

**To:** General Purposes Licensing Committee

**Date:** 19<sup>th</sup> February 2013 **Item No:**

**Report of:** Head of Environmental Development

**Title of Report:** Hackney Carriage – Application for Variation of Tariffs

## Summary and Recommendations

**Purpose of report:** To consider a request for a variation of the Hackney Carriage Tariffs from the City of Oxford Licensed Taxicab Association (COLTA)

**Report Approved by:**

**Finance:** Paul Swaffield

**Legal:** Daniel Smith

**Policy Framework:** Vibrant Sustainable Economy

**Recommendation(s):**

Committee is requested to:

- i) consider the request from the City of Oxford Licensed Taxicab Association for a variation to the Hackney Carriage Tariffs in accordance with the information contained within this report;**
- ii) consider an alternative variation to the Hackney Carriage Tariffs in accordance with the information supplied by the Licensing Officer and contained within this report; and subject to any decision in relation to items i) and ii)**
- iii) request the Head of Environmental Development produce a revised Hackney Carriage Tariffs Chart for the approval of the Chair and Vice-Chair; and subject to this approval**
- iv) request that the Head of Environmental Development and the Head of Law and Governance carry out the statutory requirement of a public consultation and delegate to the Chair and the Head of Environmental Development to consider any responses to the consultation; and**
- v) consider the request from the City of Oxford Licensed Taxicab Association for the display of the Oxford City Council logo on a Notice to be placed within all licensed hackney carriages, detailing that the fare for a journey that terminates outside of the City boundary may be charged on the taximeter at Tariff Three.**

## Introduction

1. At the General Purposes Licensing Committee meeting on the 17<sup>th</sup> October 2012 Members considered a request made by the City of Oxford Licensed Taxicab Association (COLTA) for a variation of Hackney Carriage Tariffs.
2. The Committee wishes to understand clearly the effect of a proposed increase on the fare-paying passenger and in this regard has requested that the Licensing Officer provides further information. .
3. The minutes of the Committee meeting of 17<sup>th</sup> October 2012 record that the proposal put before the Committee as requested by COLTA, did not find favour with the Committee owing to the percentage increase appearing higher than Members felt acceptable. A lower percentage increase, however, might be acceptable, and the Committee resolved to:
  - (1) Defer any decision until the next meeting (19<sup>th</sup> February 2013);
  - (2) Ask Licensing Officers to bring a report to the next meeting that showed in more detail the effect of an increase in the Hackney Carriage Tariffs from 5% up to 10%, in order that Members may make an informed decision on the likely effect of any increase.
4. Under section 65 of the Local Government (Miscellaneous Provisions) Act 1976 a Local Authority may set the fares for hackney carriages within its district.
5. The following report also considers a request for the provision of new in carriage signage regarding the application of Tariff Three to out of city destinations.
6. Members are also informed about the requirement to undertake a statutory consultation.
7. A copy of the full report presented to the Committee on the 17<sup>th</sup> October 2012 is at **Appendix One**.

## Relevant Information

8. The minutes of the Committee meeting held on 17<sup>th</sup> October 2012 request that Officers provide further details as to the effect of a change in the hackney carriage fares between 5% to 10% to the general public. In order to achieve this Officers have used a 2 mile journey as a base to work out the percentages. (A 2 mile journey was used for the tables published by 'Private Hire and Taxi Monthly' to compare other authority's hackney carriage fares based on a two mile journey).
9. For the purpose of calculating a fare increase from 5% to 10% Officers have carried out extensive calculations for all journeys of between ½ mile to 5 miles, and these calculations are listed at **Appendix Two**.

(The last page of the tables is a summary of the calculations with the 2 mile percentage and the average percentage increase in bold).

10. Officers ask Members to note
- i) that in order to ensure calculations can be achieved as close to the percentages requested by the Committee previously, a 2 mile journey has been used as the basis for the calculations contained within Appendix Two; and
  - ii) that in order to achieve the percentage figures in these tables, Officers have reduced the distances for each “flag fall” by the equivalent percentage and in some instances have had to “round up” the “first drop” price to the nearest 5 pence (as the taximeters calculate in multiples of 5 pence).
11. To assist the Committee in relation to the content of Appendix Two, set out below are three typical journeys that a Hackney Carriage driver may take showing in brief the revised fare and percentage increase using Tariff One and Tariff Two. *The table shows the overall effect of a reduction in distance travelled prior to a change in the meter by a range of percentages between 5% and 10%. Appendix Two gives more details. The figures are rounded up and take into account how a meter can be calibrated.*

|                         | Tariff     | <b>1 mile:<br/>Railway<br/>Station to<br/>Cotswold<br/>Lodge Hotel,<br/>Banbury Road</b> |          | <b>2 miles:<br/>Railway Station to<br/>BBC HQ, Banbury<br/>Road</b> |             | <b>5 miles:<br/>Gloucester<br/>Green to BMW,<br/>Cowley</b> |          |
|-------------------------|------------|--|----------|---|-------------|---|----------|
| <b>Current<br/>Fare</b> | <b>One</b> | £4.45  |          | £5.65   |             | £9.55   |          |
|                         | <b>Two</b> | £5.50  |          | £7.30   |             | £11.00  |          |
|                         |            | <b>Fare</b>  | <b>%</b> | <b>Fare</b>   | <b>%</b>    | <b>Fare</b>   | <b>%</b> |
| <b>5%<br/>increase</b>  | <b>One</b> | £4.55  | 2.25     | £5.95   | <b>5.31</b> | £10.15  | 6.28     |
|                         | <b>Two</b> | £5.70  | 3.64     | £7.70   | <b>5.48</b> | £11.90  | 8.18     |
| <b>6%<br/>increase</b>  | <b>One</b> | £4.70  | 5.62     | £6.00   | <b>6.19</b> | £10.30  | 7.85     |
|                         | <b>Two</b> | £5.75  | 4.55     | £7.75   | <b>6.16</b> | £12.15  | 10.45    |
| <b>7%<br/>increase</b>  | <b>One</b> | £4.55  | 2.25     | £6.05   | <b>7.08</b> | £10.25  | 7.33     |
|                         | <b>Two</b> | £5.80  | 5.45     | £7.80   | <b>6.85</b> | £12.20  | 10.91    |

|                     |            | Fare  | %    | Fare  | %           | Fare   | %     |
|---------------------|------------|-------|------|-------|-------------|--------|-------|
| <b>8% increase</b>  | <b>One</b> | £4.60 | 3.37 | £6.10 | <b>7.96</b> | £10.30 | 7.85  |
|                     | <b>Two</b> | £5.80 | 5.45 | £7.90 | <b>8.22</b> | £12.30 | 11.82 |
| <b>9% increase</b>  | <b>One</b> | £4.65 | 4.49 | £6.15 | <b>8.85</b> | £10.35 | 8.38  |
|                     | <b>Two</b> | £5.95 | 8.18 | £7.95 | <b>8.90</b> | £12.35 | 12.27 |
| <b>10% increase</b> | <b>One</b> | £4.70 | 5.62 | £6.20 | <b>9.73</b> | £10.60 | 10.99 |
|                     | <b>Two</b> | £5.90 | 7.27 | £8.00 | <b>9.59</b> | £12.30 | 11.82 |

12. Various other calculation methods were investigated including increasing the overall cost of a journey by 5% to 10%, and increasing each chargeable element of a journey by the percentage range requested by Members. However the calculations provided by Officers are the only feasible method by which a Hackney Carriage Fare Chart may be accurately determined for the purposes of a consultation.
13. Should Members feel that the variation requested by COLTA is unsatisfactory, but that a variation in line with the percentages shown above is acceptable, then a revised Hackney Carriage Tariff chart will need to be drawn up by COLTA, and approved by both the Chair and Vice-Chair of this Committee before any consultation could commence.

### **COLTA's Proposal and Additional Information**

14. The effect of the proposed variation as requested by COLTA for Tariff One and Tariff Two and comparing it with the current Tariffs is shown at **Appendix Four**, and the methodology for calculating the proposed fares is shown at **Appendix Five**.
15. COLTA have provided a substantial breakdown of the percentage increase based on their proposal for journeys carried out of between ½ a mile to five miles on both Tariff One, Two and Three, and this is attached at **Appendix Six**. It can be seen that the percentage increase varies across the range of distances
16. Members may note that the average percentage increase for COLTA's proposal for Tariff One for a journey of between ½ mile to 5 miles is 8.98%, the average percentage increase for Tariff Two for a journey of between ½ mile to 5 miles is 9.44%, and the average percentage increase for Tariff Three for a journey of between ½ mile to 5 miles is 8.94%.

## Consumer Price Index and Retail Prices Index

17. A break down of the Consumer Price Index (CPI) and Retail Prices Index (RPI) for the past three years is shown at **Appendix Three**. The indices have been extracted from the Office of National Statistics CPI and RPI reference tables dated November 2012.
18. The previous increase in the Hackney Carriage Tariffs was agreed by Committee on the 13<sup>th</sup> October 2010 but did not come into force until the 10<sup>th</sup> January 2011. The percentage change in the CPI and RPI has been calculated from the period October 2010 to November 2012. It shows for that period the CPI percentage was 7.99% and the RPI percentage was 7.25%.
19. The average percentage on the requested increase by COLTA is comparable to the CPI and RPI increase (up to November 2012). The Committee should note that if any variation is agreed, it is unlikely due to the requirement to carry out a public consultation that the increase would take effect before 25<sup>th</sup> March 2013, owing to the time required to carry out the statutory consultation.
20. To assist the Committee in relation to the content of Appendix Four and Six, set out below are three typical journeys that a Hackney Carriage driver may take showing in brief the revised fare and percentage increase using Tariff One and Tariff Two based on the COLTA proposed Tariff variation.

|                      | Tariff     | 1 mile:<br>Railway Station to Cotswold Lodge Hotel, Banbury Road |      | 2 miles:<br>Railway Station to BBC HQ, Banbury Road |      | 5 miles:<br>Gloucester Green to BMW, Cowley |       |
|----------------------|------------|--|------|---|------|---|-------|
| <b>Current Fare</b>  | <b>One</b> | £4.45  |      | £5.65   |      | £9.55                                       |       |
|                      | <b>Two</b> | £5.50  |      | £7.30   |      | £11.00                                      |       |
|                      |            | Fare   | %    | Fare  | %    | Fare  | %     |
| <b>Proposed Fare</b> | <b>One</b> | £4.70  | 5.61 | £6.20   | 9.73 | £10.60                                      | 11    |
|                      | <b>Two</b> | £5.90  | 7.27 | £8.00   | 9.59 | £12.30                                      | 11.82 |

## Comparisons With Other Authorities

21. Contained within the information submitted by COLTA at Appendix One are statistics from the magazine 'Private Hire and Taxi Monthly'. This details the average national fare for a 2 mile journey set at "Tariff One" and compares that figure to the current local fare cost. COLTA's request refers to the July 2012 issue of the publication, and the

statistics placed Oxford City Council 126<sup>th</sup> most costly out of 363 authorities for such a journey.

22. The December issue of the magazine shows that Oxford City Council has dropped to 144<sup>th</sup> out of 361 authorities in relation to this statistic. (Note: The number of authorities has reduced during the two publication dates following the mergers of some authorities for the purpose of calculating the average fare).
23. Should the Committee resolve to approve COLTA's request the comparison with other authorities as detailed in the December issue of the 'Private Hire and Taxi Monthly' would place Oxford City Council joint 39<sup>th</sup> (with 20 other local authorities) most expensive authority in relation to the average national fare for a 2 mile journey set at "Tariff One".

### **COLTA's Request for Notice in Hackney carriages**

24. Members are also reminded of COLTA's request in the report from 17<sup>th</sup> October 2012 that the members consider the placement of a notice in all licensed Hackney Carriages stating that any fare that terminates outside of the City boundary may be charged on the taximeter at Tariff Three. Suggested Notice is shown at **Appendix Seven**. This is proposed as an option for passengers to choose, as well as the current regulation which states that:
  - **The driver does not have to accept journeys that end outside the City of Oxford boundary; the fare or rate of fare must be by agreement between the hirer and driver before the journey commences. The fare is likely to be higher than within the City as drivers cannot accept a return hiring.**
  - **Where no such agreement exists then the scale of charges applicable to journeys within the City shown below will apply.**
25. Whilst similar notices have been created and displayed before by individual proprietors, COLTA seeks the display of the Oxford City Council logo on the notice to be placed within all licensed Hackney Carriages. The notice will state that the fare for a journey that terminates outside of the City boundary may be charged on the taximeter at Tariff Three. This is in order that all potential passengers are aware that such a method for determining the fare for the journey is approved by the Licensing Authority and to prevent complaints being received by the Licensing Officers from members of the public who may claim not to be aware of the provision.

### **Consultation**

26. Should the Committee approve a variation to the Hackney Carriage Tariffs, a Public Notice shall be required to be placed in a local newspaper providing details of the proposed variation, and a period of 14 days shall commence for a public consultation.

## **Financial Considerations**

27. There are no financial implications to the variation of the Hackney Carriage Tariffs as a portion of the Hackney Carriage vehicle licence fee is allocated to recover the costs incurred by the Licensing Authority in dealing with this matter.

## **Legal Considerations**

28. Under section 65 of the Local Government (Miscellaneous Provisions) Act 1976 a local authority may set the fares for Hackney Carriages within its district.
29. A local authority may not set fares for journeys outside its district. The fare for journeys ending outside the district may be negotiated separately between the hirer and driver, as per paragraph 24 above, but are outside the control of the authority.

## **Recommendations**

30. The Committee is recommended to:
- i) consider the request from the City of Oxford Licensed Taxi Association for a variation to the Hackney Carriage Tariffs in accordance with the information contained within this report;
  - ii) consider an alternative variation to the Hackney Carriage Tariffs in accordance with the information supplied by the Licensing Officer and contained within this report; and subject to any decision in relation to items i) and ii)
  - iii) request the Head of Environmental Development produce a revised Hackney Carriage Tariffs chart for the approval of the Chair and Vice-Chair; and subject to this approval
  - iv) request that the Head of Environmental Development and the Head of Law and Governance carry out the statutory requirement of a public consultation and delegate the Chair and the Head of Environmental Development to consider any responses to the consultation; and
  - v) consider the request from the City of Oxford Licensed Taxicab Association for the display of the Oxford City Council logo on a Notice to be placed within all licensed Hackney Carriages, detailing that the fare for a journey that terminates outside of the City boundary may be charged on the taximeter at Tariff Three.

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- Appendix One : Report and Appendices from 17<sup>th</sup> October 2012  
General Purposes Licensing Committee**
- Appendix Two : Percentage increase in fares for journeys of between  
½ mile to 5 miles by 5% to 10% (supplied by Officers)**
- Appendix Three : Break down of the Consumer Price Index (CPI) and  
Retail Prices Index (RPI)**
- Appendix Four : Comparison of existing fares and COLTA proposed  
fares**
- Appendix Five : Methodology for calculating the proposed COLTA  
fares as detailed in Appendix Four**
- Appendix Six : Percentage increase in fares by distance proposed  
by COLTA**
- Appendix Seven: COLTA Notice**