did wish to see an increase represented approximately 2% of the licensed trade.

The average percentage change requested was 0% with the most commonly requested increase being 0% (16/25 respondents).

No evidence demonstrating the increased cost was provided, however the following comments were received

- *As soon as a dog has been in the car it has to be taken to a garage to be hoovered. The majority of dogs leave hair, dirt or drool in the car. Hoovering is not free and the driver is not earning while they are cleaning the vehicle. The present fare has never been changed and is far too low*
- *To cover time lost in clearing dog hair and smell from the vehicle prior to picking up next passengers*

In response to these comments, it is respectfully suggested that it would normally be unnecessary to clean a car every time a dog has been in the vehicle.

EXTRAS - Articles of luggage outside passenger compartment

25 persons responded to this question, of which 72% wished to see no increase or a reduction to this 'extra' charge. Those who did wish to see an increase represented approximately 2% of the licensed trade.

The average percentage change requested was 0% with the most commonly requested increase being 0% (16/25 respondents).

No evidence demonstrating the increased cost was provided, however the following comments were received

- *Many passengers are arriving with suitcases they can barely pull. They expect the driver to lift it into the boot. Often they arrive with numerous cases, boxes and huge bags. Ashford girls are a prime example, 1 girls equals 2 trunks (big enough for a body or 2) 3 extra large expanded suitcases, 4 bags and a holdall. They want to pay before they get out and all the loading and unloading they don't wish to pay for. That is unreasonable*
- *The load add more to fuel consumption.*

EXTRAS - for perambulators

25 persons responded to this question, of which 80% wished to see no increase or a reduction to this 'extra' charge. Those who did wish to see an increase represented approximately 1% of the licensed trade.

The average percentage change requested was -1% with the most commonly requested increase being 0% (18/25 respondents).

No evidence was provided in response to this question, and the only comment to this question was as follows.

- *So what all businesses can have more sales*

The comment is not understood.

Other Options Considered

28. It is open to the Licensing, Health and Safety Committee to apply a change (or no change) to the drop rates and yardage rate of the fare table as they deem fit, in light of the evidence and current economic information available.

Reasons for Supporting Option Recommended

29. It is proposed that the Licensing, Health and Safety Committee recommend one of the following options, including percentage change, based on the evidence available.
- A decrease to the current tariffs, including percentage change to each element
 - No change to the current tariffs
 - An increase to the current tariff, including percentage change to each element

Next Steps in Process

30. 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.

31. If no objections are received, the fare scale will take effect on 1 April 2019.

Conclusion

32. Members may wish to take the following into account:

- The responses provided as part of the consultation represented approximately 8% of licensed trade. This figure remains consistently low year on year despite efforts to encourage responses and evidence.
- 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
- Members are asked to set maximum levels for fares, although drivers may charge less if they wish.
- The price of fuel has been increased 7.4 pence per litre since November 2017.
- There has been a 2.2% increase in the rate of inflation in the last 12 months.
- Insurance premiums have decreased 9.9% over the last 12 months.
- The fare rate has slipped further down the PHTM fare table both nationally and at a county level.

Portfolio Holder's Views

33. Councillor Bradford is of the view that given one 3% increase in the last 5 years it would be appropriate, in line with continued inflation and other costs, to seek a modest increase to the fare table of 3% on the drop and yardage rates to ensure that the fares sufficiently cover the cost of operating a taxi service.

Contact and Email

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APPENDIX A: Current fare table

APPENDIX B: Private Hire Monthly – National Fares Table November 2018

APPENDIX C: Proposed taxi licensing fees 2019/20

APPENDIX D: Individual responses consultation