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<b>Date</b>	27 November 2018		
<b>Ward (s) affected</b>	All	<b>Key Decision</b>	Yes

<b>Subject</b>	New Maximum Fare Taxi Tariff for Quarter 4 2018/2019		
<b>Recommendations</b>			
<ol style="list-style-type: none"> <li>1. That the Cabinet agrees to consult on the proposed new maximum fare tariff as set out in paragraph 2.5 of the report.</li> <li>2. If no objections to the proposed tariff are received, or any objections received are subsequently withdrawn, then the proposed advertised maximum fare tariff is adopted with immediate effect.</li> <li>3. That following the period of consultation, should any objections be received and not withdrawn, a report is brought back to Cabinet.</li> </ol>			

<b>Executive Summary</b>
<p>On 10<sup>th</sup> June 2008 the Executive considered and adopted a method of calculating the hackney carriage maximum fare tariff based on increases to the Retail Price Index (RPI). The last review of Hackney Carriage fares was in April 2014.</p> <p>Following a request from the Hackney Carriage trade, the Hackney Carriage Working Group met on 10<sup>th</sup> October 2018 and has recommended that a new maximum fare tariff be adopted.</p>

<b>Corporate Priority</b>
<b>Prosperity - A vibrant local economy with thriving towns and villages</b>
The new maximum fare tariff has been produced to sufficiently remunerate hackney carriage drivers so that the provision of their services remains a strong feature of the local transport network.

<b>The Cabinet has the authority to determine the Recommendations</b>
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### 1.0 Background/Introduction

- 1.1 Hackney carriages are available for hire at taxi ranks and can ply for hire in the District. The maximum fares for hackney carriages are set by the Council and are displayed on a compulsory taximeter fitted in the vehicle. The fare shown is the maximum that can be charged for the journey undertaken, but drivers are free to charge less than the fee calculated by the taximeter. If the

journey takes the vehicle outside the council district then a different fare may be agreed before the journey begins.

- 1.2 Unlike hackney carriages, private hire vehicles must be pre-booked, and the fare should be agreed with the private hire operator before the journey commences. The maximum fares for private hire vehicles are not set by the Council, although proprietors may choose to have private hire vehicles fitted with a taximeter.
- 1.3 The current hackney carriage maximum fare tariff was set by Executive on 8<sup>th</sup> April 2014, and came into effect on 19<sup>th</sup> May 2014. A copy of the current fare table is shown in Appendix 1.
- 1.4 Since 10<sup>th</sup> June 2008 the Executive has used a method of calculating the hackney carriage maximum fare tariff based on increases in the Retail Price Index (RPI). Proposals to review the fare table are made by the Hackney Carriage Consultative Group following requests from the trade.
- 1.5 Between January 2014 (the period used to calculate the previous 2014 tariff increase) to August 2018 (the most recent period for which figures are available) the RPI has increased by 12.5%. The calculations for this increase are shown in Appendix 2.
- 1.6 On 10<sup>th</sup> October 2018 The Hackney Carriage Consultative Group met to consider a request from the trade to increase the hackney carriage fare tariff. They considered how earnings for drivers were down in the face of increased costs to the trade, and increased competition from private hire operators. In general hackney carriage drivers based in the Leatherhead area were in favour of a near RPI level increase, saying that anything less would be difficult financially for drivers, whilst those based in Dorking preferred the tariff to remain unchanged, believing that an increase in the tariff may have a detrimental impact on business by increasing the competition from private hire operators. It was noted at the meeting that the fare tariff set by MVDC represented the maximum that could be charged, and that the driver is entitled to both demand and accept less than the fare shown on the meter. After considering a range of options, the group agreed to propose an increase of 10% to the fare table, slightly below the percentage change in the RPI since the last hackney carriage tariff increase. The group found it necessary to propose an amount slightly below the RPI level increase previously adopted by the Executive to address the concerns of some drivers that the full RPI level increase could be bad for business, irrespective of individual driver's discretion to charge less than the fare shown on the meter. A copy of the minutes of this meeting are shown in Appendix 3.
- 1.7 Once the Cabinet has resolved to make any changes to the table of fares, this fare structure must be published by way of a public notice in the local press. A copy of the notice must also be made available at Pippbrook offices and Leatherhead Help Shop. A statutory period of not less than 14 days is allowed for any objections to be made to MVDC.
- 1.8 If objections are received, they will be reported to the Cabinet for consideration. The Cabinet may then decide to proceed with the advertised table of fares or amend it, having taken into account any objections.
- 1.9 The table of fares set by the Cabinet will continue in that form until such time as the Cabinet determine to alter them. The Hackney Carriage Consultative Group have committed to reviewing the fare table annually so that in future any increases will be more incremental.

## **2.0 The Proposed New Maximum Fare Tariff**

- 2.1 Hackney carriage fares are calculated by distance and time. Typically hackney carriages have a set fare for carrying a passenger a fixed distance before incremental increases start to take effect. The point at which the fixed fare ends is called the 'flag fall'.
- 2.2 It is the preference of the trade that the amounts of the incremental increases stay at convenient sums (e.g. 20p), which usually means that small increases to the increment are calculated by reducing the distance ('yardage') at which they take effect.
- 2.3 The Hackney Carriage Consultative Group, in agreeing to the 10% increase, preferred that the flag fall amount stay unaltered, with the flag fall distance instead being proportionally reduced. This means that the taxi meter will show the same starting price, but will instead start to incrementally increase a little earlier. This approach was accepted by the Executive at the last two fare tariff reviews (November 2011 and April 2014).
- 2.4 Members of the trade have expressed a preference that the flag fall distance be a convenient fraction of a mile. In order to best accommodate this request with the fare increase, the proposed new flag fall distance is 1320 yards, equal to three quarters (3/4) of a mile.
- 2.5 For the reasons listed above it becomes impossible to exactly apply the proposed 10% increase across all distances. Officers have applied the proposed increase to the current fare table as shown below and consider this to be on average closest to the 10% increase proposed.

Tariff	Flag	Yardage	1 mile	1.5 mile	2 mile	3 mile	5 miles	10 miles	Waiting time
Current	£3.90 (1563 yards)	156@20p	£4.30	£5.30	£6.50	£8.70	£13.30	£24.50	25p per 45 secs.
Proposed	£3.90 (1320 yards)	141@20p	£4.70	£5.90	£7.10	£9.70	£14.7	£27.10	25p per 41 secs.
Increase	-243 yards		9.30%	11.32%	9.23%	11.49%	10.52%	10.61%	9.75%

- 2.6 In line with the views of the Hackney Carriage Working Group, no other changes to the maximum fare tariff are proposed. The multiple to be applied for hirings at unsocial hours (e.g. Sundays or New Year's Eve) will remain unchanged (i.e. either 1½ x normal fare or 2 x normal fare).
- 2.7 The proposed maximum fare tariff is compared with other neighbouring local authority's tariffs in the table and graph at Appendix 4.

### Financial Implications

There are no significant financial implications as far as MVDC is concerned. Every proposed change to the tariff has to be advertised and this incurs a cost but this is

covered in the revenue budget. The cost of advertising in the local newspaper is approximately £900.

### **Legal Implications**

The Council has the power under s.65(1) Local Government (Miscellaneous Provisions) Act 1976 (the Act) to fix rates or fares in connection with the hire of hackney carriages within the district.

The Act requires MVDC to publish a notice setting out the proposed varied table of fares in at least one local newspaper circulating in the district, and the notice must specify how objections may be made, and allow a minimum 14 day period for objections to be made from the date the notice is published. In addition, a copy of the notice must be placed on deposit both at Pippbrook and at Leatherhead Help Shop and be available for public inspection free of charge.

If no objections are made, the varied table of fares will come into effect on the date on which the objection period expires. If objections are made, and are not withdrawn, the Cabinet must consider the objections and set a further date no later than two months after the original expiry date for objections, on which the table of fares shall come into force with or without any revisions.

The Department of Transport 'Taxi and Private Hire Vehicle Licensing: Best Practice Guidance' (March 2010) contains the following recommendations:

- (a) fare scales should be designed with a view to practicality
- (b) a simple formula for deciding on fare revisions will increase understanding and improve the transparency of the process;
- (c) in reviewing fares, the licensing authority should pay particular regard to the needs of the travelling public, with reference both to what it is reasonable to expect people to pay but also to the need to give taxi drivers sufficient incentive to provide a service when it is needed.
- (d) Taxi fares are a maximum, and especially in the context of telephone bookings, there is more likely to be a choice of taxi operators and scope for differentiation of services to the customer's advantage (e.g. lower fares off peak or for pensioners).
- (e) Taxi operators who wish to do so can make it clear that they charge less than the maximum fare.

The Cabinet should have regard to MVDC's Hackney Carriage and Private Hire Licensing Policy, which states that:

The Council will regulate the hackney carriage tariff by the use of a transparent and coherent system. The system will take account of costs related to hackney carriage business. The Council will consider representations by hackney carriage proprietors or their representatives regarding the tariff.

### **3.0 Options**

The Cabinet can decide:

1. To amend the maximum fare tariff as set out in paragraph 2.5.
2. To advise officers on alternative amendments to the proposed tariff as considered, or to leave the maximum fare tariff unaltered.

Option 1, to increase the maximum fare tariff by the amount proposed by the Hackney Carriage Consultative Group, is the preferred option. This increase will ensure drivers earnings do not fall significantly behind increases to the RPI.

Changes to the maximum fare tariff of a lesser amount could result in hackney carriage work becoming less appealing, with the possible effect of fewer hackney carriages being available to support the local transport network.

## **4.0 Corporate Implications**

### **Monitoring Officer commentary**

The Monitoring Officer is satisfied that the relevant legal implications as set out above have been taken into consideration.

### **S151 Officer commentary**

There are minor financial cost implications in relation to advertising the proposals for change and these have been taken into account in this report.

### **Risk Implications**

Option 1: The report applies the approved mechanism for reviewing and increasing fees previously agreed by the Executive. Whilst any increase may not be popular with all service users, the proposed change to the maximum fare tariff is slightly below the RPI increase and this should mitigate any reputational risks to the Council within the context of expected inflationary increases. The licensed drivers who oppose an increase will be reminded that they are entitled to charge less than the fare shown on the meter, again mitigating any reputation risks to MVDC resulting from the fare table increase.

It is possible that any increase to the maximum fare tariff could increase competition from private hire operators licensed outside the Mole Valley District, resulting in an increase in the number of vehicles and drivers licensed by other local authorities operating in the district. These vehicles and drivers licensed by other authorities are not subject to the same powers of enforcement as locally licensed vehicles (e.g. MVDC is unable to suspend or revoke these licences, or require that licensees meet locally set licence conditions). However, this is an existing issue that changes to technology and the way customers book private hire vehicles will only increase, and local fare increases are unlikely to significantly exacerbate the situation. The licensing department continues to work closely with other licensing authorities to ensure cross-border hirings are conducted lawfully and safely, and support the proposed changes to taxi legislation (the man body of which dates back to 1976) necessary to allow the consistent enforcement of standards for all licensed vehicles operating in the district

Option 2: There could be reputational risks to MVDC if the tariff increase was significantly below the RPI level or remained unchanged as hackney carriage drivers would find their earning effectively decreasing due to their rising costs. There could also be reputational risks to MVDC if the maximum fare tariff was increased above the RPI level as service users may consider this unjustifiable.

**Equalities Implications** – Disabled people and the elderly who are unable to use public transport may rely on taxis more heavily for very short journeys. The effect of reducing the flag distance rather than increasing the flag amount to achieve the proposed 10% increase is that journeys up to  $\frac{3}{4}$  of a mile will be unaltered in cost. Thereafter the proposed 10% increase would take effect, however the impact on short journeys (e.g. an extra 60 pence on a two mile journey) would be slightly below inflationary increases, and it is not considered this would not unduly affect any particular groups within the community.

MVDC offers Community Transport, Dial-A-Ride and Community Cab services as an alternative for all residents in the district with mobility problems who still want independence. Further details are available on [www.molevalley.gov.uk](http://www.molevalley.gov.uk)

**Employment Issues** – None

**Sustainability Issues** – None

**Consultation** - The Hackney Carriage Consultative Group met to consider the request for an increase from members of the trade and to propose the 10% increase to the maximum fare tariff set out in this report.

**Communications** - A news release has been prepared for when the decision of the Cabinet is passed.

**Background Papers** - None other than published documents

**MOLE VALLEY DISTRICT COUNCIL – HACKNEY CARRIAGE FARES**

For journeys within the District of Mole Valley. From 19<sup>th</sup> May 2014. The Tariff below is the maximum

<b><u>DISTANCE</u></b> First 1563 yards (1429.21 metres) or part thereof	<b>£3.90</b>
Each subsequent 156 yards (142.65 metres) or part thereof	<b>.20p</b>
<b><u>WAITING TIME</u></b> Each 45 seconds or part thereof	<b>.25p</b>

<b>Hiring commencing within the following times:</b>	
23:00hrs (11pm) – 07:30am Monday to Saturday	<b>1½ x normal fare</b>
23:00hrs (11pm) Saturday to 07:30am Monday	<b>1½ x normal fare</b>
All Bank Holidays (Except Christmas & New Year)	<b>1½ x normal fare</b>
18:00hrs (6pm) Christmas Eve to Midnight Christmas Day	<b>2 x normal fare</b>
18:00hrs (6pm) New Year's Eve to Midnight New Year's Day	<b>2 x normal fare</b>

<b><u>EXTRA CHARGES</u></b>
Each passenger in excess of two <b>.35p</b>
Booking Charge for hiring involving a separate journey to pick up hirer <b>£1.00</b>
<b>THE FARE ON THE METER, WHEN IN USE, MUST BE CLEARLY VISIBLE TO THE PASSENGER AT ALL TIMES</b>
The table of fares shall not apply to Hackney Carriages hired in pursuance of a written contract with the local education authority for the conveyance of children to and from school.
N.B. If the journey takes the cab outside the Mole Valley district the driver must still charge in accordance with the above scale unless he/she has agreed otherwise with the hirer BEFORE the journey started.
<b>THE DRIVER OF THIS VEHICLE IS REQUIRED TO WEAR AN IDENTITY / LICENCE BADGE</b>
ANY COMPLAINTS should be reported to Mole Valley District Council, Pippbrook, Dorking, Surrey, quoting if possible the Vehicle Plate No. and / or the Driver's name.

## Calculations

### RPI increase calculation

Source: www.ons.gov.uk	
Jan 2014 RPI	252.6
August 2018 RPI	284.2
Change	31.6
Percentage Increase	12.51%

### Average cost of motoring

Whilst the RPI has been the agreed method for calculating fare tariff increases since June 2008, previous reports regarding proposed increases have made reference to increases in the cost of motoring over the same period.

The figures below are used by Transport for London when calculating increases in the costs of running a taxi in London. They include the costs of parts, tyres, garaging and servicing, fuel and insurance. The comparison shows the changes in costs over a four year period using the latest figures available, a shorter time period than since the last MVDC fare increase (4 years 6 months).

Source www.tfl.gov.uk	
Cost p per mile in <a href="#">2013</a>	234.96
Cost p per mile in <a href="#">2017</a>	254.25
Change	19.29 p per mile
Percentage Increase	8.2%

The cost of petrol has returned to levels similar to that at the time the last MVDC fare increase was calculated.

Source: www.theaa.com	Cost (ppl)	
	Feb 2014	September 2018
Unleaded	129.74	129.5
Diesel	137.09	134.4

**Minutes of a meeting of the Hackney Carriage Consultative Group held on 10<sup>th</sup> October 2018 at Pippbrook, Dorking from 11am to 12:47pm.**

**Present: Representing Mole Valley District Council:** Councillor John Chandler ( Chairman), Councillor Mary Cooper, Councillor Paul Elderton

**Representing the Hackney Carriage Trade:** Bill Adams, Greg Rosser, Marc Jacka, Peter Harms.

**Also in Attendance:** Paul Holliday (Senior Licensing Officer), David Hine (Strategic Partnership Manager), Alex White (Democratic Services)

Agenda Item NO.	Title	Actions
1.	<p><b>Apologises for Absence</b></p> <p>There were no apologies for the meeting.</p>	
2.	<p><b>Minutes</b></p> <p>The minutes were approved as a correct record for the meeting the group held on 25<sup>th</sup> February 2014.</p>	
3.	<p><b>Matters Arising</b></p> <p>There were no matters arising.</p>	
4.	<p><b>Consideration of Hackney Carriage Tariff Amendments</b></p> <p>The group discussed whether there should be an increase to the Hackney Carriage fare table inline with RPI (currently at 12.5%) or if an alternative increase would be best for the drivers.</p> <p>All the Hackney Carriage Trade Representatives made it aware that they had concerns that earnings had been affected due to competition from Uber, Belfry cars and Roadrunner taxis etc.</p> <p>The Hackney Carriage Trade Representative from Dorking present at the meeting was particularly concerned that a significant increase in the fare table would not be welcomed by the public and may reduce custom. The Hackney Carriage Representatives from Leatherhead were particularly concerned that unless the fare was increased by at least 10% it would be difficult financially for drivers to earn a living.</p> <p>It was discussed that some drivers offer regular customers small discounts to the fare shown on the meter, and that this was at the</p>	

	<p>discretion of the driver.</p> <p>The group agreed that annual meetings should be arranged to review the fare table to avoid significant increases to the fare as a result of increases not being applied regularly.</p> <p>There was discussion that increasing the initial tariff rate could be damaging to the trade as it could potentially frighten off customers. The group wanted the flag cost to remain at £3.90 but decrease the flag distance (The distance before incremental increases start).</p> <p>The 'time and a half' and 'double time' rates were discussed. Some of the drivers felt that there needed to be a change to the rates paid for unsociable hours that they work to reflect recent changes in society. However this was agreed that it will require further consideration and is to be discussed at a future meeting.</p> <p>A 5% increase was considered, however following discussions the majority of the group felt that a 10% increase was appropriate given the increased costs that drivers are facing. It was agreed that the 10% increase in the tariff rate would be submitted to the Cabinet for consideration, with the flag at £3.90 and reducing the flag distance accordingly.</p>	
<p><b>5.</b></p>	<p><b>Any Other Business</b></p> <p>It was agreed that cross-boarder hiring would be discussed at a future meeting.</p>	<p><b>Paul Holliday to arrange for further meetings.</b></p>

### Comparison with neighbouring authorities

Council	Date Introduced	Group ranking at 2 miles	National Ranking at 2 miles*	Flag (£)	Cost (£) by Distance				
					1 mile	2 miles	3 miles	5 miles	10 miles
Epsom & Ewell/TFL	Oct-18	1	4	3.00	5.4	8.2	11	16.4	30.2
<b>MVDC proposed</b>	-	<b>2</b>	<b>9</b>	<b>3.90</b>	<b>4.7</b>	<b>7.1</b>	<b>9.7</b>	<b>14.7</b>	<b>27.1</b>
Guildford	Jun-18	3	31	3.00	4.8	6.8	8.8	12.8	22.8
Crawley	Oct-17	4	50	4.20	4.2	6.6	9	13.6	25
<b>MVDC current</b>	<b>May-14</b>	<b>5</b>	<b>64</b>	<b>3.90</b>	<b>4.3</b>	<b>6.5</b>	<b>8.7</b>	<b>13.3</b>	<b>24.5</b>
Waverly	Feb-14	6	119	3.40	4	6.4	8.8	13.6	25.6
Horsham	Jul-12	7	103	3.80	4.3	6.2	8.1	11.9	21.4
Elmbridge	Jul-11	8	125	3.85	3.85	6.1	8.35	12.85	24.1
Reigate & Banstead	Dec-11	9	187	3.60	3.6	5.8	8	12.4	23.2

\*Source: Private Hire and Taxi Monthly, Oct 2018: 367 councils ranked in order of the hackney carriage fare from highest to lowest for a two mile tariff one (standard hours) journey . The national average for a two mile hackney fare on tariff one is £5.83.

