

CHILTERN DISTRICT COUNCIL

LICENSING AND REGULATION COMMITTEE

1ST MARCH 2012

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

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

Contact Officer: Stewart Broome 01494 732060 and Martin Holt 01494 732055

RECOMMENDATION

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 The table of fares were last considered on the 2nd June 2011 where it was concluded that they should remain at their existing levels. It was noted that 12 months should elapse before they are considered again.
- 2 This report therefore represents a new request from the Chiltern District Drivers' Association (CDDA) for an increase the Hackney Carriage Table of Fares (**Appendix .1**).

Background

- 3 The Fares charged by Hackney Carriages may be 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.
- 4 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.

- 5 Any objections to the changes received within the statutory period will be referred back to this Committee for further consideration.
- 6 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

- 7 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. Immediately after this fare increase in 2008, motoring expenditure fell sharply with significant decreases in oil and fuel prices. Since that point, fuel has risen again and in February 2012 exceeds the 2008 high.
- 8 This is demonstrated on the graph below showing average fuel price variations from 2007 to 2012.

Figure 1: Diesel Price Comparison

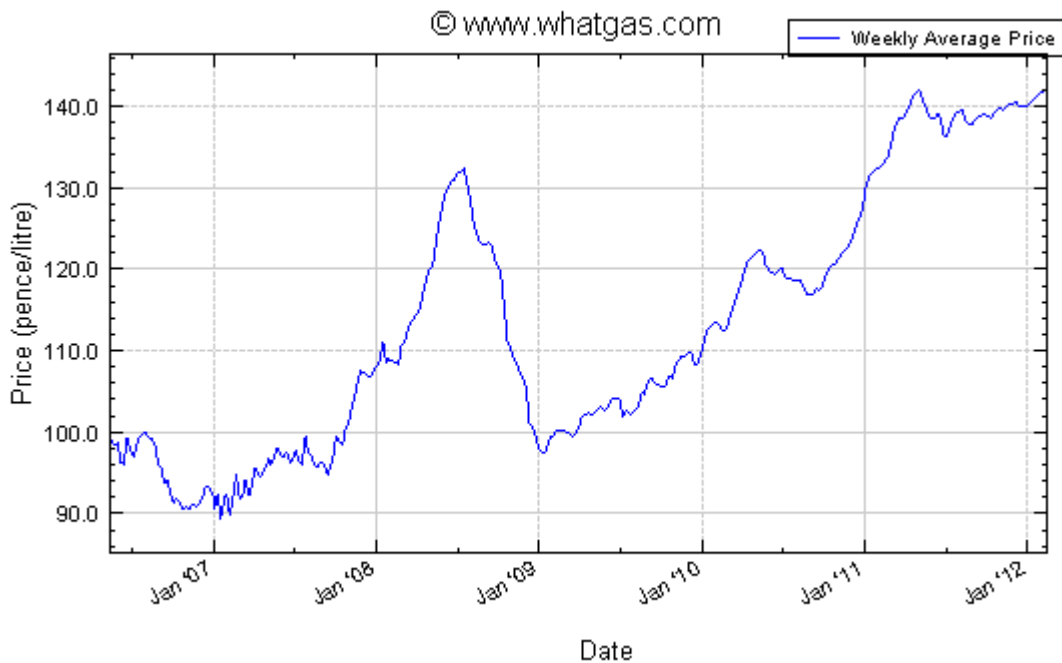
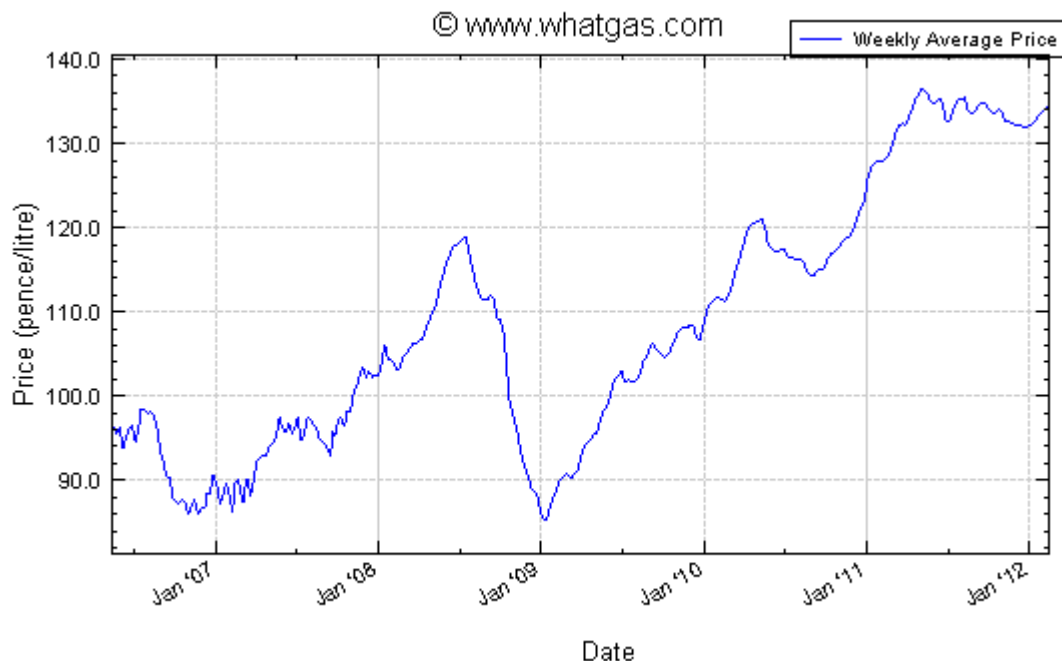


Figure 2: Petrol Price Comparison



- 9 The following table illustrates the increase and decrease in petrol and diesel prices since June 2008.

	June 08	June 09	June 10	June 11	Jan 12
Petrol	116.9	102.7	118.1	136.1	133.5
Diesel	130.3	104.8	120.5	139.8	141.9

Source: Automobile Association.

- 10 At the time of writing this report, the price of diesel has now overtaken the peak of June 2008 when the 10% increase to fares was put in place. From June 2008 to January 2012 the graph and table show that diesel costs have now overtaken the 2008 peak by 11.6 pence and unleaded by 16.6 pence.
- 11 Information from the Office for National Statistics indicates :

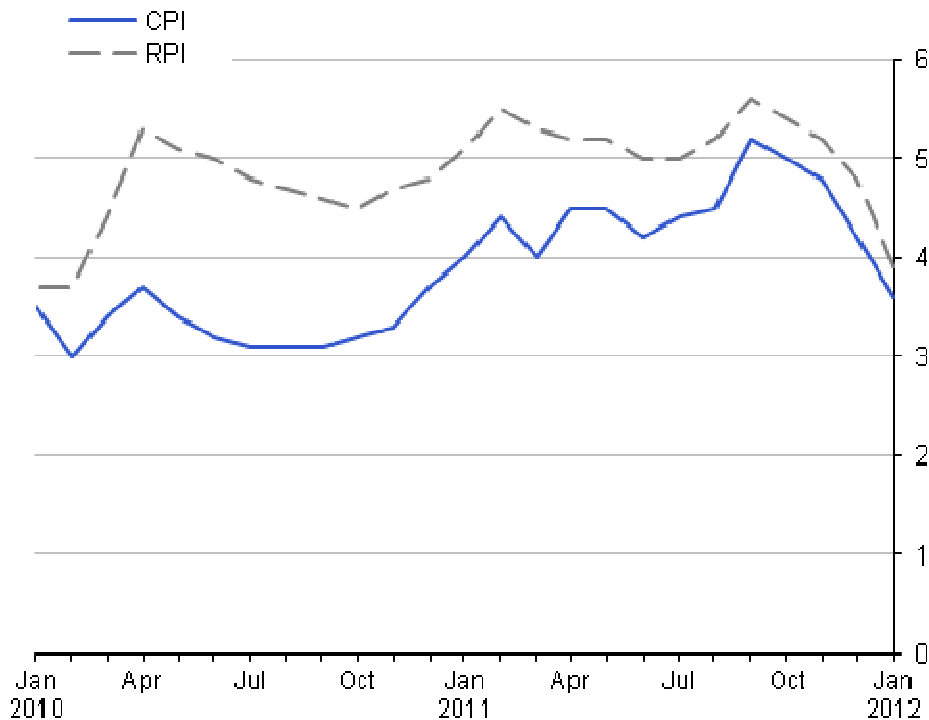
The consumer prices index (CPI) is the main United Kingdom domestic measure of consumer price inflation for macroeconomic purposes. The headlines for the March 2011 consumer prices index (CPI) are:

- CPI annual inflation stands at 3.6 per cent in January 2012, down from 4.2 per cent in December 2011.
- The largest downward pressures to this change came from fuels & lubricants, products bought in restaurants & cafes, tobacco, vehicle maintenance & repair, the purchase of new vehicles and alcoholic beverages.

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.

•Annual inflation as recorded by the retail prices index (RPI) stands at 3.9 per cent in January 2012, down from 4.8 per cent in December 2011 and is the lowest it has been since February 2010 when it stood at 3.7 per cent.

Figure 3: Inflation



Source: Consumer price indices accessed on the 16 February 2012
Coverage: United Kingdom, <http://www.statistics.gov.uk/cci/nugget.asp?id=19>

- 12 **The percentage change in retail prices (RPI) since the Committee last considered the fares in June 2011 is -14.29%.**

*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 1986]) * 100 = 4.4%. If we consider the last time the fares were considered, therefore, 4.2 [June 2011] - 3.6 [January 2012] / 4.2 [June 2011] * 100 = -14.29%*

- 13 Using the Baxter formula which considers labour, fuel and vehicle costs, a 6% per cent increase in costs over the last 12 months could be considered. This would equate to a rise of £0.32 pence on a two mile journey resulting in a charge of £5.52. (**Appendix .2**)

- 14 In terms of the Bucks Authorities, each has revised their fares since we last set our fees. The present comparative costs of a two mile journey in neighbouring authorities are (at the time of writing this report):

Buckinghamshire Local Authorities:

Authority	Cost of two mile journey	Date introduced	Current League Position
Aylesbury Vale DC	£4.30	July 2010	350
Wycombe DC	£5.10 £5.35	April 2011 From April 2012	244
South Bucks DC	£5.00	Aug 2010	256
Current Chiltern	£5.20	November 2008	216

Other Local Authorities:

Dacorum BC	£5.44	Aug 2011	164
Windsor & Maidenhead	£5.25	Nov 2011	211

Data Sourced from National Private Hire Association (Feb 2012 – Latest available at time of writing report)

- 15 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 only 53 Councils with a higher flag (out of 380 Council areas). However, only 34 of these Councils have a higher 1 mile day rate. This is the result of differing flag fall distances and/or rolling mile fees.
- 16 **The licence fees charged 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.**
- 17 Based on a two-mile journey, Chiltern is ranked at 216 out of 363 Councils, in the Private Hire Association League Tables. The national average is a rank of 193 (with the more expensive the fare, the lower the ranking number). The full table will be available at the meeting.
- 18 The last time Members considered a fare increase Chiltern was ranked 171 out of 363 Councils based on a two mile journey; to restore Chiltern to this position would require a £0.20 increase on the existing two mile levels. From the following table Members may note that this could be achieved by applying an RPI increase to the table of fares or reducing the flag fall distance by 1/9th mile. The current rolling mile rate of £1.80 is £0.02 above the national average.
- 19 The table below details the existing tariff charged, the proposal from the CDDA and some other possible alternatives.

			(i)	(ii)	(iii)	(iv)	(v)
Tariff	Distance	Existing Fare	1% increase	2% increase	RPI increase (3.9 %)	Baxter Increase (6%)	Driver's proposal for increase (approx 12%)
1	One mile day	£3.40	£3.43	£3.47	£3.54	3.60	£3.80
1	Two mile day	£5.20	£5.25	£5.30	£5.40	5.51	£5.70
2	One mile night/ bank holiday	£5.10	£5.15	£5.20	£5.30	5.41	£5.70
2	Two mile night/ bank holiday	£7.80	£7.88	£7.96	£8.10	8.27	£8.70
4	1 mile bank holiday night, and Xmas day, Boxing day New Years day	£6.80	£6.87	£6.94	£7.07	£7.21	£7.60
4	2 mile bank holiday night, and Xmas day, Boxing day New Years day	£10.40	£10.50	£10.61	£10.81	11.02	£11.60

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

- 20 In addition, in 2011 the trade included in their letter, a request for a new 'MPV' Tariff when 5-8 passengers are carried to add 50% of the metered fare for any journey. For example, currently a 5 mile journey at 11.15pm at night would cost £15.90. In effect this would increase the overall fare if an MPV was used to £23.85 for 5 miles when 5-8 passengers are carried.
- 21 Officers presented this request to the Licensing and Regulation Committee on 24th November 2011. Members at that time recommended to the Head of Health and Housing the following:

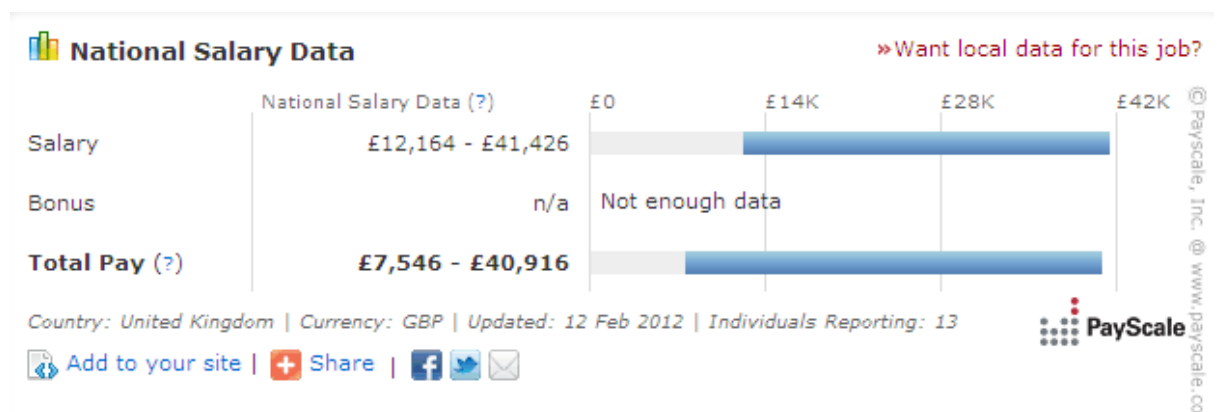
That the extra charges section of the Hackney Carriage Table of Fares be amended as follows, and the Head of Health and Housing asked to consult with the taxi meter companies accordingly:

- i) The 'each passenger in excess of one' charge be amended to reflect the following: "where the combined human and/or canine* passenger total exceeds four each additional passenger will be charged £1, regardless of journey day/time/duration/distance".
* Assistance dogs shall not count towards this total.
- ii) The existing charge for each dog (excluding seeing and hearing dogs) shall be removed from the fares list.
- iii) The existing charge for shopping bags or luggage shall be removed from the fares list.

That the soiling charge be reviewed when the Table of Fares is next considered.

At the meeting officers advised that as this amendment to the charges was less than £25 it would not need to be advertised. However, following reflection and legal opinion this change is a material change to the 'Table of Fares'. Any change to the Table of Fares is required to be advertised and objections if made heard by the committee. Due to the need to review the current Table of Fares, the Head of Health and Housing's opinion was that the matter should be referred back to the Licensing and Regulation Committee for consideration. Following recommendation, the proposed Table of Fares would then be advertised and objections heard at a future meeting.

- 22 When the fares were considered in 2010, a Member of the Committee asked if Officers could try to provide some example profiles for a typical person working in the taxi trade such as typical earnings and costs of running vehicles.
- 23 It has proved quite challenging as exact circumstances are different for each person. Officers contacted the National Taxi Association and the Private Hire Association and they confirmed that earnings range widely from £6.50 per hour up to £160 per day (in a very small number of cases) to drive for a taxi company.



Source:
http://www.payscale.com/research/UK/Job=Taxi_Driver_or_Chauffeur/Salary.

Accessed 16 February 2012

24 In terms of the latest insurance costs, Asprey Harris provided some approximate figures by phone (16th February 2012), with “a standard premium for a new driver starting at approx £2,600. A driver who had been a taxi driver for a while would be around £1,280 to £1,536 per year” and an “increase of between 25% for most drivers since last year”.

25 A large proportion of drivers work for themselves. As such the following costs may be considered for a typical driver (approximately - based on driver with 5 years experience) in the Chiltern District:

Cost Elements	Rates(2011)	Annualised	Rates(2012)	Annualised
Taxi vehicles Renewal - Driver	£300	£300	£300	£300
Renewal -	£95	£95	£95	£95
Medical Certificate	(Every 1,3 or 5 years) – approx £100 (Variable)	Approx £25	(Every 1,3 or 5 years) – approx £100 (Variable)	Approx £25
CRB Check	(Every 3 years) - £51	£17	(Every 3 years) - £51	£17
Compliance Test	£40-60 (annual or twice annually depending on age of vehicle)	£40-60	£40-60 (annual or twice annually depending on age of vehicle)	£40-60
MOT	£45 approx (variable)	£45 (but can be discounted if done with compliance test)	£45 approx (variable)	£45 (but can be discounted if done with compliance test)
Car Tax	Variable from £0 to £450 approx	£220 approx	Variable from £0 to £450 approx	£220 approx
Insurance	£1000 - £1200 approx	£1000-£1200	£1280 - £1536 approx	£1280-£1536
TOTAL	-	£1852(approx)	-	£2142 (approx)

26 From the above table it can be seen that since Members last considered the fares, insurance is the only significant increase in expenditure excl. derv, and normal household expenditure.

27 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. Any increase in fares will reduce the ability of those on lower incomes to travel by taxi. The Community Transport Hub has identified over 70 vulnerable persons seeking assistance with travel since October. The majority of which have accessed one of the 30+ community transport schemes or dial a ride service that operate in the district and provide low cost travel.

- 28 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 in point 14).
- 29 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. There has been an increase in the reports of externally licensed vehicles dropping or picking customers up.

Decision to be Made

- 30 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 August 2012, 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. This should also include consideration of whether to introduce a new MPV tariff at a 50% premium as discussed in the main report.