

Finance Committee

Date: 13 March 2024

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 2023/24 taxi (black cab) fares and tariffs review and seeks approval of changes to the fares and tariffs.

2 Recommendations

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

- (a) **increasing Tariffs 1, 2 and 3 by the total Cost Index figure (+8.92 per cent) to reflect the change in both taxi drivers' operating costs and average national earnings;**
- (b) **making the Tariff 4 rates the same as the Tariff 2 rates;**
- (c) **reducing the Heathrow extra from £3.60 to £2.00; and**
- (d) **increasing the fixed-fares for shared-taxis that operate between Wimbledon Station and the All England Lawn Tennis Club (AELTC) and Southfields Station and the AELTC during the Wimbledon Tennis Championships.**

3 Background

- 3.1 Taxi and private hire services in London are licensed and regulated by Transport for London (TfL). TfL also regulates taxi fares.
- 3.2 Taxi fares are calculated using a taximeter and the taximeter 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.
- 3.3 When the tariffs apply is shown in the table below. There is a minimum fare of £3.80 at all times.

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 the journey distance or duration of a journey increases;
 - (d) recognise the time and investment required to meet specific criteria to enter into and remain licensed as a taxi driver, including the [Knowledge of London](#) and [Conditions of Fitness for taxi vehicles](#); 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 maintained and updated by TfL and it provides a way for us to track changes to:
- (a) **taxi drivers' operating costs:** This includes a number of different components related to being a taxi driver in London (e.g. vehicle costs and the cost of zero emission capable taxis, vehicle parts, tyres, servicing, fuel, insurance, etc.); and
 - (b) **average national earnings:** This is seen as the labour costs element of the Cost Index and can be used to maintain drivers' net earnings growth in line with average national earnings growth. The change in average national earnings uses figures published by the Office for National Statistics.

- 5.2 Although lower than the 2022/23 figure, the 2023/24 total Cost Index figure is still relatively high. The increase in taxi drivers' operating costs included large increases in vehicle costs, electricity/charging and insurance.
- 5.3 The Cost Index figures since 2018/19 are shown in the table below.¹
- 5.4 The full Cost Index is set out in Appendix 1.

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Taxi drivers' operating costs	+2.30%	+2.00%	+0.58%	+1.00%	+7.61%	+5.20%
Average national earnings	+1.30%	+2.15%	-0.58%	+4.80%	+4.02%	+3.72%
Total Cost Index figure	+3.60%	+4.16%	-0.01%	+5.80%	+11.64%	+8.92%

6 Taxi fares and tariffs consultation

- 6.1 Our consultation on potential changes to taxi fares and tariffs opened on 9 October 2023 and closed on 20 November 2023.² A number of documents were published with the consultation including an equality impact assessment (EQIA), details of other impacts and factors to consider, and the Cost Index figures.³ We also produced an easy read version of the consultation material and consultation questions,⁴ and a British Sign Language (BSL) video.⁵
- 6.2 We sought views from a wide range of stakeholders using our stakeholder database, including stakeholder groups representing the interests of those with disabilities, those with a focus on women's safety and older people. We promoted the consultation online and at some of the busiest taxi ranks in London. The consultation was also sent to all London boroughs.
- 6.3 We received 1,487 responses to the consultation, with 42.5 per cent of respondents saying they were responding as a 'taxi user' and 36.0 per cent saying they were responding as a 'London taxi driver'. A summary of the consultation responses is enclosed in Appendix 2 and a summary of the stakeholder responses is enclosed in Appendix 3.

¹ Changes to most of the components in the Cost Index are informed by data from the Office for National Statistics and TfL data. Figures for vehicle costs are taken from the vehicle manufacturers. Figures for diesel and petrol are taken from the AA fuel reports. The BP Pulse charging costs are used for the electricity component.

² Review of taxi (black cab) fares and tariffs in London 2023, TfL consultation
<https://haveyoursay.tfl.gov.uk/taxi-fares-review-2023>

³ Review of taxi (black cab) fares and tariffs in London 2023, consultation documents,
<https://haveyoursay.tfl.gov.uk/taxi-fares-review-2023/widgets/79011/documents>

⁴ Review of taxi (black cab) fares and tariffs in London 2023, easy read documents,
<https://haveyoursay.tfl.gov.uk/27856/widgets/79011/documents/48128> and
<https://haveyoursay.tfl.gov.uk/27856/widgets/79011/documents/48129>

⁵ Review of taxi (black cab) fares and tariffs in London 2023, BSL video,
<https://haveyoursay.tfl.gov.uk/taxi-fares-review-2023/widgets/79012/videos/4341>

Consultation proposals and questions

6.4 The consultation covered the following items:

Item	Proposals/questions
Tariffs 1, 2 and 3	We asked respondents to rank in order of their preference four different options for Tariffs 1, 2 and 3.
Tariff 4	We proposed to make the Tariff 4 rates the same as the Tariff 2 rates.
Booked taxi extra	<p>Up to £2.00 can be added to the fare for booked taxis. We asked if the booked taxi extra should:</p> <ul style="list-style-type: none"> • Remain at £2.00; or • Be increased, and if it should be increased what it should be increased to.
Heathrow extra	<p>Heathrow Airport Limited (HAL) charge taxi drivers a fee to access the airport taxi ranks for most journeys. This charge set by HAL is currently £7.20.</p> <p>The Heathrow extra charge can be added to the fare for taxi journeys that start from one of the taxi ranks at the airport. This is to help taxi drivers cover the fee paid to HAL. The extra is typically set at around 50% of the fee taxi drivers must pay HAL and was set at £3.60 when the extra was last reviewed.</p> <p>The reason this is set to around 50% is because taxi drivers do not have to pay the fee to HAL every time they access the taxi ranks.</p> <p>HAL have reduced the fee taxi drivers pay from £7.20 to £3.60.</p> <p>We proposed reducing the Heathrow extra from £3.60 to £2.00. This is slightly above the 50% because extras can only be added to the taximeter in increments of 40 pence.</p>
Wimbledon Tennis Championships fixed-fare, shared-taxi scheme	<p>During the Wimbledon Tennis Championships fixed-fare, shared-taxis operate between Wimbledon Station and the AELTC and Southfields Station and the AELTC and each passenger pays a fixed fare of £2.50.</p> <p>We asked if the fixed fare for shared taxis between Southfields Station and the AELTC and Wimbledon Station and the AELTC during the Wimbledon Tennis Championships should:</p> <ul style="list-style-type: none"> • Remain at £2.50; or • Be increased, and if it should be increased what it should be increased to.

- 6.5 For each item in the consultation, the potential outcomes were that, following careful consideration of the consultation responses, we:
- (a) proceed with what was set out in the consultation;
 - (b) modify what was set out the consultation and proceed with a revised option; or
 - (c) make no changes.

7 Tariffs 1, 2 and 3

7.1 We asked respondents to rank in order of their preference four different options:

- (a) **option 1:** increasing Tariffs 1, 2 and 3 to reflect the change in taxi drivers' operating costs (+5.20 per cent);
- (b) **option 2:** increasing Tariffs 1, 2 and 3 to reflect the change in average national earnings (+3.72 per cent);
- (c) **option 3:** increasing Tariffs 1, 2 and 3 to reflect the change in both taxi drivers' operating costs and average national earnings (+8.92 per cent); and
- (d) **option 4:** freezing Tariffs 1, 2 and 3.

Consultation responses

7.2 Amongst all respondents:

- (a) option 3 was the most preferred option, with 52.6 per cent of all respondents ranking this as their first choice. Although just under one quarter (24.6 per cent) ranked it as their least preferred option;
- (b) option 4 was the least preferred option, with 59.1 per cent of all respondents ranking this as their fourth choice. Although just over one quarter (26.3 per cent) ranked it as their first choice;
- (c) just over one fifth (21.5 per cent) of all respondents ranked option 1 as their first choice; and
- (d) only 10.7 per cent of all respondents ranked option 2 as their first choice.

7.3 Amongst taxi users:

- (a) option 3 was the most preferred option, with 45.7 per cent of taxi users ranking this as their first choice. However, one third (32.7 per cent) ranked it as their least preferred option;

- (b) option 4 was the least preferred option, with 47.5 per cent of taxi users ranking this as their fourth choice. However, one third (32.6 per cent) ranked it as their first choice;
 - (c) just over one fifth (20.2 per cent) of taxi users ranked option 1 as their first choice; and
 - (d) only 14.9 per cent of taxi users ranked option 2 as their first choice.
- 7.4 It was unexpected that taxi users preferred option on whether Tariffs 1, 2 and 3 should be increased or frozen was for the largest increase (option 3, 8.92 per cent).
- 7.5 Amongst taxi drivers:
- (a) option 3 was the most preferred option, with 72.4 per cent of taxi drivers ranking this as their first choice;
 - (b) option 4 was the least preferred option, with 86.2 per cent of taxi drivers ranking this as their fourth choice;
 - (c) just under one quarter (24.0 per cent) of taxi drivers ranked option 1 as their first choice; and
 - (d) only 4.7 per cent of taxi drivers ranked option 2 as their first choice.

Stakeholder responses

- 7.6 London TravelWatch (LTW) said taxis play an important role, are often essential, and provide door-to-door accessible transport for people who may not be able to use other transport or have no access to private transport. LTW said they understood the need to increase taxi fares and tariffs, given the increase in costs for taxi drivers, and that this would help drivers cover their costs. They said this could mitigate the risk of taxi drivers leaving the trade and it is important to protect the remaining taxi supply, so as people can still access taxis when they need them. However, they also said that fare increases disproportionately disadvantage people who rely on taxis for accessibility or safety reasons and mitigations should be put in place to protect these groups. LTW called for Tariff 3 to be protected from high increases.
- 7.7 The St John's Wood Society's first preference was option 1 (Tariffs 1, 2 and 3 increased by 5.20 per cent).
- 7.8 Visually Impaired People of Newham (VIPON) said they were extremely concerned about taxi fares being raised during the cost of living crisis and that this could mean a lot of people with disabilities are unable to go out and are isolated. They also called for Taxicard arrangements to be made consistent across all London boroughs.

- 7.9 Transport for All's (TfA) first choice was option 4 (freezing Tariffs 1, 2 and 3). TfA said their primary concern is how increases would affect disabled people travelling by taxi. They said that increases would affect Taxicard members' ability to travel and increase social isolation. While TfA appreciated that costs have risen, they said the cost of living crisis has hit disabled people hardest. They said that taxis are often or sometimes the only accessible form of transport and increases in fares will make them increasingly inaccessible.
- 7.10 The Taxi Now Group (TNG) said their first choice was option 3 (increasing Tariffs 1, 2 and 3 by 8.92 per cent). Option 3 was also the first choice of Addison Lee, FREENOW and Gett.
- 7.11 The Taxi Trade Tariff Group (TTTG) is made up of representatives from the five main taxi driver groups – the Licensed Taxi Drivers' Association (LTDA), London Cab Drivers Club (LCDC), RMT, United Cabbies Group (UCG) and Unite the Union. They submitted a joint response and said:
- (a) they regard option 3 (8.92 per cent increase) to be the only fair and reasonable option;
 - (b) they rejected the other options as these would mean a reduction in drivers' earnings, as operating costs and average national earnings have increased;
 - (c) the tariff increase in 2023 did not include a cost of living increase, but only an amount to cover the increase in taxi drivers' operating costs;
 - (d) taxi drivers' earnings should not be separate from the main body of the Cost Index;
 - (e) while TfL considers the balance between a taxi drivers' earnings and the ability of customers to pay when reviewing taxi fares and tariffs, the TTTG thought that the time for TfL to consider balance is when reviewing the licensing requirements TfL sets and road access for taxis (e.g. allowing taxis access to all bus gates or all low traffic neighbourhoods); and
 - (f) the Cost Index sets the outcome (+8.92 per cent for this review) that maintains a balance between taxi drivers' earnings and the customers' ability to pay. Beyond this the market will decide if the price is balanced or not.

Recommendation

- 7.12 After carefully reviewing all of the responses to the consultation and taking into consideration the issues raised and the positive and negative impacts identified, we recommend increasing Tariffs 1, 2 and 3 by the total Cost Index figure (+8.92 per cent) to reflect the change in both taxi drivers' operating costs and average national earnings.

7.13 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, with relatively large increases in the cost of vehicles, electricity/electric vehicle charging and insurance;
- (b) the Cost Index shows that there has been an increase in average national earnings;
- (c) last year's increase to Tariffs 1, 2 and 3 covered the increase in taxi drivers' operating costs but did not include the increase in average national earnings. This was seen as a pay freeze and real terms reduction in taxi drivers' earnings by the taxi driver associations;
- (d) the majority of taxi drivers supported increasing Tariffs 1, 2 and 3 by the total Cost Index figure (+8.92 per cent). The taxi driver associations also called for Tariffs 1, 2 and 3 to be increased by 8.92 per cent;
- (e) it is important that taxi drivers are fairly paid to try to 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. There could be an increased risk to the safety of some people if taxi wait times increase or they are unable to get a taxi. The number of licensed taxi drivers has been falling since 2013/14 and is now at its lowest since 1980. This decline accelerated during the coronavirus pandemic. Licensed taxi driver numbers are enclosed in Appendix 4. It is important to try and retain existing taxi drivers and it is hoped that increasing the tariffs by the full Cost Index figure, reflecting the change in both taxi drivers' operating costs and average national earnings, may help with this;
- (f) the number of applications to be a licensed taxi driver and the number of newly licensed taxi drivers has been falling for several years. Figures for the number of taxi driver licence applications and newly licensed taxi drivers are enclosed in Appendix 4. In 2023 there was an increase in the number of applications to become a taxi driver but it was still significantly lower than the number received each year up until 2015. It is hoped that increasing the tariffs by the full Cost Index figure, reflecting the change in both taxi drivers' operating costs and average national earnings, may help encourage more people to apply to become a licensed taxi driver and complete the Knowledge of London;
- (g) 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 late at night, when Tariff 3 applies and other modes of transport including buses and the Underground can be less readily available. Tariff 3 was increased by 1.6 per cent in April 2016 and then frozen until last year, when it was

increased by the same amount as Tariffs 1 and 2 (7.61 per cent). We have recommended increasing Tariff 3 by the same amount as Tariffs 1 and 2 (8.92 per cent) in order to try and encourage taxi drivers to work at night, help ensure that the public can get a taxi when they need one and wait times do not increase. Tariff 3 was introduced to try and encourage taxi drivers to work at night and increase the supply of available taxis at night. Due to concerns about taxi fares being too expensive at night it was frozen for several years. In the 2022/23 taxi and private hire licensee customer satisfaction survey 43 per cent of taxi drivers thought Tariff 3 should be increased and it's possible that some taxi drivers may be less likely to work at night. It is also hoped that increasing the supply of taxis at night will help reduce the risk that the public consider using an unlicensed vehicle or unbooked PHV; and

- (h) we have considered the potential impacts identified in our EQIA, the impacts on children and vulnerable adults, the Department for Transport (DfT) Statutory Taxi and PHV Standards, and also other impacts identified. The EQIA is provided in Appendix 5. The assessment of other impacts is provided in Appendix 6.

8 Tariff 4

- 8.1 Tariff 4 applies once any taxi journey reaches approximately six miles. Tariff 4 was originally higher than Tariffs 1 and 2, and intended to encourage drivers to accept fares for longer journeys, when they may have been less likely to accept these unless there was an incentive to do so.
- 8.2 Tariff 4 has been frozen since 2016 following concerns that it had become too high and made longer taxi journeys less competitive.
- 8.3 Tariff 4 was originally higher than Tariffs 1 and 2 but lower than Tariff 3. As a result of it being frozen, it is now lower than Tariffs 2 and 3. Changing or removing Tariff 4 has been considered in the past.
- 8.4 In our consultation we proposed making the Tariff 4 rates the same as the Tariff 2 rates. Tariff 2 applies on Monday to Friday between 20:00-22:00, and on Saturday and Sunday between 05:00-22:00
- 8.5 Making Tariff 4 the same as Tariff 2 was proposed for the following reasons:
 - (a) this simplifies the tariff structure;
 - (b) this ensures that there will continue to be an incentive for taxi drivers to accept longer journeys when Tariff 1 applies. It also means that the tariff rate will not fall once a journey reaches six miles when Tariff 2 applies;
 - (c) Tariff 3 will continue to be the highest tariff and hopefully encourage taxi drivers to work at night;

- (d) if we continue to freeze Tariff 4 this could mean some taxi drivers are less willing to accept fares for longer journeys and passengers wanting to make these journeys experience problems when trying to get a taxi;
- (e) this change may reduce the risk of drivers refusing to accept longer journeys, benefiting passengers wanting to take a taxi for a journey that is over six miles; and
- (f) all taxi drivers would benefit when they have a journey that goes over six miles as tariff rate would be higher than it is at present. Taxi drivers who work at Heathrow Airport may be more likely to benefit as they may be more likely to do longer journeys.

Consultation responses

- 8.6 The majority (59.4 per cent) of all respondents supported making the Tariff 4 rates the same as the Tariff 2 rates, with the majority of taxi users (57.7 per cent) and taxi drivers (68.9 per cent) supporting this.
- 8.7 LTW said that making Tariff 4 the same as Tariff 2, and decreasing the costs for long journeys at night would likely have some safety benefits, although they added that there is a trade-off that must be considered as it would result in daytime costs increasing. TfA opposed making the Tariff 4 rates the same as the Tariff 2 rates.
- 8.8 Addison Lee, FREENOW, Gett, the TNG, and the TTTG all supported making the Tariff 4 rates the same as the Tariff 2 rates.

Recommendation

- 8.9 After carefully reviewing all of the responses to the consultation and taking into consideration the issues raised and the positive and negative impacts identified, we recommend making the Tariff 4 rates the same as the Tariff 2 rates.
- 8.10 We are making this recommendation for the following reasons:
 - (a) this simplifies the tariff structure;
 - (b) this ensures that there will continue to be an incentive for taxi drivers to accept longer journeys when Tariff 1 applies. It also means that the tariff rate will not fall once a journey reaches six miles when Tariff 2 applies;
 - (c) Tariff 3 will continue to be the highest tariff and hopefully encourage taxi drivers to work at night;
 - (d) all taxi drivers would benefit when they have a journey that goes over six miles as the tariff rate would be higher than it is at present. Taxi drivers who work at Heathrow Airport may be more likely to benefit as they may be more likely to do longer journeys; and

- (e) taxi passengers wanting to use taxis for longer journeys may also benefit, as this change may reduce the risk of taxi drivers refusing to accept longer journeys.

9 Booked taxi extra

- 9.1 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 costs associated with hirings being taken via a booking service.
- 9.2 The booked taxi extra can be charged for all hirings taken via a booking service, regardless of whether the journey is completed or it does not go ahead.
- 9.3 Some taxi companies have requested that the booked taxi is increased and so we asked respondents if the booked taxi extra should remain at £2.00 or be increased, and if they thought it should be increased what it should be increased to.

Consultation responses

- 9.4 Two thirds (66.7 per cent) of all respondents thought the booked taxi extra should remain at £2.00. A similar number of taxi users (68.1 per cent) and taxi drivers (61.2 per cent) thought the booked taxi extra should remain at £2.00.
- 9.5 The St John's Wood Society, TfA, TNG and UCG said the booked taxi extra should remain at £2.00.
- 9.6 Addison Lee said the booked taxi extra should be increased to £2.80, while FREENOW and Gett said it should be increased to £5.20.
- 9.7 After carefully reviewing all of the responses to the consultation and taking into consideration the issues raised and the positive and negative impacts identified, , we are not recommending any changes to the booked taxi extra.
- 9.8 The reasons for this are:
 - (a) the majority of respondents thought the booked taxi extra should remain at £2.00;
 - (b) we are recommending an increase to Tariffs 1, 2 and 3 and this follows a relatively large increase to Tariffs 1, 2 and 3 last year. So all taxi users, including those who book taxis, will be paying more; and
 - (c) the number of people who use booked taxis (e.g. through apps) has grown and if the booked taxi extra was increased a larger number of taxi users would now be impacted and would have to pay more.

10 Heathrow extra

- 10.1 At Heathrow Airport there are taxi ranks at each of the terminals. There is also a taxi feeder park, this is an area where taxis queue before proceeding to one of the terminal taxi ranks.
- 10.2 Taxi drivers must pay a fee to enter the taxi feeder park at Heathrow Airport and access the taxi ranks at the terminals. Heathrow Airport Limited (HAL) sets the fee taxi drivers must pay to enter the taxi feeder park. The fee is intended to only cover the cost of operating the taxi feeder park and the taxi ranks at the airport. Taxi drivers who do a 'local job' and return to the airport in under one hour normally do not have to pay the taxi feeder park fee, and can instead bypass the taxi feeder park and go straight to one of the taxi ranks.
- 10.3 We allow taxi drivers to charge passengers taking a taxi from one of the taxi ranks at the airport a Heathrow extra to help drivers cover part of the cost of the taxi feeder park fee. We introduced the Heathrow extra in April 2004. It has normally been around 50 per cent of the taxi feeder park fee.
- 10.4 HAL decide whether to increase or reduce the taxi feeder park fee. In July 2021 they increased the fee from £3.60 to £7.20 owing to losses incurred during the coronavirus pandemic when demand for taxis at the airport was massively reduced. As a result of the increase to the fee taxi drivers must pay, in April 2022 we increased the Heathrow extra taxi drivers can add to taxi fares from £2.80 to £3.60.
- 10.5 In April 2023 HAL decreased the fee taxi drivers pay from £7.20 to £3.60. Extra charges are added to the taximeter in increments of 40 pence, so any extra must be a multiple of 40 pence (e.g. £1.20, £1.60, £2.00, £2.40, etc.). In our consultation we proposed reducing the Heathrow extra from £3.60 to £2.00.

Consultation responses

- 10.6 Just over two fifths (41.9 per cent) of all respondents supported reducing the Heathrow extra to £2.00. A similar number (45.6 per cent) opposed this. There was more support for the proposal amongst taxi users (49.2 per cent), but a higher level of opposition amongst taxi drivers (58.4 per cent).
- 10.7 The St John's Wood Society, TfA and Gett supported reducing the extra to £2.00. Addison Lee, FREENOW, LCDC, the TNG and UCG opposed reducing the extra.
- 10.8 HAL said the extra should be the same as the taxi feeder park fee taxi drivers pay. HAL also said that they are reviewing the taxi feeder park fee and suggested any revised fee should be used when considering changes to the Heathrow extra.

10.9 During the consultation a meeting was held with the taxi trade associations' Heathrow Airport representatives. They expressed their opposition to the Heathrow extra being reduced and stated that they think the extra should be the same as the taxi feeder park fee.

Recommendation

10.10 After carefully reviewing all of the responses to the consultation and taking into consideration the issues raised and the positive and negative impacts identified, , we recommend reducing the Heathrow extra to £2.00.

10.11 We are making this recommendation for the following reasons:

- (a) this maintains the longstanding arrangement where the Heathrow extra is around half of the taxi feeder park fee. This recognises that taxi drivers do not pay the taxi feeder park fee every time they go to one of the taxi ranks at the airport;
- (b) after a significant fall in taxi use during the coronavirus pandemic, demand for taxis at Heathrow Airport has recovered and on some occasions is exceeding the pre-pandemic demand;
- (c) we are recommending an increase to Tariffs 1, 2 and 3, following an increase to Tariffs 1, 2 and 3 last year. So all taxi users, including those who take a taxi from one of the taxi ranks at Heathrow Airport, will be paying more; and
- (d) if HAL change the taxi feeder park fee, we will review the Heathrow extra in the following taxi fares and tariffs review.

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

11.1 During the Wimbledon Tennis Championships fixed-fare, shared-taxi schemes operate. Passengers share their taxi with other people they may not know and each passenger pays a fixed fare. Potential benefits from these schemes include:

- (a) passengers have a shorter wait for a taxi and reduced fares;
- (b) taxi drivers get a higher fare than for an equivalent exclusive hiring;
- (c) the supply of available taxis can be used more efficiently; and
- (d) the local community potentially benefits from fewer taxi movements, resulting in less congestion, noise and pollution.

- 11.2 Fixed-fare, shared-taxis operate from the Wimbledon Tennis Championships to parts of central London. In the previous taxi fares and tariffs review⁶ we reviewed these fixed fares and increased them. The increases ranged from 60 pence to £1.00. A full list of the increases and areas covered was included in the notice published in April 2023.⁷ No changes to these fixed fares were proposed as part of this review.
- 11.3 Fixed-fare, shared-taxis also operate between Wimbledon Station and the AELTC and Southfields Station and the AELTC during the Wimbledon Tennis Championships.
- 11.4 The fixed fare between Wimbledon Station and the AELTC and Southfields Station and the AELTC during the Wimbledon Tennis Championships is £2.50 per passenger. The fixed fare was last reviewed in 2008 when it was increased from £2.00 to £2.50.
- 11.5 During the 2023 Wimbledon Tennis Championships problems were reported with the service between the stations and the tennis, particularly in the evenings. It was reported that there were not enough taxis to meet the demand, resulting in long waits for passengers or passengers being unable to get a taxi.
- 11.6 In our consultation we asked respondents if the fixed fare between Wimbledon Station and the AELTC and Southfields Station and the AELTC during the Wimbledon Tennis Championships should be increased. If they thought the fixed fare should be increased we asked what it should be increased to.

Consultation responses

- 11.7 The majority of all respondents (59.2 per cent), taxi users (55.8 per cent) and taxi drivers (72.6 per cent) thought the fixed fare should be increased for all journeys between Wimbledon Station and the AELTC and Southfields Station and the AELTC during the Wimbledon Tennis Championships. Around one third of all respondents (33.7 per cent) and taxi users (37.8 per cent), plus one fifth (21.0 per cent) of taxi drivers thought the fixed fare should remain at £2.50.
- 11.8 TfA, FREENOW and the TNG said the fixed fare should remain at £2.50. Addison Lee, Gett, the St John's Wood Society, TTTG and UCG said the fixed fare should be increased.
- 11.9 Amongst all respondents who said the fixed fare should be increased, there was a fairly even split across the four options included in the consultation (£3.00, £3.50, £4.00 and £4.50), with around one quarter supporting each option. The TTTG said the fixed fare should be increased to £3.00.

⁶ Review of taxi (black cab) fares and tariffs 2022, 11 November 2022, <https://haveyoursay.tfl.gov.uk/taxi-fares-review-2022>

⁷ TPH Notice 03/23, Taxi Fares and Tariffs Update, Appendix 1 – New fixed fares for the Wimbledon Tennis Championships, <https://content.tfl.gov.uk/03-23-tph-notice-taxi-fares-and-tariffs-update-2023.pdf>

Recommendation

11.10 After carefully reviewing all of the responses to the consultation and taking into consideration the issues raised and the positive and negative impacts identified, we recommend increasing the fixed fare between Wimbledon Station and the AELTC and Southfields Station and the AELTC during the Wimbledon Tennis Championships to £3.50 per passenger.

11.11 We are making this recommendation for the following reasons:

- (a) the fixed fare has not been increased since 2008, although the tariffs and taxi drivers' operating costs have increased since then;
- (b) the majority of respondents to the consultation supported increasing the fixed fare;
- (c) we want to encourage taxi drivers to use the taxi ranks during the Wimbledon Tennis Championships, serve the fixed-fare, shared-taxi scheme, and reduce the risk of there being long wait times for taxis or people being unable to get a taxi; and
- (d) a larger increase, to £3.50 per passenger, may help encourage taxi drivers to use the taxi ranks during the Wimbledon Tennis Championships and increase the supply of taxis available to serve the fixed-fare, shared-taxi scheme.

12 Equality and other impacts

12.1 TfL is subject to an ongoing duty, under section 149 of the Equality Act 2010 (known as the public sector equality duty), to have due regard to the need to:

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

12.2 The protected characteristics covered by section 149 of the Equality Act 2010 are: age, disability, gender reassignment, pregnancy and maternity, race, sex, religion or belief and sexual orientation, and in certain circumstances civil partnership or marriage.

12.3 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 service.⁸ The scheme is funded by TfL and the London boroughs, and taxis are used for the majority of Taxicard journeys.

- 12.4 Our EQIA is provided in Appendix 5. This identifies a number of negative impacts on people with protected characteristics if the taxi fares and tariffs are increased. These impacts may be greater for individuals with more than one protected characteristic (e.g. if someone is disabled and elderly). The negative impacts primarily relate to passengers having to pay more or potentially being unable to travel by taxi as often. The EQIA also identifies a negative impact if fares and tariffs are not increased and this results in the number of taxi drivers falling. This could affect the supply of taxis and some people may be unable to get a taxi when they want to travel.
- 12.5 Some potential negative impacts on older taxi drivers are identified. They may be negatively impacted if the fares and tariffs are increased, this results in fewer people using taxis or a decline in the number of taxi journeys, and older taxi drivers cannot work longer to try and maintain their income or cover increased operating costs. However, they may also be negatively impacted if there is no increase to the fares and tariffs and they are unable to cover increased operating costs.
- 12.6 All options for Tariffs 1, 2 and 3 would have some level of negative impact on those with protected characteristics.
- 12.7 The number of licensed taxi drivers and people applying to become a licensed taxi driver has fallen significantly and this can have a negative impact on people with protected characteristics, as they may have a longer wait for a taxi or be unable to take a taxi when they want to travel.
- 12.8 We recognise that not increasing fares and tariffs may have an adverse impact on drivers and driver supply, as it could mean more people leave the taxi trade or fewer people consider applying to become a taxi driver, which in turn may have disproportionate impacts on those with protected characteristics who may rely on taxi services more.
- 12.9 After considering the current issues and impacts we are proposing to increase Tariffs 1, 2 and 3 by 8.92 per cent to help address the issues with the number of licensed taxi drivers and people applying to become a licensed taxi driver.
- 12.10 Increasing Tariffs 1, 2 and 3 by the total Cost Index figure, so both the increase in taxi drivers' operating costs and the increase in average national earnings are covered, may help to stop or slow the decline in the number of licensed taxi drivers.
- 12.11 There was an increase in the number of people applying to become a licensed taxi driver in 2023. The taxi driver associations and taxi booking companies have been promoting the Knowledge of London and encouraging people to consider applying to become a licensed taxi driver. The increase to Tariffs 1, 2

⁸ Taxicard scheme, <https://tfl.gov.uk/modes/taxis-and-minicabs/taxicard-and-capital-call>

and 3 may help support these schemes and encourage people to apply to become a licensed taxi driver.⁹

12.12 However, we acknowledge that increasing Tariffs 1, 2 and 3 will have a negative impact on people with a protected characteristic as it will mean taxi fares increase and they may not be able to afford to use taxis or may need to reduce how often they use them.

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

- (a) impacts relating to health and safety, and crime and disorder;
- (b) economic impacts;
- (c) environmental impacts; and
- (d) impacts in relation to the protection of children and vulnerable adults and the DfT Statutory Taxi and PHV Standards.

12.14 Some potential negative impacts were identified including:

- (a) taxi users and Taxicard members would be negatively impacted by increases to the tariffs as the fares they pay would increase;
- (b) if 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 tariffs are increased 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 tariffs despite taxi 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, with people travelling late at night potentially disproportionately negatively impacted;
- (e) 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;

⁹ Addison Lee partnership with WizAnn Knowledge of London school, <https://www.addisonlee.com/addlib/addison-lee-wizann-knowledge-school-initiative/>. FREENOW Knowledge of London subsidy, <https://www.free-now.com/uk/knowledge-subsidy/>. Gett and Taxi-Now Group Knowledge of London school partnership, <https://www.taxi-point.co.uk/post/taxi-now-group-partners-with-gett-to-open-new-central-london-taxi-academy>

- (f) some children and vulnerable adults will experience a negative impact if London boroughs use taxis to provide transport services for them and increasing the tariffs means they have to reduce or make cuts to these services;
- (g) some taxi users and Taxicard members would be negatively impacted by making the Tariff 4 rates the same as the Tariff 2 rates, as the fares for longer journeys would increase; and
- (h) 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 between Wimbledon and Southfields stations and the tennis then the fares they pay would increase.

12.15 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 (PHV) Standards when exercising its functions so as to protect children, and vulnerable individuals who are 18 or over, from harm.

12.16 The assessment of other impacts and factors to consider, and the consideration of the Statutory Taxi and PHV Standards is provided in Appendix 6. Separately we’ve consulted on proposals for how we would implement the Standards that were not already in place in London.¹⁰ The outcome of the consultation and the changes that are being implemented was announced in November 2023.¹¹

13 Next steps

13.1 The Finance Committee is authorised to approve proposals to make, amend or revoke London cab orders, to the extent they prescribe fares for hackney carriages.¹² If approved, any changes to taxi fares and tariffs would come into effect in April 2024.

13.2 Approval of changes to London taxi sharing scheme orders including orders which prescribe fees of up to £20 is within Officers delegated authority. Any changes to the fares for the fixed-fare, shared-taxi service between Wimbledon Station and the AELTC and Southfields Stations and the AELTC during the Wimbledon Tennis Championships would be implemented before the start of this year’s Tennis Championships.

¹⁰ Improving safety for taxi and PHV passengers, February 2023, <https://haveyoursay.tfl.gov.uk/improvingsafetyfortaxiandphvpassengers>

¹¹ TPH Notice 07/23, Improving Safety for Taxi and PHV Passengers consultation outcome, <https://content.tfl.gov.uk/tph-notice-07-23-improving-safety-for-tph-passengers-consultation-outcome.pdf>

¹² TfL Committees and Panels Terms of Reference, 16 October 2023, <https://content.tfl.gov.uk/committees-and-panels-terms-of-reference-oct-2023.pdf>

List of appendices to this report:

Appendix 1: Taxi Cost Index 2023/24

Appendix 2: Summary of consultation responses

Appendix 3: Summary of stakeholder responses

Appendix 4: Taxi driver figures

Appendix 5: Taxi fares and tariffs review EQIA

Appendix 6: Assessment of other impacts and factors to consider – this includes an assessment of health and safety, including crime and disorder, impacts, economic impacts, environmental impacts, and impacts in relation to the DfT's Statutory Taxi and Private Hire Vehicle Standards, and the protection of children and vulnerable adults

List of background papers:

The consultation webpage and documents as part of the consultation are available here: haveyoursay.tfl.gov.uk/taxi-fares-review-2023.

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