

Cheltenham Borough Council
Cabinet – 12 February 2019
Review of Hackney Carriage Fares

Accountable member	Councillor Andrew McKinlay, Cabinet Member for Development & Safety
Accountable officer	Mike Redman, Director of Environment
Ward(s) affected	All
Key/Significant Decision	Yes
Executive summary	<p>Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 permits the council to set fares for hackney carriage, or taxi, vehicles licensed by it.</p> <p>A review has been undertaken and this report seeks approval from Cabinet to revise the current approved fares in accordance with this report.</p>
Recommendations	<p>Cabinet is recommended to:</p> <ol style="list-style-type: none"> 1. Approve the revised methodology and proposed maximum fare increase for hackney carriages; and 2. Delegate authority to the Licensing Team Leader to carry out the necessary advertising requirements to comply with section 65 of the Local Government (Miscellaneous Provisions) Act 1976; and 3. Subject to there being no substantive amendments being made following consultation, delegate authority to the Director of Environment to adopt the proposed fares.
Financial implications	<p>There are no direct financial implications to this paper apart from the costs of the consultation which cannot be avoided. These costs are minimal and can be covered by current budgets.</p> <p>Contact officer: Andrew Knott, Andrew.knott@cheltenham.gov.uk, 01242 264121</p>

Legal implications	<p>The authority for the council to fix fares for hackney carriages is given under Section 65 of the Local Government (Miscellaneous Provisions) Act 1976. When a council makes or varies a table of fares, it must publish in one local newspaper a notice setting out the table of fares, or variations to the table, specifying the period (not less than 14 days) within which, objections to the table or variations can be made. 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 no objections, the table, or variation, will come into effect on the expiration date of the period specified in the notice.</p> <p>Contact officer: vikki.fennell@teWKesbury.gov.uk, 01684 272015</p>
HR implications (including learning and organisational development)	<p>There are no HR implications arising from this report.</p> <p>Contact officer: Clare Jones, clare.jones@publicagroup.uk</p>
Key risks	As identified in Appendix 1
Corporate and community plan Implications	N/A
Environmental and climate change implications	N/A
Property/Asset Implications	N/A

1. Background

- 1.1 Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 permits the council to set the maximum fares for hackney carriage vehicles licensed by it.
- 1.2 The last hackney carriage fare review was undertaken in 2017 when Cabinet approved a 6% increase based on the council's adopted fare formula.
- 1.3 A further review of hackney carriage fares has been undertaken and this report seeks approval from Cabinet to revise the current fare table for hackney carriage vehicles.

2. Revised methodology

- 2.1 In previous years, the council used an adopted fare calculation formula for determining hackney carriage fares on each review cycle. The aforementioned formula was based on a set of assumptions which reflect the costs which will be incurred by a good owner-driver who spends whatever is necessary to operate and maintain his hackney carriage to a high standard.
- 2.2 The said index components are:
 - Vehicle Cost
 - Replacement Parts
 - Tyres
 - Service Labour
 - Fuel
 - Insurance
 - Miscellaneous
 - Average National Earnings
- 2.3 The formula relied on, among other factors, data published annually by the AA relating to running costs. The AA however stopped publishing this data which compromised the effectiveness of the adopted policy.
- 2.4 Accordingly, a review of the council's fare setting methodology was undertaken to ensure the council's approach remains effective and can fairly reflect the cost of running a hackney carriage vehicle in Cheltenham.

3. Consultation

- 3.1 In November 2018, the council consulted with the public hire trade on proposed revised methodologies for calculating hackney carriage fares in Cheltenham. The proposals consulted on were:
 - 3.1.1 **Local running costs** – The council's preferred route for calculating Hackney Carriage fares would be for the local public hire trade to submit to the council evidence of their running costs. The council is of the view that the local public hire trade would be best placed to provide the council with this information and also that this would constitute the most accurate basis for a fare calculation.

3.1.2 Fares linked to inflation – The alternative proposal was for the council to use the 2016/17 running costs as a baseline and apply a rate of inflation to this to determine the Hackney Carriage fares for 19/20.

3.1.3 Other - The council also welcomed any other proposals for Hackney Carriage fare calculation approaches moving forward.

3.2 The council received no responses to this consultation which consequently rendered the first and last proposals unviable.

4. Fares linked to inflation

4.1 It is therefore proposed that this fare review be based on an approach where the 2016/17 running costs are used as a baseline for the review and that the annual rate of inflation be applied to calculate a percentage increase (or decrease in the case of deflation) to be applied.

4.2 Using this approach, it is proposed that the fares charged be increased by 6% accounting for annual rates of inflation of 2.68% in 2017 and 2.51% in 2018. For the sake of ease and practicality, it is proposed to be rounded to 6%.

4.3 Attached at appendix 2 is a revised fare card reflecting the proposed increase. It is not mathematically possible to reflect the proposed increase for each full mile as illustrated on the revised fare card.

4.4 However, overall the average increase is reflected in the baseline numbers.

4.5 The trade has informally requested that the proposed increase be reflected in the initial “flag fall” rather than adjusting the time and/or distance calculations.

5. Adoption

5.1 Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 prescribes that the Council must consult if it proposes to set or vary hackney carriage fares.

5.2 It must do so by publishing a notice in a local newspaper setting out the variation and specifying a period and means of objecting. The specified period cannot be less than 14 days.

5.3 If no objections are made or any made are withdrawn, the proposed fares will take effect on the specified date. However, if objections are made and not withdrawn, the council must set a further date, not later than two months after the initial date, on which the proposed fares shall come into force with or without modifications as decided after consideration of any objections.

6. Alternative options considered

6.1 The council can decide not to increase hackney carriage fares as part of this review although this option is not considered desirable as it would result in an owner-driver not being able to fully recover the costs which will be incurred by them to operate and maintain their hackney carriage to a high standard.

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Appendices	<ol style="list-style-type: none">1. Risk Assessment2. Proposed revised fare card
Background information	<ol style="list-style-type: none">1. Local Government (Miscellaneous Provisions) Act 19762. Cheltenham Borough Council 2016 hackney carriage fares

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	Impact 1-5	Likelihood 1-6	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	If the council decides not to approve the recommended increase in fares, licence holders will be unable to recover their costs and earn a proper living, which could result in the council being legally challenged which could adversely affect the council's reputation.	Director of Environment	Feb 19	2	2	4	Reduce	Adopt recommendations		Licensing Team Leader	
	If the council does not have a proposed basis for calculating hackney carriage fares, the council may be unable to defend a legal challenge on the fares set and the method used.	Director of Environment	Feb 19	3	2	6	Reduce	Adopt recommendations		Licensing Team Leader	
<p>Explanatory notes</p> <p>Impact – an assessment of the impact if the risk occurs on a scale of 1-5 (1 being least impact and 5 being major or critical)</p> <p>Likelihood – how likely is it that the risk will occur on a scale of 1-6 (1 being almost impossible, 2 is very low, 3 is low, 4 significant, 5 high and 6 a very high probability)</p> <p>Control - Either: Reduce / Accept / Transfer to 3rd party / Close</p>											