

23 November 2011

east kilbride
taxis

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FAO Teresa Stone

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Dear Teresa

Fares Review 2011

We refer to the above and to our recent request that the fares be increased, which was rejected by the Members present at the recent Licensing Committee meeting which took place on Wednesday 2nd November 2011.

We would like to appeal against this decision and use the ever increasing costs facing our operators as our reason for doing so. The last cost for the running mile was submitted to South Lanarkshire Council on 17th December 2009. Since then the increases in operators' costs have risen dramatically.

We would also like to make it clear that we are representing the taxis in East Kilbride. The fares review has always allowed for differences within each area and what is the best solution for one particular area within South Lanarkshire should not be mirrored in another. We would like to point out the existing differences in each of the zones to prove this point.

For instance, taxi operators within the Hamilton zone may feel that it is in their best interests to keep their fares lower in order to compete with their rivals. They are also close neighbours with Motherwell, and understandably need to keep their costs as close to theirs as possible. The same may be said for the taxi operators within the Rutherglen and Cambuslang zone. Each zone has always had their own specific reasons for approaching the fares reviews in the way that they do and we see nothing wrong with this.

In East Kilbride we are also competing against those who cut costs on the fare card, however, we have always felt that we should be entitled to the fares that reflect the costs involved in running a taxi. This was also the advice given to us some years ago by the Traffic Commissioner for Scotland. We were advised that the option to introduce any special offers to our customers following any fares increase would be a decision which would be totally at our own discretion, but we should always compete for what we felt we were due when each fares review was conducted.

The following information is of a nature that we consider to be relevant to our appeal and we ask that careful consideration be given to its' contents. We have decided that, in the absence of a formula, the three main costs most likely to affect the operators should be those that are taken into consideration. Those consist of the purchase of a vehicle, insurance and fuel. We would like to address each item individually.

Purchase of a Vehicle

For this review, we have compiled a list of costs of what we consider to be the most common types of saloon type vehicles used as taxis in East Kilbride. All prices shown are On The Road (OTR) prices and the information was provided on 17th November 2011 by Stephen Porter from The Taxi Centre, one of the most popular suppliers of such vehicles to the trade. Manufacturers' list prices are even more expensive. Prices were compared as closely as possible to those relevant when the last running mile cost was submitted.

As you will see, the costs have risen somewhat dramatically.

<u>Model</u>	<u>2009</u>	<u>2011</u>	<u>%age increase</u>
Skoda Octavia 1.9tdi	£10,300.00		
Skoda Octavia 1.6tdi		£14,500.00	40.78%
Skoda Superb	£14,200.00	£16,500.00	16.20%
VW Passat	£15,750.00	£18,900.00	20.00%
Ford Mondeo	£15,500.00	£17,500.00	12.90%
Hackney TX4	£32,995.00	£32,500.00	-1.50%
Averages	£17,749.00	£19,980.00	12.57%
Average extra cost		£2,231.00	
Extra monthly cost on a 48 month purchase period		£46.48	

(On The Road Figures supplied by The Taxi Centre on 17th November 2011 with the exception of the TX4 which was supplied by Patons).

As previously stated, the above costs are OTR costs and do not take into consideration any interest charges which will undoubtedly increase the repayments. As you will see, the price of the trusted Skoda Octavia has increased by a staggering 40.78% and we have been advised that a further increase is due to take place before the end of January 2012.

We are sure that you will appreciate the difficulties facing the operators each time they think about changing their vehicles. In East Kilbride this is done on average every two and a half years. We understand that the current average age of a taxi in the town is under three years and the operators themselves take great pride in keeping their vehicles up to date.

However it would be impossible to keep this average age of vehicles at such a low level if the price of new cars were to rise so sharply and the operators were not provided with some level of fares increase.

Taxi Insurance

You will no doubt be aware that all insurance costs around the country have rocketed almost out of control and this is especially true where the taxi trade is concerned. On 16th November 2011 we contacted Laurie Ross Insurance, who are one of the main brokers for taxi insurance in this area and asked them for the difference in the cost of a policy since 2009. Their answers confirmed what we already knew. An operator with no other driver on his/her car can expect to pay 30% more now than what they did in 2009. When it comes to two drivers on the car, which is a more common situation, the increase is between 30% - 70% depending on the number of convictions, accidents, claims, etc..

It is now accepted that the annual policy for a double shifted car is now approximately £1305 compared with £900 two years ago. This represents a 45% increase.

Fuel Prices

The cost of fuel over the last few years has only added to the financial pressures facing those in the transportation sector who have no option but to pay for it, or go out of business. Taxi drivers fall into this category and have struggled through the last two years as the price of fuel has increased. We have taken the figures for comparison from the AA Public Affairs Fuel Price Report (diesel) which is sourced from Experian Catalist.

Their figures show that in December 2009 the cost of a litre of diesel cost £1.102 (£5.01/gallon). By September 2010 this had increased to £1.182 (£5.374/gallon) and by October this year it had risen even further to £1.40/litre (£6.365/gallon). This represents an increase of 26.95%.

Official figures from Skoda show that the Skoda Octavia should be capable of 49.6 miles per gallon on an urban cycle. If we apply this to a taxi driver who covers 30,000 miles each year we calculate that he will use 605 gallons. The cost of this in 2009 was £3031.05. The cost of it now is £3847.80. To put it bluntly if a driver is now covering that mileage, he is now paying an extra £816.75 and the cost of diesel is set to rise early in 2012.

It is also worth mentioning that East Kilbride drivers pay 2p more per litre than those in the surrounding areas. We searched the price comparison website, *PetrolPrices.com*, on 16th November 2011. We input our postcode and asked for the best prices within a five mile radius. It showed that the cheapest fuel available in East Kilbride was £1.389/litre. Increase this radius to ten miles and it was found that drivers in the Blantyre and Glasgow areas were able to purchase it for as low as £1.367/litre.

Summary

After taking into account the factual information we have provided above, we would like to think that our proposals for the current fares review be looked at in a more favourable light by the members of the Licensing Committee and that our request for an increase be approved.

Yours sincerely



Peter Blackwood
Office Manager