

Southend-on-Sea Borough Council

Agenda
Item No.

Report of Director of Technical & Environmental Services
to

Licensing Sub-Committee C

on

4th August 2005

Report prepared by: Colin Gabell and Allan Evans

Review of Hackney Carriage Fares

Environmental Scrutiny Committee – Executive Councillor: Councillor Ian Robertson

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 To give consideration to proposed revisions of the present Hackney Carriage fare and charges structure at the request of Southend Taxi Drivers' Association, as shown at Appendix 1.

2.2 To give consideration to:

- (i) an average 4.39% increase in fares (Appendix 1) or
- (ii) an average 2.72% increase in fares (Appendix 2).

- 2.3 To give consideration to the fare chart given at (i) Appendix 4 and (ii) Appendix 5.

- 2.4 To give consideration to the proposals to amend the Christmas/New Year charges.

- 2.5 To approve the definition of luggage given on the fare charts at Appendices 4 and 5.

- 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 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 and the adoption of the 'Pickup' Formula, an inflation based annual review, linked to the Retail Price Index for both fares and extra charges.

- 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 start up or night charge).
- 3.8 On 16 June 2005, the Southend Taxi Drivers' Association wrote to the Council and requested fare increases. Following discussions with officers from the Council and representatives of the Association, it was decided that their only application should be presented to Members for consideration. This letter is shown at **Appendix 6**.
- 3.9 The Retail Price Motoring Index for May 2005 indicates a 1.845% increase. Using the Pickup Formula, this would indicate a 3% increase in fares (1.845% rounded to 2% + 1% = 3%). For the extras, a 3% increase represents a total of 3.76p since the Formula was introduced (activated when the figure reaches 5p). On the start up a 3% increase represents 0.69p (activated when the figure reaches 10p). Therefore, under the Pickup Formula, no increase is due.
- 3.10 However, at the 2002 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. With this in mind, in 2003 the Association applied for a 3% increase, as opposed to the 4% shown under the Pickup Formula to address this consideration. This was agreed.

Night Charge/Unsocial Hours

- 3.11 Members may be aware that in 2003 a working group gave consideration to crime and disorder problems in the Town late at night. Concern was expressed at the lack of taxi availability when nightclubs in the Town close. Whilst it was 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 was proposed that between 9pm and midnight the night charge would be £1 and from midnight to 4am, the charge would be increased to £2.80 to take into account the above problem. From 4am to 6am, the charge would revert to £1. It was agreed that the effectiveness of this night charge would be monitored and measured by the increase in the availability of taxis and hire cars between midnight and 4am.
- 3.12 A brief study showing this availability before and after the 2003 fare change is shown at **Appendix 7**. Southend Police expressed their desire that the night charge should remain at last year's fare meeting with a supporting letter from the then Divisional Commander, Mick Thwaites, shown at **Appendix 8**. However, at last year's fare meeting on 8 October, the Licensing Committee, when considering the review of the fares (Minute 436 refers), it was agreed that a more detailed study be undertaken in relation to the availability and levels of use of licensed vehicles as regard the additional charge between midnight and 4am. It was requested that the Crime and Disorder Partnership Strategy Board examine and report upon the effectiveness of

the charge, the content of which report to be submitted to a future meeting of the Committee. The Crime and Disorder Partnership Strategy Board met on a quarterly basis and it was not possible to report the matter to the Board at its last meeting.

- 3.13 In March 2005 the Crime and Disorder Partnership Strategy Board was formerly reconstituted with a new membership and terms of reference. It is therefore proposed to request the new Crime and Disorder Reduction Partnership Board undertake this review and to take the matter forward. A report on the outcome on the review will be submitted to the Licensing Committee in due course. The Association would also wish the charge to remain but with a variation. When the charge was introduced in 2003 the aim was for a minimum fare of £5.00 to be shown on the meter (the then minimum fare of £2.20 plus the additional night charge from midnight to 4am of £2.80 = £5.00). Increases since then have seen the minimum charge rise above this figure. The Association has requested that this charge be reduced from £2.80 to £2.60 with a 10p increase on the minimum charge from the present £2.30 to £2.40, thus enabling the original £5.00 to be recreated, but with no night charge over Christmas and New Year periods.
- 3.14 The Association has proposed that for the Christmas and New Year periods the fare should be double the proposed normal unsocial hours charge of £3.40. From midnight on 24 December until 6am on 27 December and from midnight on 31 December until 6am on 1 January, the meter will show £6.80 for the minimum charge, with no additional charge from midnight until 4am. This removes the requirement to 'double' the additional £2.60 midnight to 4am charge, which they feel is a burden on their customers.
- 3.15 Taking all the above into account, **Appendices 1, 2, 3, 4 and 5** show the proposed changes by the Association using the Pickup Formula plus 10p added to the initial charge, the proposed changes using the Pickup Formula only and the current and proposed fare charts.

4. Proposals

- 4.1 To consider the fare increases and first charge increase proposed at Recommendations 2.1, 2.2 and 2.3.
- 4.2 To consider the proposed arrangements for Christmas and the New Year (Recommendation 2.4).
- 4.3 To consider the definition relating to luggage suggested on the new fare charts at **Appendices 4 and 5** as requested by the Trade's letter at **Appendix 6**.
- 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 2.5.

5. Background Papers

- 5.1 Letter from Southend Taxi Drivers' Association.
- 5.2 Letter from Southend Police Divisional Commander.

6. Appendices

- 6.1 **Appendix 1** - Details of proposed fare increase.
- 6.2 **Appendix 2** - Details of proposed fare increase without 10p added to the initial charge.
- 6.3 **Appendix 3** - Current fare chart.
- 6.4 **Appendix 4** - Proposed fare chart including additional 10p on start.
- 6.5 **Appendix 5** - Proposed fare chart excluding additional 10p on start.
- 6.6 **Appendix 6** - Letter from the Association.
- 6.7 **Appendix 7** - Results of study into vehicle availability (2003).
- 6.8 **Appendix 8** - Letter from Southend Police (2004).