



PAPER B

Purpose: For Decision

Committee report

Committee	LICENSING COMMITTEE
Date	22 DECEMBER 2014
Title	DETERMINATION OF THE TABLE OF FARES IN RESPECT OF HACKNEY CARRIAGES
Report of	HEAD OF PLANNING AND REGULATORY SERVICES

EXECUTIVE SUMMARY

1. This paper recommends maintaining the taxi fares at their existing level.

BACKGROUND

2. Individuals who wish to use a vehicle for hire and reward require licensing by the local authority under Part II of the Local Government (Miscellaneous Provisions) Act 1976 (the Act). Licensed vehicles are also regulated under the Town Police Clauses Act 1847.
3. A vehicle referred to as a Hackney carriage under this legislation is required to have a taximeter which dictates the maximum fare a proprietor may charge for each journey.
4. Under section 65 of the act, a local authority may fix the rates or fares and all other charges in connection with the hire of a vehicle or with the arrangements for the hire of a vehicle in respect of Hackney carriages. This is referred to as a "table of fares" and this tariff is to be displayed in each Hackney carriage.
5. The Isle of Wight Council's current table of fares detailing the maximum fare a hackney carriage proprietor may charge has been attached as Appendix 1.
6. The table of fares is split into four tariffs (see Appendix 1). The use of varying tariffs for different times of days and the type of journey is common practice throughout the country. Extra charges are also commonly permitted for luggage, carrying animals and tolls/parking charges etc.
7. The fare increases at the beginning of each 440 yards (a quarter mile).
8. There is no standard method for calculating fares. Each local authority has to determine how the fares should be calculated or determined and the method

chosen has to be fair and appropriate. Members have previously determined to use the following calculation formula:

The average cost of running a vehicle per mile supplied by the AA, multiplied by Average taxi mileage, plus average IW Salary for blue collar worker, plus Hackney carriage licence fee, plus additional cost for insurance and maintenance divided by average paid miles = COST PER MILE

9. A review has recently been carried out using the calculation process in order to ascertain whether an increase in the fares is necessary.
10. The spreadsheet detailing this year's calculations, using the AA figures published in July 2014 has been attached as Appendix 2.
11. The following information will provide the committee with a comparison of the current fares on the Island against other areas in the country. The journey costs and comparisons provided below are based on tariff 1 which can be charged between 8am and 10pm. The data was obtained from the November 2014 edition of Private Hire and Taxi Monthly, a recognised national publication for the taxi trade.

(a) Flag drop

Flag drop refers to the initial charge at the start of the journey and would be the minimum charge of a taxi fare. The current table of fares has a flag drop on tariff 1 (initial charge on meter) of £3.00 which covers the first half mile of any journey. The national flag drop average is £2.73 and the average for the south is £2.94.

(b) Charge per mile

The current table of fares is based on an average charge per mile of £1.80. The national average is £1.85 and the average for the south is £1.99.

(c) Two mile journey

A two mile journey using the current tariff 1 fare charged on the Isle of Wight is £5.70. This places the Island fare as the 149th out of 364 local authority areas.

The national average for a two mile journey using tariff 1 is £5.63 and the average in the south is £6.13.

The most expensive is London Heathrow Airport at £7.60 and the cheapest being Bolsover at £2.80.

(d) Five mile journey

Based on the current table of fares, the charge of a five mile journey using tariff 1 on the Isle of Wight is £11.10.

The national average for a five mile journey using tariff 1 is £11.18 and the average in the south is £12.10.

12. For some journey types the difference between geographical areas is significant and the reasons are not clear. The cost of living including the average wage would have an influence on the sustainability of the fares in each area.
13. It will be the decision of the committee to determine whether or not the table of fares should be modified as a result of the calculations made. Any modifications will need to be determined by this committee.

STRATEGIC CONTEXT

14. The review of the Hackney carriage table of fares fits in with the council's priorities of 'Growing the economy and tourism' and 'Delivering statutory duties and achieving value for money'.

CONSULTATION

15. There has been no public consultation prior to this report. Should the committee determine that the table of fares has to be amended; the revised table of fares will need to be advertised as required by the act. This is outlined at paragraph 41 of this report. Any objection will need to be considered by the committee before the final table of fares is set.
16. Although it is not required at this stage, contact has been made with all Hackney carriage proprietors (136) by way of a letter. The letter, attached as Appendix 3, explained that based on this council's approved calculation process and using the figures published by the AA in July 2014, the fares should not be increased this year.
17. Three written responses were received.
18. The first response indicated that tariff 2 (6am to 8am and 10pm to midnight) should start at 7pm instead of 10pm. The respondent's reason being was that it is very quiet from then onwards and the buses are still running, it is only the maximum rate, so it doesn't have to be charged.

Please refer to paragraph 41 of the evaluation section of this report for the officer's comments.

19. The second suggested removing tariffs 3 and 4 and to replace them with an additional fee per additional person. The respondent outlined potential earning for vehicles operating on each tariff and suggested that some drivers would take advantage of these higher priced fares.

It was also suggested that almost all other councils in Britain have scrapped or dismissed double time as not fit for purpose.

This was suggested last year but the committee determined not to remove these two tariffs.

Please refer to paragraph 42 of the evaluation section of this report for the officer's comments.

20. The third response felt the existing fares did not take into account the national minimum wage which was recently increased to £6.60. The proprietor suggested that drivers need to work long hours to achieve a reasonable salary as the amount of work available had reduced due to the increased number of licenced taxis on the Island.

Please refer to paragraph 43 of the evaluation section of this report for the officer's comments.

21. A copy of each response has been attached as Appendix 4.

FINANCIAL / BUDGET IMPLICATIONS

22. Council expenditure on taxi related matters are balanced from income generated from fees. The fees are set by the council and represent the full costs of administering and the enforcement of matters relating to taxi licensing.
23. Should the committee decide to modify the table of fares, there will be a cost for the notice to appear in the local newspaper. This is expected to be approximately £250 and will be met from the existing budget.
24. If the Committee determined to amend the table of fares, all the taximeters currently in use in licensed vehicles will need to be adjusted and re-sealed to reflect the amended maximum fares. There are currently 192 Hackney carriages on the Island, all of which will need to go through the process mentioned above. It is estimated that it will take ten minutes per vehicle, which totals 32 hours of officer time.
25. There will be a need to hire a suitable location for this to be undertaken. Newport Football Club's car park was hired for the meter change last year and is likely to cost approximately £150. Again this will be met from the existing budget. It may be possible to find a suitable council owned location which could be used free of charge.

CARBON EMISSIONS

26. There are no carbon emissions implications for the Isle of Wight Council in this report.

LEGAL IMPLICATIONS

27. The legislation relevant to licensing vehicles for hire and reward is Part II of the Local Government (Miscellaneous Provisions) Act 1976 ("The Act") and The Town Police Clauses Act 1847.
28. Section 65 of the act allows the council to fix the rates or fares within the district for time, distance and all other charges in connection with the arrangements for the hire of a Hackney carriage.
29. If a council proposes to amend its table of fares, a notice to that effect must be published in the local newspaper setting out the proposed table of fares or the

variation thereof and specify the period in which people can object. This period shall be a minimum of 14 calendar days. A copy of the notice is to be available at the council offices for public inspection for no less than 14 calendar days.

30. If no objections are received or the objections submitted are withdrawn the proposed variations come into effect on the date stated in the notice or the day the objections are withdrawn, whichever is later.
31. The local authority must consider any comments received during the consultation period. It must also publish a revised implementation date while these comments are being considered. The revised date must be within two months of the original implementation date. It is advised that the matter is brought back for committee decision if valid objections remain outstanding at the end of the first published date.
32. There is no right of appeal against the level at which the council determines the table of fares. However, any decision taken by the Licensing Committee should be based upon proper reasoning as it may be liable to legal challenge by way of judicial review.

EQUALITY AND DIVERSITY

33. The council as a public body is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
34. The recommendation of this report is to not amend the table of fares, therefore there is no need to complete an equality impact assessment (EIA) as the one completed last year remains valid. A new EIA may need to be completed if the table of fares is amended.

PROPERTY IMPLICATIONS

35. There are no property implications.

OPTIONS

36. Option 1: To make no changes to the existing table of fares.
37. Option 2: To amend the existing table of fares and to carry out public consultation on the proposed amendments by way of formal notice for a period of 14 days in the County Press as required by the legislation.

RISK MANAGEMENT

38. With regard to Option 1: Should the committee decide to make no amendments to the existing table of fares, there is no right of appeal against this decision, although the decision may be challenged by way of judicial review.
39. It should be noted that the fares set by the council are maximum fares, drivers can charge a lower amount if they wish.
40. With regard to Option 2: Should the committee determine a proposed change to the maximum fare Hackney carriage proprietors may charge, there is a risk of a detrimental impact on the number of customers using taxis and therefore a subsequent financial impact on taxi proprietors through lack of custom. Any proposed changes will require a public consultation for a minimum period of 14 days. Any representation received during this period must be considered by this committee and a table of fares will need to be adopted. There is no right of appeal against this decision, although the decision may be challenged by way of judicial review.

EVALUATION

41. Amending the hours of tariff 2 (6am to 8am and 10pm to midnight) (paragraph 18)

By altering the starting time for when tariff 2 commences in the evening, it will provide the opportunity for drivers to earn more money and may as a consequence increase the incentive for drivers to work during these times, but is unlikely to increase the demand for taxis. It could in fact have a negative effect as buses still run quite frequently and may provide a cheaper alternative public transport at that time of the day.

Officers are not aware of any unmet demand during these hours, officers are sure that if there were, more drivers would make themselves available during these times.

The higher tariffs are to cover the additional costs which taxi proprietors may need to pay their staff for working unsociable hours; they are not to provide greater incentives for drivers to work or simply for them to earn more money.

Officers do not recommend amending the times to when each of the tariffs apply.

42. Scrap tariffs 3 and 4 and re-introduce a fee per additional person (paragraph 19)

Tariffs three and four are in the table of fares to compensate proprietors for the additional costs of employing drivers during unsociable hours and for the extra running costs associated with larger vehicles.

When the fares were revised in 2010 the committee determined to remove the extra passenger charge. Previously drivers could add an additional charge for

each passenger over two members of the public. Members considered that the majority of Island taxis are licensed to take up to four passengers so the tariff should reflect the total number permitted.

The ability to charge a higher tariff for the vehicles which have the capacity and do carry five or more passengers was agreed and tariff 4 was introduced for this purpose.

Since the introduction of the ability for drivers driving the larger vehicles to charge higher tariff, officers have not received any complaints from the public regarding the fare structure. There has not been an increase in the number of larger vehicles being licenced.

The committee should note that the additional fares can only be charged if the number of passengers exceeds 4; the driver cannot simply charge the higher fare for having a large capacity vehicle.

Southampton's, Portsmouth's and the New Forests table of fare, each still have a tariff for double time for late night or on bank holiday journeys.

Officers do not believe that tariff 3 and 4 should be scrapped and therefore do not support the re-instatement of a fee per addition passenger. The current tariffs provide a suitable and sufficient way for the larger vehicles to recover the additional costs of running these vehicles.

43. The current table of fares does not take into account the revised minimum national wage (paragraph 20).

The fares calculation has included the national average wage from the National Office of Statistics.

The salary of £19,586 is considerably higher than the minimum wage for a person working 40 hours per week (£13,520). The salary is over £115 more than the minimum wage would be per week.

It is appreciated that a taxi driver may need to be available for longer than 40 hours per week, however, this is the nature of the business and the fares should not be simply increased so that a driver gets paid more for a journey because there isn't the demand from the public.

It has to be a business decision by the proprietor as to when they need to work. The proprietor has indicated that there may be times when the public demand is being unmet.

The number of licensed Hackney carriage vehicles has remained relatively constant over the past 3 years. In 2012 there were 196; in 2013 there were 189 and currently there are 192.

Officers therefore do not believe salary used in the calculations should not be altered.

44. Based on the calculation process as previously agreed and taking into account the comments received and the national and southern averages officers propose that there are no changes to the current table of fares.

RECOMMENDATION

45. Option 1: To make no changes to the existing table of fares.

APPENDICES ATTACHED

- [Appendix 1](#) Current Hackney carriage table of fares
[Appendix 2](#) 2014 calculations using AA figures for July 2014
[Appendix 3](#) Letter sent to proprietors
[Appendix 4](#) Consultation responses

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