Taxi Fares and Tariffs Consultation
March 2018
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Background
Taxi and private hire services in London are licensed and regulated by Transport for London (TfL). The Licensing, Regulation and Charging directorate within TfL has day to day responsibility for the delivery of taxi and private hire licensing services.

We license London taxis (black cabs/Hackney Carriages) and taxi drivers under the Metropolitan Public Carriage Act 1869. Section 9 of this Act allows us to make regulations which fix the rates or fares to be paid for taxis. The London Cab and Stage Carriage Act 1907 allow us to make regulations to fix the fares to be paid for the hire of taxis fitted with taximeters, on the basis of time or distance or both. The London Cab Order 1934 is the main set of regulations made under these Acts and (as amended) sets the fares regime that covers most taxi journeys in London.

Taxi fares are calculated using a taximeter and the meter shows the maximum fare that can be charged at the end of a journey. The fare is based upon the time of day, distance travelled and time taken. Once a journey reaches six miles a different tariff rate applies.

The times when the different tariff rates apply are:

- Tariff 1: Monday to Friday between 05:00 and 20:00
- Tariff 2: Monday to Friday between 20:00 and 22:00, Saturday and Sunday between 05:00 and 22:00
- Tariff 3: Every night between 22:00 and 05:00, public holidays

The tariff rate for journeys over six miles, which is sometimes referred to as Tariff 4, applies to all journeys over six miles at all times.

The current tariff rates are:

- Tariff 1 – £2.74 per mile for journeys up to six miles
- Tariff 2 – £3.37 per mile for journeys up to six miles
- Tariff 3 – £3.96 per mile for journeys up to six miles
- Tariff rate for journeys over six miles – £3.70 per mile
There is a minimum fare of £2.60 at all times.

Other permitted charges are:

- Up to £2.00 for phone or online bookings
- £2.80 for journeys that start from one of the taxi ranks at Heathrow Airport
- £4.00 for journeys made between 20:00 on 24 December and 06:00 on 27 December or between 20:00 on 31 December and 06:00 on 2 January
- A soiling charge of up to £40.00

We normally review and consult on any proposed changes to tariffs and the Cost Index at the same time so as any proposals can be considered together and changes implemented at the same time.

London has just over 24,000 licensed taxi drivers and just over 21,000 licensed taxis\(^1\). There are two types of taxi driver’s licence:

- All London (Green Badge): these taxi drivers can ply for hire anywhere in London and around 21,000 drivers hold this type of licence

\(^1\) TfL licensing data 4 December 2017
• Suburban (Yellow Badge): these taxi drivers are licensed to ply for hire in one or more of nine suburban sectors and around 3,000 drivers hold this type of licence

All licensed taxi drivers must only accept a hiring within the area where they are licensed to ply for hire, however they may drop off passengers in any area.

There are estimated to be approximately 109,000 passenger-carrying taxi journeys per day in London with an average journey length of 2.6 miles. Although all taxis can carry five passengers and some can hold six, there are one or two passengers in a typical hiring.

**Drivers' views on taxi fares**

As part of the 2016/17 Taxi and Private Hire Licensee Customer Satisfaction Survey (CSS) taxi drivers were asked for their opinion of taxi fares and tariffs.

Although the majority (73 per cent) felt that in general taxi fares were about right, 18 per cent felt that they were too high with seven per cent saying they were too low.

Drivers were also asked for their views on the individual tariff rates and the results are shown below. 34 per cent of taxi drivers felt that the tariff rate for journeys during weekday nights was too high, with 27 percent feeling that the tariff rate for journeys on a Friday or Saturday night was too high.

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2 Taxi and PHV Driver Diary Survey, SDG, 2016/17
3 Taxi and Private Hire Licensee Customer Satisfaction Survey (CSS), TNS, 2016/17
Passengers’ views on taxi fares

As part of the 2016/17 Black Cab and Minicab Passenger CSS taxi and minicab users were asked for their opinion of taxi fares. These are shown below along with the results from previous years.

In 2016/17 the majority (56 per cent) of taxi users felt that taxi fares were too expensive, with 81 per cent of minicab users feeling that taxi fares were too expensive.

Taxi and minicab users were asked for their opinion of minicab fares and these are also shown. Just under two thirds (63 per cent) of taxi users thought that minicab fares were about right.
2012 black cab users
- Much too expensive: 18%
- A little too expensive: 47%
- About right: 35%
- A little too low: 30%
- Much too low: 1%

2013 black cab users
- Much too expensive: 20%
- A little too expensive: 48%
- About right: 30%
- A little too low: 31%
- Much too low: 1%

2014 black cab users
- Much too expensive: 16%
- A little too expensive: 51%
- About right: 31%
- A little too low: 39%
- Much too low: 1%

2015 black cab users
- Much too expensive: 18%
- A little too expensive: 43%
- About right: 39%
- A little too low: 36%
- Much too low: 15%

2016 black cab users
- Much too expensive: 19%
- A little too expensive: 37%
- About right: 41%
- A little too low: 32%
- Much too low: 18%

2012 minicab users
- Much too expensive: 41%
- A little too expensive: 46%
- About right: 12%
- A little too low: 11%
- Much too low: 18%

2013 minicab users
- Much too expensive: 41%
- A little too expensive: 43%
- About right: 11%
- A little too low: 18%
- Much too low: 15%

2014 minicab users
- Much too expensive: 41%
- A little too expensive: 41%
- About right: 18%
- A little too low: 15%
- Much too low: 18%

2015 minicab users
- Much too expensive: 48%
- A little too expensive: 36%
- About right: 15%
- A little too low: 15%
- Much too low: 18%

2016 minicab users
- Much too expensive: 49%
- A little too expensive: 32%
- About right: 18%
- A little too low: 18%
- Much too low: 18%
General opinion of minicab fares

<table>
<thead>
<tr>
<th>Year</th>
<th>Much too expensive</th>
<th>A little too expensive</th>
<th>About right</th>
<th>A little too low</th>
<th>Much too low</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012 black cab users</td>
<td>15%</td>
<td>47%</td>
<td>38%</td>
<td>20%</td>
<td>11%</td>
</tr>
<tr>
<td>2013 black cab users</td>
<td>20%</td>
<td>42%</td>
<td>37%</td>
<td>14%</td>
<td>12%</td>
</tr>
<tr>
<td>2014 black cab users</td>
<td>14%</td>
<td>46%</td>
<td>39%</td>
<td>11%</td>
<td>12%</td>
</tr>
<tr>
<td>2015 black cab users</td>
<td>11%</td>
<td>32%</td>
<td>56%</td>
<td>10%</td>
<td>9%</td>
</tr>
<tr>
<td>2016 black cab users</td>
<td>10%</td>
<td>23%</td>
<td>63%</td>
<td>6%</td>
<td>61%</td>
</tr>
<tr>
<td>2012 minicab users</td>
<td>12%</td>
<td>43%</td>
<td>43%</td>
<td>13%</td>
<td>3%</td>
</tr>
<tr>
<td>2013 minicab users</td>
<td>13%</td>
<td>45%</td>
<td>41%</td>
<td>12%</td>
<td>4%</td>
</tr>
<tr>
<td>2014 minicab users</td>
<td>12%</td>
<td>44%</td>
<td>43%</td>
<td>9%</td>
<td>5%</td>
</tr>
<tr>
<td>2015 minicab users</td>
<td>9%</td>
<td>36%</td>
<td>54%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>2016 minicab users</td>
<td>6%</td>
<td>31%</td>
<td>61%</td>
<td>3%</td>
<td>3%</td>
</tr>
</tbody>
</table>
Taxi fares and the Cost Index

Taxi fares are based upon the time of day, distance travelled and the time taken. The tariffs set the rate passengers pay to travel a certain distance or for a certain length of time.

There are four different taxi tariff rates:

- Tariff 1: Monday to Friday, 05:00-20:00
- Tariff 2: Monday to Friday, 20:00-22:00 and Saturday and Sunday, 05:00-22:00
- Tariff 3: Every night 22:00-05:00 and public holidays
- Tariff for journeys over six miles (sometimes referred to as Tariff 4)

The Cost Index tracks changes to a number of elements related to being a taxi driver in London (including vehicle costs, parts, tyres, servicing, fuel, insurance and social costs) plus changes to average national earnings. These figures are updated as part of the review of taxi fares and tariffs to give a total figure for the change in costs and average national earnings. For the 2017 review, this total figure was 2.8 per cent. For this review the Cost Index figure is 3.6 per cent.

However, it is important to note that the Cost Index and the total figure produced when this is updated are independent of the taxi fares and tariffs. There is no statutory requirement for the Cost Index figure to be applied equally to all tariff rates.

The Cost Index has been used for several years and provides a useful mechanism for tracking changes to the costs associated with being a taxi driver in London. However, the Cost Index only tracks changes to these elements, it does not take into account driver or public opinion and does not necessarily reflect the general economic or social state at the time.

The elements in the Cost Index and the sources of information used to update these were reviewed last year and these were generally felt to be appropriate. The Cost Index is separate to the taxi fares and tariffs and any changes to tariffs can be based on the Cost Index or potentially on other factors. Last year’s review is an example of a different approach being taken as the Cost Index showed an increase of 2.8 per cent. However, instead of increasing all of the tariff rates by this figure, only Tariffs 1 and 2 were increased.

Following a public consultation, the TfL Board approved increasing Tariffs 1 and 2 by 3.7 per cent and 3.9 per cent respectively, both of which were higher than the Cost Index figure (2.8 per cent). However, this was offset by Tariff 3 and the tariff rate for journeys over six miles being frozen to address concerns raised by passengers and taxi drivers about late night and longer taxi journeys being too expensive.
The general pattern of year on year increases has resulted in feedback that taxi fares are too high, especially late at night (Tariff 3) and for journeys over six miles (Tariff 4). It has been suggested that the experience of high fares late at night has affected the public’s perception of taxi fares at all times, making them less likely to use taxis at any time of the day as they believe the fare will be excessively high.

If we applied the Cost Index figure to all tariff rates, this would mean an increase of 3.6 per cent across all tariffs. While we appreciate the costs of operating a taxi in London have increased, we also need to consider the passenger impact of the increase, in addition to the perception that taxi fares are expensive and becoming unaffordable.

Furthermore taxis are heavily used by disabled and elderly visitors and Londoners and these groups would be affected by any increases to taxi fares, especially if these increases were above inflation and applied to all of the tariffs.

Therefore, we are not proposing to increase all tariffs by 3.6 per cent as we would do in typical years.

The minimum fare was last increased in 2016 and this increase was as a result of the new card payment requirements being introduced. The increase at that time was 20 pence and the current minimum fare is now £2.60. This is still relatively low compared to the minimum fare in some other licensing authorities. There are various taxi fares and minimum fare arrangements in place in the UK and below are minimum fares from some other areas.

<table>
<thead>
<tr>
<th>Location</th>
<th>Minimum fares4</th>
<th>When applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Birmingham</td>
<td>£2.20</td>
<td>Monday to Saturday between 07:00-23:00</td>
</tr>
<tr>
<td></td>
<td>£2.40</td>
<td>Sunday to Thursday between 23:00-04:00, Sunday 07:00-23:00 and Bank Holidays between 00:00-23:00 (except for those days as specified in Tariffs three and four)</td>
</tr>
<tr>
<td></td>
<td>£2.60</td>
<td>Friday and Saturday between 23:00-07:00, all day on Boxing Day, Christmas Eve between 19:00-24:00 and New Year's Eve between 19:00-24:00</td>
</tr>
<tr>
<td></td>
<td>£3.00</td>
<td>All day on Christmas Day and New Year's Day between 00:00-07:00</td>
</tr>
<tr>
<td>Cambridge</td>
<td>£2.90</td>
<td>07:00-19:00</td>
</tr>
<tr>
<td></td>
<td>£3.90</td>
<td>19:00-07:00, Sundays and Bank Holidays</td>
</tr>
<tr>
<td></td>
<td>£4.90</td>
<td>19:00 on Christmas Eve to 07:00 on Boxing Day, and 19:00 on New Year's Eve to 07:00 on New Year's Day</td>
</tr>
<tr>
<td>Edinburgh</td>
<td>£2.10</td>
<td>Monday to Friday, 06:00-18:00</td>
</tr>
<tr>
<td></td>
<td>£3.10</td>
<td>Monday to Friday, 18:00-06:00 the following day</td>
</tr>
</tbody>
</table>

4 Correct as of 01 December 2017
<table>
<thead>
<tr>
<th>Location</th>
<th>Minimum fares</th>
<th>When applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>London</td>
<td>£4.10</td>
<td>Monday to Friday, 18:00-06:00 the following day</td>
</tr>
<tr>
<td></td>
<td></td>
<td>06:00 on Saturday until 06:00 on Monday during Christmas and New Year</td>
</tr>
<tr>
<td>North Hertfordshire</td>
<td>£3.10</td>
<td>Standard tariff</td>
</tr>
<tr>
<td></td>
<td>£4.65</td>
<td>00:00 and 06:00, all day Sunday and all day on Bank Holidays</td>
</tr>
<tr>
<td></td>
<td>£6.20</td>
<td>All day Christmas Day</td>
</tr>
<tr>
<td>Manchester</td>
<td>£2.30</td>
<td>06:00-22:00</td>
</tr>
<tr>
<td></td>
<td>£2.80</td>
<td>22:00-06:00, all day on Bank Holidays and Good Friday</td>
</tr>
<tr>
<td>Plymouth</td>
<td>£3.00</td>
<td>Monday to Saturday, 06:00-19:00</td>
</tr>
<tr>
<td></td>
<td>£3.50</td>
<td>Monday to Saturday, 19:00-00:00, Sundays and Bank Holidays from 06:00-19:00</td>
</tr>
<tr>
<td></td>
<td>£4.00</td>
<td>Monday to Saturday, 00:00-06:00, Sundays and Bank Holidays from 19:00-00:00</td>
</tr>
<tr>
<td></td>
<td>£4.50</td>
<td>Sundays and Bank Holidays from 00:00-06:00, 19:00 on Christmas Eve until 06:00 on 27 December and 19:00-00:00 on 31 December and from 06:00 on 1 January until 06:00 on 2 January</td>
</tr>
<tr>
<td></td>
<td>£6.00</td>
<td>New Year’s Day from 00:00 to 06:00</td>
</tr>
<tr>
<td>Portsmouth</td>
<td>£2.20</td>
<td>07:00-22:00</td>
</tr>
<tr>
<td></td>
<td>£2.60</td>
<td>22:00-07:00</td>
</tr>
</tbody>
</table>

We have been asked by the main taxi driver associations to increase Tariffs 1 and 2, but to make no changes to the other tariff rates. The main taxi driver associations have also expressed a view that the minimum fare could be increased by 40 pence. The minimum taxi fare in London is currently £2.60, which is lower than in some other parts of the UK, and so increasing it by 40 pence would make it £3.00 at all times.

It has been suggested that Tariffs 1 and 2 should be increased by 0.6 per cent and that no change should be made to Tariff 3.

A small increase to Tariffs 1 and 2, alongside an uplift in the minimum fare, and a freeze in the other tariff rates, could assist the Trade to address the increasing costs of operating a taxi in London.

For this review we are interested in your views on whether:

- Tariffs 1 and 2 should be increased by 0.6 per cent
• The minimum fare should be increased and, if it should, what the increase should be
• Tariff 3 should be frozen

New research has been commissioned to review taxi fares and tariffs, the value for money of fares and public’s perception of these and this is underway at the moment. Following the completion of the research the taxi tariff arrangements will be reviewed again.

Tariff rate for longer journeys
The tariff rate for longer journeys (sometimes referred to as Tariff 4) is higher than Tariffs 1 and 2 but lower than Tariff 3. The reason for there being a different tariff rate for longer journeys is because drivers completing these journeys may be less likely to be hailed on the return journey to the area where they normally work. This may be less of an issue now as some drivers will be offered fares from a taxi company during their return journey.

It has been suggested that taxi fares for longer journeys are too high and these are only a small part of the overall taxi market which is not growing or attracting new passengers.

We have previously consulted on changing the distance when this tariff rate starts and are now interested in your views on the tariff rate for longer journeys and if any changes to this should be made. Potential changes could include:

• Changing the distance when this tariff comes into effect from six miles to a longer distance – if you feel this should be increased we’re interested in your views on what the new distance should be. For example, eight, 10 or 12 miles
• Reducing the rate charged
• Reducing the times when this tariff rate applies
• Removing this separate tariff rate

Social costs element of the Cost Index
The Cost Index contains a number of different elements, one of which is social costs. The social costs element relates to the unsociable hours worked by some taxi drivers. The current Cost Index shows that the social cost element would contribute 0.1 per cent to the total figure of 3.6 per cent.

Not all taxi drivers work unsociable hours and the different tariff rates are designed so that drivers who do work unsociable hours can potentially earn more as the Tariff rate is higher – Tariff 3 applies to taxi journeys undertaken between 22:00 and 05:00 every night and this is the highest tariff rate.
Last year, we proposed removing the social costs element from the Cost Index. This change was not taken forward. However, it is still an option and we are interested in your views on this.

Adding transaction costs for card payments to the Cost Index
Since October 2016 all taxi drivers have been required to accept card payments and all taxis must now be fitted with a fully working TfL-approved card payment device in the correct position in the passenger compartment. Enabling passengers to pay by card in all taxis has generally been well received by taxi drivers and passengers.

There are transaction charges when taxi drivers accept card payments and these can vary depending upon the type of card payment device used and the agreement the driver has with the company who provides the device. The transaction charges are typically between 2 and 4 per cent but can include additional charges.

In April 2016, we increased the minimum fare by 20 pence for all taxi journeys. This increase was intended to help drivers cover the costs of accepting card payments. If transaction costs were included in the Cost Index, this would mean that there were two increases to the fares for all passengers (regardless of whether they pay by card) – the minimum fare increase plus any increase as a result of changes to the Cost Index. We’re now reviewing whether transaction charges should be included in the Cost Index. Including these in the Cost Index would mean that if transaction charges increase then taxi fares would also increase and passengers would pay more.

Diesel price changes
Diesel prices can vary rapidly and unpredictably, and a high increase during the year would result in additional costs for drivers which they would not be able to recover from passengers. Since July 2008, special provisions have been in place to allow an extra charge of 40 pence to be added to each taxi fare if the cost of diesel rises significantly.

The extra charge would be authorised if diesel prices reach a threshold level. The threshold represents the price at which the overall increase in taxi costs would be in proportion to the increase in the average fare, represented by the diesel charge.

We propose to continue this arrangement, setting an appropriate threshold for diesel prices which if met would trigger the approval of an extra charge of 40 pence being added to taxi fares. The threshold will depend on the level of any general fares increase and the diesel price used in these calculations.

A provision has also been introduced where fares would be reduced by 40 pence if diesel prices fell significantly and we are proposing to extend this arrangement.
If this arrangement is extended then the new diesel prices which would trigger 40 pence being added to the fare or deducted from it are 158.77 pence per litre and 82.83 pence per litre respectively.

Heathrow Airport extra charge
Taxi drivers must pay a fee to access the taxi ranks at Heathrow Airport. This fee covers the costs of operating the taxi ranks and the feeder park at Heathrow Airport. To compensate drivers for this they can add an extra charge on to fares which start from the airport taxi ranks.

The fee drivers must pay is currently £3.50 and the extra charge they can add on to the fare is £2.80. The main taxi driver associations have requested this is increased from £2.80 to £3.20 and we are interested in your views on this.

Fixed fare and capped fare schemes
We are continuing to review options for fixed fare and capped fare schemes to and from Heathrow Airport. In the past there have been mixed views on these but it is felt that fixed or capped fares could benefit passengers travelling to or from the airport.

The typical taxi fare between Heathrow Airport and central London is currently shown on the taxi fare card as being between £48 and £90. This is intended to provide passengers with some indication of what the fare might be if they take a taxi between the airport and central London but this is still quite a wide range and the fare could be higher if there are delays during the journey.

Fixed fares are already available at some airports including in New York⁵, Rome⁶ and Paris⁷.

The uncertainty about what the fare will be for a taxi trip from Heathrow Airport could deter some people from taking a taxi to or from the airport. A fixed fare would provide passengers with certainty about how much their trip will cost, whilst a capped fare would mean that passengers would know the maximum they would pay.

This may be particularly important when passengers first arrive at the airport. It may lead to more people taking taxis to or from the airport as they can be more confident of the costs and not concerned that if there are delays their fare will be excessively high.

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A fixed or capped fare scheme could operate only from Heathrow Airport to central London, only from central London to Heathrow Airport or in both directions. Just one fare could be set or there could be different fares for the times when Tariffs 1, 2 and 3 apply.

**Euston Station fixed fares**

A number of fixed fare, shared taxi schemes operate from Euston Station. These schemes match up passengers travelling to similar destinations and the fare each passenger pays is below the metered fare but the total fare the driver receives is above the metered fare, meaning that the schemes should be attractive to both passengers and drivers.

The fixed fares were last reviewed and increased in April 2012. Following a request from the main taxi driver associations, there is a potential proposal to increase each of the fixed fares by 50 pence, and we are interested in your views on this. The table below shows the areas covered by the Euston Station schemes, the current fixed fares and the proposed fares.

<table>
<thead>
<tr>
<th>Destination areas covered</th>
<th>Times and days fixed fares apply</th>
<th>Current fixed fare</th>
<th>Proposed fixed fare</th>
</tr>
</thead>
<tbody>
<tr>
<td>Addresses in postal district W1 North of Oxford Street (including addresses on Oxford St); Paddington and Marylebone Stations; addresses in the area bounded by Bayswater Road, Lancaster Terrace, Westbourne Terrace, Craven Road, Praed Street, Edgware Road, Church St NW8, Lisson Grove, Rossmore Road, Park Road, Allsop Place, York Terrace, Upper Harley Street, Marylebone Road, Euston Road, Tottenham Court Road inclusive</td>
<td>Monday-Friday excluding public holidays, all day</td>
<td>£5.50</td>
<td>£6.00</td>
</tr>
<tr>
<td>Addresses in postal district W1 South of Oxford Street (excluding addresses on Oxford St)</td>
<td>Monday-Friday excluding public holidays, all day</td>
<td>£6.50</td>
<td>£7.00</td>
</tr>
<tr>
<td>Addresses in Postal District SW1; Waterloo Station; addresses in the area bounded by the River Thames, Waterloo Bridge, Waterloo Road, Baylis Road, Lower Marsh, Westminster Bridge Road and Westminster Bridge inclusive</td>
<td>Monday-Friday excluding public holidays, all day</td>
<td>£8.00</td>
<td>£8.50</td>
</tr>
<tr>
<td>Destination areas covered</td>
<td>Times and days fixed fares apply</td>
<td>Current fixed fare</td>
<td>Proposed fixed fare</td>
</tr>
<tr>
<td>------------------------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------</td>
<td>-------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>Addresses in postal district WC1; addresses on Euston Road East of Tottenham Court Road; Euston, Kings Cross and St Pancras Stations</td>
<td>Monday-Friday excluding public holidays, all day</td>
<td>£4.50</td>
<td>£5.00</td>
</tr>
<tr>
<td>Addresses in postal district WC2;</td>
<td>Monday-Friday excluding public holidays, all day</td>
<td>£5.50</td>
<td>£6.00</td>
</tr>
<tr>
<td>Addresses in postal district EC1 and EC2; addresses in Pentonville Road, Islington High Street, Upper Street south of Islington Green and Islington Green inclusive and the Business Design Centre, Islington N1</td>
<td>Monday-Friday excluding public holidays, all day</td>
<td>£6.50</td>
<td>£7.00</td>
</tr>
<tr>
<td>Addresses in postal district EC3 and EC4 area; addresses in the area bounded by London Bridge, Duke Street Hill, Tooley Street, Bermondsey Street, Thomas Street, Bedal Street, Borough High Street, Southwark Street, Blackfriars Bridge and the River Thames inclusive</td>
<td>Monday-Friday excluding public holidays, all day</td>
<td>£7.50</td>
<td>£8.00</td>
</tr>
<tr>
<td>Lords Cricket Ground, St Johns Wood</td>
<td>During the period of cricket matches at Lords, all day</td>
<td>£5.50</td>
<td>£6.00</td>
</tr>
<tr>
<td>Earls Court Exhibition Centre; Olympia Exhibition Centre</td>
<td>During the period of events at the appropriate venue, all day</td>
<td>£8.00</td>
<td>£8.50</td>
</tr>
<tr>
<td>Chelsea Flower Show</td>
<td>During the period of the Chelsea Flower Show, all day</td>
<td>£8.50</td>
<td>£9.00</td>
</tr>
<tr>
<td>ExCel London, Royal Victoria Dock, London E16</td>
<td>During the period of events at the venue, all day</td>
<td>£10.00</td>
<td>£10.50</td>
</tr>
<tr>
<td>Outside Gate 4 of the All England Tennis and Croquet Club, London SW19</td>
<td>During the period of tennis tournaments at the All England Lawn Tennis Club, all day</td>
<td>£15.00</td>
<td>£15.50</td>
</tr>
</tbody>
</table>
Shared taxi conversion table

The shared taxi conversion table can be used to calculate taxi fares when passengers share a taxi. The table shows the fare each passenger pays and these are based on the fare on the taximeter and the total number of passengers sharing the taxi. The fare each passenger pays is lower than the metered fare but the total fare the driver receives is greater than the metered fare, meaning that the arrangement should be attractive to both passengers and drivers. The shared taxi conversion table can be used anywhere in London and at any time although it is not believed to be widely used.

At present the table only covers five passengers sharing a taxi but many taxis can now carry up to six passengers and so fares for six passengers sharing are going to be added to the table. The current fares plus those proposed for six passengers sharing are shown below.

<table>
<thead>
<tr>
<th>Fare shown on meter</th>
<th>Fare for each passenger</th>
<th>Proposed fares for six passengers sharing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Two passengers sharing</td>
<td>Three passengers sharing</td>
</tr>
<tr>
<td>£0.20</td>
<td>£0.10</td>
<td>£0.10</td>
</tr>
<tr>
<td>£0.40</td>
<td>£0.30</td>
<td>£0.20</td>
</tr>
<tr>
<td>£0.60</td>
<td>£0.40</td>
<td>£0.30</td>
</tr>
<tr>
<td>£0.80</td>
<td>£0.50</td>
<td>£0.40</td>
</tr>
<tr>
<td>£1.00</td>
<td>£0.70</td>
<td>£0.60</td>
</tr>
<tr>
<td>£1.20</td>
<td>£0.80</td>
<td>£0.70</td>
</tr>
<tr>
<td>£1.40</td>
<td>£0.90</td>
<td>£0.80</td>
</tr>
<tr>
<td>£1.60</td>
<td>£1.00</td>
<td>£0.90</td>
</tr>
<tr>
<td>£1.80</td>
<td>£1.20</td>
<td>£1.00</td>
</tr>
<tr>
<td>£2.00</td>
<td>£1.30</td>
<td>£1.10</td>
</tr>
<tr>
<td>£2.20</td>
<td>£1.40</td>
<td>£1.20</td>
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<td>£2.40</td>
<td>£1.60</td>
<td>£1.30</td>
</tr>
<tr>
<td>£2.60</td>
<td>£1.70</td>
<td>£1.40</td>
</tr>
<tr>
<td>£2.80</td>
<td>£1.80</td>
<td>£1.50</td>
</tr>
<tr>
<td>£3.00</td>
<td>£2.00</td>
<td>£1.70</td>
</tr>
<tr>
<td>£3.20</td>
<td>£2.10</td>
<td>£1.80</td>
</tr>
<tr>
<td>£3.40</td>
<td>£2.20</td>
<td>£1.90</td>
</tr>
<tr>
<td>£3.60</td>
<td>£2.30</td>
<td>£2.00</td>
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<tr>
<td>£3.80</td>
<td>£2.50</td>
<td>£2.10</td>
</tr>
<tr>
<td>£4.00</td>
<td>£2.60</td>
<td>£2.20</td>
</tr>
<tr>
<td>£4.20</td>
<td>£2.70</td>
<td>£2.30</td>
</tr>
<tr>
<td>£4.40</td>
<td>£2.90</td>
<td>£2.40</td>
</tr>
<tr>
<td>Fare shown on meter</td>
<td>Fare for each passenger</td>
<td></td>
</tr>
<tr>
<td>---------------------</td>
<td>-------------------------</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Two passengers sharing</td>
<td>Three passengers sharing</td>
</tr>
<tr>
<td>£4.60</td>
<td>£3.00</td>
<td>£2.50</td>
</tr>
<tr>
<td>£4.80</td>
<td>£3.10</td>
<td>£2.60</td>
</tr>
<tr>
<td>£5.00</td>
<td>£3.30</td>
<td>£2.80</td>
</tr>
<tr>
<td>£5.20</td>
<td>£3.40</td>
<td>£2.90</td>
</tr>
<tr>
<td>£5.40</td>
<td>£3.60</td>
<td>£3.10</td>
</tr>
<tr>
<td>£5.60</td>
<td>£3.80</td>
<td>£3.20</td>
</tr>
<tr>
<td>£6.00</td>
<td>£3.90</td>
<td>£3.30</td>
</tr>
<tr>
<td>£6.20</td>
<td>£4.00</td>
<td>£3.40</td>
</tr>
<tr>
<td>£6.40</td>
<td>£4.20</td>
<td>£3.50</td>
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<tr>
<td>£6.60</td>
<td>£4.30</td>
<td>£3.60</td>
</tr>
<tr>
<td>£6.80</td>
<td>£4.40</td>
<td>£3.70</td>
</tr>
<tr>
<td>£7.00</td>
<td>£4.60</td>
<td>£3.90</td>
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<td>£7.20</td>
<td>£4.70</td>
<td>£4.00</td>
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<td>£4.80</td>
<td>£4.10</td>
</tr>
<tr>
<td>£7.60</td>
<td>£4.90</td>
<td>£4.20</td>
</tr>
<tr>
<td>£7.80</td>
<td>£5.10</td>
<td>£4.30</td>
</tr>
<tr>
<td>£8.00</td>
<td>£5.20</td>
<td>£4.40</td>
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<tr>
<td>£8.20</td>
<td>£5.30</td>
<td>£4.40</td>
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<tr>
<td>£8.40</td>
<td>£5.50</td>
<td>£4.60</td>
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<tr>
<td>£8.60</td>
<td>£5.60</td>
<td>£4.70</td>
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<tr>
<td>£8.80</td>
<td>£5.70</td>
<td>£4.80</td>
</tr>
<tr>
<td>£9.00</td>
<td>£5.90</td>
<td>£5.00</td>
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<tr>
<td>£9.20</td>
<td>£6.00</td>
<td>£5.10</td>
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<tr>
<td>£9.40</td>
<td>£6.10</td>
<td>£5.20</td>
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<td>£9.60</td>
<td>£6.20</td>
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<tr>
<td>£9.80</td>
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<td>£11.00</td>
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<tr>
<td>£30.00</td>
<td>£19.50</td>
<td>£16.50</td>
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<tr>
<td>£40.00</td>
<td>£26.00</td>
<td>£22.00</td>
</tr>
<tr>
<td>£50.00</td>
<td>£32.50</td>
<td>£27.50</td>
</tr>
</tbody>
</table>
Updating the card payment device requirements
All taxis must have a fully working TfL-approved card payment device fitted in the passenger compartment and the device must accept as a minimum Visa and MasterCard.

All of the approved devices already accept American Express and we are now proposing to update the list of cards that drivers must accept so as this includes American Express as well as Visa and MasterCard.

Taxi fares and tariffs research
As part of the previous review of taxi fares and tariffs we commissioned Systra to carry out a review of taxi fares and tariffs and this included:

- Reviewing the demand for taxis and potential 'unmet' demand
- Reviewing the supply of taxis and the time drivers spent with a passenger on-board
- Surveys amongst taxi drivers and taxi passengers including at Heathrow Airport
- Asking the main taxi driver associations, taxi booking companies and passengers for their views on taxi fares and tariffs
- Looking at the current Cost Index elements and data sources for each element
- Reviewing whether card payment devices should be linked to the taximeter

A copy of the report from this research and the outcome of the previous taxi fares and tariffs review is available here consultations.tfl.gov.uk/tph/taxi-fare-and-tariff-review-2017.

The most recent changes to taxi fares and tariffs were approved by the TfL Board at its meeting on 29 March 2017 and the paper considered by the Board is available here tfl.gov.uk/corporate/publications-and-reports/board-papers.

The Board were advised that further research would be undertaken and that this would include:

- Reviewing the level of remuneration for taxi drivers
- Looking at the price elasticity of demand and optimising value for money for the customer and cost efficiency for taxi drivers
- Capped or fixed fares to and from Heathrow Airport
• The possibility of allowing greater flexibility when setting fixed fares for booked taxi journeys

• Exploring the financial impact on fares of the new zero emission capable (ZEC) taxis

SDG has been commissioned to undertake new research on behalf of TfL, this is currently underway and is expected to be completed by mid-2018. Following the completion of this research the taxi fares and tariffs will be reviewed again to see what potential changes could be made that benefit taxi passengers and drivers.

The Cost Index will also be reviewed again once the costs associated with purchasing and operating the new ZEC taxis are established and clear.

Consultation
We are seeking the views of anyone with an interest in these matters or proposals. Please let us know your views by completing the online questionnaire at tfl.gov.uk/taxi-fares-2018 by 27 April 2018.

The responses to this consultation will be considered and taken into account when deciding what changes should be made to taxi fares and tariffs. If appropriate, the TfL Finance Committee will be invited to approve changes to the relevant Regulations.

A summary of the responses will be published after the consultation period ends.

Enquiries about this consultation can be made by emailing consultations@tfl.gov.uk with ‘Taxi fares consultation’ in the subject line.
Impact assessments

Costs
Not increasing all tariff rates by the Cost Index figure would differ from what has been done in most years although, a different approach was taken in 2017 when two of the tariff rates were not changed and the other two were increased by more than the Cost Index figure.

Increasing the minimum fare and Tariffs 1 and 2 would mean that passengers pay more, however, they would benefit from no changes being made to Tariff 3 – the benefit to those travelling at night may not be significant as the tariff rate and fares for these journeys are often considered excessively high already.

Taxis are heavily used by disabled and elderly visitors and Londoners and these groups would be affected by the minimum fare and Tariffs 1 and 2 being increased. However, they would benefit from the tariff rates not being increased by the Cost Index figure which is higher than the Consumer Prices Index (CPI)\(^8\).

Members of the Taxicard scheme, which provides subsidised taxi travel for disabled Londoners and is funded by TfL and the London boroughs, will be affected by any increase to the minimum fare and Tariffs 1 and 2. Any increases to taxi fares can potentially result in members being able to make fewer trips if funding is not increased.

The impact of any changes to the tariff rate for longer journeys would depend on what the actual changes were. Passengers would benefit from any changes which resulted in taxi fares for longer journeys being lower. Drivers may be negatively affected if the fares for these journeys are reduced however, if this leads to an increase in demand then the overall impact on them could be positive.

Some taxi drivers may feel that they will be disadvantaged from the tariff rates not all being increased by the Cost Index figure however, the overall impact may be positive if it prevents the number of trips from further declining or results in more people using taxis. Furthermore, taxi fares have been increased in most years since TfL took over responsibility for regulating fares and tariffs. The last taxi fares and tariffs review saw Tariffs 1 and 2 increase by 3.7 per cent and 3.9 per cent respectively. These increases came into effect in June 2017 and both increases were above the CPI figure for June 2017 which was 2.6 per cent\(^9\).

Concerns have been raised about the impact the ZEC taxis will have on taxi fares. However, a separate piece of work is underway to better understand the costs of

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\(^8\) The latest Cost Index figure was 3.6 per cent while CPI in January 2018 was 3.0 per cent (https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/january2018)

operating a ZEC taxi and how these can be incorporated into the future reviews of taxi fares. At present there are only a small number of ZEC taxis operating in London and so it is not appropriate to include costs associated with operating a ZEC taxi in this update of taxi fares and tariffs.

Removing the social costs element from the Cost Index would affect any increases based on the Cost Index. However, the social costs element is a relatively small part of the overall Cost Index. Furthermore Tariff 3, which applies to all journeys between 22:00 and 05:00 on every night is already the highest tariff and so drivers working then can potentially earn more.

Including costs for transaction charges when passengers pay by card would benefit taxi drivers as this should enable them to cover some of these costs. In April 2016 we increased the minimum fare by 20 pence for all taxi journeys. This increase was intended to help drivers cover the costs of accepting card payments. If transaction costs were included in the Cost Index then this would mean that there were two increases to the fares for all passengers (regardless of whether they pay by card) – the minimum fare increase plus any increase as a result of changes to the Cost Index.

However, drivers will not benefit if the card payment device companies increase or change their charges – some companies introduced a 20 pence charge for drivers following the minimum fare being increased by 20 pence despite this increase being intended for taxi drivers. If the costs for transaction charges are included in the Cost Index and increased then this could result in higher taxi fares which ultimately could lead to fewer passengers using taxis which would have a negative impact on both taxi drivers and the card payment device companies.

Extending the extra charge arrangement if diesel prices increase significantly would mean passengers paying higher fares if the fuel threshold figure was reached. However, the increase to each fare would only be 40 pence and there is also an arrangement in place where passengers pay less if fuel prices decrease significantly.

Increasing the extra charge for taxi journeys that start from one of the taxi ranks at Heathrow Airport will mean passengers paying more, although drivers will benefit from the increase as the extra charge will be closer to the fee they pay to access the taxi ranks at the airport.

The impact of fixed fares to or from Heathrow Airport would depend upon what the fares were. If these were higher than the average fare then some passengers would pay more than if the metered fare was charged. This could benefit drivers unless passengers were deterred from using taxis by the higher fares. If the fixed fares were lower than the average fare then more passengers would benefit but this may discourage drivers from wanting to accept these hirings, although it could lead to an increase in the number of passengers using taxis.
Capped fares could benefit passengers and both this and fixed fares would provide more certainty to them. Drivers would be affected when the metered fare was higher than the capped fare but would benefit if there was an increase in the number of taxi passengers and journeys.

Increasing the fixed fares from Euston Station will mean passengers paying more. However, these fares have not been increased since 2012 and the fares payable for shared taxis will still be below the metered fares. Drivers participating in the fixed fare scheme will benefit from the increase in fares assuming that this does not result in a fall in the number of taxi journeys.

No significant cost impacts from adding fares for six passengers sharing to the shared taxi conversion table have been identified. Passengers paying these fares pay less than the metered fare and so benefit, although the shared fare would be lower still if the fare displayed on the taximeter was equally split between the passengers.

All of the TfL-approved card payment devices already accept American Express and so if American Express is added to the existing list of cards that must be accepted then there will be no need for drivers to change the card payment device they are already using. There can be higher processing charges when accepting American Express however, making this change would benefit passengers who wish to pay with American Express as they can be confident that this will be accepted in all London taxis.

**Crime and Disorder**
Licensed taxis play a vital role in providing safer transport late at night and a balance needs to be maintained between ensuring that taxi drivers are encouraged to work late at night but that the public do not perceive taxis as unaffordable and see illegal, unsafe ‘cabs’ as a cheaper and preferable option.

Increasing the minimum fare but not increasing Tariff 3 could potentially benefit passengers using taxis late at night. The night time tariff rate (Tariff 3) remains the highest tariff rate and so it is envisaged that drivers would still be able to cover their operating costs and maintain earnings assuming that there continues to be a demand to use taxis late at night.

There are suggestions that some passengers are deterred from using a taxi late at night due to the cost, which has an impact on drivers if there are fewer passengers willing to use taxis when Tariff 3 applies. Increasing the minimum fare, Tariff 1 and Tariff 2 but not applying further increases to Tariff 3 could help ensure that passengers will consider using a taxi late at night and won’t consider them too expensive and therefore use an illegal ‘cab’ instead.

The impact of any changes to the tariff rate for longer journeys would depend on what the actual changes were. If the changes resulted in fares being lower then
passengers would benefit. Increasing the Heathrow Extra by 40 pence or the fixed fares from Euston Station by 50 pence are not envisaged to have any associated crime or disorder impacts as the increases are relatively small and passengers who choose not to use a taxi have a wide range of alternative travel options.

No crime and disorder impacts from extending the fuel charge arrangement or adding fares for six passengers sharing to the shared taxi conversion table have been identified.

Fixed or capped fare schemes to or from Heathrow Airport may make some passengers choose to use a taxi instead of an illegal 'cab' but the impact of any scheme would depend upon the fares charged, when it operates and the areas covered.

Ensuring that all taxis accept American Express would have a positive impact as passengers who wish to pay by American Express can be confident that all taxis will accept this and so they will not need to carry extra money or go to a cashpoint.

**Public Sector Equality Duty**
Taxis are heavily used by disabled and elderly residents and visitors to London. Disabled residents in London are eligible for subsidised taxi journeys under the Taxicard scheme which provides a door-to-door service.

Elderly and disabled taxi passengers will be affected by any increase to the minimum fare and Tariffs 1 and 2, as this will result in higher taxi fares. They could also be affected by adding additional items to the Cost Index, such as card payment transaction costs, as this could increase taxi fares.

The impact of any changes to the tariff rate for longer journeys would depend on what the actual changes were. Elderly and disabled passengers would benefit from any changes which resulted in taxi fares for longer journeys being lower.

Any increase to taxi fares could mean that unless the Taxicard subsidy increases or Taxicard members are able to pay more towards fares then they will not be able to travel as much.

Elderly residents are likely to have a Freedom Pass and so potentially they will be able to use other forms of public transport free of change. However, not all other transport services provide a fully accessible door-to-door service that may be essential for some elderly travellers.

Wheelchair users can use bus services free of charge and will be able to continue to do so. Although all buses, with the exception of the Heritage route, are wheelchair accessible they do not provide a door-to-door service.

Some other disabled travellers may also be able to travel for free on the bus or Tube but again these services do not provide a door-to-door service that may be essential.
Some residents may be eligible to use the Dial-a-Ride service which does provide a door-to-door service and accessible vehicles.

The impact of any changes to the tariff rate for longer journeys would depend on what the actual changes were. Disabled and elderly passengers would benefit from any changes which resulted in taxi fares for longer journeys being lower.

Elderly and disabled taxi passengers would be affected by increases to the Heathrow Extra and fixed fares from Euston Station, as both will result in higher fares for certain taxi journeys (i.e. from the airport taxi ranks or during the times the Euston Station fixed fare, shared taxi schemes operate).

Elderly and disabled passengers could potentially benefit from capped or fixed fares to or from Heathrow Airport but the impact on them of any scheme would depend upon the fares, times they applied and areas covered.

Elderly and disabled taxi passengers who use American Express will potentially benefit from all taxis accepting this along with Visa and MasterCard.

**Health and Safety**
No significant implications for health and safety have been identified.

**Environmental Sustainability**
The majority of taxis are diesel and so contribute to poor air quality issues in London. However, from 1 January 2018 all newly licensed taxis must be zero emissions capable (ZEC) and this is in addition to the existing age limit for taxis.

The costs associated with operating a ZEC taxi in London are being reviewed separately.

Allowing an extra charge to be added to fares in the event of a significant increase in diesel prices could be seen as an incentive for drivers to continue to use diesel taxis or a disincentive to switch to a ZEC taxi. However, it is not believed that this provision will have a major impact on whether drivers start using ZEC taxis as there are other factors which are more important (e.g. vehicle costs, fuel savings).

No other significant environmental implications have been identified.
### Appendix 1 – Cost Index Information

Table 1: Cost per mile of each component

<table>
<thead>
<tr>
<th>Component Of Index</th>
<th>Cost per mile in 2016</th>
<th>Proportion of costs in 2016</th>
<th>Cost per mile in 2017</th>
<th>Proportion of costs in 2017</th>
<th>Increase in costs 2017</th>
<th>Contribution to total increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vehicle Cost</td>
<td>22.44</td>
<td>9.1%</td>
<td>23.69</td>
<td>9.3%</td>
<td>5.6%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Parts</td>
<td>10.21</td>
<td>4.2%</td>
<td>10.57</td>
<td>4.2%</td>
<td>3.5%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Tyres</td>
<td>1.51</td>
<td>0.6%</td>
<td>1.57</td>
<td>0.6%</td>
<td>3.5%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Garage &amp; Servicing - Premises</td>
<td>1.38</td>
<td>0.6%</td>
<td>1.43</td>
<td>0.6%</td>
<td>3.5%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Garage &amp; Servicing - Labour</td>
<td>4.89</td>
<td>2.0%</td>
<td>5.06</td>
<td>2.0%</td>
<td>3.5%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Fuel</td>
<td>22.86</td>
<td>9.3%</td>
<td>23.53</td>
<td>9.3%</td>
<td>2.9%</td>
<td>0.3%</td>
</tr>
<tr>
<td>Insurance</td>
<td>13.81</td>
<td>5.6%</td>
<td>16.31</td>
<td>6.4%</td>
<td>18.1%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>2.41</td>
<td>1.0%</td>
<td>2.51</td>
<td>1.0%</td>
<td>4.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>The Knowledge</td>
<td>13.25</td>
<td>5.4%</td>
<td>13.54</td>
<td>5.3%</td>
<td>2.2%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Social Costs</td>
<td>6.79</td>
<td>2.8%</td>
<td>6.95</td>
<td>2.7%</td>
<td>2.2%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Total Operating Costs</td>
<td>99.57</td>
<td>40.6%</td>
<td>105.16</td>
<td>41.4%</td>
<td>5.6%</td>
<td>2.3%</td>
</tr>
<tr>
<td>Average National Earnings</td>
<td>145.82</td>
<td>59.4%</td>
<td>149.08</td>
<td>58.6%</td>
<td>2.2%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Grand Total</td>
<td>245.39</td>
<td>100.0%</td>
<td>254.24</td>
<td>100.0%</td>
<td>7.8%</td>
<td>3.6%</td>
</tr>
</tbody>
</table>

Please note that increases are rounded to one decimal place in the table, but greater precision has been used in the calculations.

**Vehicle Costs**

The 2017 taxi vehicle cost information is below and, as in previous years four strategies were considered for purchasing a taxi:
1. Purchase new and run to scrap
2. Purchase new and sell at 4 years
3. Purchase at 4 years and sell at 8
4. Purchase at 8 years and run to scrap

Table 2 below gives the costs for the four strategies.

**Table 2: TX vehicle cost 2017**

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Model</th>
<th>HP rate</th>
<th>Price</th>
<th>Deposit</th>
<th>Term</th>
<th>Payments</th>
<th>Total</th>
<th>Less Value</th>
<th>Net Cost</th>
<th>Total cost over 12 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>TX4 E6</td>
<td>6.90%</td>
<td>£45,945</td>
<td>£3,850</td>
<td>48</td>
<td>£1,001.99</td>
<td>£51,946</td>
<td>£0</td>
<td>£51,946</td>
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<td>6.90%</td>
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<td>£3,850</td>
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<td>£51,946</td>
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<td>£28,696</td>
<td>£86,087</td>
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<td>TX4 E5</td>
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<td>£26,900</td>
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<td>48</td>
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<td>£30,998</td>
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<td>8.20%</td>
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<td>£373.18</td>
<td>£14,759</td>
<td>£0</td>
<td>£14,759</td>
<td>£44,278</td>
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</table>

Table 3 shows indicative Vito purchase costs.

**Table 3: Vito vehicle cost**

<table>
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<tr>
<th>Strategy</th>
<th>Model</th>
<th>HP rate</th>
<th>Price</th>
<th>Deposit</th>
<th>Term</th>
<th>Payments</th>
<th>Total</th>
<th>Less Value</th>
<th>Net Cost</th>
<th>Total cost over 12 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
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<td>£48,400</td>
<td>nil</td>
<td>60</td>
<td>£868.08</td>
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<td>£14,000</td>
<td>£40,494.50</td>
<td>£54,494.80</td>
</tr>
<tr>
<td>2</td>
<td>Vito EU6</td>
<td>5.1</td>
<td>£48,400</td>
<td>nil</td>
<td>48</td>
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<td>£53,258.80</td>
<td>£16,250</td>
<td>£37,008.80</td>
<td>£53,258.80</td>
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</table>

In July 2017 Vito taxis made up 14.1 per cent of the fleet. Purchase costs for these taxis and the TX models have been weighted using this figure to provide an overall average purchase cost.
Pence per mile rates have been calculated assuming an annual vehicle mileage of 22,000 miles.

Parts, Tyres, Garaging & Servicing

In 2011 a study was conducted comparing the changes in costs associated with parts, tyres, garaging and servicing incorporated into the Cost Index over recent years with the yearly changes in the Office for National Statistics RPI figure for “motoring expenditure: maintenance of motor vehicles” (DOCT). The study concluded that the two series were comparable and it was agreed to use this ONS RPI figure to represent these Cost Index items in future. The series has been renamed (CZEA).

In October 2017 the CZEA RPI series showed an annual increase of 3.5 per cent. This gives an increase in the cost per mile of these components from 18.00p in 2016 to 18.63p in 2017.

Fuel

The Derv price index from Arval, which has been used to calculate the change in fuel price, was discontinued in 2013. In deciding on an alternative source of fuel price data, analysis of diesel prices from the AA (available at www.theaa.com/motoring-advice/motoring-costs.html) shows close correlation with the Arval Derv price index. Based on AA data, the average fuel price over the three months to October 2016, was compared with the AA average price over the latest three months to October 2017. This gives a value of 117.4p per litre compared to 120.8p, giving an increase of 2.9 per cent.

Insurance

A similar comparison to that made for parts, tyres and garaging costs was made of previous years’ cost index insurance figures versus the ONS RPI series figure for “motoring expenditure: vehicle tax and insurance” (DOCV), and again it was decided to use the RPI figure in future cost index revisions. The series has been renamed (CZEC).

In October 2017 the CZEC RPI series showed an increase of 18.1 per cent compared to the benchmark August price level used to calculate the last index. This gives an increase in the cost per mile of these components from 13.81p in 2016 to 16.31p in 2017.
Miscellaneous

This comprises the cost of hiring a meter, vehicle licence and driver licence. The average cost in 2016 was £485 or 2.41 pence per mile. The average cost for the same strategies in 2017 was £504 or 2.51 pence per mile, giving an increase of 4.0 per cent.

Earnings Related

The latest average weekly earnings data (headline rate ONS series KAC3) show a 2.2 per cent increase for the three months to September 2017, compared to the three months to July 2016 used for the 2016 index. This gives a cost per mile figure for the updated index of 149.08p, representing 58.6 per cent of the total index cost.

The “knowledge” and “social” costs have also been uplifted each year in line with national earnings. In 2017 these increased to 13.54p and 6.95p respectively, together representing a further 8.1 per cent of the total index cost.

TfL Pricing and Forecasting
15 November 2017
### Taxi Cost Index changes

<table>
<thead>
<tr>
<th>Component Of Index¹</th>
<th>Cost Increase</th>
<th>Weight² Last Year</th>
<th>Contribution To Total³</th>
<th>Data Availability⁴</th>
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<tbody>
<tr>
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<td>Tyres⁵</td>
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<td>0.0%</td>
<td>Oct-2017</td>
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<tr>
<td>Garage &amp; Servicing - Premises⁵</td>
<td>3.5%</td>
<td>0.6%</td>
<td>0.0%</td>
<td>Oct-2017</td>
</tr>
<tr>
<td>Garage &amp; Servicing - Labour⁵</td>
<td>3.5%</td>
<td>2.0%</td>
<td>0.1%</td>
<td>Oct-2017</td>
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<tr>
<td>Fuel⁶</td>
<td>2.9%</td>
<td>9.3%</td>
<td>0.3%</td>
<td>Quarter to Oct-2017</td>
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<tr>
<td>Insurance⁷</td>
<td>18.1%</td>
<td>5.6%</td>
<td>1.0%</td>
<td>Oct-2017</td>
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<tr>
<td>Miscellaneous</td>
<td>4.0%</td>
<td>1.0%</td>
<td>0.0%</td>
<td>Oct-2017</td>
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<tr>
<td>The Knowledge⁸</td>
<td>2.2%</td>
<td>5.4%</td>
<td>0.1%</td>
<td>Quarter to Sep-2017</td>
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<tr>
<td>Social Costs⁹</td>
<td>2.2%</td>
<td>2.8%</td>
<td>0.1%</td>
<td>Quarter to Sep-2017</td>
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<tr>
<td>Total Operating Costs</td>
<td>5.6%</td>
<td>40.6%</td>
<td>2.3%</td>
<td></td>
</tr>
<tr>
<td>Average National Earnings⁹</td>
<td>2.2%</td>
<td>59.4%</td>
<td>1.3%</td>
<td>Quarter to Sep 2017</td>
</tr>
<tr>
<td>Grand Total</td>
<td>7.8%</td>
<td>100.0%</td>
<td>3.6%</td>
<td></td>
</tr>
</tbody>
</table>

### Notes

1. The index components are as normally used in the cost formula. Further details are available on request.
2. ‘Weight’ is the proportion that the component contributes to the total cost per mile.
3. ‘Contribution to total’ indicates the importance of each component’s cost change in determining the overall cost change. It is calculated for each component as the product of its percentage cost increase and its weight. The Grand Total is the sum of the individual components’ contributions.
4. The ‘Data Availability’ column indicates the latest data period to which data in the ‘cost increase’ column relates.
5. As agreed in 2011, costs for Parts, Tyres and Garaging will be uplifted by the yearly change in the Office for National Statistics RPI figure for “motoring expenditure: maintenance of motor vehicles” (DOCT). The series has been renamed (CZEA).
6. The change in fuel costs relates to the change from the average of the AA diesel price for the 3 months to October 2016 to the 3 months to October 2017.

7. As agreed in 2011, costs for insurance will be uplifted by the yearly change in the Office for National Statistics RPI figure for “motoring expenditure: vehicle tax and insurance” (DOCV). The series has been renamed (CZEC).

8. Provisional Knowledge, Social Costs and Average National Earnings changes are based on the year on year ONS average weekly earnings growth for the three months to September 2017.

TfL Pricing & Forecasting
15 November 2017
Appendix 2 – Example Tariff Change

There are different options for what could be done to the minimum fare and the tariff rates, these could be:

- Frozen so no change is made
- Increased
- Decreased

The taxi main driver associations have expressed a view that the minimum fare could be increased by 40 pence and we are interested in your views on this and whether there should be an increase.

A 0.6 per cent increase to Tariffs 1 and 2 has also been suggested and we are interested in your views on this as well as whether there should be any changes to Tariff 3 or the tariff rate for longer journeys (often known as Tariff 4).

If changes to the minimum fare or tariffs rates are made then these will potentially change the average fares or the individual distance or time tariff rates.

The tables below show what the changes would be for one scenario involving the following:

- Minimum fare: Increase of 40p from £2.60 to £3.00
- Tariff 1: 0.6 per cent increase
- Tariff 2: 0.6 per cent increase
- Tariff 3: no change
- Tariff rate for journeys over six miles: no change

### Average Fares

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<th>Ave Fare Changes</th>
<th>Current Average</th>
<th>New Average</th>
<th>Price Increase</th>
<th>Percentage Increase</th>
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<td>Tariff 1</td>
<td>£12.12</td>
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<td>Tariff 2</td>
<td>£14.08</td>
<td>£14.17</td>
<td>£0.09</td>
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<td>Tariff 3</td>
<td>£15.92</td>
<td>£15.92</td>
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<td>All Week</td>
<td>£13.28</td>
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## Tariff Rates

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<td>New</td>
<td>Current</td>
<td>New</td>
<td>Current</td>
<td>New</td>
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<td>Metres/Unit &lt; T4 Tariff Distance</td>
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Example Fares

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</table>

TfL Pricing and Forecasting
30 January 2018
Appendix 3 – Diesel Prices

Diesel prices

The chart below shows London and South East diesel prices published by the AA in its monthly fuel report\(^\text{10}\).

In February 2016 London prices stopped being published and so the figures for the South East were used. Publication of London prices recommenced in January 2017. For this year’s review the South East figures will still be used, so as year on year comparisons can be made.