

**CABINET**

## Hackney Carriage Fare Review 2023 7 February 2023

### 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	<input type="checkbox"/>	Non-Key Decision	<input checked="" type="checkbox"/> Referral from Cabinet Member
Date of notice of forthcoming key decision	Not applicable		
This report is public			

#### RECOMMENDATIONS

- (1) Licensing Committee propose an increase on the flag fall of 20p from £3.00 to £3.20 (7% increase) and,
- (2) That the rolling rate increases by 10% by reducing the increment from 176 yards to 160 yards per 20p.
- (3) Approve the Licensing Manager to advertise the adjusted table of fares as required by Section 65 of the Local Government (Miscellaneous Provisions) Act 1976.

#### 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.

The current table of fares is attached at **Appendix 1**.

- 1.2 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.
- 1.3 The last review of the hackney carriage tariff was undertaken in April 2022,

prior to this there was no fare review or uplift in hackney carriage fares since 2019. Before that RPI was not consistently applied and the table of fares did not reflect the approved methodology or a wage reflective to the cost of living for the average licensed driver.

- 1.4 The review and subsequent uplift last year saw the cost of smaller journeys 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 saw fares raised between 10-24%. The increase therefore was significant for the trade and public, but it represented the cost of living and rising fuel costs at that time.
- 1.5 Since the update has taken effect, very little feedback has been received by licensing from members of the public, No complaints have been received by way of allegations of overcharging or challenges to fares paid. Similarly, because of input from the licensed trade through the consultation period they were as a collective, happy with the updated tariff.

## **2.0 Proposal Details**

- 2.1 At a meeting of the Councils Cabinet on 12 April 2022, it was approved that, retail price index (RPI) would be applied annually across the tariff, including flag fall and rolling rate, rounding down to the nearest 5p.

The statutory requirement for advertisement and consultation would then follow before an updated table of fares would be published, with an updated table of fares coming into effect on a specified date.

It was agreed that the methodology would be applied to the tariff annually, using the retail price index (RPI) from November. Retail price index for November 2023 was set at 14%.

This has been applied across the tariff as approved by Cabinet and is attached at **Appendix 2**.

- 2.2 The licensed trade was consulted on the proposed tariff. 19 individual responses were received from the individuals regarding the proposals, including representatives of the taxi working party. 13 agreed with proposals and 6 did not.

Comments from the licensed trade obtained during the consultation are attached at **Appendix 3**.

- 2.3 At a meeting of the Licensing Committee on 5 January 2023 an alternative proposal and option for members consideration was suggested by Councillor Hamilton-Cox.

Councillor Hamilton Cox proposed an increase on the flag fall of 20p from £3.00 to £3.20 representing a 7% increase, and.

That the rolling rate increases by 10%, this is achieved by reducing the increment from 176 yards to 160 yards per 20p.

It is recognised that the proposal is less than RPI but above the average wage settlement in the private sector; and recognises that the diesel price

has reduced since the April 2022 fare increase was implemented.

Furthermore, it is clear that applying the methodology to the rolling rate has no impact on tariff 1 or 2 until RPI reaches 25% or above, the increase on tariff 3 is marginal (5p).

2.4 A tariff reflecting these updates is attached at **Appendix 4**.

### 3.0 Details of Consultation

3.1 Whilst the licensed trade was given opportunity to comment on the tariff reflecting the approved methodology prior to Licensing Committee, no consultation exercise has been conducted on the proposal and preferred option of the Licensing Committee with the licensed trade.

3.2 The statutory advertisement and consultation will include the wider public and direct consultation with the licensed trade as a whole. There views can be collated at this time and brought back to Cabinet if required.

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

	<b>Option 1:</b> Maintain current table of fares approved in April 2022.	<b>Option 2:</b> Apply retail price index (RPI) across the tariff. (14%) Rounding down to the nearest 5p.	<b>Option 3:</b> Deregulate fare setting.	<b>Option 4:</b> Increase flag-fall by 7%  Increase rolling rate by 10% by reducing the increment from 176yds to 160yds.
Advantages	Public are aware of expected fares when hiring a hackney carriage.	Drivers income is increased in line with rising cost of living  This was identified as the preferred methodology to the trade through consultation.  The licensed profession may be perceived as a career option for local people.	Allows licensed trade to calculate their own fares, they may be best placed to calculate costs.	The uplift is consistently applied across the tariff, not disadvantaging service user groups. e.g, those on long/short journeys.
Disadvantages	The current table of fares may not	Second increase in quick	Licensing Authority has no control on	The changes across the tariff and amending

	represent current cost of living.	succession may lead to a decrease in public use.	charges passed to the public.  May create confusion as fares could vary across the trade.	incremental charges may cause public confusion, leading to an increase in complaints.
Risks	Not consistently applying the methodology approved by Cabinet and supported by the trade.  Drivers may decide to leave the trade, fares do not meet the demands of the rising costs of living.	Increase too much for service users. Drivers may see reduced income due to lack of public use.	Lack of public confidence in use of Hackney Carriages due to unknown charges.  Varying charges between proprietors creating confusion .	Not consistently applying the methodology approved by Cabinet and supported by the licensed trade.  Fares will increase earlier in journeys; regular users of taxis may feel penalised by the uplift.

## 5.0 Licensing Committee Preferred Option

5.1 Option 4 is the preferred option of the Licensing Committee, as this is an executive decision, Licensing Committee are not the decision-making body so must refer their recommendation to Cabinet for approval.

## 6.0 Conclusion

6.1 Earlier in 2022, following a period of consultation with the public and licensed trade, the Councils Cabinet, on recommendation of Licensing Committee agreed a methodology for fare reviews in relation to hackney carriages operating in the district.

6.2 The approved methodology has been applied to the relevant parts of the hackney carriage tariff, with a 14% increase to flag-fall and rolling rate (rounded down to the nearest 5p). It represents a 40/60/80p increase in flag fall across the 3 tariffs with little difference to rolling rates (until tariff 3 where a 5p increase would be applied).

6.3 An alternative option has been suggested and recommended to Cabinet for approval, recognising that rounded the rate of RPI down to the nearest 5p will have little or no impact on rolling rate, so by reducing the yardage on the rolling rate by 10% and applying 20p on flag fall (7% increase) allows for a

hybrid approach.

This option does not follow the approved methodology, financial services have been consulted on the impact on applying RPI for subsequent years if Cabinet are minded to deviate from the approved position now.

- 6.2 The cost of living is rising; licensed drivers need to ensure the profession is sustainable; whereby the table of fares allows drivers to earn a fair salary.
- 6.3 Cabinet will need to balance the views of the licensed trade with expectations of the public and ensure that any decision to depart from the approved methodology is documented, along with the reasons for doing so.

#### **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**

**(including Health & Safety, Equality & Diversity, Human Rights, Community Safety, HR, Sustainability and Rural Proofing)**

Lancaster City Council set the fares for Hackney Carriages operating in the district, in determining the charges for time/distance it must consider the impact on setting fares too low/too high on both the licensed trade and public who use Hackney Carriages, whilst balancing the rising cost of living and building a sustainable trade; one capable of earning a fair salary.

#### **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.

#### **FINANCIAL IMPLICATIONS**

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

#### **OTHER RESOURCE IMPLICATIONS**

##### **Human Resources:**

Not applicable

##### **Information Services:**

Not applicable

**Property:**

Not applicable

**Open Spaces:**

Not applicable

**SECTION 151 OFFICER'S COMMENTS**

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

**MONITORING OFFICER'S COMMENTS**

Should any objections be received then the matter will be bought back to Cabinet for a decision.

**BACKGROUND PAPERS**

[\(Public Pack\)Agenda Document for Cabinet, 12/04/2022 18:00 \(lancaster.gov.uk\)](#)

[Printed minutes 12th-Apr-2022 18.00 Cabinet.pdf \(lancaster.gov.uk\)](#)

[\(Public Pack\)Agenda Document for Licensing Committee, 05/01/2023 13:00 \(lancaster.gov.uk\)](#)

[\(Public Pack\)Minutes Document for Licensing Committee, 05/01/2023 13:00 \(lancaster.gov.uk\)](#)

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