

# **TONBRIDGE & MALLING BOROUGH COUNCIL**

## **LICENSING & APPEALS COMMITTEE**

**21 September 2010**

### **Report of the Central Services Director**

#### **Part 1- Public**

#### **Delegated**

#### **1 PROPOSED INCREASE IN TABLE OF MAXIMUM HACKNEY CARRIAGE FARES**

##### **1.1 Background**

- 1.1.1 A report was made to the June meeting of the Licensing and Appeals Committee following two applications being received for a review of the tariff of maximum fares for hackney carriages. Members requested that additional information be presented at the September Committee to better inform their decision regarding this matter.
- 1.1.2 Following the meeting, a questionnaire was sent to all drivers seeking their views on a fare increase. In addition, this matter was put on the agenda for discussion at the two taxi trade meetings held in July.
- 1.1.3 I have also sought information from other Kent authorities on their tariffs and when these have been reviewed.

##### **1.2 Comparison with other Kent Authorities**

- 1.2.1 By law, the Council has to set a table of maximum hackney carriage fares. These are the maximum fares that may be charged. No proprietor is required to charge the maximum fares and indeed many charge at a lower rate. No hackney carriage journey can be charged at a higher rate. For clarity, these charges do not apply to private hire work (journeys which are pre-booked) or to journeys which extend outside the Borough. In both these cases the fare charged is by agreement between the proprietor and the hirer.
- 1.2.2 It is not relevant for the Council to take into account current fares in a national league table, although comparison with fares in adjacent areas is acceptable.
- 1.2.3 Below is a table showing other Kent authorities' tariffs.

**Comparison Table – August 2010**

<b>Region</b>	<b>Time &amp; Distance Tariff</b>	<b>1 Mile</b>	<b>2 Miles</b>	<b>5 Miles</b>	<b>Last Reviewed</b>
Tonbridge & Malling	NO	£3.40	£5.60	£12.20	Last increase Jan 2008
Tunbridge Wells	YES	£3.80	£6.20	£13.40	Fare increase being considered
Dartford	YES	£4.00	£6.20	£13.50	Last reviewed November 2008
Sevenoaks	YES	£3.92	£6.02	£11.41	Tariff increase currently out for consultation
Canterbury	YES	£4.20	£6.00	£10.20	Last reviewed October 2008
Gravesham	YES	£4.00	£6.00	£13.00	Last reviewed Feb 2009. Reviewed every 24 month period
Medway	YES	£4.20	£5.80	£10.20	Last reviewed February 2008
Maidstone	YES	£3.80	£5.80	£10.90	Last increased 2009
Dover	YES	£4.20	£5.70	£8.85	Last reviewed Jan 2009. Request for review expected
Swale	YES	£4.10	£5.70	£9.25	Last Reviewed October 2008
Ashford	YES	£3.60	£5.40	£10.10	Reviewed annually. Last review April 2010
Shepway	YES	£3.70	£5.30	£9.20	Last Reviewed October 2008. Request for Review being reported to Committee September 2010

Thanet	Yes	£3.80	£5.00	£9.00	No Annual Review. Automatically grant / approve any requests from the trade that have a clear majority agreement
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1.2.4 Although most have reviewed, only two authorities (Maidstone and Gravesham) have actually increased their fares since December 2008.

### 1.3 Details of Application for increase in maximum fares

1.3.1 The Council received in May, two applications to request an increase in the maximum fare charged. Both applications are broadly similar and can be summarised as follows:

1. The initial “flag down” rate be increased from £2.80 to £3.20 for .75 mile
2. For each subsequent 153.04 yards the rate be 20p. This equates to £2.30 per mile.
3. The Easter Sunday rate be reduced from double fare to fare and a half.
4. The waiting time tariff be increased from 10p for a 24 second period to 10p for 20 seconds. This equates to £18 per hour.
5. The application seeks approval for the implementation of a “time and distance” tariff. At present this Council’s licensed taxis operate on a distance only tariff whereby the fare is calculated purely on the distance travelled irrespective of the time that the journey takes. The time and distance tariff comes into operation when the speed of the vehicle usually falls below 6mph or is stationary. At this point the waiting time tariff takes over from the distance element of the taxi meter until such time as the speed of the vehicle increases to above the 6mph limit.
6. The application from Mr Hill seeks to increase the weekend supplement from 50p to 80p. This is not supported by Mr Morgan.
7. The increase of the spoilage charge be increased from £75 to £100. This charge is only recoverable by the driver/operator by Civil means should a customer fail to pay for spoilage.
8. All existing extra charges for hirings between midnight and 0600, Bank or Public Holidays, Christmas and New Year’s Eve, Christmas Day, Easter

Sunday and the carriage of more than four passengers to be at the same percentage rate increase.

1.3.2 The following chart shows a comparison between existing and proposed rates.

	Existing Fare	Proposed Fare
For a journey of .75 mile	£2.80	£3.20
For a journey of 2 miles	£5.60	£5.90
For a journey of 5 miles	£12.20	£12.80

In percentage terms this represents:

An 11 per cent increase on a 2 mile journey.

A 6.5 per cent increase on a 5 mile journey.

The proposed new waiting time tariff represents a 20 per cent increase.

## 1.4 Consultation with the Trade

1.4.1 Following the June meeting of Licence and Appeals Committee, a questionnaire was sent to all drivers seeking their views on a proposed increase to the current maximum fares.

1.4.2 130 questionnaires were sent out; only 46 returns were received (35 per cent). The returned questionnaires have been interpreted as follows:

### Current Tariff

Tariff too low: 30 agreed

Tariff too high: 0 agreed

Tariff about right: 13 agreed

No indication: 3

### Time and Distance

Would use time and distance: 37 agreed

Would not use time and distance: 3 agreed

Unsure if they would time and distance: 4 agreed

No indication: 2

Although the overall returns was small. Of those that did complete and return the questionnaire, 82 per cent were in favour of time and distance being imposed.

- 1.4.3 At the two trade meetings held in July, drivers' comments on a fare tariff increase were mixed. A number spoke in favour of a tariff increase, but felt that it would be more acceptable to customers if a small percentage increase was applied say each year, rather than the large increase that had been requested.

## **1.5 Suggested way forward**

- 1.5.1 The process of setting a fare increase is complex and a balance needs to be struck between the legitimate aims of the taxi trade to maintain profitability in the face of increasing costs, while protecting the public from excessive fares.
- 1.5.2 A key cost for the taxi trade is the price of fuel.
- 1.5.3 There is evidence to indicate that fuel prices have increased since the last time we increased the maximum tariff in January 2008.
- 1.5.4 According to the AA petrol price review, in January 2008 fuel prices reached an all time high at £5 per gallon (104.3p/litre); by the end of 2008 prices had dropped to 89.48p/litre. In December 2009, the average price was 108.3p/litre. Currently, the average price stands at 116.5p/litre.
- 1.5.5 The UK has the seventh highest unleaded prices in Europe and the second highest diesel prices in Europe.

### **Recommendation A: Imposing Time and Distance**

From the comparison table of other authorities in Kent, it is shown that TMBC are in the only authority, not operating a time and distance approach. The Council has always been reluctant to approve this method, as it would significantly increase the fare on days and times when roads are congested. Time and distance has been requested by members of the trade on occasions dating back to 1996.

However from communications with some members of the taxi trade, it has been alleged that some drivers are implementing 'time and distance' illegally for some while on routes and at times when it would not blatantly show up.

The upsides in introducing 'Time and Distance' are:

1. In line with other Kent authorities already operating this practice.
2. Time and distance is already built in to the taximeter and therefore no fee is incurred by the trade for reconfiguring taximeters. If a percentage increase were introduced, those choosing to implement the new maximum tariff have to pay to have their meters adjusted.

3. Those allegedly already using time and distance illegally, would not gain from its implementation.

The downside in introducing 'Time and Distance' is:

The public will not be presented with a consistency of fares. On a day/time when roads are congested, the fare will be much higher.

### **Recommendation B: A small percentage increase at regular intervals**

Another option would be for the Council to agree to review fares on an annual basis. Imposing a small percentage increase now and reviewing the fares again in September 2011.

A 3 per cent increase on the current fares would represent:

	Existing Fare	Trade Request	3% increase (rounded up)
Journey of .75 mile	£2.80	£3.20	£2.90
Journey of 2 miles	£5.60	£5.90	£5.80
Journey of 5 miles	£12.20	£12.80	£12.60

There is no doubt that a small percentage increase now, will be 'swallowed up' in the New Year, with the proposed increase in VAT. However a commitment to review the fares on an annual basis would be welcomed by the trade.

## **1.6 Legal Implications**

Any proposal to vary the table of fares is subject to consultation. Under the Local Government Act 1976 – Section 65, any fares approved by the Council must be advertised via a public notice in a local newspaper. Any relevant objections received would need to be reported back to Members for consideration and decision.

## **1.7 Financial and Value for Money Considerations**

It should be noted that the tariff is the maximum fare that can be charged and discounts can be given, should the proprietor wish.

## **1.8 Risk Assessment**

Approval of a new maximum fare, below the expectation of the hackney carriage trade, or the non-approval of time and distance, may result in dissatisfaction from

the trade. Setting a maximum fare, much above the rate of inflation, may result in complaints from members of the public.

## **1.9 Recommendations**

It is recommended that Members endorse a policy that hackney carriage fares are reviewed annually; and

Secondly, that either Option A – Time and Distance practice is imposed, or Option B – 3 per cent increase to fares is imposed, with effect from 1 November 2010 (to allow for consultation via public notice).

Background papers:

contact: Katie Iggulden

Licensing and Appeals Committee 7 June 2010  
Application for increase in table of maximum Hackney  
Carriage Fares

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