

Title of Report:	TAXI TARIFF 2010/11
Report to be considered by:	Licensing
Date of Meeting:	15 th March 2011
Forward Plan Ref:	

Purpose of Report: To inform Members of a request from the taxi trade to increase taxi fares

Recommended Action: To consider the request

Reason for decision to be taken: Trade request

Other options considered: To approve, refuse or amend the rate of tariff

Key background documentation: OfT Report on taxi services

The proposals contained in this report will help to achieve the following Council Plan Priority(ies):

- CPP1 – Support our communities through the economic downturn** – to alleviate the impact on different communities and individuals who find themselves out of work and/or disadvantaged
- CPP2 – Raise levels of educational achievement** – improving school performance levels
- CPP3 – Reduce crime and the fear of crime**

The proposals will also help achieve the following Council Plan Theme(s):

- CPT1 - Better Roads and Transport**
- CPT2 - Thriving Town Centres**
- CPT3 - Affordable Housing**
- CPT4 - High Quality Planning**
- CPT5 - Cleaner and Greener**
- CPT6 - Vibrant Villages**
- CPT7 - Safer and Stronger Communities**
- CPT8 - A Healthier Life**
- CPT9 - Successful Schools and Learning**
- CPT10 - Promoting Independence**
- CPT11 - Protecting Vulnerable People**
- CPT12 - Including Everyone**
- CPT13 - Value for Money**
- CPT14 - Effective People**
- CPT15 - Putting Customers First**
- CPT16 - Excellent Performance Management**

The proposals contained in this report will help to achieve the above Council Plan Priorities and Themes by:

Ensuring that, if approved, the tariff charged does not exceed the maximum agreed thus protecting the taxi using public from overcharging and by creating a consistent approach to charging for taxi operators and drivers.

Portfolio Member Details	
Name & Telephone No.:	Councillor Hilary Cole - Tel (01635) 248542
E-mail Address:	hcole@westberks.gov.uk
Date Portfolio Member agreed report:	3rd March 2011

Contact Officer Details	
Name:	Brian Leahy
Job Title:	Senior Licensing Officer
Tel. No.:	01635 42400
E-mail Address:	bleahy@westberks.gov.uk

Implications

Policy: Although not a mandatory requirement, it has been the Council's policy to set a maximum tariff for taxis.

Financial: None
If there are any financial implications contained within this report this section **must** be signed off by a West Berkshire Group Accountant. Please note that the report cannot be accepted by Policy and Communication unless this action has been undertaken.

Personnel: None

Legal/Procurement: The Council has a duty to advertise the fares and publish a date by which any objections must be received.

Property: None

Risk Management: None

Equalities Impact Assessment: EIA carried out
Where a decision is required, Policy and Communication are not able to accept your report without an EIA being completed. These should be sent to P&C along with your report and should be copied to the Principal Policy Officer (Equality & Diversity). For advice please contact Principal Policy Officer (Equality & Diversity) on Ext. 2441.

Corporate Board's Recommendation: To be completed after the Corporate Board meeting.

NOTE: The section below does not need to be completed if your report will not progress beyond Corporate or Management Board.

Is this item subject to call-in?	Yes: <input type="checkbox"/>	No: <input checked="" type="checkbox"/>
If not subject to call-in please put a cross in the appropriate box:		

The item is due to be referred to Council for final approval	<input type="checkbox"/>
Delays in implementation could have serious financial implications for the Council	<input type="checkbox"/>
Delays in implementation could compromise the Council's position	<input type="checkbox"/>
Considered or reviewed by Overview and Scrutiny Commission or associated Task Groups within preceding six months	<input type="checkbox"/>
Item is Urgent Key Decision	<input type="checkbox"/>

Executive Summary

1. Introduction

- 1.1 Councils are not obliged to set a maximum taxi fare (tariff) for their area but may do so if they wish. In the past, West Berkshire Council and its predecessor have set a maximum taxi fare structure. It is usually reviewed annually to commence as soon as possible at the start of the new financial year.
- 1.2 Members have the option to not set a tariff at all, relying instead on market forces to establish the going rate and at the same time promoting competition. The taxi trade, through the West Berkshire Hackney Carriage and Private Hire Operators Association and the CABCO Association, have always been opposed to such a proposal citing potential threats from the public as the main reason, along with the possibility of more mercenary drivers charging unreasonably high fares. Although if no tariff were set, the latter would not be illegal, Thames Valley Police have been consulted regarding the effects of either setting a maximum fare, or not. Their views will be made known at the meeting.

2. Proposals

- 2.1 To consider the trade's proposals, set out in Appendices A and B.

3. Conclusion

- 3.1 It is intended that any changed tariff will be implemented from 1st April 2011 and be effective for 1 year.

Executive Report

1. Introduction

1.1 Currently, the fare regime for the district is staged at 38 in a national council league table of 380 authorities.

1.2 The national average (tariff) fare and neighbouring councils fares are as follows;

Tariff 1	At 1 mile	At 5 miles	Flag
National Average	£3.44	£10.20	£2.54
West Berks	£4.00	£11.80	£2.50
Reading	£4.00	£13.20	£2.20
Wokingham	£4.00	£12.00	£3.00
Bracknell	£4.00	£ 9.80	£3.00
Slough	£5.00	£10.40	£3.00
Vale o WH	£4.10	£12.10	£3.50
Swindon	£4.30	£11.30	£2.90
Windsor & M	£3.40	£ 9.80	£2.60
Basingstoke & Deane	£4.00	£ 9.60	£2.80

West Berkshire is therefore 2nd most expensive together with 4 other authorities at 1 mile, 4th cheapest at 5 miles and 2nd cheapest at flag.

Tariff 2 (applies between 22.00hrs and 06.00hrs and on Sundays & Bank Holidays, in West Berkshire);

National Average	£4.56	£13.44	£3.37
West Berks	£5.25	£16.95	£3.00
Reading	£5.20	£14.80	£3.20
Wokingham	£6.00	£18.00	£4.50
Bracknell	£6.00	£14.70	£4.50
Slough	£6.80	£12.20	£4.80
Val OWH	£5.55	£17.55	£4.65
Swindon	£4.90	£11.90	£3.50
Windsor & M	£5.10	£14.70	£3.90
Basingstoke & Deane	£6.00	£14.40	£4.20

It can be seen that West Berkshire fares are the 4th cheapest at 1 mile, the 3rd most expensive at 5 miles and the cheapest, at flag.

2. Annual Review 2010/11

2.2 The fare structure currently in place was set by Members in 2010 and showed an increase over the previous tariff of approximately 20p on the average West Berkshire taxi fare. (Trade assessment)

3. Annual review 2011/12

- 3.1 Cabco have written to the Council on behalf of themselves and the West Berkshire Hackney & Private Hire Association, letter dated 1st February 2011 and shown as Appendix A, outlining their case for an increase of tariff for 2011/12. Their submission is that this proposed tariff change will increase the average taxi fare, in West Berkshire, by about £0.20p.
- 3.2 Members may wish to suspend standing orders and invite trade representatives to address the Committee to further explain their request.

4. The Office of Fair Trading Report

- 4.1 The report does not recommend that Councils remove pricing restrictions for taxis. It recognises that whilst there are some good reasons for deregulating fares, on balance, those for applying controls are stronger. Overall, the OFT believes that fare deregulation will lead to higher charges. The report makes clear that when setting fares the Council should make it clear that the fare set, is the maximum that can be charged. This statement is shown on the tariff card issued to all vehicle proprietors.
- 4.2 A copy of the OFT report is available at the OFT web site at, <http://www.of.gov/Market+Studies.taxis.htmnts>

5. Taxi Fares for 2011/12

- 5.1 The current taxi fares/tariff and the proposed tariff, as requested by the trade, are shown at appendix B to this report.
- 5.2 The trade submission equates to an increase of roughly 15.5%, by virtue of reduced distance at flag and 4.5% for each subsequent distance completed or part thereof in tariff 1. The same proposal for distance applies at tariffs 2 & 3. The proposed flag increase at tariff 2 equates to 16.6% with the proposed increase at flag for tariff 3 being 12.5%.
- 5.3 The Consumer Price Indices (CPI) annual inflation as of January 2011 stood at 4.0%, up from 3.7% in December 2010. Two of the main factors that had an impact on the January data were the increase in the rate of VAT and the rise in the price of crude oil. The main upward pressures to inflation came from petrol and diesel, restaurants and cafes, furniture and furnishings, alcoholic beverages and the purchase of vehicles.
- 5.4 Annual inflation as recorded by the retail prices index (RPI) stood at 5.1% in January, up from 4.8% in December.
- 5.5 The change in CPI 12 month rate is calculated by comparing the price changes between the latest two months and the same two months a year ago. This year the CPI rose by 0.1% between December and January compared with a fall of 0.2% between the same two months a year ago. The 1 month movement was therefore 0.3 percentage points stronger this year and this led to an increase in the CPI 12 month rate from 3.7% in December 2010 to 4.0% in January 2011.

- 5.6 The most significant upward contributions to the change in the CPI 12 month rate between December 2010 and January 2011 came from:

Transport: prices, overall, rose by 1.0% between December and January this year compared to a 0.1% decrease between the same 2 months a year ago. The largest upward effects this year came from fuels and lubricants where the increase of VAT, fuel duty and the price of crude oil led to prices increasing by 4.4% between December 2010 and January 2011. There was also an upward effect from the purchase of vehicles, where prices, overall, rose by 2.1%. The largest upward contribution came from the purchase of new cars where the increase of VAT contributed to prices, overall, increasing by 2.4%.

Please Note: the facts quoted above were compiled from the latest available figures immediately prior to the submission of this report on the 1st March 2011.

6. Comparisons

- 6.1 The Public Carriage Office has announced that a black cab fare will rise broadly in line with UK average earnings. The new tariff, which was considered by the Transport for London boards, takes into account;

- Increases in taxi operating costs;
- Increases in national average earnings;
- Compensation to drivers for consolidation charges for luggage and extra passengers and;
- Part compensation (£1) for airport charges for journeys starting from Heathrow

- 6.1.1 The new fares ensure a fair and simple tariff for drivers and passengers. These include:

- No change for the minimum fare of £2.00
- The average tariff 1 (weekdays 6am – 8pm) fare will increase by 2.8%, in line with the cost index
- Tariffs 2 and 3 (covering late evenings, nights and weekends) will increase by an average 2.8% plus an additional 12p per journey, bringing the average increase at these times to about 4%; and
- £1 additional charge for journeys within London starting at Heathrow Airport.

Please Note: the above is taken from the Transport for London website; which also states that the consultation on taxi tariff and licence proposals were done with the taxi trade.

- 6.2 A survey of the all the authorities listed in 1.2 above indicates the following intentions with regard to 2011/12 tariffs:

West Berks As notified in this report.

Reading	Tariff will be addressed 8 th April 2011 – possibly 1 – 2%
Wokingham	Following consultation with the trade there are no anticipated increases in tariff until December 2011.
Bracknell	Tariff to be looked at with a view to determining a formula which could address increases between 4% - 10%.
Slough	Tariff set in 2010 and no immediate plans to change.
Vale of WH	Officers have been asked to look at the tariff during May/June 2011.
Swindon	No immediate plans for an increase however it will be considered.
Windsor & M	Large % increase in 2009 (circa 18%, offset by a reduction at flag from £3.00 to £2.60). This was due to no increases being made over the previous few years.
Basingstoke & D	A tariff increase was agreed in November 2010 which related directly to mileage. This ranged from 2.1% to 6.5%

Appendices

Appendix A – Letter from Cabco & West Berkshire Hackney & Private Hire Association.

Appendix B – Tariff cards – To be provided at the meeting.

Consultees

Local Stakeholders: CABCO Association, West Berkshire Hackney & Private Hire Association, Independent Taxi/Private Hire drivers, operators and vehicle owners

Officers Consulted: Paul Anstey

Trade Union: None

APPENDIX A

Mr Brian Leahy
Senior Licensing Officer
West Berkshire Council
Council Offices
Faraday Road
Newbury
Berkshire
RG14 2AF

1st February 2011

Dear Mr Leahy,

Setting of the maximum chargeable fares for Hackney Carriages W.E.F the 1st April 2011

The members of the above mentioned association and the West Berkshire Taxi Association have instructed me to apply to you for an increase in charges.

Our application is as follows:

- 1) Initial distance not exceeding 380 yards or part thereof
Initial waiting time 120 seconds or a combination of time and distance £ 2.50
- 2) For each subsequent 86 yards completed or part thereof. 10p.
- 3) For every period of 18 seconds or part thereof. 10p

The associations also propose a small change in the premium rate charged for tariff 2 and tariff 3, details of which are shown in the attached revised tariff card.

The above proposals represent an increase of 20p on the average West Berkshire taxi fare.

In calculating our increase we have used the formula agreed and set out by the TGWU and the Public Carriage Office. Calculations are based on the following criteria, are based on 4 different methods.

- a) Purchase new and run for 6 years.
- b) Purchase new and run for 3 years.
- c) Purchase at 3 years and run for 6 years.
- d) Lease.

1. Vehicle Spares:

basket of 15 components is taken into account, along with tyre costs from 3 manufactures.

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2. Garaging and Servicing:

These are divided into property derived costs (rent, rates, heating, lighting), using the Hillier-Parker rent index for industrial premises and labour derived costs using the TGWU National Joint Council for the Motor Retail Repair Industry's Minimum rates of pay index.

4. Fuel costs:

The price of derv per gallon is taken from the Petroleum Times Energy Source, and assumes typical consumption of 25 miles to the gallon.

5. Insurance:

Three insurance companies provide quotes; this figure is then averaged out.

6. Miscellaneous costs:

- 1) Licence fees
- 2) Class 2 NI contributions
- 3) MOT

7. Earnings:

As taxi fares comprise taxi drivers main income the formula takes account of earnings as 45% off the overall calculation for a fares increase. The earnings figure is derived from the average earnings index for the whole economy.

We would be obliged if you could consider the above and arrange for the appropriate Committee to consider our application at their earliest convenient meeting in order that the proposed increase can be implemented from the 1st April 2011.

We will be pleased to have a representative at the committee meeting to answer any questions councillors might have.

Yours faithfully,



Mr R.Nemeth

For and on behalf of the Cabco Owners and Drivers Association and the West Berkshire Hackney Carriage Owners Association