

**TITLE OF REPORT:** Hackney Carriage Fare Maxima

**REPORT OF:** Paul Dowling, Strategic Director, Communities and Environment

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### Purpose of the Report

1. Cabinet is asked to consider the request by a local hackney carriage licensee, for an increase in the maximum fares that can be charged for hackney carriage journeys in the Borough, following a consultation exercise and a Policy Advisory Group discussion. In addition Cabinet is asked to consider whether the formula used is fit for purpose.

### Background

2. The matter before Cabinet following the recommendation of 7 February 2017 is to:  
  
“Take the matter to consultation with the Hackney Carriage trade and more widely including a notice in the press and if any objections are received to bring the matter back for a decision to be made as to the merits of any increase and the appropriate amount of that increase”.
3. The Council has the power to fix the maximum fares charged for hackney carriage journeys within the Borough, under section 65(1) of the Local Government (Miscellaneous Provisions) Act 1976.
4. The request from the hackney carriage licensee to increase Hackney Carriage Fare Maxima is reproduced below. He has applied for an increase of 15%

*“I have just been reading this months Private Hire Monthly magazine and note that based on a 2 mile journey Gateshead Council has the lowest rates of any borough within the region.*

*Due to the increased living costs and the recent rise in minimum wage I would propose a 15% rise in metered fares, this would make us comparable to Newcastle (£5.80) & Durham (£5.90). Currently Gateshead runs at £5.10 for a 2 mile journey and this increase would take us to £5.86 for the same distance. I would hope this increase would also be incorporated into T2.”*

5. For information and explanation :

A comparison of hackney carriage fares in the region is attached in Appendix 2. (T2 refers to Tariff 2 on the Hackney Carriage Fares Scale which applies from 23:00 until 07:00 Monday to Saturday, all day on Sundays and Bank Holidays and from 18:00 on 24 December until 07:00 on 27 December and from 18:00 on 31 December to 07:00 on 2 January)

6. Cabinet considered this matter in February and asked for a consultation exercise to consider the following:
- whether the requested rise, or any alternative rise in hackney carriage fares is reasonable
  - whether the requested rise should be authorised at this point in time subject to a consultation being undertaken on the suggested increase.
  - whether the Hackney Carriage Fare Formula is an appropriate mechanism to verify the appropriateness of any requested fare increase.

### **Consultation**

7. A comprehensive consultation exercise has been carried out. The consultation exercise involved letters being sent to all Hackney Carriage Drivers and Proprietors and all Private Hire Operators who in some cases use the services of Hackney Carriage Vehicles. A notice was also put in the local press. This gave a period of 21 days to make any comments. In total three responses were received. These are set out in Appendix 3.

### **Policy Advisory Group**

8. The matter was discussed on 6 April 2017 by a Policy Advisory Group. The group felt that in light of the increase in November 2014, the outcome of the fare formula calculation and the lack of support following the comprehensive consultation exercise, no rise would be appropriate currently.
9. The Group did however feel that the current process to secure a fare increase, including the use of the Fare Formula and whether a calculation should be made on an annual basis should be further considered by Officers. The notes from the Policy Advisory Group are attached in Appendix 4.

### **Recommendation**

10. It is recommended that Cabinet agrees to:
- (i) Reject the proposed fare increase.
  - (ii) Allow officers to review the mechanism (including the frequency) for calculating Hackney Carriage Fare increases.

For the following reason:

To ensure that any increases in the hackney carriage tariff do reflect the true costs of running and providing a hackney carriage service.

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**CONTACT:** John Bradley    **Extension:** 3905

## Policy Context

1. The purpose of the Council's licensing function is to protect public safety. The functions of the Council with respect to hackney carriage licensing contribute towards the Council Plan 2015 - 2020 and in particular the shared outcomes of:
  - Prosperous Gateshead - a thriving economy for all
  - Live Love Gateshead – a sense of pride and ownership by all
  - Live Well Gateshead - a healthy, nurturing and inclusive place for all

The licensing function also contributes to the fulfilment of the Council's vision for Gateshead, Vision 2030 which is: *"Local people realising their full potential, enjoying the best quality of life in a healthy, equal, safe, prosperous and sustainable Gateshead"*.

2. The Local Transport Plan for Tyne and Wear reflects the importance of the provision of taxis as part of the local transport network.

## Background

3. The Council has the power to fix the fares charged for hackney carriage journeys within the Borough, under section 65(1) of the Local Government (Miscellaneous Provisions) Act 1976.
4. Under the Constitution, the Service Director, Development, Public Protection and Transport Strategy is authorised to deal with all applications for hackney carriage fares to be increased in accordance with the Council's agreed hackney carriage fare formula which was approved by Cabinet on 27 January 2004.
5. Requests for tariff rises that are not in accordance with the formula or which propose to substantially change the structure of the formula must be considered by Cabinet.

## Consultation

6. There has been a consultation exercise undertaken involving the Hackney Carriage Trade, both Proprietors and Drivers and Private Hire Operators in Gateshead and a notice has been placed in the local press. A policy advisory group attended by Members has also been held. The Cabinet Member for Environment and Transport has been consulted.

## Alternative Options

7. The alternative option would be to approve the request.

## Implications of Recommended Options

### 8. Resources

- a. **Financial Implications** – The Strategic Director, Corporate Resources confirms that there are no direct financial implications arising from the recommendations of this report.
- b. **Human Resources Implications** – There are no human resources implications from the recommended options.
- c. **Property implications** – There are no property implications arising directly from this report.

9. **Risk Management Implications** – There are no risk management implications from the recommended options.

10. **Equality and Diversity Implications** – There are no equality and diversity implications from the recommended options.

11. **Crime and Disorder Implications** – There are no crime and disorder implications from the recommended options.

12. **Health implications** - There are no health implications arising from this report

13. **Sustainability Implications** – There are no sustainability implications from the recommended options.

14. **Human Rights Implications** – There are no human rights implications from the recommended options.

15. **Area and Ward Implications** – None.

### Background Information

These documents that have been considered in preparation of the report:

- Local Government (Miscellaneous Provisions) Act 1976
- Gateshead Council's hackney carriage fare formula (2004)

<b><u>Authority</u></b>	<b><u>Tariff 1 - Average Fare for a 1 mile journey</u></b>
1) Newcastle	£4.20
2) Darlington	£4.00
3) Sunderland	£4.00
4) Morpeth (Northumberland)	£3.90
5) Durham	£3.79
6) Tynedale (Northumberland)	£3.70
7) South Tyneside	£3.60
<b>8) Gateshead</b>	<b>£3.50</b>
9) Wansbeck (Northumberland)	£3.50
10) Alnwick (Northumberland)	£3.40
11) Blyth (Northumberland)	£3.40
12) Hartlepool	£3.40
13) Berwick (Northumberland)	£3.30
14) Stockton	£3.15
15) Redcar	£3.00
16) Middlesbrough	£2.80
17) North Tyneside	£2.80

<b><u>Authority</u></b>	<b><u>Tariff 2 - Average Fare for a 1 mile journey</u></b>
1) Darlington	£5.00
2) Sunderland	£4.80
3) Durham	£4.79
4) Newcastle	£4.60
5) Wansbeck (Northumberland)	£4.50
<b>6) Gateshead</b>	<b>£4.40</b>
7) Morpeth (Northumberland)	£4.40
8) Tynedale (Northumberland)	£4.40
9) Alnwick (Northumberland)	£4.25
10) South Tyneside	£4.20
11) Berwick (Northumberland)	£3.90
12) Blyth (Northumberland)	£3.90
13) Middlesbrough	£3.80
14) Stockton	£3.77
15) Hartlepool	£3.74
16) North Tyneside	£3.70
17) Redcar	£3.50

## Consultation Responses

### Response Number 1

From a personal standpoint I would like to suggest that any rise should not be added to the flag fall and should be gained from, for example, yardage, waiting time, earlier start/Later end to tariff 2 or a complete overhaul to the application of tariffs e.g. Starting tariff 2 at 9pm on Friday to 11.59pm Sunday and just normal tariffs 1 & 2 Monday to Friday (Friday till 20.59) Obviously the above are just examples. Please be mindful that any rise is reliant on no increases and/or in costs direct/indirect to the driver through licensing.

### Response Number 2

I would welcome the proposed increase but would prefer to have no increase on the flag fall but do it through a reduction in the yardage.

### Response Number 3

Regarding the latest meeting on a 15% fare rise for hackney my opinion on this is that there is already very little advantage for the hackney trade although very much needed the fare rise would be detrimental in that already private hire are cutting fares in order to attract trade and we are also losing jobs in the ranks as the private hire take jobs while 4 taxis are standing on the rank a 5th comes along and takes the job with the excuse we were 'called' so as you can see rather than being helpful it will further discourage customers from using the hackneys. Private are at an advantage as they take over jobs at the rank and pay less for their licence fee it seems that we are already at a disadvantage the fare increase will not help us.

**Clarification:** Private Hire and Hackney Carriage fees are the same so the point in response 2 about Hackney Carriage Drivers being at a disadvantage is in fact incorrect.

**POLICY ADVISORY GROUP**

**Thursday, 6 April 2017**

**Report to Cabinet**

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**Hackney Carriage Fare Increase**

**1 CONSULTATION ON HACKNEY CARRIAGE FARE INCREASE AND FARE CALCULATION FORMULA**

The Policy Advisory Group agreed that:-

- 1) the 15% fare increase requested was not appropriate at this time
- 2) that no fare increase was necessary at this time
- 3) that the fare formula will be looked at to see if it is fit for purpose and will be reviewed on a periodic basis but this will not be in the immediate future. The Advisory Group did not feel that it was necessary to introduce any change to the fare formula at the moment.

**MEMBERS PRESENT:** Councillors: M Charlton, K Dodds, M Graham, S Green, M Hood, P Mole, I Patterson and N Weatherley

**OFFICERS PRESENT:** John Bradley, Gary Callum, Helen Conway