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| Report To: | GENERAL PURPOSES BOARD | Date: 11 September 2019 |
| Report By: | HEAD OF LEGAL AND PROPERTY SERVICES | Report No LP/108/19 |
| Contact Officer: | LINDSAY CARRICK | Contact No: 01475 712114 |
| Subject: | TAXI FARES REVIEW 2019 | |

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 can be implemented in December.

2.0 SUMMARY

- 2.1 In terms of Section 17 of the Civic Government (Scotland) Act 1982 the Council, as licensing authority for taxis is obliged to review and fix scales for the fares and other charges within 18 months beginning with the date on which the scales came into effect.
- 2.2 The Board is required to review existing and proposed new scales. Thereafter, formal notification of the proposed new scales will be given via a newspaper advertisement in the local press in order that representations may be made on the agreed proposal by a specified date at least one month from the date of the newspaper advertisement.
- 2.3 A further report will be submitted to the Board after the last date for making representations can be considered and the new fare scale can be fixed.
- 2.4 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 2019 setting their submission in detail and their justification for it forms Appendix 1 to this report. 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.
- 2.5 The trade submissions for change to the tariff scales are:-

Tariff 1 – flag fall charge to be maintained and propose a 5% reduction in yardage for the initial charge and subsequent charge for yardage.

Tariff 2 – flag fall charge to be maintained and propose a 5% reduction in yardage for the initial charge and subsequent charge for yardage.

Tariff 3 – flag gill charge to be maintained and propose a 5% reduction in yardage for the initial charge and subsequent charge for yardage

Tariff 4 – flag fall charge to be maintained and propose a 5% reduction in yardage after the first mile.

3.0 COMMENTS ON THE TRADE PROPOSALS

- 3.1 The Head of Environmental & Public Protection 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 November 2018 should be considered as justification for any fare increase. Fuel costs for diesel between November 2018 and July 2019 show a 3.7% decrease. (Source; AA Fuel Price Report). This is a snapshot between two dates and costs have fluctuated over this time although the general trend has been lower fuel costs.
- 3.4 The Consumer Price Index (CPI) which takes into account all areas of inflationary pressure provides a broader overview of increased costs. The most up to date CPI figure for July 2019 is 2.0% and the 12 month rate was 2.1% which has reduced from 2.5% in July 2018 (source; Office for National Statistics).
- 3.5 While there are no unique indices 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. The most up to date data available between Quarter 1 2018 and Quarter 4 2018 the average cost of a comprehensive motor insurance policy has fallen by 7.7%, it should be noted however that between Quarter 3 and Quarter 4 a 2.7% increase was noted (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 the 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 the 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 The Head of Environmental & Public Protection has no specific comment on licencing fees which are a licencing issue. In relation to comparing neighbouring authorities' tariffs and licencing fees this cannot be looked at in isolation without considering the other conditions which are required by neighbouring authorities' which significantly affect operators running costs. Examples of which would be all Public Hire Vehicles requiring to be wheelchair accessible, age restrictions on the vehicles that 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.
- 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 916 or 889 yards or part thereof | 0% | 0% | 0% | 0% |
| First Mile | 0% | 2.8% | 2.6% | 0% |
| 3.5 mile journey | 2.6% | 2.5% | 3.4% | 1.9% |

Although there is a 0% price increase in the initial flag fall for Tariff's 1, 2 and 3, the distance covered for that tariff has reduced by 5%. This means that a journey using Tariff 1 with an end point between the new yardage of 870 yards and the old yardage of 916 yards would be subject to an additional £0.10 charge equating to a 4% tariff increase in these specific circumstances.

It is noted that recurring fare increases applied by reducing distances both for the initial flag drop and subsequent segments has reduced distances significantly over time. Should any decrease be applied at this fare review the initial flag fall distance will fall below ½ mile (880 yards). The incremental increase for each subsequent segment of £0.10 has remained unchanged for in excess of 20 years.

In addition, discussion with members of the trade and Council Officers has taken place in relation to the merits of reviewing the current methodology. A briefing was also held for members of the General Purposes Board.

Increasing the subsequent segment distance by x3 and the associated charge x3 (£0.30) before applying any fare increase would allow more flexibility in the way increases can be applied. It would also future proof the tariff model to an extent.

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.

4.0 RECOMMENDATIONS

- 4.1 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 determined and report on the outcome once the statutory period for representations has lapsed.
- 4.2 That the Board agree to triple the fare increments as well as tripling the yardage which results in said increment.

5.0 IMPLICATIONS

Finance

- 5.1 There will be costs associated with the production of new fare scales, cards and advertising costs which will require to be met in existing budgets.

Legal

- 5.2 The Board should note that Section 17 of the Civic Government (Scotland) Act 1982 states that the licensing authority must fix scales for the fares and other charges within 18 months beginning with the date on which the scales last came into effect. The licensing authority may in fixing scales, alter fares or charges to fix them at the same rate as existing charges. Before fixing a new scale, the licensing authority must consult with persons appearing to be representative of taxi operators, review existing scales and propose new scales and advertise its proposal in a newspaper circulating in its area detailing its proposal, the date when it is proposed to come into effect and stating that representations may be made within a specified time period (ending at least one month from the day of advertisement). If any representations are received, the licensing authority is required to consider these before fixing a new fares scale.

Human Resources

- 5.3 There are no Human Resources implications.

Equalities

5.4 There are no equalities implications.

Repopulation

5.5 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 2019

Dear Mr. Douglas,

Re: Taxi Fare Review 2019

Further to your letter of 3rd June 2019, 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 2018.

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 4.9% increase in the national minimum wage with further significant 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 August 2018 this figure was 2.7% with economists predicating that by the end of 2019, it is likely we will see a Consumer Price Index of 3% 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 7% - 34%, even for Operators who have 10+ years of No Claims Bonus. The insurance market for Taxi Operators is becoming ever smaller. 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 personal injuries as a result of accidents in the Midlands and Yorkshire areas is impacting on taxi insurance premiums across the UK which adds further burdens for Taxi Operators.

24 hours a day - Just a phone call away!

As Taxi Operators make the decision to invest in new or newer vehicles, the increased costs of parts are more significant for Taxi Operators. For example, 8 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 emit 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 + VAT. 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 diagnostic technology, which results in them increasing their labour rates to the Taxi Operators. 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 in the main by the Supermarkets. The cost of fuel in Inverclyde is still higher than in other neighbouring Local Authority areas.

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 £276.00 in Renfrewshire (annually this makes the 3-year license £92.00) against Inverclyde Council annual fees of £340.00. In West Dunbartonshire, the 3-year license costs £614.00 (annually this is £204.66). 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 £5.20 whereas in West Dunbartonshire it is £5.40 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 5% reduction in yardage for the initial charge and subsequent charge yardage.
2. Tariff 2 – flag fall charge to be maintained and propose a 5% reduction in yardage for the initial charge and subsequent charge for yardage.
3. Tariff 3 – flag fall charge to be maintained and propose a 5% reduction in yardage for the initial charge and subsequent charge for yardage.

4. Tariff 4 – flag fall charge to be maintained and propose a 5% reduction in yardage after the first mile.
5. 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 several Inverclyde Councillor's. It should be acknowledged that the Taxis provide an essential service to the general public of Inverclyde and we are sure Police Scotland will confirm this is the case, particularly when entering unsocial hours (i.e. from 10pm onwards) when Taxis assist in getting the general public home promptly and safely.

Assuring you of our best attention at all times.

Yours faithfully,
For and on behalf of Inverclyde Taxis Ltd



Henry Glasgow
Director

c.c. Alex Gray
Graham Campbell
Operators Liaison Group

Appendix A

Table 1: Inverclyde Council 1st April 2017 Fees V. Inverclyde Council 1st April 2019 Fees

Taxi / Private Hire Licensing Fees

| | Inverclyde Council 2017 | Inverclyde Council 2019 | Var + / - | Var % |
|-------------------------------------|--------------------------------|--------------------------------|------------------|--------------|
| | £ | £ | £ | % |
| Taxi Operator | 330.00 | 340.00 | 10.00 | 3.03% |
| Surrender & Re-issue | 330.00 | 340.00 | 10.00 | 3.03% |
| Variation of Licence | 43.50 | 45.00 | 1.50 | 3.45% |
| Annual Test & Meter Test | 145.00 | 147.50 | 2.50 | 1.72% |
| 6 Monthly Test & Meter Test | 94.00 | 97.00 | 3.00 | 3.19% |
| Test After Surrender | 152.50 | 155.50 | 3.00 | 1.97% |
| Replacement Vehicle | 196.00 | 200.50 | 4.50 | 2.30% |
| Renewal & Replacement Vehicle | 482.50 | 495.50 | 13.00 | 2.69% |
| Taxi or Private Hire Driver License | 69.50 | 72.00 | 2.50 | 3.60% |
| Taxi Plate | 23.50 | 24.00 | 0.50 | 2.13% |

**ITEM 2
APPENDIX 2**

| TARIFF | INVERCLYDE COUNCIL NOTE OF TARIFF (CURRENT) | | INVERCLYDE TAXIS, ABC TAXIS and OLG PROPOSALS 2019 | |
|-----------------|---|------------|---|------------|
| Tariff 1 | Hirings from ranks or 'flag' hirings begun between 6am and 11pm | FEE | Hirings from ranks or 'flag' hirings begun between 6am and 11pm | FEE |
| | Initial charge (916 yards or part thereof) | £2.50 | Initial charge (870 yards or part thereof) | £2.50 |
| | Subsequent charge (each additional 98 yards or part thereof) | £0.10 | Subsequent charge (each additional 93 yards or part thereof) | £0.10 |
| | Approximate cost for first mile | £3.40 | Approximate cost for first mile | £3.50 |
| | Approximate cost for each additional mile | £1.80 | Approximate cost for each additional mile | £1.90 |
| Tariff 2 | Hirings from ranks or 'flag' hirings begun between 11pm and 6am and all pre-booked hirings begun between 6am and 10pm | FEE | Hirings from ranks or 'flag' hirings begun between 11pm and 6am and all pre-booked hirings begun between 6am and 10pm | FEE |
| | Initial charge (889 yards or part thereof) | £2.60 | Initial charge (845 yards or part thereof) | £2.60 |
| | Subsequent charge (each additional 95 yards or part thereof) | £0.10 | Subsequent charge (each additional 90 yards or part thereof) | £0.10 |
| | Approximate cost for first mile | £3.50 | Approximate cost for first mile | £3.70 |
| | Approximate cost for each additional mile | £1.90 | Approximate cost for each additional mile | £2.00 |
| Tariff 3 | Pre-booked hirings begun between 10pm and 6am and hirings from ranks or 'flag' hirings on Easter Holiday, May Day, Fair Saturday and Autumn Holiday | FEE | Pre-booked hirings begun between 10pm and 6am and hirings from ranks or 'flag' hirings on Easter Holiday, May Day, Fair Saturday and Autumn Holiday | FEE |
| | Initial charge (889 yards or part thereof) | £2.80 | Initial charge (845 yards or part thereof) | £2.80 |
| | Subsequent charge (each additional 83 yards or part thereof) | £0.10 | Subsequent charge (each additional 79 yards or part thereof) | £0.10 |
| | Approximate cost for first mile | £3.90 | Approximate cost for first mile | £4.00 |
| | Approximate cost for each additional mile | £2.20 | Approximate cost for each additional mile | £2.30 |

**ITEM 2
APPENDIX 2**

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|-----------------------|---|-------|---|-------|
| Tariff 4 | Pre-booked hirings and hirings from ranks or 'flag' hirings on 25 & 26 December and 1 & 2 January | | Pre-booked hirings and hirings from ranks or 'flag' hirings on 25 and 26 December and 1 & 2 January | |
| | Initial charge (first mile or part thereof) | £5.10 | Initial charge (first mile or part thereof) | £5.10 |
| | Subsequent charge (each additional 83 yards or part thereof) | £0.10 | Subsequent charge (each additional 79 yards or part thereof) | £0.10 |
| | Approximate cost for first mile | £5.10 | Approximate cost for first mile | £5.10 |
| | Approximate cost for each additional mile | £2.20 | Approximate cost for each additional mile | £2.30 |
| 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) | | | |