
Hackney Carriage Fares – Annual Increase 2006

Synopsis

To consider the level of increase for Hackney Carriage fares to be imposed for 2006/7 following the receipt of a written request from the Corby Hackney Owners Association (CHOA).

1. Relevant Background Details

The Council as the relevant Licensing Authority has the discretionary power under legislation to fix the rate of fares within the Borough and publish a "Table of Fares" which is displayed in each and every Hackney Carriage Vehicle. The Council's current published "Hackney Carriage Fares" table is produced as Appendix 1.

Traditionally, the Council has held discussions with the local Hackney Carriage Trade in the July of each year regarding proposed fares increases. All decisions regarding fares increases are made by Committee and then have to be advertised in the local press for objections with the intention of implementing any increase prior to 1st November each year.

Prior to 2001, the annual fares increase was set by way of a fares formula which was agreed with the trade in 1988 and which utilised certain categories from the retail price index, however, this Fares Formula was withdrawn by the trade in July 2000 and the trade does not wish to enter into a further formula agreement at this time.

Following representations from the trade regarding the fares increase in 2005, the Committee agreed in October to an increase in the starting flag rate from £1.50 to £1.60 and a reduction in the yardage/meterage from 881 yards (805 metres) to 837 yards (765 metres) and the unit of 10p for a subsequent distance would reduce from 141 yards (135 metres) to 134 yards (129 metres). The waiting time was also increased from 10p for a period of 36 seconds to 10p for a period of 20 seconds.

2. Report

On the 12 June 2006, a written request was received with respect to this year's fares increase. It was submitted by the Secretary of the CHOA to Council Officers, seeking a reduction in the yardage of 10% from 837 yards (765 metres) to 753 yards (689 metres) and subsequent yardage from 134 yards (123 metres) to 121 yards (110 metres). A meeting was held between the CHOA and Council Officers to discuss the request, whereby the following reasons were tabled by the CHOA as justification for the proposed increase: -

- London Transport International (LTI), suppliers of TX1s and TX2s which make up approximately two thirds of the Borough's Hackney Carriage Fleet which numbers 114 vehicles in total, has increased parts costs 5% year on year.
- The cost of new TX1 and TX2 Hackney Carriage Vehicles supplied by LTI have increased by approximately 3% year on year.
- A basic vehicle service is now in excess of £100 this must be carried out by an Approved Agent, so as not to negate the vehicle warranty.
- Diesel costs have increased substantially from 93.9 to 97.9 per litre, an increase of 4% of fuel costs. (The 20mph road safety "Speed Restriction" scheme to the north of the town continues to result in lower profit margins for taxi proprietors due to a slower response time

to fares and increased taxi repair costs across the whole taxi fleet, in particular with respect to exhausts, suspension parts, tyres and steering columns and damaged engine sumps.)

- The cost of insuring a hackney carriage has increased.

(Enquiries made with one of the main Hire Vehicle Licensing Brokers has confirmed that Vehicle Insurances have increased on average by 50% since 2001.)

- Corby is 336th in the National Table of Fares for Hackney Carriages out of a total of 378 Local Authorities quoted and has the 4th lowest Table of Fares of all local Authorities in the sub-region. (See Appendix 2 for "National Table of Comparisons").

The CHOA believes that all of the above have contributed to an increase in overheads/running costs for the local trade and a subsequent reduction in operating turnover and profit and as such they feel that the requested increase is necessary to redress the balance.

Officers therefore request that the committee considers the CHOA's proposal which is put forward in determining this year's increase, for implementation from 1 November 2006, (subject to invitation of objections).

Examples of how the CHOA's proposal compares with the current fares structure with distance travelled is presented in Appendix 5 in order that Members can see the effect of the increase as requested by the CHOA should this be agreed.

3. Options to be considered

There are essentially two options for members of the committee to consider:

Option 1

Adopt the proposal as submitted by the CHOA for a reduction in the yardage/meterage on the Fares Table of 10% for 2006. Under this proposal the yardage for the basic flag rate of £1.60 would reduce from 837 yards (765 metres) to 753 yards (689 metres) and the yardage for each 10p increment would reduce from 134 yards (123 metres) to 121 yards (110 metres). (See Appendix 5 for example of how CHOA's proposal compares with the current fares structure with distance travelled.)

Option 2

Any other increase to the basic flag rate (starting fare) and/or percentage increase across the board calculated by way of a decrease in the yardage/meterage stated on the Hackney Carriage Fares Table.

4. Issues to be taken into account

Policy Priorities

A healthy and viable Hackney Carriage Service within the Borough has the potential to influence a number of the Council's key Community Strategy and Corporate Plan Objectives relating to integrated transport strategies, redevelopment of the Town Centre and the reduction of Crime and Disorder.

Financial Implications

There are no financial implications for the Council, however there are to passengers, owners and possibly drivers of Hackney Carriages.

Legal Implications

Local authorities have a discretionary power to determine Hackney Carriage Fares, under section 65 of The Local Government (Miscellaneous Provisions) Act 1976.

Crime and Disorder Implications

See Policy Priorities above

Local Agenda 21

No particular implications

Human Rights

The First Protocol 1 Article 1 is engaged in that the regulation of fares is a control on the use of the vehicle. There is derogation if the control is in the public interest. A fair balance has to be struck. The issues are the effect on the drivers business, the nature of the public interest, whether the public interest could be secured in another way, and if not whether there is a fair balance.

Best Value Implications

It would not be best value to have a fare structure that meant owners went out of business and passengers then had a reduced but cheap service, nor to have empty expensive cabs waiting for passengers who could not afford to use them

Equal Opportunities Implications

The Council's discretionary power to determine fares is largely utilised so as to enable the taxi trade to operate effectively whilst ensuring that the general public can afford to use them in a borough with low private car ownership, no train service and an improving bus service, Hackney Carriages are a 'public transport' service which provides a door to door service for the disabled and infirm etc.

5. Conclusions

The CHOA was last granted a Fares increase by the Council in 2005 on the basis of an increase in the basic flag rate (starting fare) from £1.50 to £1.60 with other additional issues added. The CHOA has now submitted their proposals for this year's fares increase and the Committee now needs to consider and agree the level of increase for Hackney Carriage fares to be imposed for 2006/7 having regard to the contents of the Officer's report.

6. Recommendations

It is recommended that Members adopt Option 1 as per the proposal submitted by the CHOA as the agreed Hackney Carriage Fares Increase to take effect from 1st November 2006.

(Members should note that any variation to the current Hackney Carriage Fares will then need to be advertised and a period allowed for objection. Any objections received will need to be reported back to this committee for consideration before a Fares Increase can then be implemented.)

Background Papers

Correspondence from CHOA.

Appendices

Appendix 1 – The Council's current published "Hackney Carriage Fares" table

Appendix 2 – CHOA Written request for Fares Increase

Appendix 3 – Fares – "National Table of Comparisons"

Appendix 4 – Fares – "Sub-Regional Table of Comparisons"

Appendix 5 - Examples of how CHOA's proposal compares with the current fares structure with distance travelled

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