

Board

Date: 3 February 2016

Item: Taxi Fares and Tariffs - Annual Revision

This paper will be considered in public

1 Summary

- 1.1 The purpose of this paper is to update the Board on the annual taxi fares and tariffs review and ask that it approve the changes to the fares and tariffs shown in Section 2.
- 1.2 This matter was discussed at the Surface Transport Panel at its meeting on 22 October 2015.
- 1.3 On 21 January 2016, the Finance and Policy Committee endorsed the recommendations in this paper.

2 Recommendation

2.1 The Board is asked to note the paper and:

- (a) approve an increase to taxi fares of 1.6 per cent with effect from 2 April 2016;**
- (b) approve a 40 pence additional charge for all taxi journeys to be implemented only if London retail diesel prices (as measured by the AA fuel price report) reach the threshold level as set by Transport for London (TfL) at any point between 2 April 2016 and 31 March 2017 and which if implemented would not extend beyond Friday 31 March 2017;**
- (c) approve an increase to the current minimum taxi fare from £2.40 to £2.60 (subject to the Committee's discussions on recommendations on mandating card payments in taxis);**
- (d) approve changing the end time of Tariff Three from 06.00 to 05.00 with Tariffs One and Two being amended accordingly;**
- (e) approve changing the Tariff Rate for longer journeys so that it is introduced for journeys over six miles rather than the current changeover which takes place when the meter reaches a specific monetary value;**

- (f) approve a provision that fares can be reduced by 40 pence per taxi journey if London retail diesel prices (as measured by the AA fuel price report) drops below the threshold level as set by Transport for London (TfL) at any point between 2 April 2016 and 31 March 2017 and which, if implemented would not extend beyond Friday 31 March 2017;**
- (g) consider if TfL should further explore capped fare schemes instead of fixed fare schemes; and**
- (h) endorse the Finance and Policy Committee's proposal that Officers review the current Cost Index and associated formula to ensure it continues to be appropriate in determining taxi fare revisions.**

3 Background

Taxi fares

- 3.1 The Metropolitan Public Carriage Act 1869 and the London Cab and Stage Carriage Act 1907 allow TfL to make regulations setting taxi fares. TfL may prescribe fares based on time or distance or both and may prescribe different fares for different circumstances.
- 3.2 The London Cab Order 1934 ('the Cab Order') specifies the fares regime that covers most taxi journeys in London. The Cab Order provides that taximeters must be fitted to cabs to calculate the fare, sets out the fare structure and provides the maximum fare payable. Drivers can charge lower fares if they wish.
- 3.3 Taxi fares are normally revised every April and the revision is based on changes to a Cost Index in use since 1981. The Index combines changes in operating costs with national earnings to produce a change in average fares aimed at maintaining drivers' earnings net of operating costs. The Cost Index has worked largely satisfactorily since 1981 to ensure that the fares paid by taxi passengers reflect the costs of the taxi service. Taxi fares are normally changed on the first Saturday of April but sometimes this is deferred for a week to avoid the Easter weekend.
- 3.4 The taxi fares revision for 2015/16 showed a 0.1 per cent decrease to taxi fares which was deferred until April 2016. The only change made in April 2015 was that the fuel charge extra was extended.
- 3.5 A public consultation on taxi fare proposals for 2016/17 closed on 21 December 2015. The consultation asked respondents for their views on:
 - (a) changes to taxi fares and tariffs in London continuing to be based on changes to the Cost Index;
 - (b) continuing the present arrangement that allows taxi drivers to add an extra charge of 40 pence if fuel prices increase significantly;
 - (c) introducing a provision that fares should be reduced if fuel prices decrease significantly;

- (d) whether the current minimum taxi fare should be increased from £2.40 and if so, by how much;
 - (e) changing the times when Tariff Three applies, which is currently every night between 22:00 and 06:00 and also on public holidays;
 - (f) changing when the tariff rate for longer journeys applies from being based on the taxi fare to being based on the distance travelled;
 - (g) whether the Cost Index elements are still appropriate or if changes are required; and
 - (h) fixed fare and capped fare schemes.
- 3.6 There were a total of 418 responses to the consultation. Just over 80 per cent of respondents identified themselves as a London licensed taxi driver and just under 13 per cent of respondents identified themselves as a taxi user.
- 3.7 Prior to the consultation a series of meetings have been held with taxi stakeholders. These meetings have been attended by the following organisations: Licensed Taxi Drivers Association (LTDA), London Cab Drivers Club (LCDC), the RMT, Unite the Union, United Cabbies Group (UCG), Computer Cab, Dial-a-Cab, Radio Taxis, Gett and Hailo.
- 3.8 As in previous years, the responses to the public consultation have been used to inform the changes the Board is asked to approve including whether or not taxi fares are increased.
- 3.9 Between 15 June and 24 July 2015, TfL conducted a public consultation asking whether passengers should be able to pay by debit or credit card in all taxis in London. The majority of respondents have agreed to this proposal and the Board is asked to consider and approve this alongside and a number of related recommendations. A paper on mandating credit card payments in taxis is to be considered elsewhere on the agenda for this meeting, although the proposals for changes to the card payment surcharge are included in this paper.

4 Annual Revision – General Change in Tariffs

Projected Cost Index changes

- 4.1 The Cost Index is intended to take into account the costs associated with operating a taxi and being a taxi driver in London and the year on year changes to these are used to calculate the change to average taxi fares.
- 4.2 Research amongst taxi drivers in 2014 showed that just over two thirds (69 per cent) felt increases to taxi fares and tariffs should continue to be calculated in the same way.
- 4.3 The taxi Cost Index currently shows a proposed increase to taxi fares of 1.7 per cent and the projected licensed taxi Cost Index changes are shown in Table 1. Taking into account the deferred 0.1 per cent decrease the current change to taxi fares would be a 1.6 per cent increase.

Table 1. Projected licensed taxi Cost Index changes

Index Component	Cost Increase	Weight	Contribution to Total	Data availability
		Last Year		Latest
Vehicle Cost	8.6%	9.1%	0.8%	N/A
Parts	1.8%	4.2%	0.1%	November 2015
Tyres	1.8%	0.6%	0.0%	November 2015
Garage & servicing – premises	1.8%	0.6%	0.0%	November 2015
Garage & Servicing – labour	1.8%	2.0%	0.0%	November 2015
Fuel	-12.8%	10.6%	-1.4%	Sep – Nov 2015
Insurance	11.3%	4.5%	0.5%	November 2015
Miscellaneous	0.8%	1.0%	0.0%	N/A
The Knowledge	2.4%	5.4%	0.1%	Aug – Oct 2015
Social Costs	2.4%	2.8%	0.1%	Aug – Oct 2015
Total Operating Costs	0.6%	40.7%	0.3%	
Average national earnings	2.4%	59.3%	1.4%	Aug – Oct 2015
Grand Total	3.0%	100%	1.7%	

- 4.4 The index components are as normally used in the cost formula. 'Weight' is the proportion that the component contributes to the total cost per mile. '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. The 'latest' column under 'Data availability' indicates the dates to which data in the 'cost increase' column relates.
- 4.5 As agreed in 2011, costs for Parts, Tyres and Garaging will be uplifted by the yearly change in the Office for National Statistics Retail Price Index (RPI) figure for "motoring expenditure: maintenance of motor vehicles" (DOCT) published on 15 December 2015.
- 4.6 The change in fuel costs relates to the change from the average of the AA diesel price for the three months to December 2014 to the three months to November 2015.

- 4.7 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) published on 15 December 2015.
- 4.8 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 October 2015.
- 4.9 The Cost Index was updated in December 2015 with the latest fuel figures available plus vehicle costs from the taxi vehicle manufacturers. The proposed increase is higher than both the RPI and the Consumer Price Index (CPI) which are 1.1 per cent and 0.1 per cent respectively (November 2015)¹.
- 4.10 Sixty per cent of respondents to the public consultation thought that changes to taxi fares should continue to be based on the Cost Index. London TravelWatch (LTW) and as well as the LTDA, LCDC, RMT and Unite all felt that the Cost Index should continue to be used. However, just over 20 per cent of respondents felt that an alternative method of reviewing taxi fares should be used.
- 4.11 Forty Two per cent of respondents felt that the elements including in the Cost Index were still correct. Only 14 per cent did not feel that they were correct but a third (33 per cent) didn't know.

Possible Impact of Proposed Increase

- 4.12 In 2014 the overall passenger satisfaction score for London's taxi services was 83 out of 100 and the overall satisfaction score has remained fairly consistent since 2002. The same research showed that just over two thirds (67 per cent) of taxi passengers thought that taxi fares were much or a little too expensive. Just under one third (31 per cent) thought taxi fares were about right whilst the remaining two per cent thought that fares were too low².
- 4.13 An increase to taxi fares will help ensure that drivers are able to meet their overhead costs and maintain earnings. It is important to ensure that taxi drivers are able to meet these costs so that taxi driving remains a viable career for drivers who have invested time and money in completing the Knowledge of London and the supply of licensed taxis, especially at key times such as late at night, is not reduced by drivers reducing their working time or leaving the trade. However, increasing taxi fares may deter some people, including existing taxi passengers, from using taxis if they perceive them to be too expensive.
- 4.14 While fares are increasing overall, passengers will see a reduction for individual journeys should recommendations in paragraphs 2.1(d) and 2.1(e) above be approved which will amend the time for tariff three from 06:00 to 05:00 and amend the tariff rate for longer journeys.

¹ ONS Statistical Bulletin, November 2015, www.ons.gov.uk/ons/rel/cpi/consumer-price-indices/november-2015/stb-cpi-november-2015.html#tab-Consumer-Prices-Index--CPI- and www.ons.gov.uk/ons/rel/cpi/consumer-price-indices/november-2015/stb-cpi-november-2015.html#tab-Retail-Prices-Index--RPI--and-RPIJ

² Taxi and Minicab Passenger Customer Satisfaction Survey 2014/15, TNS

5 Fuel Threshold Extension

- 5.1 Since July 2008 arrangements have been in place to allow an extra charge to be added to taxi fares if London average diesel costs reached a threshold level, in order to compensate drivers for significant mid-year rises in fuel costs. If diesel costs reached this level then the Cab Order would be amended to include this extra charge. The Board approved extending this arrangement at its meeting of 4 February 2015, with 40 pence extra for each journey charged if London retail diesel fuel prices (as measured by the AA Fuel Report) reached the threshold level set by TfL at any point between Saturday 11 April 2015 and Friday 1 April 2016.
- 5.2 The Arval index has previously been used to measure London retail diesel fuel prices but is no longer published and the average diesel price is now taken from the AA Fuel Price Report³. The AA Fuel Price Report will continue to be used as this provides a reliable and trusted source for fuel prices. Although fuel prices are only published monthly, historical figures have closely followed the Arval index.
- 5.3 Following the same approach that has been used in previous years, the new threshold level would be 148.56 pence per litre.

Fuel Reduction Provision

- 5.4 Last year, when considering whether to extend the fuel threshold arrangement where fares would increase should there be a significant rise in fuel costs, it was suggested that there should be a similar arrangement in place to reduce taxi fares if there was a significant decrease in diesel prices. This proposal and how it might be implemented was included in this year's consultation.
- 5.5 Just under 70 per cent of respondents felt that the existing provision to allow an increase in taxi fares if diesel prices rise significantly should continue. When asked whether a similar arrangement should be in place if fuel prices decrease 38 per cent of respondents felt that such an arrangement should be in place to decrease fares in the event of a significant reduction in diesel prices, whilst 47 per cent felt that no arrangement should be introduced. 43 per cent of respondents, including LTW, felt that the arrangement should be the same as that in place for significant rises in diesel prices, i.e. drivers would reduce each fare by 40 pence.
- 5.6 Although the majority, almost half of respondents did not support an arrangement being introduced to cover significant reductions in diesel prices, the Board is asked to approve this, given a similar arrangement already exists to cover significant increases in fuel prices.
- 5.7 Following the same approach that has been adopted in setting a threshold for fuel price increases, the threshold for this fuel reduction provision would be 72.70 pence per litre. This means that in the event of diesel prices falling to 72.70 pence per litre or below, 40 pence would be deducted from every taxi journey which would remain in place until the next fare review.

³ The AA fuel price report http://www.theaa.com/motoring_advice/fuel/

6 Minimum Fare

- 6.1 It has been suggested that the current minimum taxi fare of £2.40 is relatively low and should be increased. This was last changed in April 2012 when it was increased by 20 pence from £2.20 to £2.40.
- 6.2 There are various taxi fares and minimum fares in place in different parts of the UK, some of these are shown below in Table 2.

Table 2. Examples of minimum taxi fares

Location	Minimum fare	When applicable
London	£2.40	At all times
	£4.00 extra charge	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
Birmingham	£2.20	Monday to Saturday between 07:00-23:00
	£2.40	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)
	£2.60	Friday and Saturday between 23:00-07:00, all day on Boxing Day, Christmas Eve between 19:00-23:59 and New Year's Eve between 19:00-23:59
	£3.00	All day on Christmas Day and New Year's Day between 00:00-07:00
Cambridge	£2.80	07:00-19:00
	£3.80	19:00-07:00, Sundays and Bank Holidays
	£4.80	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
Hertfordshire	£3.00	Standard tariff
	£4.50	00:00 and 06:00, all day Sunday and all day on Bank Holidays
	£6:00	All day Christmas Day
Manchester	£2.30	06:00-22:00
	£2.80	22:00-06:00, all day on Bank Holidays and Good Friday
Plymouth	£3.00	Monday to Saturday, 06:00-19:00
	£3.50	Monday to Saturday, 19:00-00:00, Sundays and Bank Holidays from 06:00-19:00

Location	Minimum fare	When applicable
	£4.00	Monday to Saturday, 00:00-06:00, Sundays and Bank Holidays from 19:00-00:00
	£4.50	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
	£6.00	New Year's Day from 00:00 to 06:00
Portsmouth	£2.20	07:00-22:00
	£2.60	22:00-07:00

- 6.3 Responses regarding the current minimum fare were mixed with 38 per cent saying that the minimum fare should be increased and eight per cent saying it should be decreased. However, 46 per cent felt that there should be no change. The LTDA, LCDC, RMT and Unite were not opposed to the principle of increasing the minimum fare.
- 6.4 The Board is asked to approve increasing the minimum fare by 20 pence from 2 April 2016. This would be in response to all taxis being required to accept card payments from October 2016, and the card payment surcharge passengers pay being removed completely.
- 6.5 In accordance with TfL's guidelines for electronic payment devices, TfL approves all card payment device types prior to them being installed in London taxis. Approved card payment devices are published on TfL's website. This is to ensure the safety and security of taxi passengers. TfL would introduce a new requirement setting the maximum charge that approved card payment devices can pass on to drivers. This will be set at three per cent. The Board is asked to approve this change.

7 Tariff Three

- 7.1 Tariff Three currently applies to taxi journeys at night between 22:00 and 06:00 and also on public holidays.
- 7.2 The Tariff Three rate is higher than all of the other tariff rates and it has been suggested that the times when Tariff Three applies should be reviewed and changed so that this rate starts later and finishes earlier. The different tariff rates and times when these apply are shown in Table 3.

Table 3. Current tariff rates and times

Tariff	Rate	Times when the tariff currently applies
Tariff one for journeys up to six miles	£2.55 per mile	Monday to Friday, 06:00-20:00
Tariff two for journeys up to six miles	£3.14 per mile	Monday to Friday, 20:00-22:00 Saturday and Sunday, 06:00-22:00
Tariff three for journeys up to six miles	£3.89 per mile	Every night, 22:00-06:00 Public holidays
Tariff rate for journeys over six miles	£3.64 per mile	At all times for journeys over six miles

- 7.3 Tariff Three was introduced in November 2001 and the current times when it applies came into effect in April 2003. The intention of this tariff rate was to encourage more taxi drivers to work late at night and increase the supply of available taxis. However, the higher rate could actually deter some passengers from using taxis as they feel they are too expensive between the times when Tariff Three applies.
- 7.4 Research from 2014 showed satisfaction amongst taxi passengers who travelled when Tariff Three applied was lower compared to passengers who travelled when Tariff One or Two applied. They were also more likely to say that taxi fares were too expensive compared to passengers who travelled when Tariffs One and Two applied.
- 7.5 Forty eight per cent of respondents felt that Tariff Three should continue to start at 22:00 with 40 per cent saying that it should not. Just under a quarter (24 per cent) of those who responded to the question about an alternative start time thought that it should be 00:00 (midnight).
- 7.6 Sixty seven per cent of respondents felt that Tariff Three should continue to end at 06:00 with 19 per cent saying that it should not. The most popular alternative end time amongst those who answered this question was 05:00 (8 per cent).
- 7.7 The LTDA, LCDC, RMT and Unite were not opposed to Tariff Three ending at 05:00 but objected to any other changes to the tariff structure.
- 7.8 Thirty nine per cent of respondents felt that Tariff Three was about right, however, half (50 per cent) felt that it was a little or much too expensive.

8 Tariff Rate for Longer Journeys

- 8.1 The tariff rate for taxi journeys above six miles is different to the rate for journeys below six miles. At present the change to the tariff rate for journeys over six miles actually comes into effect once the taximeter reaches a certain fare. The different rates and the fares at which the tariff rate changes are shown in Table 4.

Table 4. Tariff rates and fare at which the rate changes

Tariff	Rate per mile	Fare at which the tariff rate changes
Tariff one for journeys up to six miles	£2.55	£17.40
Tariff two for journeys up to six miles	£3.14	£21.00
Tariff three for journeys up to six miles	£3.89	£25.40
Tariff rate for journeys over six miles	£3.64	NA

8.2 Having the tariff rate change once a certain fare is reached means that passengers could potentially pay the different tariff rate before their journey reaches six miles. Just over half (51 per cent) of respondents felt that the different rate should apply once a certain distance is reached, with 29 per cent saying that the different fare should apply once a certain fare has been reached.

8.3 Extensive discussions with the taxi trade on making other changes to the tariff rate for longer journeys took place during summer 2015. The discussions covered scrapping this additional tariff, reducing it or increasing the point from which it is intended to start from six miles to 12 miles.

9 Capped and Fixed Fare Schemes

9.1 The current taxi fare from Heathrow Airport can vary significantly and can typically be between £46.00 and £85.00. It is felt that passengers arriving at Heathrow Airport and wanting to take a taxi to central London would benefit from knowing what the fare would be and some other cities already offer fixed fares from an airport.

9.2 In the taxi fares and tariffs consultation, proposals were included for fixed fares between Heathrow Airport and central London. There were mixed views from respondents on the proposals with many respondents recognising the difficulties in a fixed fare scheme where there are significant contributing factors to take into consideration including the different tariff structure based on time of day, local traffic conditions and availability of taxis. Fixed fares are already offered by radio circuits and taxi apps.

9.3 This was explored further by TfL during a series of workshops held in summer 2015 with taxi trade representatives from the LTDA, LCDC, Unite, RMT, UCG, Heathrow Airport Taxi Drivers United, Hailo, Gett, Dial-a-Cab, ComCab and Radio Taxis. All agreed fixed fares would be extremely difficult to implement to find a rate that would be a good deal for passengers but would still allow drivers to earn money.

- 9.4 One alternative to fixed fares which was explored during the workshops with the taxi trade was whether a capped fare scheme could be introduced. With capped fares the fare would still be on the meter but there would be a maximum limit. For example if a capped fare of £60.00 for a particular journey was introduced then this would be the maximum amount a passenger would pay even if the fare on the taximeter went above £60.00. If the final fare shown on the taximeter was below £60.00 then the passenger would pay whatever that fare was. This was not supported by any of the taxi driver associations during the workshops.
- 9.5 Fifty seven per cent of respondents were in favour of fixed fare taxi scheme with less support (48 per cent) for capped fare taxi schemes. The LTDA, LCDC, RMT and Unite did not agree with the suggestion that certain fares should be fixed or capped whilst LTW, London Councils, Dial-a-Cab, Bromley and Kensington & Chelsea councils, Mountview House Group, Heathrow Airport taxi Drivers United (HATDU), and Gett were in favour of either some fixed or capped fare schemes.

10 Crime and Disorder

- 10.1 TfL has a duty under section 17 of the Crime and Disorder Act 1998 to exercise its functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent:
- (a) crime and disorder in its area (including anti-social and other behaviour adversely affecting the local environment);
 - (b) the misuse of drugs, alcohol and other substances in its area; and
 - (c) re-offending in its area.
- 10.2 Licensed taxis play a vital role in providing safer transport late at night. A balance needs to be maintained between ensuring that taxi drivers are encouraged to work late at night but that the public does not perceive taxis as unaffordable and see illegal, unsafe 'cabs' as a cheaper and preferable option.
- 10.3 Any changes that result in taxi fares increasing could result in some people not using taxis, as they perceive them to be too expensive, and instead using other transport modes or potentially illegal 'cabs'. If there was an increase in taxi fares and fall in demand then this would affect taxi drivers' earnings and in turn could potentially lead to some suburban drivers working in areas they are not licensed for in order to find more work. There are already complaints from some suburban drivers about the problems they face regarding the levels of work available.
- 10.4 Conversely, decreasing taxi fares and/or, reducing the period when the highest tariff rate applies could encourage some people to use taxis instead of illegal 'cabs' and increase the demand for taxis in general. It is felt that the proposals consulted on do strike a balance between benefitting taxi passengers whilst ensuring that taxi drivers are not worse off.
- 10.5 Introducing fixed or capped fares from Heathrow Airport would likely to result in drivers no longer working at the Airport rather than risk waiting several hours for a fare and then losing money on that fare. This would reduce the number of available taxis at the Airport which could increase touting opportunities for illegal cabs.

11 Equality Implications

- 11.1 TfL must have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation as well as to advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not under section 149 of the Equality Act 2010. Due regard that is appropriate in all of the circumstances must be had at the time decisions are taken and is an ongoing obligation. This may involve removing or minimising any disadvantage suffered by those who share a relevant protected characteristic, taking steps to meet the needs of such people; and encouraging them to participate in public life, or in any other activity where their participation is disproportionately low. The "protected" characteristics and groups are: age, disability, gender reassignment, pregnancy and maternity, race, gender, religion or belief, sexual orientation and marriage/ civil partnership status. Compliance with this obligation may involve treating people with a protected characteristic more favourably than those without the characteristic.
- 11.2 Taxis are heavily used by disabled and elderly Londoners and these protected groups will be affected by any fare increase. The public consultation on changes to taxi fares closed on 21 December 2015. This gave an opportunity to anyone, including disabled and elderly taxi passengers and organisations that represent them to comment on the proposals and submit their comments or concerns to TfL. The consultation was sent to Age UK, Independent Age, London MPs, Transport for All and LTW.
- 11.3 No response to the consultation was received from Age UK, Independent Age or Transport for All. LTW responded using the online form but they did not make any specific comments in relation to disabled or elderly taxi passengers. They said taxi fares should continue to be based on the Cost Index but that the three current tariff rates plus the rate for longer journeys were all a little too expensive.
- 11.4 Justine Greening, MP for Putney, Roehampton and Southfields, responded to the consultation. She broadly agreed with the proposed changes but raised a concern about a lack of taxis in some parts of Putney and suggested locations for new taxi ranks. A response was received from the Taxicard section of London Councils and they felt that Tariff One was about right but that the other tariff rates, including for longer journeys, were all a little too expensive.
- 11.5 Reducing the period when Tariff Three applies could partly address these concerns. Changing when the tariff rate for longer journeys applies from being based on fares to distance would benefit protected groups.
- 11.6 In their response Barking and Dagenham Council stated that they are moving towards personalised budgets in adults social care which allow customers the ability to choose their care, including transport such as taxis, so it is essential that councils and disabled and vulnerable passengers are made aware of any changes to taxi fares.
- 11.7 An increase to taxi fares will affect disabled and elderly passengers and Taxicard users, meaning they will pay higher fares for the same trips. However, they would benefit from any changes that reduce the period when the highest tariff rate applies. They may also benefit from fixed fare or capped fare schemes but this would be dependant upon what the fares were and where the schemes operated.

12 Financial Implications

- 12.1 TfL makes a contribution of approximately three quarters of the cost to the Taxicard scheme. The current multi year agreement between TfL and London Councils provides for TfL to give a fixed rate grant of £9.4m (+£0.3m transition allowance) in 2012/13 and in years 2013 - March 2017 inclusive. TfL's grant to the Taxicard scheme will be based on the 2012/13 settlement, uplifted by the annual April Taxi Tariff increase. It has been the responsibility of the participating London boroughs to provide any annual top up funding required between 2012-16 inclusive, to fund local variations in provision.
- 12.2 Removing the card payment will mean that the total payment drivers receive when a passenger pays by card will be lower, although drivers should already only charge what it costs them to accept card payments.

13 Views of the Finance and Policy Committee

- 13.1 On 21 January 2016, the Finance and Policy Committee considered a similar paper. The Committee endorsed the recommendations of this paper, but requested that TfL review the current Cost Index and associated formula to ensure that it continues to be appropriate in determining taxi fare revisions. These changes have been reflected in the recommendations in this paper.

List of appendices to this report:

None

List of Background Papers:

None

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