

Licensing Committee

Hackney Carriage Fare Review 2022

6 January 2022

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 is 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 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.
- 2.5 The Licensing Manager 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.
- 2.6 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.
- 2.7 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. 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.
- 2.8 It was agreed at a further meeting of the Licensing Committee on August 29th 2019 and subsequently approved by Cabinet to apply 20p increase to flag fall. This increase came into effect on 1st November 2019.

3.0 Current Position

- 3.1 There has been no fare review or uplift in hackney carriages fares since 2019. It would be fair at this time, to review all fares associated with the tariff, including flag fall, waiting times, soiling charge and booking fees.
- 3.2 No appropriate methodology has been identified, yet feedback has been received from the trade highlighting frustrations at current fees and charges associated with being a licensed driver. It was suggested that applying RPI is not representative of the cost of running a licensed vehicle, rising fuel and insurance costs are also a relevant factor for consideration.

3.3 The pandemic has brought about many challenges for the licensed trade, with many choosing not to renew licences 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.

4.0 Options and Options Analysis (including risk assessment)

4.1 Officers have calculated average 1-, 5- and 10-mile journeys using a variety of uplift options, including increasing rolling charges. By increasing the rolling charges by a marginal amount (10p) over these distances creates a significant raise in fare costs between 20-30% for the travelling public.

4.2 It is thought more appropriate to increase waiting times, by increasing this to 20p per 40 seconds or uncompleted part thereof. There is no suggestion that the maximum soiling charge (£75.00) need adjustment, as it is comparable with neighbouring authorities and would reflect the cost of a valet/time spent off the road through a soiling incident. The additional passenger and luggage costs should remain at 20p, respectfully.

	Option 1: Maintain current table of fares approved in 2019.	Option 2: Apply retail price index (RPI) to current flag fall.	Option 3: Apply uplift to flagfall across 3 tariffs. Suggested 50p and apply 10p uplift to waiting charges	Option 4: Deregulate fare setting
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.	Trade receives an uplift, proportionate to current climate.	Allows licensed trade to calculate their own fares, they may be best placed to calculate costs.
Disadvantages	The current table of fares does not represent rising fuel and insurance costs.	Allows for a minimal increase.	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.	Licensing Authority has no control on charges passed to the public. May create confusion as fares could vary across the trade.

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.	Lack of public confidence in use of Hackney Carriages due to unknown charges. Varying charges between proprietors creating confusion
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5.0 Officer preferred option

5.1 Option 3

1. Apply uplift to flagfall across 3 tariffs, suggested 50p and apply 10p uplift to waiting charges.

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 has been no increases in fares since 2019 and the increase 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 2019, when 20p was added to the flag fall. In the absence of any alternative mechanism, it is most appropriate to apply a similar process by way of uplift to flag fall and waiting time.

6.2 Should the tariff be approved, It is intended that RPI will be used as the default method to calculate increases annually and every 3 years a full review of the tariff be undertaken by the taxi working party. The adjusted tariff will be reported to Licensing Committee before making final recommendations to Cabinet.

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

CONCLUSION OF IMPACT ASSESSMENT

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

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FINANCIAL IMPLICATIONS

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

SECTION 151 OFFICER'S COMMENTS

Not applicable

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

Not applicable

BACKGROUND PAPERS

None.

Contact Officer: Jennifer Curtis

Telephone: 01524 582732

E-mail: jcurtis@lancaster.gov.uk

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