

**REPORT TO: LICENSING COMMITTEE - 29 JULY 2010**

**REPORT ON: REVIEW OF TAXI FARES**

**REPORT BY: DIRECTOR OF CITY DEVELOPMENT**

**REPORT NO: 389-2010**

## **1 PURPOSE OF REPORT**

- 1.1 To review taxi fares following a written request from the Dundee Taxi Association and the Unite Union.

## **2 RECOMMENDATION**

- 2.1 It is recommended that the Committee consider the requested taxi fares increase and the comments from the Director of City Development in relation to this request.

## **3 BACKGROUND**

- 3.1 In February 2007 the City Council received a request from the taxi trade to increase the tariff for taxis in Dundee to bring the cost in line with the national average as it was considered by the trade that the cost of taxis in Dundee was at the lower end of the scale. An agreement was reached in principle through the Taxi Liaison Group on 13 August 2007 to leave the Initial Charge at £2.40 but to increase the cost of the mileage thereafter from £1.10 per mile to £1.30 per mile to bring the cost more in line with the national average. These amendments were subsequently approved by the Licensing Committee and the revised tariffs were introduced from October 2007.
- 3.2 In January 2008 the City Council received a further request from the taxi trade to review the taxi fares due predominantly to the increasing cost of fuel. Fuel rose steadily from February 2008 from circa £1 per litre on average for both diesel and unleaded to £1.269 per litre for diesel and £1.149 per litre for unleaded by June 2008. The Licensing Committee subsequently agreed on the 26 June 2008 to keep the initial charge at £2.40 and to increase the mileage rate thereafter from £1.30 per mile to £1.41 per mile. Amendments were also approved at this time to increase the cost for additional passengers from 20p to 30p and parcels carried in the luggage compartment from 20p to 30p respectively. These amendments were introduced on 1 September 2008.
- 3.3 The taxi trade agreed unanimously not to request a fares increase during 2009 due to the current financial climate.
- 3.4 A request dated 2 June 2010 was submitted by the Dundee Taxi Association and the Unite Union to review the taxi fares (Appendix A refers). Details of their proposals for an increase to the cost of taxi fares are as follows:
- a To amend the initial charge from £2.40 for the first 704 yards to £3.00 for the first 1204 yards;
  - b To amend the charge from 20p for each additional 250 yards or part thereof to a charge of 20p for each additional 233 yards or part thereof after the first mile. The effect of this request is to increase the mileage rate after the first mile from £1.41 per mile to £1.51 per mile; and

- c There would be no amendment to the current mileage charge over the festive period which would remain at the current charge of 30p for each additional 270 yards or part thereof.
- 3.5 The Director of City Development has examined the proposals from the Dundee Taxi Association and the Unite Union and would make the following comments.
- 3.6 The previous two taxi fares increases in 2007 and 2008 have been justified on the grounds of increasing fuel costs and the wish to bring the cost of taxis in Dundee up to the national average. Appendix B is attached which shows a comparison of taxi fares in Aberdeen, Glasgow, Edinburgh, Stirling, Perth and Kinross and Dundee as at May 2010. This table would seem to indicate that Dundee has achieved its goal of achieving the national average for taxi fares.
- 3.7 Fuel costs peaked during 2008 and indeed the cost of fuel fell during late 2009 and as at Christmas 2009 the cost of fuel was back under the £1 per litre threshold. Fuel can be purchased at supermarkets today at £1.149 for unleaded and £1.179 for diesel so there would appear to be little justification in increasing the mileage rate from £1.41 to £1.51 per mile after the first mile based on fuel alone.
- 3.8 The initial charge (currently £2.40) for the first 704 yards has been well established in principle for many years with taxi users and there would be no benefit to the customer in changing the initial charge to £3.00 for the first 1204 yards. Should Committee approve this amendment this would have the effect of charging a fixed price of £3.00 for any taxi journey less than 0.69 miles in distance as opposed to the current practice of a fixed price of £2.40 for any taxi less than 0.4 miles.
- 3.9 Evidence would seem to confirm that there are many regular journeys being undertaken which are less than 0.7 miles in distance. Analysis of the taxicard scheme data between the period 01 April 2010 to 30 June 2010 shows that there were 4,190 taxi journeys undertaken which were less than 0.7 miles in total distance travelled. Of those journeys 2,026 journeys were less than or equal to 0.4 miles. This would mean that the remaining 2,164 journeys would be charged a fixed fee of £3.00 when under the current fare structure they would be charged between £2.40 to £3.00. A taxi journey of 0.4 miles would now require paying £3.00 instead of £2.40 which represents a 25% increase.
- 3.10 The adjustment requested to the distance which the initial charge would cover and the variable mileage rates would necessitate the recalibration of distances for the three testing stations located within the City. The marker poles would require to be changed from 704 yards to 1204 yards apart and thereafter there would require two mileage checks, first for the distance from 1204 yards to 1760 yards (1 mile) then secondly for distances from 1 mile onwards.
- 3.11 The Director of City Development is of the opinion that should the Committee be minded to accept an increase to the taxi fares that this increase is linked again to the Retail Price Increase (RPI) as previously agreed by the Licensing Committee. The RPI increase for 2009 was 1.53% and the increase for 2010 is expected to be very similar. This would equate to a compound rate over 2 years of circa 3%. This increase could be achieved by retaining the current fares structure and mileage rates and applying an increase only to the initial charge from £2.40 to £2.60. The taxi testing fees have been linked to the RPI increase since 2002 onwards.

- 3.12 A summary is provided (Appendix C to E) which shows a comparison between the taxi trade request from the Dundee Taxi Association and the Unite Union against the alternative option suggested by the Director of City Development for comparison purposes.
- 3.13 It should also be noted that the metered fare is the maximum fare that can be charged. Individual drivers are allowed to offer discounted fares if they so chose. Anecdotal evidence is that some operators/drivers are attracting 'off peak' business with such promotional/fixed fares.

#### **4 POLICY IMPLICATIONS**

- 4.1 This Report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management.

a Sustainability

Affordable and high quality public transport (including taxis) reduces the need for private vehicles.

b Strategic Environmental Improvements

There are no implications in this report.

c Anti Poverty

Those without access to private transport rely on buses and taxis to undertake their daily travel needs.

d Equality Impact Assessment

There are no implications in relation to this report.

e Risk Management

There are no implications in relation to this report.

#### **5 CONSULTATIONS**

- 5.1 The Chief Executive, Depute Chief Executive (Support Services), Director of Finance and Assistant Chief Executive (Community Planning) have been consulted and are in agreement with the contents of this report.

#### **6 BACKGROUND PAPERS**

- 6.1 Report 354-2008

Mike Galloway  
Director of City Development

Neil Gellatly  
Head of Transportation

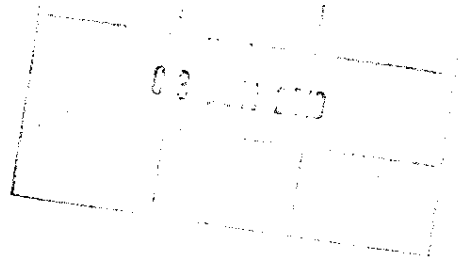
NHG/MHD/EB  
Dundee City Council

14 July 2010

**APPENDIX A**

2 June 2010

Mr N Gellatly  
City Development  
Planning and Transportation  
Tayside House  
Dundee



Dear Neil

Please find below the fare increase that was put forward at the liaison meeting on 27 May by the D.T.A. and Unite Union.

Starting fare £3.00 for the first 1204 yards. This would be £3.60 for the first mile which would be an increase of 20p, thereafter the first mile the yards changed to 233 from 250. This would result in an increase of 5p a mile. **Christmas and New Year to remain as it is with no change.**

The increase on the first mile of 20p would be approximately 5.9% and the 5p on every mile thereafter would be approximately 3.5%. By the time the rise goes through if accepted it would be at least September which would be two years since the last fare increase and with inflation each year would not be far out. We would also add that it is fine for office owners to say we don't need a rise but they don't earn their cash sitting in the taxi and they have put their fees up every year along with the testing station. As we expect VAT to go up in June we have to plan ahead but if VAT does not increase then we could look at £3.00 for 1329 yards which would only increase the first mile by 10p, around 3%.

The same increase would apply to midweek and weekend nights £3.60 for 1204 yards and £4.00 for 1204 yards.

As stated many times we are struggling at the moment to cover our bills and even if the city stopped giving out taxi licences with a survey it would be some time before we would feel the effect. Also with buses charging a £1.20 fare for one stop we do not think this proposal is unfair.

Yours sincerely

Graeme Stephen  
D. T. A.

Chris Elder  
Unite Union

**APPENDIX B****Summary of selected National League Tables Averages by Council Area in Scotland****Tariff 1 - Daytime**

<b>COUNCIL</b>	<b>FLAG</b>	<b>1 MILE</b>	<b>2 MILES</b>	<b>5 MILES</b>	<b>10 MILES</b>
Aberdeen	£2.40	£3.20	£5.20	£10.80	£20.00
Perth & Kinross	£2.80	£3.60	£5.10	£9.60	£17.10
Edinburgh	£1.60	£3.10	£4.85	£9.85	£19.60
Dundee	£2.40	£3.40	£4.80	£9.00	£16.00
Stirling	£2.00	£2.90	£4.70	£10.10	£19.10
Glasgow	£2.20	£3.00	£4.40	£8.60	£15.80
<b>Average</b>	<b>£2.23</b>	<b>£3.20</b>	<b>£4.84</b>	<b>£9.66</b>	<b>£17.93</b>

**Tariff 2 - Evening / Night Time**

<b>COUNCIL</b>	<b>FLAG</b>	<b>1 MILE</b>	<b>2 MILES</b>	<b>5 MILES</b>	<b>10 MILES</b>
Aberdeen	£3.40	£4.20	£6.20	£11.80	£21.00
Perth & Kinross	£3.50	£4.50	£6.40	£12.00	£21.30
Edinburgh	£2.70	£4.20	£5.95	£10.95	£20.70
Dundee	£3.40	£4.40	£5.80	£10.00	£17.00
Stirling	£2.50	£3.70	£5.90	£12.70	£23.90
Glasgow	£3.00	£3.80	£5.20	£9.40	£16.60
<b>Average</b>	<b>£3.08</b>	<b>£4.13</b>	<b>£5.91</b>	<b>£11.14</b>	<b>£20.08</b>

The above figures are taken from the Official Private Hire + Taxi Monthly Magazine dated June 2010. The figures used in the comparison tables above were correct as at June 2010.

**APPENDIX C****Tariff 1 Daytime (Monday to Sunday) from 6 am to 10 pm**

Were the increases requested by the Dundee Taxi Association and the Unite Union approved, then some examples of hires would be as follows:

a One person travelling daily between 6am and 10pm - non-festive period

	Current Fare 01/09/2008	Taxi Trade Proposal 2010		City Development Proposal 2010	
		Fare	Overall %age increase	Fare	Overall %age increase
		(£)	%	(£)	%
1 mile	£3.40	£3.60	5.88	£3.60	5.88
2 miles	£4.80	£5.20	8.33	£5.00	4.17
3 miles	£6.20	£6.80	9.68	£6.40	3.23
4 miles	£7.60	£8.20	7.89	£7.80	2.63
<b>Average % Increase</b>			<b>7.95</b>		<b>3.98</b>

b Two persons travelling daily between 6am and 10pm - non-festive period

	Current Fare 01/09/2008	Taxi Trade Proposal 2010		City Development Proposal 2010	
		Fare	Overall %age increase	Fare	Overall %age increase
		(£)	%	(£)	%
1 mile	£3.70	£3.90	5.41	£3.90	5.41
2 miles	£5.10	£5.50	7.84	£5.30	3.92
3 miles	£6.50	£7.10	9.23	£6.70	3.08
4 miles	£7.90	£8.50	7.59	£8.10	2.53
<b>Average % Increase</b>			<b>7.52</b>		<b>3.73</b>

c Three persons travelling daily between 6am and 10pm - non-festive period

	Current Fare 01/09/2008	Taxi Trade Proposal 2010		City Development Proposal 2010	
		Fare	Overall %age increase	Fare	Overall %age increase
		(£)	%	(£)	%
1 mile	£4.00	£4.20	5.00	£4.20	5.00
2 miles	£5.40	£5.80	7.41	£5.60	3.70
3 miles	£6.80	£7.40	8.82	£7.00	2.94
4 miles	£8.20	£8.80	7.32	£8.40	2.44
<b>Average % Increase</b>			<b>7.14</b>		<b>3.52</b>

## APPENDIX D

**Tariff 2 Weekdays (Monday to Thursday) from 10 pm to 6 am**

Were the increases requested by the Dundee Taxi Association and the Unite Union approved, then some examples of hires would be as follows:

a One person travelling weekdays between 10pm and 6am - non-festive period

	Current Fare 01/09/2008	Taxi Trade Proposal 2010		City Development Proposal 2010	
		Fare	Overall %age increase	Fare	Overall %age increase
		(£)	%	(£)	%
1 mile	£4.00	£4.20	5.00	£4.20	5.00
2 miles	£5.40	£5.80	7.41	£5.60	3.70
3 miles	£6.80	£7.40	8.82	£7.00	2.94
4 miles	£8.20	£8.80	7.32	£8.40	2.44
<b>Average % Increase</b>			<b>7.14</b>		<b>3.52</b>

b Two persons travelling weekdays between 10pm and 6am - non-festive period

	Current Fare 01/09/2008	Taxi Trade Proposal 2010		City Development Proposal 2010	
		Fare	Overall %age increase	Fare	Overall %age increase
		(£)	%	(£)	%
1 mile	£4.30	£4.50	4.65	£4.50	4.65
2 miles	£5.70	£6.10	7.02	£5.90	3.51
3 miles	£7.10	£7.70	8.45	£7.30	2.82
4 miles	£8.50	£9.10	7.06	£8.70	2.35
<b>Average % Increase</b>			<b>6.79</b>		<b>3.33</b>



c Three persons travelling weekdays between 10pm and 6am - non-festive period

		Taxi Trade Proposal 2010		City Development Proposal 2010	
Current Fare 01/09/2008		Fare	Overall %age increase	Fare	Overall %age increase
		(£)	%	(£)	%
1 mile	£4.60	£4.80	4.35	£4.80	4.35
2 miles	£6.00	£6.40	6.67	£6.20	3.33
3 miles	£7.40	£8.00	8.11	£7.60	2.70
4 miles	£8.80	£9.40	6.82	£9.00	2.27
<b>Average % Increase</b>			<b>6.49</b>		<b>3.16</b>

## APPENDIX E

**Tariff 3 Weekends (Friday to Sunday) from 10 pm to 6 am**

Were the increases requested by the Dundee Taxi Association and the Unite Union approved, then some examples of hires would be as follows:

a One person travelling weekends between 10pm and 6am - non-festive period

	Current Fare 01/09/2008	Taxi Trade Proposal 2010		City Development Proposal 2010	
		Fare	Overall %age increase	Fare	Overall %age increase
		(£)	%	(£)	%
1 mile	£4.40	£4.60	4.55	£4.60	4.55
2 miles	£5.80	£6.20	6.90	£6.00	3.45
3 miles	£7.20	£7.80	8.33	£7.40	2.78
4 miles	£8.60	£9.20	6.98	£8.80	2.33
<b>Average % Increase</b>			<b>6.69</b>		<b>3.27</b>

b Two persons travelling weekends between 10pm and 6am - non-festive period

	Current Fare 01/09/2008	Taxi Trade Proposal 2010		City Development Proposal 2010	
		Fare	Overall %age increase	Fare	Overall %age increase
		(£)	%	(£)	%
1 mile	£4.70	£4.90	4.26	£4.90	4.26
2 miles	£6.10	£6.50	6.56	£6.30	3.28
3 miles	£7.50	£8.10	8.00	£7.70	2.67
4 miles	£8.90	£9.50	6.74	£9.10	2.25
<b>Average % Increase</b>			<b>6.39</b>		<b>3.11</b>

c Three persons travelling weekends between 10pm and 6am - non-festive period

	Current Fare 01/09/2008	Taxi Trade Proposal 2010		City Development Proposal 2010	
		Fare	Overall %age increase	Fare	Overall %age increase
		(£)	%	(£)	%
1 mile	£5.00	£5.20	4.00	£5.20	4.00
2 miles	£6.40	£6.80	6.25	£6.60	3.13
3 miles	£7.80	£8.40	7.69	£8.00	2.56
4 miles	£9.20	£9.80	6.52	£9.40	2.17
<b>Average % Increase</b>			<b>6.12</b>		<b>2.97</b>