

Southend-on-Sea Borough Council

**Report of Director of Technical & Environmental Services
to
Licensing Committee
on
19 July 2002**

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**Review of Hackney Carriage Fares
(Environmental Scrutiny Committee - Executive Councillor - Councillor Mrs Holland)
*A Part I Public Agenda Item***

1. Purpose of Report

- 1.1 Members are invited to consider applications from the Southend Taxi Drivers' Association for an increase in the Hackney Carriage and Private Hire vehicle fares and charges and other associated amendments.

2. Recommendations

- 2.1 **Members are invited to approve proposed revisions of the present Hackney Carriage fare and charges structure as shown at Appendix 1, at the request of Southend Taxi Drivers' Association, to include a 5% increase in the first charge.**
- 2.2 **That Members approve an average 2.29% increase in other fares, as shown at Appendix 1.**
- 2.3 **That Members approve the fare chart given at Appendix 3.**
- 2.4 **That Members approve the display of a soiling charge notice shown at Appendix 4 to be displayed in licensed vehicles.**
- 2.5 **That Members give consideration to the proposals to amend the start time of the Christmas/New Year charges to midnight and the introduction of the £6.00 charge with no extras during that period.**
- 2.6 **That any changes to the fare and extra charges structure be duly advertised.**

3. Background

- 3.1 The Council is empowered to determine fares for Hackney Carriages. In addition, all those Private Hire vehicles which are equipped with a meter must also apply the same fares. Revision to the fares must be advertised before any revision comes into effect.
- 3.2 On 20 July 1993 the Chairman and Members of the Licensing Sub-Committee agreed in principal to a request from the licence trade to review Hackney Carriage and Private Hire vehicle fare tariffs on an annual basis.
- 3.3 It has also been resolved that an annual review take place, to be implemented before Christmas each year. If no proposal is made by the Association by the end of August each year, the fare should remain unchanged until the following autumn.
- 3.4 Last year, on 16 August 2001 at their annual fare meeting, the Licensing Committee considered

proposals for increases and amendments in the Hackney Carriage fares and extra charges tariff; the adoption of the 'Pickup' Formula inflation based annual review linked to the Retail Price Index for both fares and extra charges, and the introduction of a soiling charge.

- 3.5 Having considered the matter in detail, Members resolved:
- 3.5.1 That the proposed revision of the present fare structure be adopted (on average a 3.16% increase).
- 3.5.2 That the following formula for dealing with increases in fares and the extra charges tariff in future years be approved:
- Motoring Retail Price Index percentage figure rounded up to the nearest whole number plus 1%, to be rounded up or down over future years (to be known as the 'Pickup' Formula). For 'extras' the formula would be used, but increases held until a whole unit figure was reached.
- 3.5.3 That the advance bookings charge be removed and the first charge be increased from £1.80 to £2.00.
- 3.5.4 That an increase to the extra charges tariffs for luggage and each person carried in excess of one be increased from 20p to 30p.
- 3.5.5 That consideration be given to the layout and improving the appearance of the fare chart displayed in the Hackney Carriage and Private Hire vehicles.
- 3.6 The fare increase took effect from 3 October 2001.
- 3.7 On 12 March 2002 and 10 April 2002, the Southend Taxi Drivers' Association wrote to the Council and requested fare increases. After discussion, a response from officers was sent on 17 April 2002 and a reply dated 22 May 2002 was received from the Association. These letters are shown at **Appendix 5**.
- 3.8 The formula agreed to last year was negotiated after Members' requests for an inflation based formula which could be used year on year. It is based on the nearest published Retail Price Index which reflects most closely expenses incurred by the Taxi Trade. The Motoring Price Index is therefore used as a base for both fare and tariff increases. However, this Index reflects the cost of private motoring rather than cost incurred by full time taxis and so the figure quoted by Government is rounded up and 1% is added to reflect this anomaly. This calculation is the 'Pickup' Formula.
- 3.9 For fares, the Pickup Formula is to be applied each year by a reduction in mileage which most closely reflects the Pickup percentage in the fare charged. For tariffs, the Pickup percentage is applied, but not activated until a whole unit figure is reached by year on year increases (eg 5p for extras such as luggage, or 10p for the Night Charge).
- 3.10 As can be seen from the Association's letters, in addition to Pickup Formula decrease in yardage, requests were made for a 20p increase (10%) (from £2.00 to £2.20) in the first charge (for the first half mile); a holding for a 10p Night Charge increase (see 3.8 above); a variation in Christmas/New Year charges; the reversal of decision (3.5.3 above) and the introduction of a soiling charge of £45.
- 3.11 After meetings with officers, the first charge request was lowered to a 10p increase (5%); the soiling charge request was withdrawn in favour of a notice saying that a charge would be made for soiling and the request for the reversal of decision 3.5.3 withdrawn.
- 3.12 **Appendices 2 and 3** show the current and proposed Fare Charts respectively.
- 3.13 The Retail Price Motoring Index for April 2002 indicates a 0.4% increase. Using the Pickup Formula, this would indicate a 2% increase in fares (0.4% rounded to 1% + 1% = 2%). As shown in **Appendix 1**, the closest decrease in yardage proposed is on average a 2.29% increase in fares. For the extras (on the right hand side of the Fare Chart (**Appendices 2 and 3**) a 2% increase represents 0.6p (activated when the figure reaches 5p). For the Night Charge (£1.00), 2% represents 2p. Therefore, under the Pickup Formula, no increase is due on the extra or Night Charges.

- 3.14 The Association substantiates its request for a 10p increase in the first charge due to the price of fuel and large increases in insurance charges for taxis. As far as officers can determine, an average proprietor has had his/her insurance costs doubled over the past year. The Motoring Retail Price Index does not include such increases for taxi insurance purposes.
- 3.15 With regard to the wording for soiling charges, the Association's proposal is not considered appropriate. However, a separate notice with the following wording is recommended:-
- "SOILING CHARGE"
- "A reasonable charge may be levied for restoration costs should you soil or damage this vehicle. The Proprietor reserves the right to take civil action where necessary."
- 3.16 The Association has also proposed that for the Christmas and New Year periods, the times the higher charges are applicable are shortened by three hours to a new start time of midnight, but in exchange charging a first charge of £6 without any extras being payable by the customer. Currently for the Christmas/New Year Holiday period, the first charge would be £2.00 x 2, ie £4.00 (£4.20 if members approve the fare increases proposed in this Report).
- 3.17 Members may wish to note the new layout and appearance of the fare charts shown at **Appendix 2** and **3** as a result of last year's meeting (3.5.5 above refers).

4. Proposals

- 4.1 It is recommended that Members accept the fare increases and first charge increase proposed at Recommendations 2.1, 2.2 and 2.3.
- 4.2 It is recommended that the soiling charge notice be approved for display in taxis and hire cars.
- 4.3 It is felt that the proposed arrangements for Christmas and the New Year are matters for Members' consideration (Recommendation 2.5).
- 4.4 Members are asked to consider these proposals and that notice of any variation approved be published in the requisite manner as at Recommendation 2.6.

5. Background Papers

- 5.1 Various letters to and from Southend Taxi Drivers' Association.

6. Appendices

- 6.1 **Appendix 1** - Details of proposed fare increase.
- 6.2 **Appendix 2** - Current fare chart.
- 6.3 **Appendix 3** - Proposed fare chart.
- 6.4 **Appendix 4** - Soiling Charge notice.
- 6.5 **Appendix 5** - Letters to and from the Association.