

**Manchester City Council  
Report for Resolution**

**Report to:** Licensing & Appeals Committee – 6 June 2022

**Subject:** Request for Hackney Carriage Fuel Surcharge

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

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**Summary**

This report explains to the Committee a request from representatives of the Hackney Trade for a fuel surcharge to be applied on the Hackney Fare, ahead of a wider Fare Review. The report sets out all the relevant considerations in relation to this request and the determination of Hackney Carriage Fares.

**Recommendations**

Given the significant economic factors affecting the Hackney Trade at present and the relatively low risk that any temporary fuel surcharge will carry given there is a wider fare review underway, it is recommended that a surcharge is permitted to be applied to the meter ahead of that review.

The Trade representatives have requested the Committee consider either 60p or 80p. It is a matter for the Committee to decide what amount, if any, it recommends to the Executive to be applied.

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**Wards Affected: All**

<b>Environmental Impact Assessment</b> - the impact of the decisions proposed in this report on achieving the zero-carbon target for the city
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The Hackney Carriage Fares are determined by the City; therefore the City has a direct impact on the affordability of Hackney Vehicle proprietors in maintaining and upgrading vehicles to emissions compliant and zero emissions capable vehicles.
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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 Fares should take into account the associated costs of running and maintaining a business as a Taxi proprietor. Fares that accurately reflect those costs support security in driver jobs and the effective maintenance of vehicles.

<p>A highly skilled city: world class and home grown talent sustaining the city's economic success</p>	<p>Maintaining fares reflective of the business running costs helps ensure the Hackney Carriage industry can attract and retain drivers; and in turn ensure the Council can attract high quality applicants who can invest in the vocation long term.</p>
<p>A progressive and equitable city: making a positive contribution by unlocking the potential of our communities</p>	<p>Not applicable to the contents of this report.</p>
<p>A liveable and low carbon city: a destination of choice to live, visit and work.</p>	<p>The Hackney Carriage Fares should take account of the associated costs of running and maintaining a business as a Taxi proprietor. Fares that accurately reflect those costs support investment in cleaner vehicles, and in turn a higher quality fleet that provides a better service for those living, visiting and working in the City.</p>
<p>A connected city: world class infrastructure and connectivity to drive growth</p>	<p>Ensuring the Hackney Trade remains financially viable, supports the Hackney industry in Manchester so that we can continue to offer an essential fully accessible service at key transport interchanges and ranks around the City, supporting the wider transport network and businesses.</p>

**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**

Hackney Carriage Fare Review 2017

Hackney Carriage Fuel Surcharge Reports: 26 August 2008 and 24 November 2008

Manchester Halcrow Formula

AA Fuel Indexes

## 1. **Introduction**

- 1.1 Representatives from the Hackney Trade have requested consideration of a fuel surcharge to be approved for the Hackney Fares as an urgent measure in response to the significant increases in fuel over the last 6 months. This is requested ahead of the wider Fare Review, given that that piece of work is unlikely to be reported to Committee until later this Summer.

## 2. **Background**

- 2.1 Under Section 65 of the Local Government (Miscellaneous Provisions) Act 1976, the City Council has the power to set a maximum rate for Hackney Carriage Fares, as well as other charges in connection with the hire of the vehicle.
- 2.2 The request for a fuel surcharge has to be dealt with in the same manner as a normal fare increase.
- 2.3 When setting the Hackney Carriage Fares, there is no requirement under the Act to take external factors into account and there is no limit on the amount of increase or variation.
- 2.4 Under the Council's current Scheme of Delegation, the Licensing and Appeals Committee makes a recommendation to the Executive, who determine Hackney Carriage Fares.
- 2.5 Any proposed change in fares agreed by the Council must be advertised publicly for a period of 14 days. If there are no objections, the fares come into effect at the end of the prescribed period for making objections. If objections are received, then the Licensing and Appeals Committee must consider those objections and set a date for any change to take effect no later than 2 months from the date of the original public notice.

## 3. **Wider Fare Review & Representations from the Trade**

- 3.1 The Licensing Unit have commissioned Jacobs (formerly Halcrow) to source the relevant component costs and conduct a review of the Hackney Carriage Fares post pandemic. This work is now expected to be completed in June 2022.
- 3.2 Hackney Trade representatives who sit on the Airport Trade Forum are also in ongoing dialogue with Manchester Airport Group at present regarding fees and charges in relation to the Hackney trade service provision at the Airport (permit and feeder park fees). When these discussions are concluded, this may require a change to the Hackney Carriage Fare Card.
- 3.3 As such, the Licensing Unit wanted to bring one report to the Committee so that all amendments to the Hackney Carriage Fares could be considered together, and all the related costs associated with the Review, recalibration of the meters and re-printing of the Fare Cards would be expended at once.

- 3.4 Therefore, any implementation of a fuel surcharge in response to this Trade request will be temporary and subject to a full review of all relevant costs using the agreed Manchester Halcrow formula later this year.
- 3.5 With regards to the wider Fare review timeline, if a report could be provided to the Committee on 18 July 2022 (which is dependent on the factors as set out above); it may then be possible to provide a report to the Executive at the end of July with changes potentially taking effect mid-late August (if no objections are received). Otherwise, with the Summer break, this timeline could stretch into September and October meetings with changes potentially taking effect in November.
- 3.6 As the Committee will no doubt be well aware, several factors have impacted on global fuel prices which have increased significantly over the past 12 months and even more rapidly over the past 6 months.
- 3.7 As the wider fare review is still pending and remains unclear when it is likely to be determined, representatives of the Hackney Trade have expressed the significant impact these additional fuel costs are having on their business viability, and have therefore asked that the Committee consider permitting them to charge an additional 60-80p in the short term as an emergency measure.
- 3.8 The Trade representatives have also pointed out that these rising fuel prices are in the context of the wider cost of living crisis, and on the back of the significant economic impacts felt particularly by the Hackney Trade during the pandemic.

#### 4. Fuel Price Indexes

- 4.1 The below tables provide information on the fuel price changes in the North West and nationally at various intervals since the last full Fare Review in April 2017. The data is sourced from the AA website's monthly fuel price reports. The AA in turn source the data from Experian Catalist and take an average mid-month prices from the respective regions.

<b>DIESEL PRICES</b>	<b>North West Average price pence/litre</b>	<b>UK Average Price pence/litre</b>
<b>April 2022</b>	175.0	175.9
<b>March 2022</b>	174.3	173.8
<b>February 2022</b>	151.3	151.6
<b>January 2022</b>	148.7	146.0
<b>Dec 2021</b>	149.3	149.6
<b>Sept 2021</b>	136.5	136.9
<b>June 2021</b>	132.6	133.0
<b>June 2020</b>	112.2	112.7
<b>June 2019</b>	132.2	132.4
<b>June 2018</b>	131.5	131.7
<b>April 2017</b>	120.4	120.5

<b>PETROL PRICES (unleaded 95 octane)</b>	<b>North West Average price pence/litre</b>	<b>UK Average Price pence/litre</b>
<b>April 2022</b>	161.9	162.2
<b>March 2022</b>	163.8	163.8
<b>February 2022</b>	147.9	148.1
<b>January 2022</b>	145.4	145.7
<b>Dec 2021</b>	145.8	146.1
<b>Sept 2021</b>	134.7	135.2
<b>June 2021</b>	130.2	130.5
<b>June 2020</b>	107.4	108.0
<b>June 2019</b>	127.9	128.4
<b>June 2018</b>	128.2	128.8
<b>April 2017</b>	118.6	118.7

## 5. Potential implementation of temporary fuel surcharge

- 5.1 If the Committee were minded to approve a temporary surcharge, this could be permitted to be applied as an additional extra on the meter to be applied to each journey. This means that this can be done manually by the driver and would not require the recalibration of meters or re-printing of Fare cards at this time. A public notice could be provided in each vehicle if required, to advise passengers about the additional charge.
- 5.2 This Council last approved a temporary fuel charge in November 2008. This charge was permitted to be applied as extras on the meter.
- 5.3 The Committee are reminded that extras can only be added on to the meter in increments of 20p.
- 5.4 The timetable below outlines how any temporary fuel surcharge could be implemented:

6 June 2022	Licensing and Appeals Committee
29 June	Executive
1 July	Public Notice in MEN 14-day consultation period
15 July	End of consultation period. If no objections received, fuel surcharge takes effect
18 July	If objections are received Licensing and Appeals Committee consider objections

## 6. Key Policies and Considerations

### a) Equal Opportunities

Whilst we do not have exact demographic data (as we do not collect this data as part of the licensing process), we know that Hackney Carriage licence holders are more likely to be from BAME communities. We also know that

members of the BAME community (and communities in the North West), were disproportionately impacted by the pandemic.

**b) Risk Management**

If the Committee are minded to implement a surcharge today, there is little risk of fuel prices reducing significantly ahead of the wider Fare Review.

**c) Legal Considerations**

There are no further legal considerations to those already referred to in the report.

**7. Conclusion and Recommendation**

- 7.1 The report sets out all the relevant factors in relation to the determination of Hackney Carriage Fares.
- 7.2 Given the significant economic factors affecting the Hackney Trade at present and the relatively low risk that any temporary fuel surcharge will carry given there is a wider fare review underway, it is recommended that a surcharge is permitted to be applied to the meter ahead of that review.
- 7.3 The Trade representatives have requested the Committee consider either 60p or 80p. It is a matter for the Committee to decide what amount, if any, it recommends to the Executive to be applied.