

Southend-on-Sea Borough Council

Report of Director of Technical & Environmental Services

to

Licensing Committee

on

30 June 2003

Report prepared by: Colin Gabell and Allan Evans

Agenda
Item No.

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 **That the proposed revisions of the present Hackney Carriage fare and charges structure at the request of Southend Taxi Drivers' Association, as shown at Appendix 1 be approved.**
- 2.2 **That an average 3.45% increase in fares be approved.**
- 2.3 **That the fare chart given at Appendix 3 be approved,**
- 2.4 **That consideration be given to the proposals to amend the Christmas/New Year charges.**
- 2.5 **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 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.

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.

3.6 The formula agreed 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.

3.7 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).

3.8 On 10 April 2003 and 1 May 2003, the Southend Taxi Drivers' Association wrote to the Council and requested fare increases giving three options, Options A, B and C. Following discussions with officers from the Council, it was decided that Option C should be presented to Members for consideration. These letters are shown at **Appendix 4**.

3.9 The Retail Price Motoring Index for March 2003 indicates a 2.2% increase. Using the Pickup Formula, this would indicate a 4% increase in fares (2.2% rounded to 3% + 1% = 4%). For the extras, a 4% increase represents a total of 1.83p since the Formula was introduced (activated when the figure reaches 5p). Therefore, under the Pickup Formula, no increase is due.

3.10 However, at last year's fare meeting the Committee pointed out that as fares had been adjusted upwards slightly above inflation on the last two occasions that consideration be given to equalizing the increase in 2003. The 3.45% increase (which is the closest practical increase to 3%) being proposed is intended to address this consideration.

3.11 Night Charge/Unsocial Hours. Members may be aware there is a working group currently giving consideration to crime and disorder problems in the Town late at night. Concern has been expressed at the lack of taxi availability when nightclubs in the Town close. Whilst it has been identified that this is linked to the violence that drivers may experience late at night, to encourage more drivers to work at this time, it is proposed that between 9pm and midnight the night charge will be £1 (the current charge) and from midnight to 4am, the charge will be increased to £2.80 to take into account the above problem. From 4am to 6am, the charge will revert to £1.

3.12 The Association has also proposed that for the Christmas and New Year periods the fare should be double the relevant time of day or night rate, with no extras and the relevant times remaining the same. Currently Christmas and New Year charges are an additional £6 from midnight on 24 December until 6am on 27 December and midnight 31 December until 6am 1 January and double yardage after the first half mile with no extras payable by the customer.

3.13 Taking all the above into account, **Appendices 1, 2 and 3** show the current and proposed changes and Fare Charts respectively.

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 felt that the proposed arrangements for Christmas and the New Year are matters for Members' consideration (Recommendation 2.4).

4.3 Members are asked to consider these proposals and that notice of any variation approved be published in the requisite manner as at Recommendation 2.5.

5. Background Papers

5.1 Various letters 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** - Letters from the Association.