



Purpose: For Decision

Committee report

Committee	LICENSING COMMITTEE
Date	28 JANUARY 2019
Title	DETERMINATION OF THE TABLE OF FARES IN RESPECT OF HACKNEY CARRIAGES
Report of	DIRECTOR OF NEIGHBOURHOODS

EXECUTIVE SUMMARY

1. This paper recommends increasing the taxi fares following a consultation with the taxi trade, the calculation process and to ensure that the fares are regularly updated to make sure they remain financially viable for taxi companies to operate.

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 Licensing Committee previously resolved to only receive a report, if following an annual review by officers they believe the table of fares should be amended.
6. 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.
7. The table of fares is split into four tariffs. 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.
8. The fare increases at the beginning of each 440 yards (quarter mile).

9. There is no standard method for calculating fares. Each local authority determines how the fares should be calculated or determined and the method chosen should be fair and appropriate. Members have previously determined to use the following calculation formula:

The average cost of running a vehicle per mile previously supplied by the AA, multiplied by Average taxi mileage, plus average salary for relevant role provided by Office for National Statistics, plus Hackney carriage licence fee, plus additional cost for insurance and maintenance divided by average paid miles = COST PER MILE

10. Neither the AA or RAC now publish the average cost of running a vehicle, therefore officers this year have added the RPI index inflation figure to each aspect of last year's calculations
11. A review has recently been carried out using the calculation process to determine whether an increase in the fares is necessary. The calculations do indicate that the costs of running a taxi have increased and an increase to the table of fares could be justified.
12. The spreadsheet detailing this year's calculations has been attached as Appendix 2.
13. 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 October 2018 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.
- b) 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 213 out of 362 local authority areas.
- c) Highest and lowest two-mile journey
The most expensive is London Heathrow Airport at £10.60 and the cheapest being South Kesteven at £3.50.
14. 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.

STRATEGIC CONTEXT

15. Taxis provide an integral part of the transport network on the Island and therefore form part of and contribute to the island's economy. Taxis offer a more personal and bespoke public transport service to residents, businesses and visitors. This allows people to access parts of the Island and businesses where other timetabled transport

providers are unable to do so they simply provide a door to door service at any time of the day.

16. By its legislative powers, the council is able to control the fares taxi proprietors can charge, and this will ensure that the trade can operate viable businesses and that the public can get value for money.
17. The review of the Hackney carriage table of fares fits in with the council's priority of 'delivering economic growth and prosperity'.

CONSULTATION

18. There has been no public consultation prior to this report. Should the committee determine that there is justification to amend the table of fares; the revised table will need to be advertised as stated by the act. This is detailed in the legal section of this report. Any objection will need to be considered by the committee before the final table of fares is set.
19. Although it is not required at this stage, contact has been made with all 117 Hackney carriage proprietors by way of a letter.
20. Seven written responses were received which have been attached as Appendix 3.
21. Two want to see the times for tariff 2 altered. One suggested amending the times when tariff 2 applied and the other suggested it should include Sundays. The remaining respondents all suggested that the flag drop and the mileage rate should increase for tariff 1 only.
22. The second representation suggested that the times when tariffs 2 and 3 apply should be amended to make it more appealing for drivers to work. It has been suggested that there is a shortage of drivers operating during the hours of 6pm and 10pm and as a consequence there is unmet demand. Similar justifications were given to support the suggestion to include Sundays in tariff 2.
23. Officers have reviewed complaints over the past few years and there appear to be no complaints from the public relating to a lack of available taxis during these times as has been suggested.
24. Although in previous years, officers have been reluctant to amend these times, following further consideration, officers do believe that the starting time for tariff 2 could be amended to start at 20:00 hours.
25. Many businesses implement enhanced payments for staff working evening and night shifts, this amendment would be very similar to these.
26. Officers do not see a reason to include Sundays as a part of tariff 2, officers believe that Sunday working incentives are no longer offered in the private sector.
27. Five people asked for an increase to the fares for the following reasons:
 - (a) Only one increase in ten years.
 - (b) Unable to recruit drivers.
 - (c) Small profit margins.

(d) Increase in the cost of running a vehicle

28. There were fare increases in March 2010 and 2013.
29. The fares are calculated using the national average wage for taxi and cab drivers and chauffeurs and based on a taxi doing 20,000 paid miles a year.
30. The fares during the day time hours return a smaller profit than those undertaken at night. Demand for the service at whatever time of day will dictate how many trips and therefore how much profit is made.
31. Having said this, there does have to be a minimum fare which makes operating viable. The current costs of running a car demonstrates that the fares associated with tariff 1 may be nearing that point. An increase may therefore be prudent to ensure taxi operators have financial stability to operate during day time hours.
32. There has been no request to increase the other tariffs.

FINANCIAL / BUDGET IMPLICATIONS

33. Council expenditure on taxi related matters is 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.
34. Should the committee decide to modify the table of fares, there will be a cost for the notice to appear in the local newspaper which will be up to £400 and will be met from the existing budget.
35. 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 204 Hackney carriages on the Island, all of which will need to go through the process mentioned above. It is estimated that it will take 15 minutes per vehicle, which totals 50 hours of officer time.
36. There will be a need to hire a suitable location for this to be undertaken. 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.
37. If the table of fares is amended there will be a charge made to update every meter, the cost of this will be governed by the contractor responsible for updating the meters who has advised it will be approximately £25 per meter. This cost would be covered by the operator of the vehicle.

CARBON EMISSIONS

38. There are no implications in this report for the council's Carbon Management Plan

LEGAL IMPLICATIONS

39. 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.

40. 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.
41. If a council proposes to amend its table of fares, a notice to that effect must be published in the local newspaper, circulated in the area, setting out the proposed table of fares or the variation thereof and specify the period and in a manner 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.
42. 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.
43. The local authority must consider any objections 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 a committee decision if valid objections remain outstanding at the end of the first published date.
44. 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

45. 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.
46. The Equality Impact Assessment has been completed, no adverse impacts were identified to the protected characteristics.

OPTIONS

47. Option 1: To make no changes to the existing table of fares.
48. Option 2: To amend the existing table of fares as recommended in section 55 of this report and to publish a formal notice of the proposed amendments for a period of 14 days in the County Press as required by the legislation.

RISK MANAGEMENT

49. With regard to Option 1: Should the committee decide not to make any 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.

50. It should be noted that the fares set by the council are maximum fares, drivers can charge a lower amount if they wish.
51. With regard to Option 2: Should the committee determine a proposed increase 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.
52. Both options: There is a risk that someone could challenge the decision-making process by way of judicial review. Officers feel that the correct process is being adhered to and to date no decision taken by the council in relation to the table of fares has been challenged.

EVALUATION

53. The calculations at Appendix 2 consider all reasonable costs incurred by a taxi proprietor. The basis of the calculation has been modelled on the RAC calculations used last year to estimate the costs of running a car. The values used for servicing and wage costs have been included and increased in line with Retail Price Index increase for September 2018.
54. Although it has been normal practice to only increase the table of fares when the estimated costs of running a taxi exceeds the charge per mile for tariff 1 in the current table of fares. Officers believe that trends are indicating that costs of running a car are continuing to increase and it would be sensible to increase costs before a loss is being made.
55. Based on the comments received from the proprietors, the calculations and that there has not been an increase in the table of fares for five years, officers suggest the following changes and amendments to the table of fares:
- (a) Increase the Flag drop for tariff 1 to £3.50
 - (b) Increase the cost per mile of tariff 1 to £1.90
 - (c) Alter the start time for tariff 2 to 20:00 hours.

RECOMMENDATION

56. Option 2:
To amend the existing table of fares as recommended in section 55 of this report and to publish a formal notice of the proposed amendments for a period of 14 days in the County Press as required by the legislation.

APPENDICES ATTACHED

[Appendix 1](#) Current Hackney Carriage Table of Fares.

[Appendix 2](#) Fare calculations 2018.

[Appendix 3](#) Consultation Responses.

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