

Manchester City Council Report for Resolution

Report To: Licensing and Appeals Committee – 4 June 2018

Subject: Hackney Carriage Fare Review 2018

Report of: Head of Planning, Building Control and Licensing

Summary

The report provides the Committee with the information required to make a recommendation to the Executive in respect of the Hackney Carriage Fare Review 2018.

The report advises that the methodology used to review the hackney carriage fare has been in use since 2012; it is suggested that no fare review should take place this year until a full review of the current methodology is completed and a report brought back subsequently before the Committee.

It is also proposed that the related Unmet Demand Survey which takes place every 3 years (due 2018/19) be replaced by the introduction of a new 'Licensing Survey'; which would be broader in scope to provide more meaningful data that should help inform the Fare Review and would include an assessment of demand.

The report also details, that pending the provision of the above reports, there are some immediate changes required to the current fare card with regards credit card charges and the consideration of increased costs to the trade at Railway stations.

Recommendations

1. The Committee agree to make a recommendation to the Executive that a Review of the Hackney Carriage Fares will not take place until a report is brought back to the Licensing and Appeals Committee, which includes:
 - a. A review the current methodology used by the Council to review the hackney carriage fare
 - b. An outline of a 'Taxi Licensing Survey' that will replace the current 'unmet demand survey'
2. Pending the above review and report, the Committee agree to recommend to the Executive that the immediate changes are made to the current fare card:
 - (i) The Executive note the removal of the text, which relates to the administration charges for using a credit card.
 - (ii) Cost of the Piccadilly Station Barrier to increase from 40p to 60p

(iii) Introduction of a barrier charge at the Ground Transport Interchange (Rail-link at Manchester Airport) of 60p

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 normally 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 to ensure it is viable and sustainable. 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.
A highly skilled city: world class and home grown talent sustaining the city's economic success	Not applicable to the contents of this report.
A progressive and equitable city: making a positive contribution by unlocking the potential of our communities	The fare report seeks to ensure that hackney carriage drivers and proprietors do not have to bear additional costs that they cannot recover through the fares, ensuring they can operate equitably and maintain access to all the ranks at various transport terminals, enabling our fully accessible transport offer to continue end to end.
A liveable and low carbon city: a destination of choice to live, visit and work.	<p>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.</p> <p>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.</p>

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

- Equal Opportunities Policy
- Risk Management
- Legal Considerations

Financial Consequences – Revenue

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

1. Hackney Carriage Fare Review

- 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.
- 1.4 Manchester aims to provide the City with a world class fleet of hackney carriage vehicles. Manchester requires a high standard of hackney carriage vehicles that are fully wheelchair accessible, as oppose to the licensing of saloon vehicles. The hackney carriage fares have to be balanced to ensure proprietors are able to support the running costs associated with the 'higher standard' of vehicle required by the Council, but at the same time the fare should not be so high as to preclude use by passengers.

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' 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, based on the average annual mileage of a hackney carriage vehicle in Manchester. Data and component parts are input to 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, i.e. 1 December 2016 to 1 December 2017
- 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

3.0 Viability of Current Methodology

- 3.1 The current methodology used to review the hackney carriage fare has been used since 2012. It is considered timely to ensure this remains fit for purpose by way of a review.
- 3.2 A recent review of the current hackney carriage fleet has confirmed that Manchester has an ageing fleet, with the majority of vehicles being 9 years and over (due to the cost of purchasing a fully wheelchair accessible vehicle, they can remain licensed until they are 12 years of age, after which they can only remain licensed if they meet the Council's 'exceptional condition' criteria). This means that vehicles are likely to be replaced in the near future. The Manchester hackney carriage fleet has previously been made up of mostly London Style black cabs. This situation is changing; the new electric London style hackney carriages(black cab) is the only vehicle now in production and there has been an introduction of different make and model vehicles, that can now be licensed. (The Hackney Carriage Vehicle Policy is also currently under review which may or may not have a bearing on vehicles that are licensed onto the fleet in the future.
- 3.3 The current Halcrow/Manchester formula works on the running costs of a hackney carriage vehicle calculated from one year to the next (ie December to December). The formula was originally devised using only the London style black cabs as a reference. With the introduction of a more diverse make and models of vehicle, each part of the formula needs to be individually reviewed to ensure it is fit for purpose, should it continue to be used as a method of reviewing the hackney carriage fare.
- 3.4 In 2012 the Committee determined that the Halcrow/Manchester formula should not be taken in isolation, as outlined in paragraph 2.3 of the report, and introduced a range of additional elements. Each of these elements needs to be individually reviewed to be able to provide the Committee with sufficient information to determine, at a future date, what methodology should be used to be used to review the hackney carriage fare.
- 3.5 Every three years the Council commissions an 'Unmet Demand Survey'. This survey determines whether there is sufficient provision of hackney carriage vehicles in the City, mainly based on rank observations. With recent changes to the wider industry and cross border hiring, the context for such a review has changed and a key question now is whether any possible unmet demand is being met by the private hire industry. Furthermore, although the survey contains feedback from some user groups, it is considered that this is limited in its scope and value at present and there would be a benefit to gaining more detailed feedback from user groups on a range of issues, including the fares.

Therefore, it is proposed that unmet demand analysis should form part of a wider Taxi Licensing Survey that could be used by the Committee to inform both future hackney carriage fare reviews and future policy.

- 3.6 If Members agree, officers will provide a further report to the Committee by Autumn to outline the scope, frequency and defined outcomes of the Taxi Licensing Survey to be commissioned and conducted independently.

4. Frequency of Fare Reviews

- 4.1 The legislation states that the Council can review the fares but does not stipulate at what frequency they should be carried out. Our records show that since 2007 a review of the hackney carriage fare has normally taken place on an annual basis.

- 4.2 Previous years review outcomes are detailed below in table 1.

Calculation (uses previous years' figures)	Year Review implemented	Outcome of Review
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
December 2015 / 2016	2017	6.43% increase in fare (no change in waiting time)

- 4.2.1 The table shows that in the years 2014 to 2016 the Halcrow/Manchester formula showed that the running cost of a vehicle in those years fell by -4.37% -5.23% and -3.20%. The decision by the Committee in these years was to recommend to the Executive that no change take place in the hackney carriage fare. The fare remained constant through these years. Passengers did not face a rise in the cost of fares and at the same time the cheaper running cost was of benefit to vehicle proprietors, due to the decision of the Committee not to recommend a reduction in the fares.

5. Additional Extras

- 5.1 Section 58 of the Town and Police Clauses Act 1847 and section 65 of the Local Government (Miscellaneous Provisions) Act 1976 make it an offence for a driver to charge more than the fare shown on the meter, plus any legitimate extras. It is important to show any additional extras on the fare card so as to inform passengers of the full cost of their journey.

- 5.2 Whist the recommendation in this report is to not review the present hackney carriage fare, at this time, there are some issues relating to the 'additional extras' displayed on the current fare card (a copy of which is attached to the report at **Appendix1**) that require immediate determination and recommendation to the Executive for action. Details of each individual matter is provided as follows:

5.3 Credit Card Charges

The current fare card advises passengers that they may be charged a 5-10% administration charge relating to credit card charges. Changes in legislation mean that such an administration charge cannot be applied and the Committee should note that this wording will therefore be removed.

5.4 Piccadilly Train Station Barrier Charge

Piccadilly train station charge a 40p barrier charge, currently shown on the fare card; this relates to hackney carriage vehicles accessing through the barrier to pick up passengers. Network Rail and APCOA Parking Ltd have stated an intention to increase the barrier charge to 60p, but have awaited the outcome of this fare review process before proceeding with the charge. The Committee are therefore asked whether to allow the additional 20p to be charged as an additional extra on the fare.

5.5 Manchester Airport Charges

Manchester Airport Group are introducing a barrier system at the Ground Terminal Interchange (GTI) also referred to as the 'Rail-link', in June 2018. The GTI has been operating with open access; this allows any and all vehicles to wait and there is a concern that this has led to congestion and is a potential security issue at this terminus location at the airport. As part of a wholesale review and numerous changes to the ground transport systems at the airport, the barrier will prevent access to all users except Hackney Carriages, Arrow Cars (who operate at the airport) and Buses. MAG intend to introduce a 60p charge for access through the barrier for Hackney Carriages. Hackney Carriages would still be able to access the GTI directly (without going through the airport feeder park) and if the Committee agree today will be able to charge as an additional extra, on parity with other barrier charges at stations and the airport.

6 Other legal implications

- 6.1 There are no additional legal implications to consider.

7. 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.

8. Conclusion

- 8.1 The report provides information as to how a fare review is normally carried out and outlines the process.
- 8.2 The report advises that a review of the hackney carriage fares should not take place until a full review of the methodology into way in which hackney carriage fare has been completed. The reasons for this are outlined in section 3 of the report.
- 8.3 The report recommends that:
 - 1 The Committee agree to make a recommendation to the Executive that a Review of the Hackney Carriage Fares will not take place until a report is brought back to the Licensing and Appeals Committee, which includes:
 - a. A review the current methodology used by the Council to review the hackney carriage fare
 - b. An outline of a 'Taxi Licensing Survey' that will replace the current 'unmet demand survey'
 - 2. Pending the above review and report, the Committee agree to recommend to the Executive that the immediate changes are noted/made to the current fare card:
 - (i) To note the removal of the text, which relates to the administration charges for using a credit card.
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