ARGYLL AND BUTE COUNCIL
CUSTOMER SERVICES

PLANNING, PROTECTIVE SERVICES AND LICENSING COMMITTEE

23 January 2013

CIVIC GOVERNMENT (SCOTLAND) ACT 1982

TAXI FARE SCALE REVIEW

1. SUMMARY

1.1 In terms of Section 17 of the Civic Government (Scotland) Act 1982, the Local Authority requires to fix maximum fares and other charges in connection with the hire of taxis operating in their area and to review the scales for taxi fares and other charges on a regular basis.

1.2 The Planning, Protective Services and Licensing Committee at their meeting on 19th January 2011 decided to increase the fare structure as follows:-

Tariff 1 from £2.50 to £2.70
Tariff 2 from £3.00 to £3.20
Tariff 3 from £3.50 to £3.70

that the charges in respect of soiling, waiting and telephone bookings remain as £100 (maximum), 30p per minute and 30p respectively;

that there be no change to the yardage distances which are currently based on an initial charge per 860yds and a subsequent charge of 20p for each additional 200 yards;

1.3 Following a further review at the end of 2011 the Committee at their meeting on 18th January 2012 proposed no fare increase should take place and that a review will be undertaken in 18 months time. Following responses received the Committee on 21st March 2012 reconsidered the position and agreed that no increase should take place.

and

Agreed that a report should come back to the PPSL Committee in January 2013 advising of the economic situation at that time so that the Committee can determine whether or not a review of the taxi fares should be undertaken sooner than previously determined.

An appeal was made against the decision not to increase taxi fares to the Scottish Traffic Commissioner and a hearing took place on 13th June 2012. The Scottish Traffic Commissioner confirmed the fees fixed by the licensing authority.

1.4 The Committee at their meeting on 19th September 2012 agreed to:-

(1) Proceed in accordance with the Scottish Traffic Commissioners' recommendation and commence a review of the fares;

(2) Agree that as a first step informal meetings take place with the representatives of the taxi trade in order to discuss the position;

(3) If members agree to proceed with a review at this time agree that thereafter letters be issued to all taxi operators asking for representations from all organisations and individuals and report back to members at their meeting.

2. RECOMMENDATIONS

The Committee are asked to

(a) Review the existing scales and determine whether they wish to propose new scales (whether at altered rate or at the same rates) at this time. In reviewing the existing scales members are asked to consider the information detailed below and publish them proposing a date when the proposed dates shall come into effect.

(b) Authorise the Head of Governance and Law to advertise the proposed changes to the tariffs and to invite any responses within one month of the advertisement and report back to members at their meeting on 20 March 2013. Should no objections or representations be received in relation to the proposal delegate authority to the Head of Governance and Law in consultation with the Chair of PPSL to conclude with review without the requirement for the Committee to consider a further report of the review.

(c) Agree that a survey on unmet demand be carried out and the Head of Governance and Law be authorised to seek tenders for this survey.

3. DETAIL

3.1 In terms of section 17 of the Civic Government (Scotland) Act 1982 in carrying out a review of scales for fares and other charges a licensing authority must consult with persons or organisations appearing to it to be, or to be representative of, the operators of taxis operating within its area and following such consultation review the existing scales and propose new scales (whether at altered rate or at the same rates.

All 142 taxi operators in Argyll and Bute were invited to a consultation meeting by letter attached (Appendix1). The meetings took place in each of the undernoted areas and an indication of those attended is as detailed below.

Campbeltown/Kintyre 4 attended
Lochgilphead/Mid Argyll 2 attended
Oban/Lorn 7 attended
Helensburgh/Lomond 4 attended
Rothesay/Bute 6 attended
Dunoon/Cowal 7 attended

Operators were asked for their views on the current taxi fares and whether they felt they should be increased. Operators were also asked to complete a form detailing their views (Appendix 2). 22 forms were returned. The general consensus from the meetings and forms returned is as follows:-

Two operators from Dunoon suggest an increase of 10p from £2.70 to £2.80 and a reduction in the subsequent charge from 200 yards to 176 yards in respect of Tariff 1. In respect of Tariff 2 an increase of 20p from £3.20 to £3.40 and a reduction in the subsequent charge from 170 yards to 149 yards. For Tariff 3 an increase of 30p from £3.70 to £4.00 and a reduction in the subsequent charge from 120 yards to 105 yards. In support of the proposal one of the operators advises that the running mile has not increased since April 2008 and that the only increase until this date is 20p on each fare which was swallowed up by the 2.5%VAT increase. He further advises that fuel costs in April 2008 were 90p per litre and is now 144.9p per litre which is an increase of 60%. He also advises that the minimum wage in April 2008 was £5.52 per hour and is at November 2012 £6.19 per hour which is an increase of more than 12 %. He advised for these main reasons he is proposing a 12.2%fare increase just to keep up with inflation. The Chairman of the Dunoon taxi owners and drivers association has advised that the structure proposed has the full backing of all licence holders in Dunoon. He has advised separately that insurance costs are higher every year and running costs are getting higher every year and fuel is set to rise again. Two operators form the Cowal area have also separately indicated they support this proposal. A further operator has indicated she considers the fares should be increased.

One operator from Oban proposes a rise with effect from Summer 2013 with the price of fuel increasing and will go with the majority. Six further operators from Oban/Lorn all support the proposals from the Dunoon Taxi Operators. Operators in Oban who attended the consultation meeting indicated they would rather see fares zoned if the alternative would be no increase.

Three operators from Campbeltown do not support an increase due to the financial situation. They indicate that an increase would have a big effect on business whereas one operator is suggesting a 20p increase in flagfall to £2.90 as there has been no increase in fares for some time whereas running costs have increased considerably.

One operator from Rothesay is suggesting a 20p increase per flagfall per annum as it is unfair that taxi operators have to continually absorb fuel price increases. Another operator from Rothesay is suggesting an increase from 20p to 25p for each 5th of a mile on basis cost of fuel, insurance, maintenance and tyres rises every year. A third operator feels it is necessary to increase the fares by a small amount every year to 18 months due to rising cost of fuel, licence and expenses. Operators who attended the consultation meeting indicated they would prefer to see a zone approach if that made it more likely that proposals would be shaped for each of the four areas.

The operators who attended the Mid Argyll meeting advised they feel a small increase is called for namely that Tariff 1 should be left at £2.70 but the yardage reduced from 200 to 185 or 190 and Tariff 2 should be left at £3.20 but yardage reduced from 170 to 155 and Tariff 3 should remain as is. The reason for asking for an increase is the increase in insurance costs, fuel and repair costs.

The four Helensburgh operators who replied do not support any taxi fare increase. They have advised that do not think customers will accept increase in current climate and an increase will have an adverse effect on business. At

the consultation meeting they indicated they would support zoning if it were not possible to get unanimous agreement on no fare increase across the area.

3.2 Tariff Comparison (1760 yards per mile)

	Argyll and Bute Council	Aberdeenshire Council	Highland Council	Proposals made by Dunoon Operators would equate to:
Tariff 1	£3.60 for 1st mile £1.76 per mile thereafter 5 miles =£10.64	£3.70 for 1st mile £2.20 per mile thereafter 5 miles = £12.50	£3.25 for 1st mile £1.35 per mile thereafter 5 miles = £8.65*	£3.82 per 1st mile £2.00 per mile thereafter 5 miles = £11.82
Tariff 2	£4.25 for 1st mile £2.07 per mile thereafter 5 miles =£12.54	£4.70 for 1st mile £2.20 per mile thereafter 5 miles =£13.50	£4.30 for 1st mile £1.91 per mile thereafter 5 miles =£11.94*	£4.60 for 1st mile £2.36 per mile thereafter 5 miles =£14.04
Tariff 3	£5.20 for 1st mile £2.93 per mile thereafter 5 miles =£16.92	£6.70 for 1st mile £3.00 per mile thereafter 5 miles =£18.70	£5.38 for 1st mile £2.37 per mile thereafter 5 miles =£14.86*	£5.71 for 1st mile £3.35 per mile thereafter 5 miles =£19.11

(*Highland Council have provision for a supplementary booking charge of up to maximum of £6.50 to compensate for cost of an outward journey for hires which commence 3 miles away from taxi base or taxi and the customer wishes to travel further away)

3.3 Aberdeenshire Council undertook a review of taxi fares on 13th April 2012 and decided no increase should take place with effect from 1st September 2012. On 3rd October 2012 Highland Council recommended that one change take place from 21 January 2013, to permit Tariff 2 to be charged from 9pm until 7am instead of from 10pm to 7am as at present.

For the purpose of comparison the following information is provided.

	Argyll and Bute Existing Fares	Fares Proposed by Dunoon Operators	Aberdeenshire Council's Fares	Highland Council's Fares
Tariff 1	£2.70 860 yards then 200 @ 20p	£2.80 860 yards then 176 @ 20p	£2.60 880 yards then 1/11 of a mile @ 20p	£2.50 785 yards then 130 @ 10p
Tariff 2	£3.20 860 yards then 170 @ 20p	£3.40 860 yards then 149 @ 20p	£3.60 880 yards then 1/11 of a mile @ 20p	£3.00 560 yards then 92 @ 10p
Tariff 3	£3.70 860 yards then 120 @ 20p	£4.00 860 yards then 105 @ 20p	£5.20 880 yards then 1/10 of a mile @ 30p	£3.60 444 yards then 74 @ 10p
Public Holidays 10pm to 6am			£4.60 880 yards then 1/11 of a mile @ 20p	

3.4 To assist members in carrying out the review of taxi fares they may wish to take into consideration the following information from the AA Fuel Price Reports which record that costs for fuel in Scotland were as follows:-
January 2011 - 127.7ppl for unleaded and 133.2ppl for Diesel;
January 2012 - 133.3ppl for unleaded and 142.3ppl for Diesel, and
November 2012 – 135ppl for unleaded and 141.9ppl for Diesel

3.5 The Best Practise Guidance for Licensing Authorities issued by the Scottish Government in relation to taxi and private hire car licensing advises that as best practice in the conduct of a tariff review to pay particular regard to advice contained in Scottish Development Circular 25/1986 which states at paragraph 2.37 that " the Secretary of State expects that in fixing fares authorities will want to pay primary regard to the costs incurred by the trade, having regard to the capital cost (including interest payments) of the vehicles, the costs of maintaining them to the standards required by the licensing authority, the costs of employing drivers, and the prevailing levels of wages and costs in related road transport industries. In the Secretary of State's view the public interest is better served by ensuring the maintenance of an adequate service by giving the trade a fair return than by depressing fares for social reasons, however understandable. If fares are fixed at a higher level than the market can stand, the trade is free to reduce them."

Members may wish to also note that the December 2012 issue of Private Hire and Taxi Monthly Argyll and Bute Council is recorded as the 168th dearest out of 361 in relation to Tariff 1 two mile fare.

4. CONCLUSION

Members are now required to review the matter of taxi fares. The procedure for reviewing taxi fares is as follows.

In carrying out a review, the licensing authority must-

(a) consult with persons or organisations appearing to it to be, or to be representative of, the operators of taxis operating within its area.

Consultation commenced in November 2012 with all operators being invited to a series of informal meetings and this fulfils the requirements of section 17 (4A).

(b) Following such consultation –
  - (i) review the existing scales, and
  - (ii) propose new scales (whether at altered rates or the same rates)

(c) publish those proposed scales in a newspaper circulating in its area-
  - (i) setting out the proposed scales
  - (ii) explaining the effect of the proposed scales
  - (iii) proposing a date on which the proposed scales are to come into effect, and
  - (iv) stating that any person may make representations in writing until the relevant date, and

(d) consider any such representations

In reviewing the matter of taxi fares members are invited to consider whether;

A They wish to proceed with the proposals from the Dunoon area for an increase in flagfall and a reduction in the subsequent charge yardage for all 3 tariffs which is supported by the majority of the Lorn operators who participated in the consultation; or

Members may wish to propose the recommendations from two operators (one in Rothesay and the other in Campbeltown) of a 20p increase in flagfall to £2.90;, or the proposal from an operator in Rothesay to increase from 20p to 25p for each 5th of a mile. Members may wish to propose the recommendations of the Mid Argyll operators namely that Tariff 1 should be left at £2.70 but the yardage reduced from 200 to 185 or 190 and Tariff 2 left at £3.20 but the yardage reduced from 170 to 155 and Tariff 3 should remain as is.

Members may also wish to consider whether zoning of fares within Argyll and Bute should be considered given the competing views from some of the four administrative areas. The Council has previously taken the view that any fare structure should apply across all of the Council area to provide consistency for the public.

When considering all of the above proposals members may wish to have regard to:-

1. The lack of representation or response to the proposed review of taxi fare scales for or against from consultees. A total of 142 were invited to the consultation meeting. Responses received are as detailed in paragraph 3.1.
2. The comparison of the general effect of Argyll and Bute's existing fares with those in place in Aberdeenshire and Highland Council.
3. The increase in the price of fuel.

B The Committee may alternately wish to propose reaffirming the current scale of maximum fares previously fixed by the Council in August 2012 also having regard to the responses received from three operators in Campbeltown and the Helensburgh Operators requesting that there are no increases to the taxi fares. Members may also wish to have regard to:-

1. The lack of representation or response to the proposed review of taxi fare scales for or against from consultees.

Members should be aware that any person or any persons or organisations appearing to the Traffic Commissioner to be representative of taxi operators in the area who operates a Taxi in an area for which scales have been fixed or in respect of which a review has been carried out will still have the opportunity to lodge an appeal to the Scottish Traffic Commissioner within a 14 day period.

5. TAXI OPERATORS WERE ALSO CONSULTED ON THE UNDERNOTED MATTERS:

Survey on Unmet Demand for Taxis:
Operators were consulted on whether they considered it appropriate for the Council to undertake a further survey on unmet demand, the last survey having been carried out in 2003 by the Fraser of Allander Institute. The Helensburgh and Lomond, and Oban, Lorn and the Isles areas would be supportive of a survey on demand whereas Kintyre, Mid Argyll, Bute and Cowal do not believe a survey on demand is necessary. However all operators support a cap on the number of taxis. It is therefore recommended that a new survey be carried out It should be noted that the Scottish Government have issued a consultation document previously that local authorities be allowed to restrict the number of private hire cars. They also propose to convey a working group to provide updated improved guidance on over provision studies to support local authorities in conducting timely, cost-effective overprovision studies. A report on this consultation document will be placed before members at the next meeting of this committee

Taxi Inspections: operators advised that the administration of taxi inspections appeared to lack some consistency and that a review of practice should take place. The Council are currently in the process of setting up a system through the Council's Tranman database whereby taxi inspections will be arranged annually, approximately 6 months after the MOT certificate is issued.

Renewal process: overall it was agreed by operators that the process this time round was quicker and better than previous years. Any comments at the meetings regarding delays experienced were followed up and resolved with the individual operators.

Taxi Plates: Consultation took place in relation to whether licence holders wished external plates. This was discussed as one operator requested a change to external plates. The consensus view of operators in all areas was the plates should be left as they are i.e. internal displayed on the rear window of the taxi.

Taxi Ranks: Issues in relation to taxi ranks were raised .These have been taken up with Roads and Amenity Services who are progressing them.

6. IMPLICATIONS

6.1 Policy – None

6.2 Financial – The cost of a survey on unmet demand requires to be met from the current budget allocation

6.3 Legal – The Council require to review taxi fares every 18 months in terms of the Act

6.4 HR – None

6.5 Equalities – None

6.6 Risk - None

CHARLES REPPKE
Head of Governance and Law

For further information contact: Alison MacNab
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Argyll and Bute Council
Comhairle Earra Ghàidheal agus Bhòid

Customer Services
Executive Director: Douglas Hendry

APPENDIX 1

Governance and Law

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Our Ref:
Your Ref:
Date: 18 October, 2012

Dear Sir/Madam

CIVIC GOVERNMENT (SCOTLAND) ACT 1982
TAXI FARE SCALE REVIEW

The PPSL Committee agreed on 19th September 2012 to commence a review of taxi fares and that as a first step informal meetings take place with representatives of the taxi trade in order to discuss the position. I therefore invite you to attend a meeting on November 2012 in at 11am in order to discuss the review.

I would also like to discuss any views of the trade on undertaking a further survey on the demand for Taxis in Argyll and Bute and there may also be an opportunity to discuss other matters of a general nature.

Should you wish to meet with me to discuss the above please contact my assistant, Alison MacNab on 01546 604198 so I can make the relevant arrangements?

Yours faithfully,

CHARLES REPPKE
Head of Governance and Law

If 'phoning please ask for: Alison MacNab

APPENDIX 2

PRO-FORMA FOR 2013 TAXI FARE REVIEW

Name:	
Address:	
Q1.	**Do you think the fares should be increased in the upcoming review of taxi fares?** **YES/NO (delete as appropriate)**
Q2.	**If YES to Q1, please submit your proposal and the reason why you think an increase is necessary:**
Q3.	**If NO to Q1, please submit your reasons:**
Signed:	
Date:	

PLEASE RETURN FORM TO: Head of Governance and Law, Argyll and Bute Council, Kilmory, Lochgilphead, PA31 8RT NO LATER THAN MONDAY 10TH DECEMBER 2012