

Report To:	GENERAL PURPOSES BOARD	Date: 8 August 2012
Report By:	HEAD OF LEGAL AND DEMOCRATIC SERVICES	Report No: LA/874/12
Contact Officer:	LINDSAY CARRICK	Contact No: 01475 712114
Subject:	TAXI FARES REVIEW 2012	

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 been 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 EXISTING FARE SCALES AND CHARGES

- 2.1 Appendix 1 to this report details the current fare scales which have been in force in Inverclyde since November 2011. **APPENDIX 1**

3.0 RESPONSE BY TAXI TRADE

- 3.1 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 2 to this report. **APPENDIX 2**

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.

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

- (i) Tariff 1 – increase initial charge to £ 2.40 and 9.89% increase on subsequent charge.
- (ii) Tariff 2 – increase initial charge to £ 2.50 and 9.89% on subsequent charge.
- (iii) Tariff 3 – increase initial charge to £ 3.00 and 9.89% on subsequent charge.
- (iv) Minimum charge of £ 5.00 on 26 December and 2 January.

- 3.3 Appendix 3 to this report details the taxi fare scales in outline which would apply if the proposals described above were adopted provisionally for the purposes of advertisement. **APPENDIX 3**

4.0 COMMENT ON THE PROPOSALS FROM THE TRADE

- 4.1 The Head of Environmental & Commercial Services was invited to submit his views on the taxi fare scales and his comments are as follows.
- 4.2 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 2011 as justification for their proposals to be considered.

Fuel costs for diesel has fallen by approximately 1.4%, if comparing November 2011 prices with the June 2012 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 2011 to May 2012 the CPI annual inflation rate stands at 2.8% (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	9.1%	8.7%	20.0%
First Mile	6.9%	10%	18.2%
Average 3.5 mile journey	7.7%	10.6%	14.9%

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 these circumstances.

Two illustrations below show alternative tariff increases in percentage terms.

Illustration 1

A ten 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
Initial Flag Fall & first 1004 or 974 yards or part thereof	4.5%	4.3%	4.0%
First Mile	3.4%	3.3%	3.0%
Average 3.5 mile journey	3.1%	4.5%	4.0%

Illustration 2

A 20 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 2.8% reduction in yardage thereafter would equate to an increase of:

	Tariff 1	Tariff 2	Tariff 3
Initial Flag Fall and first 1004 or 974 yards or part thereof	9.1%	8.7%	8.0%
First Mile	6.9%	6.7%	6.1%
Average 3.5 mile journey	4.6%	4.5%	4.1%

The Head of Environmental Services has also commented that the annual tariff review should not be used as a mechanism to bolster reduced income from declining job volumes.

- 4.3 Appendix 4 to this report details the fare scales which would apply if proposals outlined in illustration 1 submitted by the Head of Environmental & Commercial Services. **APPENDIX 4**

Appendix 5 to this report details the fare scales which would apply if proposals outlined in illustration 2 submitted by the Head of Environmental & Commercial Services. **APPENDIX 5**

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

**Inverclyde
Council**

Civic Government (Scotland) Act 1982

NOTE OF TARIFF

TARIFF 1	Hirings from ranks or 'flag' hirings begun between 6am and 11pm	
	Initial charge (1,004 yards or part thereof)	£2.20
	Subsequent charge (each additional 125 yards or part thereof)	10p
	Approximate cost for first mile	£2.90
	Approximate cost for each additional mile	£1.40
TARIFF 2	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)	£2.30
	Subsequent charge (each additional 122 yards or part thereof)	10p
	Approximate cost for first mile	£3.00
	Approximate cost for each additional mile	£1.40
TARIFF 3	Pre-booked hirings begun between 11pm and 6am and hirings from ranks or 'flag' hirings on 26 December, 2 January, 23 April (Spring holiday), 7 May (May Day), 30 June (Fair Saturday) and 3 September (Autumn holiday)	
	Initial charge (974 yards or part thereof)	£2.50
	Subsequent charge (each additional 108 yards or part thereof)	10p
	Approximate cost for first mile	£3.30
	Approximate cost for each additional mile	£1.60
TARIFF 4	Pre-booked hirings and hirings from ranks or 'flag' hirings on 25 December and 1 January.	
	Initial charge (first mile or part thereof)	£5.00
	Subsequent charge (each additional 108 yards or part thereof)	10p
	Approximate cost for first mile	£5.00
	Approximate cost for each additional mile	£1.60
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	

ELAINE PATERSON
Head of Legal & Democratic Services

Municipal Buildings
Greenock

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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

2nd July 2012

Dear Ms Carrick,

Re: Taxi Fare Review 2012

In answer to your correspondence dated 13th June 2011, I have much pleasure in responding accordingly on behalf of the 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 2012.

Commercially, market forces (i.e. the purchase of vehicles has increased significantly since the last fare increase on 7th November 2011, Inverclyde Council charges & fees over the last two 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 MPV's, whilst job volumes corroborate other public transport trends with declining numbers.

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 £2.40, and propose a 9.89% increase after 1,004 yards.
2. Tariff 2 – flag fall to go up to £2.50, and propose a 9.89% increase after 974 yards.
3. Tariff 3 – flag fall to go up to £3.00, 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 26th December and 2nd January of £5.00.

Cont/...

24 hours a day - Just a phone call away!

.../cont

5. 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 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.

Early 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 job volumes, employment opportunities and declining disposable income in Inverclyde.

In addition, 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.

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.

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

INVERCLYDE TAXIS, ABC TAXIS and OPERATORS LIASION GROUP
PROPOSALS 2012

TARIFF 1	Hirings from ranks or 'flag' hirings begun between 6am and 11pm	
	Initial charge (1,004 yards or part thereof)	£2.40
	Subsequent charge (each additional 113 yards or part thereof)	10p
	Approximate cost for first mile	£3.10
	Approximate cost for each additional mile	£1.60
TARIFF 2	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)	£2.50
	Subsequent charge (each additional 110 yards or part thereof)	10p
	Approximate cost for first mile	£3.30
	Approximate cost for each additional mile	£1.60
TARIFF 3	Pre-booked hirings begun between 11pm and 6am and hirings from ranks or 'flag' hirings on, 15 April (Spring holiday), 6 May (May Day), 29 June (Fair Saturday) and 9 September (Autumn holiday)	
	Initial charge (974 yards or part thereof)	£3.00
	Subsequent charge (each additional 97 yards or part thereof)	10p
	Approximate cost for first mile	£3.90
	Approximate cost for each additional mile	£1.80
TARIFF 4	Pre-booked hirings and hirings from ranks or 'flag' hirings on 25 and 26 December and 1 and 2 January.	
	Initial charge (first mile or part thereof)	£5.00
	Subsequent charge (each additional 97 yards or part thereof)	10p
	Approximate cost for first mile	£5.00
	Approximate cost for each additional mile	£1.80
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	

ELAINE PATERSON
Head of Legal & Democratic Services

Municipal Buildings
Greenock

ENVIRONMENTAL AND COMMERCIAL SERVICES
2012
(Illustration 1)

TARIFF 1	Hirings from ranks or 'flag' hirings begun between 6am and 11pm	
	Initial charge (1,004 yards or part thereof)	£2.30
	Subsequent charge (each additional 119 yards or part thereof)	10p
	Approximate cost for first mile	£3.00
	Approximate cost for each additional mile	£1.50
TARIFF 2	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)	£2.40
	Subsequent charge (each additional 116 yards or part thereof)	10p
	Approximate cost for first mile	£3.10
	Approximate cost for each additional mile	£1.50
TARIFF 3	Pre-booked hirings begun between 11pm and 6am and hirings from ranks or 'flag' hirings on 26 December, 2 January, 15 April (Spring holiday), 6 May (May Day), 29 June (Fair Saturday) and 9 September (Autumn holiday)	
	Initial charge (974 yards or part thereof)	£2.60
	Subsequent charge (each additional 103 yards or part thereof)	10p
	Approximate cost for first mile	£3.40
	Approximate cost for each additional mile	£1.70
TARIFF 4	Pre-booked hirings and hirings from ranks or 'flag' hirings on 25 December and 2 January.	
	Initial charge (first mile or part thereof)	£5.00
	Subsequent charge (each additional 103 yards or part thereof)	10p
	Approximate cost for first mile	£5.00
	Approximate cost for each additional mile	£1.80
EXTRAS	£1 per passenger after first four passengers	
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Head of Legal & Democratic Services

Municipal Buildings
Greenock

ENVIRONMENTAL AND COMMERCIAL SERVICES
2012
(Illustration 2)

TARIFF 1	Hirings from ranks or 'flag' hirings begun between 6am and 11pm	
	Initial charge (1,004 yards or part thereof)	£2.40
	Subsequent charge (each additional 121 yards or part thereof)	10p
	Approximate cost for first mile	£3.10
	Approximate cost for each additional mile	£1.50
TARIFF 2	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)	£2.50
	Subsequent charge (each additional 119 yards or part thereof)	10p
	Approximate cost for first mile	£3.20
	Approximate cost for each additional mile	£1.50
TARIFF 3	Pre-booked hirings begun between 11pm and 6am and hirings from ranks or 'flag' hirings on 26 December, 2 January, 15 April (Spring holiday), 6 May (May Day), 29 June (Fair Saturday) and 9 September (Autumn holiday)	
	Initial charge (974 yards or part thereof)	£2.70
	Subsequent charge (each additional 105 yards or part thereof)	10p
	Approximate cost for first mile	£3.50
	Approximate cost for each additional mile	£1.70
TARIFF 4	Pre-booked hirings and hirings from ranks or 'flag' hirings on 25 December and 2 January.	
	Initial charge (first mile or part thereof)	£5.00
	Subsequent charge (each additional 105 yards or part thereof)	10p
	Approximate cost for first mile	£5.00
	Approximate cost for each additional mile	£1.80
EXTRAS	£1 per passenger after first four passengers	
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