

Municipal Buildings, Greenock PA15 1LY

Ref: LC

Date: 5 August 2014

I refer to the Agenda for the meeting of the General Purposes Board to be held on Wednesday 13 August 2014 and now enclose the report relative to Item 2 on the Agenda which was not available on the day of issue.

GERARD MALONE  
Head of Legal & Property Services

**Undernote**

2. **Taxi Fares Review 2014**  
Report by Head of Legal and Property Services

Enquiries to – **Lindsay Carrick**- Tel 01475 712114

**Report To:** GENERAL PURPOSES BOARD      **Date:** 13 August 2014

**Report By:** HEAD OF LEGAL AND PROPERTY SERVICES      **Report No:** LP/023/14

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

**Subject:** TAXI FARES REVIEW 2014

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## **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 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.

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.

- 2.2 The submissions for change to the tariff scales are:

- (i) Tariff 1 – flag fall to be maintained with a proposal of 8.39% reduction in yardage after 1,004 yards.
- (ii) Tariff 2 – flag fall to be maintained with a proposal of 8.39% reduction in yardage after 974 yards.
- (iii) Tariff 3 – flag fall to be maintained with a proposal of 8.39% reduction in yardage after 974 yards.
- (iv) Tariff 4 – flag fall to be maintained with a proposal of 8.39% reduction in yardage after the first mile.

### 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 2013 as justification for their proposals to be considered.

Fuel costs for diesel has fallen by approximately 1.9%, if comparing November 2013 prices with the June 2014 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 July 2013 to June 2014 the CPI annual inflation rate stands at 2.1% (source; Office for National Statistics).

The proposals submitted by the trade equate to increases of:

	Tariff 1	Tariff 2	Tariff 3	Tariff 4
Initial Flag Fall & first 1004 or 974 yards or part thereof	0%	0%	0%	0%
First Mile	3.2%	0%	0%	0%
Average 3.5 mile journey	5.7%	5.5%	6.2%	4.3%

The proposals put forward by the trade disproportionately affect passengers taking a longer journey. A customer taking an 8 mile journey from the centre of Greenock to Wemyss Bay or Kilmacolm would see their fare rise on Tariff 1 from £14.00 to £ 15.00 an increase of 7.1%.

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 2013 to March 2014 stood at 1.7% (source; Office for National Statistics).

Two illustrations below show alternative tariff increase in percentage terms.

#### Illustration 1

A 10 pence increase in the flag fall across Tariff's 1, 2, 3 and 4 as per the existing distances, with no reduction in yardage thereafter would equate to an increase of:

	Tariff 1	Tariff 2	Tariff 3	Tariff 4
Initial Flag Fall & first 1004 or 974 yards or part thereof	4.2%	4%	3.7%	2%
First Mile	3.2%	3%	2.8%	2%
Average 3.5 mile journey	1.4%	1.4%	1.2%	1.1%

#### Illustration 2

A 10 pence increase in the flag fall across Tariff's 1, 2, 3 and 4 as per existing distances, combined with a 3% reduction in yardage thereafter would equate to an increase of:

	Tariff 1	Tariff 2	Tariff 3	Tariff 4
Initial Flag Fall & first 1004 or 974 yards or part thereof	4.2%	4%	3.7%	2%
First Mile	3.2%	3%	2.8%	2%
Average 3.5 mile journey	2.9%	2.7%	3.7%	3.3%

#### **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 illustrations by 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 & Property Services to advertise the proposals they determine and report on the outcome once the statutory period for representations has lapsed.

Lindsay Carrick  
Legal & Property Services

SUPPORT  
SERVICES

30 JUN 2014

3 EARNHILL ROAD  
GREENOCK  
PA16 0EQ

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

Your Ref: LC/FJ/TAX0017

26<sup>th</sup> June 2014

Dear Ms Carrick,

**Re: Taxi Fare Review 2014**

In answer to your correspondence dated 2<sup>nd</sup> June 2014, 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 2014.

Commercially, market forces (i.e. the purchase of vehicles has increased significantly since the last fare increase in November 2013, Inverclyde Council charges & fees over the last four 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 be maintained, and propose a 8.39% reduction in yardage after 1,004 yards.
2. Tariff 2 – flag fall to be maintained, and propose a 8.39% reduction in yardage after 974 yards.
3. Tariff 3 – flag fall to be maintained, and propose a 8.39% reduction in yardage after 974 yards.
4. Tariff 4 – flag fall to be maintained, and propose a 8.39% reduction in yardage after the first mile.

Cont/...

24 hours a day - Just a phone call away!

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5. We would ask that the GPB members agree to a Consultation with Operators regarding the current Licensing Fees & Structures prior to the Councils next review of Licensing fees. It is anticipated that the GPB would 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. The last official request to the Licensing Department took some time to produce a list of taxi ranks as there appeared to be a degree of uncertainty pertaining to official ranks.

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.

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.

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 26<sup>th</sup> 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  
Martyn Hambley  
Elizabeth McDonald  
Operators Liaison Group

TARIFF	INVERCLYDE COUNCIL NOTE OF TARIFF (CURRENT)	FEE	INVERCLYDE TAXIS, ABC TAXIS AND OLG PROPOSALS 2014	FEE	ENVIRONMENTAL & COMMERCIAL SERVICES 2014 (ILLUSTRATION 1)	FEE	ENVIRONMENTAL & COMMERCIAL SERVICES 2014 (ILLUSTRATION 2)	FEE
<b>Tariff 1</b>	Hirings from ranks or 'flag' hirings begun between 6am and 11pm	£2.40	Hirings from ranks or 'flag' hirings begun between 6am and 11pm	£2.40	Hirings from ranks or 'flag' hirings begun between 6am and 11pm	£2.50	Hirings from ranks or 'flag' hirings begun between 6am and 11pm	£2.50
	Initial charge (1,004 yards or part thereof)	£2.40	Initial charge (1,004 yards or part thereof)	£2.40	Initial charge (1,004 yards or part thereof)	£2.50	Initial charge (1,004 yards or part thereof)	£2.50
	Subsequent charge (each additional 113 yards or part thereof)	10p	Subsequent charge (each additional 104 yards or part thereof)	10p	Subsequent charge (each additional 113 yards or part thereof)	10p	Subsequent charge (each additional 110 yards or part thereof)	10p
<b>Tariff 2</b>	Approximate cost for first mile	£3.20	Approximate cost for first mile	£3.20	Approximate cost for first mile	£3.20	Approximate cost for first mile	£3.20
	Approximate cost for each additional mile	£1.60	Approximate cost for each additional mile	£1.70	Approximate cost for each additional mile	£1.60	Approximate cost for each additional mile	£1.60
	Hirings from ranks or 'flag' hirings begun between 11pm and 6am and all pre-booked hirings begun between 6am and 11pm	£1.60	Hirings from ranks or 'flag' hirings begun between 11pm and 6am and all pre-booked hirings begun between 6am and 11pm	£1.70	Hirings from ranks or 'flag' hirings begun between 11pm and 6am and all pre-booked hirings begun between 6am and 11pm	£1.60	Hirings from ranks or 'flag' hirings begun between 11pm and 6am and all pre-booked hirings begun between 6am and 11pm	£1.60
<b>Tariff 2</b>	Initial charge (974 yards or part thereof)	£2.50	Initial charge (974 yards or part thereof)	£2.50	Initial charge (974 yards or part thereof)	£2.60	Initial charge (974 yards or part thereof)	£2.60
	Subsequent charge (each additional 110 yards or part thereof)	10p	Subsequent charge (each additional 101 yards or part thereof)	10p	Subsequent charge (each additional 110 yards or part thereof)	10p	Subsequent charge (each additional 107 yards or part thereof)	10p
	Approximate cost for first mile	£3.30	Approximate cost for first mile	£3.30	Approximate cost for first mile	£3.40	Approximate cost for first mile	£3.40
<b>Tariff 2</b>	Approximate cost for each additional mile	£1.60	Approximate cost for each additional mile	£1.70	Approximate cost for each additional mile	£1.60	Approximate cost for each additional mile	£1.60

TARIFF	INVERCLYDE COUNCIL NOTE OF TARIFF (CURRENT)	FEE	INVERCLYDE TAXIS, ABC TAXIS AND OLG PROPOSALS 2014	FEE	ENVIRONMENTAL & COMMERCIAL SERVICES 2014 (ILLUSTRATION 1)	FEE	ENVIRONMENTAL & COMMERCIAL SERVICES 2014 (ILLUSTRATION 2)	FEE
<b>Tariff 3</b>	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 6 April (Easter Holiday), 4 May (May Day), 4 July (Fair Saturday) and 7 September (Autumn Holiday)		Pre booked hirings begun between 11pm and 6am and hirings from ranks or 'flag' hirings on, 6 April (Easter Holiday), 4 May (May Day), 4 July (Fair Saturday) and 7 September (Autumn Holiday)		Pre booked hirings begun between 11pm and 6am and hirings from ranks or 'flag' hirings on, 6 April (Easter holiday), 4 May (May Day), 5 July (Fair Saturday) and 7 September (Autumn Holiday)	
	Initial charge (974 yards or part thereof)	£2.70	Initial charge (974 yards or part thereof)	£2.70	Initial charge (974 yards or part thereof)	£2.80	Initial charge (974 yards or part thereof)	£2.80
	Subsequent charge (each additional 97 yards or part thereof)	10p	Subsequent charge (each additional 89 yards or part thereof)	10p	Subsequent charge (each additional 97 yards or part thereof)	10p	Subsequent charge (each additional 94 yards or part thereof)	10p
	Approximate cost for first mile	£3.60	Approximate cost for first mile	£3.60	Approximate cost for first mile	£3.70	Approximate cost for first mile	£3.70
	Approximate cost for each additional mile	£1.90	Approximate cost for each additional mile	£2.00	Approximate cost for each additional mile	£1.80	Approximate cost for each additional mile	£1.90



TARIFF	INVERCLYDE COUNCIL NOTE OF TARIFF (CURRENT)	INVERCLYDE TAXIS, ABC TAXIS AND OLG PROPOSALS 2014	ENVIRONMENTAL & COMMERCIAL SERVICES 2014 (ILLUSTRATION 1)	ENVIRONMENTAL & COMMERCIAL SERVICES 2014 (ILLUSTRATION 2)
<b>Tariff 4</b>	Pre booked hirings and hirings from ranks or 'flag' hirings on 25, 26 December, 1 & 2 January	Pre booked hirings and hirings from ranks or 'flag' hirings on 25 and 26 December and 1 and 2 January	Pre booked hirings and hirings from ranks or 'flag' hirings on 25 December, 26 December, 1 & 2 January	Pre booked hirings and hirings from ranks or 'flag' hirings on 25 December, 26 December and 1 & 2 January
	Initial charge (first mile or part thereof)	Initial charge (first mile or part thereof)	Initial charge (first mile or part thereof)	Initial charge (first mile or part thereof)
	Subsequent charge (each additional 105 yards or part thereof)	Subsequent charge (each additional 96 yards or part thereof)	Subsequent charge (each additional 105 yards or part thereof)	Subsequent charge (each additional 102 yards or part thereof)
	Approximate cost for first mile	Approximate cost for first mile	Approximate cost for first mile	Approximate cost for first mile
	£5.00	£5.00	£5.10	£5.10
	10p	10p	10p	10p
	£1.80	£1.80	£1.70	£1.70
	Approximate cost for each additional mile	Approximate cost for each additional mile	Approximate cost for each additional mile	Approximate cost for each additional mile
<b>Extras</b>	£1 per passenger after first four passengers			
<b>Waiting Time</b>	For each period of 31 seconds or part thereof - 20p			
<b>Soiling Charge</b>	Charge dependent on severity up to a maximum of - £50			
<b>VAT</b>	The foregoing charges are inclusive of Value Added Tax			