

Cheltenham Borough Council
Cabinet – 15 October 2013
Annual Review of Hackney Carriage Fares

Accountable member	Cabinet Member Housing and Safety - Councillor Peter Jeffries
Accountable officer	Executive Director – Grahame Lewis
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 3.25% 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 3.25% for Hackney Carriage fares, and 2. Delegate authority to the Executive Director 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 Executive Director to adopt the proposed fares to be implemented within two months.

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 264125</p>
Legal implications	<p>The legal implications are contained within the report.</p> <p>Contact officer: Vikki Fennell, Vikki.Fennell@tewkesbury.gov.uk, 01684 272015</p>
HR implications (including learning and organisational development)	<p>There are no financial implications to the council arising from this report.</p> <p>Contact officer: Richard Hall, richard.hall@cheltenham.gov.uk, 01594 812634</p>
Key risks	As identified in Appendix 1

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 3.25% 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:

CHANGE Index = CHANGE Costs + 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 2013 Fare Increase

- 3.1 Based on the formula above, a 3.25% increase has been calculated as per the below;

Component of Index	Annual Cost 2012	Annual Cost 2013	% Change 2012-2013
Parts	£753	£843	11.95%
Tyres	£1,100	£1,215	10.43%
Labour	£1,011	£1,335	32.05%
Fuel	£3,372	£3,657	8.45%
Miscellaneous	£383	£402	5.10%
Insurance	£2,308	£2,082	-9.81%
Vehicle Cost	£3,827	£4,083.64	6.69%
Total Operating Costs	£12,754	£13,618	6.77%
Average National Earnings	£26,100	£26,500	1.53%
Grand Total	£38,854	£40,118	3.25%
% Change 2012-2013			3.25%

3.2 The figures in respect of parts, tyres, labour, fuel and insurance are obtained from the AA's Car running costs for the years stated.

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.

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.

5.2 Due to the fact that the percentage increase reflect the costs which will be incurred by a good owner-driver who spends whatever is necessary to operate and maintain his Hackney Carriage, a failure not to increase the fares in accordance may result in Hackney Carriages operating at a loss.

Report author	Contact officer: Louis Krog, louis.krog@cheltenham.gov.uk, 01242 77 5004
Appendices	1. Risk Assessment
Background information	1. Cheltenham Borough Council 2012 Hackney Carriage Fares 2. Local Government (Miscellaneous Provisions) Act 1976

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.	Executive Director	15/10/2013	3	3	9	Accept	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