

Licensing and Appeals Committee

Minutes of the meeting held on Monday, 26 September 2022

Present: Councillor Grimshaw – in the Chair

Councillors: Connolly, Evans, Hassan, Hewitson, Hilal, Judge

Apologies: Councillors Andrews, Flanagan, Hughes, Reid and Riasat

LAP/22/05 Minutes

The minutes of the meeting held on 6 June 2022 were submitted for approval. It was noted that the minutes referred to a member of Unite the Union and this should have been Trade Representative.

Decision

To approve as a correct record the Minutes of the Licensing & Appeals Committee meeting held on 6 June 2022, subject to the amendment above.

LAP/22/06 Hackney Carriage Fare Review 2022

The Committee considered the content of the report of the Director of Planning, Building Control and Licensing which concerned a full review of Hackney Carriage Fares. The report provided information for the Committee to consider in order to make recommendations to the Executive in relation to setting the Hackney Carriage Fare tariff.

The Licensing Unit Manager informed the Committee that there had not been a full review of the fare tariff since 2017. The Licensing Unit Manager stated that there was no set formula for calculating Hackney Carriage Fare's and that legislation does not limit the external factors that can be taken into account when setting fares nor the amount by which fares can be varied.

The Licensing Unit Manager noted that the formula is complicated, with different tariffs for day and night, as well as Christmas and New Year. Fares are set with an initial flag rate, proceeded by 20p increments for yardage and waiting time. Any amendments to the tariff will change the yardage and waiting time costs accordingly. This is done via recalibrating meters before resealing them.

The current method used to determine tariffs is the Halcrow Manchester Formula, which has evolved since its implementation in 2002. It uses data from various sources to estimate the average annual cost of running a Hackney Carriage. The Licensing Unit Manager stated that the formula was not the sole determinant as in 2014 the Committee had agreed extra things to be taken into consideration. These included Consumer Price Index, comparable earnings-related data, comparisons with other core cities and comparisons with other Greater Manchester Authority's.

The Licensing Unit Manager noted that the Hackney Carriage trade was an integral part of the city's transport network and provided a high level of accessibility. The intention was to ensure that the trade remains a viable but affordable option.

The Licensing Unit Manager noted that the last full review was in 2017, at which time a 6.42% increase was applied only to distance, not waiting times. This increase was applied to all tariffs, but the flag rate was not adjusted at that time. The Licensing Unit Manager acknowledged that whilst there was no requirement to review fares at any set frequency, it was hoped one would have come before now. However, running costs for Hackney Carriage's only significantly changed this year, which initially led to the temporary fuel surcharge pending this full review. The Licensing Unit Manager informed the Committee that this review had disregarded the temporary fuel surcharge, only considering prices set in 2017. It was estimated that there had been a change of 23.01% in the annual running cost of a Hackney Carriage vehicle between 2016/17 and 2022. At the time of writing the report, some August data was not available. Had that data been available, it would show there had been a 20.7% increase in running costs. The Licensing Unit Manager also noted that since the last full review, CPI had increased by 18.6% which was less than the estimated increase in running costs. The Office for National Statistics show that average full time employee earnings nationally had only increased by 12% from 2006 to 2021.

The Licensing Unit Manager informed the Committee of two online engagement sessions with trade representatives, held on 1 and 5 September 2022, whereby it was explained that the Halcrow formula had suggested there had been a 23.01% increase in running costs. The Licensing Unit Manager relayed some of the responses to the Committee as seen in the report. All licence holders were also canvassed by way of a simple online survey, with 1,295 responses. Most respondents were supportive of the full 23% increase. A minority were not, and their verbatim responses had been provided in the report. Most respondents also supported the increase to the fouling charge.

The Licensing Unit Manager noted that the 23% increase is only a slight further increase to the temporary fuel surcharge fare, which customers had now become accustomed to. They also noted that the Manchester flag tariff is lower than other comparable Cities. The report also contained a proposal to increase the barrier charge at Manchester Airport from £1.60 to £1.80. Manchester Airport Group stated that they need to increase this charge to cover and recover cost of facilitating Hackney Carriages at the premises.

The trade had advised officers of current economic hardships and noted that things could become more difficult without the increase of fares. Unit system data shows that vehicles are now doing fewer miles and there are less Hackney Carriage Licence holders which appears to support the economic claims made by the trade. Most licence holders will need to upgrade their vehicle to become Clean Air compliant and estimated costs in the report had taken account of that.

The Licensing Unit Manager then summarised their recommendations, as contained within the report, with the addition of supporting the increase of the fouling charge from £30 to £50.

The Chair invited the Committee to comment/ask questions.

The Deputy Chair raised concerns regarding the impact of a 23% increase to the night-time tariff and asked if this could lead to less business for licence holders. The Deputy Chair sought clarity on the charges for additional passengers, whilst also noting their acceptance of another review in 12 months and the increase of the fouling charge.

The Licensing Unit Manager stated that the trade had made it clear that they wanted the 23% increase to be across all tariffs. The Licensing Unit Manager was unsure on the reason for the charges for additional passengers but believed it could be related to extra weight. They confirmed that this charge was a common one nationally.

A Committee member sought clarity on the charges relating to waiting time.

The Licensing Unit Manager confirmed that this relates to time that the vehicle is not moving. Meters are calibrated to incrementally increase by 20p after a certain number of seconds. If the waiting time charge was increased, this would decrease the number of seconds. The Licensing Unit Manager noted that waiting time charges in Manchester are fairly high comparatively.

The Chair invited members of the trade and their representatives to speak for four minutes each.

A member of the trade who represents drivers at the Airport addressed the Committee, stating that the 23% increase is the rise in the running costs of the business and is nothing to do with their income. The business had been suffering in recent years, with take home pay falling. The mileage of a Hackney Carriage vehicle had fallen. The trade representative stated that one fare increase in the past 10 years had not been enough, feeling that a 30 or 35% increase would be what is required but accepted this would be too big an increase for customers. They urged the Committee to agree to a 23% increase for both day and night tariffs, to increase the fouling charge and welcome annual reviews.

A member of the Manchester Hackney Association addressed the Committee, stating it would not be fair to only apply the increase to day tariffs. They said that waiting time charges had not increased since 2012, yet the minimum wage has. They noted that their competitors in the private hire industry operate surcharge prices at times of heavy traffic, when a Hackney Carriage waiting time charge would be applicable. They also stated that the cost of a vehicle has increased, and that licence holders are awaiting assistance from the Clean Air Fund to allow them to upgrade their vehicles.

The Chair invited the Committee to comment/ask questions.

A member asked about the impact on the trade and their competitors with this price increase, suggesting that this could be pushing the limit. The member of the Manchester Hackney Association noted that there had not been an increase for 10 years, yet private hire companies operate surcharges at time of heavy traffic.

A member of Unite the Union addressed the Committee and stated that their members are asking for a 23% increase across all components of the fare. They suggested that the numbers from the Licensing Unit's surveys could not be trusted due to not knowing how many times a single person had completed the survey.

The Chair asked the Licensing Unit Manager to respond to this comment. The Licensing Unit Manager accepted that they cannot guarantee that the 1,295 respondents were all different respondents. However, they stated that this is a new online survey method being used which has seen an increase in the number of respondents compared to previous engagement channels which would only elicit a much smaller number of responses. The number of respondents was comparative to other recent online surveys completed.

A second member of Unite the Union addressed the Committee, stating that their members deserved a 23% increase across the board. They completed their own surveys and found a higher percentage of members agreed to this 23% increase than those who responded to the Licensing Unit's survey.

The Chair paused the meeting to deliberate on the recommendations.

Decision

The Committee agreed to recommend to the Executive the following:

1. Increase the Day flag tariff to £2.60.
2. Increase the Night flag tariff to £3.00.
3. Apply the 23% increase to the rest of the fare on distance on Tariff 1.
4. Apply the 23% increase on the fare on distance on Tariffs 2 & 3 (Night and Bank Holiday Tariffs).
5. Not apply an increase to the waiting time on this occasion and review in 12 months.
6. Retain the current 20p charge for additional passengers but review this in 12 months.
7. Not reintroduce the 20p luggage surcharge at this time.
8. Permit the £1.80 airport pick-up charge to be applied as an extra on the fare card.
9. Ensure the Fare is reviewed again in 12 months' time.
10. Increase the fouling charge from £30 to £50.