

## GENERAL PURPOSES AND LICENSING COMMITTEE - 18 JANUARY 2008

### APPLICATION TO INCREASE THE GENERAL TARIFF FOR HACKNEY CARRIAGES IN THE DISTRICT

#### 1 INTRODUCTION

- 1.1 Under legislation contained within the Town Police Clauses Act 1847 and the Local Government (Miscellaneous Provisions) Act 1976, a Council may set a Tariff of fares to be charged by hackney carriages within the district.
- 1.2 To safeguard the general public from overcharging, the Council has for many years considered it prudent to follow this course of action and set a maximum tariff of fares. The last increase to the tariff was implemented on 31 January 2007.
- 1.3 The policy of this Committee is to review the fare tariffs every two years and increase tariffs by an inflation-only increase based on the Index produced in the Monthly Digest of Statistics unless there is a concerted view from the Hackney Carriage Association that either a higher increase should be implemented, an increase should be introduced earlier because of rising costs or such an increase should not be implemented at all.
- 1.4 New Forest Hackney Carriage Owners Association has advised that its members have met on a number of occasions to discuss the implications of fuel and other related cost increases. The outcome of those discussions being that the Association were authorised to submit a request to the Council for an increase in the maximum fees in respect of hackney carriage vehicles. The details of the request are shown in the matrix at Appendix 1.

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#### 2 VEHICLE COST INCREASES

- 2.1 Taxis generally cover considerably more miles than the average motorist and, after labour costs, vehicle associated costs, particularly fuel, account for a large portion of the overall cost of running a hackney carriage business.
- 2.2 The Government's Monthly Digest of Statistics is tabulated in figure 1, below for the last period measured for the purpose of tariff calculation the period January 2007 until September 2007. Both figures are taken from the November Monthly Digest of Statistics, the latest figures available.

<u>RPI National Statistics taken from</u>				<b>Jan 07 to Sept 07 Increase/ Decrease</b>
<u>The Monthly Digest of Statistics</u>	<b>April 06</b>	<b>Jan 07</b>	<b>Sept 07</b>	
Petrol & Oil	273.1	256.2	267.7	(11.5) <b>4.5%</b>
Vehicle Maintenance	290.4	303.8	311.8	(8) <b>2.64%</b>
Vehicle Purchase	106.9	105.5	101.8	(-3.7) <b>-3.5%</b>
Vehicle Tax & Insurance	285.0	289.1	298.5	(9.4) <b>3.25%</b>
<b>Overall</b>	<b>955.4</b>	<b>954.6</b>	<b>979.8</b>	(25.2) <b>2.64%</b>

Figure 1

### 3 THE COST OF A TWO (2) MILE JOURNEY

3.1 Each month a national private hire and taxi trade journal surveys the cost of a two-mile journey. Figures published in the December 2007 edition for several local Councils are shown in Figure 2, below. Whilst it is acknowledged that situations and requirements differ between districts, comparisons can sometimes be a useful indicator of trends.

<b>Displayed Cost of a 2 Mile Journey by Hackney Carriage on Tariff 1</b>				
<b>Licensing Authority</b>	<b>2001 Fares</b>	<b>2004 Fares</b>	<b>2006 Fares</b>	<b>2007/08 Fares</b>
<i>London</i>		£5.40	£6.00	£6.40
Southampton	£4.20	£4.80	£5.10	£5.20
Isle of Wight	£4.40	£4.60	£4.60	£4.60
Poole	£4.10	£4.60	£5.00	£5.20
Portsmouth	£3.30	£4.60	£4.60	£5.00
Bournemouth	£4.10	£4.50	£5.00	£5.10
East Dorset	£3.90	£4.50	£4.80	£4.80
Eastleigh	£3.70	£4.50	£4.90	£5.20
Salisbury	£3.70	£4.50	£4.80	£5.20
Christchurch	£4.00	£4.40	£4.80	£5.10
Gosport	£3.80	£4.40	£4.60	£4.80
<b>NEW FOREST</b>	<b>£4.20</b>	<b>£4.20</b>	<b>£5.00</b>	<b>£5.30</b> (note)
Test Valley	n/a	£4.10	£4.50	£4.50
Fareham	£3.50	£4.00	£4.20	£5.20
<b>NATIONAL AVGE</b>	<b>£3.65</b>	<b>£4.02</b>	<b>£4.46</b>	<b>£4.65</b>

Figures from Private Hire Monthly – December 2007

Note: The figure shown includes the requested increase.

### 4 TARIFFS

# 4.1 The maximum fares proposed by the Taxi Owners Association for each of the three tariffs are shown in Appendix 1 and amounts to an overall average increase of 6%.

### 5. FINANCIAL CONSIDERATIONS

5.1 The cost of conducting a tariff change exercises on a two year basis has been factored into the current cost of licences. If agreed, this increase will be introduced within only fourteen or fifteen months of the previous increase. Should this trend of almost annual increases continue consideration will have to be given to increasing licence fees to accommodate the extra cost involved in considering and implementing a more regular tariff increase.

## **6 ENVIRONMENTAL IMPLICATIONS**

6.1 There are no environmental considerations directly arising as a result of this report.

## **7. CRIME AND DISORDER IMPLICATIONS**

7.1 There are no crime and disorder considerations directly arising as a result of this report.

## **8. EQUALITY AND DIVERSITY IMPLICATIONS**

8.1 There are no equality and diversity implications arising from this report.

## **9. POINTS FOR CONSIDERATION**

- 9.1 The Committee has previously agreed that the District Council will set the maximum tariff for hackney carriages. Owners will be free to price differentiate themselves by discounting the metered price if they wish to do so.
- 9.2 Statute dictates that all hackney carriage taximeters must be set at the rate prevailing in the district at the time. Therefore, if an increase to the tariff were to be agreed it would be possible for hackney carriage owners who did not wish to increase the fares to allow a discount off the metered price. There are, however, a number of proprietors who are reluctant to discount metered prices because of the possibility of argument from some of their customers.
- 9.3 Should the proposed increase be agreed the cost of a 2 mile journey will become the highest within a basket of thirteen local tariffs. Both the London and current national average rate is also shown in the table 3.1.
- 9.4 The last general tariff increase was on 31 January 2007 and prior to that during November 2004. Government statistics reveal that the Retail Prices Index, as it relates to Motoring Expenditure has risen by 2.64% since January 2007 whilst the requested average tariff increase is 6%. However, this does not take into consideration the high cost of fuel increases during October and November 2007 which saw the largest percentage increases for some considerable time and which has taken the price of a litre of diesel from around 95.9 pence per litre to 107.9 pence as is currently the case. This represents an additional increase in the cost of fuel of 12.5%.
- 9.5 Before any increase agreed by this Committee is implemented, it must be advertised in a newspaper circulating in the district. Should there be any objections either by members of the public or from the trade itself those objections will have to be considered at the next meeting of the General Purposes and Licensing Committee.

## 10. RECOMMENDATIONS

10.1 That the Committee considers this report, takes account of the level of increase requested by the Hackney Carriage Owners Association and decide whether to:

- a) accept the proposals in their original form, or
- b) accept the proposals in a modified form, or
- c) reject the proposals.

### **Further Information**

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### **Background Papers**

Monthly Digest of Statistics, November 2007

# Proposed Taxi Tariffs

# APPENDIX 1

## Average of 6% increase

	Flag Yards	Flag Cost	Next yards	Next Cost
Tariff 1:	850	2	165	0.2
Tariff 2:	850	2.5	165	0.3
Tariff 3:	850	3.3	165	0.4

	Tariff 1		Tariff 2		Tariff 3	
	Current	Proposed	Current	Proposed	Current	Proposed
Base Yards Per Mile	1760	1760	1760	1760	1760	1760
First Click (yards)	950	<u>850</u>	950	<u>850</u>	950	<u>850</u>
Flagfall (£)	2	<u>2</u>	2.5	<u>2.5</u>	3.3	3.3
Subsequent Clicks (yards)	175	<u>165</u>	175	<u>165</u>	175	<u>165</u>
Cost Per Click (£)	0.2	0.2	0.3	0.3	0.4	0.4

Using the formula the equivalent cost of journeys is calculated as follows:

Equivalent Cost of a:	7.00am to 11.00pm			11.00pm to 7.00am and on all Public Holidays with the exception of those covered by Tariff 3			Between 6.00pm on 24 December and 7.00am on 27 December and between 6.00 pm on 31 December 7.00am on 2 January		
	Tariff 1	%		Tariff 2	%		Tariff 3	%	
	Current	Proposed	Increase	Current	Proposed	Increase	Current	Proposed	Increase
1 Mile Journey	£2.93	£3.10	<b>6%</b>	£3.89	£4.15	<b>7%</b>	£5.15	£5.51	<b>7%</b>
2 Mile Journey	£4.94	£5.24	<b>6%</b>	£6.91	£7.35	<b>6%</b>	£9.17	£9.77	<b>7%</b>
3 Mile Journey	£6.95	£7.37	<b>6%</b>	£9.92	£10.55	<b>6%</b>	£13.20	£14.04	<b>6%</b>
5 Mile Journey	£10.97	£11.64	<b>6%</b>	£15.96	£16.95	<b>6%</b>	£21.24	£22.57	<b>6%</b>
10 Mile Journey	£21.03	£22.30	<b>6%</b>	£31.04	£32.95	<b>6%</b>	£41.36	£43.91	<b>6%</b>
25 Mile Journey	£51.20	£54.30	<b>6%</b>	£76.30	£80.95	<b>6%</b>	£101.70	£107.91	<b>6%</b>
Waiting time	20p / 50sec	20p / 50sec		30p / 75sec	30p / 75sec		40p / 100sec	40p / 100sec	
Waiting time £ per hour (A)	£14.44	£14.40	<b>0%</b>	£14.44	£14.40	<b>0%</b>	£14.44	£14.40	<b>0%</b>