

CHILTERN DISTRICT COUNCIL

LICENSING AND REGULATION COMMITTEE – 29TH JULY 2010

Background Papers, if any, are specified at the end of the Report

LOCAL GOVERNMENT (MISCELLANEOUS PROVISIONS) ACT 1976 HACKNEY CARRIAGE FARE INCREASE

Contact Officer: Ben Coakley 01494 732060 and Martin Holt 01494 732055

RECOMMENDATIONS

That Members consider:

A) If an increase in the fares is appropriate at this time

If it is considered appropriate;

B) Recommend to the Head of Health and Housing a percentage change in the Table of Fares to be charged and agree that Officers consult with the taxi meter companies and advertise the rate accordingly.

Matter for Consideration

- 1 To consider the Chiltern District Driver's Association (CDDA) request to increase the Hackney Carriage Table of Fares (**Appendix 10.1**).

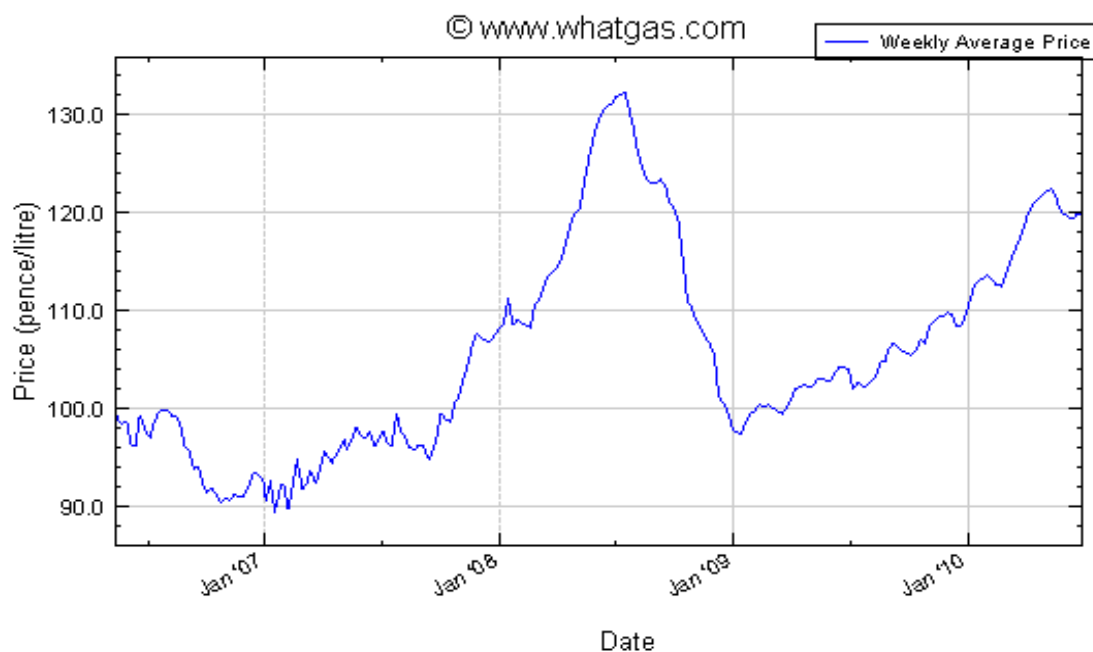
Background

- 2 The Fares charged by Hackney Carriages are considered annually (Minute 6 Licensing and Regulation Committee 27th June 2002), in accordance with the policy. A report is brought at this time to consider the request from the CDDA and if deemed appropriate, ensure that any new fares are set ahead of the renewal process to enable the taxi meter companies and proprietors opportunity to recalibrate the meters in line with renewal.
- 3 In summary the Head of Health and Housing consults with the Licensing and Regulation Committee to determine the table of fares, and advertises the proposals in the local press, in accordance with legislative requirements. An information item is then circulated to Members of the decision. A copy of the proposed table of fares is sent to all Hackney Carriage licence holders and the trade organisation representing them. If no objections are received the fares automatically come in to effect on the advertised date.
- 4 Any objections to the changes received within the statutory period will be referred back to this Committee for further consideration.

- 5 A final recommendation is then made to the Head of Health & Housing on whether to confirm or amend the proposed changes to the Table of Fares including the date it is to come in to force and notification of the decision in the local press.

Information

- 6 The Hackney Carriage fares were last increased on 1st November 2008 by 10%, bringing the cost of a two mile journey to £5.20. The request in June 2008 by the trade followed a significant increase in fuel prices that started in January 2008.
- 7 Immediately after this fare increase in 2008, motoring expenditure fell sharply with significant decreases in oil and fuel prices. This is demonstrated on the graph below showing average fuel price variations from 2007 to 2010.



- 8 The following table illustrates the increase and decrease in petrol and diesel prices since June 2008 (with the peak in 2008 for diesel).

	June 2008	June 2009	June 2010
Petrol	116.9	102.7	118.1
Diesel	130.3	104.8	120.5

Source: Automobile Association.

- 9 At the time of writing this report, the price of diesel is still significantly less than the peak of June 2008 when the 10% increase to fares was put in place. Petrol prices remain similar to the June 2008 peak. From June 2008 to May 2010 the graph demonstrates that costs have all been below those levels seen at the 2008 peak.

10 Information from the Office for National Statistics indicates :

The consumer prices index (CPI) is the main United Kingdom domestic measure of consumer price inflation for macroeconomic purposes.

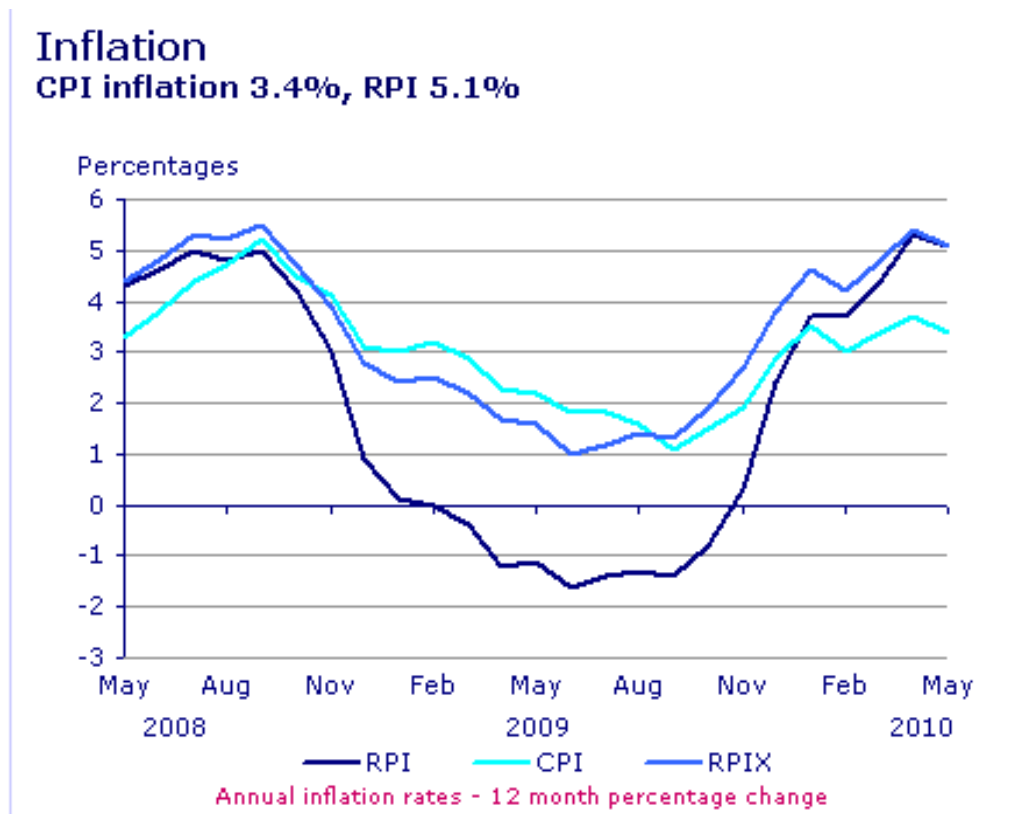
In the year to May 2010, the consumer prices index (CPI) rose by 3.4 per cent, down from 3.7 per cent in April.

The largest downward pressures to the change in CPI inflation between April and May came from: transport where the price of petrol rose by 0.3 pence per litre this year but by 2.8 pence a year ago.

The retail prices index (RPI) is the most long-standing general purpose measure of inflation in the United Kingdom and is available from June 1947.

In the year to May, the all items retail prices index (RPI) rose by 5.1 per cent, down from 5.3 per cent in April.

RPIX inflation – the all items RPI excluding mortgage interest payments – was 5.1 per cent in May, down from 5.4 per cent in April.



Source: Consumer price indices May 2010 Date: 15 June 2010 Coverage: United Kingdom, <http://www.statistics.gov.uk/cci/nugget.asp?id=19>

- 11 The percentage change in retail prices (RPI) between April 2008 and April 2010 is 4.1%.

*Calculated by the following formula: ((later date index minus earlier date index) divided by earlier date index) times 100 e.g.: ((401.6 [July 1987] - 384.7 [July 1986]) / 384.7 [July 1987]) * 100 = 4.4%. If we consider the last time the fares were increased the RPI was 4.2% in April 2008. Therefore, 844.2 [April 2008] – 878.9 [April 2010] / 844.2 [April 2008] *100 = 4.1%*

Source: http://www.statistics.gov.uk/downloads/theme_economy/focus-on-cpi-may-2010.pdf

- 12 Using the Baxter formula which considers labour, fuel and vehicle costs, (**Appendix 10.2**) a 6 per cent increase in costs over the last 12 months could be considered. This would equate to a rise of £0.31 pence on a two mile journey resulting in a charge of £5.41. If considering changes to the Baxter index since the last fare increase in 2008 (over the 2 year period), the increase is calculated as 5%.
- 13 The present comparative costs of a two mile journey in neighbouring authorities are (as of June 2010):

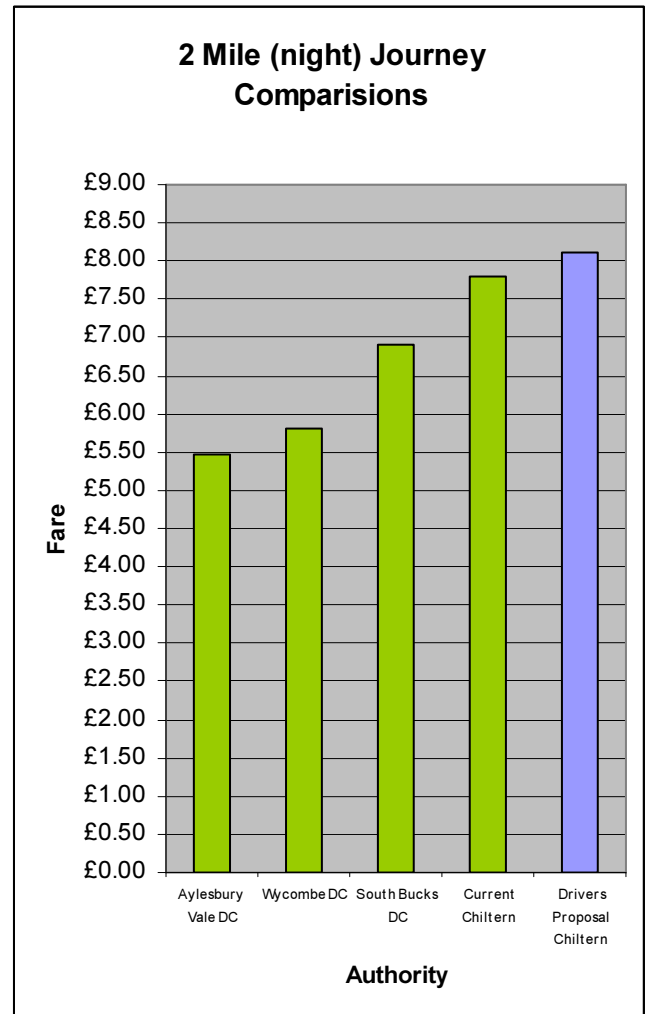
Buckinghamshire Local Authorities:

Authority	Cost of two mile journey	Date introduced	Current League Position
Aylesbury Vale DC	£4.10	2006	363
Wycombe DC	£4.60	2008	305
South Bucks DC	£4.60	2006	303
Current Chiltern	£5.20	November 2008	158
Drivers Proposal Chiltern	£5.40	This proposal	~100

Other Local Authorities:

Dacorum BC	£5.00	2008	207
Windsor & Maidenhead	£5.00	2006	228

Data Sourced from National Private Hire Association (June 2010)



- 14 The fare can be calculated by either an increase in the flag fall (the initial fare) or by a reduction in the distance. The current flag (minimum fare) for Chiltern is £3.00. There are currently 36 Councils with a higher flag (out of 380 Council areas).
- 15 The licence fees to applicants have not been increased by this authority since the existing fees were agreed in April 2007 and prior to this the last increase was in 2003.
- 16 Based on a two-mile journey, Chiltern is ranked at 158 out of 380 Councils, in the most recent Private Hire Association League Tables. The national average is a rank of 199 (with the more expensive the fare, the lower the ranking number). The full table will be available at the meeting. On the 'regional league table', Chiltern is ranked as 'premier league; with all of our

neighbouring authorities of Bucks being considered 'second division' (indicating that our fares are currently more expensive than our neighbours).

- 17 The table below details the existing tariff charged, the proposal from the CDDA and other alternatives.

			(i)	(ii)	(iii)	(iv)	(v)
Tariff	Distance	Existing Fare	1% increase	2% increase	RPI increase (4 %)	Baxter Increase (5%)	Driver's proposal for increase (approx 6%)
1	One mile day	£3.40	£3.43	£3.47	£3.54	3.57	£3.60
1	Two mile day	£5.20	£5.25	£5.30	£5.41	5.46	£5.40
2	One mile night/ bank holiday	£5.10	£5.15	£5.20	£5.31	5.35	£5.40
2	Two mile night/ bank holiday	£7.80	£7.88	£7.96	£8.11	8.19	£8.10
4	1 mile bank holiday night, and Xmas day, Boxing day New Years day	£6.80	£6.87	£6.94	£7.07	£7.14	£7.20
4	2 mile bank holiday night, and Xmas day, Boxing day New Years day	£10.40	£10.50	£10.61	£10.82	10.92	£10.80

(N.B although the percentage figures are shown above, final operational figures will require further calculation to enable them to work mathematically) (Appendix 10.3)

- 18 In determining the level of fares to be set it is also necessary to take into account the effect on those persons less able to afford the fares and who may not be able to access other forms of transport. Whilst the taxi concessionary travel system may assist in lowering the cost of a journey, **any increase in fares will reduce the ability of those on lower incomes to travel.**
- 19 It is important to note that without any additional increase at this time we would remain more expensive than each of the other Bucks Authorities (Evidence: Table and Graph in point 13).

- 20 If fares are set in excess of our neighbouring authorities there is a greater risk that in the long term, overall trade may decrease in our District as customers look for cheaper alternatives.
- 21 In addition, the pre-booking of Wycombe District Taxis to pick up from Chesham has been reported to the licensing authority via Chesham Town Council (28th June 2010). Whilst not an offence, this indicates that customers are perhaps prepared to look outside of the District to get more competitive prices.

Decision to be Made

- 22 Members are asked to recommend if an increase in fares is deemed appropriate at the current time.

-If members feel that the current fares are reasonable and fair, they would continue to remain in force with no changes.

-If members feel that a change is appropriate, any proposed increases or decreases should take effect from the 1st November, enabling the advertisement and any appeal to be considered following the decision. Officers will then consult with the taximeter installers to ensure the correct calibration to be applied to meters, publish the proposed rates and consult with the trade accordingly.

Background papers: None
