

Report To: GENERAL PURPOSES BOARD **Date:** 11 September 2013

Report By: HEAD OF LEGAL AND DEMOCRATIC SERVICES **Report No:** LA/1064/13

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

Subject: TAXI FARES REVIEW 2013

1.0 PURPOSE

- 1.1 A report was submitted to the General Purposes Board on 14 August 2013 to ask the Board to determine the taxi fare scales and charges following the annual review.
- 1.2 Inverclyde Taxis Limited submitted their proposals on behalf of the trade and comments were submitted by The Head of Environmental and Commercial Services.
- 1.3 After discussion, the Board decided to continue consideration of proposals to the next meeting of the Board to allow the Head of Legal & Democratic Services to submit to the Board a note on taxi fare scales and Civic Government licence application fees across all Authorities. This information will be collated and circulated to members of the Board prior to the meeting.
- 1.4 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.

2.0 RESPONSE BY TAXI TRADE

- 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 setting their submission in detail and their justification for it forms Appendix 1 to this report.

APPENDIX 1

The trade have requested that the General Purposes Board give due consideration to a review of official and unofficial taxi ranks and allocation of spaces. In addition they request that the Board endorse a discount structure to Taxi/Private Hire fees.

The Board may wish to note that these requests will be dealt with as a separate matter from the Taxi Fares Review.

The submissions for change to the tariff scales are:

- 2.2
- (i) Tariff 1 – increase initial charge to £ 2.50 and 9.89% increase on subsequent charge.
 - (ii) Tariff 2 – increase initial charge to £ 2.60 and 9.89% on subsequent charge.
 - (iii) Tariff 3 – increase initial charge to £ 2.80 and 9.89% on subsequent charge.
 - (iv) Minimum charge of £ 5.00 on 2 January.

3.0 COMMENT ON THE PROPOSALS FROM THE TRADE

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.

The Head of Environmental & Commercial Services has commented that collectively the groups have cited increased running and living costs since the last fare increase in November 2012 as justification for their proposals to be considered.

Fuel costs for diesel has fallen by approximately 1.8%, if comparing November 2012 prices with the June 2013 prices (source; AA Fuel Price Report), but that is simply a snapshot of prices at two fixed periods in time. Fuel prices have fluctuated greatly over this period and the Head of Environmental & Commercial Services feels a more realistic indicator to use would be the Consumer Price Index (CPI) which takes into account all the areas highlighted as inflationary pressures by the groups. The CPI is the measure adopted by the Government for its UK inflation target. Over the one year period from June 2012 to May 2013 the CPI annual inflation rate stands at 2.7% (source; Office for National Statistics).

The proposals submitted by the trade equate to increases of:

	Tariff 1	Tariff 2	Tariff 3
Initial Flag Fall & first 1004 or 974 yards or part thereof	8.7.1%	8.3%	7.7%
First Mile	10%	9.7%	8.8%
Average 3.5 mile journey	10.4%	10.1%	9.1%

These are difficult economic times for all sectors of the community which form the customer base for the taxi industry, and the tariff increase should reflect the levels of wage rises seen in other sectors. Average wage rises in the Public and Private Sectors from March 2012 to March 2013 stood at 1.1% (source; Office for National Statistics).

Two illustrations below show alternative tariff increases in percentage terms.

Illustration 1

A 10 pence increase in the flag fall across Tariff's 1, 2 and 3 for the first 1004 yards on Tariff 1 and first 974 yards on Tariff's 2 and 3 as per existing distances, with no reduction in yardage thereafter would equate to an increase of:

	Tariff 1	Tariff 2	Tariff 3
Initial Flag Fall & first 1004 or 974 yards or part thereof	4.3%	4.2%	3.8%
First Mile	3.3%	3.2%	2.9%
Average 3.5 mile journey	1.5%	1.4%	1.3%

Illustration 2

A 10 pence increase in the flag fall across Tariff's 1, 2 and 3 for the first 1004 yards on Tariff 1 and first 974 yards on Tariff's 2 and 3 as per existing distances, combined with a 5% reduction in yardage thereafter would equate to an increase of:

Tariff 1	Tariff 2	Tariff 3
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Initial Flag Fall and first 1004 or 974 yards or part thereof	4.3%	4.2%	3.8%
First Mile	3.3%	6.5%	5.9%
Average 3.5 mile journey	4.5%	5.8%	3.9%

- 3.2 The Head of Environmental & Commercial Services has also made comment in respect of the review of taxi ranks and would invite representations of the trade in respect of areas of over and under capacity at specific times to assist in the review of official taxi ranks. The Head of Environmental & Commercial Services is willing to engage with both the trade and the Police to carry out a robust review of taxi ranks.

4.0 EXISTING FARE SCALES AND CHARGES

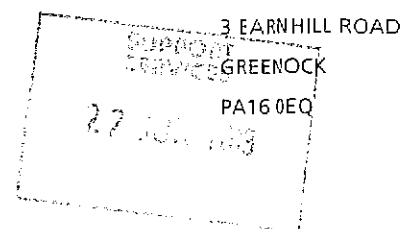
- 4.1 Appendix 2 to this report details the current fare scales and the proposals submitted by Inverclyde Taxis Ltd and the Head of Environmental & Commercial Services which would apply if the proposals described were adopted provisionally for the purposes of advertisement.

APPENDIX 2

5.0 CONCLUSION

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

Lindsay Carrick
Legal & Democratic Services



Lindsay Carrick
Senior Admin Officer
Inverclyde Council
Legal and Democratic Services
Municipal Buildings
Clyde Square
Greenock
PA15 1LY

Your Ref: LC/FJ/TAX0017

27th June 2013

Dear Ms Carrick,

Re: Taxi Fare Review 2013

In answer to your correspondence dated 5th June 2013, I have much pleasure in responding accordingly on behalf of Inverclyde Taxis Ltd, ABC Taxis (Inverclyde) Ltd and associated Operators Liaison Group (hereinafter called ITL, ABC and OLG respectively) regarding the proposed Taxi Fare Review 2013.

Commercially, market forces (i.e. the purchase of vehicles has increased significantly since the last fare increase on 25th November 2012, Inverclyde Council charges & fees over the last three years, increased fuel costs, insurance premiums, food & utilities, maintenance / repair costs, tyres, credit restrictions, etc) are dictating disturbing trends, which has resulted in a significant increase in an operators cost per mile, particularly MAV's.

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, and confirm the overwhelming consensus amongst operators and drivers alike is that the trade would welcome full endorsement for the following proposals by the General Purposes Board.

We, ITL, ABC and OLG would therefore respectively request that the General Purposes Board give due consideration and endorse the following proposals: -

1. Tariff 1 – flag fall to go up to £2.50, and propose a 9.89% increase after 1,004 yards.
2. Tariff 2 – flag fall to go up to £2.60, and propose a 9.89% increase after 974 yards.
3. Tariff 3 – flag fall to go up to £2.80, and propose a 9.89% increase after 974 yards.
4. We are in no doubt the General Purposes Board would acknowledge that operators / drivers do incur a high portion of unsocial hours by having to work weekends and public holidays, and would therefore ask the Board members to endorse a minimum charge on 2nd January of £5.00.

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24 hours a day - Just a phone call away!

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5. We would ask that the GPB members endorse a discount structure similar to that of our neighbouring Councils to Taxi / Private Hire Fess for payment in advance (e.g. 2/3-years fees paid in advance subject to an agreed discount structure), as this would ease the financial / administration burden on Inverclyde Council resources and operators alike.
6. As we continue to strive for continuous improvements in maintaining a high level of customer service, we would respectfully request that the General Purposes Board give due consideration to a full and transparent review of official / unofficial taxi ranks and allocation of spaces, as the status quo is causing a degree of confusion and unnecessary inconveniences for the Council, Police and trade.

It should be acknowledged that it has been some years since a review of taxi ranks and allocation of spaces has been conducted, hence this request as there has been significant changes in customer demands in relation to preferred pick-up points.

7. We would also welcome further synergy in relation the allocation of recognised holidays by having the 15th April (Local Spring Holiday) changed to Easter Monday, as the proposed change is an acknowledged holiday by the vast majority of the local community.

Indications from respected economists is that the UK is likely to experience further economic turbulence, resulting in further increases in the cost of vehicles, fuel, insurance premiums, maintenance, etc, hence we would respectfully request that GPB give due consideration to endorsing a mid-term fare review should the economic climate have a significant detrimental impact on operating costs.

Furthermore, we would also request that Inverclyde Council and GPB members give due consideration to refraining from approving any inflationary increases given the exorbitant increases applied in 2011 and 2012, whilst bearing in mind the diminishing employment opportunities and declining disposable income in Inverclyde.

You will no doubt acknowledge our submission is accruing for many factors that affect the community, whilst also attempting to sustain a credible income for operators and drivers, as Inverclyde Council Fares and Charges currently reside in 26th place within the Local Authority structure in Scotland.

Should you require any additional information or clarification on any point, please do not hesitate to contact me directly.

Assuring you of our best attention at all times.

Yours faithfully,
For and on behalf of Inverclyde Taxis Ltd

Henry Glasgow
Managing Director

c.c. Graham Campbell
Elizabeth McDonald
Nicola Stewart
Operators Liaison Group

TARIFF	INVERCLYDE COUNCIL NOTE OF TARIFF (CURRENT)	INVERCLYDE TAXIS, ABC TAXIS AND OLG PROPOSALS 2013	ENVIRONMENTAL & COMMERCIAL SERVICES 2013 (ILLUSTRATION 1)	ENVIRONMENTAL & COMMERCIAL SERVICES 2013 (ILLUSTRATION 2)
Tariff 1	Hirings from ranks or 'flag' hirings begun between 6am and 11pm	Hirings from ranks or 'flag' hirings begun between 6am and 11pm	Hirings from ranks or 'flag' hirings begun between 6am and 11pm	Hirings from ranks or 'flag' hirings begun between 6am and 11pm
	Initial charge (1,004 yards or part thereof)	Initial charge (1,004 yards or part thereof)	Initial charge (1,004 yards or part thereof)	Initial charge (1,004 yards or part thereof)
	Subsequent charge (each additional 119 yards or part thereof)	Subsequent charge (each additional 108 yards or part thereof)	Subsequent charge (each additional 119 yards or part thereof)	Subsequent charge (each additional 113 yards or part thereof)
	Approximate cost for first mile	Approximate cost for first mile	Approximate cost for first mile	Approximate cost for first mile
	Approximate cost for each additional mile	Approximate cost for each additional mile	Approximate cost for each additional mile	Approximate cost for each additional mile
		FEE	FEE	FEE
Tariff 2	Hirings from ranks or 'flag' hirings begun between 11pm and 6am and all pre-booked hirings begun between 6am and 11pm	Hirings from ranks or 'flag' hirings begun between 11pm and 6am and all pre-booked hirings begun between 6am and 11pm	Hirings from ranks or 'flag' hirings begun between 11pm and 6am and all pre-booked hirings begun between 6am and 11pm	Hirings from ranks or 'flag' hirings begun between 11pm and 6am and all pre-booked hirings begun between 6am and 11pm
	Initial charge (974 yards or part thereof)	Initial charge (974 yards or part thereof)	Initial charge (974 yards or part thereof)	Initial charge (974 yards or part thereof)
	Subsequent charge (each additional 116 yards or part thereof)	Subsequent charge (each additional 105 yards or part thereof)	Subsequent charge (each additional 116 yards or part thereof)	Subsequent charge (each additional 110 yards or part thereof)
	Approximate cost for first mile	Approximate cost for first mile	Approximate cost for first mile	Approximate cost for first mile
	Approximate cost for each additional mile	Approximate cost for each additional mile	Approximate cost for each additional mile	Approximate cost for each additional mile
		FEE	FEE	FEE

TARIFF	INVERCLYDE COUNCIL NOTE OF TARIFF (CURRENT)	INVERCLYDE TAXIS, ABC TAXIS AND OLG PROPOSALS 2013	ENVIRONMENTAL & COMMERCIAL SERVICES 2013 (ILLUSTRATION 1)	ENVIRONMENTAL & COMMERCIAL SERVICES 2013 (ILLUSTRATION 2)
Tariff 3	Pre booked hirings begun between 11pm and 6am and hirings from ranks or 'flag' hirings on, 2 January, 15 April (Spring holiday), 6 May (May Day), 29 June (Fair Saturday) and 9 September (Autumn Holiday)	Pre booked hirings begun between 11pm and 6am and hirings from ranks or 'flag' hirings on 21 April (Easter Holiday), 5 May (May Day), 5 July (Fair Saturday) and 8 September (Autumn Holiday)	Pre booked hirings begun between 11pm and 6am and hirings from ranks or 'flag' hirings on, 2 January, 21 April (Easter holiday), 5 May (May Day), 5 July (Fair Saturday) and 8 September (Autumn Holiday)	Pre booked hirings begun between 11pm and 6am and hirings from ranks or 'flag' hirings on, 2 January, 21 April (Easter holiday), 5 May (May Day), 5 July (Fair Saturday) and 8 September (Autumn Holiday)
	Initial charge (974 yards or part thereof)	Initial charge (974 yards or part thereof)	Initial charge (974 yards or part thereof)	Initial charge (974 yards or part thereof)
	Subsequent charge (each additional 103 yards or part thereof)	Subsequent charge (each additional 93 yards or part thereof)	Subsequent charge (each additional 103 yards or part thereof)	Subsequent charge (each additional 97 yards or part thereof)
	Approximate cost for first mile	Approximate cost for first mile	Approximate cost for first mile	Approximate cost for first mile
	£2.60	£2.80	£2.70	£2.70
	10p	10p	10p	10p
	£3.40	£3.70	£3.50	£3.60
	£1.70	£1.90	£1.70	£1.90

TARIFF	INVERCLYDE COUNCIL NOTE OF TARRIFF (CURRENT)	INVERCLYDE TAXIS, ABC TAXIS AND OLG PROPOSALS 2013	ENVIRONMENTAL & COMMERCIAL SERVICES 2013 (ILLUSTRATON 1)	ENVIRONMENTAL & COMMERCIAL SERVICES 2013 (ILLUSTRATON 2)
Tariff 4	<p>Pre booked hirings and hirings from ranks or 'flag' hirings on 25, 26 December and 1 January</p> <p>Initial charge (first mile or part thereof)</p> <p>Subsequent charge (each additional 103 yards or part thereof)</p> <p>Approximate cost for first mile</p> <p>Approximate cost for each additional mile</p>	<p>Pre booked hirings and hirings from ranks or 'flag' hirings on 25 and 26 December and 1 and 2 January</p> <p>Initial charge (first mile or part thereof)</p> <p>Subsequent charge (each additional 103 yards or part thereof)</p> <p>Approximate cost for first mile</p> <p>Approximate cost for each additional mile</p>	<p>Pre booked hirings and hirings from ranks or 'flag' hirings on 25 December, 26 December and 1 January</p> <p>Initial charge (first mile or part thereof)</p> <p>Subsequent charge (each additional 105 yards or part thereof)</p> <p>Approximate cost for first mile</p> <p>Approximate cost for each additional mile</p>	<p>Pre booked hirings and hirings from ranks or 'flag' hirings on 25 December, 26 December and 1 January</p> <p>Initial charge (first mile or part thereof)</p> <p>Subsequent charge (each additional 105 yards or part thereof)</p> <p>Approximate cost for first mile</p> <p>Approximate cost for each additional mile</p>
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			
VAT	The foregoing charges are inclusive of Value Added Tax			