

Appendix 4 – Summary of the Stakeholders' Responses

Action Disability Kensington and Chelsea (ADKC)

TfL was invited to attend the ADKC meeting to discuss the taxi fares consultation, the consultation questions and the potential impacts of any changes. The meeting was also attended by Kensington and Chelsea Council.

Points raised during the meeting included:

- If taxi fares and tariffs are increased what will be the impact on Taxicard fares
- What do the different options mean in terms of actual fares paid
- Can drivers refuse certain fares
- Could a lower tariff rate be introduced for disabled people
- Could ADKC be advised of the proposed recommendations as soon as possible so as they can discuss these at their upcoming mobility forum meeting

Age UK (Hillingdon, Harrow and Brent)

Age UK (Hillingdon, Harrow and Brent) thought:

- The minimum fare was about right
- Taxi fares during the weekday daytime (Tariff 1) - Monday to Friday 05:00-20:00 were much too expensive
- Taxi fares during the weekday evenings (Tariff 2) - Monday to Friday 20:00-22:00 were much too expensive
- Taxi fares during the weekend daytime (Tariff 2) - Saturday and Sunday 05:00-22:00 were much too expensive
- Taxi fares late at night (Tariff 3) - Every night 22:00-05:00 were much too expensive
- Taxi fares on public holidays (Tariff 3) were much too expensive
- Taxi fares for journeys over six miles (Tariff 4) were much too expensive

When rating the value for money of taxi (black cab) fares in London on a scale of zero (extremely poor value for money) to 10 (extremely good value for money), Age UK (Hillingdon, Harrow and Brent) gave a rating of zero.

For the options on fares and tariffs, Age UK (Hillingdon, Harrow and Brent):

- Fully supported Option 1
- Fully opposed Option 2
- Fully opposed Option 3

Age UK (Hillingdon, Harrow and Brent) said the Heathrow Extra should be frozen.

Age UK (Hillingdon, Harrow and Brent) said there should not be an extra charge taxi passengers pay when being dropped off at one of the terminals (to help taxi drivers cover the cost of the Terminal Drop Off Charge introduced by Heathrow Airport Limited).

Age UK (Hillingdon, Harrow and Brent) said taxis are really the least value for money transport option available in London and they are far too expensive for the respondent. They were aware that many disabled people use taxis because of their

increased disability access. They did not however see how increasing the cost of an already very expensive service – for which the user does not know up front what the cost will be – will help.

The Brewery Logistics Group

The Brewery Logistics Group thought:

- The minimum fare was about right
- Taxi fares during the weekday daytime (Tariff 1) - Monday to Friday 05:00-20:00 were a little too low
- Taxi fares during the weekday evenings (Tariff 2) - Monday to Friday 20:00-22:00 were a little too low
- Taxi fares during the weekend daytime (Tariff 2) - Saturday and Sunday 05:00-22:00 were a little too low
- Taxi fares late at night (Tariff 3) - Every night 22:00-05:00 were about right
- Taxi fares on public holidays (Tariff 3) were a little too low
- Taxi fares for journeys over six miles (Tariff 4) were about right

When rating the value for money of taxi (black cab) fares in London on a scale of zero (extremely poor value for money) to 10 (extremely good value for money), the Brewery Logistics Group gave a rating of eight.

For the options on fares and tariffs, the Brewery Logistics Group:

- Fully opposed Option 1
- Partly supported Option 2
- Partly supported Option 3

The Brewery Logistics Group said the Heathrow Extra should be increased and it should be £3.00-£3.99.

The Brewery Logistics Group said there should not be an extra charge taxi passengers pay when being dropped off at one of the terminals (to help taxi drivers cover the cost of the Terminal Drop Off Charge introduced by Heathrow Airport Limited).

The Brewery Logistics Group said that they would look at increasing taxi drivers' earnings by addressing the real issue which is congestion in London.

They said that taxi drivers find it difficult to pick up as many fares because of the extreme congestion and this hampers their productivity, and in turn their ability to earn money. The Brewery Logistics Group added that if this was addressed they would suggest that fares could be frozen to give more value to Londoners, but there needs to be an increase due to the inability of TfL to address the issue of poor traffic management. They stated that the removal of kerbside access is also a factor, and that schemes such as Streetspace have hindered taxi drivers who are finding it difficult to find a safe place to let their customers out.

Cabmen's Shelter Fund

The Cabmen's Shelter Fund thought:

- The minimum fare was a little too low

- Taxi fares during the weekday daytime (Tariff 1) - Monday to Friday 05:00-20:00 were a little too low
- Taxi fares during the weekday evenings (Tariff 2) - Monday to Friday 20:00-22:00 were about right
- Taxi fares during the weekend daytime (Tariff 2) - Saturday and Sunday 05:00-22:00 were about right
- Taxi fares late at night (Tariff 3) - Every night 22:00-05:00 were about right
- Taxi fares on public holidays (Tariff 3) were about right
- Taxi fares for journeys over six miles (Tariff 4) were about right

When rating the value for money of taxi (black cab) fares in London on a scale of zero (extremely poor value for money) to 10 (extremely good value for money), the Cabmen's Shelter Fund gave a rating of 10.

For the options on fares and tariffs, the Cabmen's Shelter Fund:

- Fully supported Option 3

The Cabmen's Shelter Fund said the Heathrow Extra should be frozen at £2.80, although they also said that if it is increased it should be £4.00-£4.99.

The Cabmen's Shelter Fund said there should be an extra charge taxi passengers pay when being dropped off at one of the terminals (to help taxi drivers cover the cost of the Terminal Drop Off Charge introduced by Heathrow Airport Limited) and this should be £5.00.

The Cabmen's Shelter Fund said it would be helpful if all of the streets that taxis now cannot use were rescinded.

They also said they would like to know why taxis are not classed as public transport by TfL and the Mayor.

Cabvision

Cabvision thought:

- The minimum fare was much too low
- Taxi fares during the weekday daytime (Tariff 1) - Monday to Friday 05:00-20:00 were much too low
- Taxi fares during the weekday evenings (Tariff 2) - Monday to Friday 20:00-22:00 were about right
- Taxi fares during the weekend daytime (Tariff 2) - Saturday and Sunday 05:00-22:00 were about right
- Taxi fares late at night (Tariff 3) - Every night 22:00-05:00 were about right
- Taxi fares on public holidays (Tariff 3) were about right
- Taxi fares for journeys over six miles (Tariff 4) were a little too expensive

For the options on fares and tariffs, Cabvision:

- Fully opposed Option 1
- Partly supported Option 2
- Partly supported Option 3

Cabvision said the Heathrow Extra should be increased and it should be £5.00-£5.99.

Cabvision said there should be an extra charge taxi passengers pay when being dropped off at one of the terminals (to help taxi drivers cover the cost of the Terminal Drop Off Charge introduced by Heathrow Airport Limited) and this should be £4.00-£4.99.

Cabvision made the following comments:

- Tariff 4 should fall to make taxis more competitive on longer journeys. The flag could go up by a smaller amount, say 40 pence and Tariffs 1, 2 and 3 could rise to offset any impact of Tariff 4 falling
- Heathrow drop off fees and increases in feeder park costs must be offset against higher charges to passengers, drivers should not be forced to subsume those costs
- The Cost Index must be maintained, and credit card and app fees should be included
- The cost of new taxis and lack of finance has had a negative impact on wheelchair users, and the fleet has shrunk due to the Mayor's policies. The fleet has reduced by 33 per cent since the Mayor was elected
- There should have been a better explanation as to how TfL came up with the preferred options

FREE NOW

FREE NOW thought:

- The minimum fare was much too low
- Taxi fares during the weekday daytime (Tariff 1) - Monday to Friday 05:00-20:00 were about right
- Taxi fares during the weekday evenings (Tariff 2) - Monday to Friday 20:00-22:00 were about right
- Taxi fares during the weekend daytime (Tariff 2) - Saturday and Sunday 05:00-22:00 were a little too low
- Taxi fares late at night (Tariff 3) - Every night 22:00-05:00 were a little too low
- Taxi fares on public holidays (Tariff 3) were a little too low
- Taxi fares for journeys over six miles (Tariff 4) were a little too expensive

When rating the value for money of taxi (black cab) fares in London on a scale of zero (extremely poor value for money) to 10 (extremely good value for money), FREE NOW gave a rating of nine.

For the options on fares and tariffs, FREE NOW:

- Fully opposed Option 1
- Fully supported Option 2
- Fully supported Option 3

FREE NOW said the Heathrow Extra should be frozen at £2.80.

FREE NOW said there should not be an extra charge taxi passengers pay when being dropped off at one of the terminals (to help taxi drivers cover the cost of the

Terminal Drop Off Charge introduced by Heathrow Airport Limited), although they said if there was this should be £1.00-£1.99.

FREE NOW said they are one of the two largest black cab apps in London and completed the consultation survey based on their data. They said they would propose:

- The minimum fare be increased to £5
- Tariff 1 be increased by around four per cent and extended to 22:00 (i.e. decrease the price 20:00-22:00)
- Tariff 3 be increased by around 10 per cent
- Limit Tariff 2 just to the weekend considering how few drivers want to drive then and also increase it by around 10 per cent
- Remove Tariff 4 as higher rate per minute and mile above six miles leads to too high prices for long rides and between Monday to Friday, during the day, a lot of their customers complain about this

Gett

Gett thought:

- The minimum fare was about right
- Taxi fares during the weekday daytime (Tariff 1) - Monday to Friday 05:00-20:00 were much too low
- Taxi fares during the weekday evenings (Tariff 2) - Monday to Friday 20:00-22:00 were a little too low
- Taxi fares during the weekend daytime (Tariff 2) - Saturday and Sunday 05:00-22:00 were much too low
- Taxi fares late at night (Tariff 3) - Every night 22:00-05:00 were about right
- Taxi fares on public holidays (Tariff 3) were about right
- Taxi fares for journeys over six miles (Tariff 4) were about right

When rating the value for money of taxi (black cab) fares in London on a scale of zero (extremely poor value for money) to 10 (extremely good value for money), Gett gave a rating of eight.

For the options on fares and tariffs, Gett:

- Fully opposed Option 1
- Fully supported Option 2
- Partly opposed Option 3

Gett said the Heathrow Extra should be frozen at £2.80.

Gett said there should be an extra charge taxi passengers pay when being dropped off at one of the terminals (to help taxi drivers cover the cost of the Terminal Drop Off Charge introduced by Heathrow Airport Limited) and this should be £5.00.

Hale

Hale thought:

- The minimum fare was about right
- Taxi fares during the weekday daytime (Tariff 1) - Monday to Friday 05:00-20:00 were about right

- Taxi fares during the weekday evenings (Tariff 2) - Monday to Friday 20:00-22:00 were a little too low
- Taxi fares during the weekend daytime (Tariff 2) - Saturday and Sunday 05:00-22:00 were a little too low
- Taxi fares late at night (Tariff 3) - Every night 22:00-05:00 were a little too low
- Taxi fares on public holidays (Tariff 3) were about right
- Taxi fares for journeys over six miles (Tariff 4) were about right

When rating the value for money of taxi (black cab) fares in London on a scale of zero (extremely poor value for money) to 10 (extremely good value for money), Hale gave a rating of 10.

For the options on fares and tariffs, Hale:

- Partly supported Option 1
- Partly opposed Option 2
- Fully opposed Option 3

Hale said the Heathrow Extra should be removed.

Hale said there should be an extra charge taxi passengers pay when being dropped off at one of the terminals (to help taxi drivers cover the cost of the Terminal Drop Off Charge introduced by Heathrow Airport Limited) and this should be £4.00-£4.99.

Hale said the pence per mile cost has reduced for drivers with electric vehicles and if it stays as it is will incentivise other vehicle drivers to move to electric.

They suggested having sales and maintenance costs on vehicles over three years and savings using electric vehicles.

Heathrow Airport Limited (HAL)

HAL said that the coronavirus pandemic continues to pose significant challenges for the travel industry, with Heathrow welcoming only 19.4 million passengers last year – less than a quarter of our 2019 traffic and below even 2020 levels¹. HAL said that ongoing travel restrictions and uncertainty means that there remains doubt over the speed at which demand will recover, with forecasts suggesting passenger numbers may not reach pre-pandemic levels until 2025 and this reflects their new operating realities that they have based decisions on.

HAL said that like the airport, the Taxi Feeder Park (TFP) has been adversely impacted by the coronavirus pandemic. As a cost-recovery Other Regulated Charge (ORC), any revenue that is above or below the cost of operating the TFP is factored into the price for the following year. This is stipulated by the Civil Aviation Authority, as HAL's regulator, and like much of the airport's costs, these are fixed based on HAL's infrastructure and are reviewed on an annual basis. HAL stated that the airport does not make a profit or loss from the ORC.

¹ <https://mediacentre.heathrow.com/pressrelease/details/81/Corporate-operational-24/13655>

HAL said that following discussions with TfL and the industry last year, Heathrow implemented the trade's proposal for an initial increase of the TFP fee to £7.20 including VAT. This increase was put in place from 1 July 2021 and will be kept under review, subject to the airport's recovery from the pandemic.

HAL stated that they believe the Heathrow Extra charge should increase in line with changes to the ORC. As users of the TFP, the level of this charge should be agreed by the trade in conjunction with TfL, with the trade setting out what amounts are passed on to the consumer and to drivers. They believe it is right that both passengers and taxis pick up this cost on the following grounds:

- The passenger contribution to the TFP has not increased for several years, whilst the cost of using the TFP has gone up
- The TFP services include catering, toilets and other facilities used by drivers, and it is the driver's choice to pick up from Heathrow and attract this fare

HAL suggested increasing the Heathrow 'Extra' charge to between £4.00- £5.00. They said that this fee remains lower than the charge passed on by PHVs picking passengers up from Heathrow at the Multi-Storey Car Parks, which is a minimum of £5.30 and avoids creating a competitive disadvantage.

HAL added that as they recover from the pandemic, they expect ORC prices to eventually decrease as passengers return to the airport. They noted that in recent years, both the airport and taxi trade have seen record passenger numbers, in turn keeping the Taxi Feeder Park ORC at low-levels and with little change to gate increases – while the charge is reviewed annually based on their revenue and CAA regulation, TfL's review of taxi fares is less frequent, and this must be considered when reviewing the fares going forward.

HAL said it is the dramatic decrease in passenger numbers, as a result of the pandemic, that has led to this change in the ORC and while TFP costs are unlikely to return to pre-pandemic levels, this proposed new fee should balance the passenger and driver contribution.

HAL said that in November 2021, Heathrow introduced the TDOC for vehicles making drop-offs at the Heathrow terminal forecourts and following discussions with TfL and the trade, HAL agreed to implement a grace period so taxis would be exempt from the charge until 1 April 2022, following this consultation.

HAL's proposal is for the full cost to be passed on to the passenger with a 'flag' added to the taxi meter upon drop-off at the forecourts, rather than being covered by the taxi driver. HAL said doing so will help encourage modal shift while also not placing any undue burdens on the taxi driver themselves. They added that their proposals already apply equally to private hire drivers.

HAL said the TDOC was designed to be a passenger charge, based on the mode of transport chosen to travel to the airport and the scheme has brought them in line with every major airport in the UK and is aligned with their Surface Access goals: to encourage sustainable transport to the airport; improve air quality; reduce road congestion; support the business and prevent a car-led recovery from the pandemic. HAL added that passengers also have the alternative option of being dropped off in

the long stay car parks at no charge and travelling to the terminals via a free shuttle bus. Blue Badge holders also receive a 100 per cent discount from the charge, subject to registration.

HAL mentioned that they have also previously discussed taxi backfilling and electric vehicles (EVs) at the airport. Backfilling will be a useful tool in reducing unnecessary vehicle journeys at the airport and they are keen to develop proposals with TfL and the trade in the future. They also believe there may be an opportunity to incentivise EVs in the future through the fare structure, subject to this ensuring the right modal shift behaviours and benefits. HAL said they would welcome the opportunity to work together to consider any such proposals.

HAL said they appreciated that there will be great interest and feedback from industry and other stakeholders on these issues and are committed to working closely with TfL and the taxi trade. They added that they would be happy to meet with TfL following the end of the consultation to discuss the proposals and next steps as 1 April approached when the taxi exemption comes to an end.

Islington Council

Islington Council said increased black cab taxi tariffs and fares will negatively impact disabled Taxicard scheme users by increasing the total costs of their journeys. They added that the Taxicard scheme gives disabled people who are not able to easily and conveniently access public transport the much needed independence and mobility to get around the city, that the scheme is highly valued, and that last year an Islington user described the service as “a godsend.”

Islington Council said that the review does not mention how increased costs might be managed for disabled Taxicard Scheme users. They said Option 2 or Option 3 will cause negative impacts for Taxicard Scheme users who possess protected characteristics. They also said that Taxicard users will need to use more of their own funds to make longer trips, or choose destinations closer to home.

Islington Council stated that London Councils increased the cost of the Taxicard Scheme in Summer 2021, costing both Taxicard scheme users and the council 50 pence extra per journey. They said that increased costs proposed as part of Option 2 and Option 3 should consider this recent Taxicard scheme fee increase, how additional costs will affect disabled Taxicard Scheme users and how this can be mitigated.

Islington Council said the review is silent on the ability for Taxicard users to double-swipe so that users can apply two trip subsidies for one trip, and this was hard-lobbied for by Islington residents and disabled groups. Islington Council said they would like to reiterate that the practice of double-swiping should be safeguarded.

Redbridge Council

Redbridge Council thought:

- The minimum fare was about right
- Taxi fares during the weekday daytime (Tariff 1) - Monday to Friday 05:00-20:00 were a little too expensive

- Taxi fares during the weekday evenings (Tariff 2) - Monday to Friday 20:00-22:00 were much too expensive
- Taxi fares during the weekend daytime (Tariff 2) - Saturday and Sunday 05:00-22:00 were much too expensive
- Taxi fares late at night (Tariff 3) - Every night 22:00-05:00 were much too expensive
- Taxi fares on public holidays (Tariff 3) were much too expensive
- Taxi fares for journeys over six miles (Tariff 4) were much too expensive

When rating the value for money of taxi (black cab) fares in London on a scale of zero (extremely poor value for money) to 10 (extremely good value for money), Redbridge Council gave a rating of three.

For the options on fares and tariffs, Redbridge Council:

- Fully supported Option 1
- Partly opposed Option 2
- Fully opposed Option 3

Redbridge Council said the Heathrow Extra should be increased and it should be £7.00-£7.20.

Redbridge Council said there should be an extra charge taxi passengers pay when being dropped off at one of the terminals (to help taxi drivers cover the cost of the Terminal Drop Off Charge introduced by Heathrow Airport Limited) and this should be £5.00.

Redbridge Council said that increasing fares will reduce the attractiveness of this relatively expensive mode of travel and increase the attractiveness of PHVs/Uber.

Speak Out in Hounslow

Speak Out in Hounslow submitted a response on behalf of some of their members and said:

- The minimum fare was too much
- Tariff 1 (Monday to Friday 05:00-20:00) was fair
- Tariff 2 (Monday to Friday 20:00-22:00) was too much
- Tariff 2 (Saturday and Sunday 05:00-22:00) was too much
- Tariff 3 (Every night 22:00-05:00) was too much
- Tariff 3 (public holidays) was too much
- Tariff 4 (journeys over six miles) was too much

For the options on fares and tariffs, they thought:

- Option 1 would be good
- Option 2 would be bad
- Option 3 would be bad

They said the Heathrow Extra should be stopped and that passengers should not pay an extra charge when being dropped off at Heathrow Airport.

The also made the following comments:

- The current fares are quite high, especially for passengers who are disabled or on benefits
- The new fares are quite high
- Black cab drivers should not have to pay the Heathrow charges

Trade Tariff Team

The LTDA, LCDC, RMT, UCG and Unite submitted a joint response.

They supported increasing the minimum fare by 60 pence (£3.20 to £3.80) and increasing Tariffs 1 and 2 by 5.5 per cent, as opposed to the option involving increasing the minimum fare to £4.00 and Tariffs 1 and 2 by 4.03 per cent. They said that both produce an equal outcome but they felt that their proposal would be more readily accepted by their customers.

They said that if this could not be done then their preferred choice would be to increase the tariffs by 9.95 per cent.

They strongly objected to the introduction of multiple tariff adjustment choices. They believed the best way was for TfL and the trade to discuss options and then consult on one single agreed proposal. They felt that TfL was transferring the burden of decision making to the public by having options.

They said that they originally asked for the full 9.95 per cent to be applied across all the tariffs or an increase to Tariffs 1 and 2 above 9.95 per cent. Their final proposition was the minimum fare be increased to £3.80, Tariffs 1 and 2 increased by 5.5 per cent and Tariffs 3 and 4 frozen. They said that they were under the impression that this would be the only proposal going forward.

They were critical of the decision to include three options in the consultation and stated that their decision is based on business but TfL's appears to be political, and that there is no evidence to suggest that TfL's proposal is superior to the trade's proposal.

They said that the minimum fare has been £3.00 plus for a decade, and it is uncertain what the reaction from customers would be to breaking the £4.00 barrier and an increase twice as high as any previous minimum fare increase. The trade group said that restricting the minimum fare to £3.80 would leave scope in the next tariff revision for utilizing the minimum fare to keep the percentage increase lower.

They said that there have been several occasions in the past when the tariff has increased by more than five per cent and this has done little damage to the trade. They added that this would be especially so when other forms of public transport have been increasing by around five per cent or more in a single year.

The trade group said that PHV operators have recently increased fares by 10 per cent and due to the recent court ruling on VAT are likely to increase fares again by between 10 to 20 per cent in the near future.

They said that to say they are disappointed with the whole process was an understatement, that the process ran smoothly until 2015 but since 2017 the Cost

Index has been revised but the tariffs have not been adjusted on an annual twelve month basis. They said this has meant that drivers have had a real net income reduction for the last four years.

The trade group requested that the revision of the Cost Index should be changed from October to May to allow more time for fares to be reviewed and adjustments to be completed in April.

The trade group noted that the Finance Committee has voiced concern about the competitive effects of tariff increases and customers, particularly elderly and disabled customers, ability to pay. The trade group offered the following comments in response to this:

Balance

- The Cost Index produces an annual inflation figure for running a taxi, including driver earnings, it is designed to keep taxi fares and driver earnings at a constant real level, with fares only increasing nominally and as such having set a fair balance when it was introduced it maintains that same fair balance
- If the adjustment deviates from the Cost Index then either the customer or driver will gain at the expense of the other. The same applies if the adjustment is earlier or later than April
- The produces an imbalance and has been the case for the last four years where the real cost of fares have consistently fallen to the gain of the customer, at the expense of the driver. Whose real earnings have consistently fallen during this period
- The Cost Index figure could reduce as it has done in the past. This could happen in the next adjustment. Fuel prices are expected to fall and as more electric taxis replace diesel taxis this will reduce their weight in the Cost Index. The retendering of the administration of licensing and inspection fees may also reduce this element of the Cost Index
- If this were the case and other things remained equal the Cost Index would fall and the trade would expect and support a reduction in fares

Ability of the disabled and elderly to afford taxis

- If affordability is affected by rising taxi fares and is problematic then one way to solve this is to reduce regulatory cost. If some regulatory costs were reduced or removed and the Cost Index adhered to, taxi fares would reduce automatically for vulnerable groups and taxi users in general
- An example is the introduction of the TXe taxi. In the 2019 tariff adjustment alone this would add 1.24 per cent to taxi fares to maintain real fares at a constant level
- Alternatively, if it is only the ability to pay of vulnerable groups that are of concern then a subsidy is required. However, it would be unfair to place the burden of this subsidy on taxi drivers alone by restricting fare increases to below that indicated by the Cost Index
- A much fairer system would be to fund fare subsidies from the public purse or failing that pursue a way of increasing fares for the taxi travelling community and transfer that excess revenue to subsidise the fares of vulnerable taxi users

- Perhaps access may be a more important factor in making fares affordable for the elderly, infirm and disabled than a tariff increase. Schemes that restrict taxi access (e.g. low traffic neighbourhoods (LTNs), Bank Junction, certain bus lanes) increase journey times and by doing so increase taxi fares. An example is a trip from Moorfields Eye Hospital to the nearby Islington LTN, the fare could easily be doubled for someone who needs a door to door service as opposed to someone who can be set down at a barrier a few metres from their destination

Competition

- Normal goods and services will face an elastic demand curve, there are many factors that will affect an individual demand function but the primary factor, other than price itself, will be the availability of close substitutes
- If the taxi service faced such an elastic demand curve it would need to exercise caution when increasing prices due to the deleterious effect on demand. However, the trade has contended for many years that they face a largely inelastic demand curve, this has been borne out by the research by Steer Davies Gleave (SDG) on behalf of TfL and of 42 fare examples tested 30 proved to be inelastic
- There are no close substitutes facing the London taxi service other than private hire. Private hire should not be a close substitute as taxis provide an 'on-demand' service while PHVs are supposed to operate a 'pre-booked service', creating a clear distinction between the two services. However, in recent times private hire services have used GPS and apps to circumvent the law and provide PHVs to an effectively 'on-demand' market
- For seven years Uber have attempted to usurp the taxi service and create a monopoly by offering fares at less than cost and remunerating drivers at less than average minimum wages. While this has had an effect on taxi services it has had a greater effect on PHV services, this can be witnessed by the contraction of PHV operators while at the same time the number of PHV drivers has almost doubled since 2014
- The taxi service cannot compete with Uber or private hire in general on price as the regulatory costs for taxi drivers are approximately twice those for PHV drivers. The taxi service relies on competing on quality and product differentiation rather than price
- There have been several recent factors that have helped level the playing field in relation to the two services. One is that PHVs now have to pay the Congestion Charge but taxis do not, and this helps reduce the regulatory price disparity. Recent court decisions have continued to redress this disparity, specifically the ruling that a PHV driver is an employee of a PHV operator. This has contributed to a recent increase in fares by Uber of 10 per cent. A more recent ruling means that PHV fares will now be subject to VAT and this may result in a further increase of between 10 to 20 per cent. Should this be the case it is likely that the smaller difference between taxi and PHV fares will be easily negated by the superior quality of the former

A separate meeting between TfL and the Heathrow representatives from the LTDA, LCDC, RMT, UCG and Unite was held to discuss charges for taxi drivers at Heathrow and authorised extras. Their position was:

- The existing Heathrow Extra should be increased by 80 pence (£2.80 to £3.60)
- They were opposed to taxi drivers having to pay the TDOC, and said the 100 per cent discount should remain in place and not be removed in April 2022
- If taxi drivers have to pay the TDOC they should be able to add the full charge (£5.00) to taxi fares

Unite the Union Cab Section (Unite)

Unite thought:

- The minimum fare was a little too low
- Taxi fares during the weekday daytime (Tariff 1) - Monday to Friday 05:00-20:00 were about right
- Taxi fares during the weekday evenings (Tariff 2) - Monday to Friday 20:00-22:00 were about right
- Taxi fares during the weekend daytime (Tariff 2) - Saturday and Sunday 05:00-22:00 were about right
- Taxi fares late at night (Tariff 3) - Every night 22:00-05:00 were about right
- Taxi fares on public holidays (Tariff 3) were about right
- Taxi fares for journeys over six miles (Tariff 4) were a little too expensive

When rating the value for money of taxi (black cab) fares in London on a scale of zero (extremely poor value for money) to 10 (extremely good value for money), Unite gave a rating of 10.

For the options on fares and tariffs, Unite:

- Fully supported Option 2

Unite said the Heathrow Extra should be increased and it should be £3.00-£3.99.

Unite said there should be an extra charge taxi passengers pay when being dropped off at one of the terminals (to help taxi drivers cover the cost of the Terminal Drop Off Charge introduced by Heathrow Airport Limited) and this should be £5.00.

Unite said that if Option 2 could be revised to £3.80 minimum fare and 5.5 per cent increase to Tariffs 1 and 2, as opposed to £4.00 minimum fare and 4.03 per cent to Tariffs 1 and 2, they would endorse this option. They said both produce an equal outcome but they felt that the latter will be more readily accepted by their customers.

They said that if no such revision is able to be made, their preferred choice is Option 3 which is 9.95 per cent across the whole tariff.

They strongly objected to the introduction of multiple tariff adjustment choices and said that since 2015, the trade has worked with TfL representatives to find ways of revising the tariff in a way that is equitable to both customers and drivers. The discussion ranges from no increase to the full amount indicated by the tariff, across all four tariffs and has previously culminated in a single, agreed proposal put to consultation.

They believed this to be the best way to operate with the public offered a proposal that they can agree or disagree with. They felt that TfL were transferring the burden of decision-making to the public.

They said that the trade initially asked for the full 9.95 per cent across all tariffs or an increase on Tariffs 1 and 2 above 9.95 per cent to compensate for freezing Tariffs 3 and 4. They also said trade's final proposition was that the minimum fare be increased to £3.80 and Tariffs 1 and 2 increased by 5.5 per cent (9.95 per cent in total) and freeze Tariffs 3 and 4. They added that the trade were under the impression that this would be the only proposal going forward.

Unite said all three proposals have been included, except the minimum fare being £4.00 plus 4.03 per cent rather than the £3.80 and 5.5 per cent asked for.

They said that apparently, TfL know their business better than the trade do and considered that their business could better withstand this than an increase above 5 per cent. They said theirs was a business decision, while TfL's appears to be political. They said that there is no evidence to suggest the TfL proposal is superior to that of the trade, while both proposals are identical in terms of the total value of increase (9.95 per cent).

Unite said that the minimum fare range has been £3.00 plus for a decade and it is uncertain what the reaction to customers will be to breaking the £4 barrier, an increase twice as high as any previous minimum fare increase and that even if TfL are correct, by restricting the minimum fare to £3.80, this would leave scope in the next tariff revision for utilizing the minimum fare to keep the percentage increase lower.

They said that there have been several occasions in the past when the tariff has increased by more than five per cent and done little damage to trade and this would be especially so when other forms of public transport fares have been increasing by around five per cent plus in a single year, far less the three years for the taxi tariff.

They also said that PHV operators have recently increased their fares by 10 per cent and due to the recent court ruling on VAT are likely to increase fares again by between 10-20 per cent in the near future.

Unite said that to say they are disappointed with the whole process is an understatement. They said the process had run smoothly from the introduction of the Taxi Cost Index (TCI) until 2015 and it was a fairly simple process whereby the TCI was updated for inflation, the trade consulted and the tariff revision figure agreed during the last quarter of a year. The tariff adjustment was then put before the board and implemented annually on the first Sunday of April.

Unite said this was a fair and equitable system and the regulator could impose new, or increase existing regulatory cost, to benefit and safeguard passengers. These costs plus inflation were passed to the beneficiary of these costs, the customer. This in turn, meant that the driver was able to continue to recover costs and maintain, but not increase profit/earnings in real terms from a given number of hours worked.

They said that since 2017, the TCI has continued to be revised but the tariff has not been adjusted on an annual twelve month basis and this has meant that the driver has had a real net income reduction as a result for the last four years.

Unite said that this real income has been further reduced by the fact that the tariff has only been partially increased by the amount indicated by the TCI since 2018 and in practice, TfL have proven that they are unable to complete the process of tariff revision within six months but continue to refute this.

Unite said the situation has become so desperate that a special meeting was called with Helen Chapman to resolve the issue in September and even then, TfL have just managed, hopefully, to complete the process by April (seven months), after admitting that a third Chair Action in the last five years may have to be asked for.

Unite said that the trade has requested resolution of the situation on several occasions, by bringing the TCI revision back from October to May and this would mean the trade running almost eighteen months behind inflation, rather than twelve, in order to allow TfL a period of eleven months between revision and adjustment to complete by April. They said these requests have been ignored, rather than refused, with no justification offered.

Unite noted that the Finance Committee has voiced concern about the competitive effects of tariff increases and customers, particularly elderly and disabled customers, ability to pay. They offered the following comments in response to this:

Balance

- The Cost Index produces an annual inflation figure for running a taxi, including driver earnings, it is designed to keep taxi fares and driver earnings at a constant real level, with fares only increasing nominally and as such having set a fair balance when it was introduced it maintains that same fair balance
- If the adjustment deviates from the Cost Index then either the customer or driver will gain at the expense of the other. The same applies if the adjustment is earlier or later than April
- The produces an imbalance and has been the case for the last four years where the real cost of fares have consistently fallen to the gain of the customer, at the expense of the driver. Whose real earnings have consistently fallen during this period
- The Cost Index figure could reduce as it has done in the past. This could happen in the next adjustment. Fuel prices are expected to fall and as more electric taxis replace diesel taxis this will reduce their weight in the Cost Index. The retendering of the administration of licensing and inspection fees may also reduce this element of the Cost Index
- If this were the case and other things remained equal the Cost Index would fall and the trade would expect and support a reduction in fares

Ability of the disabled and elderly to afford taxis

- If affordability is affected by rising taxi fares and is problematic then one way to solve this is to reduce regulatory cost. If some regulatory costs were reduced or removed and the Cost Index adhered to, taxi fares would reduce automatically for vulnerable groups and taxi users in general

- An example is the introduction of the TXe taxi. In the 2019 tariff adjustment alone this would add 1.24 per cent to taxi fares to maintain real fares at a constant level
- Alternatively, if it is only the ability to pay of vulnerable groups that are of concern then a subsidy is required. However, it would be unfair to place the burden of this subsidy on taxi drivers alone by restricting fare increases to below that indicated by the Cost Index
- A much fairer system would be to fund fare subsidies from the public purse or failing that pursue a way of increasing fares for the taxi travelling community and transfer that excess revenue to subsidise the fares of vulnerable taxi users
- Perhaps access may be a more important factor in making fares affordable for the elderly, infirm and disabled than a tariff increase. Schemes that restrict taxi access (e.g. low traffic neighbourhoods (LTNs), Bank Junction, certain bus lanes) increase journey times and by doing so increase taxi fares. An example is a trip from Moorfields Eye Hospital to the nearby Islington LTN, the fare could easily be doubled for someone who needs a door to door service as opposed to someone who can be set down at a barrier a few metres from their destination

Competition

- Normal goods and services will face an elastic demand curve, there are many factors that will affect an individual demand function but the primary factor, other than price itself, will be the availability of close substitutes
- If the taxi service faced such an elastic demand curve it would need to exercise caution when increasing prices due to the deleterious effect on demand. However, the trade has contended for many years that they face a largely inelastic demand curve, this has been borne out by the research by SDG on behalf of TfL and of 42 fare examples tested 30 proved to be inelastic
- There are no close substitutes facing the London taxi service other than private hire. Private hire should not be a close substitute as taxis provide an 'on-demand' service while PHVs are supposed to operate a 'pre-booked service', creating a clear distinction between the two services. However, in recent times private hire services have used GPS and apps to circumvent the law and provide PHVs to an effectively 'on-demand' market
- For seven years Uber have attempted to usurp the taxi service and create a monopoly by offering fares at less than cost and remunerating drivers at less than average minimum wages. While this has had an effect on taxi services it has had a greater effect on PHV services, this can be witnessed by the contraction of PHV operators while at the same time the number of PHV drivers has almost doubled since 2014
- The taxi service cannot compete with Uber or private hire in general on price as the regulatory costs for taxi drivers are approximately twice those for PHV drivers. The taxi service relies on competing on quality and product differentiation rather than price
- There have been several recent factors that have helped level the playing field in relation to the two services. One is that PHVs now have to pay the Congestion Charge but taxis do not, and this helps reduce the regulatory price disparity. Recent court decisions have continued to redress this disparity, specifically the ruling that a PHV driver is an employee of a PHV operator.

This has contributed to a recent increase in fares by Uber of 10 per cent. A more recent ruling means that PHV fares will now be subject to VAT and this may result in a further increase of between 10 to 20 per cent. Should this be the case it is likely that the smaller difference between taxi and PHV fares will be easily negated by the superior quality of the former

United Cabbies Group (UCG)

The UCG also submitted a separate response and they thought:

- The minimum fare was a little too low
- Taxi fares during the weekday daytime (Tariff 1) - Monday to Friday 05:00-20:00 were a little too low
- Taxi fares during the weekday evenings (Tariff 2) - Monday to Friday 20:00-22:00 were about right
- Taxi fares during the weekend daytime (Tariff 2) - Saturday and Sunday 05:00-22:00 were about right
- Taxi fares late at night (Tariff 3) - Every night 22:00-05:00 were about right
- Taxi fares on public holidays (Tariff 3) were about right
- Taxi fares for journeys over six miles (Tariff 4) were about right

When rating the value for money of taxi (black cab) fares in London on a scale of zero (extremely poor value for money) to 10 (extremely good value for money), the UCG gave a rating of 10.

For the options on fares and tariffs, the UCG:

- Fully opposed Option 1
- Fully supported Option 2
- Partly supported Option 3

The UCG said the Heathrow Extra should be increased and it should be £3.00-£3.99.

The UCG said there should not be an extra charge taxi passengers pay when being dropped off at one of the terminals (to help taxi drivers cover the cost of the Terminal Drop Off Charge introduced by Heathrow Airport Limited).

They stated that the Heathrow drop off fee of £5 should not be applied to publicly hired London taxis, that publicly hired London buses do not have to pay to drop off their passengers and therefore taxi passengers should not have to pay this charge especially whilst perpetual plying for hire takes place in all short stay car parks which operate virtual PHV ranks. They said there is zero enforcement of this.

The UCG said there should be an option in the Heathrow section to add comments and they thought the options were limited.

The UCG said the key mitigation to limit negative impacts on taxi users and drivers is to ensure access is made for the publicly hired 100 per cent wheelchair taxi fleet to have access to roads. They said that TfL's own policies mean passenger fares are increasing because decisions have been taken to restrict taxis from going the shortest route from A to B. They added that many are TfL and borough schemes,

these include multiple low traffic neighbourhoods (LTNs) and schemes such as Tottenham Court Road (TCR) which attempt to safeguard TfL bus revenue, and are fully supported and sanctioned by TfL and increase passengers' costs.

The UCG stated that licensing excessive numbers of app based PHV operators and drivers increases traffic which also has a knock on in passenger fares due to the traffic and extra traffic they create.

They said that TfL and other highway authorities have in effect now set aside the access needs of older and disabled people in favour of all of those that might cycle or potentially cycle in the future. They also said that estimates of a 10-fold increase in cycling have not manifested.

The UCG said this has meant that instead of worrying about the access needs of older and disabled people getting on and off the bus, being able to access and safely enter or exit a taxi at the kerbside, TfL has been able to mix it up, and balance off the needs of any group that TfL views as under-represented in the demographics of cycling.

The UCG said that legislation such as the Equalities Act 2010 which was designed to advance the needs of all those with protected characteristics who use a publicly hired service such as a bus or taxi, has been manipulated as a TfL trade off. They said this is clearly wrong and has a detrimental impact on taxi passengers who are disproportionately impacted by surface transport decisions.

The UCG added that taxi booking platforms are not operating within the integrity and transparency, that the regulated meter is designed to ensure, visible and transparent pricing linked to driver compellability by offering fixed prices under the meter and then price gauging with tech fees and surges on par with PHV operators who are not publicly hired. They said this inconsistency needs to be stopped to mitigate the passenger being over charged.