



**Rochford District  
Council**

<b>REPORT TITLE:</b>	<b>To Consider The Application From The Taxi Trade To Amend The Hackney Carriage Tariff Fees</b>
<b>REPORT OF:</b>	<b>Eugene Minogue (Interim) Director - Communities And Health</b>

### **REPORT SUMMARY**

The Committee is requested to consider the amendment of the existing Tariff chart to the proposed charges:

- To amend the charging tariff from the existing 3 tariffs to the proposed new 5 tariffs.

### **RECOMMENDATIONS**

**R1 -** To approve the proposed Hackney Carriage Tariff chart

**R2 -** To refuse the proposed Hackney Carriage Tariff chart.

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**SUPPORTING INFORMATION**

**1.0 REASON/S FOR RECOMMENDATIONS**

- 1.1 The Rochford District Council Licensed taxi trade have submitted an application to amend the existing Hackney Carriage (taxi) charging tariff.
- 1.2 The last increase was approved by the Licensing and Appeals Committee in July 2022 for implementation from 1<sup>st</sup> September 2022.
- 1.3 This application by the trade is a significant change to the charging structure increasing the different tariffs from 3 to 5.
- 1.4 In accordance with the Local Government Miscellaneous Provisions Act, the Licensing Team followed due process and consulted with the trade and the public over the proposals. The final stage of the process is to obtain support from Members to support or reject the proposal.

**2.0 BACKGROUND INFORMATION**

- 2.1 On 11<sup>th</sup> December 2023, an application was submitted by the Rochford District Licensed Taxi trade to amend the tariff charges based on the information outlined below.

**Evidence to support proposal from the Taxi Trade**

The trade have outlined below their evidence to support the increase:

- 2.2 Although the price of fuel for the moment, has subsided since last year, just about every other cost involving running a taxi has soared since the last increase which was implemented in September 2022.
- 2.3 These inflationary costs, include the overall maintenance of our vehicles with increases in the price of parts and labour, not just to keep your vehicle legal, but also to comply with the Hackney Carriage rules and regulations.
- 2.4 Explained in this proposal are the rising costs to buy a taxi, the increase in the interest rates on a car loan, alongside the significant rise in insurance costs, the comparisons in tariffs both locally and nationally, and taking into consideration the recently announced additional Hackney Carriage costs

coming into place in the early part of 2024, this fare increase proposal is essential to maintain the trade in our area.

### **Insurance Costs**

- 2.5 In a report by a leading UK insurance broker LAURIE ROSS, Insurance companies are reportedly dealing with cost hikes that are higher than inflation, but they are making every effort to provide competitive rates, according to the Association of British Insurers (ABI).
- 2.6 The average Car Insurance premium paid by motorists rose by 8% in Quarter 4 2022.
- 2.7 Premiums then rose by 16% in the first three months of 2023 compared to the same period in 2022, according to the ABI's Motor Insurance Premium Tracker, this reflects the increases in parts, paint, and labour charges for repairs.
- 2.8 However, May 2023 data from the Office for National Statistics (ONS) saw Car Insurance premiums up by as much as 43.1% this difference may be as the ABI only looks at what customers pay for insurance, not what they were quoted.

### **Why has Car Insurance gone up?**

- 2.9 Unfortunately for motorists approaching their renewal, many of the costs insurance companies face are still as high or going up - meaning they're forced to pass them on in the form of higher prices.
- 2.10 According to the ABI, expenses including repair costs, energy costs and paint costs are among those driving up the cost of insurance policies. The cost of used cars has also increased.
- 2.11 In the first quarter of this year (2023) the annual cost of vehicle repairs increased by a third (33%) to reach £1.5 billion, which was also the largest amount since the ABI began compiling the statistics in 2013.

### **Increased Car Prices**

- 2.12 Buying a car enabling us to be a taxi driver (unless the driver chooses to rent) is one of the biggest expenses we have, which is why this report is so relevant.
- 2.13 This report by IBISWorld, a trusted company that provides research on thousands of industries worldwide, exactly reflects why as taxi drivers the

option of buying a new car which many of us were doing just a few years ago, has become so expensive.

**IBISWORLD REPORT**

- 2.14 IBISWorld expects that the new car prices, as measured by the ONS's Consumer Price Index (CPI) for new cars, will increase at a compound annual rate of 4.2% over the five years through 2023-24, to 134.4 points. The price of new cars has been steadily driven up by the increasing share of more alternatively fuelled cars sold in the United Kingdom as well as the weakness of the pound throughout the past five years.
- 2.15 The ONS measures new car prices by sampling approximately 50 of the latest cars on the market that represent a large range of manufacturers, which are then quality adjusted for changes in specifications by estimating the value of the options that have become standard since the last time prices were measured. New car prices largely depend on the pricing decisions of manufacturers, which in turn depend on production costs, research, and development expenditure and so forth.
- 2.16 Consequently, the value of the exchange rate also influences the price of cars sold in the domestic market which are manufactured and sourced from abroad.
- 2.17 Underlying demand for motor vehicles has a direct effect on the price of new cars due to the laws of supply and demand, while demand for new cars depends on economic conditions: when household finances are tight, consumers are more likely to defer buying a new car. Credit conditions are also an important determinant of demand as many car purchases are made on finance.
- 2.18 Other complementary costs may put consumers off buying a new car, including the price of insurance and cost of financing, which is affected by interest rates.
- 2.19 High manufacturing costs due to inflated costs because of the weakness of the pound increased prices. The trade-weighted value of the pound depreciated sharply against the Euro following the electoral decision to leave the European Union in June 2016. Imported cars account for the majority of new cars bought and therefore the depreciation of the pound increased the average price of new cars offered by dealerships. The value of the pound has increased since 2019-20, which has somewhat brought down the cost of purchasing inputs.

- 2.20 In 2020-21, the COVID-19 (coronavirus) outbreak has had a profound effect on the automotive industry. New car registrations registered a steep decline in March and April 2020 and UK manufacturers closed plants in order to observe measures announced by the government aimed at stemming the spread of the virus.
- 2.21 Customers delayed purchases of discretionary items as economic activity halted and household income decreased. For most dealers, demand fell significantly, however dealers were reluctant to reduce prices of vehicles purchase prior to the pandemic. According to the Society of Motor Manufacturers and Traders, new car registrations fell by 29.4% in 2020, when compared to 2019.
- 2.22 New car sales continue to be sluggish in 2023 due to rising prices and customers favouring more used cars.
- 2.23 The temporary halt to domestic foreign manufacturing affected supply chains and supply of new vehicles which placed upward pressure on prices. Further, many consumers are opted to purchase electric vehicles which have a significantly higher cost due to more expensive inputs but offer environmental benefits and lower maintenance costs than traditionally fuelled vehicles.
- 2.24 Demand for these vehicles increased throughout the year, despite a depressed market.
- 2.25 Demand recovered in 2021-22 with eased lockdown measures as the majority of the population has been vaccinated. Customers that delayed purchases over the past year have returned to the market as dealerships reopened without restrictions from July 2021.
- 2.26 As a result of recovering demand, new car prices expanded by 3.3% in 2021-22. Supply chain disruptions and semiconductor shortages have also contributed to rising prices. In 2023-24, inflationary pressure and semiconductor shortages has increased the cost of inputs which is expected to contribute to rising prices, estimated to rise by 4.5%.

### **USED CARS**

- 2.27 The escalation in price of used cars over the past few years is largely down to the demand, as people are choosing to look at used cars as a cheaper option as the new car market has become comparatively more expensive than it was before, for all the reasons mentioned above. The cost of purchasing a used car is still expected to rise in 2024, so whichever option you go for when it's time to replace your vehicle it is going to incur a much higher price difference

than it used to if you want to maintain the standard of the car that you had before.

### **Car loans**

- 2.28 Most taxi drivers spread the cost of buying their vehicle in the form of a finance agreement.
- 2.29 The average car loan interest rate in 2022 was 8% APR, The average rate now is 10.9% APR.
- 2.30 Total increase of 2.9%
- 2.31 Below is an example of the difference, in just one year between purchasing a car on finance in 2022 and purchasing a car on finance in 2023, taking into account the 4.2% average rise in price for the same car. As an example, the car that was £20,000 in 2022 is now £20,840 in 2023.

An example - In 2022

A £20,000 loan with an average 8% APR, Over 60 months (5 years)  
The monthly repayment would have been £402.86.  
Total amount repayable £24,171.67; Total cost of the loan was  
£4,171.67.

Currently

A £20,840 loan with an average 10.9% APR, Over 60 months (5 years)  
The monthly repayment is now £446.80.  
Total amount repayable £26808.26; Total cost of the loan is now  
£5968.26.

That's an added cost Of £1,796.59 over the course of 5 years,

### **Card payments**

- 2.32 Since the Covid pandemic there has been a significant rise in card payments by customers particularly with the convenience of Apple Pay. The point with this is that a much larger percentage of our takings is now subject to the card payment charge, which ranges between 1.5% and 2.5% of each fare taken, which is another expense drivers are having to absorb. When we were only taking a few card payments each day it really was not much of an issue, but as we seem to be slowly heading for potentially a cashless society this charge is becoming a much bigger expense to us than it used to be.
- 2.33 Another reality of this is when customers pay by card, they are less likely to tip, as with cash payments they are likely to round up the fare, whether it is as little as 20p on a £4.80 fare paid with a £5 note, or £3.00 on a £17.00 fare

paid with a £20 note. Add the card charges and the loss of tips together over the course of a year and you realize how much taking card payments is costing our overall income compared to cash payments.

- 2.34 The convenience for the customer to be able to pay by card, I believe is essential for any forward- thinking business, but I do see this as part of the case to increase the fare structure because it effects our costs, and it is a growing cost as more of the public cease to use cash.

### **Hackney Carriage fees Increasing**

- 2.35 The increase in the fee to renew the Hackney Carriage license for three years has now been more than doubled to £350 or £400 when you start, which has been explained, and the drivers do accept the reasons for this, but is yet another increasing cost that drivers will find hard to absorb.

### **Comparison**

- 2.36 Comparisons to neighbouring councils for a journey from say High Street Rayleigh to Eastwood Park Drive in Eastwood, which is 2.9 miles.
- 2.37 On the Basildon tariff that would be £9.40, on the Southend tariff the same journey, with their recent increase is £10.00 while on the current Rochford tariff it is £8.60. Castlepoint is similar to us, but I understand they are currently in the process of a potential fare increase. With this fare increase proposal the same fare would be £10.00.
- 2.38 Rochford district councils taxi fare tariff currently sits in 231 out of 340 in the taxi trade magazine PHTM list of taxi tariffs in the UK, with a 2-mile journey costing £6.60.
- 2.39 The new proposal would bring that up to £7.60 which would bring us somewhere between 81 and 93.
- 2.40 Being that we are in the southeast of the country, one of the most affluent and most expensive parts of the UK, the case to bring Rochford tariffs in to just inside the top 3, I believe is justifiably strong.

## **3.0 OTHER OPTIONS CONSIDERED**

- 3.1 No Alternative options are being considered. Any amendments to the proposed chart will require a new driver and public consultation in accordance with legislation.

## **4.0 RELEVANT RISKS**

- 4.1 This will impact on peoples ability to use this method of transport, however on the other hand, the Licensing and Appeals committee must consider a reduction in service should the costs associated with the trade continue to rise.

## **5.0 ENGAGEMENT/CONSULTATION**

### **Driver consultation**

- 5.1 In December 2023, a consultation was conducted with the Licensed drivers to determine whether they agree or disagree with the proposed amendments to the tariff charges.
- 5.2 Of the 167 licensed Hackney Carriage (taxi) drivers, 97 drivers responded to the survey; 159 drivers (95.2%) agreed that the increase was necessary.

### **Public Consultation**

- 5.3 A public consultation was conducted using the Rochford District Council's Engage with Us system between 31<sup>st</sup> January 2024 and 2<sup>nd</sup> March 2024.
- 5.4 The survey received over 400 hits and over 100 responses.
- 5.5 From the 110 responses, 31 people (28.2%) were very unhappy about the proposed fare increase and 24 people (21.8%) were unhappy about the proposal. 50% of those that commented were either unhappy or very unhappy about the proposed changes.
- 5.6 24 people (21.8%) of people were very happy to accept the changes and 20 people (18.2%) were happy.
- 5.7 11 People (10%) provided a neutral response that they were neither happy nor unhappy with the proposal.

## **6.0 FINANCIAL IMPLICATIONS**

- 6.1 There will be no financial implications to the Council in changing the tariffs apart from officer time to arrange the transition to the new tariff.

## **7.0 LEGAL/GOVERNANCE IMPLICATIONS**

- 7.1 This proposal is being processed in accordance with the requirements under section 65 of Local Government Misc. Provisions Act 1976 whereby it states:
- 7.2 A district council may fix the rates or fares within the district as well for time as distance, and all other charges in connection with the hire of a vehicle or with



the arrangements for the hire of a vehicle, to be paid in respect of the hire of hackney carriages by means of a table (hereafter in this section referred to as a “table of fares”) made or varied in accordance with the provisions of this section

## **8.0 EQUALITY & HEALTH IMPLICATIONS**

8.1 None Identified

## **9.0 ENVIRONMENT & CLIMATE IMPLICATIONS**

9.1 This decision may impact on vehicle emissions. The environmental impact is unknown; however, the following will need to be considered by Members:-

9.2 If the fare increase is approved, there may be an increase in the hours worked by the licensed trade as they will be earning additional money from the increase.

9.3 Alternatively, there may be a reduction in users of the licensed vehicles due to the increased financial cost to the public and therefore we may see a reduction in vehicle use and reduction in emissions.

## **10.0 ECONOMIC IMPLICATIONS**

10.1 This will have a knock on impact to the Economy within the area especially at the time of a cost of living crisis.

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## **APPENDICES**

**Copy of Current Hackney Carriage charging chart**

**Copy of Proposed Hackney Carriage charging chart**

## **BACKGROUND PAPERS**

**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
Licensing and Appeals Committee	21/07/2022
Licensing and Appeals Committee	01/07/2020

# Maximum Authorised Fares and Charges

(fares for distance and time)

Commencing 1<sup>st</sup> September 2022 until further notice

Also applicable to Private Hire Vehicles fitted with Taximeters

## DAYTIME RATE

## EVENING, SUNDAYS & HOLIDAY RATE

MONDAY TO SATURDAY

06:00hrs to 22:30hrs

**£3.00**

For the first 440 yards  
(402.33 metres) or the first 2  
minutes

MONDAY TO SATURDAY:

22:30hrs - 06:00hrs the following morning

SUNDAY:

00:00hrs - 06:00hrs the following morning

BANK HOLIDAY:

06:00hrs - 23:59hrs

(except Christmas & New Year period)

**£5.00**

For the first 440 yards (402.33  
metres) or the first 2 minutes

**After first 440 yards (or 2 minutes) the following fees will apply:**

**20p** per 175 yards (160.02 metres) or every 48 seconds

**Until £8.00** shown on the taximeter

**20p** for each additional 142 yards (129.85 metres)  
or every 36 seconds

**After £8.00** shown on the taximeter

**Christmas and New Year Period:**

For hiring's begun between 21:00hrs on 24 December and 06:00hrs on 27  
December and 21:00hrs on 31 December and 06:00hrs on 2 January.

**Double Fares**

(Normal Extras apply)

## Extra Charges

<b>For all items carried in the luggage compartment.</b> (No charge for wheelchairs or disability aids).	<b>40p</b> (Max charge)	<b>For each passenger carried in excess of one.</b>	<b>40p</b>
<b>For animals carried</b> (except assistance dogs).	<b>40p</b>	<b>Despoilment charge</b> (A charge for restoration should a passenger soil or damage the vehicle)	<b>£100</b>

## Information for Passengers

<p><b>Number of Passengers</b></p> <p>A Hackney Carriage or Private Hire Vehicle may not carry more than the number of passengers it is licensed to carry and shown on the Licence Plate attached to the rear of the vehicle (Local Government (Miscellaneous Provision) Act 1976.</p> <p>For the purpose of establishing the number of passengers the lawful definition is that any person, irrespective of age, counts as ONE including babies in arms.</p> <p>A Driver has the right to refuse to carry in excess of the number of passenger for which his vehicle is licensed which would cause him/her to break the Law and invalidate the vehicle's Insurance.</p>	<p><b>Wearing of Seat Belts</b></p> <p>It is the responsibility of the Driver to ensure all persons of 14 years and under are wearing seat belts if they are available.</p> <p>Failure to ensure compliance may result in a Fine.</p> <p>A Driver has the right to refuse to move off unless those passengers for whom he/she has a legal responsibility are complying with the Law.</p> <p>Passengers over 14 years of age are legally responsible for wearing a seat belt if available.</p>	<p><b>When a child can travel without a car seat</b></p> <p>A child <u>can</u> travel without a child car seat in some circumstances.</p> <p>Taxis and minicabs (private hire vehicles)</p> <p>If the driver doesn't provide the correct child car seat, children can travel without one - but only if they travel on a rear seat:</p> <ul style="list-style-type: none"> <li>• and wear an adult seat belt if they're 3 or older</li> <li>• without a seat belt if they're under 3</li> </ul> <p>A Driver has the right to refuse to undertake a journey if to do so would result in him/her breaking the Law.</p>
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DAYTIME RATE (T1)	EARLY MORNING, LATE EVENING, SUN & BH RATE (T2)	LATE NIGHT RATE (T3)	CHRISTMAS & NEW YEAR RATE (T4)	BOXING DAY RATE (T5)
MON TO SAT 06:00hrs - 21:00hrs	MON TO FRI 04:00hrs – 06:00hrs MON TO SAT 21:00hrs - 24:00hrs SUN & BH 06:00hrs –24:00hrs	MON TO FRIDAY 00:00hrs - 04:00hrs SAT, SUN & BH 00:00hrs – 06:00hrs	00:00hrs 25/12 TO 06:00hrs 26/12 & 00:00hrs 01/01 TO 06:00hrs 01/01	06:00hrs 26/12 TO 06.00hrs 27/12
<b>For the first 440 yards (402.33 metres) or the first 2 minutes</b>				
<b>£4.00</b>	<b>£5.00</b>	<b>£6.00</b>	<b>£10.00</b>	<b>£6.00</b>
<b>After first 440 yards (or 2 minutes) the following fees will apply:</b>				
<b>Until £9.80 reached</b>	<b>Until £10.80 reached</b>	<b>Until £11.80 reached</b>	<b>Until £21.60 reached</b>	<b>Until £11.80 reached</b>
<b>20p per 170 yards (155.45 metres) or every 36 seconds</b>	<b>20p per 170 yards (155.45 metres) or every 24 seconds</b>	<b>40p per 170 yards (155.45 metres) or every 36 seconds</b>	<b>30p per 170 yards (155.45 metres) or every 36 seconds</b>	
<b>After £9.80 reached</b>	<b>After £10.80 reached</b>	<b>After £11.80 reached</b>	<b>After £21.60 reached</b>	<b>After £11.80 reached</b>
<b>20p per 134 yards (122.53 metres) or every 28.8 seconds</b>	<b>20p per 134 yards (122.53 metres) or every 24 seconds</b>	<b>40p per 134 yards (122.53 metres) or every 28.8 seconds</b>	<b>30p per 134 yards (122.53 metres) or every 28.8 seconds</b>	

## Extra Charges

<b>For all items carried in the luggage compartment.</b> (No charge for wheelchairs or disability aids).	<b>50p</b> (Max charge)	<b>For each passenger carried in excess of one.</b>	<b>50p</b>
<b>For animals carried</b> – maximum charge (except assistance dogs).	<b>£1.00</b>	<b>Despoilment charge</b> (A charge for restoration should a passenger soil or damage the vehicle)	<b>£100</b>

## Information for Passengers

### Number of Passengers

A Hackney Carriage or Private Hire Vehicle may not carry more than the number of passengers it is licensed to carry and shown on the Licence Plate attached to the rear of the vehicle (Local Government (Miscellaneous Provision) Act 1976.

For the purpose of establishing the number of passengers the lawful definition is that any person, irrespective of age, counts as ONE including babies in arms.

A Driver has the right to refuse to carry in excess of the number of passenger for which his vehicle is licensed which would cause him/her to break the Law and invalidate the vehicle's Insurance.

### Wearing of Seat Belts

It is the responsibility of the Driver to ensure all persons of 14 years and under are wearing seat belts if they are available.

Failure to ensure compliance may result in a Fine.

A Driver has the right to refuse to move off unless those passengers for whom he/she has a legal responsibility are complying with the Law.

Passengers over 14 years of age are legally responsible for wearing a seat belt if available.

### When a child can travel without a car seat

A child can travel without a child car seat in some circumstances.

Taxis and minicabs (private hire vehicles)

If the driver doesn't provide the correct child car seat, children can travel without one - but only if they travel on a rear seat:

- and wear an adult seat belt if they're 3 or older
- without a seat belt if they're under 3

A Driver has the right to refuse to undertake a journey if to do so would result in him/her breaking the Law.