
**Manchester City Council
Report for Resolution**

Report to: Executive – 28 June 2017

Subject: Hackney Carriage Fare Review 2017 – the recommendation of the Licensing and Appeals Committee

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 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 on 24 April 2017 which set out the key factors which form the basis of the hackney carriage fare review. The report also included comments from hackney carriage trade representatives and drivers, the views of which had been sought in advance of a formal consultation. A copy of the April report (Hackney Carriage Fare Review 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:
 - a. Allow an increase of 6.42% to be applied to the hackney carriage fare, with the exception of the waiting time, which should remain as is at:
Tariff 1 (Daytime) Waiting time every 38.89 seconds – 20p (£3.20 per ten minutes, £18.60 per hour)
Tariff 2 (Night-time) Waiting time every 29.29 seconds 20p (£4.00 per ten minutes, £24.60 per hour)
 - b. The proposed fare to take effect from 1 August 2017 (provided no objections to the proposal are received).
 - c. Officers provide a future report that:-
 - reviews the frequency of the review of the hackney carriage fares and the merit of coinciding with any 'Unmet Demand Survey'
 - considers the necessity of an 'Taxi Licensing Survey' to replace the 'Unmet Demand Survey' and include additional information in order to gain a better and more balanced understanding of the public

interaction with hackney carriage vehicles and the effect of future fare reviews. (The next Unmet Demand Survey is due to take place between December 2018 – March 2019)

Wards Affected: All

| Manchester Strategy Outcomes | Summary of the contribution to the strategy |
|---|---|
| A thriving and sustainable City: supporting a diverse and distinctive economy that creates jobs and opportunities | The hackney carriage fare is currently 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 supporting 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, as well as supporting & promoting higher standards and safety in an integral part of our transport network. |
| A highly skilled city: world class and home grown talent sustaining the city's economic success | In allowing an increase to the fare of 6.42% will continue to allow proprietors to maintain the current running cost of bespoke wheelchair accessible vehicles that Manchester Council requires. |
| A progressive and equitable city: making a positive contribution by unlocking the potential of our communities | Consideration of hackney carriage fares balances the standard of living for those involved in the taxi licensing trade, enabling them to maintain and enhance the fleet to drive confidence in public use. |
| A liveable and low carbon city: a destination of choice to live, visit and work. | The consideration of hackney carriage fares includes the ability of those involved in taxi licensing to maintain vehicles to a high standard and condition set by the Council. |
| A connected city: world class infrastructure and connectivity to drive growth | Consideration of the hackney fares includes the ambition for a world class fleet to support confidence by those who live, work and visit the city and to assist economic growth. |

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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| | | | |
|-----------|---------------------------|-----------|-----------------------------|
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Background documents

Relevant sections of the Local Government (Miscellaneous Provisions) Act 1976
Halcrow-Manchester Formula
Report to Licensing and Appeals Committee of 24 April 2017
E-mail from GMB dated 24 April 2017

1. Introduction

- 1.1 From previous reports the Executive will be aware that local authorities have the power to set the maximum costs and fares that drivers may charge for journeys in a hackney carriage. This assists the delivery of a key strategic priority for a safe and vibrant city by ensuring that fares relate to the cost of maintaining vehicles to a high standard, which in turn provides confidence to members of the public. In addition it allows consideration to be given to driver job security and to incentivise the provision of the service at unsociable hours through meeting an expectation for a reasonable level of income.
- 1.2 In April 2017, the Licensing and Appeals Committee, in its advisory capacity to the Executive, considered a report from officers (Appendix 1) which provided information to enable a review of the hackney carriage fares.
- 1.3 The outcome of the Committee's consideration of the matter is a recommendation that there should be
- An increase of 6.42% in the fares at this time.
 - No increase in the current waiting time tariffs
 - Officers should be asked to present a report which explores the frequency of future fare reviews to coincide with the introduction of a 3 yearly 'Taxi Licensing Survey' (incorporating the unmet demand survey)

2. Timetable

- 2.1 The relevant legislation sets out a process and time scale for the introduction of any change to the fares and this is set out below:

| | |
|---------------|---|
| 24 April 2017 | Licensing and Appeals Committee consider report and make representations to Executive |
| 28 June 2017 | Executive consider the recommendations made by the Licensing and Appeals Committee. Where the Executive determine to change any part of the current fare a Public notice must be placed in Manchester Evening News. The consultation period is 14 days. In this case the notice will be placed in the MEN on Monday 5 July 2017 and the end of the consultation period will be 19 July 2017. Where no objections are received the revised fares will automatically take effect on 1 August 2017 |
| 26 July 2017 | Where objections are received these are 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 (1 August 2017) |

3. Background

- 3.1 Previous reports to the Executive have set out the methodology for reviewing the hackney carriage 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.
- 3.2 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.
- 3.3 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 could 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.

4. Licensing and Appeals Committee - Review

- 4.1 In April 2017 the Licensing and Appeals Committee considered a report (**Appendix 1**) relating to the review of hackney carriage fares for 2017. The following paragraphs are a summary of the key points of the report and the Committee's considerations:
- 4.2. The starting point for the Committee's consideration was a review of the Halcrow - Manchester formula, and the updates provided to the relevant component parts with figures sourced on or after 1 December 2016.
- 4.3 The figures for the requisite period show that the annual cost of running a hackney carriage vehicle has increased by 6.42% when compared to the previous 12 month period, rising from £15,930 to £16,952. This increase is largely based on the higher costs associated with fuel and insurance.
- 4.4 Against the increase in costs, the Committee agreed it is a reasonable expectation that the taxi trade, who share a vision for a world class fleet, should be in a position to maintain the standard of vehicle required by the Council which includes the ability to purchase a bespoke wheelchair accessible vehicle and expect to maintain a reasonable standard of living. The Committee were also mindful of the need to balance both of these factors against any rise on the fares to ensure this remains a viable and attractive service to the public.
- 4.5 Currently the 'Unmet Demand' Survey, which takes place every 3 years, is the only source of information the Committee has to take into consideration

regarding the public's use of hackney carriage vehicles. The Survey measures unmet demand in line with best practice guidance from the Department for Transport by using extensive rank observation data, trade views and a public attitude interview survey. This public interview survey asks member of the public about:

- how they access taxis and private hire vehicles (on street, via telephone, which ranks they use most often)
- satisfaction with waiting times, the trip/service, cleanliness of vehicles and drivers and safety issues

The last survey was published in September 2015. The key conclusions of the 2015 survey were:

- there was no evidence of significant unmet demand for taxis in Manchester
- Rank observation data provided broadly similar results to the previous survey of 2012, but passengers marginally experienced an increased delay at the ranks (4.2% of passengers in 2015 experiencing a delay of more than 1 minute compared to 3.5% in 2012)
- Of 448 people surveyed:
 - 51.8% of respondents felt there are sufficient taxis in Manchester and 36.5% were unsure – only 11.7% of respondents felt more were required
 - 10.4% of hirings are made at a rank with 3.1% flagged on the street
 - 86.5% of hirings (taxi & private hire) were made by telephone
 - 4.1% of respondents said they had given up trying to obtain a taxi at a rank or by flagdown
 - 34.4% of respondents felt that taxi services could be improved with 'being cheaper' being the most common reason offered

The public survey questions do not go further to gain more qualitative information around *why* respondents make their choices to hire a vehicle, or seek their views on fares, tariffs & value for money. The information the Unmet Demand Survey currently provides in relation to the public impact of any potential fare increase is therefore limited.

- 4.6 Members of the Licensing and Appeals Committee recognise 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 drivers to provide a service at this time. In addition this offsets the costs of the hackney carriage fees that fund the Taxi Marshall Service which is an important element which supports the night time economy.
- 4.7 It is also acknowledged that Manchester does aspire to have a world class fleet which is reflected in the high standards set for vehicles licensed in the City. Hackney Carriage Vehicle Policies reflect this aspiration with higher standards required in respect of vehicle type, age and condition. This supports continued economic growth and performance for Our Manchester as a vibrant world class City, able to provide its businesses and millions of visitors with a

safe, fully accessible and higher standard of vehicle, as a key component of its public transport offer.

- 4.8 To assist Members' consideration of the review, informal comments were sought from trade representatives (a formal consultation in the form of a newspaper advertisement will be required if changes are proposed to the fares). The comments are detailed fully in the report to the Licensing and Appeals Committee and summarised as follows:
- The Halcrow/Manchester formula should reflect the cost of zero emission vehicles and high cost of the limited vehicles available that comply with Manchester's conditions
 - Request for reintroduction of luggage charge (20p each item) for skis, bicycles, golf clubs
 - Request for reintroduction of luggage charge at train stations and airports
 - Expression of confidence in use of Halcrow Formula
 - That the 'Flagfall' or base fare be rounded up to £2.40 so that passengers and drivers only need 2 denominations of coins
 - Suggeste removal of the charge of an additional 20p per passenger
 - Suggested removal of ability to apply all 'extras' to fares to reduce risk of abuse by drivers and ill will from customers and introduce a slightly higher 'flagfall' or base fare instead
 - Suggest that the Evening tariff revert back to midnight instead of 10pm or abolish altogether to take into account 24 hr City
 - Suggest removal of the Bank Holiday tariff as it deters business.
 - Express of dissatisfaction with the way the formula has been applied since 2011 resulting in no fare increases for a period of years
 - Claim that the lack of fare increases in recent years has caused an aging fleet, higher vehicle test failure rates, experienced drivers leaving the trade and mutual respect between drivers being eroded
 - Request review of a claimed loss to trade since 2011
- 4.9 A late comment was received on behalf of GMB on the day of the Licensing and Appeals Committee in April, hence it was not brought to the member's attention but is included now as **Appendix 2** to this report for completeness. GMB have questioned the inclusion of comments from one respondent as it believes this includes personal views likely to be prejudicial to an informed decision being made.
- 4.10 Although the Committee were clearly aware of the comments received, only limited weight was given to matters not relevant to its assessment. The recommendation has been made on the relevant factors as set out in 3.3 above.
- 4.11 Taking into account the increase in inflation of 1.56% an increase in annual full time earnings of 2.43% and the increase in running costs, the recommendation is to allow an increase of 6.42% in the fares at this time. Although this is not an insignificant increase, the Committee in its assessment of the matter acknowledged that there has been no increase in fares since 2012.

- 4.12 Members also considered whether such an increase should be applied to waiting times. However, in this regard the current waiting time in Manchester is already higher than the average waiting times of both other Core Cities and AGMA Authorities. Given the recommended increase to the fares in general and the already higher rates associated with waiting times, it is not considered appropriate for any increase to the latter. This would maintain the rate at:

Tariff 1 (Daytime) Waiting time every 38.89 seconds – 20p (£3.20 per ten minutes, £18.60 per hour)

Tariff 2 (Night-time) Waiting time every 29.29 seconds 20p (£4.00 per ten minutes, £24.60 per hour)

- 4.13 A final point of discussion was the frequency of the fare reviews. Officers expressed the potential for the commissioning of a broader and more holistic Taxi Licensing Survey that would include Unmet Demand data and assessment, but also include a wider public consultation with feedback on a range of issues that would inform all policy reviews. Officers also considered that given the frequency of the survey currently being every 3 years, that there is potential for the frequency of fare reviews to be brought into line with a newly commissioned survey and in general with cost of living wage reviews which do not take place annually in any other industry. The conclusion was that it would be appropriate for Officers to bring back a further report to the Licensing and Appeals Committee fully outlining the proposed changes for full consideration by the Members and the Trade.

5 Implementation of any change to the hackney carriage fare

- 5.1 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.
- 5.2 Should the Executive approve the recommendation of the Licensing & Appeals Committee the current fare will continue until the date the revised fare takes effect.

6 Legal implications

- 6.1 There are no legal implications to consider.

7 Contributing to the Community Strategy

- 7.1 **(a) Performance of the economy of the region and sub region**

7.1.1 The hackney carriage fare is currently 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

7.2 (b) Reaching full potential in education and employment

7.2.1 Allowing an increase to the fare of 6.42% will continue to allow proprietors to maintain the current running cost of bespoke wheelchair accessible vehicles that Manchester Council requires

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

7.3.1 Not applicable to the content of this report

7.4 (d) Neighbourhoods of Choice

7.4.1 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.

There is currently no detailed evidence to support the public concept of the cost associated with hiring a hackney carriage vehicle. It is therefore proposed consideration be given that future Unmet Demand Surveys should be more inclusion in relation to public consultation.

8. 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

9. Conclusion

9.1 The report outlines the recommendation of the Licensing and Appeals Committee, following its consideration of a fare review for 2016/17.

9.2 Appendix 1 contains the full report which assisted the Committee at its meeting in April 2017 and full details of the matters which informed the subsequent recommendation to the Executive as set out in section 3 above.

- 9.3 Appendix 2 contains the additional information not received in time for consideration by Members on 24 April 2017.
- 9.4 As noted and outlined in this report the recommendation is that it would be appropriate for a 6.42% rise be applied to the hackney carriage fare card (this would not include the waiting time, which should remain as is).
- 9.5 The Licensing and Appeals Committee also agreed that a further report should be submitted by officers, which
- reviews the frequency of the review of the hackney carriage fares and the merit of coinciding with any 'Unmet Demand Survey'
 - reviews the necessity of an 'Taxi Licensing Survey' to replace the 'Unmet Demand Survey' to include balanced information to better understand the public interaction with hackney carriage vehicles and the effect of future fare reviews The next Unmet Demand Survey is due to take place between December 2018 – March 2019)

**Manchester City Council
Report for Resolution**

Report To: Licensing and Appeals Committee – 24 April 2017

Subject: Hackney Carriage Fare Review 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 2016.

Members may recall 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.

Comments have been sought, in advance of the formal consultation, from the hackney carriage trade and those received are included in this report

Recommendations

1. The Committee agree to make a recommendation to the Executive that:-
 - a. An increase of 6.42% is applied to the hackney carriage fare, with the exception of the waiting time, which should remain as is;
Tariff 1 (Daytime) Waiting time every 38.89 seconds – 20p (£3.20 per ten minutes, £18.60 per hour)
Tariff 2 (Nighttime) Waiting time every 29.29 seconds 20p (£4.00 per ten minutes, £24.60 per hour)
 - b. The proposed fare to take effect from 1 August 2017 (provided no objections to the proposed fare are received).
2. Officers provide a future report that:-
 - o reviews the frequency of the review of the hackney carriage fares and the merit of coinciding with any 'Unmet Demand Survey'
 - o reviews the necessity of an 'Taxi Licensing Survey' to replace the 'Unmet Demand Survey' to include balanced information to better understand the public interaction with hackney carriage vehicles and the effect of future fare reviews The next Unmet Demand Survey is due to take place between December 2018 – March 2019)

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 currently 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 | In allowing an increase to the fare of 6.42% will continue to allow proprietors to maintain the current running cost of bespoke wheelchair accessible vehicles that Manchester Council requires. |
| 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. There is currently no detailed evidence to support the public concept of the cost associated with hiring a hackney carriage vehicle. It is therefore proposed consideration be given that future Unmet Demand Surveys should be more inclusion in relation to public consultation. |

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

Unmet Demand Survey December 2015- Early 2016

E-mails from Unite Union, Manchester Hackney Association, Paul McCormick , Les
Reid and Sean Kenny.

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

| | |
|---------------|--|
| 24 April 2017 | Licensing and Appeals Committee consider report and make representations to Executive |
| 31 May 2017 | 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 2017 to 30 June 2018. |
| 1 June 2017 | 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. |
| 15 June 2017 | End of consultation period. Where no objections are received the fares automatically take effect on 1 July 2017 |
| 28 June 2017 | 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 2017) |

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 at this meeting – as it is considered this remains an appropriate mechanism at this point in time

3. Frequency of Fare Reviews

- 3.1 The legislation states that the Council can review the fares but does not stipulate at what frequency this should be carried out. Our records show that since 2007 a review of the hackney carriage fare has taken place on an annual basis.
- 3.2 In doing so the Council takes into consideration the Halcrow Manchester 'running costs' calculation and external factors as detailed in section 3 below.

- 3.3 In determining a hackney carriage fare review the Council has to take a balanced view of the ability of hackney carriage proprietors to purchase a bespoke wheelchair accessible vehicle and maintain a reasonable living standard. The Council also needs to take into consideration the impact on the 'public' of any potential fare increase.
- 3.4 Currently the 'Unmet Demand' Survey, which takes place every 3 years, is the only source of any information that the Committee can take into consideration, regarding the public use of hackney carriage vehicles. The information it provides in relation to the impact of any potential fare increase is therefore limited.
- 3.5 The Committee are asked to agree that a further report is brought back in the near future that explores the possibility of a 3 year fare review that coincides with a revised 3 yearly 'Taxi Licensing Survey', which would incorporate an unmet demand survey,

4. Calculation of the fares

- 4.1 The following individual components are used to calculate the fare
- 4.2 Current Rate of Inflation
- 4.2.1 Using the Consumer Price Index (CPI) the current rate of inflation is 1.56% (Office of National Statistics December 2016).
- 4.3 Comparable earnings related data
- 4.3.1 The current annual full time employee earnings (ASHE) is £28296, (December 2016) which when compared against last years figure shows a £689 (2.43%) increase.
- 4.4 Halcrow Manchester Formula
- 4.4.1 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 2015 and December 2016.
- 4.4.2 The data in table 2 below provides a comparison of the cost of running a hackney carriage vehicle from December 2015 to December 2016.

Table 2 - Halcrow Manchester Formula calculation:

| Component on index | Total Costs 2015 | Total Costs 2016 |
|---------------------------|-------------------------|-------------------------|
| Vehicle Cost | 5771 | 5782 |
| Parts | 3438 | 3438 |
| Tyres | 281 | 281 |

| | | |
|--|--------------|--------------|
| Garage and Servicing - Labour | 952 | 986 |
| Fuel | 2919 | 3548 |
| Insurance | 2182 | 2515 |
| Miscellaneous | 387 | 402 |
| Total Operating Costs | 15930 | 16952 |
| Comparison of running Cost of a hackney carriage vehicle between December 2015 and December 2016 | | |
| 2015 - 2016 | 6.42% | |

4.4.3 The figures in table 2 show an increase of 6.42% in the running cost of a hackney carriage vehicle between December 2015 and December 2016. The increase in the running costs can be seen from table 2 above as being mainly attributed to a rise in the cost of both fuel (18%) and insurance (13%). Garage servicing and licence costs have also increased by a small margin.

4.4.4 The miscellaneous costs in table 2 relate to the fees for the renewal of a hackney carriage driver and vehicle licence. Since 1 October 2015 the Council have been issuing 3 years licences for hackney carriage drivers. The miscellaneous costs have therefore been adjusted to reflect the hackney carriage vehicle licence and the driver cost divided by 3.

5. Core Cities and AGMA Comparison

5.1 The current cost of a 3 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.**

5.2 Tariff 1 - Daytime Comparison – 3 mile journey

5.2.1 The data in Appendix 2 shows that the current and average cost of a 3 mile Tariff 1 (daytime) journey in Manchester is less than the current average Core City fare and that of the average AGMA fare. If the proposed 6.42% is applied the average cost of a 3 mile Tariff 1 (daytime) journey in Manchester would be slightly more than the current average of both the Core City and the AGMA fare.

5.2.2 The data shows that the Tariff 1 London fare is substantially higher than the rest of the Core Cities and that the Manchester fare is comparable to the remaining Core Cities.

5.3 Tariff 2 – Nighttime Comparison – 3 mile journey

- 5.3.1 In relation to a night-time journey the current and proposed average cost of a 3 mile journey in Manchester is more than both the average Core City and AGMA.
- 5.3.2 This 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.
- 5.4 Waiting Time Comparison
- 5.4.1 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.
- 5.4.2 The current average hourly daytime waiting time in Manchester is £18.60, which is £1.83 (an hour) more than the average Core City cost of £16.77 and £4.79 (an hour) more than the average AGMA cost of £13.81. This correlates with the day and nighttime fare for Manchester being more than the average fare for the AGMA regions. A contributor is that Manchester has in the past always increased the waiting time in line with any fare increase.
- 5.4.3 The current average hourly nighttime waiting time in Manchester is £24.60, which is £3.64 more than the average Core City cost of £20.96 and £4.62 above the average AGMA cost of £15.98. The difference is 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 applied increased waiting time in line with any fare increase.
- 5.4.4 If the proposed increase of 6.42% was applied the waiting cost for Manchester would increase to 19.70 on Tariff 1 (daytime) and 26.16 on Tariff 2 (nighttime).
- 5.4.5 In considering the fare review, whilst the increase of 6.42% should be applied to the fare, the waiting time should remain as it is. The current waiting time is already higher than the average of both the Core Cities and the AGMA region.

6. Fare Card

- 6.1 The proposed 6.42% has been applied to the fare card and is attached to the report at **Appendix 4**

7. Hackney Carriage trade Consultation Responses

- 7.1 In December 2016 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.

- 7.1.1 On 7 April 2017 a reminder e-mail was sent to which five responses have been received

8. Consultation Responses

- 8.1 On 7 April 2017 an e-mail was received from Paul McCormick.

The relevant part of the e-mail stated, relating to the fare structure stated:

London Taxi Company are producing a final run of 300 TX's before their production changes exclusively to the production of zero emission vehicles. The present formula then should be using a purchase price of a new vehicle as being £42,750 plus an additional £310 road fund license fee for the first six years of its life.

If it's true that there is to be a final run of 300 TX's at this price. Following this the new price of the zero emission vehicle (which is currently the only vehicle capable of satisfying Manchester's conditions of fitness) should be factored into the equation when determining fare structure. I've requested the price of the new zero emission cab from LTI but they say it's not been disclosed as yet but is believed to be in the region of £60,000 less perhaps a government subsidy.

Could I ask what price you have used and placed into the equation when determining the fare structure?

In addition on the question of fare structure, I think that for any items of luggage carried outside of the passenger seating area should be acknowledged by a small extra charge of 20p per item. I also feel that for such items as golf clubs, bicycles, skis etc. should also carry an 'extras' charge when carried irrespective of where such items are carried. This extras charge should be re-introduced.

- 8.2 On 10 April 2017 an e-mail was received from Mohammed Chaudhry – Manchester Hackney Association
- 8.2.1 Manchester Hackney Association has complete confidence in having taxi fares set by the Halcrow Formula. The formula removes the bias and prejudice associated with this review from all parties concerned. MHA support the independent results and believe the 6.41% increase in our costs should be translated into a 6.41% increase in fare tariff.
- 8.3 On 10 April 2017 an e-mail was received from Khalil Ahmad – Unite the Union
- 8.3.1 Thank you very much for this reminder. Here is our response on behalf of Unite the Union Taxi Branch NW/191. We feel that Manchester Halcrow Fare Formula cover the all the essential elements of operating a Hackney Carriage in City of Manchester. We have not identify any item on this occasion which is out of the formula and need considering. We will accept the outcome of your

finding to the Licensing and Appeals Sub Committee's Recommendation to the Council.

- 8.4 On 10 April 2017 an e-mail was received from Les Reid – a hackney carriage driver.

I have a couple of observations/suggestions which may be useful.

1. One the "flagfall" i.e. opening price of MCR's meter fare is £2.30

I would like that price to be rounded up to a 20 Pence unit, i.e £2.40. This would require that Passengers and drivers would only have to carry two denominations of coin.
2. The most abused element of the fare structure is the 'extra's' I find it disgraceful that a Mother with a child. Can be charged 20 pence for the child. The 20 pence charged is such a small sum, but has the capacity for such 'ill will' that I believe it should be removed, to protect some drivers from themselves.

I note that the 'Extras' on a meter fare are alleged to arisen from the days of the River Taxis, when it was much harder to row more than one passenger across the River Thames. Whether that is true or just folklore, the issue remains the same.

The ability to charge extras, is unfair and open to abuse. The amount obtained is much less, than the ill will gained .

I also note that our Colleagues in both London and Liverpool, gave up the power to charge 'extras' many years ago. This gesture led to a significant rise in Business.

I would therefore, suggest that the power to charge extra's is removed, if only to protect driver's from them selves.

However, many will object to this. I suggest the following.

A 30 or 40 pence rise is placed on the current flag fall of £2.30, this would equate to a fare rise of between 5% or 6.6% on an average £6 job. That could be considered as reward for dismissing extras.

I would not raise any other aspect of the fare structure, other than the tariff system.

Business in the Taxi trade diminished by a considerable amount when the evening tariff, i.e. Unsocial hours , was reduced from 12 Midnight to 10 p.m.

I believe, as Manchester is now a 24 Hour City that, the Unsocial hours charge should be changed back to midnight if not scrapped all together .

I would also like the Bank Holiday Tariff altered to standard rates. The current premium charged means there is so little work on these days it is not worth working.

Many replies or observations to this fare review will press the need for a fare rise, many no doubt will stress rising cost.

I believe that to be rubbish, cost are not rising, other than a slight fluctuation in fuel.

The biggest cost to a Cab driver in Manchester, is the fall in gross revenue, caused by competition, competition which is welcomed by the Traveling Public, caused in part by the behavior of the Cab driver, who believes, he, not the passenger are in charge of the journey.

I hope you can support some of these views, in particular, the need to round the fare, up or down, to a 20 pence unit.

I also state that these are my own personal views and not those of MCR Blackcabs members.

8.5 On 11 April an e-mail was received from Sean Kenny – GMB Union and TODA (Taxi Owner and Driver Association)

Thanks for your email, apologies for late response I have been ill, joint statement from the TODA and GMB below.

We believe that the fare formula is the best way to achieve the council's aims which are reproduced below;

- (a) Performance of the economy of the region and sub region
The hackney carriage fare is reviewed annually by the 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.
- (b) Reaching full potential in education and employment
An increase in fares should maintain the income of taxi drivers and owners at a comparable rate to average earnings. This aims to maintain a professional aspect to taxi driving and seeks to encourage taxi drivers to commit to further education e.g NVQ for taxi drivers, and job security.
- (c) Individual and collective self esteem – mutual respect

However we note that since March 2011 there have been various deviations from the formula;

An error in 2011 causing 1.4% shortfall in fare rise

Removal of extras for luggage

A reduction in the % fare increase as calculated by the formula by the Licensing Committee

No increase being applied despite the formula calculating one several times

A Period where no increase was considered, while a "new" formula was derived

These deviations caused a lower tariff to be implemented causing the Manchester tariff to significantly fall behind running costs and wages, this has undermined the council's aims as set out above and have caused;

- A. An aging of the Hackney Carriage Fleet
- B. Test centre (MOT) failures at 50%
- C. Experienced drivers leaving the trade, leading to less professionalism
- D. Mutual respect between drivers being eroded

As such we believe that if the Council genuinely do wish to ensure it's aims are achieved then the deviations above need to be addressed, we suggest a single percentage point be added to this year's formula calculation and a further calculation be undertaken as part of next years process to understand exactly how far behind the formula's calculations the tariff has fallen since 2011 and then a process be put in place to recover those losses.

We also request that the issue of extras for luggage be reconsidered and offer some possible options for consideration;

The extras for luggage are returned as prior to their removal
Extras for luggage are allowed only from stations and airports where most journeys with luggage depart from
Extras for luggage are not re implemented but an increase to the flagfall of 30p is added (as occurred in London).

We also note that the only cab currently available to Manchester is the TX4 at £45,000 as the others are no longer available to comply with Manchester conditions.

9. Officer Comments

9.1 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 3

9.2 Table 3

| 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 | -4.37% No change |
| December 2013/2014 | 2015 | -5.23% No change |

| | | |
|--------------------|------|------------------|
| December 2014/2015 | 2016 | -3.20% No Change |
|--------------------|------|------------------|

- 9.2.1 As noted from the above table that there has been no fare increase since 2012.
- 9.2.2 Between 2014 and 2015 the Halcrow Manchester formula calculations showed a decrease in the annual running cost of a hackney carriage vehicle. On this basis the Committee recommended that there should be no change in the hackney carriage fare.
- 9.2.3 In the last fare review in February 2016 the figures indicated the cost of running a hackney carriage vehicle had decreased by -3.20%. 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, at that time, 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.
- 9.3 The current fare review shows an increase in the running cost of a hackney carriage vehicle of 6.42%. The figures in section 3 of the report, shows an increase in inflation of 1.56% and a rise in the annual full time employee earnings of 2.43%. It therefore seem appropriate for the 6.42% rise in running costs to be passed onto the hackney carriage trade to maintain a reasonable standard of living and enable them to continue to purchase Wheel Chair Accessible (WAV) hackney carriage vehicles that are licensed in Manchester. The Council makes no excuse that this vehicle standard is higher than in many other authorities and 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 impact passenger use.
- 9.3.1 Whilst it would seem appropriate at this time to propose the 6.42% increase, it would not be appropriate to increase the waiting time. The current waiting time cost for Manchester is higher than the average of both the Core Cities and AGMA authorities and to apply a further 6.42% would not be reasonable. Officers are therefore suggesting that the waiting time is maintained at the current rates:
Tariff 1 (Daytime) Waiting time every 38.89 seconds – 20p (£3.20 per ten minutes, £18.60 per hour)
Tariff 2 (Nighttime) Waiting time every 29.29 seconds 20p (£4.00 per ten minutes, £24.60 per hour)
- 9.3.2 The recent unmet demand survey (carried out in late 2015 early 2016) has highlighted the following responses received about the current hackney carriage fares:

- 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

9.3.3 The differing views of the trade and customers is not unexpected and whilst members are asked to have regard to both the recommendation for this current review is that the 6.24% increase in the running cost of a hackney carriage vehicle (from December 2015 to December 2016) is applied..

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

9.4.1 In relation to the e-mail from Paul McCormick – Hackney Carriage Driver:

Any change in vehicles would be incorporated into the next hackney carriage fare review. The figures used to calculate the running costs are retrospective – December 2015 to December 2016

The formula used in relation to the cost of the purchase of a vehicle is provided within Appendix 1.

In relation to the luggage charge of 20p – this was removed from the fare card in 2014 following consideration by this Committee. It was felt that the 20p luggage charge could be easily abused by unscrupulous taxi drivers resulting in overcharging.

9.4.2 In relation to the e-mail from the Mohammed Chaudrey – Manchester Hackney Association and Kalil Ahmad – Unite the Union

Both organisations are in favour of the 6.42% increase (the percentage was amended to 6.42% after the e-mail was sent out to the trade)

9.5 In relation to the e-mail from Les Reid – Hackney Carriage Driver.

The fare structure does not state that a child has to be charged 20p – a taxi driver can choose whether or not to apply the 20p. In relation to the occupancy of a hackney carriage vehicle a child (including a babe in arms) is classed as a person.

The change to the flag fall would be something that the Committee would need to consider. At this stage, without further mathematical calculation, the cost of the increase would be unknown. However if the Committee wished this could be looked at within the next fare review.

9.5 In relation to Sean Kenny – GMB Union and TODA

9.5.1 The reference to the 1.4% shortfall from 2011. Table 3 within the report details the outcomes of the hackney carriage fare review since 2007. In 2011

a significant increase of 7.4% was applied to the hackney carriage fare, with a further 4.33% increase being applied in 2012. Since 2012 there has been no increase but the table shows that a decrease in the running costs of hackney carriage vehicles since 2014 did not result in any decrease in the fare. The Council took the view that by not implementing any decrease would be a net gain to proprietors and would not have a significant impact on taxi users.

9.5.2 The 20p luggage charge was removed from the fare card in 2014 following consideration by this Committee. Whilst a limited charge for luggage (at Airports and train stations) could be re-introduced it would be impossible for this not to be abused by unscrupulous drivers.

9.5.3 In relation to the availability of vehicles, as costs are based on previous years costings this is not something that needs to be taken into consideration at this time. By way of information - the current hackney carriage vehicle policy allows an exemption to the policy for the consideration of applications for any new make /model of vehicles wishing to be licensed.

10 Other legal implications

10.1 There are no additional legal implications to consider.

11 Contributing to the Community Strategy

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

11.1.1 The hackney carriage fare is currently 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

11.2 (b) Reaching full potential in education and employment

11.2.1 In allowing an increase to the fare of 6.42% will continue to allow proprietors to maintain the current running cost of bespoke wheelchair accessible vehicles that Manchester Council requires.

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

11.3.1 Not applicable to the content of this report

11.4 (d) Neighbourhoods of Choice

11.4.1 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. There is currently no detailed evidence to support the public concept of

the cost associated with hiring a hackney carriage vehicle. It is therefore proposed consideration be given that future Unmet Demand Surveys should be more inclusion in relation to public consultation

12 Key Policies and Considerations

(a) Equal Opportunities

Not applicable to the content of 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.

13 Conclusion

- 13.1 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.
- 13.2. Section 3 of the report discusses the frequency of hackney carriage fare reviews and asks the Committee to agree a further report that will explore the possibility of a 3 year fare review to coincide with a revised 3 yearly 'Taxi Licensing Survey' which would incorporate the unmet demand survey.
- 13.3 Section 8 of the of the report details the five responses that have been made by trade representatives and individual drivers. Section 9 of the report provides officer comments and recommendations on the fare review and responses and recommendations in relation to those comments.
- 13.3 The report advises that 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.
- 13.4 Taking into account the increase in inflation of 1.56% an increase in annual full time earnings of 2.43% and the increase in running costs, the report recommends an increase of 6.24% in the hackney carriage fares at this time. The hackney carriage fare has remained unchanged since the last increase in 2012.
- 13.5 The report advises that the current waiting time for Manchester is already higher than the average waiting times of both the Core cities and AGMA Authorities. For this reason the report recommends that 6.24% increase should not be applied to the waiting time, which should remain as it is currently.



Monday, April 24, 2017

Re:Fare Review 2017

Dear Danielle/Ann

We draw your attention to the representations made by Mr Les Reid particularly the final sentence of paragraph 8.4 of the fare report "I also state that that these are my own personal views and not those of MCR black cab members"

This was not an open consultation available to all 2500 taxi drivers as such Mr Reid's personal views should not have been included. We consider this a procedural impropriety. Mr Reid's views are not uncontentious and do not easily leave the memory once they have been read and it cannot be undone that the committee has seen them, we consider their inclusion prejudicial to this process.

We also take issue with two references to luggage charges being abused by unscrupulous drivers; in 2014 it was confirmed by the chief compliance officer Mr Andy Scragg that he had no reports of such behaviour, as such we find this to be an unsubstantiated sleight on our members and again prejudicial to allowing the committee to make an informed decision on this matter.

As any deferral of a decision to implement a fare increase is detrimental to our members, we do not seek any adjournment to this meeting however we do feel it not appropriate to attend.

We shall study carefully the outcome of the review with our legal advisers and reserve all our rights

Regards

Sean

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