

REGULATORY COMMITTEE – 26 MARCH 2012

REPORT OF THE EXECUTIVE DIRECTOR OF CITY SERVICES

HACKNEY CARRIAGE FARE STRUCTURE

1.0 PURPOSE OF REPORT

- 1.1** The purpose of this report is to seek the consideration of the Committee of a request received from the Sunderland Hackney Carriage Operators' Association (SHCOA) for increases to the present scale of hackney carriage fares.

2.0 DESCRIPTION OF DECISION (RECOMMENDATIONS)

- 2.1** The Committee is requested to consider whether or not to agree the following requests, subject to statutory advertising:-
- i) An increase in the Tariff One charges as set out in paragraph 4.2.;
 - ii) An increase in the Tariff Two charges as set out in paragraph 4.3.; and
 - iii) An increase in the Tariff Three charges as set out in paragraph 4.4.

3.0 INTRODUCTION/BACKGROUND

- 3.1** The Committee is, occasionally, asked by the hackney carriage trade to consider an increase in the scale of fares that the Council allows hackney carriage drivers to charge. The last increase agreed by the Regulatory Committee came into force in December 2010.
- 3.2** Should the Committee be minded to alter the current fare structure, they are advised that under the provisions of Section 65 of the Local Government (Miscellaneous Provisions) Act 1976, any such proposal must be published in a local newspaper and a period of not less than 14 days allowed for objections to be made. Any objections received must be given full consideration before the revised fares can come into operation. If no objections are received, the revised fares come into effect upon expiry of the objection period.

4.0 CURRENT POSITION.

- 4.1** Listed in paragraphs 4.2 to 4.4 below are the tariffs currently charged and those requested by SHCOA.
- 4.2** **TARIFF ONE** - This charge applies to journeys undertaken Monday – Saturday 7.00 am to 11.00 pm with the exception of Public and Bank Holidays and the Christmas / New Year period.

The current Tariff One is:-

If the distance does not exceed 155.45m (170 yds), for the whole distance £2.40.

If the distance exceeds 155.45m (170 yds), for the first 155.45m (170 yds) £2.40,
and each subsequent 242.32m (265 yds) or uncompleted part thereof £0.20.

The Tariff One requested by SHCOA is:-

If the distance does not exceed 155.45m (170 yds), for the whole distance £2.40.

If the distance exceeds 155.45m (170 yds), for the first 155.45m (170 yds) £2.40,

and each subsequent 228.60m (250 yds) or uncompleted part thereof £0.20.

4.3 TARIFF TWO - This charge applies to journeys undertaken between 11.00 pm and 7.00 am each day and all day Sunday with the exception of Public and Bank Holidays and the Christmas/New Year period.

The current Tariff Two is:-

If the distance does not exceed 155.45m (170 yds), for the whole distance £2.80.

If the distance exceeds 155.45m (170 yds), for the first 155.45m (170 yds) £2.80,

and each subsequent 187.45m (205 yds) or uncompleted part thereof £0.20.

The Tariff Two requested by SHCOA is:-

If the distance does not exceed 155.45m (170 yds), for the whole distance £2.80.

If the distance exceeds 155.45m (170 yds), for the first 155.45m (170 yds) £2.80,

and each subsequent 178.31m (195 yds) or uncompleted part thereof £0.20.

4.4 TARIFF THREE- This charge applies to journeys undertaken from 6.00 pm on 24 December to 7.00 am on 27 December and 6.00 pm on 31 December to 7.00 am on 2 January and all day on other Public and Bank Holidays.

The current Tariff Three is: -

If the distance does not exceed 155.45m (170 yds), for the whole distance £3.80.

If the distance exceeds 155.45m (170 yds), for the first 155.45m (170 yds) £3.80,

and each subsequent 187.45m (205 yds) or uncompleted part thereof £0.20.

The Tariff Three requested by SHCOA is:-

If the distance does not exceed 155.45m (170 yds), for the whole distance £3.80.

If the distance exceeds 155.45m (170 yds), for the first 155.45m (170 yds) £2.80,

and each subsequent 178.31m (195 yds) or uncompleted part thereof £0.20.

5.0 ALTERNATIVE OPTIONS

5.1 None submitted.

6.0 RELEVANT CONSIDERATIONS/CONSULTATION

6.1 The effects of the tariffs requested by SHCOA would be as shown in the tables below

Tariff One

Journey distance (Miles)	Current Cost £	Cost under requested tariff £		Percentage Increase %
1	3.60	3.80		5.56
2	5.00	5.20		4.00
2.5	5.60	5.80		3.57
3	6.40	6.60		3.13
4	7.60	8.00		5.26
5	9.00	9.40		4.44

The average percentage increase of the above is 4.33%

Tariff Two

Journey distance (Miles)	Current Cost £	Cost under requested tariff £		Percentage Increase %
1	4.40	4.60		4.55
2	6.20	6.40		3.23
2.5	7.00	7.20		2.86
3	7.80	8.20		5.13
4	9.60	10.00		4.17
5	11.40	11.80		3.51

The average percentage increase of the above is 3.91%

Tariff Three

Journey distance (Miles)	Current Cost £	Cost under requested tariff £	Percentage Increase %
1	5.40	5.60	3.70
2	7.20	7.40	2.78
2.5	8.00	8.20	2.50
3	8.80	9.20	4.55
4	10.60	11.00	3.64
5	12.40	12.80	3.23

The average percentage increase of the above is 3.4%

6.4 The rate of inflation as at January 2012 using the Retail Price Index was 3.9%

6.5 Traditionally, the journey distance used for comparison purposes in reports of this nature is 2.5 miles. To that end, attached at Appendix 2 is a table showing the cost of a 2.5 mile journey on our current tariffs, those requested and those of neighbouring councils.

6.6 The organisation known as Independent Hackney Carriage of Sunderland (IHCOS) and representatives of the hackney carriage trade in Hetton, Houghton and Washington have stated that they support this request for an increase to the tariffs.

6.7 The Council is entitled to prescribe only the maximum fares that may be charged by hackney carriages. Any individual hackney carriage driver is free to charge less if he so choose(s).

7.0 GLOSSARY

7.1 SHCOA – Sunderland Hackney Carriage Operators' Association.
IHCOS - Independent Hackney Carriage of Sunderland

8.0 LIST OF APPENDICES

Appendix 1 – Request from Sunderland Hackney Carriage Operators' Association (SHCOA)

Appendix 2 – Comparisons with some other councils' hackney carriage fare scales

9.0 BACKGROUND PAPERS

9.1 None.

APPENDIX 1

SUNDERLAND HACKNEY CARRIAGE OPERATORS ASSOCIATION

C/o 11 Riverside Road, Southwick, Sunderland, SR5 3JG
Tel: 0191 516 5070 Fax: 0191 516 5071

Mrs N Johnstone
Community & Cultural Services Director
Civic Centre
Burdon Road
Sunderland
SR2 7DN

13th March 2012

Dear Mrs Johnstone

Following a meeting with representatives of the Independent Hackney Carriage Operators of Sunderland (IHCOS) and Washington Taxi Association, it has been agreed by the three groups to make a request to the Regulatory Committee to consider amendments to the Hackney Carriage fare tariff as follows: -

Tariff One:

Monday to Saturday 7.00am to 11.00pm with the exception of Public and Bank Holidays and the Christmas/New Year period

If the distance does not exceed 170 yards (155.45 metres)

For the whole distance **£2.40**

If the distance exceeds 170 yards (155.45 metres)

For the first 170 yards (155.45 metres) **£2.40**

Each subsequent 250 yards (228.60 metres)

or uncompleted part thereof **£0.20**

Tariff Two:

Monday to Saturday 11.00pm to 7.00am and all day Sunday with the exception of Public and Bank Holidays and the Christmas/New Year period

If the distance does not exceed 170 yards (155.45 metres)

For the whole distance **£2.80**

If the distance exceeds 170 yards (155.45 metres)

For the first 170 yards (155.45 metres) **£2.80**

Each subsequent 195 yards (178.31 metres)

or uncompleted part thereof **£0.20**

Tariff Three:

From 6.00pm on 24th December to 7.00am on 27th December. From 6.00pm on 31st December to 7.00am on 2nd January and all day on other Public and Bank Holidays

If the distance does not exceed 170 yards (155.45 metres) For the whole distance	£3.80
If the distance exceeds 170 yards (155.45 metres) For the first 170 yards (155.45 metres)	£3.80
Each subsequent <u>195 yards</u> (178.31 metres) or uncompleted part thereof	£0.20

We have sought to address the need to cover increased operating costs without penalising the general public unfairly. In submitting this application we have considered all factors; including the continued rise in fuel costs, increases in garage labour costs and parts, increases in public hire insurance premiums in the SR postcode area of anything between 50% and 100%, and also general living expenses. As we represent drivers who operate over a twenty four hour period we feel that it is only fair that any increase applies to both Tariff One and Tariff Two. It is with great reluctance that we are making this application, but it was in November 2010 that the last tariff increase application was submitted. We are attempting to keep the increase as close to the Retail Price Index (RPI) as possible, which stood at 3.9% for January. The average increase for the three tariffs equates to 3.8%. Most journeys undertaken within the City of Sunderland are usually anywhere between one mile and five miles long, so we feel that it is only fair to look at the average increase over those distances as follows:-

TARIFF ONE

Miles	Yards	Metres	Fare	Incr
1.0	1760	1609	£3.80	5.5%
2.0	3520	3219	£5.20	4.0%
2.5	4400	4023	£5.80	3.6%
3.0	5280	4828	£6.60	3.1%
4.0	7040	6437	£8.00	5.3%
5.0	8800	8047	£9.40	4.4%
Average of Above				4.3%

TARIFF TWO

Miles	Yards	Metres	Fare	Incr
1.0	1760	1609	£4.60	4.5%
2.0	3520	3219	£6.40	3.2%
2.5	4400	4023	£7.20	2.9%
3.0	5280	4828	£8.20	5.1%
4.0	7040	6437	£10.00	4.2%
5.0	8800	8047	£11.80	3.5%
Average of Above				3.9%

TARIFF THREE

Miles	Yards	Metres	Fare	Incr
1.0	1760	1609	£5.60	3.7%
2.0	3520	3219	£7.40	2.8%
2.5	4400	4023	£8.20	2.5%
3.0	5280	4828	£9.20	4.5%
4.0	7040	6437	£11.00	3.8%
5.0	8800	8047	£12.80	3.2%
Average of Above				3.4%

Due to the complexity of the formula to calculate increases on all three tariffs, it is almost impossible to have the same average increase on every tariff as each 20p increase on the meter generates a fixed percentage increase.

We look forward to your response in due course.

Yours sincerely

T. E. Hines
For and on behalf of
Sunderland Hackney Carriage
Operators Association

APPENDIX 2

Comparison of cost of 2.5 mile journey

		Tariff 1	Tariff 2	Tariff 3
Sunderland	Current	5.60	7.00	8.00
Sunderland	Requested	5.80	7.20	8.20
Gateshead		5.40	6.90	N/A
North Tyneside		5.80	7.00	N/A
South Tyneside		5.20	6.40	N/A
Newcastle		6.60	7.40	8.00
Durham		6.45	8.40	12.60