

East Herts Council Non-Key Decision Report

Date: 22 June 2022

Report by: Councillor Jan Goodeve – Executive Member
for Planning and Growth

Report title: Hackney Carriage Tariff Increase

Ward(s) affected: All

Summary:

- As an authority that licences hackney carriages we set a table of fares which is the maximum a hackney carriage licensed by East Herts can charge for journeys that start and end in the district.
- A review of the table of fares is due. This is particularly timely given the rise in the cost of living which is impacting the licensed trade and its viability.
- Hackney carriages, along with private hire vehicles, are a vital form of transport which caters for a wide cross-section of the community and as a result fares should be set at a level that makes it economically viable for people to enter the trade and earn a living whilst not pricing customers out of the market.
- A lack of licensed vehicles can negatively impact the most vulnerable passengers who have few, if any, other transport options.

RECOMMENDATIONS FOR DECISION that:

- A. The proposed table of fares at Appendix 1 be approved for consultation and implemented, unless any objections are received in which case a decision will be made by the**

Executive Member for Planning and Growth following consideration of the objections.

1.0 Proposal(s)

- 1.1 The proposed table of fares at Appendix 1 be approved for consultation and implemented, unless any objections are received in which case a decision will be made by the Executive Member for Planning and Growth following consideration of the objections.

2.0 Background

- 2.1 As a local authority issuing hackney carriage vehicle licences, East Herts is responsible for setting the maximum fares that can be charged by those vehicles for journeys starting and ending within the District. The last fare increase was in 2018 and that was the first increase since 2011.
- 2.2 The hackney carriage trade has requested that the table of fares be reviewed due to dramatic increases in the running costs of their vehicles. This is particularly relevant in relation to fuel and consumables such as tyres; insurance costs have also increased during this time.
- 2.3 Following the requests to consider amending the tariff, two trade surveys were conducted. The first survey was regarding whether or not the trade as a whole wanted the tariff amended. A total of 107 responses were received from the 240 hackney carriage drivers contacted and the responses are below:
- tariff should be increased – 90%
 - tariff should remain the same – 10%
 - tariff should be lowered – 0%

The reasons given for requesting an increase centred on the

dramatic increase in fuel and maintenance prices.

- 2.4 The second survey asked which parts of the tariff should be increased and by how much. This survey received 72 responses and the tariffs at Appendix 1 reflect what the majority of respondents requested as being appropriate in the current circumstances.
- 2.5 Whilst benchmarking is not particularly relevant given that tariffs should reflect local circumstances, it is worth noting that in February 2022 Private Hire and Taxi Monthly compared hackney carriage tariffs across the country. The comparison used is the cost of a two mile journey using the meter.
- 2.6 The results of this survey show that East Herts' current tariff for a two mile journey is:
- 160th lowest out of 352 at £6.10
 - the third lowest tariff in Hertfordshire
 - below the County average of £6.59; and
 - just above the National average of £6.08.
- 2.7 The proposed increase in the tariff would, using the figures from February 2022, affect the fare for a two mile journey in the following way. It would become:
- 8th highest out of 352 at £7.97
 - the second highest tariff in Hertfordshire
 - above the County average of £6.59; and
 - above the National average of £6.08.
- 2.8 This benchmarking does not take into account many factors such as the cost of living within each local authority area, the make-up of the local licensed trade and the types of journeys general taken by customers. These can vary widely across the County and even more so across the Country.

- 2.9 The process to be followed in amending a hackney carriage tariff requires the council to place a newspaper advert and notices at their offices for 14 days. If there are no objections during this public consultation then the tariff takes effect on the 15th day.
- 2.10 If there are objections to the amendment then the authority has to consider them within two months of the consultation ending and give a date when any amended tariff will take effect.
- 2.11 In the future, the hackney carriage tariff will be reviewed at least annually. This is to ensure that where there is a change in the cost of operating a hackney carriage vehicle, whether this is an increase or decrease, it will be reflected in the tariff.
- 2.12 The Councils constitution at 4.26.2 places Licensing Policy within the service area of the portfolio holder for Planning & Growth. Paragraph 4.26.3 states that:

The following responsibilities have been delegated to each individual Executive Member to exercise within their portfolio and service area:

(d) to have oversight of budget planning and monitoring in their service area, including minor in-year changes to fees and charges;

- 2.13 by virtue of this delegation the non-key decision in relation the hackney carriage tariff can be taken by the Executive Member for Planning and Growth.

3.0 Reason(s)

- 3.1 In March 2022 petrol costs were circa 170.9p per litre (Automobile Association) and fuel prices have continued to rise further. It is therefore suggested that due to increases in the cost of living and fuel prices, that rates should be increased as

detailed in Appendix 1.

3.2 The RAC Foundation gives the average fuel consumption of a new car in 2020 as 52.6 miles per gallon (MPG) for petrol vehicles and 56.1 mpg for diesel vehicles. This equates to 5.4 litres per 100km and 5.0 litres per 100km respectively.

3.3 The table below shows the average cost of unleaded fuel, taken from AA fuel reports, when tariffs have previously been reviewed:

Year	Price per litre	Percentage increase	Cost per 100km*
2011	132.5	N/A	£7.15
2018	128.8	-3%	£6.95
2022	166.9	+29%	£9.01

*Based on the MPG figure in paragraph 3.2.

3.4 The table below shows the average cost of diesel fuel, taken from AA fuel reports, when tariffs have previously been reviewed:

Year	Price per liter	Percentage increase	Cost per 100km*
2011	141.1	N/A	£7.05
2018	131.7	-7%	£6.58
2022	180.4	+36%	£9.02

*Based on the MPG figure in paragraph 3.2.

3.5 The price of consumables that are necessary to safely operate a licensed vehicle has also drastically increased. Figures taken from the comparison website 'Pricerunner' shows that the cost of tyres increased by 20% between September 2021 and January 2022.

3.6 Currently the hackney carriage trade is absorbing the increased costs as they must charge the metered rate as a maximum for the majority of their journeys. The trade have

expressed that this is not sustainable particularly coming out of the pandemic when many of them have had significantly lower incomes.

- 3.7 Whilst passengers have the option to use private hire vehicles as an alternative to hackney carriages, hackney carriages form an essential part of the transport provision. They regularly carry the most vulnerable in society who have no other option for transport and help to clear people away from the night time economy on Friday and Saturday nights.
- 3.8 With costs increasing some drivers may be tempted to take steps which might put public safety at risk in order to earn a living and support their families. There are measures in place to try to ensure this does not happen but a delay in replacing a tyre or carrying out some maintenance may not be picked up immediately.
- 3.9 Whilst the proposed increase may seem like a big increment when everyone is being impacted by the increased cost of living it is worth bearing in mind that it is the first increase in four years. The new tariffs would be the maximum our hackney carriages would be able to charge for journeys in the district but this doesn't mean that it is what every passenger would pay because:
- drivers are free to discount fares; they don't have to charge the maximum allowed
 - if a passenger wants to negotiate a fare before a journey starts they can
 - longer journeys ending outside the district don't have to be on the meter
 - the public are able to choose to book a private hire vehicle that does not have a meter. The fare for a private hire vehicle has to be agreed before the journey starts and they are freely available from licensed operators (both locally and nationally) via apps.

3.10 The last tariff change in 2018 only amended the flag fare, which is the initial charge for hiring the vehicle including a journey of up to 1000 yards. The table below illustrates that since 2011 the tariff has only increased by 30p to 70p (depending on the rate) per journey regardless of distance travelled.

Rate	2011 flag fare	2018 flag fare	Increase per journey since 2011
Rate 1	£3.00	£3.30	30p
Rate 2	£4.00	£4.40	40p
Rate 3	£5.00	£5.50	50p
Rate 4	£6.80	£7.50	70p

3.11 The proposed tariffs vary the flag fare but also vary the cost for additional yards (beyond the 1st 1000 yards), waiting time and the fouling/soiling fee which has not been increased since 2011.

4.0 Options

4.1 The proposed table of fares at Appendix 1 be approved for consultation and implemented, unless any objections are received in which case a decision will be made by the Executive Member for Planning and Growth following consideration of the objections.- Recommended. This reflects a proportionate uplift in the tariff in consideration of the current circumstances and the proposal will be open to public consultation and can be amended if objections are received.

4.2 Amend the proposed table of fares at Appendix 1 and approve it for consultation and implementation, unless any objections are received in which case a decision will be made by the Executive Member for Planning and Growth following consideration of the objections - This could take the form of

proposing different flag fares, different fares for additional yardage, or changing the additional yardage distance – not recommended. The amended tariff reflects what the licensed trade considers is necessary to maintain the level of service they provide to residents and visitors to East Herts. The proposal is open to public consultation and can be amended if objections are received.

- 4.3 Do not amend the tariff – not recommended. Anecdotally the hackney carriage trade has said that the increased costs can no longer be absorbed and that a tariff increase is necessary if the same level of service is to be maintained to the public.

5.0 Risks

- 5.1 That the increase in the tariffs will prohibit some people from using hackney carriages when a licensed vehicle is their only transport option. As detailed in paragraph 3.9, it is probable that not all of the tariff increase is passed on to all customers in all cases. There are also other types of licensed vehicles creating competition for work which will help to regulate prices.
- 5.2 That without an increase the number of hackney carriage vehicles could fall below the level required to service demand. The most recent unmet demand survey indicated that 200 hackney carriages would be the appropriate amount of hackney carriages to service the demand within the district. Hackney carriage numbers have neared this level during the pandemic and are likely to continue to fall if it is not economically viable to operate.

6.0 Implications/Consultations

- 6.1 The licensed hackney carriage trade has been subject to two consultations regarding the amended tariff and the proposal reflects the amendments the majority of respondents would

like to see.

- 6.2 If an amended tariff is approved then it will be subject to a 14 day public consultation with the requirement that any objections are considered before a new tariff can take effect.

Community Safety

The proposed changes to the tariff will not undermine the safeguards that are in place to ensure that public safety is protected in relation to the operation of hackney carriages. Ensuring that operating hackney carriages is economically viable ensures that supply is able to meet demand. This ensures that people leaving the night time economy or who are otherwise vulnerable are able to get transport when needed.

Data Protection

No changes are proposed to how data will be held or handled so no additional implications.

Equalities

Consideration has been given to the Equality Act 2010 and the Public Sector Equality Duty whilst considering the level at which to set the amended tariff:

Negative Impacts

There is the potential that people with a lower income may not be able to take as many journeys by hackney carriage. This negative impact is offset by the availability of private hire vehicles, the ability of drivers to discount the fare if they wish and by negotiating a price for a journey. Any negative impacts identified during the public consultation will be considered before an amended tariff is approved and takes effect.

Positive Impacts

The council has identified that there will be positive effects from the tariff change. Vehicle proprietors will be more able to afford routine maintenance and to replace consumables on their vehicles. This may

mean that minor issues are rectified more quickly further improving public safety.

As the operation of a hackney carriage becomes more economically viable it will ensure that there are enough vehicles to satisfy demand.

Overall conclusion

There are no people with protected characteristics particularly represented amongst the users of hackney carriages. The amended tariff would mean that the current high quality of hackney carriage vehicles and the level of provision to service need would be maintained.

Environmental Sustainability

The council implemented a 'Vehicle age & Emissions Policy' designed to lower emissions from licensed vehicles. Due to lower income during the pandemic and the increasing costs of operating a vehicle fewer drivers are changing to newer vehicles. The increased income from the amended tariff will help to ensure that as vehicles are replaced newer and greener vehicles are purchased rather than older vehicles that just comply with the policy.

Financial

None

Health and Safety

None

Human Resources

None

Human Rights

As with all policies and council functions, the Human Rights Act 1998 has been considered when drafting the Statement.

Legal

All statutory requirements have been considered in preparing this

report.

Specific Wards

No

7.0 Background papers, appendices and other relevant material

February 2022 Private Hire and Taxi Monthly comparison of national hackney carriage tariffs:

<https://content.yudu.com/web/43sy4/0A43sy5/PHTMFEBRUARY2022/html/index.html?page=80&origin=reader>

RAC Foundation figures on UK's average new car fuel consumption (Q31):

<https://www.racfoundation.org/motoring-faqs/environment>

Minutes of the Licensing Committee held on 14th March 2018:

<http://democracy.eastherts.gov.uk/ieListDocuments.aspx?CId=120&MId=3163&Ver=4&J=3>

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