

## LICENSING AND REGULATORY COMMITTEE – 26 FEBRUARY 2024

### REPORT OF THE EXECUTIVE DIRECTOR OF CITY DEVELOPMENT

#### SECTION 65 OF THE LOCAL GOVERNMENT (MISCELLENEOUS PROVISIONS) ACT 1976 - PROPOSED VARIATION OF HACKNEY CARRIAGE FARES AND OTHER CHARGES

##### 1.0 PURPOSE OF REPORT

- 1.1 The purpose of this report is for the Committee to consider a request received from the Sunderland Hackney Carriage Operators' Association, ("SHCOA"), dated 31<sup>st</sup> January, 2024 to increase some elements of the present hackney carriage fares and other charges.

##### 2.0 DESCRIPTION OF DECISION (RECOMMENDATIONS)

- 2.1 Under Section 65 of the Local Government (Miscellaneous) Provisions Act 1976, ("the Act"), the Council has the power to set hackney carriage fares and other charges. Subject to the prescribed statutory advertising procedure via the publication of a notice, the Committee is requested to consider whether, or not to agree the following requests that have been submitted by SHCOA, :-

- 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;
- iii) An increase in the Tariff Three charges as set out in Paragraph 4.4.
- iv) An increase in the waiting time as set out in Paragraph 4.5; and
- v) An increase in the soiling charge as set out in Paragraph 4.6

##### 3.0 INTRODUCTION / BACKGROUND

- 3.1 From time to time the Committee is asked by the hackney carriage trade to consider varying the scale of fares that the Council allows hackney carriage drivers to charge by way of a maximum. Requests can also cover other charges in connection with the hire of a hackney carriage vehicle, or arrangements for hire. Typically, requests are made to increase fares and charges. When such a request is made this engages Section 65 of the Act and the associated advertising requirements. The last increases were agreed by the Committee on 27<sup>th</sup> February, 2023 and came into force on 3<sup>rd</sup> April, 2023. No objections had been raised in respect of the proposed changes that had been subject to the advertising requirements. A copy of the current Hackney Carriage Scale of Maximum Fares is shown at **Appendix 1**
- 3.2 On 31<sup>st</sup> January, 2024 a letter was received from Mr. Trevor Hines on behalf of SHCOA stating that following consultation with representatives of the Independent Operators in Sunderland and Washington, it had been agreed by the three groups that a request be submitted to the Council that consideration be given to certain proposed amendments to the current Hackney Carriage Fare Tariffs. In his letter Mr. Hines has also stated that if the sought variations are approved that they have application no earlier than Monday, 1<sup>st</sup> April, 2024. A copy of Mr. Hines' letter is shown in **Appendix 2**.

3.3 Should the Committee be minded to alter the current fare structure and other charges, then under Section 65 of the Act any such proposals must be published in at least one local newspaper circulating in the district and a period of not less than 14 days from the date of first publication must be allowed for objections to be made to the variations that are proposed. This is done via a notice. The notice will also be deposited at the Council's City Hall and will be available for inspection at all reasonable hours without payment. Any objections received must be given full consideration by the Committee before the revised fares and other charges can come into operation. If no objections are received, or if all objections so made are withdrawn, the revised fares and other charges would come into effect upon expiry of the objection period, or the date of withdrawal of the last objection, if more than one.

3.4 The following timetable is proposed, :-

- (a) The proposals determined by the Committee be published in the Sunderland Echo on Friday, 1<sup>st</sup> March, 2024, with objections to the proposed variations being required to be made in writing and received by the Principal Licensing Officer by 4.45pm on Friday, 22<sup>nd</sup> March, 2024. Details about how to submit objections will be set out in the notice. As stated above, the proposals will also be available for inspection at City Hall. In addition, the proposals will also be published on the Council's website;
- (b) If no objections to the variations are made, or if all objections made are withdrawn, the variations will come into operation on Monday, 1<sup>st</sup> April, 2024, or the date of withdrawal of the objection, or if more than one, of the last objection, whichever date is the later; and
- (c) If objections are made and are not withdrawn they will be considered by the Committee at a subsequent Meeting to be held on Monday, 22<sup>nd</sup> April, 2024 and the Hackney Carriage Table of Fares will come into operation no later than Monday, 6<sup>th</sup> May, 2024 with, or without modifications as decided by the Committee after consideration of the objections.

#### **4.0 CURRENT POSITION.**

4.1 Listed below at Paragraphs 4.2 to 4.6 are the hackney carriage fares tariffs currently charged and those requested by SHCOA.

4.2 **TARIFF ONE** : This charge applies to journeys undertaken Monday to Saturday 7.00am to 11.00pm, 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 91.44 metres, (100 yards), for the whole distance :	£3.00
If the distance exceeds 91.44 metres, (100 yards), for the first 91.44 metres, (100 yards) :	£3.00
and each subsequent 176.48 metres, (193 yards), or uncompleted part thereof :	£0.20

**The Tariff One requested by SHCOA is shown below, with the sought variation marked by an Asterix (\*) :**

If the distance does not exceed 91.44 metres, (100 yards), for the whole distance :	£3.00
If the distance exceeds 91.44 metres, (100 yards), for the first 91.44 metres, (100 yards) :	£3.00
*and each subsequent 159.11 metres, (174 yards), or uncompleted part thereof :*	*£0.20*

4.3 **TARIFF TWO** : This charge applies to journeys undertaken Monday to Saturday between 11.00pm and 7.00am 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 91.44 metres, (100 yards), for the whole distance :	£3.40
If the distance exceeds 91.44 metres, (100 yards), for the first 91.44 metres, (100 yards) :	£3.40
and each subsequent 135.33 metres, (148 yards), or uncompleted part thereof :	£0.20

**The Tariff Two requested by SHCOA is shown below, with the sought variation marked by an Asterix (\*) :**

If the distance does not exceed 91.44 metres, (100 yards), for the whole distance :	£3.40
If the distance exceeds 91.44 metres, (100 yards), for the first 91.44 metres, (100 yards) :	£3.40
*and each subsequent 120.70 metres, (132 yards), or uncompleted part thereof :*	*£0.20*

4.4 **TARIFF THREE** : This charge applies to journeys undertaken from 6.00pm on 24<sup>th</sup> December to 7.00am on 27<sup>th</sup> December and 6.00pm on 31<sup>st</sup> December to 7.00am on 2<sup>nd</sup> January and all day on other Public and Bank Holidays, :-

**The current Tariff Three is :**

If the distance does not exceed 91.44 metres, (100 yards), for the whole distance :	£4.40
If the distance exceeds 91.44 metres, (100 yards), for the first 91.44 metres, (100 yards) :	£4.40
and each subsequent 135.33 metres, (148 yards), or uncompleted part thereof :	£0.20

**The Tariff Three requested by SHCOA is shown below, with the sought variation marked by an Asterix (\*) :**

If the distance does not exceed 91.44 metres, (100 yards), for the whole distance :	£4.40
If the distance exceeds 91.44 metres, (100 yards), for the first 91.44 metres, (100 yards) :	£4.40
*and each subsequent 120.70 metres, (132 yards), or uncompleted part thereof :*	*£0.20*

4.5 **Waiting Time :**

**The current Waiting Time :**

For each period of 60 seconds : £0.20

**Waiting Time Requested by SHCOA :**

For each period of 60 seconds : £0.30

4.6 **Extra Charges – Fouling of Vehicle :**

**The current maximum for Fouling of Vehicle :**

The current fouling of vehicle (maximum charge) : £60.00

**Maximum for Fouling of Vehicle Requested by SHCOA :**

Fouling of the vehicle (maximum charge) : £70.00

4.7 As Members will note from the request submitted by Mr. Hines, no variations are being sought as to the following matters, with their details being set out for the sake of completeness, with these charges continuing to apply, :-

**Fares for Time :**

Negotiated at the time of hiring

### **Extra Charges :**

For each adult in excess of two in number : £0.20

For each article of luggage, (wheelchairs and pushchairs free of charge) : £0.20

Each dog, or other animal, (except accompanied assistance dogs) : £0.20

Summoning of a vehicle where the hirer has been informed of the charge : £0.60

## **5.0 ALTERNATIVE OPTIONS**

5.1 None submitted. The Committee is required to consider the requested increases to some elements of the present hackney carriage fares and other charges.

## **6.0 RELEVANT CONSIDERATIONS / CONSULTATION**

6.1 The effects of the requested changes to tariffs, as requested by SHCOA, are shown in the following Tables, :-

**Tariff One** : Average percentage increase is 6.45%

<b>Journey Distance (Miles)</b>	<b>Current Cost</b>	<b>Cost Under Requested Tariff</b>	<b>Percentage Increase %</b>
1	£4.80	£5.00	4.2%
2	£6.60	£7.00	6.1%
2.5	£7.60	£8.00	5.3%
3	£8.40	£9.00	7.1%
4	£10.20	£11.00	7.8%
5	£12.20	£13.20	8.2%

**Tariff Two** : Average percentage increase is 6.8%

<b>Journey distance (Miles)</b>	<b>Current Cost</b>	<b>Cost Under Requested Tariff</b>	<b>Percentage Increase %</b>
1	£5.80	£6.00	3.4%
2	£8.20	£8.60	4.9%
2.5	£9.40	£10.00	6.4%
3	£10.60	£11.40	7.5%
4	£12.80	£14.00	9.4%
5	£15.20	£16.60	9.2%

**Tariff Three** : Average percentage increase is 6.2%

<b>Journey Distance (Miles)</b>	<b>Current Cost</b>	<b>Cost under requested tariff</b>	<b>Percentage Increase %</b>
1	£6.80	£7.00	2.9%
2	£9.20	£9.60	4.3%
2.5	£10.40	£11.00	5.8%
3	£11.60	£12.40	6.9%
4	£13.80	£15.00	8.7%
5	£16.20	£17.60	8.7%

- 6.2 The rate of inflation as at 15<sup>th</sup> December, 2023 using the Consumer Price Index was 4%.
- 6.3 Traditionally, the journey distance used for comparison purposes in reports of this nature is 2.5 miles. To that end, attached at **Appendix 3** is a Table showing the costs of a 2.5 mile journey based on the Council's current tariffs, those requested and those of certain neighbouring councils who are Licensing Authorities.
- 6.4 Members are reminded that the Council's current Hackney Carriage Table of Fares, as shown at **Appendix 1**, confirms that Tariff Three applies to all journeys undertaken on the following dates, :-
- (a) From 6pm on 24<sup>th</sup> December to 7am on 27<sup>th</sup> December;
  - (b) From 6pm on 31<sup>st</sup> December to 7am on 2<sup>nd</sup> January; and
  - (c) All day on other Public and Bank Holidays.

The comparison table shown at **Appendix 3** shows that certain neighbouring councils do not have a Tariff Three contained within their Hackney Carriage Table of Fares. However, all listed neighbouring councils do allow a higher rate of fares to be charged by hackney carriage drivers during the Christmas and New Year period and for all Public and Bank Holidays. These rates are either included within their respective Tariff Two charges, or within a separate Tariff Three.

- 6.4 The Council is entitled to prescribe only the maximum fares and charges that may be charged in respect of hackney carriages. An individual hackney carriage driver is free to charge less if they so choose.
- 6.5 The existing best practice guidance, as set out by the Department for Transport in its document of November, 2023 headed "Taxi and Private Hire Vehicle Licensing : Best Practice Guidance", relating to hackney carriage fares, (referred to as taxi fares), is also highlighted for the benefit of Members, :-

**"10.1 Legal powers**

*Licensing authorities have the power to set maximum taxi fares for journeys within their area, and most do so. There is no power to set fares for private hire vehicles.*

Unlike most licensing functions, the setting of fares is an executive function, not a council function.

## **10.2 Setting taxi fare rates**

Maximum fare rates should be designed with a view of practicality and reviewed regularly including any variability of the fare rates dependent on time of day or day of the week. Authorities should consider adopting a simple formula for deciding on fare changes as this will increase understanding and improve the transparency of the process for passengers. The Department recommends that in reviewing fare rates, authorities should pay particular regard to the needs of the travelling public, with reference both to what it is reasonable to expect people to pay but also to the need to give taxi drivers the ability to earn a sufficient income and so incentivise them to provide a service when it is needed. There is likely to be a case for higher fare tariffs at times of higher demand to encourage more drivers to make themselves available or when the journeys are required at anti-social times.

To ensure that taxi tariffs reflect the costs of the trade they should be reviewed following significant changes in licensing fees and other major costs such as fuel. Regular reviews will assist drivers in maintaining their earnings and so continue to attract those seeking to become taxi drivers and provide existing licensees with greater confidence to remain in the trade and plan for future investment in new vehicles. Regular reviews will also avoid large changes in fares for passengers that infrequent review are more likely to result in.

The Competition and Markets Authority recognised in its report [Regulation of taxis and private hire vehicles: understanding the impact on competition - GOV.UK \(www.gov.uk\)](http://www.gov.uk) the need for licensing authorities to be responsive to patterns of demand, that they:

“should monitor waiting times and consider adjusting the regulated fare cap to address mismatches between supply and demand. Addressing such mismatches is likely to benefit passengers.”

## **10.3 Price competition in taxi fares**

Taxi fare tariffs are a maximum, and in principle are open to downward negotiation between passenger and driver. It is not good practice to encourage such negotiations at ranks, or for on-street hailing; there would be risks of confusion and security problems.

Licensing authorities should however make it clear that published fares rates are a maximum. The growing use of telephone and electronic means to hire means that passengers may benefit from competition and price comparison among taxi intermediaries. It is perfectly legitimate for taxi intermediaries to advertise discounted fares, such as ‘5% discount from fares’.

- 6.6 Paragraph 3.3 details the process to be followed in respect of consulting on the proposed variations to the maximum hackney carriage fares that can be charged, plus other charges.

6.7 For the avoidance of any doubt, the proposed variations to the maximum hackney carriage fares have application to each of the four licensing zones that presently exist within the City of Sunderland, ie., :-

- (a) Sunderland Licensing Zone;
- (b) Hetton Licensing Zone;
- (c) Houghton Licensing Zone; and
- (d) Washington Licensing Zone.

6.8 The Procedure that is set out in **Appendix 4** details the procedure that the Committee is recommended to follow when considering SHCOA's request to vary the present scale of hackney carriage fares and other charges.

## **7.0 GLOSSARY**

7.1 SHCOA - Sunderland Hackney Carriage Operators' Association.

## **8.0 LIST OF APPENDICES**

- 8.1 **Appendix 1 :** The Council's current Scale of Maximum Fares;
- 8.2 **Appendix 2 :** Letter from Sunderland Hackney Carriage Operators' Association dated 31<sup>st</sup> January, 2024;
- 8.3 **Appendix 3 :** Comparisons with other Neighbouring Councils' Current Hackney Carriage Fare Scales; and
- 8.4 **Appendix 4 :** Procedure to be Followed by the Licensing and Regulatory Committee Regarding Initial Proposed Variations to Hackney Carriage Fares and Other Charges.

## **9.0 BACKGROUND PAPERS**

9.1 The Department for Transport's "Taxi and Private Hire Vehicle Licensing : Best Practice Guidance" : November, 2023.