

Summary Sheet

Council Report

Cabinet and Commissioner's Decision Making Meeting - 26 June 2017

Title

Proposal to increase Hackney Carriage Tariffs

Is this a Key Decision and has it been included on the Forward Plan?

No, but it has been included on the Forward Plan

Strategic Director Approving Submission of the Report

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Ward(s) Affected

All wards

Executive Summary

A representation has been received on behalf of members of the Rotherham Hackney Carriage Association requesting a rise in the metered fares currently being charged in hackney carriage vehicles.

In addition, the association is requesting an additional multiplier to be applied when carrying five or more passengers, and an increase of the soiling charge.

The tariffs are set by the Council in accordance with Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 – this is an executive function and must therefore be exercised by Cabinet.

Recommendations

1. That the requested increase in tariffs 1, 2 and 3 be approved.
2. That the requested amendments to the incremental distance charge or 'drop' across all tariffs be refused.
3. That the requested introduction of a 'large group surcharge' and an increased soiling charge be approved.
4. That following the period of consultation, if no objections are received or any objections received are subsequently withdrawn, then the proposed tariff advertised will take immediate effect.
5. That following the period of consultation, should any objections be received, a report is brought back to Cabinet.

List of Appendices Included

Appendix 1	-	Current Hackney Carriage Tariffs
Appendix 2	-	Recommended Hackney Carriage Tariffs
Appendix 3	-	South Yorkshire Comparison Information

Background Papers

None

Consideration by any other Council Committee, Scrutiny or Advisory Panel

Proposals reviewed by Licensing Board on 20th February 2017 (comments received and incorporated into this report).

Council Approval Required

No

Exempt from the Press and Public

No

Proposal to increase Hackney Carriage Tariffs

1. Recommendations

- 1.1 That the requested increase in tariffs 1, 2 and 3 be approved.
- 1.2 That the requested amendments to the incremental distance charge, or 'drop' across all tariffs be refused.
- 1.3 That the requested introduction of a 'large group surcharge' and an increased soiling charge be approved.
- 1.4 That following the period of consultation, if no objections are received or any objections received are subsequently withdrawn, then the proposed tariff advertised will take immediate effect.
- 1.5 That following the period of consultation, should any objection be received, a report is brought back to Cabinet.

2. Background

- 2.1 A representation has been received on behalf of members of the Rotherham Hackney Carriage Association requesting a rise in the metered fares currently being charged in hackney carriage vehicles.
- 2.2 In addition, the association is requesting an additional multiplier to be applied when carrying five or more passengers, and an increase of the soiling charge.
- 2.3 The tariffs are set by the Council in accordance with Section 65 of the Local Government (Miscellaneous Provisions) Act 1976. Unlike many other licensing functions, the setting of Hackney Carriage fares is an executive function, and therefore the fees must be set by the Cabinet and not the Licensing Board.
- 2.4 Hackney Carriages are able to take bookings directly from a taxi rank, or be flagged down in the street (as opposed to Private Hire Vehicles that must be booked via a licensed operator). There are 52 Hackney Carriages in Rotherham; this is a limit that was set by the Licensing Board on 12th August 2009.

3. Key Issues

- 3.1 The current and recommended tariffs are detailed in Appendices 1 and 2 (recommended amendments are highlighted in **bold** text in Appendix 2).
- 3.2 The request was received by the Council in January 2017, and was made by the Chair of the Rotherham Hackney Carriage Association.
- 3.3 A report was presented to the Licensing Board on 20th February 2017 in order for the Board to provide comment in relation to the proposals. The Licensing Board made several comments in relation to the proposals, in particular:
 - The rationale behind the "large group surcharge"

- Whether other local authorities have a different tariff for Sundays.
- 3.4 Further information has been obtained as a result of these queries, and this has been incorporated into the detail of this report.
- 3.5 The revised tariffs represent the costs that passengers must pay when taking a journey in a Hackney Carriage, and are considered by the Association to be a fair balance for passenger and licence holder alike.
- 3.6 The tariffs generally comprise two elements:
- The “flag” – this is the initial charge made as soon as the vehicle is hired. It covers the hire of the vehicle and journey up to a specified distance (a percentage of a mile). This is usually the minimum fare that is paid for using the Hackney Carriage.
 - A charge for distance – this is a charge for a specified unit of distance and increases by 10 pence incrementally throughout the journey, and is known as the “drop”. The trade had requested that the amount of the increase is raised to 20 pence, but that the length of the increment is doubled (meaning that the charge per mile will stay the same, but it will increase by larger increments throughout the journey). Officers are recommending that this request is refused.
- 3.7 The current tariffs were set in 2007. Since this time, the cost of fuel, insurance and vehicle servicing has increased significantly. Fuel alone has increased by around 9% since 2007 (according to the AA Fuel Price Report). Licence holders are therefore requesting this increase to cover running costs and allow them to see sufficient return for their business.
- 3.8 The increase in tariffs will see the following charges being paid by customers:

Tariff 1 (standard tariff)

The current charge for first mile is £3.60, with each additional mile costing the passenger £1.20. This will increase to £3.90 for the first mile (an increase of 8.3%), and £1.40 for each additional mile thereafter (an increase of 16.7%).

Tariff 2 (for hirings between 2200hrs and 0600hrs and Sundays and Bank Holidays - excluding Christmas Day, Boxing Day and New Year's Day)

The current charge for first mile is £3.80, with each additional mile costing the passenger £1.40. This will increase to £4.20 for the first mile (an increase of 10.5%), and £1.60 for each additional mile thereafter (an increase of 14.3%).

Tariff 3 (for hirings between 1700hrs on 24th December to 0600hrs on 27th December, and 1700hrs on 31st December to 0600hrs on 2nd January)

The current charge for first mile is £6.40, with each additional mile costing the passenger £1.50. This will increase to £6.60 for the first mile (an increase of 3.1%), and £1.70 for each additional mile thereafter (an increase of 13.3%).

- 3.9 As has been referred to above, the trade representative has also requested an amendment in relation to the distance element of the charge (the “drop”). This is currently 10 pence per fraction of a mile. The trade has requested an increase in the drop to 20 pence per fraction of a mile, with a corresponding increase of the amount of distance travelled between each drop. This means that the amount of the distance charge per mile will remain the same – but it will increase in larger increments. For example, a drop of 10 pence per $\frac{1}{12}$ th of a mile will equate to the same as a drop of 20 pence per $\frac{1}{6}$ th of a mile for each mile completed.
- 3.10 Officers consider that amending the incremental increase in the way requested is detrimental to the passenger and in the absence of any justification for such an amendment recommend that this element of the request is refused.
- 3.11 Increased tariffs for night time and Bank Holiday bookings are common across South Yorkshire, however increased tariffs on a Sunday are unique to Rotherham. The trade association have stated that the additional charge on a Sunday is necessary as there is insufficient work in the town on a Sunday (between the hours of 6am and 10pm) to justify working at the standard rate. A view was expressed that if Tariff 1 applied on a Sunday then Hackney Carriages would not work on that day as it would not be cost effective. It should be noted that Tariff 2 has been charged on Sundays for some years i.e. the proposal is not seeking to introduce this requirement.
- 3.12 In addition to the above, the trade is also requesting the ability to activate an additional surcharge in the event that five or more passengers are being carried in the vehicle. This surcharge would comprise of a multiplier of 1.5 being applied to whichever tariff is in operation, and would be applied for the whole of the fare if five or more passengers are present in the vehicle during any part of the journey. This additional surcharge would be activated manually by the driver.
- 3.13 The trade representative has explained that the rationale behind the multiplier is as follows:
- Vehicles that are licensed to carry five or more passengers are larger and often purpose built vehicles – they are therefore more expensive to purchase.
 - Larger / purpose built vehicles are more expensive to run and maintain (fuel, insurance, servicing etc.).
 - Larger vehicles are often wheelchair accessible. The surcharge may encourage drivers to provide larger vehicles, which will increase the number of wheelchair accessible vehicles in the Hackney Carriage fleet. The surcharge will only be applied in cases where there is a group of five or more people – the surcharge cannot be applied solely as a result of a wheelchair being carried within the vehicle.
 - The surcharge only being applied when there are five or more passengers in the vehicle is considered (by the trade) to be a compromise between covering the costs to the driver, and ensuring that the tariffs remain competitive with smaller vehicles and affordable for passengers.

- 3.14 The trade has requested that the current soiling charge is increased from £25 to £45. This charge is paid by the customer in the event that a passenger is sick, or spills food or drink in the vehicle. In the event that this happens, the vehicle must be taken off the road and cleaned before it can operate as a licensed vehicle. The trade believe that the current charge of £25 is insufficient to cover the cost of both an interior valet and the associated “down time”.
- 3.15 In order to illustrate the effect of the requested increase, the following comparison information is attached to this report as Appendix 3:
- Direct comparison of the current, requested and recommended hackney carriage tariffs;
 - Comparisons with tariffs set by other South Yorkshire councils;
 - Costs of a five mile journey by Hackney Carriage in all four South Yorkshire Authorities.
- 3.16 Any change in the proposed tariffs must be advertised in the local press (through the publication of a public notice), this will take place following agreement of the proposed tariffs by Cabinet. Should any objections be received then a further report will be prepared for consideration by Cabinet. The final determination of the tariffs will be the responsibility of Cabinet.
- 3.17 If no objections are received (or objections are made but subsequently withdrawn) the revised tariffs will come into effect on the date of the expiration of the period specified in the notice that is placed in the local press (or the date of withdrawal of the objection or, if more than one, of the last objection, whichever date is the later).
- 3.18 On implementation, the meters fitted in Hackney Carriages will require reprogramming – this activity will be undertaken by specialist meter programmers under supervision from licensing officers, and officers will verify the accuracy of the meter following reprogramming. The costs associated with the reprogramming of the meters will be met by the licence holder.
- 3.19 The proposed tariffs will only apply to Hackney Carriages licensed by Rotherham MBC. Private Hire Vehicles licensed by Rotherham MBC are at liberty to set their tariffs at whatever level they deem appropriate.
- 3.20 The recommended tariffs outlined in Appendix 2 represent the tariffs that were requested by the representative of the licensed trade – with the exception of the amendment to the incremental increase or ‘drop’, which is an officer recommendation.

4. Options considered and recommended proposal

- 4.1 Cabinet may either accept or reject the proposal in relation to the tariff increase. This report is recommending approval of the tariffs as detailed in Appendix 2 which includes the officer recommendation not to accept the incremental increase or ‘drop’ charge.

- 4.2 Cabinet may choose to accept the proposals in part, however if such a situation was to arise, it is recommended that the revised proposal is brought to the attention of the licensed trade representatives for their information and comment prior to publication in the local press. This will give the trade the option to provide further information to the Council in relation to their proposal should they consider this to be necessary.

5. Consultation

- 5.1 Members of the Council's Licensing Board have already reviewed the proposed increase and made comments in relation to them (see above).
- 5.2 A notice will be placed in the local press allowing 28 days for comments regarding the proposed tariffs to be submitted to the Council.
- 5.3 Should any comments be received then these will need to be considered prior to the tariffs being implemented. It is recommended that final approval of the fees is delegated to the Cabinet Member for Waste, Roads and Community Safety.
- 5.4 If no comments are received (or comments are made but subsequently withdrawn) the revised tariffs will come into effect at a date to be determined by the Council in liaison with the trade.

6. Timetable and Accountability for Implementing this Decision

- 6.1 Once the proposed tariffs are agreed, they will be communicated to the local licensed trade representatives by email. In addition, a notice will be placed in the local press.
- 6.2 The trade and members of the public will be given a period of 28 days within which to comment on the proposed fees.
- 6.3 The revised fees will be introduced with effect from 1st day of the month following the day that the consultation closes, or the final tariffs are agreed.

7. Financial and Procurement Implications

- 7.1 Costs will be incurred by the service for the advertisement of the fees in the local press, and the production of revised tariff cards. These costs will be met using the existing service budget.
- 7.2 The costs associated with the introduction of the new tariffs, and the reprogramming of the meters, will be met by the individual hackney carriage drivers.

8. Legal Implications

- 8.1 The relevant legislative provisions and requirements for the setting of Hackney Carriage tariffs are set out in main body of the report.

9. Human Resources Implications

9.1 There are no specific human resources implications introduced by this report.

10. Implications for Children and Young People and Vulnerable Adults

10.1 There are no specific implications for children, young people or vulnerable adults introduced by this report.

11. Equalities and Human Rights Implications

11.1 There are no specific equalities or human rights implications introduced by this report.

12. Implications for Partners and Other Directorates

12.1 There are no specific implications for partners and other directorates introduced by this report.

13. Risks and Mitigation

13.1 Setting the tariffs excessively high may cause fewer people to use hackney carriages.

13.2 Fewer people using hackney carriages may also lead to difficulties in clearing the town centre on a Friday and Saturday evening. This may lead to an increase in disorder. However, the proposed rates compare favourably with those in the rest of the region, and it is felt that the impact of the increased tariffs would be negligible.

13.3 There is a belief that a reduction in the number of hackney carriages will increase the likelihood of private hire drivers illegally plying for hire.

14. Accountable Officer(s)

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Appendix 1 – Current Hackney Carriage Tariff

Tariff 1		£
1	Distance	
	For the first 1/12 th mile	2.50
	Subsequently for each 1/12 th mile or uncompleted part thereof	0.10
2	Waiting time	
	For each period of one minute or uncompleted part thereof	0.20
Tariff 2		
1	For hirings between 2200hrs and 0600hrs and Sundays and Bank Holidays (excluding Christmas Day, Boxing Day and New Year's Day) for the first 1/14 th mile	2.50
	Subsequently for each 1/14 th mile or uncompleted part thereof	0.10
2	Waiting time	
	For each period of one minute or uncompleted part thereof	0.20
Tariff 3		
1	For hirings between 1700hrs on 24 th December to 0500hrs on 27 th December, and 1700hrs on 31 st December to 0500hrs on 2 nd January for the first 1/15 th mile	5.00
	Subsequently for each 1/15 th mile or uncompleted part thereof	0.10
2	Waiting time	
	For each period of one minute or uncompleted part thereof	0.20

Additional Charges

For the purpose of extra charges hereinafter authorised the following days in each year are classified as Bank Holidays:-

New Year's Day	Good Friday	Easter Monday
May Day	Spring Holiday	Late Summer Holiday
Christmas Day	Boxing Day	

All meters are Calendar controlled so the amount displayed will be the amount to be paid by the customer, all Tariffs will be charged automatically by the meter.

Soiling Charge £25.00

Appendix 2 – Recommended Hackney Carriage Tariff

Tariff 1		£
1	Distance	
	For the first 1/14th mile	2.60
	Subsequently for each 1/14th mile or uncompleted part thereof	0.10
2	Waiting time	
	For each period of one minute or uncompleted part thereof	0.20
Tariff 2		
1	For hirings between 2200hrs and 0600hrs and Sundays and Bank Holidays (excluding Christmas Day, Boxing Day and New Year's Day) for the first 1/16th mile	2.70
	Subsequently for each 1/16th mile or uncompleted part thereof	0.10
2	Waiting time	
	For each period of one minute or uncompleted part thereof	0.20
Tariff 3		
1	For hirings between 1700hrs on 24 th December to 0600 hrs on 27 th December, and 1700hrs on 31 st December to 0600 hrs on 2 nd January for the first 1/17th mile	5.00
	Subsequently for each 1/17th mile or uncompleted part thereof	0.10
2	Waiting time	
	For each period of one minute or uncompleted part thereof	0.20

Additional Charges

For the purpose of extra charges hereinafter authorised the following days in each year are classified as Bank Holidays:-

New Year's Day	Good Friday	Easter Monday
May Day	Spring Holiday	Late Summer Holiday
Christmas Day	Boxing Day	

(note: the extra charges will also be applied to any additional Bank Holiday that is announced by the Government from time to time).

All meters are Calendar controlled so the amount displayed will be the amount to be paid by the customer, all Tariffs will be charged automatically by the meter.

Soiling Charge £45.00

Large group surcharge Relevant tariff multiplied by 1.5

(This charge is to be applied in cases where there are five or more passengers present in the vehicle at any one time – the multiplier will be applied to the whole of the final fare as stated on the meter).

Appendix 3 – Hackney Carriage Tariff Comparison Information

	Rotherham	Barnsley	Doncaster	Sheffield
Date tariffs were set	Proposed	May 2017	May 2016	August 2016
Charge for first mile (standard tariff)	£3.90	£3.70	£3.80	£4.40
Cost per subsequent mile (standard tariff)	£1.40	£1.60	£1.60	£1.60
Charge for first mile (night time tariff)	£4.20	£4.50	£4.00	£4.90
Cost per subsequent mile (night time tariff)	£1.60	£1.60	£1.80	£1.60
Charge for first mile (Sunday daytime)	£4.20	£3.70	£3.80	£4.40
Cost per subsequent mile (Sunday daytime)	£1.60	£1.60	£1.60	£1.60
Charge for first mile (Bank Holiday)	£4.20	£4.50	£4.00	£4.40
Cost per subsequent mile (Bank Holiday)	£1.60	£1.60	£1.80	£1.60
Charge for first mile (Christmas / New Year Tariff)	£6.60	£7.40	Standard fare plus £3.50	Standard fare plus £2
Cost per subsequent mile (Christmas / New Year tariff)	£1.70	£3.20	Standard fare	Standard fare
Charge for a five mile journey (standard tariff)	£9.50	£10.10	£10.20	£10.80
Charge for a five mile journey (night time tariff)	£10.60	£10.90	£11.20	£11.30
Soiling Charge	£45.00	£80.00	£35.00	£50.00
Additional tariff / charge for five or more passengers	Yes – 1.5 times tariff	Yes - £5.60 first mile, £2.40 per mile thereafter	No	No