

# Southend-on-Sea Borough Council

Agenda  
Item No.

Report of Corporate Director for Place  
To  
**Licensing Committee**

On  
**21<sup>st</sup> October 2014**

Report prepared by: Carl Robinson, Group Manager Regulatory Services

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## Review of Methodology for Calculating Hackney Carriage / Private Hire Fare Increases

*A Part I Public Agenda Item*

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### 1. Purpose of Report

- 1.1 Members are invited to consider for approval a new method of calculating any Hackney Carriage / Private Hire fare increase.

### 2. Recommendations

- 2.1 **That Members approve the proposed methodology for calculating Hackney Carriage / Private Hire fare increase.**
- 2.2 **That Members agree to consider at Licensing Committee any future proposals for Hackney Carriage / Private Hire fare increases.**

### 3. Background

- 3.1 It has been accepted that a standard method of calculating Hackney Carriage / Private Hire fare increases provides for consistency, provides an accepted basis for calculating fares and avoids any unreasonable proposals being submitted. Since approx. 2001 a standard formula known as the Pickup Formula, which was proposed by the trade and approved by Licensing Committee Members, has been used as the basis for any proposal for taxi fare increase. For many years the formula provided a fair basis for calculating fare increases, based on the national Retail Price Index for motoring costs. It had been agreed that where a fare increase proposal was received which was consistent with the Pickup Formula, the proposals were able to be decided via the Standing Order 46 process and not by Licensing Committee.
- 3.2 In recent years the Pickup Formula has become more unreliable in providing a reasonable figure for fare increases. This is mainly due to more fluctuations in the economy which on occasions has resulted in calculated fare increases of over 10%. The trade has not always accepted such high fare increases and a lower percentage increase has been applied. This has led to complicated calculations and misunderstandings in respect of holding percentages back for potential use in future proposals.
- 3.3 There is no automatic entitlement for the trade to have a fare increase at any time. Any fare increase proposed is subject to approval by the district Council.

Part II of The Local Government (Miscellaneous Provisions) Act 1976 provides that...'*A district council may fix the rates or fares within the district...*'

In Southend, generally the trade will propose an increase annually in line with the accepted formula, however due to concerns over the Pickup Formula, no increase has been proposed since 2013.

- 3.4 At the Licensing Committee meeting in November 2013, a fare increase proposal was tabled by the trade via the Southend Licensed Taxi Drivers Association (SLTDA). The proposed fare increase was inconsistent with the then accepted Pickup Formula and looked to propose a flat increase of 4% which was not based on any accepted calculation. The proposal was therefore referred to Licensing Committee for Member's consideration.
- 3.5 At the Committee meeting it became apparent that there was not universal support for the proposals from within the taxi / private hire trade and that a 4% increase at a difficult economic time appeared high. As a result, the Licensing Committee rejected the proposals and required the trade to propose a new method of calculating fares for the future and to ensure that any future proposal had full support of the trade before approval would be considered.
- 3.6 The trade, via the SLTDA, has now proposed a new method of calculating any fare increase, based on its relative position in a national League Table of taxi fares. The league table is produced, updated and published monthly in the national Private Hire and Taxi Monthly publication and records fares across all Licensing Authorities in the UK. While not being an official Government published League Table, it is widely acknowledged to be the definitive document for recording and comparing taxi fares. See **Appendix 2** for examples of the published League Table.
- 3.7 The details of the proposal are contained in the letter in **Appendix 1** from Mark Jennings at the SLTDA. Mark will also attend the Licensing Committee meeting to present this proposal.
- 3.8 Once the methodology is approved, fare proposals for the future can be based on this. There is no proposed fare increase to be considered as part of this report and any proposals will be submitted separately in a future report.
- 3.9 Any fare proposal submitted in the future will have been subject to wide consultation within the Hackney Carriage / Private Hire trade and will only be submitted on that basis as an agreed and coordinated proposal from the trade.

#### **4. Other Options**

- 4.1 Retain the Pickup Formula as used for a period of approximately 12 years. The risk is that the formula does not provide for consistent and reasonable fare increase calculations, resulting in difficulties in agreeing what level of increase to agree and how to deal with any unused percentages. It is considered that the Pickup Formula has become unfit for purpose.
- 4.2 Reject the proposals based on the national League Table of Fares and have no agreed methodology in place.

#### **7. Corporate Implications**

##### **7.1 Resource Implications**

No financial resource implications.

##### **7.2 Contribution to Council's Vision and Critical Priorities**

Contributes to a safer Southend – the taxi / private hire service is a 24 / 7 service and assists in safely transporting passengers including the elderly and vulnerable.

##### **7.3 Legal Implications**

There is no legislative control on the calculation of taxi fares.

Part II of The Local Government (Miscellaneous Provisions) Act 1976 provides that... 'A district council may fix the rates or fares within the district...'

##### **7.4 Consultation**

The methodology has been proposed by the trade and has been consulted widely within the trade. It has been submitted on the basis that it represents a coordinated and agreed proposal.

#### 7.5 ***Equalities Impact Assessment***

There are no specific impacts associated with this report which only seeks to agree a methodology of calculating future fare increases.

#### 7.6 ***Risk Assessment***

There are no specific risks identified as associated with this report which only seeks to agree a methodology of calculating future fare increases.

#### 7.7 ***Community Safety Implications***

Contributes to a safer Southend – the taxi / private hire service is a 24 / 7 service and assists in safely transporting passengers including the elderly and vulnerable. The service also assists in dispersing patrons from the busy town centre during the late night / early morning periods and contributes towards the Purple Flag Award for Southend.

#### 7.8 ***Environmental Impact***

There is considered to be no environmental impact of this report.

### **Appendices**

**Appendix 1** – Letter from SLTDA: Proposed Methodology for Calculating Fare Increases.

**Appendix 2** – Example of recent National League Table of Fares for January 2013 and October 2014 as published in Private Hire & Taxi Monthly.