

Cheltenham Borough Council
Cabinet – 25 September 2012
Annual Review of Hackney Carriage Fares

Accountable member	Cabinet Member Housing and Safety - Councillor Peter Jeffries
Accountable officer	Director of Wellbeing & Culture – Sonia Phillips
Accountable scrutiny committee	Overview and Scrutiny Committee
Ward(s) affected	All
Key Decision	No
Executive summary	<p>Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 permits the Council to set fares for Hackney Carriage vehicles licensed by it.</p> <p>The Council has adopted a Hackney Carriage fare formula which is used annually to calculate the running costs of a licensed Hackney Carriage vehicle.</p> <p>The formula this year indicated a 5% increase in the running costs of a licensed Hackney Carriage vehicle and Cabinet is asked to approve the fare increase.</p>
Recommendations	<p>Cabinet is recommended to;</p> <ol style="list-style-type: none"> 1. Approve an increase of 5% for Hackney Carriage fares, and 2. That the Director of Wellbeing & Culture be given delegated authority 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, that the proposed fares be adopted by the Director of Wellbeing & Culture under delegated authority.
Financial implications	<p>There are no financial implications to the council arising from this report.</p> <p>Contact officer: Sarah Didcote, sarah.didcote@cheltenham.gov.uk, 01242 26 4125</p>
Legal implications	<p>The legal implications are contained within the report.</p> <p>Contact officer: Sarah Farooqi, sarah.farooqi@teWKesbury.gov.uk, 01684 272693</p>

HR implications (including learning and organisational development)	No direct HR implications arising from this report. Contact officer: Julie McCarthy, julie.mccarthy@cheltenham.gov.uk, 01242 26 4355
Key risks	As outlined in Appendix 1
Corporate and community plan Implications	Cheltenham has a strong and sustainable economy

1. Background

- 1.1 Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 permits the Council to set fares for Hackney Carriage vehicles licensed by it.
- 1.2 The Council has adopted a Hackney Carriage fare formula which is used annually to calculate the running costs of a licensed Hackney Carriage vehicle. The formula calculates the difference in running costs between the previous year and the current year to produce a percentage increase or decrease which is applied to the fare card.
- 1.3 The formula this year indicated a 5% increase in the running costs of a licensed Hackney Carriage vehicle.

2. Cheltenham Halcrow Formula

- 2.1 In 2010 the Licensing Committee approved a fare formula for calculating Hackney Carriage fares.
- 2.2 The formula's index is 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.
- 2.3 The said index components are:
 - (a) Vehicle Cost
 - (b) Replacement Parts
 - (c) Tyres
 - (d) Service Labour
 - (e) Fuel
 - (f) Insurance
 - (g) Miscellaneous
 - (h) Average National Earnings
- 2.4 The above index developed for use in Cheltenham involves calculating the sum of two component parts, operating costs and average national earnings, in a formula as follows:

$$\text{CHANGE Index} = \text{CHANGE Costs} + \text{CHANGE Earnings}$$
- 2.5 The formula is designed to compare the index costs from the previous year with the cost for the current year, calculate the overall difference and produce a figure indicating either an increase or decrease in the overall costs.

3. Proposed 2012 Fare Increase

3.1 Based on the formula above, a 4.92% increase has been calculated as per the below;

Component of Index	Annual Cost 2010	Annual Cost 2011	% Change 2010-2011
Vehicle Cost	£3,977.02	£4,083.64	2.68%
Replacement Parts	£735.00	£663.00	-9.80%
Tyres	£600.75	£904.50	50.56%
Service Labour	£834.00	£1,074.00	28.78%
Fuel	£3,363.00	£3,777.00	12.31%
Insurance	£1,980.00	£2,815.00	42.17%
Miscellaneous	£374.00	£382.50	2.27%
Total Operating Costs	£11,863.77	£13,699.64	15.47%
Average National Earnings	£25,880.00	£25,900.00	0.08%
Grand Total	£37,743.77	£39,599.64	4.92%

Change 2010 - 2011	4.92%
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4. Consultation

4.1 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.

4.2 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.

4.3 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.

4.4 A copy of the new proposed fare card, reflecting the increase, is attached at **Appendix 2** of this report.

5. Alternative options considered

5.1 The Council can decide not to increase Hackney Carriage fares as part of this review although this option is not considered desirable.

Report author	Contact officer: Louis Krog, louis.krog@cheltenham.gov.uk, 01242 77 5004
Appendices	<ol style="list-style-type: none">1. Risk Assessment2. Proposed new Hackney Carriage Fare Card
Background information	

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 decide not to approve the increase in fares, licence holders will be unable to recover their costs and earn a proper living which could result in the Council being challenged or adversely affect the Council's reputation.	Louis Krog	27/09/12	2	4	8	Approve fare increase	Approve fare increase		Louis Krog	

Explanatory notes

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)

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)

Control - Either: Reduce / Accept / Transfer to 3rd party / Close

Appendix 2

HACKNEY CARRIAGE FARES With effect from xx				EXTRAS – PASSENGERS OVER ONE
Mileage Up to 1/9 th (195.6yds) of a mile or part thereof	Rate 1 7am - 8pm Mon - Sat	Rate 2 8pm - 7am Mon - Sat All day Sunday/Public Holidays, 6pm - 11pm Christmas Eve/New Years Eve	Rate 3 11pm Christmas Eve- 7am 27 th December and 11pm on New Year's Eve - 7am 2 nd January	1 st Passenger – No Extra Charge 2 nd Passenger – 20p 3 rd Passenger – 40p 4 th Passenger – 60p Passengers 5 to 7 to be charged at 60p/passenger
Flag	£2.40	£3.00	£4.20	If you or your animals soil the taxi requiring cleaning/valeting a charge of £50.00 is payable.
For every following 185.8yds of a mile or part thereof	0.20p	0.25p	0.35p	
First full mile	£4.00	£5.00	£7.00	Cheltenham Borough Council Licensing Section PO Box 12 Municipal Offices Promenade Cheltenham GL50 1PP Telephone 01242 775200 Email licensing@cheltenham.gov.uk
Every following mile	£1.80	£2.25	£3.15	
Waiting Time For every 39 seconds waiting: Rate 1 For every 32 seconds waiting: Rate 2 For every 22 seconds waiting: Rate 3	0.20p	0.20p	0.20p	
For every full hour	£18.68	£24.52	£32.68	
Extras on all Rates Each person above 1	0.20p	Each perambulator 0.60p	Assistance Dogs Free	
Each package carried outside or in boot i.e. 4 plastic shopping bags to be charged as one	0.60p	Each cycle (Estate cars only) £1.00 at drivers discretion	Dogs to be carried at drivers discretion £1.00 per animal	

