

Lancaster City Council | Report Cover Sheet

Meeting	Cabinet	Date	12 April 2022
Title	Hackney Carriage Fare Review 2022		
Report of	Licensing Manager		
Purpose of Report: Cabinet members are asked to approve the recommendation from Licensing Committee to set a new Hackney Carriage Fare Tariff.			
Key Decision (Y/N)	N	Date of Notice	Exempt(Y/N) N

Report Summary

At a previous meeting of the Licensing Committee (6th January 2022), members of that Committee proposed an amended tariff to Cabinet for decision, with the subsequent advertisement and adoption process to follow.

In considering the proposals at Cabinet on 8th February 2022 they made the following recommendation.

1. That Cabinet notes the proposal to apply uplift to flag fall across 3 tariffs by 50p and apply 10p uplift to waiting charges but does not approve advertisement of the updated table of fares at this time.
2. That Cabinet asks officers to carry out an immediate informal consultation exercise with hackney carriage drivers to gather feedback on options for increasing fares, taking into account the need to increase the rate earned per mile, and the policy position on RPI.
3. That Cabinet refers the matter back to Licensing Committee for reconsideration following the consultation exercise, including consideration of any proposals arising from hackney carriage drivers.
4. That Cabinet asks that a further report on the Hackney Carriage Fare Review be brought back to April 12th Cabinet for decision.
5. The Licensing Committee is not the decision-making body so must refer this to Cabinet for their approval.

Officers have followed the recommendation from Cabinet in undertaking an immediate informal consultation with the local licensed trade. In addition to the specified hackney carriage drivers, private hire drivers and operators were included in the consultation as decisions taken may inadvertently affect the wider trade.

The response received, in comparison with other consultation exercises facilitated by the licensing service has been exceptional. With 485 individual licence holders in the district (Drivers and Operators) the number of responses equates to under a third of licensees completing the survey.

The responses from the survey would suggest that option 2 is the preferred tariff of the licensed trade. This tariff would result in an increase to flag fall, rolling rate and amend yardage applied. Additionally, the soiling charge would be raised to a maximum of £100. In

monetary terms, the costs of smaller journeys would be subject to a minor uplift with journeys over 5 miles being subject to a 10-15% increase.
The time and a half/double time rates on this tariff would see fares raised between 10-24%.

As this is an Executive decision the Licensing Committee is not the decision-making body so must refer this to Cabinet for their approval

Recommendations of Licensing Committee

1. That Option 2 be adopted as the Hackney Carriage Fare Tariff 2022/23
2. Hackney Carriage fare reviews will be undertaken annually, by applying retail price index (RPI) across the tariff, to both flag-fall and rolling rate.
3. Any calculation resulting in pence will be round down to the nearest 5p.
4. Consultation with the local licensed trade be carried out via the taxi working group prior to the annual review, and;
5. Approve the Licensing Manager to advertise the adjusted table of fares as required by Section 65 of the Local Government (Miscellaneous Provisions) Act 1976.

Relationship to Policy Framework

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 the then Licensing Regulatory Committee.

Conclusion of Impact Assessment(s) where applicable

Climate	Wellbeing & Social Value
Digital	Health & Safety
Equality	Community Safety

Having regard to duties under s149 Equality Act 2010, no identified individual with protected characteristics will be positively or negatively affected by this increase to Hackney Carriage fares.

Details of Consultation

The approved Hackney Carriage tariff will be subject to public consultation and responses considered prior to adoption.

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.

Legal Implications	
Legal have been consulted and have no comments to add.	
Financial Implications	
There are no direct financial implications to the Council as a result of this report.	
Other Resource or Risk Implications	
There are no other resource or risk implications arising as a result of this report.	
Section 151 Officer's Comments	
The Section 151 Officer has been consulted an has no further comments.	
Deputy Monitoring Officer's Comments	
The Deputy Monitoring Officer has been consulted and has no further comments.	
Contact Officer	Jennifer Curtis
Tel	01524 582732
Email	jcurtis@lancaster.gov.uk
Links to Background Papers	
Licensing Committee Thursday 6 January 2022 Cabinet Tuesday 8 February 2022	

1.0 Report

- 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 At a meeting of the Licensing Committee (6th January 2022), members of that Committee proposed an amended tariff to Cabinet for decision, with the subsequent advertisement and adoption process to follow.
- 2.2 The recommendation considered by Cabinet at its meeting on 8th February 2022 was to apply an uplift to flag fall across 3 tariffs, by a suggested amount of 50p and apply 10p uplift to waiting charges.
- 2.3 A copy of the report considered and minutes relating to the Cabinet meeting are attached at **Appendix 2**.
- 2.4 In considering the proposals Cabinet made the following recommendation.
- (1) That Cabinet notes the proposal to apply uplift to flag fall across 3 tariffs by 50p and apply 10p uplift to waiting charges but does not approve advertisement of the updated table of fares at this time.
 - (2) That Cabinet asks officers to carry out an immediate informal consultation exercise with hackney carriage drivers to gather feedback on options for increasing fares, taking into account the need to increase the rate earned per mile, and the policy position on RPI.
 - (3) That Cabinet refers the matter back to Licensing Committee for reconsideration following the consultation exercise, including consideration of any proposals arising from hackney carriage drivers.
 - (4) That Cabinet asks that a further report on the Hackney Carriage Fare Review be brought back to April 12th Cabinet for decision.

- 2.4 The reasoning for the decision and recommendation was given as follows.

The pandemic has brought about many challenges for the licensed trade, with many choosing not to renew licenses and seek alternative employment. The licensing service are working with internal and external partners to support the trade and encourage new applicants into the profession through funding. It is therefore important the fares represent the living wage locally. In addition, any uplift would need to be balanced in terms of public expectation, anything too great would face criticism and potentially result in less work for the hackney carriage trade. The decision enables officers to undertake an immediate consultation exercise to ensure the fare review is fair and sustainable.

3.0 Consultation

- 3.1 Following the Cabinet recommendation Licensing Officers set out a 3–step plan to ensure the views of the wider trade could be considered as part of the consultation process.

Step 1 involved compiling an online survey for the licensed trade to complete. An email was sent to all hackney carriage/private hire licence holders (department mailing list).

Step 2 provided support from the covid safety team, who attended hackney carriage stands, encouraged completion of the online survey and asked for general feedback. The licensing team also attended the offices of the 3 largest private hire operations to discuss fares, receive trade insight and again encourage completion of the survey.

Step 3 was not undertaken, as uptake was high from steps 1 and 2. The intention was to facilitate an open session for licensees to attend to provide their views on the tariff options.

- 3.2 The licensing service often hear from a small minority of drivers, historically consultation and engagement from the trade has been low. It was the intention of the online survey to reach the wider licensed trade and obtain views of the majority.

Attached at **Appendix 3** are the survey questions, they could be summarised as follows.

- Should there be an increase to the tariff at this time
- What any potential increase should be applied to
- Frequency of future fare reviews
- Retail price index (RPI) as methodology
- How we apply marginal increases, rounding up/down etc
- Future engagement

In addition to the questions, 3 tariff options were presented with a brief overview of how that option would represent 1,2,3,4,5,10 and 20-mile journeys in terms of cost and % increase against the current fare.

The tariff options and cost analysis are attached at **Appendix 4**

- 3.3 A total number of 149 responses were received to the survey.

- 3.4 Following a discussion with the Cabinet member with the responsibility for Licensing Cllr Dave Brookes and the then Director of Service, Mark Davies some clarity was provided in terms of interpretation of the recommendation from Cabinet. As the approved methodology to apply retail price index (RPI) was adopted in November 2014, it was decided that a baseline RPI calculation should be undertaken, and a tariff 4 option be introduced. Option 4 presents what the tariff would be if RPI had been applied since the policy introduction in 2014.

It was therefore necessary to present the 4th Option to the trade as a follow-up survey.

- 3.5 From the initial survey responses it was identified that tariff 2 was the trade preferred option, the questions in the follow-up survey asked for a direct preference between the options 2 and 4.

The follow-up survey questions are attached at **Appendix 5**.

- 3.6 A total of 92 responses were received to the follow-up survey.

- 3.7 Full consultation responses are attached at **Appendix 6 and 7**.

- 3.8 The consultation survey was made available online from 15th February 2022 - 8th March 2022.

Responses were received from a cross section of the licensed private hire and hackney carriage trade, with the majority (145) being licensed drivers. 31 Private hire operators responded to the consultation; it was important to include all sectors of the trade in the consultation exercise as operators align their fares with the Council approved hackney fare tariff. (Many hackney carriage work for private hire operators)

- 3.9 96.6% of the 149 respondents want an increase to the current tariff with 90.6% wanting

any increase to apply to both flag-fall and the rolling rate.

Please note – Flag-fall is the amount the passenger pays upon starting a journey, rolling rate is the incremental charge in relation to distance travelled.

3.10 63.2% felt a review of the tariff should be undertaken annually and 23.6% felt every 2 years was most appropriate. 69% believed that retail price index (RPI) should be used in future years when calculating any tariff increases. 86.6% thought that future increases should be in line with this years review and apply to flag-fall and rolling rate.

3.11 In previous years when RPI has been used to calculate increases to the hackney carriage tariff it has resulted in pence being added to the flag-fall and rolling rate, something that the trade has opposed. This is due to the need to carry loose change/pennies. 80% of respondents said that any increase should be rounded up to the nearest 10p. Members could consider setting any increase to what the amount applies too, this would then be for each driver to determine whether to carry the loose change and determine whether to round-down any fare to the nearest 5/10p.

Please note – Drivers could not round-up a fare, it is illegal to charge more than a metred fare for a journey.

3.12 The tariff options set out in **Appendix 4** can be described as follow.

Tariff 1 – Uplift of 50p to flag-fall across 3 tariffs and apply 10p uplift to waiting charges

Tariff 2 – Increase to flag fall, rolling rate and amend yardage applied

Tariff 3 – Applying Retail Price Index (RPI) at the current rate 7.8%

82.3% of respondents preferred option 2.

3.13 As referenced at 3.4, a further tariff option was compiled, and further consultation introduced. This survey was made available from 1st March 2022 – 8th March 2022.

Tariff 4 – Applying baseline Retail Price Index (RPI) at 22.25%

84.8% of the 92 respondents preferred option 2.

3.14 **Appendix 8** is a table of the cost of 2-mile journeys, across Lancashire and Cumbrian Authorities. It is important to note the comparisons with neighbouring authorities.

4.0 Options and Options Analysis (including risk assessment)

	Option 1: Uplift of 50p to flagfall across 3 tariffs and apply 10p uplift to waiting charges as set out in Appendix 4	Option 2: Increase to flag fall, rolling rate and amend yardage applied as proposed by the licencing trade and set out in Appendix 4	Option 3: Applying Retail Price Index (RPI) at the current rate 7.8% as set out in Appendix 4	Option 4: Applying baseline Retail Price Index (RPI) at 22.25% as set out in Appendix 4
Advantages	Passengers are aware of the maximum increase to journey	Represents rising fuel/insurance costs Widely supported by the trade (82%)	Minimal uplift for public across the tariff.	Represents baseline position, sets out what the tariff would look like if policy to apply RPI had been applied since adoption of the policy in Nov 2104.

Disadvantages	No increase to rolling rate – minimal uplift for trade Trade unresponsive of this tariff	Increase for public too great, uplifting flag-fall, rolling rate and waiting times. Amending yardage may confuse or alarm passengers as metre will change every 1/10 mile	Applying 7.8% does not represent true RPI rate as changes monthly; consistent approach needed. eg, use Nov RPI rate. Drivers need to carry pennies or round down fares	Increase for public too great uplifting flag-fall, rolling rate and waiting times Drivers need to carry pennies or round down fares Most expensive for first 2-mile when comparing with Lancashire/Cumbrian authorities
Risks	Tariff does not represent rising fuel/insurance costs Drivers may leave the trade to find alternative employment	Public use alternative public transport	Tariff does not represent rising fuel/insurance costs	Public use alternative public transport

4.1 Members of Licensing Committee considered the 4 tariff options, the advantages, disadvantages and risks associated with each both in terms of public perception and how it would affect the licensed trade at a time of increased fuel costs and rising cost of living.

4.2 Members considered the consultation responses and preferred tariff of the licensed trade and recommend that option 2 is approved as the Hackney Carriage Fare Tariff for the year, along with commitment to an annual review of the tariff by way of application of retail price index (RPI) to both flag fall and rolling rate, rounding down figures to the nearest 5p.

4.3 Future reviews should be considered by the taxi working party before any amended tariff is presented to Licensing Committee. This will allow for consultation with representatives of the licensed trade.

5. Trade engagement

5.1 There has been an exceptional response to the survey, it has proved useful to gauge the opinion of the majority of licence holders. Feedback from the survey suggests that any future engagement should be via email with 89% of respondents stating that was their preferred contact method. Internal mailing lists have been updated with data collected from the survey.

5.2 The taxi working party remains the proactive group tasked with discussing/finding resolutions to matters affecting the local trade. It was identified as important to update the working party cohort and approach the trade for representative to attend and represent the views of the hackney carriage and private hire trades. The Chairman of Licensing Committee requested a report be prepared for the next Licensing Committee with a view to updating the membership of the Taxi Working Party. Additionally, areas of focus for the group will be reviewed.