

BODY: LICENSING PANEL
DATE: 27th June 2003
SUBJECT: Hackney Carriage Fare Applications
REPORT OF: Head of Environmental Health

Ward(s): All

Purpose: To provide Members with an appraisal of the two applications received for hackney carriage fare increases

Contact: Gary Stevenson, Head of Environmental Health, Telephone 01323 415360 or internally on extension 5360.
E-mail address gary.stevenson@eastbourne.gov.uk

Recommendation: That the applications submitted by Eastbourne and Country and Mr M Reeves be refused.

1.0 Introduction

- 1.1 The Council exercises a discretionary power to set maximum fares for taxi journeys in the Borough. There are currently 84 licensed taxis, a limit set by the Council, and these are the only vehicles allowed to ply for hire. For journeys outside the Borough a taxi driver cannot exceed agreed tariffs unless a prior contract or agreement is reached with the passenger. The Council cannot set fares for private hire vehicles.
- 1.2 Changes to Hackney Carriage fares are normally made following the consideration of an application from the Hackney Carriage Trade. This year the Council has received two applications, one from Eastbourne and Country and the other from Martin Reeves independent proprietor both representing the Trade.
- 1.3 It is clear that a consensus has not been reached within the Trade leaving the Licensing Panel in a position of having to consider two proposals that are not immediately comparable.
- 1.4 Any fares proposal that is agreed has to be advertised in the local newspaper. Any objections lodged within 14 days of the date of the advertisement, and not withdrawn, are brought back to the Licensing Panel for consideration.
- 1.5 The Taxi and Private Hire Scrutiny Review undertaken last year concluded that in relation to future applications:
- a) Any proposal submitted should seek to simplify the current tariff and continue to encourage a greater supply of vehicles at night, particularly when the pubs and clubs close.
 - b) The Council will utilise published data from the Office for National Statistics (ONS) relating to changes in average earnings, fuel and other

motoring costs and inflation and will obtain insurance quotes as part of the assessment of the application.

- c) The application should include supporting information, in particular details of the percentage increase in earnings being sought.

2.0 Current Applications

2.1 The current and proposed tariffs are set out at Appendix 1 together with the percentage increases in a selection of journeys. Both applications seek a general increase in fares although not by a consistent percentage across all journeys.

2.2 The major changes proposed by the applications are also set out in the table at Appendix 1. In particular, the application from Martin Reeves seeks to simplify the tariff structure by amending the times at which the various Rates apply. In addition, the application also proposes the re-introduction of charging extras for additional passengers and luggage on Rate 3 and Rate 4. Extras were removed from Rate 3 in 2001 in response to the implementation of an enhanced Rate 3 (the night-time rate) to encourage more drivers to work to clear the town of people at pub and club closing time.

2.3 Supporting information has been provided by both applications. However, neither has given an indication of what impact the proposed fare increases will have on the takings of drivers as requested.

2.4 Eastbourne & Country – Supporting Information

Direct increases from previous year

Insurance – 10% (which together with licences accounts for approx. 5% of takings)

Subscriptions (to Eastbourne and Country) – 7.14% (which accounts for approx. 14% of takings)

Servicing Cots- 10% (which accounts for approx. 3.4% of takings)

Council Tax – 30%

Railway Permit (new cost for 2003) - £100

Average earnings index for October, November and December 2002 increased by 3.7%

Compensation, as agreed, for delay in implementing 2002 fare change, 1%

2.5 Martin Reeves – Supporting information

Fuel – Although motor fuel fluctuates weekly, sometimes daily, it has remained approximately the same cost per litre as 2002

Motor Insurance - Motor insurance for taxis is generally handled by specialist companies, and in some cases has risen by 10.5% in the past year.

Road Fund Licence - In the April Budget, Road Fund Licences increased by 3%

Vehicles – Since the decision to have all taxis and private hire vehicles white

in colour, it is sometimes difficult to obtain a suitable white vehicle, and with this knowledge vehicle traders have put a premium on them.

Vehicle Servicing – Vehicle servicing varies from garage to garage, it is quite normal to be charged up to £75 per hour labour charge, although during the past year one garage in particular has raised its hourly rate to £90.00, an increase of 20%.

National Insurance Contributions – National Insurance contributions have increased this April by another 1%

General Cost of Living – The cost of living has risen by 2.9% during the past year, and specific items continue to rise by far greater increases. The Community Charge (sic) for example increased by 23.8% in Band D.

Taxi Fare Increases – It is necessary to increase fares annually to keep pace with inflation. The 2002 fare change submitted by Eastbourne & Country Taxis, was barely an increase at all, and this should be borne in mind when determining the 2003 proposals.

2.6 **Official Data**

2.7 The following data has been collated to give an indication of changes in costs and average earnings.

2.8 The Office for National Statistics ONS Monthly Digest May 2003 Number 689 gives data for the 12 months to March 2003

Retail Price Index: 2.4%

Motoring Expenditure: 0.8%

Average Earning Index for the services sector: 3.7% (average for October, November and December 2002)

2.9 The Department for Transport publication British Transport Statistics 2002 Provides details of diesel prices as at April each year. The June 2003 figure has been provided from local knowledge.

Diesel Prices (April, price per litre)

1999	2000	2001	2002	2003 (June)
73.2	81.1	77.3	76.9	73.9

2.10 Maintenance Costs

Three local garages have been contacted to identify changes to maintenance costs. Increases quoted were 2.5%, 3% and 4%, the latter garage advised that a 15-20% discount is given to taxi and private hire drivers.

2.11 Transport for London – Public Carriage Office

In a press release on 14th February 2003 the Mayor of London announced that the Monday to Friday daytime and late night London Taxi fare should rise by 2.25%.

3.0 **Consultations**

3.1 To-date consultation has been limited to the exchange of correspondence and conversations with both applicants. A copy of this report will be provided to all hackney carriage proprietors and drivers to enable them to comment on the proposals. Any comments received will be reported at the meeting.

4.0 Human Resource and Financial Implications

4.1 There are no net financial implications for the Council as the cost of administering the Licensing service is recovered via the licence fees. However, the additional time taken to assess two applications has diverted resources away from other licensing activities.

5.0 Community Safety Issues

5.1 Taxis provide a safe means of transport for passengers and assist in clearing town of people at pub and club closing time.

6.0 Anti-Poverty Implications

6.1 The setting of maximum fares should balance the needs of drivers and the fare paying public. People in lower income groups make the most taxi trips (DETR), therefore the increase in fares must take this into account.

7.0 Environmental, Youth and Human Rights Implications

7.1 There are none.

8.0 Summary of Options

8.1 Only one application can be approved although at this stage the Licensing Panel could refuse or defer both applications and instruct officers to work with The Trade to formulate a new proposal.

9.0 Conclusion

9.1 It is clear that the Hackney Carriage Trade has not reached a consensus on the issue of fare changes. Both applications seek to increase fares by various percentages above the current rate of inflation, particularly for shorter journeys that make up the majority of journeys, and this is not supported by Officers. The preference would be for a transparent single percentage rise across all fares.

9.2 Martin Reeves' application seeks to simplify the tariff structure and Officers support this however the proposal to re-introduce the charging of extras on Rates 3 & 4 is not supported.

Gary Stevenson
Head of Environmental Health

Background Papers:

The Background Papers used in compiling this report were as follows:

1. The Office for National Statistics ONS Monthly Digest May 2003 Number 689
2. The Department for Transport publication British Transport Statistics 2002
3. DETR Taxi and Private Hire Use in Great Britain Fact Sheet No. 9; March 2001

To inspect or obtain copies of background papers please refer to the contact officer listed above.

(document reference) Licensing Panel 27.6.03 – Taxi Fares

Comparison of Existing and Proposed Tariffs

Eastbourne & Country

Rate	Current Tariffs	Eastbourne & Country	Key changes
Rate 1 07:00 to 21:00 Everyday	£1.80 start £2.90 for first mile then £1.10 per mile up to 5 miles £1.40 per mile thereafter Waiting time 10p for 30 seconds after 2 minutes Extra charges apply for passengers luggage and pets	£1.80 start £3.30 for first mile then £1.00 per mile up to 5 miles £1.50 per mile thereafter Waiting time 10 for 30 seconds after 2 minutes Extra charges apply for passengers luggage and pets	The rate for the first mile is increased by 40p or 13.8% The subsequent rate per mile for journeys up to 5 miles is reduced by 10pence per mile. The cost of journeys of 1, 2, 3 and 4 miles will therefore increase by 13.8%, 7.5%, 4% and 1.5% respectively. The fare increases are loaded to the shorter journeys that make up the majority of journeys taken. A journey of 5 miles will remain the same and a journey of 8 miles will increase by 0.8%
Rate 2	Mileage as Rate 1 plus 30p on start	Mileage as Rate 1 plus 30p on start	Rate 2 is linked to Rate 1 therefore the above changes apply.

Rate	Current Tariffs	Eastbourne & Country	Key changes
05:00 to 07:00 and 21:00 to 00:00 and All day Sunday and bank holidays	Waiting time as Rate 1 Extra charges apply for passengers luggage and pets	Waiting time as Rate 1 Extra charges apply for passengers luggage and pets	
Rate 3 00:00 to 05:00 everyday	Start £2.40 £3.87 for first mile then £1.47 per mile up to 5 miles £1.70 per mile thereafter Waiting time 10p for 25 seconds after 2 minutes No extras	Start £2.40 £4.40 for first mile then £1.33 per mile up to 5 miles £1.80 per mile thereafter Waiting time 10p for 25 seconds after 2 minutes No extras	The rate for the first mile is increased by 53 pence or 13.7%. The subsequent rate per mile for journeys up to 5 miles is reduced by 14 per mile. The cost of journeys of 1, 2,3 and 4 miles will therefore increase by 13.7%, 7.3% 3.7% and 1.3% respectively. Again, the fare increases are loaded to the shorter journeys A journey of 5 miles will remain the same and a journey of 8 miles will increase by 1.8%
Rate 4 00:00 Christmas Eve until 05:00 27 th December and 00:00 New	Double Rate 1 No extras	Double Rate 1 No extras	Rate 4 is linked to Rate 1 therefore the increases to Rate 1 will apply

Rate	Current Tariffs	Eastbourne & Country	Key changes
Years Eve until 05:00 New Years Day			
Rate 5 Multi Purpose Vehicle	Mileage rates are an additional 50% of above rates when carrying 5 or more passengers No extras	Mileage rates are an additional 50% of above rates when carrying 5 or more passengers No extras	Rate 5 is for MPV's carrying 5 or more passengers and the Rate is linked to the Rates above.

Martin Reeves - Independent

Rate	Current Tariffs	Martin Reeves – Independent		Key changes
<p>Rate 1 06:00 to 23:00 Monday to Saturday</p>	<p>£1.80 start £2.90 for first mile then £1.10 per mile up to 5 miles £1.40 per mile thereafter</p> <p>Waiting time 10p for 30 seconds after 2 minutes</p> <p>Extra charges apply for passengers luggage and pets</p>	<p>Rate 1 06:00 to 23:00 Monday to Saturday</p>	<p>£1.80 start £3.20 for first mile then £1.20 per mile up to 5 miles £1.50 per mile thereafter</p> <p>Waiting time 10p for each completed period of 30 seconds</p> <p>Extra charges apply for passengers luggage and pets</p>	<p>The applicant has indicated that if agreed a further application would not be submitted until May 2005.</p> <p>The major change is to the times at which Rate 1 will apply.</p> <p>Rate 1 would apply from 06:00 to 23:00 Monday to Saturday thereby reducing the number of Rates that apply in the day. Currently Rate 1 applies 07:00 to 21:00 Monday to Saturday with Rate 2 being used for 05:00 to 07:00 and 21:00 to 00:00</p> <p>The rate for the first mile is increased by 30 pence or 10.3%</p> <p>The subsequent rate per mile for journeys up to 5 miles is increased by 10 pence per mile.</p> <p>The cost of journeys of 1, 2,3 and 4 miles will therefore increase by 9.4%, 10%, 9.8% and 9.7.5% respectively.</p> <p>A journey of 5 miles will increase by 70p (9.6%) and a journey of 8 miles will</p>

Rate	Current Tariffs	Martin Reeves – Independent		Key changes
				<p>increase by 80p (6.8%)</p> <p>The waiting time charge will start immediately rather than after the first two minutes of waiting which will lead to a maximum increase of 40 per journey subject to stationary traffic or other waiting time.</p>
<p>Rate 2</p> <p>05:00 to 07:00 and 21:00 to 00:00 and All day Sunday and bank holidays</p>	<p>Mileage as Rate 1 plus 30p on start</p> <p>Waiting time as Rate 1</p> <p>Extra charges apply for passengers luggage and pets</p>	<p>Rate 2</p> <p>06:00 to 23:00 on Sunday and Bank Holidays</p>	<p>£2.10 start £3.50 for first mile then £1.20 per mile up to 5 miles £1.50 per mile thereafter</p> <p>Waiting time 10p for each completed period of 30 seconds Extra charges apply for passengers luggage and pets</p>	<p>The major change is to when Rate 2 will apply. It is proposed that it only applies on Sunday and Bank Holidays between the hours of 06:00 and 00:00</p>
<p>Rate 3</p> <p>00:00 to 05:00 everyday and</p>	<p>Start £2.40 £3.87 for first mile then £1.47 per mile up to 5 miles £1.70 per mile thereafter</p> <p>Waiting time 10p for 25 seconds after 2 minutes</p>	<p>Rate 3</p> <p>23:00 to 06:00 everyday and</p>	<p>Start £2.40 £3.90 for first mile then £1.60 per mile up to 5 miles £1.80 per mile thereafter</p>	<p>The major change is that the proposed Rate 3 will start an hour later at 23:00 and end an hour later at 06:00 simplifying the fare structure. However, the re-introduction of extras is proposed. Extras were removed from Rate 3 in 2001 in return an enhanced</p>

Rate	Current Tariffs	Martin Reeves – Independent		Key changes
<p>Christmas Eve and New Years Eve 18:00 to 00:00 and 05:00 to 00:00 New Years Day</p>	<p>No extras</p>	<p>Christmas Eve and News Year Eve 18:00 to 00:00 and 06:00 to 00:00 New Years Day.</p>	<p>Waiting time 10p for each completed 30 second period</p> <p>Extra charges apply for passengers luggage and pets</p>	<p>mileage rate in order to encourage more drivers to work at night</p> <p>The proposed rate for the first mile is almost the same as existing.</p> <p>The subsequent rate per mile for journeys up to 5 miles is increased by 13 pence per mile.</p> <p>The cost of journeys of 1, 2,3 and 4 miles will therefore increase by 0.8%, 3.0% 4.3% and 5.1% respectively.</p> <p>A journey of 5 miles will increase by 5.6% and a journey of 8 miles will increase by 3.6%</p>
<p>Rate 4</p> <p>00:00 Christmas Eve until 05:00 27th December and 00:00 New Years Eve until 05:00 New Years Day</p>	<p>Double Rate 1</p> <p>No extras</p>	<p>Rate 4</p> <p>00:00 Christmas Eve until 06:00 27th December and 00:00 New Years Eve until 06:00 New Years Day</p>	<p>Double Rate 1</p> <p>And including extras</p>	<p>The application of extras is proposed</p>
<p>Rate 5 MPV</p>	<p>Mileage rates are an additional 50% of above rates when carrying 5 or more passengers</p>		<p>Mileage rates are an additional 50% of above rates</p>	

Rate	Current Tariffs	Martin Reeves – Independent		Key changes
	No extras		when carrying 5 or more passengers No extras	