

REGULATORY COMMITTEE – 24 NOVEMBER 2014

REPORT OF THE DEPUTY CHIEF EXECUTIVE

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 September 2013.
- 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 at 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 210.31m (230 yds) or uncompleted part thereof £0.20.

The Tariff One requested by SHCOA is:-

If the distance does not exceed 137.16m (150 yds), for the whole distance £2.40.

If the distance exceeds 137.16m (150 yds), for the first 137.16m (150 yds) £2.40,

and each subsequent 205.74m (225 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 164.59m (180 yds) or uncompleted part thereof £0.20.

The Tariff Two requested by SHCOA is:-

If the distance does not exceed 137.16m (150 yds), for the whole distance £2.80.

If the distance exceeds 137.16m (150 yds), for the first 137.16m (150 yds) £2.80,

and each subsequent 160.02m (175 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 164.59m (180 yds) or uncompleted part thereof £0.20.

The Tariff Three requested by SHCOA is:-

If the distance does not exceed 137.16m (150 yds), for the whole distance £3.80.

If the distance exceeds 137.16m (150 yds), for the first 137.16m (150 yds) £3.80,

and each subsequent 160.02m (175 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	3.80	4.00		5.3
2	5.40	5.40		0
2.5	6.20	6.20		0
3	7.00	7.00		0
4	8.40	8.60		2.4
5	10.00	10.20		2.0

The average percentage increase of the above is 1.6%

Tariff Two

Journey distance (Miles)	Current Cost £	Cost under requested tariff £		Percentage Increase %
1	4.60	4.80		4.3
2	6.60	6.80		3.0
2.5	7.60	7.80		2.6
3	8.60	8.80		2.3
4	10.60	10.80		1.9
5	12.40	12.80		3.2

The average percentage increase of the above is 2.9%

Tariff Three

Journey distance (Miles)	Current Cost £	Cost under requested tariff £		Percentage Increase %
1	5.60	5.80		3.6
2	7.60	7.80		2.6
2.5	8.60	8.80		2.3
3	9.60	9.80		2.1
4	11.60	11.80		1.7
5	13.40	13.80		3.0

The average percentage increase of the above is 2.6%

- 6.4** The rate of inflation as at September 2014 using the Retail Price Index was 2.3%
- 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 costs of a 2.5 mile journey on our current tariffs, those requested and those of neighbouring councils.
- 6.6** Representatives of the hackney carriage trade in Hetton, Houghton and Washington and independent hackney carriage operators in Sunderland have been consulted in respect of the request for an increase to the tariffs.
- 6.7** Correspondence in support of the request for an increase has been received from a representative of some Washington hackney carriage proprietors. A copy of this is attached as Appendix 3.
- 6.8** A letter has also been received from another representative of Hetton, Houghton and Washington hackney carriage proprietors objecting to the request for an increase to the tariffs. A copy of this is attached as Appendix 4.
- 6.9** 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 s/he so chooses.

7.0 GLOSSARY

- 7.1** SHCOA - Sunderland Hackney Carriage Operators' Association.

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

Appendix 3 – Correspondence from a Washington hackney carriage representative

Appendix 4 – Letter from a Hetton, Houghton and Washington hackney carriage representative

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

15th October 2014

Following consultations with representatives of the Independent Hackney Carriage Operators in Sunderland and some Washington operators, 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 150 yards (137.16 metres)

For the whole distance £2.40

If the distance exceeds 150 yards (137.16 metres)

For the first 150 yards (137.16 metres) £2.40

Each subsequent 225 yards (205.74 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 150 yards (137.16 metres)

For the whole distance £2.80

If the distance exceeds 150 yards (137.16 metres)

For the first 150 yards (137.16 metres) £2.80

Each subsequent 175 yards (160.02 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 150 yards (137.16 metres)

For the whole distance **£3.80**

If the distance exceeds 150 yards (137.16 metres)

For the first 150 yards (137.16 metres) **£3.80**

Each subsequent 175 yards (160.02 metres)

or uncompleted part thereof **£0.20**

We have sought to address the need to cover increased operating costs without penalising the general public. In submitting this application we have considered all factors, including increases in garage labour costs and parts, and the large premiums for public hire insurance premiums in the SR postcode area. The general increase in living expenses has also been taken into consideration. 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 once again with great reluctance that we are making this application, but it is felt that it is necessary under the current prevailing circumstances, and it is now eighteen months since we last applied for an increase. The average increase for the three tariffs equates to 2.4%, and as most journeys undertaken within the City of Sunderland are anywhere between one mile and five miles long, we feel that it is only fair to look at the average increase over these distances as follows:-

TARIFF ONE

Miles	Yards	Metres	Fare	Incr
1.0	1760	1609	£4.00	5.3%
2.0	3520	3219	£5.40	0.0%
2.5	4400	4023	£6.20	0.0%
3.0	5280	4828	£7.00	0.0%
4.0	7040	6437	£8.60	2.4%
5.0	8800	8047	£10.20	2.0%
Average of Above				1.6%

TARIFF TWO

Miles	Yards	Metres	Fare	Incr
1.0	1760	1609	£4.80	4.3%
2.0	3520	3219	£6.80	3.0%
2.5	4400	4023	£7.80	2.6%
3.0	5280	4828	£8.80	2.3%
4.0	7040	6437	£10.80	1.9%
5.0	8800	8047	£12.80	3.2%
Average of Above				2.9%

TARIFF THREE

Miles	Yards	Metres	Fare	Incr
1.0	1760	1609	£5.80	3.6%
2.0	3520	3219	£7.80	2.6%
2.5	4400	4023	£8.80	2.3%
3.0	5280	4828	£9.80	2.1%
4.0	7040	6437	£11.80	1.7%
5.0	8800	8047	£13.80	3.0%
Average of Above				2.6%

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 faithfully,

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	6.20	7.60	8.60
Sunderland	Requested	6.20	7.80	8.80
Gateshead		5.40	6.90	N/A
North Tyneside		6.00	7.60	N/A
South Tyneside		6.20	7.20	8.00
Newcastle		6.80	7.60	N/A
Durham		6.45	8.40	12.60

APPENDIX 3

Stephanie Graham

From: _____
Sent: 05 November 2014 11:24
To: _____
Subject: Re: Tariff Increase

Hi Stephanie,

I would like to register our support for the request to increase the hackney carriage fare structure submitted by SHCOA.

Although the other Washington representative, _____, has confirmed that the majority of Washington plate owners are against this increase there remains a small minority of plate owners that support this request.

On behalf of this minority we support the request for an increase on the basis that no increase means a reduction in earnings due to the cost of the overall inflation to the cost of living. We have always supported the idea that a small increase every year to keep pace with inflation is better than going for 5 or more years without and then expecting a larger than inflation increase to bring the earnings back to a comparable level.

The argument _____ that the cost of fuel and insurance is lower than last year, although being correct, does not negate the fact that the general cost of living, gas, electric, food and clothing, has still risen in the last 12 months.

It is on this basis that we support the application by SHCOA for an increase in the fare structure.

Regards

(Washington Representative)

APPENDIX 4

Having read Sunderland Hackney Carriage Operators Association (S.H.C.O.A) request for a tariff increase, dated 15th October 2014 and following consultation with Washington and Houghton green plate owners, as representative for this group I am objecting to the proposed request for the Hackney Carriage Tariff increase. I would ask that you take the following information into consideration:

The rationale for a tariff increase highlights high public hire insurance premiums within the Sunderland post code area, increases to garage parts and labour costs and increased cost of living expenditure.

Research undertaken has identified that along with an average 10p per litre reduction in fuel prices, insurance premiums have actually fell by 10-12% over the last year. Garages are also keeping charges/costs down to encourage customer loyalty in these difficult times. This information is readily available on various motoring websites including uk.gov and independent brokering sites.

SHCOA imply by their name that they represent the operators of Sunderland Hackney Carriages. There are 345 Hackney Carriage plates within the city of Sunderland. I believe SHCOA own approximately 160 of them, between 47 individuals or groups. The remaining majority are owned by individuals or some small groups who have not been included in the consultation process carried out by SHCOA.

The consultation I undertook, although time was limited incorporated over 78% of the 65 Washington and Houghton green plate owners, of which 96% are emphatically against a fare increase. Please note this data includes Operators within Washington. Therefore is more inclusive than the 1 operator consulted by SHCOA.

I hope this additional information will be taken into consideration before any final decisions are made by the Regulatory Committee.

Yours Sincerely,