

North Tyneside Council Report to Regulation and Review Committee Date: 29 November 2016

ITEM 6

Title: Hackney Carriage
Fare Review 2016

Report from Service Area: Environment, Housing and Leisure

Report Authors: Colin MacDonald
Senior Manager, Technical & Regulatory Services
Tel: (0191) 643 6620
Joanne Lee, Public Protection Manager
Tel: (0191) 643 6901

Wards affected: All

PART 1

1.1 Purpose

The purpose of the report is to ask Committee to consider a variation of the table of fares for Hackney Carriages following a request from the North Tyneside Hackney Carriage Association (NTHCA) for the Authority to carry out a review.

The former Licensing Committee at their meeting of 11 October 2001 approved a formula for setting a maximum fare level. In November 2006 the Committee agreed revisions to the original procedure approved by Committee in 2001 to provide greater clarity and transparency in setting out the method of applying the formula. This formula has been used in consultation with NTHCA.

1.2 Recommendations

Committee is recommended to retain fares at the current level.

2.0 Background Information

2.1 Background

2.1.1 The Authority conducts an annual review of Hackney Carriage fares each year in accordance with the North Tyneside Council Hackney Carriage and Private Hire Policy.

2.1.2 The former Licensing Committee agreed a formal procedure on 11 October 2001 following consultation with NTHCA for reviewing the table of fares for Hackney Carriages. It was agreed that each year, a formula would be used to calculate a 'cost per mile' figure for the operation of a Hackney Carriage. The formula takes into account vehicle running costs including insurance, and driver earnings based on average

earnings for the region. The figure produced would then be used as the basis for calculating the table of fares. In November 2006 the Committee agreed revisions to the original procedure approved by Committee in 2001 to provide greater clarity and transparency in setting out the method of applying the formula. The formula itself was retained but in addition, the way in which it is applied to a proposed fare table was set out. This revised formula has been used to calculate the 2016 fare revision.

2.1.3 Officers have applied the previously agreed formula to produce a 2016 maximum 'cost per mile' figure for the operation of a Hackney Carriage of £2.53

2.1.4 NTHCA has submitted a request that the Authority reviews its current table of fares for Hackney Carriages. The following request has been received:

Tariff one

Reduce the yardage from 187.8 yards or part there of to 178.9 yards or part there of.

Tariff two

Reduce the yardage from 160.5 yards or part there of to 152.9 yards or part there of.

The soiling of carriage charges to be increased from the current charge of £80 to £100. The NTHCA have advised the following:

'Request to increase Soiling Charge is made to cover the increase in valeting charges and to compensate loss of earnings as vehicle is off the road for a minimum of 2 days.'

Officers have applied the average mile formula over a three mile period for tariffs 1 and 2 to produce an average cost per mile of £2.76. This is in excess of the maximum cost per mile.

3.0 Decision Options

Committee is requested to consider the following options:

3.1 Option 1

To apply the agreed procedure and to vary the table of fares to the rates set and to approve the increase in soiling of carriage charges.

3.2 Option 2

To resolve not to vary the table of fares or the increase of soiling charges.

Officers recommend not to vary the table of fares as requested as the average cost per mile of the request is in excess of the maximum cost per mile figure..

4.0 Appendices:

- 4.1 Appendix 1 – Current table of fares.
Appendix 2 – 2016 formula.

5.0 Contact Officers:

- 5.1 Colin MacDonald, Senior Manager, Technical & Regulatory Services, Tel: 0191 643 6620
Joanne Lee, Public Protection Manager, Tel: 0191 643 6901
Alan Burnett, Principal Trading Standards & Licensing Officer, Tel: 0191 643 6621

6.0 Background Information:

- 6.1 The following background papers have been used in the compilation of this report and are available for inspection at the offices of the author of the report.

1. Licensing Committee resolution LQ19/10/01 agreeing the use of the formula
2. AA current table of motoring costs
3. Office for National Statistics - average earnings data
4. Formula calculation
5. North Tyneside Council Hackney Carriage and Private Hire Licensing Policy

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and Other Resources:

There are no financial implications for the Authority arising directly from this report. Costs associated with the development of regulatory option proposals are met from existing budgets.

2.2 Legal

Chapter 5 North Tyneside Council Hackney Carriage and Private Hire Licensing Policy sets out the procedure for setting and reviewing Hackney Carriage fares.

North Tyneside Council may fix or vary a table of fares for Hackney Carriages by virtue of Section 65 of the Local Government (Miscellaneous Provisions) Act 1976.

If the Committee decides to vary the table of fares for Hackney Carriages, the Local Government (Miscellaneous Provisions) Act 1976 requires that the Authority must place a notice in at least one local newspaper setting out the variation in the table of fares and allowing a period of at least 14 days within which objections to the variation can be made.

Paragraph 5.2.3 North Tyneside Council Hackney Carriage and Private Hire Licensing Policy prescribes that Notices are to be published in the Evening Chronicle or similar newspaper.

In the event of the receipt of any objections during the 14 day period these would be considered by the Committee at a further meeting before a final decision was made in respect of any fare. At that meeting the Committee would be required to set a further date, not later than two months after the first specified period of 14 days on which the table of fares shall come into force with or without modifications as decided after

consideration of the objections.

If no objections are received the variation will take effect following the expiry of the 14 days notice period.

2.3 Consultation/Community Engagement:

The Authority has consulted with the North Tyneside Hackney Carriage Association. If the Committee decides to vary the table of fares for Hackney Carriages, the Local Government (Miscellaneous Provisions) Act 1976 requires that the Authority must place a notice in at least one local newspaper setting out the variation in the table of fares and allowing a period of at least 14 days within which objections to the variation can be made.

2.4 Human Rights:

There are no human rights issues arising directly arising from this report.

2.5 Equalities and Diversity:

There are no equality and diversity implications arising directly from this report. Equality Impact Assessments will be undertaken as part of the development of regulatory option proposals.

2.6 Risk Management:

There are no significant risk management implications to the Authority arising directly from this report.

2.7 Crime and Disorder:

It is not considered that there are any crime and disorder implications arising directly from this report.

2.8 Environment and Sustainability:

It is not considered that there are any environment and sustainability implications arising directly from this report.

**NORTH TYNESIDE COUNCIL
HACKNEY CARRIAGE FARE TABLE
DECEMBER 2014**

TARIFF ONE

- | | | |
|------|--|-------|
| (i) | For the first 187.80.2 yards or 46.7 seconds (or part thereof) | £1.60 |
| (ii) | For each subsequent 187.80 yards or 46.7 seconds (or part thereof) | .20p |

TARIFF TWO

For hirings between 10.00 pm and 7.00 am, and all day on Sundays, Bank Holidays and on December 27th, 28th, 29th, 30th and 31st in each year:

- | | | |
|------|---|-------|
| (i) | For the first 160.5 yards or 44.6 seconds (or part thereof) | £2.40 |
| (ii) | For each subsequent 160.5 yards or 44.6 seconds (or part thereof) | .20p |

EXTRA CHARGES

Charge for soiling the carriage	£80.00
For each person in excess of two	.40p
For each item of hand luggage carried outside the carriage	.40p
For each dog or animal (guide and/or hearing dogs exempt)	£2.00
For each bicycle	£3.00
For each perambulator	.50p

ANY TUNNEL, BRIDGE OR ROAD TOLLS TO AND FROM THE DESTINATION

**UNPAID FARES, TOGETHER WITH COSTS, ARE RECOVERABLE
BEFORE THE JUSTICES AS A PENALTY.**

**THE METER IN THIS TAXI MUST BE SEALED
AND MUST BE USED DURING EACH HIRING**

COMPLAINTS

COMPLAINTS REGARDING THE FARE CHARGED, CONDITION OF THE VEHICLE OR CONDUCT OF THE DRIVER CAN BE MADE TO THE LICENSING SECTION, NORTH TYNESIDE COUNCIL. TEL: (0191) 6432165, QUOTING THE LICENCE NUMBER AS DISPLAYED IN THE VEHICLE INTERIOR OR ON THE WHITE LICENCE PLATE ATTACHED TO THE REAR OF THE VEHICLE.

METHOD FOR CALCULATING HACKNEY CARRIAGE FARES

The formula is used as an indicator in setting hackney carriage fares by producing a fare per mile figure which, if used to set the fares, theoretically gives a driver annual earnings equivalent to the national average.

The formula uses the most recently published AA motoring costs and the Office of National Statistics average regional earnings figures to produce a 'fare per mile' figure representing the actual cost per mile when carrying fare paying passengers that a driver needs to recover to give him/her average earnings based on covering 30,000 working mile per year. The detailed methodology is set out below:

THE FORMULA

$$\frac{\text{average earnings} + \text{average taxi running costs}}{\text{average fare paying miles}} = \text{fare per mile}$$

Where the figures come from:

average earnings: this figure represents the average full time regional annual earnings taken from the most recently published figures from the Office of National Statistics (*Annual Survey of Hours and Earnings – Median Gross Weekly Earnings by Government Office Region – North East – expressed as annual earnings*)

average taxi running costs: this figure represents the total annual cost, excluding driver earnings, to run a taxi. The figure is calculated in two stages.

Firstly, a figure is taken from the most recently published AA table of motoring costs and assumes a petrol driven vehicle valued at between £13000 and £20000, and covering 30000 miles per year. The table provides a cost per mile figure which is then multiplied by 30000 (equivalent to the assumed average annual working mileage of a taxi) to produce an average annual cost for a private vehicle.

Secondly, to ensure that the final figure more accurately reflects taxi running costs a 'supplement' is added to take account of the higher insurance premiums taxi drivers usually have to pay. This supplement is an approximation arrived at by contacting a number

of local insurance brokers specialising in taxi insurance for an 'average' taxi insurance premium (In future years this figure will be adjusted to reflect the national average percentage change in taxi insurance premiums). The insurance element used in the AA calculation is then deducted from this figure to give the supplement.

The two figures are then added to give the final annual figure of average taxi running costs.

average fare paying miles: The figure used is 15000 miles. This assumes a taxi covers 30000 working miles per year of which 50% or 15000 miles are covered actually carrying fare paying passengers.

fare per mile: The fare per mile figure is reached using the formula on page 1. The figure represents the actual average fare (expressed per mile) which would need to be charged to give a driver covering 30000 working miles per year earnings equivalent to the UK national average.

APPLYING THE 'FARE PER MILE' FIGURE

Normally, North Tyneside Hackney Carriage Association will periodically submit a proposal for variation of the table of hackney carriage fares to coincide with the council's annual review of fares. The fare per mile figure cannot readily be compared with any such proposal and therefore the following method of comparison is used:

From the proposal, the actual fare for a three mile journey is calculated at the Tariff 1 rate and also at the Tariff 2 rate. Three miles is chosen as it approximately represents the average taxi journey length in the UK. The two figures are then used to calculate an average fare per mile figure by adding the two rates and dividing by six. The new figure takes into account daytime and night time working.

The fare per mile figure produced by the formula is then compared with the fare per mile figure produced from the proposed fare table. Provided that the proposal figure does not exceed the formula produced figure, the proposal will be presented to committee with a recommendation to approve the proposed variation.

FARE PER MILE CALCULATION USING THE FORMULA:

Average annual regional earnings: £24,562

Average annual vehicle running costs: £10,419
(for 30,000 miles at 33.75p per mile plus £294 costs)

Additional vehicle insurance £2986
(£ 3395- £409)

Total **£37967**

Fare per mile $\frac{37967}{15000}$ = **£2.53**
(for 50% working mileage)

FARE PER MILE EQUIVALENT OF THE PROPOSED TARIFF INCREASE:

A - Fare for a three mile journey Tariff 1 £7.40

B- Fare for a three mile journey Tariff 2 £9.20

Average fare per mile $\frac{A + B}{6}$ **£2.76**