

# Licensing Committee

## Hackney Carriage Fare Review 2022

7 April 2022

### Report of Licensing Manager

#### PURPOSE OF REPORT

Following the recommendation of Cabinet set out in this report, Members of Licensing Committee are asked to consider consultation responses from the licensed trade regarding hackney carriage tariff options and consider the frequency and mechanism for fare setting in future years.

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 consultation responses and tariff options and determine the fare tariff for 2022/23, and;
- (2) Consider the frequency and mechanism for hackney carriage fare setting in future years, and;
- (3) Refer their conclusion and recommendation 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 At a previous meeting of the Licensing Committee (6<sup>th</sup> January 2022), members of 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 8<sup>th</sup> 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 12<sup>th</sup> 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 i.e Flag fall, rolling rate or both?
- Frequency of future fare reviews
- Whether to apply 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 Cllr Dave Brookes the Cabinet member with the responsibility for Licensing and 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 agreed that a baseline RPI calculation should be undertaken, and a tariff 4 option be introduced. Option 4 represents what the tariff would be if RPI had been applied since the policy introduction in 2014 across the full tariff table including flag fall and rolling rate.

It was therefore necessary to present the 4<sup>th</sup> 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 15<sup>th</sup> February 2022 - 8<sup>th</sup> 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. For

completeness and maximum trade consultation it was considered important to include all sectors of the trade in the consultation exercise and Private hire operators and drivers were also sent the questionnaire. Private hire operators align their fares with the Council approved hackney fare tariff and many hackney carriage proprietors also work for private hire operators. 31 Private hire operators responded to the consultation.

- 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.

*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 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 penny increases to the flag-fall and rolling rate, something that the trade has objected to. 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.

If the committee chose to apply the exact increase when RPI is applied instead of rounding up or down, each driver would then be given the option to determine whether to carry the loose change or determine whether to round-down any fare to the nearest 5/10p.

*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 (as proposed by a licensed driver)

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 1<sup>st</sup> March 2022 – 8<sup>th</sup> March 2022.

Tariff 4 – Applying baseline Retail Price Index (RPI) at 22.25% as the calculated increase from 2014

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 may be helpful to note the comparisons with neighbouring authorities.

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

	<b>Option 1: Uplift of 50p to flagfall across 3 tariffs and apply 10p uplift to waiting charges</b>	<b>Option 2: Increase to flag fall, rolling rate and amend yardage applied</b>	<b>Option 3: Applying Retail Price Index (RPI) at the current rate 7.8%</b>	<b>Option 4: Applying baseline Retail Price Index (RPI) at 22.25%</b>
<b>Advantages</b>	Passengers are aware of the maximum increase to journey at the start	Helps the trade offset rising fuel/insurance costs  Widely supported by the trade (82%)	Minimal uplift for public across the tariff and less of an impact on passengers.	Represents baseline position, sets out what the tariff would look like if policy to apply RPI had been applied in full and consistently since adoption of the policy in Nov 2104. (noting there have been attempts to find a suitable alternative to RPI on a number of occasions)
<b>Disadvantages</b>	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  May result in declining passenger numbers although no feedback from the public available at this time because it hasn't been advertised)	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 unless agreement to round up/down	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  May result in declining passengers
<b>Risks</b>	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 are requested to consider all findings from the survey and make recommendations based on any of the 4 options with or without modification to Cabinet for decision. In addition to the flag-fall, rolling rate and waiting times members may wish to amend soiling charges and additional passenger/luggage charges if they feel this is appropriate.
- 4.2 Members are also asked to determine the intended methodology and frequency of hackney carriage fare reviews in future years and make recommendations to Cabinet.

## 5. Trade engagement

- 5.1 There has been an exceptional response to the survey, and it has proved useful to gauge the opinion of licence holders using the method of consultation outlined. 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 will be 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. Officers believe it would be helpful to update the taxi working party cohort and approach the trade for additional representatives to attend and represent the views of the hackney carriage and private hire trades. However, it is felt this would need to be managed to keep numbers to a working maximum to allow the group to function effectively. The work of the group could be shared via e-mail with the wider trade to help ensure continued engagement and drivers/operators are kept informed of policy changes and consultations. An annual or biannual liaison event could be arranged to invite the trade to attend and hear from the taxi group as well as to share their views.

## 6.0 Conclusion

- 6.1 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.
- 6.2 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, but this is considered to be a significant and representative response.
- 6.3 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%.
- 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.

**CONCLUSION OF IMPACT ASSESSMENT**

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

[Click here and type conclusion of impact assesment]

**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**

Licensing Committee report and minutes  
6/01/21

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