

Ref: FD

Date: 22 February 2021

I refer to the agenda for the meeting of the General Purposes Board to be held on 26 February 2021 and now enclose report relative to agenda item 2 as undernoted.

GERARD MALONE
Head of Legal & Property Services

UNDERNOTE

2. **Taxi Fares Review 2020/21**
Report by Head of Legal & Property Services

Report To:	GENERAL PURPOSES BOARD	Date:	26 February 2021
Report By:	HEAD OF LEGAL & PROPERTY SERVICES	Report No:	LP/032/21
Contact Officer:	DAVID KEENAN	Contact No:	01475 712189
Subject:	TAXI FARES REVIEW 2020/21		

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 early/mid May 2021.
- 1.3 The annual taxi fare review was originally placed on the agenda for the meeting on 10 February 2021. The Board continued consideration of the matter to allow for officers to provide clarification on fares in terms of tables in a percentage form. This information is shown in Appendix 4 to this report.

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. The 2019/20 scales in Inverclyde came into effect in November 2019. The Licensing Authority would ordinarily begin the statutory consultation in respect of the taxi fares review at the beginning of June each year.
- 2.2 In light of the Covid-19 pandemic and impact upon the taxi trade Council officers consulted with representatives of the taxi trade to ascertain their views as to whether they wished the review to proceed in June 2020 or whether they wished to postpone the review until later this year. The response from representatives of the trade was that in these unprecedented and challenging times they believed it prudent to postpone the consultation until later in the year, in the knowledge that any changes will not take effect until early/mid May 2021. Accordingly, the formal consultation regarding the taxi fare reviews had to be undertaken no later than November 2020.
- 2.3 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.
- 2.4 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.

- 2.5 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 13 November 2020 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 and consideration of the Taxi Booking Office Licence fee. The Board may wish to note that these requests will be dealt with as separate matters from the Taxi Fares Review at a future meeting of the Board.
- 2.6 The trade submissions ask for an increase of no less than 20p on the flag fall on all four tariffs with no reduction in yardage.
- 2.7 Appendix 2 to this report is an email from Mr Paul Travers, Taxi Operator proposing that there be no increase in fares.

3.0 RECOMMENDATIONS

- 3.1 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.

Gerard Malone
Head of Legal & Property Services

4.0 COMMENTS ON THE TRADE PROPOSALS

- 4.1 The Head of Service – Roads and Transportation was invited to submit her views on the taxi fare scales and her comments are as follows:-
- 4.2 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.
- 4.3 As noted in previous fare reviews increased running and living costs since the last fare increase in December 2019 should be considered as justification for any fare increase. Fuel costs for diesel between December 2019 and November 2020 show a 9.8% 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.
- 4.4 The Consumer Prices Index (CPI) which takes into account all areas of inflationary pressure provides a broader overview of increased costs. The CPI 12-month rate was 0.7% in October 2020, up from 0.5% in September 2020. (source: Office for National Statistics).
- 4.5 The AA British Insurance Premium Index has not provided motor vehicle insurance sector data for the period 2019 - 2020. 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.
- 4.6 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.
- 4.7 While Roads and Transportation have no specific comment on licencing fees which are a licencing issue. In relation to comparing neighbouring authority's 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 being 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.
- 4.8 The proposals submitted by the trade equate to increases of:

	Tariff 1	Tariff 2	Tariff 3	Tariff 4
Initial Flag Fall and first 880 yards or part thereof	7.8%	7.5%	7%	3.9%
First Mile	5.7%	5.1%	4.9%	3.9%
3.5 mile journey	2.5%	2.3%	2.1%	1.9%

EXISTING FARE SCALES AND CHARGES

Appendix 3 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.

- 4.9 Should the board decide an alternative tariff change is appropriate this can be achieved by adjusting the flag fall, the subsequent charge for each additional distance thereafter and the yardage for each additional distance thereafter. All three components can be adjusted in isolation or combined to provide the desired percentage increase across variable distances.

Four examples of this are illustrated below:

Example One

Increasing the flag fall across all 4 tariffs by £0.10 with no increase to the subsequent charge or reduction in yardage.

This example would equate to increases of:

	Tariff 1	Tariff 2	Tariff 3	Tariff 4
Initial Flag Fall and first 880 yards or part thereof	3.9%	3.8%	3.5%	1.9%
First Mile	2.9%	2.6%	2.4%	1.9%
3.5 mile journey	1.2%	1.2%	1%	0.9%

Example Two

Increasing the flag fall across all 4 tariffs by £0.05 and increasing the subsequent charge thereafter from £0.31 to £0.32 with no reduction in yardage.

This example would equate to increases of:

	Tariff 1	Tariff 2	Tariff 3	Tariff 4
Initial Flag Fall and first 880 yards or part thereof	2%	1.9%	1.8%	1%
First Mile	2.3%	2.3%	2.2%	1%
3.5 mile journey	2.8%	2.8%	2.8%	2.1%

Example Three

Increasing the flag fall across all 4 tariffs by £0.15 and increasing the subsequent charge thereafter from £0.31 to £0.32 with no reduction in yardage.

This example would equate to increases of:

	Tariff 1	Tariff 2	Tariff 3	Tariff 4
Initial Flag Fall and first 880 yards or part thereof	5.9%	5.7%	5.3%	2.9%
First Mile	5.2%	4.9%	4.6%	2.9%
3.5 mile journey	4.1%	4%	3.8%	3.1%

Example Four

Increase the flag fall by 3% across all tariffs rounded to the nearest penny. This equates to a £0.08 increase on Tariffs 1 and 2 a £0.09 increase on Tariff 3 and a £0.15 increase on Tariff 4. Increase the subsequent charge thereafter by 3% from £0.31 to £0.32 with no reduction in yardage.

This example would equate to increases of:

	Tariff 1	Tariff 2	Tariff 3	Tariff 4
Initial Flag Fall and first 880 yards or part thereof	3.1%	3%	3.2%	2.9%
First Mile	3.2%	3.1%	3.2%	2.9%
3.5 mile journey	3.2%	3.2%	3.2%	3.1%

Example four provides the best methodology to produce a consistent tariff increase across all distance hires.

Should the board decide a percentage increase that was not possible to apply to the subsequent charge in whole pence. The distance covered for the current charge would be reduced by the same percentage to provide the same net result.

5.0 IMPLICATIONS

5.1 Finance

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.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
N/A					

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
N/A					

5.2 Legal

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.

5.3 Human Resources

There are no Human Resources implications.

5.4 Equalities

Equalities

(a) Has an Equality Impact Assessment been carried out?

	YES
X	NO – This report does not introduce a new policy, function or strategy or recommend a substantive change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required

(b) Fairer Scotland Duty

If this report affects or proposes any major strategic decision:-

Has there been active consideration of how this report's recommendations reduce inequalities of outcome?

	YES – A written statement showing how this report's recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed.
X	NO

(c) Data Protection

Has a Data Protection Impact Assessment been carried out?

	YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.
X	NO

5.5 Repopulation

There are no repopulation implications.

6.0 CONSULTATIONS

6.1 Consultations have been undertaken with Inverclyde Taxis Ltd, ABC Taxis (Inverclyde) and Members of the Operator's Liaison Group for trade representations.

7.0 BACKGROUND PAPERS

7.1 None

Lindsay Carrick
Senior Admin Officer / Paralegal
Inverclyde Council
Litigation, Licensing & Committee Services
Municipal Buildings
Clyde Square
Greenock
PA15 1LY

3 EARNHILL ROAD
GREENOCK
PA16 0EQ

Your Ref: TAX0031

13th November 2020

Dear Mrs Carrick,

Re: Taxi Fare Review 2020

Further to correspondence received from Anne Sinclair (Legal Services Manager) dated 1st September 2020, 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 2020.

The respective companies and OLG accept we are in unchartered and unprecedented times, which has and continues to affect everyone in very different ways. As such, 2020 has been a challenging year to say the least in relation to a significant downturn in business for drivers and the business alike. This is coupled to the taxi trade receiving no financial support other than the 10k grant from the Scottish Government whatsoever, as we are a sector that has gone into freefall after slipping through the cracks.

Likewise, Inverclyde Council continues to offer limited or no administrative support / guidance to the trade yet endorse year on year taxi and test fees increases without any consultation / notice nor indeed consideration to financial packages (i.e. 2 / 3 years fee packages) to secure trade commitment for the medium to longer term. It would appear decisions are for here and now and only looking short term.

Ironically, as we along with our suppliers / third party service providers are genuinely fighting for survival, we find ourselves caught squarely in the middle of this battle. We now have longstanding suppliers applying price increases on utilities, mandatory technological updates to function day to day, vehicle parts, mandatory Government increases in wages whilst all are reducing credit limits and terms to improve their cash flows. Also, new vehicle availability has become all but negligible which has a direct impact on having to increase expenditure on older vehicles in order that they remain roadworthy and meet Local Authority test standards.

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 a nominal increase in income.

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24 hours a day - Just a phone call away!

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As Operators and Drivers are self-employed, they require an increase in the meter tariffs in an attempt to attain the national minimum hourly rate, a key factor that Inverclyde Council themselves have been keen to promote and encourage amongst local businesses. This year alone we have already seen a 6.2% 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 reduce the burden on the state and attract individuals to consider a career as Taxi Drivers given the current climate, which will only help improve taxi coverage further.

For Taxi Operators, they continue to absorb significant increases in the costs of Taxi Insurance, which is significantly higher than private car insurance due to public liability cover required and the increased risk which operating a taxi brings over a private car. This year alone, operators have been reporting insurance increases of between 6% - 38%, even for Operators who have 10+ years of No Claims Bonus. The insurance market for Taxi Operators continues to recede at an alarming rate. Unfortunately, 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.

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 any plus or minus variances being driven in the main by the Supermarkets. The cost of fuel in Inverclyde is still higher than in other neighbouring Local Authority areas.

Should anticipated Inverclyde Council increases in Taxi and Test Fees be applied, these are additional costs which Operators and Drivers must endeavour to absorb should they wish to continue to operate. The only way to cover these additional costs is to increase the Meter Tariffs. Inverclyde Council need to be ever mindful that the evening and night economies have abated and unlikely to return to pre-pandemic levels, thus drivers have a small but definitive window throughout the daytime only to generate a limited income. The Council increase taxi and test 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 and test fees in Scotland. We would welcome the opportunity to revisit Licensing and Test fees the trade has to pay, which are significantly higher than those of fellow Taxi Operators and Drivers in Renfrewshire. Renfrewshire Council also endorse a beneficial 3-year package for Taxi and Test Fee renewals, which therefore makes the annual costs that bit lower for Operators and Drivers who take up this option.

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: -

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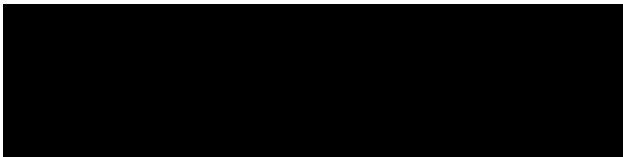
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1. An increase of no less than 20p on the flag fall on all four tariffs.
2. So, there can be no misunderstanding, no reduction on yardage and a nominal 20p on the flag fall across the 4 tariffs.
3. We would also welcome a review of the Taxi Booking Office Licence Fees, as Inverclyde Council continues to be extremely excessive in its Licence Fee to that of neighbouring Councils.
4. Renfrewshire Council, on renewal of Licenses, permit Operators and Drivers to apply for a 3-year licence at a discounted price (e.g. cost of 2 years). We are requesting that Inverclyde Council make this option available to Inverclyde Operators and Drivers on renewal of Taxi and Test Fees.

You will no doubt acknowledge our submission accrues 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 in the evenings 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

Fiona Denver

From: Paul Travers [REDACTED]
Sent: 30 September 2020 23:40
To: Lindsay Carrick
Subject: Taxi Fare Review 2020

Lindsay Carrick

Thank you for the invitation to take part in the consultation for the Taxi Fares Review 2020.

I am proposing that there be no increase in Fares for 2020. I believe that any increase in fares will result in even greater losses of income for the single operators in Inverclyde. I would like to suggest that Inverclyde Council write to all operators in Inverclyde when having consultations.

Kind Regards
Paul Travers
Taxi Operator

APPENDIX 3

TARIFF	INVERCLYDE COUNCIL NOTE OF TARIFF (CURRENT)		INVERCLYDE TAXIS, ABC TAXIS and OLG PROPOSALS 2020	
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 (880 yards or part thereof)	£2.55	Initial charge (880 yards or part thereof)	£2.75
	Subsequent charge (each additional 294 yards or part thereof)	£0.31	Subsequent charge (each additional 294 yards or part thereof)	£0.31
	Approximate cost for first mile	£3.48	Approximate cost for first mile	£3.68
	Approximate cost for each additional mile	£1.86	Approximate cost for each additional mile	£1.86
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 (880 yards or part thereof)	£2.65	Initial charge (880 yards or part thereof)	£2.85
	Subsequent charge (each additional 285 yards or part thereof)	£0.31	Subsequent charge (each additional 285 yards or part thereof)	£0.31
	Approximate cost for first mile	£3.89	Approximate cost for first mile	£4.09
	Approximate cost for each additional mile	£2.17	Approximate cost for each additional mile	£2.17
Tariff 3	Pre-booked hirings begun between 10pm and 6am and hirings from ranks or 'flag' hirings on Easter Monday, 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 Monday, May Day, Fair Saturday and Autumn Holiday	FEE
	Initial charge (880 yards or part thereof)	£2.85	Initial charge (880 yards or part thereof)	£3.05
	Subsequent charge (each additional 249 yards or part thereof)	£0.31	Subsequent charge (each additional 249 yards or part thereof)	0..31
	Approximate cost for first mile	£4.09	Approximate cost for first mile	£4.29
	Approximate cost for each additional mile	£2.48	Approximate cost for each additional mile	£2.48

APPENDIX 3

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)	£5.15	Initial charge (first mile or part thereof)	£5.35
	Subsequent charge (each additional 249 yards or part thereof)	£0.31	Subsequent charge (each additional 249 yards or part thereof)	£0.31
	Approximate cost for first mile	£5.15	Approximate cost for first mile	£5.35
	Approximate cost for each additional mile	£2.48	Approximate cost for each additional mile	£2.48
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)			

APPENDIX 4**1% increase - flag fall and yards**

	Tariff 1	Tariff 2	Tariff 3	Tariff 4
Initial Flag Fall and first 880 yards or part thereof	£ 2.57	£ 2.67	£ 2.87	£ 5.20
First Mile	£ 3.81	£ 3.91	£ 4.11	£ 5.20
3.5 mile journey	£ 8.46	£ 8.56	£ 9.69	£ 10.78

1.5% increase - flag fall and yards

	Tariff 1	Tariff 2	Tariff 3	Tariff 4
Initial Flag Fall and first 880 yards or part thereof	£ 2.58	£ 2.68	£ 2.89	£ 5.22
First Mile	£ 3.82	£ 3.92	£ 4.13	£ 5.22
3.5 mile journey	£ 8.47	£ 8.57	£ 9.71	£ 10.80

2% increase - flag fall and yards

	Tariff 1	Tariff 2	Tariff 3	Tariff 4
Initial Flag Fall and first 880 yards or part thereof	£ 2.60	£ 2.70	£ 2.90	£ 5.25
First Mile	£ 3.84	£ 3.94	£ 4.14	£ 5.25
3.5 mile journey	£ 8.49	£ 8.59	£ 9.72	£ 11.14

2.5% increase - flag fall and yards

	Tariff 1	Tariff 2	Tariff 3	Tariff 4
Initial Flag Fall and first 880 yards or part thereof	£ 2.61	£ 2.71	£ 2.92	£ 5.27
First Mile	£ 3.85	£ 3.95	£ 4.16	£ 5.27
3.5 mile journey	£ 8.50	£ 8.91	£ 9.74	£ 11.16