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**Manchester City Council  
Report for Resolution**

**Report to:** Executive – 18 June 2014

**Subject:** Hackney Carriage Fare Review - 2014/15

**Report of:** Head of Planning, Building Control and Licensing

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**Summary**

On 12 March 2014 the Executive considered a report in respect of a review of hackney carriage fares. The report detailed recommendations made by the Licensing and Appeals Committee meeting (17 February 2014). The Executive determined that the changes to the hackney carriage fare should be published in a local newspaper based on the following proposals:

- (a) that the barrier charges for Piccadilly and the Airport remain the same;
- (b) to remove the fuel surcharge;
- (c) to remove the surcharge for luggage; and
- (d) that the wording on the fare card for credit and debit cards to read – ‘Some taxis accept credit or debit cards typically with a maximum surcharge of 5%

The proposals were published in the Manchester Evening News on 17 March 2014, trade representatives, taxi drivers and proprietors were advised of the notice via email.

This report includes the recommendations as set out in the relevant minutes from the Licensing and Appeals Committee 16 June 2014, following their consideration of the responses to the published changes to the hackney carriage fare.

**Recommendations**

1. The Executive is requested to determine whether any changes are required to their recommendation of 12 March 2014 regarding the review of hackney carriage fares following consideration of
  - the content of this report
  - the consultation responses received
  - the recommendations made by the Licensing and Appeals Committee at its meeting of 16 June 2014.
2. That the Executive determine that any changes to the current hackney carriage fare take effect on 1 July 2014.

**Wards Affected: All**

<b>Community Strategy Spine</b>	<b>Summary of the contribution to the strategy</b>
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
Reaching full potential in education and employment	Any change 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 i.e. NVQ for taxi drivers, and job security
Individual and collective self esteem – mutual respect	Not applicable to the content of this report
Neighbourhoods of Choice	Any change in fares, whilst required to maintain the standard of living of those associated with taxi licensing should also take into consideration the cost to the 'taxi user'. Any increase in fares is a direct cost increase to service users.

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

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**Financial Consequences – Revenue**

None

**Financial Consequences – Capital**

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.

Report of Licensing and Appeals Committee 1 October 2012  
Report of Licensing and Appeals Committee 21 January 2013  
Report of Licensing and Appeals Committee 20 February 2006  
Report of Licensing and Appeals Committee 20 January 2010  
Report of Licensing and Appeals Committee 17 February 2014  
Report of Executive 12 March 2014

## 1. Introduction

- 1.1 On 17 February 2014 the Licensing and Appeals Committee made recommendations' to the Executive in relation to a review of the hackney carriage fare.
- 1.2 On 12 March 2014 the Executive considered
  - a report on the hackney carriage fare review
  - recommendations made by the Licensing and Appeals Committee from its meeting 17 February 2014 in respect of the fare review
  - verbal representations from representatives of the hackney carriage trade
- 1.2.1 The Executive determined that the changes to the hackney carriage fare should be published in a local newspaper based on the following proposals:
  - (a) that the barrier charges for Piccadilly and the Airport remain the same;
  - (b) to remove the fuel surcharge;
  - (c) to remove the surcharge for luggage; and
  - (d) that the wording on the fare card for credit and debit cards to read – 'Some taxis accept credit or debit cards typically with a maximum surcharge of 5%
- 1.3 Following determination by the Executive, Officers incorporated the information into a 'fare card', (**Attached at Appendix 1**), which was subsequently published in the MEN newspaper on 17 March 2014 .

## 2. Received Responses

- 2.1 On 17 March the licensing unit e-mailed approximately 1500 hackney carriage proprietors/drivers to advise them of the publication of the fare card as described in 1.2.1.
- 2.2 Following the publication of the proposed changes to the current hackney carriage fare, 25 responses have been received, which will be duly reported.
- 2.2 On 16 June 2014, the responses were considered by the Licensing and Appeals Committee. Following consideration of the responses the Licensing and Appeals Committee may make recommendations to the Executive.

## 3. Analysis of responses

- 3.1 The responses, received have been copied verbatim into **Appendix 2**
- 3.2 Officers have analysed the 25 responses that were received and comment as follows:
  - 3.2.1 The following is a breakdown of the responders.
    - 16 drivers
    - 1 proprietor

- 2 regular taxi users
- 4 Trade representative bodies and a Radio Base (GMB Union, Taxi Owners Association, Manchester Hackney Association and Mantax radio base)
- 2 taxi driver family members

3.3 In general of the members of the trade who responded, there was an opposition to the published proposals. The following are the key issues from the responses.

#### **Barrier Charge at Piccadilly Station**

3.3.1 The Taxi Owners Driver Association (TODA) and GMB Union have provided identical written responses. Both provide a breakdown of figures, which indicate that only recovering 20p of the current 40p barrier charge introduced in 2013 has resulted in a reduction of around £18 per week in the wage of a driver working from Piccadilly Station. If the published proposals were to be implemented and the barrier charge levied to the customer remained at 20p this calculation would not be altered.

#### **Hackney Carriage Fare Formula**

3.3.2 The responses make some general comments in relation to the original Halcrow/Manchester formula that is seen by the trade as a more appropriate and transparent way of conducting a fare review

#### **Research into Driver Income**

3.3.3 The TODA and GMB Union responses contain reference to research carried out by the California Institute of Technology, which found that drivers work to a daily target of takings regardless of other variables. It would follow that where wages are cut drivers will work even longer hours to compensate. There is also reference to research commissioned by the Australian Government, which indicated that income of drivers was directly related to risk taking which was directly related to subsequent levels of accidents.

#### **Credit Card Payments**

3.3.4 With the exception of two responses, from those members of the trade who responded, the trade are opposed to the capping of the credit card surcharge to 5%. Drivers advise that they need to charge up to 10% to recoup the cost of machine rental, minimum credit card transactions and verification of compliance with data protection. These charges have been detailed by one driver as being £520 per year. The TODA and GMB Union response states that for a number of providers of card payment facilities a surcharge of 10% is automatically added at the processing stage. The driver subsequently receives the fare in his bank account and the 10% surcharge is retained by the third party provider. The response states that drivers in these circumstances have no control over the surcharge added to the fare.

### **Luggage Charge**

- 3.3.5 The trade responses indicate that drivers would lose between £5 and £20 per week. A response from a regular taxi user, who is also disabled, wonders if vehicle maintenance will be sacrificed as a recompense for the loss of money that would have been received from charging for extra luggage.

### **Fuel Surcharge**

- 3.3.6 Generally the responses did not mention the fuel surcharge. The Manchester Hackney Association would be happy for the surcharge to be removed as fuel is generally priced much less than that on the card, whilst GMB and TODA thought it should remain as a safety net.

### **3.4 Officer Comments**

- 3.4.1 In 2012/13 the Licensing Committee revised the way in which the hackney carriage fare was reviewed and decided that the Halcrow Manchester formula should not be considered in isolation. Any future consideration of a review of the methodology adopted to conduct hackney carriage fare reviews should explore any relationship between the hours worked by taxi drivers and 'safety'
- 3.4.2 Hackney drivers working at the major transport hubs of the Airport and Piccadilly are most likely to be adversely affected by a removal of the luggage charge.
- 3.4.3 In relation to the Credit card charges officers have contacted one of the main suppliers, who have provided the following information:-
- Of those taxi drivers who use its handheld terminals, there is a minimum use of £15 per month (£18 inclusive of vat). The supplier has stated that in Manchester fleet owners and owner drivers pay a surcharge of £1 for every £20 fare, after £20 the surcharge is 5%. A few owner drivers pay a 10% flat rate for all fares. Where the surcharge adds up to the minimum use of £15 per month the monthly charge is free, or part free (ie surcharge adds up to £10 the driver will pay £5 plus vat)
  - In addition the supplier has said that drivers are locked into a 3 year contract and have to pay to terminate:
    - 250 for the first 12 months
    - 100 for the second year
    - 50 for the third year and thereafter 60 days notification.
- 3.4.4 The responses would imply that the trade objections to the removal of the fuel surcharge are mainly on the grounds of leaving it as a 'safety net'. A further review of hackney carriage fares can be undertaken at any time e.g following major changes in fuel prices although it is recognised that the legal process required to implement a fare change takes several months
- 3.4.5 Officers noted that the responses contained comments that were not connected to the current hackney carriage fare review. These were in relation to driver training. A report on the future delivery of driver training is due to be

presented to the Licensing and Appeals Committee, following release of the Law Commission statement on the review of taxi legislation

- 3.4.6 The Law Commission has recently published its proposals on the reform of taxi law. The law commission recommends (Recommendation 48) that Local authorities should retain the ability to regulate taxi fares in respect of journeys within the compellable area.

#### **4. Timetable for Implementation**

- 4.1 The table below indicates the proposed timetable for implementation of the review:

16 June 2014	Licensing & Appeals Committee
18 June 2014	Executive
1 July 2014	New fares take effect. The implementation date cannot be more than 2 months after the implementation date as stated in the public notice (1 May 2014). The implementation date reflects the time required for revised fare cards to be printed.

#### **5 Other legal implications**

- 5.1 There are no additional legal implications to consider.

#### **6 Contributing to the Community Strategy**

##### **(a) Performance of the economy of the region and sub region**

- 6.1 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**

- 6.2 Any change 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 i.e. NVQ for taxi drivers, and job security

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

- 6.3 Not applicable to the content of this report

##### **(d) Neighbourhoods of Choice**

- 6.4 Any change in fares, whilst required to maintain the standard of living of those associated with taxi licensing should also take into consideration the cost to the 'taxi user'. Any increase in fares is a direct cost increase to service users

**7. Implications for:**

**(a) Equal Opportunities**

- 7.1 There are no equal opportunity issue in relation to this report

**(b) Risk Management**

- 7.2 Vehicle proprietors may compromise on vehicle maintenance to re-coup money they perceive as being lost due to the implementation of the hackney carriage fare proposals.

**(c) Legal Considerations**

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

**8. Conclusion**

- 8.1 The report details the responses (attached at **Appendix 2**) received following the publication in a local newspaper of the proposed changes to the current hackney carriage fare as outlined in 1.2.1 of the report, The Executive are asked to consider the information and determine whether the new hackney carriage fare tariff will be implemented with or without modification to that published in the MEN on 17 March 2014. Any revised fare (ie changes to the current fare) must be implemented by 1 July 2014.



Section 65 - Local Government (Miscellaneous Provisions) Act 1976

Monday 17 March 2014

We intend to vary the table of fares and charges to be paid in respect of the hire of Hackney Carriages as follows:

<b>DAY (6.00am until 10.00pm)</b>		
First 404.52yards (370.81m)		No change
then for every 190.45yards (174.15m) or part thereof		No change
Waiting time every 38.89 seconds (£3.20 per 10 mins, £18.60 per hour)		No change
<b>NIGHT (10.00pm until 6.00am) (Bank Holidays and Good Friday 24hrs)</b>		
First 245.19yards (224.2m)		No change
then for every 143.03 yards (130.79m) or part thereof		No change
Waiting time every 29.29seconds (£4.00 per 10 mins, £24.60 per hour)		No change
<b>EXTRAS</b>		
Christmas / New Year	8pm on 24 December until 6am on 27 December 8pm on 31 December until 6am on 2 January	No change
For each passenger additional to hirer		No change
For each article of luggage carried outside of the passenger compartment		Removed from fare card
For journeys through Piccadilly Station taxi rank barrier		No change
Fuel surcharge (per journey) to be added if the price of diesel is £1.39 per litre or above		Removed from fare card
For journeys from Manchester Airport through barrier		No change
Fouling charge		No change
Some taxis accept credit or debit cards typically with a maximum surcharge of 5%		Previously 10-15%

Current Rates

<b>DAY (6.00am until 10.00pm)</b>		
First 404.52 yards (370.81m)		£ 2.30p
Each extra 190.45 yards (174.15m), or part of		20p
Up to every 38.89 seconds of waiting time (£3.20 per 10 mins, £18.60 per hour)		20p
<b>NIGHT (10.00pm until 6.00am) (Bank holidays and Good Friday 24hrs)</b>		
First 245.19 yards (224.2m)		£ 2.80p
Each extra 143.03 yards (130.79m), or part of		20p
Up to every 29.29 seconds of waiting time (£4.00 per 10 mins, £24.60 per hour)		20p
<b>EXTRAS</b>		
<b>Christmas/New Year</b>		Night rate plus 50%
8pm on 24 December until 6am on 27 December 8pm on 31 December until 6am on 2 January		
For each passenger additional to hirer		20p
For each article of luggage carried outside the passenger compartment		20p
For journeys through the Piccadilly Station taxi rank barrier		20p
Fuel Surcharge (per journey) to be added if the price of diesel is £1.39p per litre or above		20p
For journeys from Manchester Airport through barrier		70p
Fouling Charge		£30
Some taxis accept credit or debit cards typically with a surcharge of 10-15%		

This copy of the proposed new table of fares and charges is being kept here for inspection Monday to Friday between the hours of 9am and 4pm, for a period of 14 days. Any objection to the variation of fares and charges should be made to the Licensing Manager in writing on or before 1 April 2014 at the address or e-mail below. In the event of there being no objections to the proposals the increase will be implemented on 1 May 2014

Appendix 2 – responses received

Ref	Name - Email	Date Received
<b>Response</b>		
1	Hackney Carriage Driver	17/03/14
<p>My names</p> <p>Dear madem</p> <p>Already we lost so much work because of night tarring is very expensive public can't afford then they use private hire We need to increase day tarring night tariff is already expensive please please please don't increase fares if you increase the fare we will go on dole . Unemployed will increase It's like city council is trying to fail blakcabs and favouring Private hire We are already down the floor</p>		
2	Hackney Carriage Driver	24/03/14
<p>To whom it may concern, your plan to impose no fare increase on taxi fares is diabolical. How you have a job involving anything to do with the taxi trade is beyond me, you have no idea of what we go through in this profession but probably sit behind your desk thinking of ways you can save a few quid and look good in front of your bosses instead of addressing the real issues within our trade i.e. Pirating, not only by Manchester private hire but every other tom dick and Harry in the near vicinity. The abuse we recieve on a daily basis from customers. It's always us in the wrong never them but you have the authority to take our livelihoods away at a whim. Get your house in order and start doing your job properly instead of taking the easy option all the time. Do me the courtesy and respond to my email. Thanks , Andrew</p>		
3	Bert Jones	24/03/14
<p>It has just come to my attention that Manchester City Council are planning certain actions "against" the taxi drivers of Manchester. Being an ex manchester taxi driver (of 30 years service to the public) I am perturbed to see the following actions being considered by the council. ie: (1) The removal of charges from extra luggage, which I cannot see the reasoning behind this removal. (2) The reduction of the credit card surcharge from 10% (for which the driver is charged by the credit card company) to 5%. This is a blatant attempt to take money from the taxi drivers earnings. This action by the council is beyond the powers of the council and at the very least legally questionable. Might I suggest that the council look at their credit card transactions..they maybe surprised at the way business is conducted in the business world. Would I be correct in assuming that this credit card issue has come about by way of</p>		

<p>someone at the town hall objecting to paying their way in the world. I would be obliged if you could tell me what or who brought card charge issue to the councils attention.....seeing as it has been in day to day use for at least 10 years in the taxi trade with the public having no grievance ? .....but then again this is the taxis an business working together in the business world.</p>		
4	Hackney Carriage Driver	26/03/14
<p>I object to the hackney carriage fare review 2014, as a working taxi driver I cannot afford any cuts to the fare structure, the removal of luggage extras will cost me £20.00 per week. I also object to the credit card charges being set at a maximum of 5% as it costs me 10% to accept them, which is collected by the provider of the machine I have no control over the charge</p>		
5	Hackney Carriage Driver	31/03/14
<p>Please find my comments to the proposed Hackney carriage fare changes as outlined in the M.E.N on the 17th March 2014.</p> <ol style="list-style-type: none"> <li>1. I oppose the removal from the Extra's for the luggage carried outside the passenger compartment. This fee amounts to between £5 to £14 per weak which a considerable amount to loose considering it is not compensated for elsewhere.</li> <li>2. I oppose the removal from the Extra's for the fuel surcharge when the price per litre is £1.39 or more. This extra is to protect the driver when the price of diesel dramatically increases. The fuel element adjustment was not included in last year's fare review so drivers are already being penalised for the higher fuel prices they pay, by removing this extra from the current fare review will mean that we will having a further cut to our earnings.</li> <li>3. <b>I strongly oppose the reduction in the Credit and Debit card surcharges to 5%.</b> Credit and Debit card surcharges should be kept at present rate of 10 - 15% as drivers who have their own Merchant Accounts pay higher costs to operate their accounts and portable terminals.</li> </ol> <p>I operate my own Merchant account via my business bank account in order to prevent loss of income if a third party handling company goes bust- as they are all Limited Companies. I pay £120 every four months (£360 per year) for the rental and security updates of my portable machine. This machine links to my bank to authorise payment, it then gives the customer a printed receipt. I pay my bank £5 per month (£60 per year) in minimum credit card transaction fees - even if I do not do any credit or debit card work that month. I pay my banks third party accreditor £100 per year to verify that I comply with the Data Protection Act in how I store, transmit and retain customers' credit &amp; debit card details.</p> <p>In total I pay:          £360 per year for the rental and security updates of my portable machine          £60 per year in minimum credit card transaction fees          £100 per year to verify that I comply with the data protection act</p> <p><b>This is a grand total of £520 per year in order to offer my customers credit and debit card facility.</b> I charge 15% surcharge in order to recover my costs. To recover £520 of fees I have to do £3466 of credit and debit card business per year. If I am</p>		

only allowed to charge 5% then I have to do £10400 of credit and debit card business per year. Anybody can see this is an impossible ask and I will be making a loss.  
The proposed reduction in the credit and debit card surcharge will mean drivers making a guaranteed loss in income in providing this facility or using third party companies which will put the customers details into online systems which may or may not be secure. Notable cases have been customer data thefts at Sony and the large US retailer Target which had credit card data stolen online.  
Yours sincerely

6	Hackney Carriage Driver	23/03/14
<p>Please find below my objections to the Hackney Carriage fare review:</p> <p>1) <i>The removal to the luggage surcharge.</i> As this is only going to lead to passengers and their luggage being cramped together, as divers may feel that if their not getting paid then they will not load it. I'm of the understanding that this charge was introduced to combat this view . The loss of this charge to drivers could cost them in region of around £10.00 per week, more so at the airport and Rail Network stations.</p> <p>2) <i>The removal of the fuel surcharge.</i> As the fuel charge only applies when the fuel excesses a certain price this seems to make no sense in its removal. Fuel prices can become so volatile at times that is why it was agreed some years ago to have a safe guard. Many times within the Taxi Liaison meetings I have requested a more fairer way of calculating the fuel, and with other trade members it was agreed the the surcharge was to be included. As the fare is set once a year we found prior the the surcharge that the fuel went up just after the fare had been agreed thus from the very beginning the trade lost out due to the increase. I suggest that either you leave the fuel surcharge in place at the current rate or reintroduce a fuel calculation such as taking the fuel cost for the last 12 months and dividing it by 12 giving an average.</p> <p>3) <i>Credit or debit card surcharge reduction.</i> The driver only charges and receives the fare, the 3rd party provider charges the fee, and keeps it, paying the driver only the fare, the driver has no control, could the driver even be accountable for this charge? It is imprudent for the council to introduce such a condition and then have to enforce it only for it to be challenged successfully.</p>		

7	Hackney Carriage Driver	23/03/14
<p>As a cabby for over 35 years I find the result of the fare structure you are applying an insult. I rise at 5 am daily and work 6am - 6pm just to keep my head above water. I am 62 years old and rely on my wife's part time wage to pay the bills. I cannot understand why you are taking money off myself and other hard working cabbies when all other workers seem to get an annual increase plus holiday pay alongside having their tax and insurance paid. I am completely against this proposal as I should be cutting down my hours not increasing them. Yours disappointed</p>		

8	Dominic Cronshaw	29/03/2014
<p>I am just writing to voice my opinion on the proposed changes to the hackney carriage fare proposals.</p>		

I oppose the changes as it will just be a reduction in wages and I can't survive on what I am earning now!  
As far as lowering the % charge on credit card transactions, these are set bet the person who supplies the machine so that will be another percentage off any credit card jobs that I do.  
I hope you reconsider these changes.  
Thanks.  
Dominic Cronshaw

9	K.W. Flanagan GMB Branch Secretary Sean Kenny GMB Taxi Representative Pat Connor GMB Taxi Representative	23/03/14
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After consultation with our hackney carriage members in Manchester, we object to the Fare Review as advertised on 17th of March 2014  
Foreword on Manchester Taxi Fares  
Manchester does not have high taxi fares, it sits at 154<sup>th</sup> in the National Taxi Fares Table 1 with fares for tariff one and two matching almost to the penny the national average on all measures, a quick glance to compare fares from the tariff cards in London 2 to Manchester 3 demonstrates that London's fares are approximately double Manchester's, despite this, taxi operating costs in Manchester are among the highest in the country; Licence Fees are second highest in the country, insurance in the North West is THE highest, limited choice of expensive Green Low Emissions purpose built wheelchair accessible vehicles, coupled with the maintenance required to pass up to three MOT tests per year mean these costs are among the highest too. Many of those areas whose fares sit above Manchester have much lower costs as they utilise saloon cars, which have lower purchase costs and higher mpg, many operate in rural areas where insurance is lower and all have lower licence fees.  
Halcrow  
The former Halcrow Fox Formula agreed by the Council in 2007 was as an appropriate transparent independent mechanism for establishing the rate, the decision by the Council two years ago to move to a non independent means of conducting the Fare Review which the trade objected to by letter and at sub-committees; where they were refused leave to speak has resulted in the Licensing & Appeals Committee making several recommendations that cut taxi fares, despite the Councils own report acknowledging that operating costs had risen by 5.15% since the last fare review and that similar workers pay had risen by 1.91% in the past year (3.5% since the last fare review)  
1 <http://www.phtm.co.uk/file/taxi-fare-league-tables/taxi-fares-league-table-april-2014.pdf>  
2 <http://beta.tfl.gov.uk/modes/taxis-and-minicabs/taxi-fares>  
3 [http://www.manchester.gov.uk/download/downloads/id/15841/hc\\_fare\\_card](http://www.manchester.gov.uk/download/downloads/id/15841/hc_fare_card)  
Piccadilly Station  
Drivers working Piccadilly Station have had to absorb the additional 20p levied on the barriers for each journey as these

fees were doubled to 40p. Drivers working from Piccadilly Station who carry out 15 journeys over a 12 hour shift are losing £3 per day from take home pay.

15 journeys X barrier charge at net 20p = £3 X 6 = £18 per week

To recover £18 in take home pay a driver will have to work an estimated extra 3-4 hours on average

Luggage Surcharge

A loss of the 20p surcharge for each item of luggage with no compensation elsewhere in the tariff, will cost members significant amounts of take home-pay, even at a conservative estimate of an average of one item of luggage per journey from Piccadilly Station our members completing 15 journeys over a 12 hour shift will lose another £3 per day from take home pay

15 journeys X 1 item of luggage at 20p = £3 X 6 = £18 per week

Drivers working from Manchester Airport whilst completing fewer journeys per shift will on average have to carry more luggage so will also lose significant amount of take home pay

7 journeys X 2.5 items (average) of luggage at 20p = £3.50 X 6 = £21 per week

The loss from Piccadilly station of £18 added to the loss of the luggage allowance of £18-£21 means drivers will lose in the region of £40 per week this will mean them working an estimated extra 6-8 hours on average to recover this take home pay.

Credit card charges

Setting the maximum credit card surcharge at 5% is a poor decision seemingly taken without any detailed background knowledge of the subject, as the officer's report to committee of the 17<sup>th</sup> February 2014 offered no information on credit card charges for the committee to consider. The decision is diametrically opposite from the well documented doctrine of encouraging the moving towards cashless payments to the benefit of society (convenience, security, traceability, accountability, environmentally, global cost savings,). It will further impact driver's take home pay, discourage drivers from offering such services and ultimately having a detrimental impact on the passenger who wishes to pay by card, particularly the corporate card holder whose card allows his company to be billed directly, saving him the inconvenience and time of having to bill his employer for expenses.

Most card taking facilities currently offered in taxis are supplied by 3<sup>rd</sup> parties who add the surcharge to the fare at the processing stage, and then deposit the fare minus the surcharge into the driver's bank account, the driver has no control over the surcharge and is likely to be contracted to a supplier for a number of years, If card charges are set at a maximum of 5% drivers could be prosecuted for overcharging even though they have no control of the surcharge. Cab card who claim to be the market leader in this field have a 3 year minimum contract, 4 drivers pay rental for the machines at £4.75 per week, an annual £25 airtime charge, and £12.50 insurance, the surcharge charged to the passenger is 10% 5 . Many drivers are with Verifone who have a "built in" terminal in the partition of the cab, Verifone have a 5 year minimum contract again 10% of the fare is added to the passenger's bill. 6

4 <https://www.paycabs.com/indepboard.asp>

5 <http://www.paycabs.com/images/Nov%2010%20-%20Credit%20Where%20Credit%20Is%20Due.pdf>

6 <http://www.verifonetaxi.co.uk/FAQ.html>

No thought or investigation has been taken to determine whether this capping of surcharges will in fact benefit the customer or have an overall detrimental effect on the service, or even to determine if the customer is in fact deterred by the surcharge.

A thorough study was undertaken by Transport for London in 2009 7 supplemented by quarterly consumer satisfaction surveys 8 a summary of which are;

- 88% of passengers thought that they should be able to pay by card in taxis
- 83% would be likely to pay by card in taxis if the facilities were offered
- Taxi drivers need to be encouraged to offer card facilities
- Surcharges are not a significant drawback for customers, less than 8% quoting this a factor.
- Drivers are deterred from offering card facilities due to incurring costs.
- Customers paying by card tip less, another significant deterrent to drivers offering services
- Without the mandatory requirement for card facilities, surcharges need to be set at an appropriate level to encourage drivers to offer card facilities

Following the above findings TfL implemented the following; 9

*The credit and debit card payment surcharge to be £1.00 or 10 per cent of the metered fare, whichever is greater, and in order to comply with the Consumer Rights (Payment Surcharges) Regulations 2012, drivers must not charge more than it costs them to accept card payments;*

Fuel Surcharge

The removal of this makes no sense. It is a safety net that only applies if the price of diesel rises sharply mid year. It is currently set at £1.39; diesel is currently below this level so the charge is not being levied; however should diesel prices spike the driver will not have to absorb the full cost.

7 <http://goo.gl/HNi4Zn>

8 <http://www.tfl.gov.uk/cdn/static/cms/documents/fpc-20140123-part-1-item07-taxi-fares-and-tariffs-annual-revision.pdf>

9 <http://www.tfl.gov.uk/cdn/static/cms/documents/fpc-20140123-part-1-item07-taxi-fares-and-tariffs-annual-revision.pdf>

Passenger Safety

Any cuts to the fare rates could be met by drivers accepting lower levels of take home pay, however a study into the working patterns of drivers commissioned by the California Institute of Technology 10 found that invariably taxi drivers work to a daily target of takings regardless of other variables, therefore if it was particularly busy and they hit that target early they would be likely to go home early, conversely, if they had to work longer hours to hit their target then invariably that is what they would do.

The results of the study indicate that any cuts to fares can only be met by longer hours by drivers and/or reductions in the

<p>maintenance and standard of vehicles. Both options potentially place passengers at greater risk. Comprehensive research commissioned by the Australian government <sup>11</sup> found that income of drivers was directly correlated to risk taking which in turn was directly correlated to levels of accidents recorded.</p> <p><i>“First, as risk-taking appears to be due, in part, to the need for greater income, then the income of drivers should be carefully investigated”</i></p> <p>Finally a simple Google search of “taxi driver falls asleep at wheel” brings staggering results; we do not want to see “Manchester taxi driver falls asleep at wheel” <sup>12</sup></p> <p><sup>10</sup> <a href="http://www.hss.caltech.edu/~camerer/web_material/cabscvfbook.pdf">http://www.hss.caltech.edu/~camerer/web_material/cabscvfbook.pdf</a></p> <p><sup>11</sup> <a href="http://www.taxi-library.org/taxi-drivers-and-road-safety.pdf">http://www.taxi-library.org/taxi-drivers-and-road-safety.pdf</a></p> <p><sup>12</sup> <a href="http://goo.gl/oBfU53">http://goo.gl/oBfU53</a></p>		
10	Hackney Carriage Drivers wife	26/03/14
<p>I object to the hackney carriage fare review 2014, my husband is a taxi driver, the children and I hardly see him as it is , the removal of luggage extras will mean he has to work even longer hours, I fear for his health.</p> <p>I also object to the credit card charges being set at a maximum of 5% as it costs my husband 10% to accept them, which is collected by the provider of the machine he has no control over the charges</p>		
11	JOE THORLEY -	24/03/14
<p>I object to the taxi fare review 2014. as a proprietor my drivers cannot afford any cuts to the fare structe. How will they afford to pay the rent?</p> <p>The charge for luggage should stay as it is and has been in operation since I commenced driving in 1964. This can amount to a loss of £12 per week, on top of other increased license fees since the last fare increase of 2012. Where is the integrity of the licensing committee.</p> <p><b>FUEL SURCHARGE</b></p> <p>This allows 20 pence to be charged when fuel reaches £1.40 per litre. It is a safeguard when the world fuel crises spirals when war and riots start in oil producing countries. This was put in because it can take 6 - 12 months to increase fares and it was felt it was necessary to compensate the driver. I feel this should stay as there are tough times ahead with fuel supplies and it was implemented by a responsible licensing committee, three of whom have deceased.</p> <p><b>CREDIT CARDS</b></p> <p>I feel the ten per cent charge should stay. Remove mention of 15 per cent. I would like to point out that drivers have no control over credit card charges as the hirers of the credit card machnes set the prices. For information, the banks charge £3.34 for drawing cash if you do not have a debit card, which is 32 per cent more than the drivers charge on the average fare of £8.10. The charge would be 81 pence on this average fare. Therefore, drivers will not be accepting credit cards and will take the hirers to the cash machines and it will cost more in the long run. Therefore, the hirer will be worse off and make the Hackney carriage drivers worse off, bearing in mind their credit card machines are on 12 month contracts.</p>		



The increased owners' costs have gone up since the last fare increase as follows - TAXI INSURANCE £200, OWNERS' LICENSE £20.50, DRIVERS LICENSE £21, ROAD TAX £40, TARRIFF CHANGE £10, PICCADILLY STATION CHARGE £600 An owner/driver is £1,371 worse off and an owner £771. There has not been a fare increase since June 2012. How does the council expect owners to keep their vehicles up to the Manual standard. This could become a public safety issue which the council will be responsible for. The trade is due a 7% fare increase, 40 pence for fares starting at Piccadilly Station and £1 for fares starting at Manchester Airport. On a personal note, my expenses have exceeded income ty £700, therefore I need to increase my driver's rent by £14 per week. How can I do this with no fare increase.  
JOSEPH THORLEY (50 year driver/owner), member of GMB, member of UNITE, life member TODA, PRIVATE HIRE TAXI ASSOCIATION

12	Julie Taylor -	31/03/2014
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This is a formal objection to the hackney carriage fare review 2014, my husband is a taxi driver, I hardly see him as it is , he works very long hours for little pay as the expenses of running the taxi keep going up and up, the removal of luggage extras will mean he has to work even longer hours, there has been no fare rise for two years and even then they never got the right amount as councillors interfered in the fare formula. Now you want to take money off him again ! Is this is joke? This is supposed to be a Labour Council looking out for working people I fear for my husbands health, I can see him dying at the wheel like his friend Alan Kersh.  
I also object to the credit card charges being set at a maximum of 5% as it costs my husband 10% to accept them, plus rent for the machine which is collected by the provider, he has no control over the charges, if you want taxis to accept credit cards for no charge then perhaps the council should issue the machines and process the payments. It is a pity you don't use the same energy going after the big companies like Verifone, Cabcharge, Picadilly Station, or Manchester Airport who all want to take money off taxi drivers and their families!  
Yours A Labour Voter  
J Taylor

13	Sean Kenny - sean.kenny@taxiownersmanchester.co.uk	01/04/2014
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I object to the hackney carriage fare review 2014, as a working taxi driver I cannot afford any cuts to the fare structure, the removal of luggage extras will cost me £ 18 per week.  
I also object to the credit card charges being set at a maximum of 5% as it costs me 10% to accept them, which is collected by the provider of the machine, I have no control over the charges. I will be overcharging and liable to prosecution through no fault of my own. I also have to pay rental charges of £5 per week for the machine. The only way I can make up for any cut in fares is by working longer hours which is neither in my interest or the passengers, as I feel tired at the end of my shifts already  
Kind regards

Sean Kenny		
14	Tanvir Nawaz	28/03/14
<p>I on behalf of Manchester Hackney Association, we object to any extra charges been removed from the fare chart. We propose and support the Max 5% credit cards sure charge. We also ask that the waiting time remain unaltered. Thank you. Kind Regards Tanvir Nawa Additional comment provided by email 28 March 2014 Also happy for the fuel surcharge to be removed, as most of the fuel station are priced much less than stated on the fare card.</p>		
15	Anthony Donley - AnthonyD@mantax.co.uk	28/03/14
<p>With regards to the proposed changes to the hackney carriage rates, we at Mantax are in favour of any measures that keep us competitive with private hire. An increase in fares, during the current financial climate would be detrimental to securing new business and make maintaining our current portfolio of accounts far more difficult. The arrival of UBER to the city will have an effect, so again to increase cost would be suicidal to the Hackney industry. I would like to point out that the only issue we have with the proposal, is the reduction to 5% on the credit/debit card transactions. At Mantax we provide a card reader to every vehicle at no cost to the driver, the fixed 10% admin fee is to cover payment to streamline, the sim card and the reader. This is not a revenue stream. This response is attributable to Mantax. Tony Donley Mantax - General Manager</p>		
16	Andrew Marsden	31/03/14
<p>I wish to voice my objections to Manchester City Council's plan to remove certain aspects of the current pricing structure for Hackney Cabs. Far from helping the plight of drivers, in this city, you are adding to the misery of working conditions already suffered by many. The job is hard enough and the hours being worked are already longer than they should be, due in no small part to the council appearing to turn a blind eye to the illegal activities of 'taxi' touting/pirating, as highlighted in the recent case of Street Cars 'official' pick-up point outside 5th Avenue nightclub (supposedly sanctioned by Manchester Licensing ?). The longer working hours that drivers will be required to work to make up lost revenue will, in itself, pose a threat to public safety. This is, effectively, a pay cut that drivers can ill afford. Andrew Marsden</p>		
17	Unable to identify from email contact address	18/03/14
<p>I got an email message regarding fare. In my view it is better you keep the fare as it is but stop free bus services. The</p>		

business is dying as a result of a new tram line and free city bus services.		
18	info@legendtv.co.uk	24/03/14
<p>As a regular user of Manchester taxis' I object to the hackney carriage fare review 2014, taxi drivers should be able to earn a living, you are removing items from the fare without any compensation for the drivers.</p> <p>I believe credit card charges are levied by big companies such as Verifone, the drivers have no control over these, you should be talking to these big companies no penalising working class people.</p> <p>I work in London, one week in four, and If this was imposed on the London Taxi trade, there would be outrage: must Manchester always be viewed as a backwater city where Licensed Taxi drivers are treated like serfs?</p> <p>Gerald Moran - Legend Productions</p>		
19	Gerry O'Leary	30/03/14
<p>I am writing to object to the Hackney Carriage tariff recently proposed by Manchester City Council.</p> <p>Effective reduction in wages.</p> <p>By proposing to remove the surcharges on luggage and fuel, and by limiting the amount charged for credit card hirings, the council is in effect proposing to increase the financial burden on taxi drivers. To do so at a time of unprecedented economic hardship is perverse.</p> <p>I know from personal experience as a taxi driver of 36 years standing that it is not possible to achieve even the minimum wage in this economic climate without significant extra hours being worked. The council should be looking to increase the tariff in line with inflation.</p> <p>I note that "The Council is concerned to ensure that wages (salaries) in the City can sustain families and individuals and underpin a thriving economy.</p> <p>Taxi drivers are among the lowest paid workers in Manchester at the moment, paid less than the lowest-paid council workers, and for the council to reduce their wages even further does nothing to help to mitigate the effects of the economic downturn and rising inflation.</p> <p>Provision of a public hire service.</p> <p>Because the council, as the licensing authority, sets the maximum fares which hackney carriages may charge within its boundaries, it has a unique power granted to it by parliament, to determine the nature of public hire provision.</p> <p>It is in the public interest to, in the council's own words, "ensure that wages (salaries) in the City can sustain families and individuals and underpin a thriving economy." A professional public hire service, sustained and regulated by the council in the public interest, is an essential part of any transport system.</p> <p>It is my view that any future tariff change should be consistent with the council's policy to ensure that wages can sustain families and individuals, and that any proposed changes can be accommodated by proper consultation between the council and the trade.</p>		
20	Paul McCormick	21/03/14

Could I please register my strong objection against the removal of the 20pence per item, charged for luggage, that is carried outside of the passenger compartment. This charge is of particular importance to drivers working Manchester Airport.

Could I also register my objection against the removal of the fuel charge addition that drivers have been permitted to add to all fares when diesel has passed the £1-40 pence per litre mark.

This has worked well and has allowed drivers to move their fares accordingly as diesel prices fluctuate, without the need of expensive reprogramming to the metres.

I am in favour and support the decrease from 10% and in some cases 15% , down to 5%, as the maximum ' transaction charge ' that drivers may charge passengers for their use of both debit and credit card payments to pay their fare.

Regards.  
P. McCormick

21	Philomena Burton	29/03/14
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This is an objection to the hackney carriage fare notice in the Manchester Evening News, I am a regular taxi user all around the country as I am registered disabled and cannot walk very far. I do not find that black taxi fares in Manchester are expensive, they are half the cost of what I pay in London, but the black taxis down there are much better maintained, they are cleaner, the ride is smoother as I sometimes feel that Manchester black taxis have no suspension at all, the driver's in London all speak fluent English which I rather think should be something of a pre-requisite for a hackney carriage driver, unfortunately with the odd exception this is not the case in Manchester.

The notice shows that you are removing the extra charge for luggage, removing the fuel surcharge, and setting card charges at a maximum of 5%.

There does not appear to be any recompense in return for these measures, which rather begs the question of where these cuts are going to come from, I suspect it will come from the maintenance budget leaving me with a ride of more bumps and jolts to my already damaged back, it appears that as it is you can only attract drivers with little chance of employment elsewhere due to their poor linguistic capabilities, perhaps you should reflect on why that is?

Yours faithfully  
Mrs Philomena Burton

22	Hackney Carriage Driver	24/03/14
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I object to the hackney carriage fare review 2014, as a working taxi driver I cannot afford any cuts to the fare structure, the removal of luggage extras will cost me £10.00 per week.

I also object to the credit card charges being set at a maximum of 5% as it costs me 10% to accept them, which is collected by the provider of the machine I have no control over the charges.

Yours sincerely,

23	Hackney Carriage Driver	27/03/14
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Having seen the fare review proposals as a working taxi driver I strongly object to them resulting in a considerable pay cut in this time of austerity, being based at Manchester airport, just by taking the luggage extras would mean around £20/week pay cut. Thank you for your kind attention.

24	Hackney Carriage Driver	24/03/14
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To whom it may concern, I would like to strongly disagree with your fare change proposal as it would be financially chaos

25	sean.kenny@taxiownersmanchester.co.uk	31/03/14
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After consultation with our hackney carriage members in Manchester, we object to the Fare Review as advertised on 17th of March 2014

#### Foreword on Manchester Taxi Fares

Manchester does not have high taxi fares, it sits at 154<sup>th</sup> in the National Taxi Fares Table 1 with fares for tariff one and two matching almost to the penny the national average on all measures, a quick glance to compare fares from the tariff cards in London 2 to Manchester 3 demonstrates that London's fares are approximately double Manchester's, despite this, taxi operating costs in Manchester are among the highest in the country; Licence Fees are second highest in the country, insurance in the North West is THE highest, limited choice of expensive Green Low Emissions purpose built wheelchair accessible vehicles, coupled with the maintenance required to pass up to three MOT tests per year mean these costs are among the highest too. Many of those areas whose fares sit above Manchester have much lower costs as they utilise saloon cars, which have lower purchase costs and higher mpg, many operate in rural areas where insurance is lower and all have lower licence fees.

#### Halcrow

The former Halcrow Fox Formula agreed by the Council in 2007 was as an appropriate transparent independent mechanism for establishing the rate, the decision by the Council two years ago to move to a non independent means of conducting the Fare Review which the trade objected to by letter and at sub-committees; where they were refused leave to speak has resulted in the Licensing & Appeals Committee making several recommendations that cut taxi fares, despite the Councils own report acknowledging that operating costs had risen by 5.15% since the last fare review and that similar workers pay had risen by 1.91% in the past year (3.5% since the last fare review)

1 <http://www.phtm.co.uk/file/taxi-fare-league-tables/taxi-fares-league-table-april-2014.pdf>

2 <http://beta.tfl.gov.uk/modes/taxis-and-minicabs/taxi-fares>

3 [http://www.manchester.gov.uk/download/downloads/id/15841/hc\\_fare\\_card](http://www.manchester.gov.uk/download/downloads/id/15841/hc_fare_card)

#### Piccadilly Station

Drivers working Piccadilly Station have had to absorb the additional 20p levied on the barriers for each journey as these fees were doubled to 40p. Drivers working from Piccadilly Station who carry out 15 journeys over a 12 hour shift are losing £3 per day from take home pay.

15 journeys X barrier charge at net 20p = £3 X 6 = £18 per week

To recover £18 in take home pay a driver will have to work an estimated extra 3-4 hours on average

#### Luggage Surcharge

A loss of the 20p surcharge for each item of luggage with no compensation elsewhere in the tariff, will cost members significant amounts of take home-pay, even at a conservative estimate of an average of one item of luggage per journey from Piccadilly Station our members completing 15 journeys over a 12 hour shift will lose another £3 per day from take home pay

15 journeys X 1 item of luggage at 20p = £3 X 6 = £18 per week

Drivers working from Manchester Airport whilst completing fewer journeys per shift will on average have to carry more luggage so will also lose significant amount of take home pay

7 journeys X 2.5 items (average) of luggage at 20p = £3.50 X 6 = £21 per week

The loss from Piccadilly station of £18 added to the loss of the luggage allowance of £18-£21 means drivers will lose in the region of £40 per week this will mean them working an estimated extra 6-8 hours on average to recover this take home pay.

#### Credit card charges

Setting the maximum credit card surcharge at 5% is a poor decision seemingly taken without any detailed background knowledge of the subject, as the officer's report to committee of the 17<sup>th</sup> February 2014 offered no information on credit card charges for the committee to consider. The decision is diametrically opposite from the well documented doctrine of encouraging the moving towards cashless payments to the benefit of society (convenience, security, traceability, accountability, environmentally, global cost savings,). It will further impact driver's take home pay, discourage drivers from offering such services and ultimately having a detrimental impact on the passenger who wishes to pay by card, particularly the corporate card holder whose card allows his company to be billed directly, saving him the inconvenience and time of having to bill his employer for expenses.

Most card taking facilities currently offered in taxis are supplied by 3<sup>rd</sup> parties who add the surcharge to the fare at the processing stage, and then deposit the fare minus the surcharge into the driver's bank account, the driver has no control over the surcharge and is likely to be contracted to a supplier for a number of years, If card charges are set at a maximum of 5% drivers could be prosecuted for overcharging even though they have no control of the surcharge. Cab card who claim to be the market leader in this field have a 3 year minimum contract, 4 drivers pay rental for the machines at £4.75 per week, an annual £25 airtime charge, and £12.50 insurance, the surcharge charged to the passenger is 10% 5 . Many drivers are with Verifone who have a "built in" terminal in the partition of the cab, Verifone have a 5 year minimum contract again 10% of the fare is added to the passenger's bill. 6

4 <https://www.paycabs.com/indepboard.asp>

5 <http://www.paycabs.com/images/Nov%2010%20-%20Credit%20Where%20Credit%20Is%20Due.pdf>

6 <http://www.verifonetaxi.co.uk/FAQ.html>

No thought or investigation has been taken to determine whether this capping of surcharges will in fact benefit the

customer or have an overall detrimental effect on the service, or even to determine if the customer is in fact deterred by the surcharge.

A thorough study was undertaken by Transport for London in 2009 <sup>7</sup> supplemented by quarterly consumer satisfaction surveys <sup>8</sup> a summary of which are;

- 88% of passengers thought that they should be able to pay by card in taxis
- 83% would be likely to pay by card in taxis if the facilities were offered
- Taxi drivers need to be encouraged to offer card facilities
- Surcharges are not a significant drawback for customers, less than 8% quoting this a factor.
- Drivers are deterred from offering card facilities due to incurring costs.
- Customers paying by card tip less, another significant deterrent to drivers offering services
- Without the mandatory requirement for card facilities, surcharges need to be set at an appropriate level to encourage drivers to offer card facilities

Following the above findings TfL implemented the following; <sup>9</sup>

*The credit and debit card payment surcharge to be £1.00 or 10 per cent of the metered fare, whichever is greater, and in order to comply with the Consumer Rights (Payment Surcharges) Regulations 2012, drivers must not charge more than it costs them to accept card payments;*

Fuel Surcharge

The removal of this makes no sense. It is a safety net that only applies if the price of diesel rises sharply mid year. It is currently set at £1.39; diesel is currently below this level so the charge is not being levied; however should diesel prices spike the driver will not have to absorb the full cost.

<sup>7</sup> <http://goo.gl/HNi4Zn>

<sup>8</sup> <http://www.tfl.gov.uk/cdn/static/cms/documents/fpc-20140123-part-1-item07-taxi-fares-and-tariffs-annual-revision.pdf>

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The results of the study indicate that any cuts to fares can only be met by longer hours by drivers and/or reductions in the maintenance and standard of vehicles. Both options potentially place passengers at greater risk. Comprehensive research commissioned by the Australian government <sup>11</sup> found that income of drivers was directly correlated to risk taking which in turn was directly correlated to levels of accidents recorded.

*“First, as risk-taking appears to be due, in part, to the need for greater income, then the income of drivers should be carefully investigated”*

Finally a simple Google search of “taxi driver falls asleep at wheel” brings staggering results; we do not want to see “Manchester taxi driver falls asleep at wheel” <sup>12</sup>

Sean Kenny

Chairman

<sup>10</sup> [http://www.hss.caltech.edu/~camerer/web\\_material/cabscvfbook.pdf](http://www.hss.caltech.edu/~camerer/web_material/cabscvfbook.pdf)

<sup>11</sup> <http://www.taxi-library.org/taxi-drivers-and-road-safety.pdf>

<sup>12</sup> <http://goo.gl/oBfU53>