

**Manchester City Council
Report for Resolution**

Report to: Executive – 29 June 2016
Subject: Hackney Carriage Fare Review July 2016 - July 2017
Report of: Deputy Chief Executive (Growth and Neighbourhoods)

Summary

Section 65 of the Local Government (Miscellaneous Provisions) Act 1976 makes provision for the Council to fix in a table of fares the rates of fares for time, distance and all other charges in connection with the hire of a hackney carriage.

In its capacity as advisor to the Executive on hackney carriage fares, the Licensing and Appeals Committee considered a report at its meeting in February 2016 which set out the key factors which form the basis of the annual review. A copy of the February report (Hackney Carriage Fare Review July 2016 – July 2017) is attached at Appendix 1.

This report provides the Executive with the recommendations of the Licensing and Appeals Committee arising from that meeting.

Recommendations

1. That the Executive subject to no other matters being raised at the meeting accepts the recommendations of the Licensing and Appeals Committee as follows:

That no change should be applied to the current hackney carriage fare in respect of year 2016/17.

Wards Affected: All

Community Strategy Spine	Summary of the contribution to the strategy
Performance of the economy of the region and sub region	The methodology for calculating hackney carriage fare should take into account the cost associated with setting up and maintaining a business as a taxi proprietor/driver. This strives towards security in driver jobs and a higher standard of vehicle The hackney carriage fare is currently reviewed annually by the Council. Manchester has a fully wheelchair assessable fleet and any review in the fare takes into account the running cost

	<p>associated with maintaining the standard of vehicles required by the Council. The high standard of vehicles supports the regional & sub-regional economic growth by aspiring to offer residents & visitors a fully accessible public transport infrastructure.</p>
<p>Reaching full potential in education and employment</p>	<p>The methodology for calculation of hackney carriage fares should assist in maintaining the income of taxi drivers and owners at a comparable rate to average earnings.</p> <p>Maintaining the fare at the current level will allow proprietors and drivers to benefit from an actual increase in the income (due to lower vehicle running costs) and therefore enables drivers to maintain a professional aspect to taxi driving.</p>
<p>Individual and collective self esteem – mutual respect</p>	<p>Not applicable to the content of this report</p>
<p>Neighbourhoods of Choice</p>	<p>The methodology for calculation of hackney carriage fares, whilst considers the standard of living for proprietors and drivers, also takes into consideration the cost and impact on the standard of living to the taxi or service user (ie. outside factors such as CPI). Any change in fares has a cost impact for one or the other and all factors are taken into consideration to ensure a reasonable balance is achieved.</p> <p>Ensuring proprietors are financially able to maintain required vehicle standards, in turn supports development of greener neighbourhoods by working to reduce carbon emissions.</p>

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue and Capital budgets

None

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Background documents

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

- Relevant sections of the Local Government (Miscellaneous Provisions) Act 1976
- Halcrow-Manchester Formula

1. Introduction

- 1.1 Local authorities have the power to set the maximum costs and fares that drivers may charge the public for journeys in a hackney carriage. This assists a key strategic priority for a safe and vibrant city by ensuring that fares relate to the cost of maintaining vehicles in a safe condition, which in turn provides confidence to members of the public, and does not act as a disincentive to drivers from providing a service at unsociable hours.
- 1.2 In February 2016, the Licensing and Appeals Committee, in its advisory capacity to the Executive, considered a report from officers (Appendix 1) in relation to the review of the hackney carriage fare July 2016 - July 2017.
- 1.3 The outcome of the Committee's consideration of the matter is a recommendation that there should be no increase in the fares at this time.

2. Background

- 2.1 Previous reports have set out the methodology for reviewing the fares. In brief this centres on the 'Halcrow-Manchester Formula' (the formula), which calculates the running cost of a hackney carriage vehicle. The formula was initially introduced in July 2002 and was based on a model used by the Public Carriage Office in London but adapted as a working model for Manchester.
- 2.2 This longstanding formula is a mathematical calculation based on the average annual mileage of a hackney carriage vehicle in Manchester. Data and component parts are input on or after 1 December each year, from which the annual cost of running a Manchester licensed hackney carriage vehicle is calculated. The running cost is then compared year on year.
- 2.3 At a Committee in January 2013 it was recommended that the formula should no longer be the sole determinant for future hackney fares, that any component of the formula can be reviewed at any time (to reflect relevant change in policy or practice) and the following should also be taken into consideration:
 - the current rate of inflation (currently determined by CPI)
 - comparable earnings related data
 - comparator fare information from other Core Cities and AGMA authorities should continue to be provided

3. Licensing and Appeals Committee - Review of hackney carriage fare

- 3.1 In February 2016 the Licensing and Appeals Committee considered a report (Appendix 1) relating to the review of hackney carriage fares (July 2017 – July 2017). The following paragraphs are a summary of the content of the report and the Committee's considerations:
- 3.2 The report outlined the component parts of the Halcrow - Manchester formula, updated with figures sourced on or after 1 December 2015.

- 3.3 The report provided figures for the requisite period indicating the annual cost of running a hackney carriage vehicle had decreased by 3.20% comparing 2014 to 2015 figures (from £16,606 to £16,076). This was largely due to the decrease in fuel costs but there had also been a decrease in the hire purchase cost of vehicles.
- 3.4 The comparable earnings data showed a 1.23% increase comparing 2014 to 2015 (from £27,271 to £27,607) and the rate of inflation remained at 0.5%.
- 3.5 As part of the process, on 4 January 2016, the hackney trade were consulted with about the review (approximately 3,500 drivers and proprietors) and their views sought; only two responses were received prior to the February meeting. These are detailed on page 8 of Appendix 1, however, in summary these related to a request for a 20p luggage surcharge to be reintroduced and that the City Council should look at the decline of the trade and try to rectify this by considering raising fares above what the formula suggests; the view being that proprietors are having to absorb more and more costs.
- 3.6 The above responses were considered by the Licensing & Appeals Committee along with representation in person from two hackney trade representatives at the February meeting.
- 3.7 From information obtained it is recognised that there are some differences in the average costs of journeys in Manchester compared to both Core Cities and across AGMA. This is particularly in relation to the night time rate which is set at a significant premium to encourage more drivers to work at night as well as to offset the costs of the hackney carriage fees that fund the Taxi Marshall service (which supports the night time economy). Manchester also aspires to have a world class fleet which is reflected in the high standards set for the vehicles.
- 3.8 The Licensing and Appeals Committee agreed it is a reasonable expectation that the taxi trade, who share the vision for a world class fleet, are in a position to maintain the standard of vehicle required by the Council and a standard of living. This has to be balanced, however, against any rise on the fares to ensure the service remains viable and attractive to the public. Given the decrease, noted above, the Committee recommends there be no increase in the fares for the 2016/17 period.

4. Implementation of any change to the hackney carriage fare

- 4.1 If there are changes to be made to the fares there is a requirement for a public notice to be placed in a local newspaper (normally the MEN), starting a 14 day public consultation. If any objections were subsequently received these would be re-considered by the Executive. Following re-consideration of the objections the Executive will be asked to agree an implementation date for any fare changes (with or without amendments) to take effect. That date of implementation must be within 2 months of the date specified in the public notice. This process would not be required if no changes were made to the fares.

- 4.2 Should the Executive approve the recommendation of the Licensing & Appeals Committee the current fare will continue until July 2017.

5 Legal implications

- 5.1 There are no legal implications to consider.

6 Contributing to the Community Strategy

6.1 (a) Performance of the economy of the region and sub region

- 6.1.1 The methodology for calculating hackney carriage fare should take into account the cost associated with setting up and maintaining a business as a taxi proprietor/driver. This strives towards security in driver jobs and a higher standard of vehicle

The hackney carriage fare is currently reviewed annually by the Council. Manchester has a fully wheelchair assessable fleet and any review in the fare takes into account the running cost associated with maintaining the standard of vehicles required by the Council. The high standard of vehicles supports the regional & sub-regional economic growth by aspiring to offer residents & visitors a fully accessible public transport infrastructure

6.2 (b) Reaching full potential in education and employment

- 6.2.1 The methodology for calculation of hackney carriage fares should assist in maintaining the income of taxi drivers and owners at a comparable rate to average earnings.

Maintaining the fare at the current level will allow proprietors and drivers to benefit from an actual increase in the income (due to lower vehicle running costs) and therefore enables drivers to maintain a professional aspect to taxi driving

6.3 (c) Individual and collective self-esteem – mutual respect

- 6.3.1 Not applicable to the content of this report

6.4 (d) Neighbourhoods of Choice

- 6.4.1 The methodology for calculation of hackney carriage fares, whilst considers the standard of living for proprietors and drivers, also takes into consideration the cost and impact on the standard of living to the taxi or service user (ie outside factors such as CPI). Any change in fares has a cost impact for one or the other and all factors are taken into consideration to ensure a reasonable balance is achieved.
Ensuring proprietors are financially able to maintain required vehicle standards, in turn supports development of greener neighbourhoods by working to reduce carbon emissions.

7. Key Policies and Considerations

(a) Equal Opportunities

There are no equal opportunity issues in relation to this report

(b) Risk Management

There are no risk management issues in relation to this report

(c) Legal Considerations

There are no legal considerations other than those already highlighted within the report

8. Conclusion

- 8.1 The report outlines the recommendation of the Licensing and Appeals Committee, following its consideration of a report reviewing the hackney carriage fare for 2016/17.
- 8.2 Appendix 1 contains the full report to the Committee in February 2016 and full details of the matters which informed the subsequent recommendation to the Executive as summarised in section 3 above.
- 8.3 As noted and outlined in this report the recommendation is that there be no change to the current carriage fares at this time.

**Manchester City Council
Report for Resolution**

Report To: Licensing and Appeals Committee – 22 February 2016
Subject: Hackney Carriage Fare Review for (July 2016- July 2017)
Report of: Head of Planning, Building Control and Licensing

Summary

This report provides the Committee with the information required to make a recommendation to the Executive in respect of the hackney carriage fare review. The report outlines the component parts of the Halcrow-Manchester formula, which have been updated with figures sourced on or after 1 December 2015.

The report advises that in reviewing the hackney carriage fare that the Halcrow Manchester formula is not taken in isolation and that consideration is also given to additional factors such as CPI and comparable earnings.

The report also provides two responses from the hackney carriage trade in relation to the fare review.

Recommendations

1. The Committee agree to make a recommendation to the Executive that no changes are made to the hackney carriage fare for July 2016 to July 2017.
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Wards Affected: All

Community Strategy Spine	Summary of the contribution to the strategy
Performance of the economy of the region and sub region	The hackney carriage fare is reviewed annually by the City Council and takes into account the cost associated with setting up and maintaining a business as a taxi proprietor/driver. This strives towards security in driver jobs and a higher standard of vehicle. The standard of vehicles assists the performance of the regional economy in relation to the purchase and maintenance of vehicles

Reaching full potential in education and employment	Maintaining the fare at the current level will allow proprietors to benefit from the reduction in vehicle running costs. This in turn would also allow vehicle proprietors to maintain current rates of rental, which would also benefit drivers. This aims to maintain a professional aspect to taxi driving and seeks to encourage taxi drivers to commit to further education i.e. NVQ for taxi drivers, and job security
Individual and collective self esteem – mutual respect	
Neighbourhoods of Choice	The consideration of hackney carriage fares should take into account the standard of living of those associated with taxi licensing and the cost to the 'taxi user'. Any increase in fares is a direct cost increase to service users. Any decrease in fares is a direct cost decrease for those associated with the taxi trade.

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

None

Financial Consequences – Capital

None

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Background documents

Relevant Sections of the Local Government (Miscellaneous Provisions) Act 1976
Halcrow/Manchester Formula.

Hackney Carriage Annual Fare Increase report to the Licensing and Appeals Committee 23 January 2012.

Licensing and Appeals committee - Review of methodology for calculating the hackney carriage fare report 21 January 2013
Licensing and appeals Committee - Review of methodology for calculating the hackney carriage fare report 10 November 2014

1. Introduction

- 1.1 Members are aware that in relation to hackney carriage fares the Council has the power to fix the rates or fares within the district for time and distance, and all other charges in connection with the hire or with the arrangements for the hire of a vehicle. These should then be set out in a table of fares.
- 1.2 When setting the fares the legislation does not prevent the Council from taking into account any external factors, and there is no limit on the amount of increase or variation (subject to reasonableness).
- 1.3 Under the Council's Constitution fares are determined by the Executive. The Licensing and Appeals Committee (The Committee) act in an advisory capacity to the Executive in relation to the hackney carriage fare review. This report sets out the information required for the Committee to consider the review of the hackney carriage fare and determine what, if any, representations they may wish to make to the Executive.
- 1.4 Table 1 below provides the timetable for implementation of any changes to the current hackney carriage fare

Table 1

22 February 2016	Licensing and Appeals Committee consider report and make representations to Executive
2016	Executive considers recommendation from Licensing and Appeals Committee. Where the Executive determine that there will be no changes to the current hackney carriage fare there will be no requirement to publish the fares. In these circumstances the current fare card will be updated, with the date of implementation, and will run from 1 July 2016 to 30 June 2017.
2016	Where there has been a determination to change any part of the current fare a Public notice must be placed in Manchester Evening News. The consultation period is 14 days.
2016	End of consultation period. Where no objections are received the fares automatically take effect on 1 July 2016
2016	Where objections are received the matter is re-considered by the Executive. Following re-consideration of the objections the Executive will be asked to agree an implementation date of 1 August 2016 for any fare changes (with or without amendments) to take effect. That date of implementation must be within 2 months of the date specified in the public notice (1 August 2016)

2. Background

- 2.1 By way of context in July 2002 the Licensing and Appeals Committee agreed a formula for the calculation of the running costs of a hackney carriage

vehicle. The formula known as the 'Halcrow-Manchester Formula' (the formula) was devised by Halcrow (CH2M); an independent company who reviewed the model formula used by the Public Carriage Office in London and developed a working model for Manchester

- 2.2 This longstanding formula is a mathematical calculation, which is based on the average annual mileage of a hackney carriage vehicle in Manchester. Data and component parts are in-putted into the formula on or after 1 December each year, which in turn calculates the annual cost of running a Manchester licensed hackney carriage vehicle. The running cost is then compared year on year. ie 1 December 2014 to 1 December 2015
- 2.3 Following a timely review of the methodology in 2012 the Committee agreed the following:
- (i) The formula should no longer be the sole determinant for future hackney carriage fare reviews
 - (ii) The data and component parts of the current formula as revised should be used as one part of the hackney carriage fare review
 - (iii) In calculating any hackney carriage fare review consideration should be given to the current rate of inflation (currently determined by CPI)
 - (iv) In calculating any hackney carriage fare reviews consideration should be given to comparable earnings related data
 - (v) In calculating any hackney carriage fare reviews comparator fare information from other Core Cities and AGMA authorities should continue to be provided and
 - (vi) That any component of the formula would be reviewed at any time in particular to reflect any relevant change in policy or practice
- 2.4 A copy of the current data sources, component costs and assumptions used in the formula have been provided within **Appendix 1** attached to the report
- 2.5 It is not proposed that the methodology for calculating the fares is reviewed or re-visited.

3. Calculation of the fares

- 3.1 The following individual components are used to calculate the fare
- 3.2 Current Rate of Inflation
- 3.2.1 Using the Consumer Price Index (CPI) the current rate of inflation is 0.5% (Office of National Statistics December 2015).
- 3.3 Comparable earnings related data
- 3.3.1 The current annual full time employee earnings (ASHE) is £27607, (December 2015) which when compared against last years figure shows a £336 (1.23%) increase.

3.4 Halcrow Manchester Formula

3.4.1 As previously noted the formula is used to calculate the annual cost of running a Manchester licensed hackney carriage vehicle, in this instance, between December 2014 and December 2015.

3.4.2 The data in table 2 below provides a comparison of the cost of running a hackney carriage vehicle from December 2014 to December 2015.

Table 2 - Halcrow Manchester Formula calculation:

Component on index	Total Costs 2014	Total Costs 2015
Vehicle Cost	5580	5771
Parts	3438	3438
Tyres	427	427
Garage and Servicing - Labour	926	952
Fuel	3864	2919
Insurance	2038	2182
Miscellaneous	333	387
Total Operating Costs	16606	16076
Comparison of Operating Costs between 2014 and 2015		
2014 - 2015	-3.20%	

3.4.3 The figures in table 1 show an apparent decrease in the running cost of - 3.20%. This is mainly due to the decrease in fuel costs. In addition there has been a decrease in the HP in relation to the purchase of vehicles.

3.4.4 The miscellaneous costs in table 1 relate to the fees for the renewal of a hackney carriage driver and vehicle licence. The current cost of administrating a hackney carriage driver licence is £103 (whether the licence granted is for one year or three years). Since 1 October 2015 the Council have been issuing 3 years licences for hackney carriage drivers. Following this years fare review officers will determine whether the issuing of three year licences will require any changes to the miscellaneous costs.

4. Core Cities and AGMA Comparison

- 4.1 The current cost of a 1 and 2 mile journey on tariff 1 and tariff 2 in a Manchester licensed hackney carriage vehicle has been compared with the Core Cities and AGMA (Association of Greater Manchester Authorities) as shown in **Appendix 2**.
- 4.2 The data in Appendix 2 shows that the current average cost of a 3 mile daytime journey in Manchester is £7.50, which is slightly less than the average Core City fare of £7.76 and slightly more than the average AGMA cost of £7.13. The data shows that the London fare is substantially higher than the rest of the Core Cities and that the Manchester Fare is comparable to the remaining Core Cities.
- 4.2.1 In relation to a night-time journey the current average cost of a 3 mile journey in Manchester is £10.10, which is more than both the average Core City cost of £9.07 and the average AGMA cost of £8.93.
- 4.3 The difference is believed to be associated with the night-time rate in Manchester, which is set at a significant premium to the day rate to encourage more drivers to work at night and to offset the costs on the hackney carriage fee used to fund the Taxi Marshall Service provided at key City Centre ranks.
- 4.4 The current cost of an hour waiting time for Manchester has been compared with the cost of an hour waiting time for the Core Cities and AGMA regions as detailed in **Appendix 3**, attached to the report.
- 4.4.1 The average hourly daytime waiting time in Manchester is £18.60, which is substantially more than the average Core City cost of £15.81 and substantially more than the average AGMA cost of £13.81. This would correlate with the daytime fare for Manchester being more than those for the AGMA regions and a contributor is that Manchester has in the past always increased the waiting time in line with any fare increase.
- 4.4.2 The average hourly nighttime waiting time in Manchester is £24.60, which is again substantially above the average Core City cost of £18.77 and substantially above the average AGMA cost of £15.98. The difference in the waiting time, which is in line with the nighttime fares, is recognised as being higher than those of both the Core Cities and AGMA regions and a contributor is that in the past Manchester has always increased waiting time in line with any fare increase.

5. Hackney Carriage trade Consultation Responses

- 5.1 On 31 December 2015 trade representatives (Unite the Union, Mcr Blackcab Paul McCormick, Mantax, Taxi Owners Manchester, GMB Union Manchester Airport, Manchester Hackney Association Ltd) were e-mailed and asked to seek views from their members about the 'fare review' as a whole and the 'additional extras' that are included in the fare card. They were advised that the fare formula would not be reviewed.

- 5.1.1 On 4 January 2016 a similar e-mail was sent out to the all hackney carriage drivers and hackney vehicle proprietors (approximately 3'500). Only two responses have been received. These are detailed below in paragraph 6.

6. Consultation Responses

- 6.1 On 12 January 2016 an e-mail was received from Mr Tanvir Nawaz – Manchester Hackney Association requested that the Committee review the decision that there should be no 20p surcharge on additional luggage.

The e-mail stated:-

The 20p baggage surcharge is for luggage which is not in the main compartment. This cost remunerates the driver for the excess weight the driver is carrying.

- 6.2 On 8 February 2016 an e-mail was received from Sean Kenny - Taxi owners Association Manchester, which stated:

1. Firstly I must point out that the figure used in last years report for London's waiting time is wrong, it is stated as £18.80 day and £21.60 night, the actual figures are £26.57 day and £40.45 night (after 10pm) <https://tfl.gov.uk/modes/taxis-and-minicabs/taxi-fares/tariffs>
2. The Union and Association always want to work with the council to achieve a world class service however we believe the quality of the trade is currently disimproving due to drivers and owners having to absorb more and more costs. It is now 4 years since the taxi trade have had an increase in fares on the meter, this is despite the formula showing an increase in costs, during this time average wages have also increased by 4.34% <http://www.ons.gov.uk/ons/rel/ashe/annual-survey-of-hours-and-earnings/2015-provisional-results/stb-ashe.html>
3. Evidence of this disimprovement can be seen in the fleet, Manchester has an age limit for Hackney Carriages of 12 years the average age for a hackney carriage in Manchester should be 6.5 years but it is 8 years London which has significantly higher fares than Manchester has an age limit for Hackney Carriages of 15 years, the average age for a hackney carriage in London should be 7 years and it is 7 years, London's average is actually lower than Manchester's despite having a higher age limit; there would seem to be a correlation between fares and vehicle age, as a vehicle ages it is more likely to have more faults when presented for test as found in the Council report here; http://www.manchester.gov.uk/egov_downloads/7_Review_of_HCPH_Vehicle_Inspections.pdf it is a reasonable assumption therefore that newer vehicles in service would have fewer (unknown) faults than older vehicles and are therefore safer, to the benefit of the travelling public. Shockingly Manchester has only 36 hackney carriage vehicles out of approximately 1100 that are less than 1 year old.

4. Further evidence is the number of drivers leaving the hackney trade is at an all time high, many are going to private hire when the reverse was always the usual trend, again bringing the quality of service down as experienced drivers leave to be replaced by novices.
5. Manchester's taxi fares are lower than the national average across most of the measure points despite Manchester having a fully wheelchair accessible fleet with the extra operating costs that incurs; whilst most of the other areas run much cheaper saloon cars
<http://www.phtm.co.uk/file/taxi-fare-league-tables/taxi-fares-league-table-february-2016.pdf>
6. Whilst the raising of Hackney Carriage Fares is never a popular political move, we feel that at this time it is necessary for the committee to look at the decline of the trade and to try to rectify that by considering raising fares above what the formula suggests, the trade also lost 20p per item of luggage 2 years ago, we feel this should be reinstated or as an alternative recompense 20p should be added to the flag fall as this would equate to the average of one item of luggage per journey and the flagfall still would remain below the national average.

7. Officer Comments

7.1 The hackney carriage fare is normally reviewed on an annual basis, using the previous year's figures. Previous years outcomes are detailed below in table 2

7.2 Table 2

Calculation	Year	Outcome
December 2005 /2006	2007	Increase 2.74%
December 2006/2007	2008	Increase 2.48%
December 2007/2008	2009	Increase 3.76%
December 2008/2009	2010	Increase 1.96%
December 2010/2011	2011	Increase 7.4%
December 2011/2012	2012	Increase 4.33%
No Review	2013	No change
December 2011/12/13	2014	No change
December 2014/15	2015	No change

7.2.1 Due to a review of the component parts of the calculations used to determine the hackney carriage fare no actual fare review took place in 2013 and no change was made to the fare card.

7.2.2 In 2014 calculations showed a decrease in the annual running cost of a hackney carriage vehicle. The Committee decided that there should be no change in the hackney carriage fare during 2014.

7.2.3 The figures for 2015 indicated the cost of running a hackney carriage vehicles had decreased by -5.23%. The committee recommended that there should be no decrease to the fare and that it should remain the same. Taking into account the rise in CPI and comparable related earnings retaining the fare as it was, resulted in a net benefit to proprietors and drivers which had no tangible impact on passenger use. In addition the taxi trade benefited from the decision for the full cost recovery of the Airport and Piccadilly station barrier charges to be included on the fare card.

7.3 In relation to the current hackney carriage fare review, the formula has shown that the cost of running a hackney carriage vehicle between December 2014 and December 2015 has decreased by -3.20%.

7.3.1 As Members are aware the Council sets the standard of hackney carriage vehicles licensed in Manchester, this standard is higher than in many other authorities, which fully aligns the vision of the City as a world class destination. It is a reasonable expectation that the taxi trade are in a position to maintain the standard of vehicle required by the Council and at the same time enjoy a reasonable standard of living. This has to be balanced against a rise in the hackney carriage fare, which may decrease passenger use.

7.3.2 The recent unmet demand survey (which is also on this agenda) has highlighted the following responses received about the current hackney carriage:

- HC Trade – Fares are too low and don't meet the cost of running a vehicle
- Public face to face survey – service could be improved by cheaper fares
- Disability group – fares too high

7.3.3 The differing views of the trade and customers is not unexpected and whilst members are asked to have regard to both the recommendation for 2016 – 2017 is that the fares remain the same.

7.3.4 If the Committee were minded to agree to maintain the fare at the current level, vehicle proprietors and drivers would benefit from the reduction in vehicle running costs. There would be no tangible impact on passenger use.

7.4 Officers have reviewed the responses submitted by the taxi trade and have the following comments to make:

7.4.1 In relation to the e-mail from the Hackney Carriage Association:

The 20p luggage charge was applied for 'each article of luggage carried outside the passenger compartment'. As the 20p charge could be added manually it was relatively easy for this to be misapplied for any baggage whether carried inside or outside of the luggage compartment.

No evidence has been provided by the trade to support the statement that has been made.

7.4.2 In relation to the e-mail from the Taxi Owners Association:

1. Officers have made enquires with Halcrow about the waiting time figures for last year. At the time of writing this report Halcrow could not locate the table that was used last year. The figures used for this year are the same as those quoted by Mr Kenny. The waiting times are not part of the Halcrow formula and are used as a comparator to the Core City and Agma authorities' fares.
2. Manchester reviews the hackney carriage fare each year. Table 2 provides the figures for the review outcomes from 2007, Paragraph 7.2.1 to 7.2.3 provides an explanation of the outcomes of the reviews since 2013.
3. In relation to the age of the Manchester fleet. A vehicle can remain on fleet after it has reached the age of 12 years, as long as it is maintained in an exceptional condition, which is not an unreasonable position for the Council to take. There are currently 35 vehicles on fleet that are over 12 years of age. The average age of hackney carriage vehicles licensed by MCC in December 2015 was 7.58 yrs.

In 2008 the Licensing and Appeals Committee approved measures aimed at reducing the percentage of hackney carriage and private hire vehicles failing their annual and six-monthly tests. In 2010 the Committee approved three vehicle inspection tests per year for hackney carriage vehicles over the age 7 years. During this period (2008 to 2010) the hackney carriage fare was increased year on year.

Without evidence that can be assessed, the Council cannot comment on whether proprietors have to absorb more and more costs. There may be many factors which impact on costs and one could also be that a number of proprietors who are renting out their hackney carriage vehicles are simply not purchasing newer vehicles. There is anecdotal evidence of this from individuals who have been brought before the Licensing and Appeals Sub-Committee due to the poor maintenance of their vehicles who, when their licences have been refused/revoked, have within a number of days purchased new vehicles. In previous surveys (de-limitation) a number of drivers complained about the high cost of vehicle 'tracks'.

4. The below table represents figures for new and renewal applications for hackney carriage driver licences.

2014/15	2015/16
250	174
246	337
241	188
144	195
248	346
253	290
204	178
266	257
147	235
236	151
169	169
216	216

The last two rows in the 2015/16 column represents projected figures for January and February as the actual figures have not as yet been provided.

The table shows an increase in new and renewal Hackney carriage driver licences from 2620 to 2736.

2620	2736
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No evidence has been provided, that can be assessed, by the taxi owners association that would support their statement that 'drivers leaving the trade is at an all time high'. Officers could investigate this matter further should the Committee wish, however it is not believed that this should delay consideration of the fare review.

5. As agreed Manchester fares are reviewed and are comparable with the Core Cities and AGMA Authorities and not against the national average.

8. Other legal implications

- 8.1 There are no additional legal implications to consider.

9. Contributing to the Community Strategy

9.1 (a) Performance of the economy of the region and sub region

- 9.1.1 The hackney carriage fare is reviewed annually by the City Council and takes into account the cost associated with setting up and maintaining a business as a taxi proprietor/driver. This strives towards security in driver jobs and a higher standard of vehicle. The standard of vehicles assists the performance of the regional economy in relation to the purchase and maintenance of vehicles

9.2 (b) Reaching full potential in education and employment

- 9.2.1 Maintaining the fare at the current level will allow proprietors to benefit from the reduction in vehicle running costs. This in turn would also allow vehicle proprietors to maintain current rates of rental, which would also benefit

drivers. This aims to maintain a professional aspect to taxi driving and seeks to encourage taxi drivers to commit to further education i.e. NVQ for taxi drivers, and job security

9.3 (c) Individual and collective self-esteem – mutual respect

9.3.1 Not applicable to the content of this report

9.4 (d) Neighbourhoods of Choice

9.4.1 The consideration of hackney carriage fares should take into account the standard of living of those associated with taxi licensing and the cost to the 'taxi user'. Any increase in fares is a direct cost increase to service users. Any decrease in fares is a direct cost decrease for those associated with the taxi trade.

10. Key Policies and Considerations

(a) Equal Opportunities

There are no equal opportunity issues in relation to this report

(b) Risk Management

There are no risk management issues in relation to this report

(c) Legal Considerations

There are no legal considerations other than those already highlighted within the report.

11. Conclusion

- 11.1 The report explains the process in detail in relation to the calculation and review of the hackney carriage fare and the Licensing and Appeals Committee's advisory role to the Executive.
- 11.2. Section 7 of the report provides officer comments and recommendations on the fare review. This section of the report also details the responses to the trade consultation on the fare review and officer responses and recommendations in relation to those comments.
- 11.3 Any recommendations by the Licensing and Appeals Committee will be reported to the Executive meeting for their consideration when determining the review of the hackney carriage fare.
- 11.4 It is recommended that there should be no change in the hackney carriage fares at this time: the indicator from the assessment by officers is that there

has been a net benefit to drivers/proprietors due to the reduction in running costs.

Review of Hackney Carriage fare

Halcrow-Manchester Data Source and Assumptions

Formula		
The formula is based on the annual mileage of hackney carriage vehicle in Manchester 30000 Miles per annum		
Component	Data Source	Assumptions
Vehicle Cost	London Taxi Company (LTC) Peugeot Mercedes	Vehicle costs are included for: Purchase new and run to scrap Purchase new and sell at 4 years Purchase at 4 years and sell at 8 Purchase at 8 and run to scrap Vehicle cost, HP rate and monthly payments Vehicle cost, HP rate and monthly payments
Parts	LTC	*LTC vehicle parts *Due to the small number of other types of vehicles on fleet LTC figures have been used.
Tyres	Lowest Priced supplier	lowest priced supplier Maxus tyre(inc fitting) from Mann and Overton, Calculated using the tyre life formula assumption

Garage & Servicing – Labour	Office of National Statistics	This is obtained from the Annual Survey of Hours and Earnings (ASHE) via www.ons.gov.uk . Typically provisional figures are only available at this time and therefore these are used for the formula. The data is obtained from Table 14.6a Hourly Pay – All employees. The mean% change for Vehicle Technicians, Mechanics and Electricians (5231) is used and applied to the previous years value
Fuel	AA	Vehicle mileage of 30,000 miles per annum Directly related to the annual mileage (30,000) Price is running cost of diesel car of value £24,000 to £32,000 (SUM 30000/100%*diesel) Running cost Dec 2011 at 14.27 pence per mile with fuel at £130.7 pence per litre
Insurance	AA Insurance index	Westminster Insurance were unable to provide an insurance quote for 2013 or 2012 the AA Insurance Index has therefore been used. The taxi insurance quote obtained in 2011 has been used as a baseline and then the BIPI Motor Movements by Region – Granada direct shoparound movements have been applied.
Miscellaneous	Licensing Unit	For clarification purposes this is the annual cost of renewal licences for a hackney carriage driver and hackney carriage vehicle [2 tests] (when the original Halcrow Manchester formula was devised all vehicles were subject to 2 tests per year, this is no longer the case)

Core Cities & AGMA Fare Comparison

Core City	Flag	Tariff 1 (Day)			Running Mile	Flag	Tariff 2 (Night)			Running Mile	Last Reviewed
		1 Mile	3 Miles				1 Mile	3 Miles			
London	2.40	4.60	9.80	1	2.55	2.40	5.20	11.60	1	3.89	Apr 14
Birmingham	2.20	4.40	8.00	2	1.80	2.40	4.80	8.80	4	2.04	2012
Bristol	2.60	4.40	8.00	2	1.80	3.40	5.60	10.00	3	2.20	Oct 13
Newcastle	2.60	4.00	7.60	3	1.76	2.40	4.40	8.40	6	2.04	Sept 14
Leeds	2.40	4.20	7.60	3	1.59	3.00	5.00	8.60	5	1.55	May12
Manchester Current	2.30	3.90	7.50	4	1.85	2.80	5.10	10.10	2	2.46	Aug 15
Nottingham	2.00	3.80	7.40	5	1.80	2.00	4.00	8.00	8	1.95	Nov 11
Sheffield	2.60	4.10	7.10	6	1.53	3.10	4.60	7.60	9	1.53	Aug 13
Liverpool	2.40	3.80	6.80	7	1.52	3.00	4.75	8.50	7	1.90	Dec 15
Average 3 mile journey	2.39	4.13	7.76		1.80	2.72	4.83	9.07		2.17	
Council	AGMA										
Stockport	2.00	3.40	8.20	1	2.46	2.60	4.00	8.80	5	3.28	2013
Oldham	1.60	3.40	7.60	2	2.15	1.60	3.85	8.95	4	2.59	Oct 12
Tameside	2.00	3.60	7.60	2	2.01	2.70	4.50	9.50	2	2.51	2012
Manchester Current	2.30	3.90	7.50	3	1.85	2.80	5.10	10.10	1	2.46	Aug 15
Bury	1.90	3.10	7.30	4	2.10	2.30	3.70	8.70	6	2.50	Jul 08
Bolton	2.00	3.40	7.00	5	1.85	2.60	3.80	8.40	9	2.35	2008
Trafford	2.00	3.10	7.10	6	2.15	2.00	4.13	9.47	3	2.86	2013
Wigan	1.80	3.20	6.90	7	1.81	2.25	4.05	8.55	7	2.26	April 11
Rochdale	1.80	3.00	6.80	8	1.85	1.80	3.75	8.50	8	2.32	2011
Salford	2.40	3.72	5.26	9	1.61	3.00	4.54	8.28	10	1.90	2012
Average 3 mile journey	1.98	3.38	7.13		1.98	2.37	4.14	8.93		2.50	

Data source: Individual Authority Fare Cards & Private Hire Monthly – December 2015

Core Cities & AGMA Hourly Waiting Time Comparison

(Compared as a percentage difference from the average day and night waiting time)

City Council	Day	Night
London	26.57	40.45
Manchester Current	18.60	24.60
Newcastle	18.00	23.23
Bristol	18.00	23.20
Liverpool	12.00	15.00
Birmingham	15.80	18.00
Nottingham	15.00	17.20
Sheffield	13.30	13.30
Leeds	12.80	12.80
Average	16.67	20.86

AGMA Council	Day	Night
Manchester Current	18.60	24.60
Trafford	16.20	21.60
Tameside	14.10	17.10
Stockport	14.40	14.40
Bury	16.00	16.00
Wigan	12.41	15.65
Bolton	14.40	14.40
Rochdale	12.00	12.00
Oldham	12.00	12.00
Salford	8.00	12.00
Average	13.81	15.98

Source: Individual Authority Fare Cards sourced in December 2015