

# LICENSING COMMITTEE

## Hackney Carriage Fare Review 2019 29 August 2019

### Report of Licensing Manager

#### PURPOSE OF REPORT

This report is to update Members on the proposal to introduce a new fare tariff in relation to licensed hackney carriages operating in the Lancaster district.

Members of the Licensing Committee are required to refer their findings for decision to the next Cabinet meeting.

**This report is public.**

#### RECOMMENDATIONS

- (1) **It is recommended that Members consider the proposal in relation to a new fare tariff for hackney carriages operating in the Lancaster district, and;**
- (2) **Refer their findings to the next Cabinet meeting for approval.**

#### 1.0 Introduction

- 1.1 Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 makes provision for the Council to fix the rates of fares within the district for time, distance and all other charges in connection with the hire of a hackney carriage. The table of fares is attached to the inside of a hackney carriage; this allows members of the public to view all charges when hiring a vehicle
- 1.2 The current table of fares is attached at **Appendix 1**.
- 1.3 The setting of fares is an Executive function as it is not one that is listed in the Local Authorities (Function and Responsibilities) (England) Regulations 2000 and therefore falls to the Cabinet to make the decision. In its capacity as an advisory Committee to Cabinet, the Licensing Committee are required to refer any decision to Cabinet for approval.

#### 2.0 Background

- 2.1 The current method of setting hackney carriage fares is to annually apply retail price index (RPI) and ballot drivers of hackney carriages on a potential increase, asking for a Yes/No response to the proposed tariff change. Assuming that a positive response is received from the ballot to adopt the revised fare charges, the statutory requirement

for advertisement and consultation is then followed before an updated table of fares published, coming into effect on a specified date.

- 2.2 This method of reviewing fares was first adopted by this Council in February 2014 when the proposal to use the RPI model was reported to Licensing Regulatory Committee. The main reason for proposing this model for reviewing fares was that no other suitable mechanism could be found that all parties could agree on.
- 2.3 At a meeting of the Licensing Regulatory Committee on 1st June 2017, it was resolved that a review be undertaken of the mechanism for applying annual fare increases, comparing the approaches taken elsewhere at similar authorities, and the outcome be reported to the appropriate Committee. Initial results from the research were reported to a meeting of the Committee on 3rd August 2017.
- 2.4 Agreement to set up a Taxi Working Group comprising of Elected Members, Licensing Officers and taxi trade representatives was made at a meeting of the Licensing Regulatory Committee on the 22nd March 2018. One of the priorities for the group was to consider the matter of finding an appropriate mechanism for annually reviewing fare tariffs.

### **3.0 Details of Consultation**

- 3.1 The Licensing Manager has consulted the trade through the Taxi Working Group and more widely, through the trade newsletter to establish if an alternative methodology for setting fares is available; as well as researching other Licensing Authorities and observing their methodology. No standard methods have been identified across Authorities, either regionally or nationally.
- 3.2 Feedback from the trade received through the Taxi Working Group was that applying RPI (RPI) was not a true reflection of the costs associated with setting up and maintaining a business as a hackney carriage proprietor.
- 3.3 At a meeting of the Taxi Working Group on the 5th March 2019 the Licensing Manager highlighted the need for a fare review and asked representatives for suggestions. It was suggested by a member of the trade that a 20p increase on the initial "flag fall" would be most appropriate.
- 3.4 The passenger fees associated with the carriage of luggage, soiling charge and additional passenger charges were also considered by members of the Taxi Working Party. It was agreed such charges were reasonable and proportionate and no amendments were required.
- 3.5 Included at **Appendix 2** is the National Hackney Fares Table (April 2019) as published in Private Hire Monthly trade magazine. The table sets out the fare for a 2-mile journey. Highlighted are the Lancashire and Cumbrian Authorities. Fares range between £4.40 - £6.40.

Currently, two-mile journeys in Lancaster cost passengers £5.60.

The national average two mile hackney fare (tariff one) is £5.88, and as Members will see, in Lancaster, the local tariff shows that the fares are already 7th highest across Lancashire and Cumbria.

#### 4.0 Options and Options Analysis (including risk assessment)

	<b>Option 1:</b> Maintain current table of fares approved in 2017.	<b>Option 2:</b> Apply retail price index (RPI) to current flag fall.	<b>Option 3:</b> Apply 20p increase to flag fall
Advantages	Public are aware of expected fares when hiring a hackney carriage.	This seems to be a general approach across County and Country, although not a common approach to all.	Representatives of the trade supported this approach when discussed at the Taxi Working Group
Disadvantages	The current table of fares has not been reviewed since 2017.	Allows for a minimal increase only (2.1%).	The increase is not supported by an agreed or common methodology that reflects the cost of owning and operating a hackney carriage in the District.
Risks	Drivers may decide to leave the trade, if they decide that the profit is marginal.	Drivers may decide to leave the trade, if they decide that the profit is marginal.	Decrease in business for hackney carriages due to fare adjustments.

#### 5.0 Officer preferred option

5.1 Option 3

To apply an increase of 20p to the initial flag fall.

5.2 Applying the tariff increase as proposed in option 3, would seem appropriate so as to help ensure that hackney carriage proprietors receive a reasonable increase in fare income. The increase reflects necessary and proportionate adjustments, given that there were no increases in fares last year (2018) and the increase in the previous year was marginal, based on the annual RPI.

5.3 Any concerns from members of the public would be addressed through the consultation process by placing a notice in the local press proposing the revised tariff.

5.4 An amended table of fares that reflects option 3 is attached at **Appendix 3**.

#### 6.0 Conclusion

6.1 There has been no fare increase to the tariff used to calculate hackney carriage fares since 2017, when RPI was applied; that resulted in a marginal increase. In the absence of any alternative mechanism, it is intended that RPI will continue to be used as the default method to calculate increases in future years and the adjusted Tariff will be reported to Licensing Committee before making final recommendations to Cabinet.

6.2 The average two-mile journey on tariff 1 would be raised to £5.80, just below the national average.

- 6.4 As this is an Executive decision the Licensing Committee is not the decision making body so must refer this to Cabinet for their approval.
- 6.5 At a recent training event the Commercial Protection Manager spoke with James Button, President of the Institute of Licensing (IoL) regarding the variation between Licensing Authorities' methodology and approach to setting hackney carriage fares. It was agreed that there could be potential to work with the IoL and other Authorities to develop a common approach.

**CONCLUSION OF IMPACT ASSESSMENT**

**(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)**

None applicable to this report.

**FINANCIAL IMPLICATIONS**

There are no direct financial implications to the Council as a result of this report.

**SECTION 151 OFFICER'S COMMENTS**

The s151 Officer has been consulted and has no further comments.

**LEGAL IMPLICATIONS**

Pursuant to Section 65 of the Local Government (Miscellaneous Provisions) Act 1976, the advertising requirements are as follows:-

1. Putting a notice in the local paper
2. Notice must specify a date, not less than 14 days from the date that the notice is published to allow for objections and is the date, if no objections are made, that the revised fare will come into force.
3. If objections are made, and not withdrawn the Council must consider those objections and the fares then will come into effect (modified or unmodified) within 2 months of the original date.

**MONITORING OFFICER'S COMMENTS**

The Monitoring Officer has been consulted and has no further comments.

**BACKGROUND PAPERS**

None.

**Contact Officer:** Jennifer Curtis  
**Telephone:** 01524 582732  
**E-mail:** jcurtis@lancaster.gov.uk  
**Ref:** LC2