

Report To: GENERAL PURPOSES BOARD **Date:** 9 August 2017

Report By: HEAD OF LEGAL AND PROPERTY SERVICES **Report No** LP/065/17

Contact Officer: LINDSAY CARRICK **Contact No:** 01475 712114

Subject: TAXI FARES REVIEW 2017

1.0 PURPOSE

- 1.1 The purpose of this report is to seek the views of the Board on the annual review of taxi fare scales for the purposes of public advertisement as the first formal stage of the statutory process.
- 1.2 The informal consultation process for this year's review of the taxi fares has commenced and the Operators Liaison Group and other members of the trade have been invited to submit their view of the level of taxi fares so that any revision of the fare scales will be implemented in November.

2.0 SUMMARY

- 2.1 The taxi trade were invited to submit their views on the taxi fare scales and a copy of a letter of response received from Inverclyde Taxis Ltd dated 27 June 2017 setting their submission in detail and their justification for it forms Appendix 1 to this report.
- 2.2 The trade have requested that the Board give due consideration to the introduction of a discount structure of 3 year Licences. The Board may wish to note that this request will be dealt with as a separate matter from the Taxi Fares Review at a future meeting of the Board.
- 2.3 The trade submissions for change to the tariff scales are:-
 - (i) Tariff 1 – flag fall charge to be maintained, and propose a 6% reduction in yardage for the initial charge and subsequent charge for yardage.
 - (ii) Tariff 2 – flag fall to be maintained, and propose a 6% reduction in yardage for the initial charge and subsequent charge for yardage.
 - (iii) Tariff 3 – flag fall to be maintained, and propose a 6% reduction in yardage for the initial charge and subsequent charge for yardage.
 - (iv) Tariff 4 – flag fall charge to be maintained, and propose a 6% reduction in yardage after the first mile.
 - (v) Tariff 3 –should take effect from 10pm, with subsequent changes to Tariffs to take account of this change in start time.

3.0 COMMENTS ON THE TRADE PROPOSALS

- 3.1 The Head of Environmental & Commercial Services was invited to submit his views on the taxi fare scales and his comments are as follows:-

- 3.2 Collectively the groups have cited the wish to ensure all Taxi Operators and Drivers sustain a living wage and help attract new drivers as justification for their proposed fare increase.
- 3.3 As noted in previous fare reviews increased running and living costs since the last fare increase in December 2016 should be considered as justification for any fare increase. Fuel costs for diesel remained constant between December 2016 and June 2017 showing a 0% increase. (Source; AA Fuel Price Report)
- 3.4 The Consumer Price Index (CPI) which takes account all areas of inflationary pressure provides a broader overview of increased costs. The most up to date CPI figure for May 2017 is 2.9%. (source; Office for National Statistics).
- 3.5 While there are no unique indexes to measure Public Hire and Private Hire motor vehicle insurance the AA British Insurance Premium Index provides data on the overall motor vehicle insurance sector. Between Quarter 1 2016 and Quarter 1 2017 the average cost of a comprehensive motor insurance policy has risen by 12.9% (source; AA British Insurance Premium Index). As stated by the trade there are a limited number of companies that provide Public/Private Hire insurance and they are not available on price comparison web sites.
- 3.6 The concerns raised by the trade in respect of increased running costs of vehicles meeting the latest Euro6 and Euro5 emissions standards fitted with Diesel Particulate Filters are a concern to all fleet operators operating in urban environments. The increasing reliance on dealer networks due to complex electronic management systems further compounds the problems being experienced with both increased costs and vehicle downtime. The prices quoted by the trade on their submission do not seem unreasonable. On a positive note these vehicles are particularly fuel efficient.
- 3.7 While Environmental & Commercial Services have no specific comment on licensing fees which are a licensing issue. In relation to comparing neighbouring authority's tariffs and licensing fees this cannot be looked at in isolation without considering the other conditions which are required by neighbouring authority's which significantly affect operators running costs. Examples of which would be all Public Hire Vehicles requiring to be wheelchair accessible, age restrictions on vehicles than can be used and specific colours for licensed vehicles. Tariffs in authorities have developed over time often taking into consideration new vehicle requirements being applied. Care should also be taken when using Private Hire Monthly Magazine for Tariff comparison purposes. The 'league table displayed does not always reflect the latest tariff's and can be misleading. The current online publication displays the Inverclyde Council tariff from 2014 the Renfrewshire Council tariff from 2016 and the West Dumbartonshire (Clydebank Zone, referred to in the trade submission) from 2014.
- 3.8 The proposals submitted by the trade equate to increases of:

	Tariff 1	Tariff 2	Tariff 3	Tariff 4
Initial Flag Fall and first 944 or 916 yards or part thereof	0% (Note)	0% (Note)	0% (Note)	0%
First Mile	3%	2.9%	2.7%	0%
3.5 mile journey	4.1%	5.3%	4.7%	3%

Although there is a 0% price increase in the initial flag fall for Tariff's 1, 2 and 3, the distance covered for the tariff has reduced by 6%. This means that a journey with an end point between the new yardage of 944 yards and the old yardage of 1004 yards would be subject to an additional £0.10 charge equating to a 4% tariff increase in these specific circumstances.

The proposals put forward by the trade of a 6% decrease in yardage only truly equate to a 6% tariff increase when longer journeys are undertaken due to the effect of keeping the flag drop cost static. The cost of a 15 mile journey on Tariff 1 will increase by 5.7% and the cost of a 20 mile journey will increase by 5.8%.

Should the Board decide that a fare increase other than that proposed by the trade is justifiable then any percentage reduction in yardage or increase in initial flag fall can be applied.

4.0 EXISTING FARE SCALES AND CHARGES

Appendix 2 to this report details the current fare scales and the proposals submitted by Inverclyde Taxis Ltd which would apply if the proposals described were adopted provisionally for the purposes of advertisement.

5.0 RECOMMENDATIONS

- 5.1 That the Board consider the proposals for the review of taxi fares and charges and remit it to the Head of Legal & Property Service to advertise the proposals they determine and report on the outcome once the statutory period for representations has lapsed.

6.0 IMPLICATIONS

Finance

- 6.1 There are no financial Implications

Legal

- 6.2 The Board should note that the Licensing authority must fix scales for the fares and other charges mentioned in subsection (1) of the 1982 Act within 18 months beginning with the date on which the scales came into effect.

Human Resources

- 6.3 There are no Human Resources implications.

Equalities

- 6.4 There are no equalities implications.

Repopulation

- 6.5 There are no repopulation implications.

James Douglas
Legal Services Manager
Inverclyde Council
Litigation, Licensing & Committee Services
Municipal Buildings
Clyde Square
Greenock
PA15 1LY

3 EARNHILL ROAD
GREENOCK
PA16 0EQ

Your Ref: TAX0031

27th June 2017

Dear Mr. Douglas,

Re: Taxi Fare Review 2017

Further to your letter of 2nd June 2017, please accept this letter as the response on behalf of Inverclyde Taxis Ltd, ABC Taxis (Inverclyde) Ltd and the Operators Liaison Group (hereinafter called ITL, ABC and OLG respectively) regarding the proposed Taxi Fares Review 2017.

We are requesting that the General Purposes Board give due consideration to our proposals to increase the Meter Tariffs in order that Operators and Drivers can see an increase in income. As Operators and Drivers are self employed they require an increase in the meter tariffs in order to sustain a living wage, a factor that Inverclyde Council themselves have been key to promote and encourage amongst businesses. This year alone we have already seen a 4% increase in the national living wage with further increases on the horizon over the next 12 months. An increase in the meter tariff may also help attract individuals to begin careers as Taxi Drivers which will only help to improve the taxi coverage further.

In June 2016, the Consumer Price Index was sitting at 0.5%, in May 2017 this figure was 2.9% with economists predicating that by the end of 2017, it is likely we will see a Consumer Price Index of 3.5% which is significantly higher than earlier predictions. For Taxi Operators, there have been significant increases in the costs of Taxi Insurance, which is significantly higher than private car insurance due to public liability cover required and then increase risk which operating a taxi brings over a private car. This year alone, operators have been reporting insurance increases of between 8% - 22%, even for Operators who have 10+ years of No Claims Bonus. The insurance market for Taxi Operators is small. You cannot log onto comparison websites such as gocompare.com for taxi insurance. Speaking recently to an Insurance Broker, they advised that the significant increase in people claiming for whiplash injuries as a result of accidents in the Midlands area is impacting on taxi insurance premiums across the UK which adds further burdens for Taxi Operators.

As Taxi Operators make the decision to invest in new or newer vehicles, the increased costs of parts is more significant for Taxi Operators. For example, 7 years ago, you could buy a clutch for a Skoda Octavia for £95 + VAT, today you can expect to pay £500 + VAT for a Skoda Octavia Clutch. The race amongst manufacturers to produce cleaner vehicles which are emitting less harmful substances into the atmosphere has led to the evolution of the DPF (Diesel Particulate Filter) which is fitted to all diesel cars. These DPF's become blocked as a result of short journeys (which is probably 95% of taxi journeys) resulting in repair bills in excess of £800. This is not a one off cost over the ownership of the vehicle, this can happen several times. As cars become more reliant on electronics, garages are having to invest in new technology which results in them increasing their costs to the Taxi Operators.

24 hours a day - Just a phone call away!

Fuel Costs continue to be a burden for Taxi Operators. Whilst the cost of crude oil is at its lowest levels, these savings are not being transferred to the Forecourts. Fuel costs have fluctuated in the last 12 months with increases and decreases being driven by the Supermarkets. The cost of fuel in Inverclyde is still higher than in other neighbouring parts of Scotland.

We have also seen annual increases again to the Taxi Licensing Fees, please see appendix A, Table 1. This is additional costs which Operators and Drivers have to meet and the only way to cover these additional costs is to increase the Meter Tariffs. The Council increase these fees on the basis that their costs have increased in relation to the administration of Taxi and Private Hire Services. Taxi Operators within Inverclyde suffer some of the highest licensing fees in Scotland. The Licensing fees we have to pay are significantly higher than those of fellow Taxi Operators and Drivers in Renfrewshire. Renfrewshire Council also endorse a 3 year license for renewals, which therefore makes the annual costs lower. A renewal of a Taxi License for 3 years costs £264 in Renfrewshire (annually this makes the 3 year license £88) against Inverclyde Council annual fees of £330.00. In West Dunbartonshire, the 3 year license costs £550 (annually this is £183.33). This is a higher fee in Inverclyde which is further compounded by Renfrewshire Council & West Dunbartonshire Council having a higher Meter Tariff than Inverclyde Council. Not only do Renfrewshire Operators enjoy lower Council Operating costs, their Meter Tariffs enable them to earn more. According to the trade publication PHTM (Private Hire Taxi Monthly) a 2 mile journey in Inverclyde costs £4.80 whereas in West Dunbartonshire it is £5.20 and Renfrewshire £5.60 – yet Operators in Inverclyde have to pay higher fees with a lower earning potential.

ITL, ABC and OLG remain extremely conscious and mindful of the current challenging times being experienced by all sectors of the community, including the taxi trade, however, the rising costs means that we therefore welcome full endorsement for the following proposals by the General Purposes Board :-

1. Tariff 1 – flag fall charge to be maintained, and propose a 6% reduction in yardage for the initial charge and subsequent charge yardage.
2. Tariff 2 – flag fall charge to be maintained, and propose a 6% reduction in yardage for the initial charge and subsequent charge for yardage.
3. Tariff 3 – flag fall charge to be maintained, and propose a 6% reduction in yardage for the initial charge and subsequent charge for yardage.
4. Tariff 4 – flag fall charge to be maintained, and propose a 6% reduction in yardage after the first mile.
5. Tariff 3 – This tariff should take effect from 10pm, with subsequent changes to other Tariffs to take account of this change in start time. The majority of Councils in Scotland permit the “nighttime” tariff to take effect from 10pm and Inverclyde should be the same. At 10pm you are entering unsocial hours and other business will pay higher staff rates as a result and the taxis should be no different. The Taxis provide an essential service after this time of night and we are sure Police Scotland will confirm in assisting in getting people home safely.
6. Renfrewshire Council, on renewal of Licenses, permit Operators and Drivers to apply for a 3 year license at a discounted price (cost of 2 years). We are requesting that Inverclyde Council make this option available to Inverclyde Operators and Drivers on renewal of Licenses.

You will no doubt acknowledge our submission is accruing for many factors that affect the community, whilst also attempting to sustain a credible income, a fair day's pay for a fair day's work, for operators and drivers, as echoed by the Leader of Inverclyde Council, Stephen McCabe.

Assuring you of our best attention at all times.

Yours faithfully,
For and on behalf of Inverclyde Taxis Ltd



Martyn Hambley
Operations Manager

c.c. Graham Campbell
Alex Gray
Operators Liaison Group

Appendix A

Table 1: Inverclyde Council 2015 Fees V. Inverclyde Council 2016 Fees

Taxi / Private Hire Licensing Fees

	Inverclyde Council 2016	Inverclyde Council 2017	Var + / -	Var %
	£	£	£	%
Taxi Operator	323.30	330.00	6.70	2.03%
Surrender & Re-issue	323.30	330.00	6.70	2.03%
Variation of Licence	42.50	43.50	1.00	2.29%
Annual Test & Meter Test	142.90	145.00	2.10	1.44%
6 Monthly Test & Meter Test	92.90	94.00	1.10	2.77%
Test After Surrender	150.00	152.50	2.50	1.17%
Replacement Vehicle	192.90	196.00	3.10	1.58%
Renewal & Replacement Vehicle	473.70	482.50	8.80	1.82%
Taxi or Private Hire Driver License	68.00	69.50	1.50	2.15%
Taxi Plate	23.10	23.50	0.40	1.70%

INVERCLYDE COUNCIL NOTE OF TARIFF (CURRENT)		INVERCLYDE TAXIS, ABC TAXIS and OLG PROPOSALS 2017		FOR PURPOSES OF COMPARISON		
TARIFF	INVERCLYDE COUNCIL NOTE OF TARIFF (CURRENT)	INVERCLYDE TAXIS, ABC TAXIS and OLG PROPOSALS 2017	FEE	Length of Journey	Current	Proposed
Tariff 1	Hirings from ranks or 'flag' hirings begun between 6am and 11pm	FEE £2.50	Hirings from ranks or 'flag' hirings begun between 6am and 11pm	1 mile	£3.30	£3.40
	Initial charge (1,004 yards or part thereof), Subsequent charge (each additional 107 yards or part thereof)	£2.50 £0.10	Initial charge (944 yards or part thereof), Subsequent charge (each additional 101 yards or part thereof)	3 miles 5 miles	£6.50 £9.80	£6.80 £10.30
Tariff 2	Approximate cost for first mile	£3.30	Approximate cost for first mile	10 miles	£18.10	£19.00
	Approximate cost for each additional mile	£1.70	Approximate cost for each additional mile	25 miles	£42.70	£45.20
Tariff 3	Hirings from ranks or 'flag' hirings begun between 11pm and 6am and all pre-booked hirings begun between 6am and 11pm	FEE £2.60	Hirings from ranks or 'flag' hirings begun between 11pm and 6am and all pre-booked hirings begun between 6am and 11pm	1 mile	£3.40	£3.50
	Initial charge (974 yards or part thereof), Subsequent charge (each additional 104 yards or part thereof)	£2.60 £0.10	Initial charge (916 yards or part thereof), Subsequent charge (each additional 98 yards or part thereof)	3 miles 5 miles	£6.80 £10.20	£7.10 £10.70
Tariff 4	Approximate cost for first mile	£3.40	Approximate cost for first mile	10 miles	£18.60	£19.70
	Approximate cost for each additional mile	£1.70	Approximate cost for each additional mile	25 miles	£44.00	£46.60
Tariff 5	Pre-booked hirings begun between 11pm and 6am and hirings from ranks or 'flag' hirings on Easter Holiday, May Day, Fair Saturday and Autumn Holiday	FEE £2.80	Pre-booked hirings begun between 11pm and 6am (10pm and 6am) and hirings from ranks or 'flag' hirings on Easter Holiday, May Day, Fair Saturday and Autumn Holiday	1 mile	£3.70	£3.80
	Initial charge (974 yards or part thereof), Subsequent charge (each additional 91 yards or part thereof)	£2.80 £0.10	Initial charge (916 yards or part thereof), Subsequent charge (each additional 86 yards or part thereof)	3 miles 5 miles	£7.60 £11.40	£7.90 £12.00
Tariff 6	Approximate cost for first mile	£3.70	Approximate cost for first mile	10 miles	£21.10	£22.30
	Approximate cost for each additional mile	£2.00	Approximate cost for each additional mile	25 miles	£50.10	£52.90
Tariff 7	Pre-booked hirings and hirings from ranks or 'flag' hirings on 25 and 26 December, 1 and 2 January	FEE £5.10	Pre-booked hirings and hirings from ranks or 'flag' hirings on 25 and 26 December, 1 and 2 January	1 mile	£5.10	£5.10
	Initial charge (first mile or part thereof), Subsequent charge (each additional 91 yards or part thereof)	£5.10 £0.10	Initial charge (first mile or part thereof), Subsequent charge (each additional 86 yards or part thereof)	3 miles 5 miles 10 miles	£9.00 £12.90 £22.60	£9.20 £13.30 £23.60
Tariff 8	Approximate cost for first mile	£5.10	Approximate cost for first mile	25 miles	£51.60	£54.30
	Approximate cost for each additional mile	£2.00	Approximate cost for each additional mile			
Extras	£1 per passenger after first four passengers					
Waiting Time	For each period of 31 seconds or part thereof - 20p					
Soiling Charge	Charge dependent on severity up to a maximum of £50.00					
VAT	The foregoing charges are inclusive of Value Added Tax					
Complaints	Any complaint regarding the operation of this vehicle or its driver should be made to Legal and Property Services, The Inverclyde Council, Municipal Buildings, Greenock (telephone 712139)					
Lost Property	Any property lost in this vehicle should be reported to the operator and to Police Scotland, Greenock (telephone 101)					