

MEETING:	REGULATORY COMMITTEE
DATE:	11 DECEMBER 2012
TITLE OF REPORT:	PROPOSED HACKNEY CARRIAGE FARE INCREASE
REPORT BY:	ENVIRONMENTAL HEALTH & TRADING STANDARDS, HEALTH & WELLBEING SERVICE, PEOPLE'S DIRECTORATE

1. Classification

Open

2. Key Decision

This is not a key decision

3. Wards Affected

County-wide

4. Purpose

To consider a proposal from the Taxi Association and other trade members to increase the taxi fares by 7%. The matter for consideration has also attracted some objections to the increase which must also be taken into account when making any decision.

5. Recommendation(s)

THAT:

- (a) Committee review the information within this report and consider any additional information provided at this hearing in order to determine whether or not to accept the proposed 7% increase or accept any other amount.

6. Key Points Summary

- A request for a 7% increase was received from the Taxi Association and other trade groups for

a review of the taxi fares. (See Appendix 1).

- There was an increase in taxi fares during the period 2011/2012. The increase was 7%.
- An advert was placed for a period of one week with two weeks consultation. This advert and time scale was necessary to comply with the legislation.
- Proposed taxi fare sheet (as advertised) is included at Appendix 2.
- Background information regarding the cost of running vehicles and fuel prices are attached at Appendix 3.
- Objections have been received and are included at Appendix 4.
- The commencement of any tariff increase cannot be implemented until the outcome of today's meeting.
- Table showing Hackney Carriage application fee increases agreed from May 2012 (See Appendix 5).
- Figures showing monthly petrol price trends from 2007 to 2012 (as a guide to diesel) are shown in Appendix 6.
- The fee increase last year in relation to vehicle renewal and the annual self declaration equates to a £49 increase, which translates to an average 18% rise for the annual fees.

7. Alternative Options

7.1 a) The fares be increased as presented:-

Advantages: This option is preferred by the Taxi Association and those trade members who requested the 7% rise. It also helps the trade to offset the fee increases imposed after the Regulatory Committee met in May.

Disadvantages: Other parts of the Trade report that business is slow at present and any increase could further depress the market. The increase exceeds the projected RPI and the travelling public are also likely to consider that 7% far exceeds average pay increases in the region.

b) The fares to remain unaltered:-

Advantages: This option takes into account the objections received and is the objectors' preferred option. It helps keep the cost to the paying public down, in a time of little or no annual pay rises.

Disadvantages: The Taxi Association represents a significant number of drivers and their operators, and fares staying the same would therefore go against their trade association members' recommendation.

c) The fares be increased by an alternative amount:-

Advantages: This option may act as a compromise to both those supporting a 7% rise and those objecting to it. It could therefore be attractive to members and could also allow the tariff to correspond with current RPI projections (3.2% in October 2012 according to the Office of National Statistics).

Disadvantages: This outcome does not tally with either the proposers or objectors request for 7% and nothing respectively.

d) To defer the decision in order to get more information:-

Advantages: Gives the opportunity for further information to be sought to help guide members.

Disadvantages: This would delay the decision process and could incur further advertising costs. If a fare increase was eventually agreed by committee, the delay would mean that the increased income from the Christmas trading period would be lost to the Trade.

e) To reach some other decision:-

Advantages: This leaves any other option open to the Committee to resolve the matter.

Disadvantages: This would delay the decision process and could incur further advertising costs. If a fare increase was eventually agreed by committee, the delay would mean that the increased income from the Christmas trading period would again be lost to the Trade.

8. Reasons for Recommendations

- 8.1 The licensing authority believes the Committee Members can consider current trends in local fuel prices and increases in insurance costs and hear from both the objectors and supporters of the rise to make their decision.

9. Introduction and Background

- 9.1 The Taxi Association and some other trade members have requested a fare increase (See Appendix 1). There is normally an annual request during the November / December period, although statutorily it does not have to be at this time of year nor does such a decision have to be made annually.
- 9.2 At about this time last year, a 7% tariff increase was accepted by members and thereafter implemented for all hackneys.
- 9.2 The proposed increase was advertised in a local newspaper because there is a legal requirement to do this. A 14 day consultation period was also permitted, again as required by statute.
- 9.3 The proposed taxi fare sheet (as advertised) is included at Appendix 2. This shows that prices are increased by reducing the distances to be travelled rather than increasing the unit price per charge. This is the normal way the Trade wish to see any increase presented to the public.
- 9.4 Background information relating to the cost of running taxi vehicles and fuel prices are attached at Appendix 3 to help guide members as to recent trends.
- 9.5 Objections have been received by the Council in response to the public advertisement and the proposed 7% increase. These objections are contained in the report as Appendix 4. One objector is disabled and appears to have no alternative but to use taxis. The other objector is from the taxi trade and makes the point that very few customers are getting pay rises and intimates that taxi drivers are already having to discount fares to attract customers at the present rates.
- 9.6 A public hearing has to be heard to consider the proposed increase if objections are received from the newspaper advertisement for the proposed increase. The commencement of any tariff increase (whether 7% or any other agreed figure) cannot be implemented until the outcome of today's meeting.
- 9.7 A table showing Hackney Carriage application fee and other fee increases agreed following the 22nd May 2012 Regulatory Committee hearing is shown in Appendix 5. This was the last time that fees were increased to the Trade.

- 9.8 Figures showing monthly petrol price trends from 2007 to 2012 are shown in Appendix 6 which provides a guide to diesel costs, the fuel type predominantly used by taxis.
- 9.9 The typical fee increases that would apply to an average driver would be a hackney vehicle renewal and a driver annual self declaration. Together these both equate to a £49 increase, which translates to an average 18% rise for the annual fees. These fee increases were agreed at committee in May 2012.
- 9.10 Members should be aware that most taxi companies now offer 'tariff 1' (the cheapest) at all times of night or day when the fare is through a pre-booking. This is done by much of the trade for competitive business reasons. Therefore, although Herefordshire Council sets a maximum fare, it cannot and does not set a minimum fare. In this way the trade are free to make individual decisions about discounts. The tariff system allows the fares to be increased at peak times, but this is only done when hackneys are hailed or hired off a rank.
- 9.11 A spreadsheet in Appendix 7 shows how the proposed variations to the tariff would look over a 1 to 10km journey and demonstrates that it approximately sits at around 7%.

10. Key Considerations

- 10.1 Members are to consider whether or not taxi fares should remain unaltered or reset to include a 7% increase or other agreed amount. The reason given by the trade for the proposed increase is to offset costs, although some of the trade and the public clearly consider that now is not the time to increase the fares, given the current economic climate.

11. Community Impact

- 11.1 It is felt that any decision made will have a measurable financial impact on both the taxi users and the trade within the community.
- 11.2 Those members of the public most likely to be detrimentally affected by a tariff increase will be those on benefits or on a low salary, including frequent users like young night time revellers who tend to be on low salaries / unemployed / in education etc.
- 11.3 Other key groups within the community likely to be detrimentally affected will be those who have no choice but to use taxis regularly, including those without a car, those with no access to public transport (i.e. some rural communities) and also the very elderly and disabled public who are unable to travel other than by taxi.

12. Equality and Human Rights

- 12.1 This report has paid due regard to our public sector equality duty in coming to its recommendation for members to consider whether or not to increase taxi tariffs.
- 12.2 An equalities impact assessment does not need to be undertaken because the taxi business sector is not a 'key target group' and the travelling public will range over the entire population of Herefordshire, therefore not falling into any one specific 'key target group' of the community.

13. Financial Implications

- 13.1 Not applicable for Council.

14. Legal Implications

- 14.1 Section 65(1) of the Local Government (Miscellaneous Provisions) Act 1976 allows the local authority to fix the rates/fares within the Authority for time, distance and all other charges in connection with the fare of a vehicle or with the arrangements for the hire of a vehicle, by means of a table of fares.
- 14.2 Section 65(2)(a) dictates a minimum 14 day period for consultation. If no objections are received then fare changes can take effect from the specified date. If objections are made or if objections are not withdrawn the Local Authority must set a further date not later than two months after the date specified for the changes in fares to take effect, following consideration of the objections at the Regulatory Committee.

15. Risk Management

- 15.1 If the proposal for a fare increase is agreed, then the trade could price themselves out of the market and as a result Herefordshire could lose taxi drivers and taxi companies.
- 15.2 The travelling public could also publicly criticise any increase with resulting reputational damage to both the Council and the Taxi Trade.

16. Consultees

- 16.1 The proposed fare increase has been advertised in a local newspaper and made available at the Licensing Offices at Bath Street, Hereford. The Taxi Association requested the increase and have been consulted during the process.

17. Appendices

- 17.1 Appendix 1 – Requests from Mr John Jones, other trade members and the Taxi Association for a 7% increase
 - Appendix 2 – Proposed taxi fare sheet 2012 - 2013 (as advertised)
 - Appendix 3 – AA cost of running a domestic petrol/diesel vehicles. Fuel price report
 - Appendix 4 – Objections to proposed increase
 - Appendix 5 – Taxi Licensing fees from April 2012 with comparison to 2011
 - Appendix 6 – Monthly petrol price trends from 2007 to 2012

18. Background Papers

- 18.1 None identified.