

Agenda Item No: 7 **Report No:** 40/15
Report Title: Review of the Hackney Carriage Fare Tariff
Report To: Licensing Committee **Date:** 12th March 2015
Report By: Head of Service Delivery
Contact Officer(s)-

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Purpose of Report:

To review the existing Hackney Carriage Fares adopted by Lewes District Council in October 2012.

Officers' Recommendation:

The Licensing Committee is recommended to adopt the Tariff as set out in **Appendix VII** of this report.

1. Reasons for Recommendations:

- 1.1 To ensure the business cost associated with operating Hackney Carriage vehicles is current and relevant to Lewes District Council.
- 1.2 To ensure taxi fares and charges reflect these costs and are reasonable.
- 1.3 To set a table of maximum fares (2014-2016) as required under the Local Government (Miscellaneous Provisions) Act 1976.
- 1.4 A successful balance between fares and costs will help the taxi businesses to develop successfully, provide a valuable public service and assist in developing a dynamic economy.
- 1.5 An increase in fares should maintain the income of Taxi Drivers of a comparable rate to average earnings. This aims to maintain a professional aspect to taxi drivers and seeks to encourage taxi drivers to commit to further education and job security.

2. Background:

- 2.1 Under section 65(1) of the Local Government (Miscellaneous Provisions) Act 1976, the Local Authority has the power to set the maximum fares for the hire of a Hackney Carriage vehicle.
- 2.2 The existing Hackney Carriage Fares was approved by the Licensing Committee on 1st October 2012; as shown in **Appendix I**.
- 2.3 A report was brought to the Licensing Committee on 10th November 2014 to consider revising the existing Hackney Carriage Fares and if approved to commence with a five week consultation with the trade.
- 2.4 The consultation period expired on the 19th December 2014 and the Licensing Department received 80 responses from the 295 questionnaires sent out.

3. Financial Implications on licence holders:

- 3.1 Since the fares were last approved in October 2012, the price of fuel has varied dramatically, seeing fuel prices reach between 130-140 pence in 2013. Through 2014 the fuel prices has steadily fallen to the current price of 106.32 pence per litre; see **Appendix II**.
- 3.2 Insurance prices have increased steadily, as interest rates being the lowest seen for generations means low returns for the investment market and insurers are not making money on investing premiums. Unable to make significant profit in the current economy, insurers are less concerned with business volume at a competitive rate which means higher rates to all motorists.
- 3.3 Private Hire & Taxi Insurance is more expensive than conventional cover because taxi drivers complete more miles than the average motorist, which means there is an increased statistical risk of an accident happening, and this is reflected in the price.
- 3.4 Licensees are also required by Lewes District Council to have a Garage Inspection (mechanical vehicle check) every six months at an approximate cost of £70.
- 3.5 Members will note since the fares were adopted in October 2012, the statistics issued by the RAC Foundation show that motoring expenditure, as seen in **Appendix III**, has increased with the exception of fuel which fluctuates.

4. Results of the consultation:

- 4.1 Of the 295 questionnaires sent out, Lewes District Council received 80 responses, which equates to 27%.
- 4.2 The responses received will be considered a reflection of the trade as a whole and the majority vote has been taken; **Appendix IV** details the responses received. The statistics in Appendix IV are made clearer in the report submitted in **Appendix V**.

- 4.3 79% of the trade wants the existing Hackney Carriage Fares to be amended.
- 4.4 61% of the trade wants an increase in the initial flag rate at a reasonable 20p, but despite being very close, the majority vote of 35% did not want an increase in the initial flag rate for Christmas and New Years Eve.
- 4.5 64% of the trade wants to keep the initial flag distance to 880 yards, and the distance calculation set to the mile (proposed rate divided by 10 = 176 yards).
- 4.6 The responses were very close in some sections of the tariff, with the majority vote agreeing to an increase in the Day Time and Night-Time rate but not to an increase on the Sunday rate.
- 4.7 The majority vote of 41% did not want to adopt a 'Time and a Half' tariff for the Night-time rate.
- 4.8 43% of the trade agreed to the night-time hours being amended to 23:00 to 07:00hrs, though it should be noted that this was very close, with the majority vote going in the favour of the amendment.
- 4.9 46% of the trade did not want to amend the times set for Christmas and 58% did not want to amend the times for New Years Eve.
- 4.10 60% of the trade did not want to amend the current soiling charge rate, nor did they wish to increase the soiling charge at Christmas.
- 4.11 64% of the trade did not want a booking fee.
- 4.12 53% of the trade wanted to amend the waiting time and the highest percentage of those who wanted the change voted to amend the calculation to 40 seconds but retain the 20p charge.
- 4.13 The first proposed Hackney Carriage Tariff, reflecting the views of the trade, is displayed in **Appendix VI**.

5. Officers Observations:

- 5.1 When going with the majority vote, there will always be inconsistencies which require consideration. The tariff constructed from the responses above, as shown in Appendix VI, shows an increase in the initial flag rate of 20p except for Christmas and New Year's. There is also an increase in the mile rate of 20p (40p at Christmas and New Year) with no change to the Sunday rate.
- 5.2 The result of proposal means, Christmas and New Year's will no longer be double-time, and the further travelled on a Sunday will ultimately become cheaper than the Day Time rate.
- 5.3 In an effort to structure the table, I propose two tariffs for consideration as shown in **Appendix VII** and **Appendix VII**.
- 5.4 **Appendix VII** shows an increase to the Sunday flag rate by 10p, rather than the 20p as recommended by the trade. The reason for my proposal is the

majority of the trade wanted an increase, but if you reflect on the responses shown in Appendix IV, a good proportion of the trade wanted this Flag Rate to remain the same. We can then implement the same mile rate across the tariff (this proposal is for £2.20 = 22p per 176 yards) which would increase the Sunday rate above the Day Time rate, but keep the costs within a reasonable level. The Christmas and New Year's flag rate has been amended to £6.00 as this is a true reflection of double time.

- 5.5 **Appendix VIII** shows the same increase to the Sunday flag rate by 10p, but changes the proposed mile rate from £2.20 to £2.10 (21p per 176 yards). The responses were very close, as shown in Appendix IV, with the majority vote requesting an increase, and 10p is still an overall increase but retains a more competitive rate. The Christmas and New Year's flag rate has also been amended to £6.00 as this is a true reflection of double time.

6. Survey of National Fares:

- 6.1 The 'Table of Fares for England' published by the Private Hire & Taxi Monthly magazine (November 2014) shows that based on the two mile fare, shown in **Appendix IX**, the National tariff charges vary from £7.60 (London Heathrow) to £2.80 (Bolsover District Council).
- 6.2 The National average fare is £5.62 and the Southern average fare is £6.13.
- 6.3 Lewes District Council is currently placed 145th out of 365 nationally in the 'Table of Fares' with the 2 mile rate of £5.80.
- 6.4 If the Licensing Committee agrees to the amend the existing tariff, Lewes District Council would be placed 64th with a 2 mile rate of £6.30 (Appendix VI and VII) or 94th with a 2 mile rate of £6.15 (Appendix VIII); this is based on the assumption there have been no other fare changes by Local Authorities.

7. Comparison with Local Fares (Sussex):

- 7.1 The following table denotes the proposed Lewes District Council fares in comparison with other Councils in Sussex.

	2 Miles
Proposed Fare VI	£6.30
Proposed Fare VII	£6.30
Proposed Fare VIII	£6.15
Sussex Average	£6.35

- 7.2 This demonstrates how competitive the proposed Lewes District Council fares are, they are lower than the average for the rest of the Sussex Authorities.
- 7.3 Compared to the Southern average set in the 'Table of Fares for England' published by the Private Hire & Taxi Monthly magazine (November 2014), as shown in Section 6.2 of this report, the Sussex average is 22p higher than the rest of the Southern authorities.

8. Options

- 8.1 In determining this report, members are advised the following options are available to them:
- a) To grant in full the proposed amendment as shown in **Appendix VI** (68p above National average, 17p above Southern average and 5p below the Sussex average).
 - b) To grant in full the proposed amendment as shown in **Appendix VII** (68p above National average, 17p above Southern average and 5p below the Sussex average).
 - c) To grant in full the proposed amendments as shown in **Appendix VIII** (53p above National average, 2p above Southern average and 20p below the Sussex average).
 - d) To refuse any amendments to the existing Tariff as shown in **Appendix I** (18p above National average, 33p below Southern average and 55p below the Sussex average).
 - e) To propose an alternative tariff, taking into consideration the information which has been provided within this report.

9. Time table for consultation

- 9.1 If members agree to approve an increase in existing tariff, the proposed tariff will need to be published in a local newspaper to allow objections to be received, for a minimum period of fourteen days.
- 9.2 If objections are received these will be submitted for consideration by the committee at the next meeting, date to be determined.
- 9.3 The timetable for the public consultation shall be as follows:
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| • Licensing Committee agreed on proposed tariff | 12 th March 2015 |
| • 14 day consultation period begins | 16 th March 2015 |
| • 14 day consultation periods expires | 1 st April 2015 |
| • If no objections received, fares come into operation | 1 st April 2015 |
| • If objections received, Summary of Objections presented to the Licensing Committee | To be determined |
| • If objections received, Licensing Committee to consider whether to amend the proposed tariff | To be determined |
- 9.4 Following the comments made at the Environmental Review Board in August 2001, the proposed tariff will be published in the following local papers:
- Sussex Express
 - Seaford Gazette

Financial Implications:

This consultation has no direct financial implications. The cost of advertising the amended 'Table of Fares' in a local newspaper will be taken from funds already reserved in the Taxi Licensing Budget.

Legal Implications:

The Legal Services Department has made the following comments:

Until 2013, all licensing fees have been set by Cabinet. Recent legal advice however has recommended that in future, the setting of all licensing fees, including taxi fares should be a function of the Licensing Committee. This is because the Local Authority (Functions & Responsibilities((England) Regulations 2000 state that the function of determining the terms of any approval, consent, licence, permission or registration or of imposing any condition, limitation or other restriction on such licenses etc. should not be a function of the Executive (Cabinet). The responsibility for fee and fare setting has always been somewhat of a grey area.

Whilst the regulations make it clear that determining the terms and conditions of any licence is the function of a Licensing Committee (unless delegated to an officer), the responsibility for setting the level of fees and fares was less clear. However expert opinion in the field is now unambiguous and it is clear that the setting of licence fees/ fares should also be the function of the Licensing Committee and not the Executive.

Sustainability Implications:

I have completed the Sustainability Implications Questionnaire and there are no significant effects as a result of this recommendation.

Equality Screening:

I have completed the Equalities Implications Questionnaire and there are no significant effects as a result of these recommendations.

Background Papers:

Previous report and Appendices are attached to this report.

Appendices:

Appendix I:	Existing Hackney Carriage Tariff (October 2012)
Appendix II:	Fuel Prices (Department of Energy & Climate Change)
Appendix III:	Motoring Costs (RAC Foundation)
Appendix IV:	Consultation Statistics (Excel Document)
Appendix V:	Consultation Response Report
Appendix VI:	Proposed Tariff (1): Trade recommendations
Appendix VII:	Proposed Tariff (2): Amendments to trade recommendations
Appendix VIII:	Proposed Tariff (3): Amendments to trade recommendations
Appendix IX:	National Table of Fares