



# B O S T O N

## B O R O U G H C O U N C I L

REPORT TO:	REGULATORY AND APPEALS COMMITTEE
DATE:	12 DECEMBER 2017
SUBJECT:	REVIEW OF MAXIMUM HACKNEY CARRIAGE FARE STRUCTURE
PORTFOLIO HOLDER:	COUNCILLOR AARON SPENCER
REPORT AUTHOR:	PRINCIPAL LICENSING & LAND CHARGES OFFICER
EXEMPT REPORT?	NO

### SUMMARY

The Boston Hackney Carriage Association (BHCA) has submitted a request for a review of the hackney carriage maximum fare structure. The last increase in fares was implemented in March 2015.

The report sets out 3 options with respect to the maximum fares for hackney carriages.

**Option 1 - No change to the current maximum fares.**

**Option 2 - Request submitted by the Boston Hackney Carriage Association**

**Option 3- Officer suggested alternative**

The committee is requested to consider the options for a fare increase set out in this report and having regard to the BHCA requested increase, the officer suggested alternative and responses to the trade consultation, make a recommendation to Cabinet for consideration.

A further report, which will include the committee's recommendations, will be presented to Cabinet for consideration.

### RECOMMENDATIONS

1. The Committee considers the request made by BHCA for a fare increase, the officer suggested alternative and the responses to the trade consultation and makes a recommendation to increase the maximum fares to Cabinet for consideration.

## **REASONS FOR RECOMMENDATIONS**

There has been no increase in the maximum fares for hackney carriages since March 2015. Since the previous fare rise the cost of living has risen.

It is appropriate to review and increase the fares periodically.

It is officers' views that it would be appropriate to increase fares to provide an increased income for taxi proprietors and drivers whilst maintaining a reasonably priced taxi service for members of the public. Proprietors or drivers who are opposed to the increase can opt to continue to operate using the existing tariff.

## **ALTERNATIVES CONSIDERED**

Option 1, being that an increase in hackney carriage fares is not appropriate and they should remain at the current level.

An alternative variation to fares other than either the BHCA request or the officer suggested alternative, including a decrease, is recommended to Cabinet by the committee. Any alternative fare must be capable of being programmed into a taximeter. Officers would not recommend a decrease in the hackney carriage fares.

## **REPORT**

### **1. INTRODUCTION**

- 1.1 In accordance with the provisions of section 65(1) of the Local Government (Miscellaneous Provisions) Act 1976 a council may fix fares for time and distance, and other charges, in respect of the hire of hackney carriages. For the purpose of setting fares the "Council" means the executive by virtue of the Local Authorities (Functions & Responsibilities) (England) Regulations 2000 (as amended).
- 1.2 The Boston Hackney Carriage Association (BHCA) have made representation to the council for an increase to the maximum fare structure. A copy of its letter of request is attached at Appendix A.
- 1.3 In its capacity as Licensing Authority, the Council sets the maximum hackney carriage (taxi) fare structure for hirings beginning and ending within the Borough. It is unlawful to charge a rate above that set by the authority. The aim when setting fares is to achieve an efficient and reasonably priced taxi service for members of the travelling public whilst also providing reasonable revenue for both taxi proprietors and drivers. Members may wish to note that the council cannot set a maximum fare structure for private hire vehicles.
- 1.4 The last increase in the fare structure was March 2015. At the time of the previous fare review there was an increase in the fares for longer journeys (between 5.56% and

11.11% for a 10 mile trip depending on the tariff) and a smaller increase for shorter journeys (between 2.78% and 5.56% for a 1 mile trip depending on the tariff)

- 1.5 Any proposed variation of the fare structure must be agreed by the Cabinet and must be advertised in a local newspaper. A period of at least 14 days must be given for objection. If objections are received the representations must be considered by Cabinet who can agree, in light of the objections, to modify the tariff or agree to implement the original agreement.

## **2. BACKGROUND INFORMATION**

- 2.1 When setting the maximum hackney carriage fare structure the relevant legislation (The Local Government (Miscellaneous Provisions) Act 1976) does not stipulate the external factors to be taken into account and there is no limit on the amount of increase or variation.
- 2.2 In Boston there are 3 Hackney Carriage Fare Tariffs, all with fares for distance and waiting time. A copy of the current tariff sheet is attached at Appendix B.

A fare for distance is the cost of a journey whilst the vehicle is in motion. The fare for distance comprises the initial charge being the amount shown on the meter at the commencement of the journey ("the flagfall") and a subsequent charge for the distance travelled ("the unit charge").

Waiting time is a charge on the meter when the vehicle is stationary during the journey or travelling at negligible speed e.g. in traffic queues. If a passenger requests a hackney carriage driver to wait at any time during the journey the waiting time applies. In order for a taxi meter to operate correctly the waiting time costs must be equal in monetary intervals to fares for distance. I.e. if the fare for distance is £0.20 per xxx yards the waiting time must be £0.20 for xxx seconds.

Hackney carriage tariffs must be stipulated in yards/miles and not metres/kilometres as this is the standard unit used in the UK for measuring distance and speed in motor vehicles.

## **3. HACKNEY CARRIAGE TARIFFS**

- 3.1 The 3 different hackney carriage fare tariffs, each used for different types of vehicle and times of day are:

Tariff 1 applies to vehicles carrying up to 4 passengers between 0730 and 2300hrs.

Tariff 2 applies to vehicles carrying up to 4 passengers between 2300hrs and 0730hrs and on Sundays, statutory bank holidays, from 1600hrs on 24 December until 0730hrs on 27 December and 1600hrs on 31 December until 0730hrs on 2 January.

This tariff also applies to larger vehicles when they are carrying between 5 and 8 passengers between 0730hrs and 2300hrs.

Tariff 3 applies to larger vehicles when they are carrying between 5 and 8 passengers between the hours of 2300hrs and 0730hrs and on Sundays, statutory bank holidays, from 1600hrs on 24 December until 0730hrs on 27 December and 1600hrs on 31 December until 0730hrs on 2 January.

#### **4. PROPOSED TARIFF INCREASE**

4.1 The BHCA has submitted a request for a tariff increase. The committee is requested to consider the options below and make a recommendation to Cabinet for consideration. The BHCA has requested an increase in the initial charge (flagfall) only; no increase has been requested for the fares for distance or waiting time. There has been no increase in the charge for waiting time since 2011.

4.2 There are 3 proposed options as follows:

##### **Option 1**

No change to the current maximum fare tariff.

##### **Option 2 - Request submitted by the Boston Hackney Carriage Association**

The fares for distance be varied in accordance with the increase requested by the Boston Hackney Carriage Association. This proposal would increase the cost of every journey, regardless of distance by £0.40, £0.60 and £0.80 for Tariff 1, 2 and 3 respectively resulting in a higher percentage increase for the shorter journeys and a lower percentage increase for the longer journeys.

##### **Option 3 – Officer suggested alternative**

If the committee is of the view a fare increase is appropriate but are minded not to recommend Option 2, a further option (Option 3) could be considered. Option 3 also increases the initial charge but not the fare for distance thereafter nor the waiting time. An increase to the initial charge of £0.30 for Tariff 1, £0.50 for Tariff 2 and £0.60 for Tariff 3 is suggested, but this could be a greater or lesser amount. In other words every journey, regardless of distance would be increased by £0.30, £0.50 or £0.60 depending on the tariff.

The committee is advised that it can recommend an alternative option to Cabinet but any proposed tariff must be capable of being programmed into a hackney carriage meter.

#### **4.3 Proposed increase Tariff 1**

The current fares (option 1- no increase), BHCA request (option 2) and an alternative (option 3) for fares for distance are provided at table 1

Table 1

	<b>Flagfall (£/Yards)</b>	<b>Unit Charge (£/Yards)</b>	<b>Waiting Time (£/Seconds)</b>
<b>Current (Option 1)</b>	2.40/391.1111	0.20/195.5555	0.20/60
<b>Option 2</b>	2.80/391.1111	0.20/195.5555	0.20/60
<b>Option 3</b>	2.70/391.1111	0.20/195.5555	0.20/60

In summary, option 2 equates to an increase of £0.40 for each hiring regardless of the journey length. Option 3 as an example would increase each journey by £0.30

The waiting time and fares for distance for each option is unchanged at £12 per hour and £1.80 per mile respectively

Table 2 gives the current and proposed costs for a journey of 1, 2, 5 and 10 miles with the respective percentage increases. For comparison purposes fares for other Lincolnshire Authorities are provided

Table 2

<b>Tariff 1</b>	<b>1 Miles £</b>	<b>2 Miles £</b>	<b>5 Miles £</b>	<b>10 Miles £</b>	<b>Last Reviewed</b>
<b>BBC Option 1 (No increase)</b>	3.80 5.56% (Previous increase)	5.60 7.69% (Previous increase)	11.00 10% (Previous increase)	20.00 11.11% (Previous increase)	2015
<b>BBC Option 2 (BHCA request)</b>	4.20 10.53%	6.00 7.14%	11.40 3.63%	20.40 2.00%	
<b>BBC Option 3 (Officer Suggested Alternative)</b>	4.10 7.89%	5.90 5.36%	11.30 2.73%	20.30 1.5%	
<b>Lincoln</b>	4.60	6.20	11.00	19.00	2012
<b>East Lindsey</b>	4.20	6.00	11.20	20.00	2017
<b>South Holland</b>	2.20	3.70	8.20	15.70	2008
<b>West Lindsey</b>	4.00	6.00	12.00	22.00	2017
<b>North Kesteven</b>	4.00	5.60	10.40	18.40	2014
<b>North East Lincs</b>	4.00	5.60	10.40	18.40	2017

It is requested the committee considers the proposed options and recommends to Cabinet either one of these options or an alternative tariff capable of being programmed into a taximeter.

The committee may wish to note that if the increase requested by the BHCA was recommended to the cabinet for consideration, the revised fares, particularly for shorter journeys, would be higher than the average for the county. It is therefore suggested, that the committee give consideration to recommending a smaller increase in the initial charge. An example of such is given at option 3.

**NOTE** – The percentage increases are for illustrative purposes only and do not take account of waiting time as this varies from journey to journey. As there is no proposal

to increase the waiting time, the actual percentage increase, were fares to be increased, would be lower than that shown in the above table.

#### 4.4 Proposed increase Tariff 2

The current fares (option 1- no increase), BHCA request (option 2) and an alternative (option 3) fares for distance are provided at table 3.

Table 3

	<b>Flagfall (£/Yards)</b>	<b>Unit Charge (£/Yards)</b>	<b>Waiting Time (£/Seconds)</b>
<b>Current Option 1</b>	3.10/293.33333	0.20/146.66666	0.20/42.53
<b>Option 2</b>	3.70/293.33333	0.20/146.66666	0.20/42.53
<b>Option 3</b>	3.60/293.33333	0.20/146.66666	0.20/42.53

In summary, option 2 equates to an increase of £0.60 for each hiring regardless of the journey length. Option 3 as an example would increase each journey by £0.50

The waiting time and fares for distance for each option is unchanged at £16.93 per hour and £2.40 per mile respectively

Table 4 gives the current and proposed costs for a journey of 1, 2, 5 and 10 miles with the respective percentage increases. For comparison purposes fares for other Lincolnshire Authorities are provided

Table 4

<b>Tariff 2</b>	<b>1 Miles £</b>	<b>2 Miles £</b>	<b>5 Miles £</b>	<b>10 Miles £</b>	<b>Last Reviewed</b>
<b>BBC Option 1 (No increase)</b>	5.10 4.08% (Previous Increase)	7.50 5.63% (Previous Increase)	14.70 7.3% (Previous Increase)	26.70 8.1% (Previous Increase)	March 2015
<b>BBC Option 2 (BHCA request)</b>	5.70 11.76%	8.10 8.00%	15.30 4.08%	27.30 2.25%	
<b>BBC Option 3 (Officer Suggested Alternative)</b>	5.60 9.8%	8.00 6.66%	15.20 3.4%	27.20 1.87%	
<b>Lincoln</b>	5.90	8.00	14.30	25.10	2012
<b>East Lindsey</b>	6.30	9.00	16.80	30.00	2017
<b>South Holland</b>	4.20	6.20	12.20	22.20	2008
<b>West Lindsey</b>	5.80	8.80	17.80	32.80	2017
<b>North Kesteven</b>	6.00	8.40	16.60	27.60	2014
<b>North East Lincs</b>	4.60	6.60	12.60	22.60	2017

It is requested the committee considers the proposed options and recommends to Cabinet either one of these options or an alternative tariff capable of being programmed into a taximeter.

The committee may wish to note that if the increase requested by the BHCA was recommended to the cabinet for consideration, the revised fares, would be “middling” for the county. It is therefore suggested, that the committee give consideration to recommending the increase proposed by the BHCA.

**NOTE** – The percentage increases are for illustrative purposes only and do not take account of waiting time as this varies from journey to journey. As there is no proposal to increase the waiting time, the actual percentage increase, were fares to be increased would be lower than that shown in the above table.

#### 4.5 Proposed increase Tariff 3

The current fares (option 1- no increase), BHCA request (option 2) and an alternative (option 3) fares for distance are provided at table 5.

Table 5

	<b>Flagfall (£/Yards)</b>	<b>Unit Charge (£/Yards)</b>	<b>Waiting Time (£/Seconds)</b>
<b>Current Option 1</b>	4.80/234.666666	0.20/117.333333	0.20/40
<b>Option 2</b>	5.60/234.666666	0.20/117.333333	0.20/40
<b>Option 3</b>	5.40/234.666666	0.20/117.333333	0.20/40

In summary, option 2 equates to an increase of £0.80 for each hiring regardless of the journey length. Option 3 as an example would increase each journey by £0.60

The waiting time and fares for distance for each option is unchanged at £18.00 per hour and £2.80 per mile respectively

Table 6 gives the current and proposed costs for a journey of 1, 2, 5 and 10 with the respective percentage increases

Table 6

<b>Distance (miles)</b>	<b>Current Fare (£)  Option 1</b>	<b>Option 2 (£)</b>	<b>Option 2 % increase</b>	<b>Option 3 (£)</b>	<b>Option 3 % increase</b>
<b>1</b>	7.40	8.20	10.81%	8.00	8.11%
<b>2</b>	10.40	11.20	7.69%	11.00	5.77%
<b>5</b>	19.40	20.20	4.12%	20.00	3.09%
<b>10</b>	34.40	35.20	2.32%	35.00	1.74%

It is requested the committee considers the proposed options and recommends to Cabinet either one of these options or an alternative tariff capable of being programmed into a taximeter.

The committee may wish to note that if the increase requested by the BHCA was recommended to the cabinet for consideration, there would be a significant increase in the initial charge. It is therefore suggested, that the committee give consideration to recommending a reduced increase in the initial charge. An example of such is given at option 3.

**NOTE** – The percentage increases are for illustrative purposes only and do not take account of waiting time as this varies from journey to journey. As there is no proposal to increase the waiting time, the actual percentage increase, were fares to be increased would be lower than that shown in the above table.

## 5. CONSIDERATIONS

- 5.1 Officers conducted a consultation, ahead of any statutory process, by writing to all hackney carriage proprietors and drivers, advising them of the requested increase and seeking their views. Responses received are attached at Appendix C.
- 5.2 Other information the committee may wish to take into account when considering making a recommendation to Cabinet is provided below:
  - The fuel station on Sleaford Road is used by the council to gauge the price of fuel when considering a proposal for a hackney carriage fare increase. At the time of the last report to committee for a fare increase the cost of diesel at this fuel filling station was £112.8/litre (12 January 2015). The diesel price at this filling station, at the time of writing this report was £119.8/litre (27 November 2017).
  - The council can only set fares for hackney carriages; Private Hire Operators can set their own fares which could be significantly higher or lower than the hackney carriage fares set by the council.
  - The law relating to the calibration of taximeters was clarified in the case of R v Liverpool City Council, ex p Curzon Limited (1983). This case indicated that it was lawful for a proprietor to calibrate his taximeter to a lower fare than the maximum fare set by the Council. The Council can advise and encourage but it cannot legally require those proprietors to change their meters from a lower rate to the maximum rate. Therefore, if a tariff increase is implemented, those taxi proprietors who do not wish to recalibrate their meters, possibly due to the need for a meter replacement, would be free to continue to operate using the existing tariff.
  - Inflation at October 2017 was 3% for the previous year.



## **6. CONCLUSION**

- 6.1 It is requested the committee consider the proposed options and recommends, to Cabinet, one of these options or an alternative tariff capable of being programmed into a taximeter. An example of an alternative would be to recommend a higher or lower increase to that shown at Option 2 and 3. A recommendation could be made to reduce the maximum fares, however given the rise in the cost of living, officers would not recommend this.
- 6.2 There has been no increase in the maximum fares since March 2015 and there has been no increase in the initial charge element of the maximum fares since 2011; the previous increase was for the fares for distance only.
- 6.3 It is anticipated that an appropriate increase in the initial charge will maintain a reasonably priced taxi service for members of the public whilst also providing increased income for taxi proprietors and drivers.
- 6.4 Proprietors or drivers who are opposed to the increase can opt to continue to operate using the existing tariff.
- 6.5 Officers are of the view that having regard to the increase in living costs, including increased fuel costs an increase in the maximum fares is recommend to Cabinet for consideration.

### **FINANCIAL IMPLICATIONS**

There is a cost for the public notice estimated at £300 and the cost of producing 167 fare cards at an estimated cost of £100, These costs will be met from existing budgets.

### **LEGAL IMPLICATIONS**

Any decision by the Cabinet to vary the maximum fares along with the implementation date must be advertised and a period of time (minimum 14 days) allowed for objections.

If objections are received the representations must be considered by Cabinet who can agree, in light of the objections, to modify the tariff or agree to implement the original agreement.

A copy of the proposed tariff must be available at the Council's Offices for the public to inspect, free of charge, at all reasonable hours.

If there are objections the Council must set a further date, within two months from that date first specified, on which the table is to come into force with or without modification, as decided.

There is no right of appeal to the Magistrates Court regarding a council's decision on the level of the hackney carriage fares. However, any aggrieved person would have the option of applying for a judicial review of the decision.

Failure to undertake this process correctly will render any decision to vary the maximum fare structure void.

### **ANY OTHER IMPLICATIONS**

Human Rights – The Licensing Authority must ensure that its decisions can withstand scrutiny by reference to the principle of proportionality. i.e., is the decision/action proportionate to what it wishes to achieve, in other words, does the end justify the means.

### **CONSULTATION**

A consultation has been undertaken with all hackney carriage proprietors and drivers licensed by Boston Borough Council. A copy of the responses is provided at Appendix C.

Consulted also:

CMT  
Portfolio holder for licensing.

### **APPENDICES**

Appendices are listed below and attached to the back of the report: -

<i>APPENDIX A</i>	Letter of request for tariff increase from Boston Hackney Carriage Association.
<i>APPENDIX B</i>	Copy of current Hackney Carriage Tariff Sheet.
<i>APPENDIX C</i>	Responses from consultation with Hackney Carriage Proprietors and Drivers

### **BACKGROUND PAPERS**

No background papers as defined in Section 100D of the Local Government Act 1972 were used in the production of this report.

### **CHRONOLOGICAL HISTORY OF THIS REPORT**

A report on this item has not been previously considered by a Council body.