

# BRIDGEND COUNTY BOROUGH COUNCIL

## REPORT TO CABINET

23 OCTOBER 2018

### REPORT OF THE HEAD OF LEGAL AND REGULATORY SERVICES

#### LOCAL GOVERNMENT (MISCELLANEOUS PROVISIONS) ACT SECTION 65 POWER TO FIX FARES FOR HACKNEY CARRIAGES

#### APPLICATIONS TO VARY THE HACKNEY CARRIAGE FARES TARIFF

##### 1. Purpose of report

- 1.1 To report back on the trade consultation carried out in respect of the Bridgend County Borough hackney carriage table of fares. This was following proposals received by the Licensing Department to amend the table of fares.
- 1.2 To consider the proposals and the consultation responses, and to determine whether one of the proposals should go forward to the public notice process.

##### 2. Connection to corporate improvement objectives/other corporate priorities

- 2.1 This report assists in the achievement of the following corporate priority/priorities:
  - Supporting a successful economy – taking steps to make the county a good place to do business, for people to live, work, study and visit, and to ensure that our schools are focused on raising the skills, qualifications and ambitions of all people in the county.

##### 3. Background

- 3.1 Bridgend County Borough Council regulates the maximum fares that can be charged to passengers in hackney carriages within the county borough. This is in accordance with Section 65(1) of the Local Government (Miscellaneous Provisions) Act 1976. The Section requires that any variation of the fare must be advertised in a local paper and that a period of notice of at least 14 days be given to enable any person to make objections.
- 3.2 The Bridgend County Borough Council table of fares includes a pickup rate (commonly referred to as the flag) when the journey commences, this currently includes the first half mile of the journey. After this distance, the fare increases by a set amount (commonly referred to as the click) every eighth of a mile.
- 3.3 At the Cabinet meeting of the 5 September 2017, The Head of Shared Regulatory Services reported on three proposals, to vary the current hackney carriage table of fares, received from:
  1. Mr James Boland and Mr Richard Parrot
  2. Mr Tom Burke
  3. Mr Dario Nelson

Cabinet decided to reject the three proposals and recommended the legality and practicalities of consulting on hackney carriage fees with the taxi trade and public be explored.

- 3.4 In light of Cabinet's decision, officers asked each of the applicants to consider the other proposals with a view to presenting a further single application with support from all parties. During this period, an additional application was received from Mr Peter Renwick of Premier Cars (Cardiff) Ltd.
- 3.5 The current table of fares has been in place in Bridgend County Borough since 15th August 2011. A copy of the current table of fares is attached at Appendix A.
- 3.6 The cost of renewing a 1 year hackney carriage/private hire driver's licence has increased from £44 in 2011 to £63 in 2018 (an increase of 43.2%). However, it should be noted that a year 3 year licence was introduced in 2015, following changes in legislation. The cost of a 3 year licence in 2018 is £122, therefore if drivers choose a 3 year licence, the annual cost is £40.67 (a decrease of 7.6%). The annual cost of a hackney carriage vehicle licence (including 2 vehicle tests) has increased from £247 in 2011 to £267 in 2018 (an increase of 8.1%). A list of the current taxi licensing fees and the fees that were charged when the table of fares were last amended is attached at Appendix B.
- 3.7 The table below shows the year on year percentage change of the Consumer Price Index (CPI) in the UK from 2011 to 2017. During this period, inflation as measured by the CPI has increased by 14.8%.

<b>Year</b>	<b>CPI Percentage Change</b>
2011	4.5%
2012	2.8%
2013	2.6%
2014	1.5%
2015	0%
2016	0.7%
2017	2.7%

- 3.8 The Licensing Section is a regulatory body and therefore does not hold data on taxi usage within the county borough.

#### **4. Current situation/proposal**

- 4.1 Following the comments made at the previous Cabinet meeting, the applicants were asked to review the other proposals received to date by the Licensing Department. However, no consensus could be reached. Comments received regarding the other proposals included:
- "Tariff 2 should kick in later around 10pm"
  - "In general the tariffs are too expensive and would potentially put off the public using taxis"
  - "No different rate for Sunday's, also there should be no £1 premium added either"

- “There is a proposal for waiting time to be increased for tariff 2 to 6. We feel that the waiting time should remain at 20p per minute and part thereof”
- “If the general feeling is that there is a need for the waiting time to be increased, we feel the maximum it should be increased to is 25p per minute or part thereof”
- “Rate per click should match the tariff amount, as it currently does not match the way the meter works”
- “Sticking to the current Bridgend style of tariffs would be simpler for the public to understand”

4.2 As no consensus could be reached between the applicants, a letter and response questionnaire was sent out to each of the currently licensed hackney carriage/private hire vehicle drivers in Bridgend, seeking their views and whether they have a preferred option on the 3 proposals previously considered by Cabinet, and the subsequent proposal received from Mr Peter Renwick of Premier Cars (Cardiff) Ltd. A copy of the proposals and questionnaire are detailed in Appendix C.

4.3 There were 653 letters sent out, of which the Licensing Department received 67 responses. The responses showed that Proposal 1 was the preferred option, chosen by 34.3% of respondents. 85.1% of respondents indicated that they are in support of at least one of the proposed increases. The table below details the breakdown of the responses:

<b>Proposal</b>	<b>No. of Respondents – chosen preferred option</b>	<b>Percentage of Respondents</b>
Proposal 1	23	34.3%
Proposal 2	7	10.4%
Proposal 3	18	26.9%
Proposal 4	9	13.4%
No Change	10	14.9%

4.4 Respondents were also given an opportunity to provide comments on the proposals. Below is a cross-section of the comments received, the full list of redacted responses are detailed at Appendix D for email submissions and Appendix E for paper submissions:

- Proposal 2 is too complicated over Christmas Proposal 3 will kill the trade on a Sunday Proposal 4 will cause problems for drivers working overnight where tariffs change at 3am.
- A modest increase is well overdue, especially as running costs and council fees are never reduced or frozen to help owners.
- Proposal 3 equates roughly to an increase in distance of about 13% which is only minimal so won't effect trade. The other proposals want an increase in distance on tariff 1 of 25% which is too much of an increase in one go and will effect trade in a negative way.
- We in Bridgend are 329th of 366 currently in the county tariff ratings of the whole of the UK. Tariff proposals 1, 2 & 3 would mean that we would be in the region of 200th at best for the 2 mile fare comparison. Quite a few in that price region haven't had a price increase for some time and so may well be probably due.

- Increasing tariffs for hackney carriage sooner will exert more pressure to the families with low income who are mostly depended on using our service. You may be aware that about more than 60% of our custom is from low and middle income groups.
- Since last rate increase over 7 years ago fuel, insurance, maintenance, medicals and council fees have increased significantly being fair to customers have chosen cheapest increase but had one had increase every couple of years we would be charging more
- The licensed taxi trade have shown restraint during these past few years of austerity imposed on the country by government in not applying to increase the tariffs, but now is the time for an increase to avoid the trade becoming insolvent and putting a risk to public safety by cost cutting on maintenance and servicing.
- Having viewed the retail price index and consumer price index I can interpret an average cost of living increase of between 23% to 27% for the essential living whilst certain luxuries and house prices and rent have gone up in excess of this.
- When the fuel cost reaches an average of £1.45 per litre, only then tariff review may be considered. Increasing Tariffs at this point or near future will not benefit any.
- This should 100% increase, especially as fuel prices are going up. Also tariff 2 should be all day Saturday/Sunday as weekend (high demand).
- If we look at Cardiff who had a tariff rate rise just a little over half a year ago and compare the industry standard of the 2 mile trip on tariff 1 we can see that they are very similar to the proposal number 4 recommendation. This is also the case for the Vale of Glamorgan who has had a tariff change also in 2018.
- Due to the already high number of hackney/private hire cars in the borough, work has significantly dropped over the last few years. A price increase would further discourage people from using taxis, therefore decreasing income further.
- I do not agree to higher tariffs on non bank holidays or Sundays as per proposal 2
- Bridgend cab drivers are well overdue a tariff increase as costs are always rising as well as competition from more drivers and the ongoing death of the town centre.
- Cardiff Caerphilly Vale of Glamorgan have had an increase of 7% and 13% I think it is time for a Bridgend to follow
- It's important to realise that taxi fares have not increased since 08/2011. This new tariff is a reasonable, but required, option.
- Considering everyone else has had a cost of living rise in the last few years. Taxi drivers haven't
- I like the idea that a different price from 3am to 6am and I think fair that the day time finish at 22.00
- If you just apply basic economics to the current fare tariff that was created in 2011 and apply only 3% year on year then you will get a figure that is very close (only 3p out on a 2 mile journey) to option 4.

- 4.5 The application made by Mr James Borland and Mr Richard Parrot (Proposal 1), to increase the rate of fares is detailed in Appendix F. It states that drivers are facing increasing costs and the current Bridgend tariff is below the Welsh and national averages. The application proposes to change the click from an eighth to a tenth of a mile but does not amend the structure of the current tariffs or the times at which they operate.
- 4.6 The application made by Mr Tom Burke (Proposal 2) to increase the rate of fares is detailed in Appendix G. Mr Burke states that this proposal is fairer for drivers and will bring driver's incomes closer to the minimum wage. Mr Burke's application also seeks to change the times at which the different tariffs are applicable and to revise the Christmas and New Year Tariff. The application proposes to amend the time at which tariff's 2 and 4 commence from 8.00pm to 10.00pm, to amend the dates, times and rate charged over the Christmas period, and to change the click on the taximeter from an eighth to a tenth of a mile.
- 4.7 The application made by Mr Peter Renwick of Premier Cars (Proposal 3) to increase the rate of fares is detailed in Appendix H. Mr Renwick states that the proposal is based on research from drivers and information relating to the UK Retail Price Index, as the last rate rise took place in 2011, this has left Bridgend way behind in regards the true cost of operating and earning a living from a Hackney Carriage Vehicle. Mr Renwick's application amends Tariff 2 so that it is in operation all day on a Sunday. The application proposes changes to the flag and the click, dependent on the tariff in operation. It also proposes changes to extend the timings that Tariff 2 and Tariff 4 are in effect to also include Sunday. Mr Renwick states that this is to encourage drivers to offer an exceptional service at a rate that is workable.
- 4.8 The application made by Mr Dario Nelson (Proposal 4) to increase the rate of fares is detailed in Appendix I. Mr Nelson's proposal amends the hours that the tariffs will be in operation and also includes additional tariffs for the hours between 3.00am – 6.00am. Mr Nelson states that due to the large amount of dead mileage (returning from a job without paying passengers) experienced in a rural area such as Bridgend, fares should generally be higher than in urban areas.
- 4.9 Consideration should be given to obtaining a balance between increasing the fares payable by the travelling public and the costs incurred by taxi owners/drivers in running costs. There is no statutory set of factors to be considered when approving a table of fares within a local authority area, but typical running costs and comparison of fares is the usual method used to assess applications.
- 4.10 The AA Fuel Price Report shows that the cost of diesel has decreased from a Wales average of 139.9p per litre in August 2011 to 132.1p per litre in August 2018, a decrease of 5.6%. Unleaded 95 Octane petrol has also decreased in the same period from 135.6p to 129.1p per litre, a decrease of 4.8%.
- 4.11 The AA Motoring Costs report shows that for a vehicle costing £17,000 when new, the running costs per mile (based on 30,000 miles per year) has decreased from 31.8p per mile in 2011 to 30.7p per mile in 2014 (the latest figures available). It should be noted that this reduction is largely due to fuel costs which may rise going forward.

- 4.12 The AA British Insurance Premium Index shows that the average annual car insurance premium has risen from £612.19 in 2011 to £660.64 in 2018, an increase of 8%. The table below contains data from each year since the previous tariff increase.

Period	Average Annual Premium	Percentage Increase/Decrease
2011 Q1	£612.19	
2012 Q1	£627.56	3%
2013 Q1	£586.03	-7%
2014 Q1	£490.81	-16%
2015 Q1	£457.78	-7%
2016 Q1	£552.45	21%
2017 Q1	£640.82	16%
2018 Q1	£660.64	3%

It should be noted that this table contains data using risks representative of the insurance buying public for private vehicles, as it was not possible to find definitive information specific to vehicles used for hire and reward. The prices listed are not representative of the cost of insuring a hackney carriage or private hire vehicle but provide an indication of the price variation of car insurance over this period. Anecdotally, drivers have informed the Licensing Department that their annual insurance premiums range between £1,000 and £4,000.

- 4.13 For information the following table provides details of the daytime rate of the 2 mile fare currently authorised by the Council together with a comparison with the proposed fares and the fares authorised by a sample of other licensing authorities. Also included is the position of the proposed tariffs within the 2 mile fare league table out of 370 local authorities, as printed in the September 2018 edition of Private Hire & Taxi Monthly.

Authority	Cost per 2 mile journey
Watford	£8.40
London	£7.80
Bath	£6.80
Swindon	£6.70
Exeter	£6.60
Hereford	£6.30
<b>Mr Nelson Proposed Tariff (Proposal 4)</b>	<b>£6.20 (123<sup>rd</sup>)</b>
Cardiff	£6.10
Vale of Glamorgan	£6.00
Tewkesbury	£5.85
<b>Mr Borland and Mr Parrott Proposed Tariff (Proposal 1)</b>	<b>£5.80 (198<sup>th</sup>)</b>
Newcastle upon Tyne	£5.80
Swansea	£5.70
<b>Mr Renwick Proposed Tariff (Proposal 3)</b>	<b>£5.70 (215<sup>th</sup>)</b>

Newport	£5.60
Gwynydd	£5.50
<b>Mr Burke Proposed Tariff (Proposal 2)</b>	<b>£5.50 (262<sup>nd</sup>)</b>
Powys	£5.40
Rhondda Cynon Taf	£5.20
Blaenau Gwent	£5.20
<b>Current Bridgend Tariff</b>	<b>£4.90 (331<sup>st</sup>)</b>
Caerphilly	£4.80
Merthyr Tydfil	£4.50

- 4.14 Bridgend is currently 331<sup>st</sup> in the 2 mile fare league table out of 370 local authorities, as printed in the September 2018 edition of Private Hire & Taxi Monthly. These statistics are recognised as a reliable indicator, although a local authority's place within a table will fluctuate as soon as a new application to vary taxi fares is received in the UK.
- 4.15 For information the following tables provide details of the current maximum fares for journeys of 5, 10 and 15 miles in Bridgend County Borough with a comparison to the proposed tariffs.

<b>5 mile fare cost</b>	<b>Tariff 1</b> (1-4 passengers)	<b>Tariff 2</b> (1-4 passengers)	<b>Tariff 3</b> (5+ passengers)	<b>Tariff 4</b> (5+ passengers)
Current Bridgend Tariff	£9.70	£12.30	£13.50	16.30
Mr Borland / Mr Parrott Proposed Tariff (Proposal 1)	£10.80	£13.40	£14.50	£17.40
Mr Burke Proposed Tariff (Proposal 2)	£11.50	£14.55	£15.75	£19.00
Mr Renwick Proposed Tariff (Proposal 3)	£11.10	£13.70	£16.40	£18.30
Mr Nelson Tariff (Proposal 4)	£12.20	£14.90* 10pm – 3am £17.40* 3am – 6am	£14.20**	£17.30** 10pm – 3am £19.80** 3am – 6am

<b>10 mile fare cost</b>	<b>Tariff 1</b> (1-4 passengers)	<b>Tariff 2</b> (1-4 passengers)	<b>Tariff 3</b> (5+ passengers)	<b>Tariff 4</b> (5+ passengers)
Current Bridgend Tariff	£17.70	£22.30	£23.50	£28.30
Mr Borland / Mr Parrott Proposed Tariff (Proposal 1)	£21.80	£24.50	£27.60	£32.40

Mr Burke Proposed Tariff (Proposal 2)	£21.50	£27.05	£28.25	£34.00
Mr Renwick Proposed Tariff (Proposal 3)	£20.10	£24.70	£28.90	£31.80
Mr Nelson Tariff (Proposal 4)	£22.20	£27.40* 10pm – 3am £32.40* 3am – 6am	£24.20**	£29.80** 10pm – 3am £34.80** 3am – 6am

<b>15 mile fare cost</b>	<b>Tariff 1</b> (1-4 passengers)	<b>Tariff 2</b> (1-4 passengers)	<b>Tariff 3</b> (5+ passengers)	<b>Tariff 4</b> (5+ passengers)
Current Bridgend Tariff	£25.70	£32.30	£33.50	£40.30
Mr Borland / Mr Parrott Proposed Tariff (Proposal 1)	£32.80	£35.50	£39.60	£46.40
Mr Burke Proposed Tariff (Proposal 2)	£31.50	£39.55	£40.75	£49.00
Mr Renwick Proposed Tariff (Proposal 3)	£29.10	£35.70	£41.40	£45.30
Mr Nelson Tariff (Proposal 4)	£32.20	£39.90* 10pm – 3am £47.40* 3am – 6am	£34.20**	£42.30** 10pm – 3am £49.80** 3am – 6am

\*Mr Nelson's proposal includes an additional tariff that operates from 3am – 6am.

\*\*Due to the additional proposed tariffs, the current tariff 3 and 4 would be the equivalent of Mr Nelson's proposed tariff's 4 and 5/6.

- 4.16 This process sets the maximum fare that may be charged for journeys that start and end within the county borough. Drivers are permitted to charge less than the meter fare, such as for regular customers.
- 4.17 Should Cabinet agree to vary the tariff, the variation would need to be advertised for a period of at least 14 days to permit persons to make an objection. Should there be no objections; the variation would then come into effect on the date of the expiry of the period of notice. However, should an objection be received, the objection would need to be re-considered by Cabinet before the variation is implemented.
- 4.18 Members are advised that there is no known formally constituted trade organisation within the Borough at present and therefore consultation will follow the statutory format laid down in the Local Government (Miscellaneous Provisions) Act 1976 by statutory notice in a locally circulated newspaper.

## **5. Effect upon policy framework and procedure rules**

5.1 None

## **6. Equality Impact Assessment**

6.1 The proposal has been screened for the potential impact on protected groups within the community and human rights. We do not consider on the basis of the above that a detailed Equality Impact Assessment is required for this proposal at this stage, but the position will be reviewed at the end of the consultation process.

## **7. Well-being of Future Generations (Wales) Act 2015 implications**

7.1 A summary of the implications from the assessment:

- Integration – Taxis form part of the public transport network with environmental and economic benefits for the wellbeing goal of A Prosperous Wales
- Collaboration - Stakeholders within the taxi trade as well as the general public will have the opportunity to consider the application and respond to the consultation
- Involvement - Applications to increase taxi fares involve consultation with the public and any representations will be reported back to Cabinet before a final decision is taken.

## **8. Financial implications**

8.1 The cost of public notices and consultation will be met from existing budget.

## **9. Recommendation**

9.1 Members are recommended to either:

- a. Retain the existing fare regime
- b. Select one of the proposals to go forward to the public notice process with an implementation date of 3 December 2018 (provided that there are no objections).

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**Background documents:**

Private Hire and Taxi Monthly National Fares Tables

AA British Insurance Premium Index

AA Fuel Price Report

Office for National Statistics - Inflation and price indices