

NON EXEMPT

HAVANT BOROUGH COUNCIL

Licensing Committee

12 June 2013

PROPOSED HACKNEY CARRIAGE FARE INCREASE

Report of: The Licensing officer

FOR DECISION **YES**

Environment and Neighbourhood Quality Portfolio: Councillor Collins

Key Decision: **N/A**

1.0 Purpose of Report

1.1 The purpose of this report is to consider a possible increase in Hackney Carriage fares.

2.0 Recommendation

2.1 That the Members decide which of options 1 to 5, as set out in paragraphs 4.9 to 4.13, they wish to pursue.

3.0 Summary

3.1 The licensing team was formally approached by a Hackney Carriage driver with a request for an increase in the fares that are charged.

3.2 A consultation of the members of the Hackney Carriage trade was conducted and out of forty possible responses, ten were in favour of an increase and ten were against it. The positive responses received are shown at appendix A and the negative responses at appendix B. The last fare increase was implemented in September 2008.

3.3 Currently a two mile journey in a Hackney Carriage licensed by Havant Borough Council costs a maximum of £5.40. The national average for a two mile Journey at the moment is £5.52 and the average amongst the Hampshire Licensing Authorities is £5.83.

3.4 The options detailed in this report are as follows:

- 1) No fare increase to be implemented.
- 2) 40 pence added to the flag drop for first 171 metres or part thereof and subsequent increments at 190 metres.
- 3) 20 pence added to the flag drop for first 171 metres or part thereof and subsequent increments at 190 metres.
- 4) 40 pence added to the flag drop for first 171 metres or part thereof.
- 5) Not to fix the maximum fare for hackney carriages.

4.0 Subject of Report

- 4.1** Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 states that “a District Council **may** fix the rates or fares within the district as well for time as distance, and all other charges in connection with the hire of a vehicle or with the arrangements for the hire of a vehicle, to be paid in respect of the hire of hackney carriages by means of a table (hereafter in this section referred to as a “table of fares”) made or varied in accordance with the provisions of this section.”)
- 4.2** By ‘fixing’ the fares, the Council is effectively setting the maximum fare that hackney carriages can charge. Legally, hackney carriage drivers may charge less than this rate but may not charge more than this rate. In practice, it is customary for hackney carriage drivers to set the fares at the rate fixed by the Council.
- 4.3** There is no requirement to consult with the trade but it is considered good practice to do so.
- 4.4** A survey of the 40 hackney carriage drivers was carried out but there was no consensus of opinion. Only 20 drivers returned the survey form of which 10 were for a change and 10 against a change.
- 4.5** From the drivers against the fare increase, the consensus of opinion was that the charges made by Hackney Carriages are already more than the fares charged by private hire operators and any further increase would result in further loss of business by further reducing the small amount of customers currently using their services.
- 4.6** The drivers in favour of an increase had the general opinion that there has not been a fare increase for 5 years and other charges, such as licence fees and fuel costs, have increased steadily over that same period.
- 4.7** From those drivers in favour of an increase they were asked for their suggestions for the way the fare should be increased. Three options were suggested and are shown below as options 2, 3 and 4.
- 4.8** The following options should be considered:-

4.9 Option 1

Leave the fare charges as they are currently due to the low number of responses to the consultation. The Committee may not consider it appropriate to change the current fare maximum given that only 25% of drivers actively support an increase.

4.10 Option 2 – (4 out of 10 in favour of this option)

The request is for a 40p increase in the ‘flag drop’ from £2.40 to £2.80 which is the charge for the first 171 metres or part thereof.

Each successive increase in fare of 20p to be charged at 190 metres instead of every 210 metres.

All other charges to remain the same.

The proposed fare structure is given below with the current figures in ***bold italics***:

<u>Distance</u>	<u>Charge</u>
For the first 171 metres or part thereof (minimum charge)	£2.80 (<i>£2.40</i>)
For each succeeding 190 metres (<i>210 metres</i>) or part thereof	£0.20

Waiting Time and Extra Charges would remain unchanged.

If this option is approved, the increases would be as follows:

Proposed Hackney Carriage fare increase

Fare Comparisons

	<u>Current Fare</u>	<u>Proposed Fare</u>	<u>Increase</u>	<u>% Increase</u>
First 171 mtrs	£2.40	£2.80	£0.40	16.67%
Per mile	£1.60	£1.80	£0.20	12.5%
1 mile	£3.80	£4.40	£0.60	15.8%
2 miles	£5.40	£6.20	£0.80	14.8%

NB: These figures assume taxi is moving at all times and do not take account of any standing time, for which there is no increase applied for. This is charged at £0.20 a minute. Any waiting time during the journey would have the effect of reducing the % increase.

Figures have been rounded to the nearest whole number.

4.11 Option 3 – (2 out of 10 in favour of this option)

The request is for a 20p increase in the ‘flag drop’ from £2.40 to £2.60 which remains at 171 metres or part thereof.

Each successive increase in fare of 20p is then requested at 190 metres instead of every 210 metres.

All other charges to remain the same.

The proposed fare structure is given below with the current figures in ***bold italics***:

<u>Distance</u>	<u>Charge</u>
For the first 171 metres or part thereof	£2.60 (<i>£2.40</i>)

(minimum charge)

For each succeeding 190 metres (**210 metres**) £0.20
or part thereof

Waiting Time and Extra Charges would remain unchanged.

If this option is approved, the increases would be as follows:

Proposed Hackney Carriage fare increase

Fare Comparisons

	<u>Current Fare</u>	<u>Proposed Fare</u>	<u>Increase</u>	<u>% Increase</u>
First 171 mtrs	£2.40	£2.60	£0.20	8.33%
Per mile	£1.60	£1.80	£0.20	12.5%
1 mile	£3.80	£4.20	£0.40	10.5%
2 miles	£5.40	£6.00	£0.60	11.1%

NB: These figures assume taxi is moving at all times and do not take account of any standing time charge of £0.20 per 60 seconds, for which there is no increase applied for. Any waiting time would have the effect of reducing the % increase.

Figures have been rounded to the nearest whole number.

4.12 Option 4 – (4 out of 10 in favour of this option)

The request is for a 40p increase in the 'flag drop' from £2.40 to £2.80 which remains at 171 metres or part thereof.

Each successive increase in fare of 20p would remain at each 210 metres.

All other charges to remain the same.

The proposed fare structure is given below with the current figures in ***bold italics***:

<u>Distance</u>	<u>Charge</u>
For the first 171 metres or part thereof (minimum charge)	£2.80 (£2.40)
For each succeeding 210 metres or part thereof	£0.20

Waiting Time and Extra Charges would remain unchanged.

If this option is approved, the increases would be as follows:

Proposed Hackney Carriage fare increase

Fare Comparisons

	<u>Current Fare</u>	<u>Proposed Fare</u>	<u>Increase</u>	<u>% Increase</u>
First 171 mtrs	£2.40	£2.80	£0.40	16.67%
Per mile	£1.60	£1.60	£0.00	0%
1 mile	£3.80	£4.20	£0.40	10.5%
2 miles	£5.40	£5.80	£0.40	7.4%

NB: These figures assume taxi is moving at all times and do not take account of any standing time, for which there is no increase applied for. Any waiting time would have the effect of reducing the % increase.

Figures have been rounded to the nearest whole number.

4.13 Option 5

This option would involve removing the current maximum fares that have formally been applied. This would leave the hackney carriage proprietors free to set their own level of charges unconstrained by a maximum rate.

They would have to produce a fare card which would have to be permanently displayed and adhered to. They would continue to have their meters tested as they do currently.

The possibility of deregulating the fares was not part of the driver consultation however it is an option

Local Authorities are not obliged to fix the maximum fare but all have chosen to do so.

Should the members choose to not fix the fares it would be left to the hackney carriage proprietor / driver to set their own fare table. They would also have the option of changing the charges as and when they see fit. This would create confusion for customers and on the ranks as people look for the cheapest fare. For each change, the meter would have to be rechecked by a Council Officer in order to ensure that the correct fare is being charged in accordance with the fare tables. This could create a large increase in officer time spent testing meters.

4.14 If the Members decide not to implement a fare increase then no further action needs to be taken.

4.15 Should the Members be minded to authorise one of options 2 to 5 then the following procedure will be initiated:

1. The Solicitor to the Council be instructed to initiate the necessary statutory procedure to lead to the variation in the rate of fares as

proposed above.

2. Any objections to the above proposals following the newspaper advertisement be considered by this Committee at its next meeting.
3. If there are no objections within 28 days of the advertisement being published then the increase can be implemented at a date to be set by this Committee.

4.16 It should be noted that the meters must be calibrated to the maximum fare and the maximum fare must be displayed. However, technically a driver may still choose to charge less than that shown on the meter, by providing a discounted fare, if he wishes. It is not customary for drivers to choose to follow this course as it risks causing friction in the trade.

5.0 Implications

5.1 Resources:

HBC will have to pay approximately one hundred pounds to advertise the proposed fare change.

Subsequently, if the proposed fare change goes ahead, proprietors will have to pay for recalibration of the hackney carriage meters by a specialist at a cost of £20.00 each.

HBC Staff will be required to carry out tests to ensure that Hackney Carriage meters have been calibrated correctly to reflect any changes in the fares charged. This is about 8 officer hours.

5.2 Legal:

A statutory notice displaying any proposed increase is required to be placed in a local newspaper.

Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 provides the powers for local authorities to set maximum fares for hackney carriages.

5.3 Strategy:

The principles in the HBC corporate strategy state that:

‘Our services will be affordable for customers and sustainable for the council’ and

‘We will seek to fulfil our regulatory responsibilities with fairness and sensitivity to the needs of local businesses in a joined-up way’

5.4 Risks:

None

5.5 Communications:

Members / drivers of the Hackney Carriage trade were consulted and asked whether they wanted a fare increase. Responses are shown at appendices A and B.

5.6 For the Community:

None

5.7 The Integrated Impact Assessment (IIA) has been completed and concluded the following:

An increase in the fare charges could affect customer access to this service for economic reasons. (IIA shown at Appendix C)

5.8 Consultation

Members / drivers of the Hackney Carriage trade were consulted and asked whether they wanted a fare increase. Responses are shown at appendices A and B.

Appendix A – Copies of positive responses to the consultation.

Appendix B – Copies of negative responses to the consultation.

Appendix C – Integrated Impact Assessment

Agreed and signed off by:

Legal Services: 01/05/2013

Executive Head of Governance & Logistics: 13/05/2013

Relevant Executive Head: 13/05/2013

Portfolio Holder: N/A

Contact Officer: Steve Abolins
Job Title: Licensing Officer
Telephone: 02392 446657
E-Mail: stephen.abolins@havant.gov.uk