

**Manchester City Council  
Report for Resolution**

**Report to:** Licensing and Appeals Committee – 16 June 2014

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

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

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**Summary**

The Committee is presented with the attached report to be considered by Executive on 18 June 2014.

On 12 March 2014 the Executive considered a report in respect of a review of hackney carriage fares. The report detailed recommendations made by this committee at a meeting on 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 advertised in the Manchester Evening News on 17 March 2014, trade representatives and taxi drivers and proprietors were advised of the advertisement via email.

The attached report to Executive details the responses that have been received as a result of the publication of the changes to the hackney carriage fare.

**Recommendations**

1. That the Licensing and Appeals Committee considers the content of the attached report to Executive and makes recommendations to the Executive in relation to the hackney carriage fare review.

## Report for Resolution

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### Summary

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- (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**

Community Strategy Spine	Summary of the contribution to the strategy
Performance of the economy of the region and sub region	The hackney carriage fare is reviewed annually by the 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**

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.

3.3.1 Barrier Charge at Piccadilly Station

3.3.1.1 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.

3.3.2 Hackney Carriage Fare Formula

3.3.2.1 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

3.3.3 Research into Driver Income

3.3.3.1 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.

3.3.4 Credit Card Payments

3.3.4.1 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.

### 3.3.5 Luggage Charge

3.3.5.1 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.

### 3.3.6 Fuel Surcharge

3.3.6.1 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 Table 1 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**

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

6.1.1 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

##### **7.2 (b) Reaching full potential in education and employment**

7.2.1 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

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

8.3.1 Not applicable to the content of this report



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

- 9.4.1 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

#### **10. Implications for:**

##### **(a) Equal Opportunities**

There are no equal opportunity issue in relation to this report

##### **(b) Risk Management**

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**

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

#### **11. Conclusion**

- 11.1 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  
2014

Monday 17 March

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)</b> <b>(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)</b> <b>(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	Email	Date Received	Response
1	K Butt - REDACTED	17/03/14	<p>My names is k Butt REDACTED REDACTED</p> <p>Dear madem 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 tarrif 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	C White - REDACTED	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 if 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 receive 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	B Jones REDACTED	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.</p>

			<p>(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.</p> <p>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 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	CHALLONER C - REDACTED	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.</p> <p>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> <p>Mr C Challoner REDACTED</p>