

## CAMBRIDGE CITY COUNCIL

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REPORT OF: Jas Lally  
Head of Refuse and Environment

TO: Licensing Committee 30/01/2012

WARDS: All

### **HACKNEY CARRIAGE TABLE OF FARES**

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#### **1 INTRODUCTION**

- 1.1 The Local Government (Miscellaneous Provisions) Act 1976 provides that in respect of the charges for Hackney Carriages, the Council *“may fix the rates or fares within the district as well for time as distance, and all other charges in connection with the hire of a vehicle... by means of a table.”*
- 1.2 The Council determined the existing Table of Fares for it to come in to effect on 01 August 2011. This is attached to the report as Appendix A and consists of charges “Travel”, “Waiting Time” and “Extras”.
- 1.3 The Cambridge City Licensed Taxis Ltd (CCLT) have requested that an amendment is made to the Hackney Carriage Table of Fares to allow for an additional charge to be made for “multi-seater” wheelchair accessible vehicles, with the justification that if the passengers took two saloon cars, they would pay double the fare. Four proposals to achieve this “multi-seater” surcharge have been put forward and these are attached to the report as Appendix B.
- 1.4 CCLT have indicated that their preferred option for the “multi-seater” surcharge would be option 2 as they consider that this would not be open to abuse by drivers.
- 1.5 CCLT have also requested that a 20p ‘Extra’ charge be added to the tariff if fuel prices exceed £1.49 per litre.

- 1.6 The amended Hackney Carriage Table of Fares with these requested changes incorporated is attached to the report as Appendix C.
- 1.7 The trade have not requested any amendment to the 'Distance' or 'Time' part of the Table of Fares at this time and since 2005 the percentage increase has been that calculated by Transport for London. However, in 2009 the Committee requested that Officers produce a report outlining a possible method for determining the percentage increase in the Cambridge City Council Hackney Carriage Table of Fares. Such a methodology is described in Appendix D. In this methodology the percentage variation in the tariff is calculated by using the percentage change in the cost of running a vehicle, the percentage change in Licence fees and an appropriate percentage change for the driver's wage.
- 1.8 Any proposal to amendment to the Table of Fares will continue to be considered by Members and will be subject to statutory public consultation and the subsequent consideration of any objections received prior to the setting of the Table of Fares.

## 2. **RECOMMENDATIONS**

### 2.1 Members are recommended to:

- i) Amend the Table of Fares with effect from 01 March 2012, subject to the statutory consultation process, to include a £3 "Extra" charge for journeys with 5 or more passengers travel in the vehicle; and
- ii) Amend the Table of Fares with effect from 01 March 2012, subject to the statutory consultation process, to include an "Extra" charge for journeys commenced when the price of fuel exceeds a set amount; and
- iii) Determine any future amendment to the Table of Fares by using the percentage increase as calculated by Transport for London.

## 3. **BACKGROUND**

### "Multi-seater" & Fuel Surcharge

- 3.1 In 2003 the Hackney Carriage Table of Fares included an extra charge of 20p per passenger where there was more than one passenger travelling in the vehicle. However, this was removed in

2004 when the CLTOA expressed concerns that the extra charges were being abused.

- 3.2 In 2009, Panther Taxis requested that members reconsider the way in which fares for multi-seater vehicle journeys were determined when the vehicle was carrying five or more passengers. Cambridge City Licensed Taxis Ltd (CCLT) submitted a similar request in July 2010 for the introduction of a surcharge of £3, £5 or fare and a half for 5 or more passengers taking a journey in a multi-seater vehicle within the City boundaries. However, there has been no amendment to the Table of Fares to reflect these requests to date and an amendment has again been requested by CCLT (Appendix B). Option 2 is their preferred choice as they consider that this would not be open to abuse.
- 3.3 CCLT have also requested that a 20p “Extra” charge is added to the Table of Fares where fuel prices exceed £1.49 per litre. A similar surcharge of 40p was added to the Table of Fares in September 2010 for any journey that took place when fuel prices reached £1.47 per litre, but this was subsequently removed when the tariff was increased in August 2011.
- 3.4 The amended Table of Fares that reflects the requested changes is attached to the report as Appendix C.
- 3.5 In January 2010 the Licensing Committee agreed to implement the EC Meter Directive 2004/22/EC on measuring instruments which stipulates that ‘taximeters must be able to show the total charged for a trip, the fare, the calculation for the trip, supplemental charges...’ Therefore any supplemental charges agreed by members must be able to be displayed on the meter.
- 3.6 Any amendment to the tariff by the Council must be in accordance with the procedure laid down by the Act, including the publication of a notice in a local newspaper, and the subsequent consideration of any objections, which must be received within the specified time period. This consultation period may not be less than 14 days.
- 3.7 If there are no objections, or the objections are withdrawn, the proposed fares will come into operation on the date specified in the notice. If there are objections, the Council must consider these and set a new date, not later than two months after the first date, when the fares will come into operation, with or without modification.

## Method for Determining Annual Revision

- 3.8 On 14th July 2005, the Committee resolved that all future Hackney Carriage Fare reviews would be based on the percentage increase as determined by Transport for London who use a retrospective cost index based on national average earnings and taxi operating costs. However, in 2009, Members asked Officers to produce a report detailing possible methods of calculating fare increases. An example method is set out in Appendix D.
- 3.9 The cost of each journey in a Hackney Carriage will consist of a charge for the distance travelled and inevitably waiting time where the vehicle is motionless or travelling below the changeover speed of 16.79km/hr. There may also be an extra soiling charge of up to £80.
- 3.10 The fares will need to cover:
- i) the Licence fees;
  - ii) the cost of running the vehicle, comprising standing charges (e.g. road tax, insurance) and running charges (e.g. fuel, tyres); and
  - iii) the driver's wage.
- The fare will therefore need to be apportioned to each of these components. A method for calculating the cost of these per mile and also the average cost of a journey per mile is described in Appendix D.
- 3.11 The cost of the Licence fees and the cost of running a vehicle are subject to change. By comparing those components from when the tariff was last set with the same when the tariff is being reviewed, the percentage change in each component can be determined and then applied to the existing tariff accordingly. Similarly a percentage change in the driver's wage may be applied to that component to account for changes in the cost of living etc. This is also described in Appendix D.
- 3.12 In the example provided, the new average cost of a journey per mile can be established, i.e.
- 'New' average price per mile =*
- $$\begin{aligned} & [Licence\ fee\ per\ mile\ \times\ \% \ change] + \\ & [Cost\ of\ running\ vehicle\ per\ mile\ \times \\ & \qquad \qquad \qquad \% \ change] + \\ & [Wage\ \times\ applicable\ \% \ change] \end{aligned}$$
- 3.13 Once the 'new' average price per mile has been determined, the percentage difference between the new and old prices for a journey

per mile can be calculated, thereby giving the percentage by which the table of fares should be varied.

#### **4. CONSULTATIONS**

- 4.1 In accordance with the statutory procedure set out in Section 65 of the Local Government (Miscellaneous Provisions) Act 1976, the Council is required to undertake a public consultation prior to making any amendment to the Hackney Carriage Table of Fares.
- 4.2 A notice must be published in at least one local newspaper circulating in the district setting out the variation and specifying the period, which can not be less than fourteen days from the date of the first publication of the notice, within which and the manner in which objections can be made.
- 4.3 If no objection to the variation of the table of fares is made, or if all objections are withdrawn, the revised Table of Fares will come into operation on the date of the expiration of the consultation period. However, if any objections are made and not withdrawn, the Committee will consider the objections and set a further date, not later than two months after the first specified date, on which the table of fares shall come into force with or without modifications.
- 4.4 Whilst any amendment to the Table of Fares will be subject to statutory consultation, the proposed method for calculating any future percentage change to the Table of Fares will be subject to consultation with the Hackney Carriage trade.

#### **5. OPTIONS**

- 5.1 With regard to the proposed amendment to the Hackney Carriage Table of Fares to include a surcharge for “multi-seater” vehicles, the Committee may resolve to:
  - i) Amend the Table of Fares with effect from 01 March 2012, subject to the statutory consultation process, to include a £3 “Extra” charge for journeys with 5 or more passengers travel in the vehicle;
  - ii) Amend the Table of Fares with effect from 01 March 2012, subject to the statutory consultation process, to include an alternative “Extra” charge for multi-seater vehicles; or

- iii) Not include any “Extra” charge for multi-seater vehicles in the Table of Fares.
- 5.2
- i) Amend the Table of Fares with effect from 01 March 2012, subject to the statutory consultation process, to include a 20p “Extra” charge for journeys commenced when the price of fuel exceeds £1.49;
  - ii) Amend the Table of Fares with effect from 01 March 2012, subject to the statutory consultation process, to include an alternative “Extra” charge for journeys commenced when the price of fuel exceeds a set amount; or
  - iii) Not include any “Extra” charges relating to the price of fuel in the Table of Fares.
- 5.3 With regard to determining future amendments to the Table of Fares, the Committee may resolve to:
- i) Approve the methodology outlined in Appendix D and select an appropriate way of determining the increase to the wage part of the tariff (i.e. to use the CPI, RPI or percentage change in the median gross pay of a resident of Cambridge, or an alternative value) and then agree consultation with the Hackney Carriage trade, or
  - ii) Approve an alternative methodology to determine amendments to the Table of Fares and agree consultation with the Hackney Carriage trade; or
  - iii) Determine any future amendment to the Table of Fares by using the percentage increase as calculated by Transport for London.

## **6. CONCLUSIONS**

- 6.1 Cambridge City Council has the power to fix the rates or fares within the district as well for time as distance, and all other charges in connection with the hire of a vehicle. Any request to vary the Table of Fares must be considered.
- 6.2 By agreeing a method for calculating future percentage changes to the Table of Fares, an appropriate process can be determined that is relevant and applicable to the City of Cambridge.

## 7. IMPLICATIONS

### (a) **Financial Implications**

If the Committee are mindful to vary to Table of Fares, it will be subject to statutory consultation, which will involve advertising the variation in a local newspaper. The Licence fees will cover the cost of the advertisement.

Similarly, the Licence fees will cover any costs associated in consulting with the Hackney Carriage trade on an agreed method for calculating any future percentage change to the Table of Fares.

### (b) **Staffing Implications**

Should the Committee be mindful to approve a new method for determining future amendments to the Table of Fares, additional work will be involved in obtaining data and carrying out calculations. Staffing resources will be required to carry out this work.

### (c) **Equal Opportunities Implications**

Any proposed amendment to the Table of Fares will be subject to public consultation and all comments received will be considered prior to setting a new Table of Fares.

### (d) **Environmental Implications**

There are no apparent environmental implications associated with the report.

### (e) **Community Safety**

Cambridge City Council regulates Hackney Carriages to ensure the protection of the public. The setting of the maximum fares that may be charged within the district ensures that they are reasonable and proportionate for those using taxis within Cambridge, and also for the licensed trade.

## **APPENDICES**

### Appendix A

Existing Hackney Carriage Table of Fares

### Appendix B

Request from CCLT for an amendment to the Table of Fares

### Appendix C

Amended Hackney Carriage Tables Fares

### Appendix D

Example Methodology for Determining the Percentage Change to the Table of Fares

**BACKGROUND PAPERS:** The following are the background papers that were used in the preparation of this report:

- [Part II of the Local Government \(Miscellaneous Provisions\) Act 1976](#)
- [The AA's Car Running Costs for a Petrol Car 2011](#)
- [The AA's Car Running Costs for a Diesel Car 2011](#)
- [The AA's Fuel Price Reports for August 2011](#)
- Office for National Statistics Annual Survey of Hours and Earnings based on Place of Residence by Local Authority for 2011

The author and contact officer for queries on the report is Robin Grey on extension 7899.

Report file:

Date originated: 20 January 2012

Date of last revision: 20 January 2012



## APPENDIX A – Existing Hackney Carriage Table of Fares

Hackney Carriage Maximum Rates of Charges from 1<sup>st</sup> August 2011.  
*Local Government (Miscellaneous Provisions) Act 1976*

**Fares are calculated on a combination of distance or time or parts thereof. The meter must only be switched on when you enter the vehicle. Please be aware that all journeys taken in Hackney Carriages within the Cambridge city boundaries must be charged on the meter, this is the maximum legal fare.**

### HIRING CHARGES – DISTANCE OR TIME

**Tariff 1: Between 0700 – 1900 hours.....£2.60**  
(Including initial distance of 92 metres or part thereof)

**Tariff 2: Between 1900 – 0700 hours and on Sundays and Bank Holidays.....£3.60**  
(Including initial distance of 92 metres or part thereof)

**Tariff 3: Between 1900 hours Christmas Eve and 0700 hours Boxing Day  
and 1900 hours New Years Eve and 0700 hours New Years Day..... £4.60**  
(Including initial distance of 92 metres or part thereof)

**FOR EACH SUBSEQUENT 183 METRES OR PART THEREOF.....20p**

**HIRING CHARGES – WAITING TIME AS INDICATED BELOW – will be charged when the vehicle is motionless  
or when it is travelling below the changeover speed of 16.79km/p/h**

**For each period or part thereof 40 seconds.....20p**

### Extra Charges:

**Soiling (vehicle unfit to continue working).....£80.00**

### Hackney fares from the Ranks:

Please be aware that all journeys in Hackney Carriages from the city centre ranks (or flags/hails) to any destination within the city boundaries must be charged on the meter, this is the maximum fare.

**If you have any queries or complaints on charges contact the Taxi Licensing Office on: 01223 457888**

### EXCLUSIONS: e.g. the Taxicard Scheme

Any fare calculated in accordance with the Table of Fares may be subject to any concession scheme approved by the Council, provided the driver of this vehicle is a participant in such a scheme and the passenger has provided any necessary proof of entitlement to the benefit of such a scheme to the satisfaction of the driver.

COMPLAINTS: About the vehicle or driver should be made to:-

Mr Jas Lally  
Head of Refuse and Environment  
PO Box 700  
Cambridge CB2 1BY



## APPENDIX B – Requested Amendment to the Table of Fares



**Cambridge City Licensed Taxis Limited.**  
(Est. 2009)

24<sup>th</sup> November 2011

Dear Robin,

The revision of Hackney Carriage table of fares for transporting five or more people within the city boundary.

1. Fare and a half of the metered fare with a sign displaying this inside the vehicle for five people or more.
2. A fixed three pound surcharge to be displayed with in the vehicle for five people or more.
3. A pound extra per head for passengers over four, but we feel this could be open for abuse?
4. A extra tariff button on the meter for multi-seaters only, the council had this option before; easy to implement but open to abuse.

This was first raised at committee two -three years ago but the licensing dept failed address it. In these tough times the wheelchair vehicles are under more pressure financially. As 65 percent of the fleet of hackney carriages in Cambridge are wheelchair vehicles this would benefit them. If you would like to discuss this further please contact either myself or David.

Regards,  
Glenn Hall  
Chair CCLT Ltd

Registered Office: CCLT Ltd,  
4 Providence Way,  
Waterbeach,  
Cambs  
CB25 9QJ  
Registered No. 06894519 England



**Cambridge City Licensed Taxis Limited.**  
(Est. 2009)

Mr Robin Grey  
Licensing Manager  
Mandela House  
4 Regent Street  
Cambridge CB2 1BY

10<sup>th</sup> January 2012

Dear Mr Grey,

I would like to present an application to the Licensing Committee for a surcharge to be applied to taxi fares if fuel prices reach £1.50 per litre. The introduction of a 20p surcharge to be added to the fares to help drivers towards the running costs would be appreciated.

Please could you arrange to have this item added to the agenda for the Licensing Committee meeting on 30<sup>th</sup> January 2012? Also, the revision of the Hackney Carriage table of fares for transporting five or more people within the city boundary. The preferred option from the trade out of the four options we put forward would be Option 2 because this would not be open to abuse. As good as Option 3 is this is more open to abuse from drivers.

Regards

David Wratten  
CCLT Ltd

Registered Office: 4 Providence Way, Waterbeach, Cambs CB25 9QJ Registered No.  
06894519 Registered in England

## APPENDIX C - Amended Hackney Carriage Table of Fares

Hackney Carriage Maximum Rates of Charges from 1<sup>st</sup> March 2012.  
*Local Government (Miscellaneous Provisions) Act 1976*

**Fares are calculated on a combination of distance or time or parts thereof. The meter must only be switched on when you enter the vehicle. Please be aware that all journeys taken in Hackney Carriages within the Cambridge city boundaries must be charged on the meter, this is the maximum legal fare.**

### HIRING CHARGES – DISTANCE OR TIME

**Tariff 1: Between 0700 – 1900 hours.....£2.60**  
(Including initial distance of 92 metres or part thereof)

**Tariff 2: Between 1900 – 0700 hours and on Sundays and Bank Holidays.....£3.60**  
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**Tariff 3: Between 1900 hours Christmas Eve and 0700 hours Boxing Day  
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**FOR EACH SUBSEQUENT 183 METRES OR PART THEREOF.....20p**

**HIRING CHARGES – WAITING TIME AS INDICATED BELOW – will be charged when the vehicle is motionless  
or when it is travelling below the changeover speed of 16.79km/p/h**

**For each period or part thereof 40 seconds.....20p**

### Extra Charges:

5 or more passengers travelling in vehicle.....£3.00

Journeys commenced where fuel prices exceed £1.49 per litre.....20p

Soiling (vehicle unfit to continue working).....£80.00

### Hackney fares from the Ranks:

Please be aware that all journeys in Hackney Carriages from the city centre ranks (or flags/hails) to any destination within the city boundaries must be charged on the meter, this is the maximum fare.

**If you have any queries or complaints on charges contact the Taxi Licensing Office on: 01223 457888**

### EXCLUSIONS: e.g. the Taxicard Scheme

Any fare calculated in accordance with the Table of Fares may be subject to any concession scheme approved by the Council, provided the driver of this vehicle is a participant in such a scheme and the passenger has provided any necessary proof of entitlement to the benefit of such a scheme to the satisfaction of the driver.

COMPLAINTS: About the vehicle or driver should be made to:-

Mr Jas Lally  
Head of Refuse and Environment  
PO Box 700  
Cambridge, CB2 1BY



## APPENDIX D

### Example Methodology for determining the Percentage Change in the Hackney Carriage Table of Fares

1.1 The fares charged by drivers need to cover their Licence fees and the cost of running a vehicle, in addition to providing them with a wage. They should therefore be apportioned to these components and each of them increased (or decreased) proportionally when the tariff is reviewed.

1.2 Average price of a Journey per mile

The current tariff provides that the average fare for a 1, 2, 3, 4 and 5 mile journey is **£3.23 per mile** as shown in the table 1 & 2 below. This takes in to account the percentage of time that tariff 1, tariff 2 and tariff 3 has effect, but does not take in to account occasions when tariff 3 will operate on a Sunday.

1.3 Average Annual “Working” Mileage of a Hackney Carriage

The average mileage of a licensed Hackney Carriage is approximately 35,000 miles per annum (using a sample of 90 Hackney Carriages) and in the absence of any confirmed data, it is assumed that 20% of this mileage is for personal use. Therefore, the average “working” mileage of a Hackney Carriage is **28,000 miles per annum**.

1.4 Licence fee per mile

The combined Licence fees are currently £451 (£134 for a Driver Licence including a CRB check and £317 for a Vehicle Licence including test fees and a transponder permit), so using the average annual “working” mileage,

$$\text{Licence fees} = 45100 / 28000 = \mathbf{2p \text{ per mile}}$$

1.5 Cost of running a vehicle per mile

The cost of running a vehicle will vary from one vehicle to the next, but The AA publishes an annual update on the average cost of running a diesel and petrol car, which include standing charges (road tax, insurance, cost of capital, depreciation) and running costs per mile (fuel, tyres, service costs, replacement parts). The costs for 2011 are shown in Table 3 below and the assumptions that have been made by The AA are also stated. The vehicles have been split in to

bands based on the purchase price when new and the costs provided are the average of those vehicles in each price bands.

The price of fuel per mile varies according to the price per litre of fuel and the figure used in the table in Table 3 has been determined using the average fuel prices in East Anglia in August 2011, which were 142.4p per litre for petrol and 139.9p per litre for diesel. These figures are taken from those published by The AA, which are based on fuel data supplied by Experian Catalist in cooperation with Arval UK Ltd.

To account for the fact that the fleet consists of a mixture of petrol, diesel, hybrid, heavy oil and gas bi-fuel vehicles, with 62% of the fleet being wheelchair-accessible vehicles, an average of the cost of running a petrol and a diesel car in the highest price band could be used to determine the average price per mile. So, again assuming that the average annual “working” mileage of a Hackney Carriage is 28,000 miles,

Average cost of running a vehicle in August 2011 = **62p per mile**

1.6 Wage per mile

The wage per mile would be the difference between the price of a journey per mile (£3.23) and the vehicle running costs and Licence fees per mile (62p + 2p), i.e. **£2.59 per mile**.

1.7 To summarise

	Pence per mile
Cost of Licence fee	2
Cost of running a vehicle	62
Wage	259
<b>Total (i.e. cost of a journey)</b>	<b>323</b>

The figures in the above table are based on the Licence fees and cost of running a vehicle at the time that the Table of Fares was last determined. When considering a variation to the tariff, it will be necessary to increase each component proportionally based on how they have changed since the time that the tariff was last determined.

1.8 Percentage Change in the Licence fee

The percentage change in the Licence fee can be determined by comparing the fees at the time that the tariff was last set with the current fees at the time of review.

1.9 Percentage Change in Cost of Running a Vehicle

The percentage change in the cost of running a vehicle can be determined by using the data published by The AA for the year that the tariff was last varied with the most recent data available at the time of review. The latest average fuel prices in East Anglia can be taken from The AA's Monthly Fuel Price Report to calculate the cost of fuel per mile.

1.10 Percentage Change in Wage

The percentage change that should be applied to the wage part of the tariff may be determined by using either the consumer price index (CPI which is currently 4.5%) or the retail price index (RPI which is currently 5.2%) or the percentage change in the median annual gross pay of those persons living in Cambridge (as provided annually by the Office for National Statistics), which shows that in 2011 the annual percentage change was -1.1%. An alternative percentage could otherwise be set.

1.11 Percentage Change in the Tariff

The new average cost of a journey per mile can therefore be established, i.e.

$$\begin{aligned} \text{'New' average price per mile} = & \\ & [\text{Licence fee per mile} \times \% \text{ change}] + \\ & [\text{Cost of running vehicle per mile} \times \% \text{ change}] + \\ & [\text{Wage} \times \text{applicable } \% \text{ change}] \end{aligned}$$

Once the 'new' average price per mile has been determined, the percentage difference between the new and old prices for a journey per mile can be calculated, thereby giving the percentage by which the table of fares should be varied.

**Table 1** – Average cost of a 1 mile, 2 mile, 3 mile, 4 mile and 5 mile journey whilst Tariff 1, 2 and 3 is being operated

Distance	Tariff 1		Tariff 2		Tariff 3	
	Cost of Journey	Av per mile	Cost of Journey	Av per mile	Cost of Journey	Av per mile
1 mile	£4.40	£4.40	£5.40	£5.40	£6.40	£6.40
2 miles	£6.20	£3.10	£7.20	£3.60	£8.20	£4.10
3 miles	£7.80	£2.60	£8.80	£2.93	£9.80	£3.27
4 miles	£9.60	£2.40	£10.60	£2.65	£11.60	£2.90
5 miles	£11.40	£2.28	£12.40	£2.48	£13.40	£2.68
Average		£2.96		£3.41		£3.87

**Table 2** - Average price per mile based on existing tariff and the length of time that tariff 1, 2, 3 have effect  
(Excludes occasions when Christmas Day, Boxing Day and New Year's Day fall on a Sunday)

Tariff 1	Tariff 2	Tariff 3	Av. per mile over 365 days
£2.96 x 152 days	£3.41 x 211 days	£3.87 x 2 days	<b>£3.23</b>

where

**Tariff 3** has effect on 5 hours on Christmas Eve, all day Christmas Day, 7 hours on Boxing Day, 5 hours on New Year's Eve and 7 hours on New Year's Day, (i.e. 2 days per year);

**Tariff 1** has effect for 12 hours a day on Monday to Saturday except on Bank Holidays (i.e. 152 days per year) and therefore

**Tariff 3** has effect on 211 days per year



**Table 3 -**

The average costs of running a vehicle in 2011 with the assumptions that have been made by 'The AA'

		Petrol					Diesel				
		Up to £12k	£12k - £16k	£16k - £20k	£20k- £32k	Over £32k	Up to £12k	£12k - £17k	£17k - £20k	£20k- £32k	Over £32k
Standing Charges	VED (Road Tax) <sup>1</sup>	£130	£165	£245	£245	£460	£95	£115	£165	£210	£445
	Insurance <sup>2</sup>	£725	£805	£965	£1,281	£2,019	£733	£859	£943	£1,216	£2,090
	Cost of Capital <sup>3</sup>	£236	£300	£380	£578	£1,177	£226	£352	£389	£629	£1,109
	Depreciation <sup>4</sup>	£1,217	£1,873	£2,467	£3,084	£6,439	£1,160	£2,095	£2,382	£3,279	£5,519
	TOTAL	£2,308	£3,143	£4,057	£5,188	£10,095	£2,214	£3,421	£3,879	£5,334	£9,163
	TOTAL per mile (pence) <sup>5</sup>	6.59	8.98	11.59	14.82	28.84	6.33	9.77	11.08	15.24	26.18
Running Costs, pence per mile	Fuel per mile (pence) <sup>6</sup>	13.8	15.51	17.93	18.67	25.08	10.16	11.46	13.49	15.26	19.91
	Tyres <sup>7</sup>	1.07	1.14	1.65	2.00	3.21	1.07	1.20	1.34	1.70	2.73
	Service Labour Costs <sup>8</sup>	4.14	3.77	3.85	3.81	6.71	3.81	3.45	3.58	4.12	4.82
	Replacement Parts <sup>9</sup>	2.04	2.03	2.08	2.54	3.05	2.20	2.18	2.21	2.54	3.05
TOTAL COST (PENCE PER MILE)		27.64	31.43	37.10	41.84	66.89	23.57	28.06	31.70	38.86	56.69



## Assumptions

<sup>1</sup> Assumes average for the cars considered in each price group.

<sup>2</sup> Based on the UK average for a fully comprehensive policy with 60% no claims discount (not for HCV insurance policy)

<sup>3</sup> Represents the income lost from having money tied up in the vehicle, which otherwise could be earning interest in a deposit account with an interest rate of 2.8%. Any further admin charges for a loan or hire purchase would be on top of this.

<sup>4</sup> Assumes that depreciation costs are averaged over four years from purchase, and include typical adjustments for different annual mileages in that period. Cars generally depreciate at a slower rate as they get older. We use different depreciation rates for mileages, which differ from the average 10,000 miles/year.

<sup>5</sup> Assumes an average annual mileage of 35000 miles

<sup>6</sup> The fuel consumption figures are estimated typical values for each of the car price bands shown in the tables and based on average fuel prices in East Anglia in August 2011

<sup>7</sup> Assumes an average tyre life of 27,000 miles. Different values for the cost of tyre replacement are used depending on the vehicle size and price band. Tyre prices are based on online tyre dealer prices, not main dealer prices which will inevitably be higher.

<sup>8</sup> The labour costs shown cover normal servicing and parts replacement at a dealer, taking average UK labour rates. These vary depending on location and from brand to brand.

<sup>9</sup> The replacement parts included cover those likely to be needed under normal driving conditions, such as brake materials, oils, filters, bulbs, wipers, and hoses.

