

Medway taxi and private hire tariff review, report and proposals from the MLTDA

Introduction

Below is a summary/report for debate along with proposals from the Medway Licensed Taxi Drivers Association (MLTDA) regarding the current Medway taxi and private hire tariff/fare review.

National fare table

The average journey nationwide and in Medway taken by the public in a taxi or private hire vehicle is currently 2 miles. The National Private Hire Taxi Association publishes and updates a monthly table of national fares (the going rate) for a 2 mile journey. Please follow the link below : <https://www.phtm.co.uk/newspaper/taxi-fares-league-tables>

At present, as of the 1st March Medway sits in the top half of the table at 78 out of 326 authorities at £6.60 for a 2 mile journey.

It must be stated that the majority of local authorities listed in this table require all Hackney Carriages to be wheelchair accessible (WAV) and this is reflected in their tariffs as WAV vehicles cost considerably more to purchase (up to £65k) and are considerably more expensive to run and maintain.

Medway is also unique in the fact that any tariff increase or decrease, as part of Medway's power and authority under section 65 of the LGMPA 1976 to regulate the maximum fare structure within their boundary, will not only affect Hackney Carriage as it does in other authorities. But will also include Medway licensed un-restricted Private Hire. In Medway all un-restricted Private Hire are fitted with and permitted to use a taxi meter and fall under the same regulation as Hackney Carriage in this area so therefore will also be affected by any tariff increase or decrease in the hackney carriage fare. This should be taken into account when comparing Medway in the tariff table above. In Medway all Hackney Carriage and Private Hire drivers (except newly licensed HC drivers) do not have under Medway's taxi policy the extra expense of purchasing and running a purpose built Hackney Carriage WAV, similar to the likes of London and Maidstone for example.

Division of opinion within the trade

It must be noted that the trade is poles apart over whether we should increase the tariff now or not during this review. Below is a few comments from drivers :

"I think it is time for a fare increase as it is a long time since we have had one and everything has gone up"

"I think 10% is reasonable given the fact cost of living has gone up rapidly and fuel prices continue to rise"

“Yes, the cost of fuel has gone up temporarily. But when it goes back down will we be asking for a decrease? We risk alienating all of our customers if we ask for an increase.”

'I know there hasn't been an increase for a long while but my opinion is what with Uber, as well as the current cost of living going crazy, then I think the trade would be cutting their nose off to spite their face. Difficult because this affects us drivers too but I think we could lose even more customers with an increase.” “ I've always believed taxi prices in this area are too high anyway and to still be 78th out of 329 after no increase in 7-8 years speaks volumes in my opinion”

Addressing any tariff review has always been a difficult subject and does require a certain amount of open debate and dialogue between the drivers. Prior to the proposal of the recent tariff poll that was triggered by just one driver, the fare and tariff was at the top of the agenda for the next MLTDA AGM for the necessary dialogue and public debate to take place, so that the MLTDA and the trade could approach the issue on firm grounds. There was also the added benefit and agreement from the MLTDA officers and committee that if the subject of the tariff needed to be addressed more urgently that MLTDA would call an urgent immediate SGM for all drivers (members and non members) to attend so the correct proposal for a review could be brought forward.

It is evident that we are going through a cost of living crisis and consideration must be given to the public who use the taxi and private hire services in Medway. A high tariff increase could alienate the residents of Medway on the lowest incomes that rely on taxis and private hire vehicles as an essential form of transport in Medway.

There also needs to be a level of consideration towards the drivers. If we do not increase the tariff when necessary, to reflect the costs of living and costs of running a business as taxi or private hire driver in Medway, this may result in drivers leaving the trade creating a hole in the amount of provision and service that can be provided.

It could also be argued that of the drivers that would like a tariff increase, this is largely probably due to the continued erosion of their business by the London licensed operator Uber (unregulated by Medway) that is now by far the largest Medway (unlicensed) private hire operator, routinely operating in Medway. The continued erosion of work levels by Uber is arguably a big contributing factor in any decision by drivers wanting to raise fares to obtain a sustainable living.

The Medway tariff

The tariff is a complicated issue to address. There are several limbs to the maximum authorised tariff that make the final fare chargeable to the travelling public.

The fare amount that the taxi meter charges is a combination of the following :

1. Flag price/start price (tariff 1), this is the fare shown when the taxi meter is switched on : Currently £3
2. Distance yardage and unit charge : Currently 20 pence for every 190 yards travelled.

3. Waiting time length and unit charge : Currently 20 pence for every 40 seconds of waiting.
4. Unsociable hours/bank holiday tariffs : Tariff 2 is tariff 1 plus 50% and tariff 3 is twice tariff 1

Please see the attached current tariff card.

Recommendations from the MLTDA

During this review, that is taking place prior to the agreed and yet to be implemented Medway taxi and private hire tariff review policy, that once in place will review the tariff bi-annually and could add structure to any future council led consultation. It has been agreed by the trade that if a tariff increase is necessary, in order to simplify and avoid what would be a complicated and lengthy consultation process, that during an immediate review, we concentrate on the flag price/start price and distance unit (1 and 2 above) if we are to increase the Medway tariff.

The Medway Licensed Taxi Drivers Association (MLTDA) have consulted their members regarding the tariff and following a brief survey in the time allowed have decided :

- Should the tariff be increased, 70% of members would like to see a 5% or cost of living rise.
- Members do not want an increase in the flag/starting price.
- The trade would like the unit charge for distance and time to be kept at 20 pence.
- Members would like to see any amendments/increase in tariff 1 on the fare card be reflected in tariff 2 and 3.

Taking the above into account the MLTDA suggests that if there is to be a review that the distance yardage be altered to increase the fare.

The MLTDA has liaised with the taxi meter agents regarding re-calibration of the taxi meters to increase the Medway tariff. Following these conversations the MLTDA have put together the following options (A,B and C) listed below, should the tariff be increased. The cost of re-calibration would be approximately £25 for each taxi meter.

It must be pointed out that there could be an issue with Rem taxi meters following any review to increase or decrease the Medway tariff. Rem taxi meters are no longer in production and the programming software is over 20 years old. The MLTDA have been informed by the agent that if any driver that has one of these taxi meters fitted, they may have an issue with having it re-calibrated. It has been suggested by the Rem agent that the re-calibration issue could possibly be resolved, but if it cannot, any driver that has an old Rem meter would have the added cost and expense of updating their taxi meter.

The Medway tariff distance/yardage unit explanation

At present every 190 yards a Medway licensed taxi or private hire vehicle travels while hired with the taxi meter switched on tariff 1 (during the hours of 6am and midnight) one unit of 20 pence is added to the flag/start price of £3.

1 mile consists of 1760 yards

1760 yards (1 mile) divided by 190 yards equals 9.26 units of 20 pence equalling £1.85

Therefore if the vehicle travels exactly 1 mile during the course any hiring the total full units of 20 pence accumulated by the taxi meter will be 9 full units. The taxi meter will not add the next unit of 20 pence until the vehicle has travelled the full 190 yards for that unit.

The cost of a 2 mile journey in Medway is £3 flag plus 18.52 (18 full) units of 20 pence equalling £3.60 giving a total fare of £6.60

If the journey was exactly 4 miles the total distance units would equal 37.04 (37 full) units equalling £7.40 giving a total fare including £3 flag of £10.40

By decreasing the distance yards the vehicle travels on the taxi meter for 1 unit of 20 pence will increase the value of the fare for the distance travelled.

The percentage rise in the fare for the following options listed below specifically relates to the distance part of the tariff only. The flag/starting price and waiting time are to remain unchanged.

Option A up to 5% increase in tariff 1

By decreasing the distance yards to 180 yards for 1 unit of 20 pence will increase the distance element of the tariff by up to 5%

1760 yards (1 mile) divided by 180 yards equals 9.77 units of 20 pence equalling £1.95

The cost of a 2 mile journey would be 19.54 (19 full) units of 20 pence equalling £3.80 plus £3 flag giving a total fare of £6.80

The cost of a 4 mile journey would be 39.08 (39 full) units of 20 pence equalling £7.80 plus £3 flag giving a total fare of £10.80

Option B up to 8.5% increase in tariff 1

By decreasing the distance yards to 175 yards for 1 unit of 20 pence will increase the distance element of the tariff by up to 8.5%

1760 yards (1mile) divided by 175 yards equals 10.05 units of 20 pence equalling £2.01

The cost of a 2 mile journey would be 20.1 (20 full) units of 20 pence equalling £4.00 plus £3 flag giving a total fare of £7.00

The cost of a 4 mile journey would be 40.2 (40 full) units of 20 pence equalling £8.00 plus £3 flag giving a total fare of £11.00

Option C up to 12% increase in tariff 1

By decreasing the distance yards to 170 yards for 1 unit of 20 pence will increase the distance element of the tariff by up to 12%

1760 yards (1mile) divided by 170 yards equals 10.35 units of 20 pence equalling £2.07

The cost of a 2 mile journey would be 20.7 (20 full) units of 20 pence equalling £4.00 plus £3 flag giving a total fare of £ 7.00

The cost of a 4 mile journey would be 41.4 (41 full) units of 20 pence equalling £8.20 plus £3 flag giving a total fare of £11.20

Conclusion

It is evident from liaising with the trade that there is very strong division and opinion within the trade as to if we should increase the tariff or not and any decision taken should be approached with caution.

If you ask any business “do you want to earn more money” there would obviously be a resounding yes reply. The MLTDA always believes that if a decision is taken without correct public dialogue and debate heard from both sides (that has not yet taken place and both sides have extremely strong differing opinions) there is a risk of any yes or no poll result not necessarily being as thorough as it should be.

Due to the pandemic and the restrictions imposed, drivers have not had the luxury of looking back over a 12 month period to ascertain whether the fare that is charged is correct and covers the true cost of running their businesses.

It could however be argued that the recent rise in fuel prices and the cost of living is reason enough for an increase in tariff to enable each driver to run a sustainable business.

With this review (that was triggered by just one driver) and the proposed Medway tariff policy there is an area of concern. The ability for the trade to request a review at any time when deemed necessary depending on the fluctuating economics of the industry would be withdrawn. It could leave the trade being forced to wait up to 2 years for the next policy-led tariff review if an urgent increase or decrease is necessary.

There has not been a request from the MLTDA for a tariff increase since the Medway tariff was increased in 2014. There has however always been regular debate and good reason for not doing so. Medway licensed drivers work within the regulated regime and have a maximum authorised tariff. The arrival of Uber in Medway in 2015 has restricted any notion of increasing the Medway tariff.

Uber is a London private hire operator and does not have to work under the same legislative price framework as the Hackney Carriage trade in Medway. It is obvious since 2015, Uber has had the intention of undermining the Medway licensed trade especially on price to gain market share. Uber do have a basic baseline for their fares, but have the flexibility (due to subsidies) to charge as little or as much as they like for each journey, combined with the fact that there are so many TfL licensed minicabs at their disposal to flood Medway's streets offering an endless and uneconomical supply of vehicles as part of their business strategy.

For example during the pandemic, on several occasions, Uber practically disappeared from Medway. This left the Medway licensed drivers to bravely ensure that Medway kept moving 24/7 during these challenging times. Upon Uber's return to Medway once the restrictions

were lifted, the trade was continually faced with Uber offering huge discount codes via their app to again undermine the Medway regulated fare structure to try and put the Medway trade out of business. This continued strategy by Uber offering what is considered by many to be undervalued and subsidised fares, has gone a long way to blur the lines to the public as to what is the true cost of travelling in a licensed vehicle. The Medway licensed trade is forced to work in an over saturated market and within the confines of the regulated fare structure. Any decision to increase the Medway tariff should be taken with the above in mind.

If the wrong decision is made on the back of a yes or no poll it could be up to 2 years before the trade has the opportunity, due to the proposed tariff policy to correct it. Ultimately the right balance needs to be applied so that drivers are not denied the opportunity to run a sustainable business, but are still in a competitive position on price and in the position to embrace future technological advances in vehicles with the ability to continue to modernise in what is a difficult industry to work within.

Nigel Jackson

Chairman

Medway Licensed Taxi Drivers Association

AUTHORISED MAXIMUM TARIFFS**(Tariffs cannot be changed once journey has started)****TARIFF ONE**

FARE SHOWN WHEN METER IS SWITCHED ON

£3.00

This fare includes one unit of time or distance or any combination thereof.

DISTANCE UNIT = 190 yards

£0.20

Charge for each Distance Unit or incomplete part thereof.

TIME UNIT = 40 seconds

£0.20

Charge for each Time Unit or incomplete part thereof.

WAITING TIME

Waiting time, whether requested or enforced by traffic congestion, or during loading, may be charged in accordance with the time unit charge.

HIRE BY TIME ONLY

If a Hackney Carriage is hired by time alone, then the rate of fare shall be previously agreed between the Hirer and the Driver.

TARIFF TWO

For any hiring commenced between the hours of midnight and 6.00am and all day on ALL PUBLIC HOLIDAYS (INCLUDING EASTER SUNDAY), the rate of fare shall be Tariff One plus 50% thereof.

TARIFF THREE

On such days and times as approved by Medway Council and advertised in the prescribed manner, the rate of fare shall be twice Tariff One.

Christmas Tariffs are in accordance with those set each year.**EXTRA CHARGES**For EACH person above the number FOUR per journey, the sum of**£1.50****A maximum 10% surcharge is payable for credit card payments****SOILING CHARGE**

The Driver of this vehicle may request a soiling charge of up to £125.00 (ONE HUNDRED AND TWENTY FIVE POUNDS) from any passenger who soils/damages the interior or exterior of the vehicle. This is a matter between the driver and passenger – the Council is not authorised to mediate where disputes occur.

DEPOSIT

An appropriate deposit may be requested by the driver in justified circumstances.

IT IS AN OFFENCE FOR A PROPRIETOR OR DRIVER OF A HACKNEY CARRIAGE TO DEMAND A FARE GREATER THAN THAT AUTHORISED BY THE BYLAWS OR THAT SHOWN UPON THE METER AFFIXED TO THE CARRIAGE.