

Date: 8 March 2023

Item: Taxi Fares and Tariffs Update

This paper will be considered in public

1 Summary

- 1.1 The paper updates the Committee on the outcome of the taxi fares and tariffs review and seeks approval of changes to fares and tariffs, which try to strike an appropriate balance between taxi drivers being fairly paid and taxi users getting fair, reasonable and affordable fares.

2 Recommendations

- 2.1 **The Committee is asked to note the paper and approve:**

- (a) increasing Tariffs 1, 2 and 3 by 7.61 per cent;**
- (b) removing the requirement for the extra charge for taxi hirings arranged by telephone, mobile phone, smart phone, mobile application, any application software and by use of the internet to be added to the taximeter;**
- (c) increasing some of the fixed-fares for shared-taxis that operate during the Wimbledon Tennis Championships; and**
- (d) amending one of the authorised places where the fixed-fare, shared-taxi scheme operates from during the Wimbledon Tennis Championships.**

3 Background

- 3.1 Taxi and private hire services in London are licensed and regulated by TfL's Licensing and Regulation Department. TfL also regulates taxi fares.
- 3.2 Taxi fares are calculated using a taximeter and the meter shows the maximum fare that can be charged at the end of a journey in London. The fare is based upon the time of day, distance travelled and time taken. Once a journey reaches around six miles, a different tariff rate (sometimes called Tariff 4) applies. When the tariffs apply is shown below.

Tariff	When tariff applies
Tariff 1 (T1)	<ul style="list-style-type: none"> Monday to Friday between 05:00-20:00
Tariff 2 (T2)	<ul style="list-style-type: none"> Monday to Friday between 20:00-22:00 Saturday and Sunday between 05:00-22:00
Tariff 3 (T3)	<ul style="list-style-type: none"> Every night between 22:00-05:00 Public holidays
Tariff 4 (T4)	<ul style="list-style-type: none"> At all times for journeys over six miles

4 Reviewing taxi fares and tariffs

4.1 When considering changes to taxi fares and tariffs, we try to strike an appropriate balance between taxi drivers being fairly paid and taxi users getting fair, reasonable and affordable fares. To achieve this we:

- (a) use the Cost Index to inform any potential changes to taxi fares and tariffs, but we do not automatically increase or decrease fares or tariff rates by the total Cost Index figure;
- (b) consider any changes to the costs of being a taxi driver in London along with the need for fares to be fair, reasonable and affordable for users;
- (c) take into account the need to maintain reasonable and justifiable differences between the tariffs and as journey distance or duration increases;
- (d) recognise specific criteria regarding taxi licensing and services in London including the [Knowledge of London](#) and taxi vehicles having to meet the [Conditions of Fitness](#). All licensed taxi drivers must pass the Knowledge of London and this takes considerable time and investment. Only vehicles that meet the requirements in the Conditions of Fitness are licensed in London for use as taxis; and
- (e) have due regard to the impact of changes to fares and tariffs on those sharing characteristics protected under the Equality Act 2010 including those who may use taxis more frequently or are more reliant on them because they are in a protected group (e.g. older people, disabled people).

5 Cost Index

5.1 The Cost Index is a tool to track changes to taxi drivers' operating costs and average national earnings. The Cost Index includes a number of different components covering drivers' operating costs (e.g. vehicle costs, parts, servicing, insurance, etc). We update the figures for these components when we review taxi fares and tariffs. The change in average national earnings uses figures published by the Office for National Statistics.

5.2 The 2022 total Cost Index figure was high compared to previous years. Large increases in fuel and electricity/charging made up 1.71 per cent and 4.03 per cent of the total Cost Index figure respectively.

Cost Index figures	2018	2019	2020	2021	2022
Taxi drivers' operating costs	+2.30%	+2.00%	+0.58%	+1.00%	+7.61%
Average national earnings	+1.30%	+2.15%	-0.58%	+4.80%	+4.02%
Total Cost Index figure	+3.60%	+4.16%	-0.01%	+5.80%	+11.64%

5.3 We consulted on five different options for consideration by respondents, including a “do nothing” option. Of these five options, four included an increase in fares. The consultation options were:

Option	Details
1	Increase all tariffs by the full total Cost Index figure <ul style="list-style-type: none"> • Freeze the minimum fare at £3.80 • Increase Tariffs 1, 2, 3 and 4 by the full total Cost Index figure of 11.64 per cent
2	Use the total Cost Index figure but spread the increases across the minimum fare and the four tariffs <ul style="list-style-type: none"> • Increase the minimum fare by 40 pence (£3.80 to £4.20) • Increase Tariffs 1, 2, 3 and 4 by 8.80 per cent
3	Increase Tariffs 1 and 2 by the drivers' operating costs part of the Cost Index <ul style="list-style-type: none"> • Freeze the minimum fare at £3.80 • Increase Tariffs 1 and 2 by 7.61 per cent • Freeze Tariffs 3 and 4
4	Increase Tariffs 1 and 2 by the average national earnings part of the Cost Index <ul style="list-style-type: none"> • Freeze the minimum fare at £3.80 • Increase Tariffs 1 and 2 by 4.02 per cent • Freeze Tariffs 3 and 4
5	No change <ul style="list-style-type: none"> • Freeze the minimum fare at £3.80 • Freeze Tariffs 1, 2, 3 and 4

6 Taxicard

6.1 When we review taxi fares and tariffs we take into account the potential impacts on the Taxicard scheme and Taxicard members. Disabled residents in London are eligible for subsidised taxi journeys under the Taxicard scheme which provides a door-to-door service¹. The scheme is funded by TfL and the London boroughs and taxis are used for the majority of Taxicard journeys.

7 Taxi fares and tariffs consultation

7.1 In addition to the five different options for fares and tariffs above, we also sought views on changes to the extra charge for booked taxis and the fixed-fare, shared-taxi scheme that operates at Wimbledon during the Tennis Championships.

¹ Taxicard scheme, <https://tfl.gov.uk/modes/taxis-and-minicabs/taxicard-and-capital-call>

Extra charge for booked taxis

- 7.2 Up to £2.00 can be added to taxi fares for a taxi hiring arranged by telephone, mobile phone, smart phone, mobile application, any application software and by use of the internet. The extra charge is intended to help cover the arrangement costs associated with hirings being taken via a booking service.
- 7.3 At present the Cab Order² requires the extra charge to be added to the taximeter. In the consultation we proposed removing the requirement for the extra charge to be added to the taximeter, but no changes to the amount were proposed. This charge would continue to be listed on the taxi fare card displayed in the passenger compartment of all licensed taxis.
- 7.4 Customers will still be able to request a receipt, including details of the overall sum paid, where they request one from the taxi driver and also request a receipt from the company they booked the taxi with.

Wimbledon Tennis Championships fixed-fare, shared-taxi scheme

- 7.5 During the Wimbledon Tennis Championships a fixed-fare, shared-taxi scheme operates.
- 7.6 Fixed-fare, shared-taxis operate between the Wimbledon Tennis Championships and Wimbledon and Southfields stations. No changes to this were proposed in the consultation.
- 7.7 Fixed-fare, shared-taxis also operate from the Wimbledon Tennis Championships to other parts of London but it has been suggested that these fixed-fares are too low, they do not reflect the increases in the minimum fare and tariffs in recent years, and the fixed-fares are not appealing to taxi drivers. For several years there has been a taxi rank outside Gate 4 during the Wimbledon Tennis Championships and fixed-fare, shared-taxis were available from this taxi rank. The taxi rank is now being moved.
- 7.8 In the consultation we proposed to:
- (a) increase the fixed-fares from the Wimbledon Tennis Championships to other parts of London; and
 - (b) amend the authorised place where the fixed-fare, shared-taxi scheme operates and change from 'Taxi boarding point outside Gate 4 of the All England Lawn Tennis and Croquet Club, London SW19' to 'Taxi ranks serving the All England Lawn Tennis and Croquet Club, London SW19'.

² The London Cab Order 1934 sets out the rates for each tariff and the extra charges that can be added to the taximeter <https://content.tfl.gov.uk/london-cab-order-1934-consolidated-sept-2022.pdf>

8 Consultation responses

- 8.1 The consultation³ ran for six weeks, from 11 November to 22 December 2022. As part of the consultation we also published the Impact Assessments and other factors to consider, Equality Impact Assessment (EQIA) and associated evidence base, and an explanation of the Cost Index among other factsheets.⁴ We also produced an easy read version of the consultation material and consultation questions and British Sign Language videos⁵. Finally, we sought views from a wide range of stakeholders using our stakeholder database, including stakeholder groups representing the interests of those with disabilities, women's safety and older people.
- 8.2 We received 944 responses to the consultation, with 43 per cent of responses from 'taxi users', 43 per cent from 'taxi drivers' and the remaining from Taxicard members, non-taxi users and representatives of organisations. A summary of the consultation responses is in Appendix 1 and a summary of the stakeholder responses is in Appendix 2.
- 8.3 Taxi drivers were most likely to support Option 1 (Increase all tariffs by the full total Cost Index figure), with 75 per cent of drivers supporting this option. Taxi drivers were most likely to oppose Option 5 (80 per cent of responses). The reverse was true for taxi users, with Option 5 (no change i.e. freeze) being the most popular, supported by 47 per cent of taxi users. Users were most opposed to Option 2 (52 per cent of responses).
- 8.4 The taxi trade associations (London Cab Drivers Club, Licensed Taxi Drivers' Association, RMT, United Cabbies Group and Unite the Union) submitted a joint response in support of Option 1, emphasising the need to increase tariffs to maintain driver earnings in the face of rising costs and provide continuity of supply by ensuring driving remained viable. They also supported Tariffs 3 and 4 being increased after being frozen for several years. The taxi trade associations also provided an additional submission (Appendix 8) about Tariff 3. They strongly support Tariff 3 being increased and in their additional submission they outlined how Tariff 3 has been frozen for a number of years, that if it was frozen again this year it would cause a proportion of taxi drivers who work at night to change to working days, and that it would be grossly unfair to night-time taxi drivers to freeze Tariff 3 again.
- 8.5 Business groups supported various options, with Camden Town Unlimited fully supporting Option 5 and partly supporting Option 1, whereas Heathrow Airport Limited supported Option 2 as they felt this balanced the need to have a financially viable taxi industry with an attractive price for passengers.

³ 2022 Review of taxi (black cab) fares and tariffs in London consultation, <https://haveyoursay.tfl.gov.uk/taxi-fares-review-2022>

⁴ 2022 Review of taxi (black cab) fares and tariffs in London, consultation documents, <https://haveyoursay.tfl.gov.uk/taxi-fares-review-2022/widgets/56152/documents>

⁵ 2022 Review of taxi (black cab) fares and tariffs in London, BSL videos, <https://haveyoursay.tfl.gov.uk/taxi-fares-review-2022/widgets/58694/videos/3513> and <https://haveyoursay.tfl.gov.uk/taxi-fares-review-2022/widgets/58694/videos/3512>

8.6 A number of organisations and groups raised concerns about increasing taxi fares, including Hammersmith and Fulham Council, Lewisham Council, London Councils, London TravelWatch and Transport for All. They flagged the ongoing cost of living crisis and the impact increased fares could have on users, in particular disabled taxis users who may be more reliant on taxis and women who may feel less safe using other modes of transport. There was also feedback regarding the negative impacts on Taxicard members, with journeys declining in recent years and London boroughs were concerned more widely about the level of funding received being too low to cover subsidised travel schemes.

Recommendation

8.7 The potential outcomes of the consultation were to:

- (a) recommend one of the options proposing changes to taxi fares and tariffs as set out in the consultation (Options 1, 2, 3 and 4);
- (b) recommend no changes (Option 5); or
- (c) modify one of the options in the consultation and recommend this.

8.8 After reviewing all of the responses to the consultation and considering the issues raised, and the positive and negative impacts identified, we recommend an increase to taxi fares and tariffs and that we implement a modified version of Option 3.

8.9 The only difference in the modified version of Option 3 is that Tariff 3 is increased by 7.61 per cent instead of being frozen.

8.10 We are making this recommendation for the following reasons:

- (a) the Cost Index shows there has been a large increase in taxi drivers' operating costs including the costs of diesel and electricity/electric vehicle charging;
- (b) we recognise that some taxi drivers may be under greater financial pressure at the moment as taxi drivers have been affected by the coronavirus pandemic and may still be trying to recover from this;
- (c) it is important that taxi drivers are fairly paid to try and ensure that taxi driving remains a viable career, licensed taxi drivers do not stop being a taxi driver and people will consider applying to become a licensed taxi driver. If the number of licensed taxi drivers falls, then this could affect the supply of taxis and increase the risk that taxi users are unable to get a taxi or have to wait longer for a taxi;
- (d) the negative impact on taxi users, including those who share one or more of the protected characteristics, and Taxicard members should be less compared to Options 1 and 2 because the recommended increase is

lower, although we acknowledge that taxi fares will still increase for all taxi users;

- (e) it is important to try to ensure that taxis remain affordable for users particularly because:
 - (i) taxis may be particularly important for some people who require an accessible vehicle or a door-to-door service; and
 - (ii) some people may choose a less safe option (e.g. using an unlicensed vehicle or unbooked private hire vehicle);
- (f) when considering changes to taxi fares and tariffs, we take into account the need to maintain reasonable and justifiable differences in the tariffs for journeys in the daytime, evening/weekend, late at night and on public holidays. Taxis are particularly important for public safety during overnight hours (i.e. between 10pm and 5am) when Tariff 3 applies and other modes of transport including buses and the Underground can be less readily available. The last increase to Tariff 3 was +1.6 per cent in April 2016, and we kept it at the same level since then because of feedback that taxi fares overnight were too high which we considered might result in some customers being placed in dangerous situations if they decide to an unlicensed vehicle as a result. While a perception that overnight fares are too high still exists, there is now evidence that maintaining overnight fares at their current level is leading to supply issues at night as some taxi drivers feel it is not worth working at night. We consider that this could have an adverse impact in terms of public safety as customers might be less able to locate a taxi and more likely to use an unlicensed vehicle during overnight hours as a result. We therefore recommend an increase Tariff 3 by the same level as Tariffs 1 and 2 in order to encourage drivers to make themselves available to work at these times;
- (g) taxi drivers who only work when Tariff 3 applies were more likely to oppose Option 3 (which froze Tariff 3) than drivers who rarely or never work when Tariff 3 applies (69 per cent and 43 per cent respectively);
- (h) when making this recommendation we have considered the potential impacts identified in our EQIA, the impacts on children and vulnerable adults, and also other impacts identified. The EQIA is provided in Appendix 3 and the EQIA evidence base is provided in Appendix 4. The assessment of other impacts is provided in Appendix 5; and
- (i) overall we think this recommendation helps us best achieve an appropriate balance between taxi drivers being fairly paid and taxi users getting fair, reasonable and affordable fares.

9 Extra charge for booked taxis

- 9.1 We asked respondents for their views on removing the requirement for taxi drivers to add the extra charge for booked taxis to the taximeter.

Recommendation

9.2 After reviewing all of the responses to the consultation and considering the issues raised, and the positive and negative impacts identified, we recommend that the requirement for taxi drivers to add the extra charge for booked taxis to the taximeter be removed.

9.3 We are making this recommendation for the following reasons:

- (a) the extra charge for booked taxis is listed on the taxi fare card displayed in the passenger compartment of all licensed taxis and would continue to be shown. It will also continue to be listed as one of the extra charges on the taxi fares page on the TfL website; and
- (b) extra charges can only be added to the taximeter in increments of 40 pence. This means the amount that can currently be charged is limited by what can be added to the taximeter (i.e. 40 pence, 80 pence, £1.20, £1.60 or £2.00). Removing the requirement for the extra charge to be added to the taximeter will mean that there is the flexibility to charge any amount up to the maximum set by us.

10 Wimbledon Tennis Championships fixed-fare, shared-taxi scheme

10.1 We asked for views on increasing some of the fixed fares for shared-taxis during the Wimbledon Tennis Championships and amending one of the authorised places where the fixed-fare, shared-taxi scheme operates from.

Recommendation

10.2 After reviewing all of the responses to the consultation and considering the issues raised, and the positive and negative impacts identified, we're recommending that we implement the proposed increases to fares and change how we describe one of the authorised places where the scheme operates from.

10.3 We are making these recommendations for the following reasons:

- (a) we want to encourage taxi drivers to provide shared-taxi services from the Wimbledon Tennis Championships;
- (b) by encouraging more taxi drivers to provide shared-taxi services, we want to reduce the time passengers have to wait for a shared-taxi and reduce the risk that they are unable to take a shared-taxi from the taxi rank;
- (c) we want to make these taxi fares more attractive to taxi drivers and acknowledge that general taxi fares and tariffs have increased since April 2014, when these shared fares were last reviewed;

- (d) we want to round the fares up to the nearest 50 pence or £1.00 to make it simpler for taxi drivers and passengers to calculate the total fare when passengers take a shared-taxi; and
- (e) we want to change how we describe one authorised place where the scheme operates from as the current entry in the London Taxi Sharing Order is no longer correct. The authorised place in the London Taxi Sharing Order currently is 'Taxi boarding point outside Gate 4 of the All England Lawn Tennis and Croquet Club, London SW19'. For this year's Championships the taxi rank will not be in this location. As the exact location of the taxi rank has not been confirmed yet and may not be finalised until shortly before the Championships starts, the authorised place in the London Taxi Sharing Order will be replaced with the following text 'Taxi rank (eastern side of the All England Lawn Tennis and Croquet Club), London SW19'. This change is slightly different to the formulation that we consulted on and we recommend this more narrowly defined descriptor so that members of the public are not confused as to the location of the different ranks around the Wimbledon site.

10.4 Concerns were raised by Transport for All about amending the authorised place and this negatively impacting disabled people and causing them stress if it means the new place is not in the most convenient location, or changes are not appropriately or adequately communicated. To reduce the risk of this we are working with Merton Council, the All England Lawn Tennis and Croquet Club and the taxi trade on the best location for the taxi rank. We will also work to ensure that there is an accessible pick-up and drop-off point.

11 Equality and other impacts

11.1 TfL is subject to an ongoing obligation, under section 149 of the Equality Act 2010, to have due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

11.2 The characteristics which are protected under the Equality Act include age, sex, disability, race and religion or belief.

11.3 Our EQIA identified a number of adverse impacts of increasing taxi fares and tariffs for persons with protected characteristics, and that these may be even greater for individuals with more than one protected characteristic (e.g. if someone is disabled and elderly). These primarily relate to the increased financial impact on those who may rely on taxi services more, but reference was also made to the impact of declining taxi driver numbers on supply of taxi services for passengers if driver earnings fail to keep up, as well as the impact

on older taxi drivers if they were unable to work more or longer hours in response to demand possibly falling following any fare increase.

11.4 Notwithstanding these adverse impacts, we believe the recommendation of increasing tariffs 1, 2 and 3 by 7.61 per cent is justified. All options would have some level of negative impact on those with protected characteristics, and we believe this option strikes the most appropriate balance between taxi drivers being fairly paid and taxi users getting fair, reasonable and affordable fares by:

- (a) Not increasing to the minimum fare;
- (b) Increasing Tariffs 1, 2 and 3 by an amount lower than the total Cost Index figure (11.64 per cent) but in line with increases to operating costs; and
- (c) Recognising that not increasing fares and tariffs may have an adverse impact on drivers and driver supply, in particular those working at night, which in turn may have had disproportionate impacts on those with protected characteristics who may rely on taxi services more.

11.5 The EQIA is provided in Appendix 3, the EQIA evidence base is provided in Appendix 4, and the assessment of other impacts and factors to consider is provided in Appendix 5.

11.6 As part of this review of taxi fares and tariffs, we also considered:

- (a) impacts relating health and safety as well as crime and disorder;
- (b) economic impacts;
- (c) environmental impacts; and
- (d) impacts in relation to the protection of children and vulnerable adults.

11.7 Some potential negative impacts were identified including:

- (a) some taxi users and Taxicard members would be negatively impacted by increases to the minimum fare or tariff rates as the fares could increase;
- (b) if the minimum fare or Tariff 3 is increased there may be a greater impact on people travelling late at night as they may be more likely to use a taxi and their other transport options may be limited;
- (c) if the minimum fare or tariffs increase and some taxi drivers can earn the same money but work fewer hours, this could have a negative impact on passengers as this could reduce the supply of available taxis and passengers may have to wait longer to get a taxi or be unable to find an available taxi when they want to travel;
- (d) not increasing the minimum fare or tariffs despite drivers' operating costs increasing could mean drivers stop working at certain times or stop being a taxi driver altogether. It could also deter people from applying to become a licensed taxi driver. This could reduce the supply of available

taxis. People travelling late at night may be disproportionately negatively impacted;

- (e) some children and vulnerable adults will experience a negative impact if London boroughs use taxis to provide transport services for them and increasing the minimum fare or tariffs means they have to reduce or make cuts to these services;
- (f) some taxi users and Taxicard members would be negatively impacted by increases to some of the fares for the fixed-fare, shared-taxi scheme that operates during the Wimbledon Tennis Championships. If they use shared-taxis during the Championships then the fares they pay could increase; and
- (g) some taxi users and Taxicard members would experience a negative impact if the total number of licensed taxi drivers reduces as this could mean increased wait times for taxi passengers or taxis not being available when they want to travel.

11.8 Our consideration of the impacts above is included in Appendix 5.

11.9 Section 177 of the Policing and Crime Act 2017 requires licensing authorities such as TfL to “have regard” to the Department for Transport’s Statutory Taxi and Private Hire Vehicle Standards when exercising its functions and a note on our consideration of the Standards is provided in Appendix 7.

12 Heathrow taxi demand following Elizabeth line launch

12.1 An update on the potential impact on taxi drivers at Heathrow Airport following the opening of the Elizabeth line was provided to the Committee in October 2022. A further update was requested for this meeting.

12.2 As reported in October, there has been a strong recovery in demand for taxis at the airport. To date there have not been any reported decreases in the demand for taxis as a result of the Elizabeth line opening, and last year was the busiest year in terms of taxi movements through the feeder park since figures started being recorded in 2010.

12.3 Additional information on taxi demand at Heathrow Airport and competitiveness of taxi fares is provided in Appendix 6.

13 Next steps

13.1 Approval of proposals to make, vary or revoke orders which prescribe taxi fares is delegated to the Committee under TfL’s Standing Orders. If approved, any changes to taxi fares and tariffs would come into effect in April 2023.

13.2 Approval of changes to London taxi sharing scheme orders including orders which prescribe fees of up to £20 is delegated to the General Counsel or officers reporting to him and any such changes would be implemented before the start of this year’s tournament.

List of appendices to this report:

- Appendix 1: Summary of consultation responses
- Appendix 2: Summary of stakeholder responses
- Appendix 3: Taxi Fares and Tariffs Review Equality Impact Assessment (EQIA)
- Appendix 4: EQIA evidence base
- Appendix 5: Assessment of other impacts and factors to consider
- Appendix 6: Additional information
- Appendix 7: Consideration of the DfT's Statutory Standards
- Appendix 8: Addendum to Taxi driver organisations joint submission to the Committee

List of background papers:

The consultation webpage and documents as part of the consultation are available here: <https://haveyoursay.tfl.gov.uk/taxi-fares-review-2022>.

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