

Additional information

Competitiveness and fares for other services

Following feedback from the Committee in 2018, the issue of competition has been given greater consideration in taxi fares and tariffs reviews. Information about competition and potential issues with considering this has been included in the recent consultations and respondents have been asked for their views on the minimum fare and tariffs, and to rate the value for money of taxi fares in London.

Some stakeholders have questioned the greater focus on competition, what services we should be comparing taxi fares to (only minicabs, all types of private hire services including minicabs and chauffeur services, specific private hire operators or all modes including buses and the Tube), and what is the aim and desired outcome of considering competition (e.g. are we trying to make taxis cheaper than other services, around the same price or do we accept that they will be more expensive because of certain factors).

It has been suggested that taxi fares should be compared to fares for some other modes, although fare reviews for other modes may take different approaches to taxi fare reviews. The recommended increase to Tariffs 1, 2 and 3 is greater than the increase to regulated national rail fares and fares for TfL services, both of which are due to rise by 5.9 per cent in March 2023.

Taxi and minicab users' views

We carry out annual customer satisfaction surveys amongst taxi and minicab users. In the survey we ask users for their general opinion of taxi and minicab fares.¹

The results from the most recent survey are shown below.

	General opinion of taxi fares				
	Much too expensive	A little too expensive	About right	A little too low	Much too low
Taxi users	18%	47%	32%	3%	0%
Minicab users	48%	34%	16%	1%	0%

	General opinion of minicab fares				
	Much too expensive	A little too expensive	About right	A little too low	Much too low
Taxi users	15%	40%	41%	3%	0%
Minicab users	15%	42%	42%	1%	0%

¹ Black cab and Minicab customer satisfaction survey, Kantar Public, 2022/23

The table below shows a summary of the results from the survey split by all taxi and minicab users, female taxi and minicab users, and disabled taxi and minicab users.

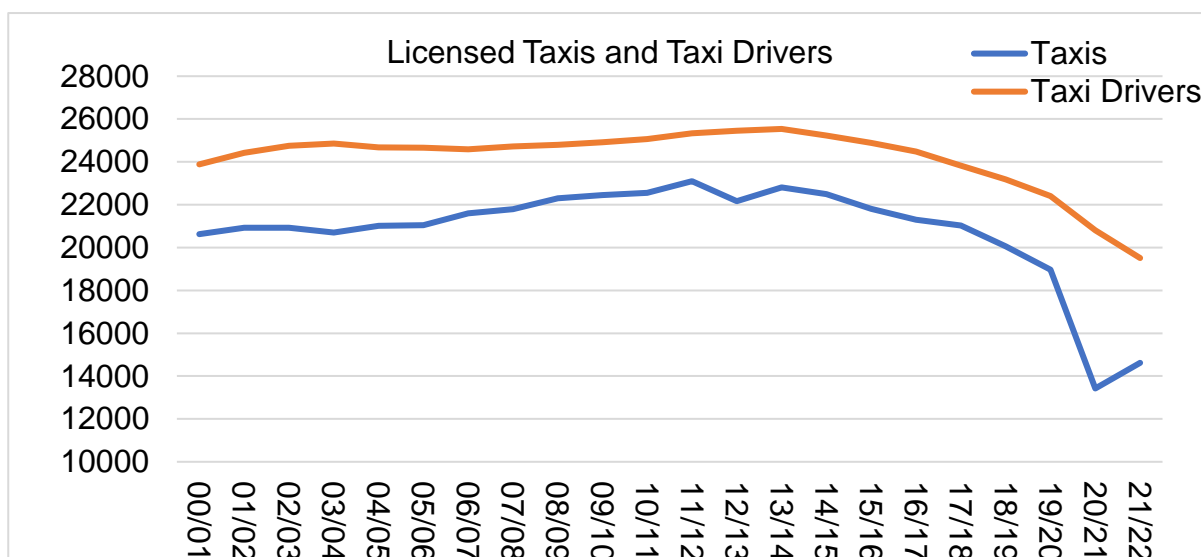
	Taxi fares are too expensive (NET: Much too expensive / A little too expensive)	Taxi fares are about right	Taxi fares are too low (NET: Much too low / A little too low)	Minicab fares are too expensive (NET: Much too expensive / A little too expensive)	Minicab fares are about right	Minicab fares are too low (NET: Much too low / A little too low)
Taxi users	65%	32%	3%	55%	41%	3%
Female taxi users	68%	30%	1%	57%	40%	3%
Disabled taxi users	54%	39%	8%	49%	44%	8%
Minicab users	83%	16%	1%	56%	42%	1%
Female minicab users	85%	15%	0%	60%	39%	1%
Disabled minicab users	84%	16%	0%	68%	32%	0%

In the survey we asked taxi and minicab users why they used a taxi or booked minicab, if they are using these services more or less often compared to 12 months ago, and the reasons for any change in how often they use these services. Below are some of the key results from these questions:

- the top reason for using taxis was convenience (63 per cent), with 10 per cent saying it was the cheapest option;
- convenience was also the top reason for using booked minicabs (55 per cent), with 29 per cent saying it was the cheapest option;
- thirty nine per cent of taxi users said they were using taxis less often compared to 12 months ago because they were too expensive; and
- the number was the same for booked minicabs, with 39 per cent of minicab users saying they were using booked minicabs less often compared to 12 months ago because they were too expensive.

Number of licensed taxis and taxi drivers

Before the coronavirus pandemic there had been a slow decline in the number of licensed taxis and taxi drivers. The rate of decline has accelerated since March 2020, although there has recently been a small increase in the number of licensed taxis. The chart below shows the number of licensed taxis and taxi drivers since 2000/01.



The table below shows the number of licensees in March 2020 and currently.² The number of All London taxi drivers has fallen by around 16 per cent and the number of Suburban taxi drivers has fallen by around 25 per cent.

	15 March 2020	5 February 2023	Difference	%
Taxis	18,961	15,018	-3,943	-20.80%
Taxi Drivers	22,409	18,483	-3,926	-17.52%

Demand for taxis

Previous research has shown that the number of taxi journeys in a typical day has been falling. In 2009³ there were around 185,000 taxi journeys in a typical day but in 2016/17⁴ this figure had fallen to around 109,000. The pandemic will also have had a very significant impact on the number of taxi journeys since March 2020.

At the October 2022 Committee meeting we reported that while demand for taxis was at an all-time low during the pandemic, taxi drivers are reporting that demand has surged and is now back to, and in some cases above, pre-pandemic levels, despite the April 2022 increase in taxi fares.

² TfL licensing data 15 March 2020 and 5 February 2023

³ Taxi & PHV Driver Diary Survey, GfK NOP, 2009

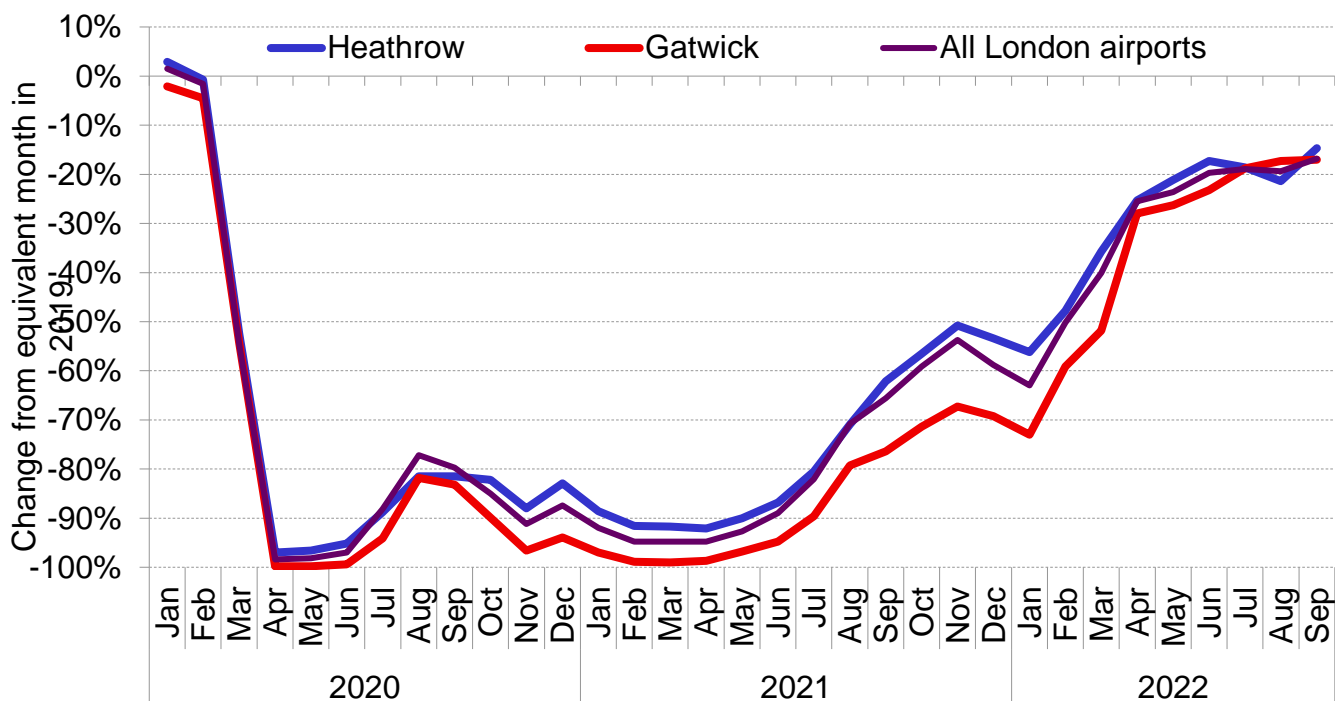
⁴ Taxi and Private Hire Driver Diary Survey 2016/17, Steer Davies Gleave, October 2017

The feedback from the taxi trade associations suggests that there continues to be a high demand for taxis. However, it is not known if taxi drivers are now busier partly as a result of there being fewer licensed taxi drivers and so less competition for work.

Heathrow Airport

The latest monthly data on terminal passengers at Heathrow Airport shows a strong return towards pre-pandemic levels throughout 2022, following the removal of all remaining travel restrictions in the UK in March 2022. With more people starting to travel again there has been a strong recovery in demand for taxis at the airport.

The chart below shows the monthly airport terminal passenger demand for January 2020 to September 2022, compared to the equivalent month in 2019.⁵



At Heathrow Airport there is a large holding area, known as the feeder park, where taxis wait before moving forward to a taxi rank at one of the terminals and picking up passengers. Last year was the busiest year in terms of taxi movements through the feeder park since figures started being recorded in 2010 albeit this may partly be due to the disruption at the airport and flight cancellations.

⁵ TfL Travel in London report 15, monthly airport terminal passenger demand compared to the equivalent month in 2019, Jan 2020-Sep 2022, 2022, <https://content.tfl.gov.uk/travel-in-london-report-15.pdf>