

TRANSPORT FOR LONDON

BOARD

**SUBJECT: TAXI FARES**

**DATE: 2 FEBRUARY 2012**

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**1 PURPOSE AND DECISION REQUIRED**

- 1.1 This purpose of this paper is to ask the Board to approve the proposed changes to taxi fares and related regulations.
- 1.2 The Finance and Policy Committee considered a similar paper at its meeting on 19 January 2012 and endorsed the recommendations.

**2 BACKGROUND**

**Taxi fares**

- 2.1 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.
- 2.2 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.
- 2.3 Taxi fares are normally revised each April based on changes to a cost index in use since 1981. The index, agreed with the taxi trade, 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 (as this year) this is deferred for a week to avoid the Easter weekend.
- 2.4 In February 2011, the Board approved an increase in fares of 2.7 per cent.

**Fixed-fare sharing schemes**

- 2.5 The Transport Act 1985 allows TfL to set the fares for taxi sharing schemes, either in relation to the metered fare or on a fixed-fare basis. In 2005 TfL made the London Taxi Sharing Scheme Order 2005 that established a fixed-fare sharing scheme at Paddington station. This scheme was subsequently revised to cover other areas.

**Standing orders**

- 2.6 Under TfL's Standing Orders, any proposal to make, amend or revoke a Cab Order which prescribes fares for taxis is a matter reserved to the Board.

Authority to make, amend or revoke other Cab Orders is delegated to the Commissioner, or other officers.

### **Consultation**

- 2.7 Taxi trade organisations as well as representatives of taxi customers (such as London TravelWatch and the London Chamber of Commerce and Industry) were asked to provide comments on the proposals through formal consultation which was launched on 31 October 2011 and closed on 28 November 2011. Other key stakeholders such as Assembly Members and London MPs were also informed of the consultation.

## **3 ANNUAL REVISION – GENERAL CHANGE IN TARIFFS**

- 3.1 The taxi cost index was published to consultees on 31 October 2011 and showed a proposed increase to taxi fares of 5.2 per cent. Since October the cost index has been revised twice, the more recent revision occurring on 13 January 2012 to include the most recent fuel costs. The proposed increase to taxi fares is now 5.3 per cent. The changes in the cost index elements are set out in the table in Appendix 1.
- 3.2 Prior to the start of the consultation the taxi trade requested a 20 pence increase in the £2.20 'flag fall'. The flag fall was last increased in 2005 when the 20 pence environmental extra was introduced but has not been increased since then. Prior to this, the last increase was in 2003 and as this had not been reviewed for nine years it was felt appropriate that a 20 pence increase to the flag fall, raising this to £2.40, should be included in this year's consultation.
- 3.3 There was broad support from the taxi driver associations and most respondents for the proposed increase in taxi fares by 5.2 per cent and for the increased flag fall. However, the taxi radio circuits raised concerns that the increase is too high for taxi passengers at a time of economic difficulty and may result in reduced taxi usage. The radio circuits acknowledged that moving away from the agreed formula for calculating fares would be unusual but that they considered an increase of between 3 to 4 per cent would be more appropriate at this time.
- 3.4 It was, however, not felt appropriate to depart from the existing cost index as this takes into account taxi driver overheads, has been successfully used to determine taxi fare increases since 1981 and no alternative formula has been discussed or agreed with the relevant stakeholders.
- 3.5 The Board is asked to approve an increase of 5.3 per cent for taxi fares. This increase compares with the Retail Price Index inflation figure of 5.2 per cent and the Consumer Price Index increase of 4.8 per cent (both November 2011).
- 3.6 The Board is also asked to approve an increase of 20 pence in the £2.20 flag fall that would apply across all tariff bands. The table in Appendix 2 sets out the current and revised average fares for each tariff, taking into account the 5.3 per cent average increase in taxi fares and a 20 pence increase in the flag fall.
- 3.7 At Heathrow Airport, there are taxi ranks serving all main terminals and every taxi accessing a rank needs to pass through the taxi feeder park. BAA charge a fee for entering the taxi feeder park to cover the administration and maintenance costs of operating the feeder park. To compensate drivers for having to pay this fee, a 'Heathrow Extra' is charged to passengers for every taxi journey that starts from Heathrow Airport. At present, the Heathrow Extra is £2.40 per trip.

3.8 The main taxi driver associations have proposed increasing the Heathrow Extra from £2.40 to £3.20. However, it is not proposed to increase the Heathrow Extra payable by passengers as, following a review of the costs of operating the feeder park, BAA has recently announced that they are reducing the charge for taxis entering the feeder park from £6.54 to £6.00.

#### **4 EXTENSION OF THE FUEL CHARGE EXTRA**

4.1 Since July 2008, special provisions have been in place to allow an extra 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. This arrangement was continued by the Board in February 2011, with a 40 pence extra if London retail diesel fuel prices (as measured by the Arval index) reached the threshold level of 159.7 pence per litre between 2 April 2011 and 1 January 2012. The graph in Appendix 3 shows fuel price changes over recent years.

4.2 The proposed extension of the fuel charge extra during 2012/13 was included as part of the consultation.

4.3 The general response to extending this arrangement was positive, although the taxi radio circuits were against a fuel charge extra being introduced if taxi fares were increased by 5.2 per cent, as they felt this would be unfair on passengers.

4.4 Two of the main drivers' associations considered that the extra charge should be reduced to 20 pence and the threshold reduced accordingly. However, it is considered that this provision should only be implemented for a significant increase in fuel costs and it is proposed that the 40 pence increment be retained as this provides an appropriate degree of stability for customers while compensating drivers if fuel costs increase significantly.

4.5 The Board is therefore asked to approve the introduction of a 40 pence extra to be charged if London retail diesel fuel prices (as measured by the Arval index) reach the threshold level of 179.7 pence per litre between 14 April 2012 and 6 April 2013. This is equivalent to the arrangement that was approved by the Board in 2011 except the fuel charge extra did not apply for the full year (it did not apply if the threshold was exceeded after 1 January 2012 as it was not felt that there would be sufficient time to introduce the additional charge and notify drivers and passengers of this before the next tariff change came into effect). It is now, however, considered possible for the fuel charge extra to apply for the full year. If the threshold diesel price is reached, appropriate publicity measures would be taken.

4.6 Once in place, the extra fuel charge would remain in force until 6 April 2013 (the annual tariff revision) even if fuel prices subsequently fell.

#### **5 EXISTING FIXED-FARE ARRANGEMENTS**

5.1 A number of fixed fare sharing arrangements operate in London and these arrangements have been regulated since 2005. The fixed fares have been set to give a balance in the benefit from the sharing scheme, with the driver receiving more than the metered fare and each passenger paying less than they would pay for an exclusive journey. Passengers also benefit from reduced waiting time for taxis and there is a general community benefit from more efficient utilisation of taxis reducing congestion, noise and emissions.

- 5.2 Increases to the fixed fares from Paddington Station, Euston Station and Buckingham Palace to the areas served by these fixed-fare schemes were included in the consultation. Details of the existing and proposed fixed-fares are shown in Appendix 4.
- 5.3 Responses to the consultation were generally supportive of the proposals for changes to the existing fixed-fare arrangements.
- 5.4 The Board is asked to approve the proposed fixed fares.

## **6 TAXIS DURING THE LONDON OLYMPIC AND PARALYMPIC GAMES**

- 6.1 During the summer of 2012, London will host the Olympic and Paralympic Games. These major events will mean significant changes in travel behaviour throughout London, with changes to the road network, large numbers of visitors and a campaign to reduce levels of travel by Londoners. Taxis and therefore taxi passengers will be impacted by these changes and it is important that a good taxi service continues to be provided to London's businesses, residents and visitors, particularly those with mobility needs, during the Games' period.
- 6.2 A number of proposals were consulted on in relation to the operation of taxis during the London Olympic and Paralympic Games ("Games time"), as set out below.

### **A. Premium on fares during the Games time**

- 6.3 In order to encourage taxi drivers to work at Games time, the Licensed Taxi Drivers' Association (LTDA), the main taxi driver association, proposed that there should be a premium on fares during the Games. At the request of the LTDA, this was included in the fares consultation and it was proposed that Tariff 2 should apply at the normal times for Tariff 1 (Monday-Friday 6 am – 8 pm) and Tariff 3 at other times. This proposal would result in fares being approximately 22 per cent higher at all times except late at night.
- 6.4 An alternative proposal to allow a 40 pence or 80 pence extra to be added to fares during Games time, adding about four or eight per cent to fares, was also included in the consultation.
- 6.5 Charging higher taxi fares during the Games attracted widespread negative media coverage during the consultation and a number of complaints. The Transport Secretary, Justine Greening, also commented on the proposal in an interview with the Evening Standard and said that when tourists visit London they needed to "feel like it is affordable to come back".
- 6.6 The majority of responses to this proposal, which included comments from taxi passengers as a result of the media attention, but also responses from other taxi driver organisations, were opposed to this proposal. Most taxi driver responses expressed a concern that higher fares during Games time would reflect badly on taxi drivers and drive away regular passengers. There was also concern that the higher fares would be payable by taxi passengers in suburban areas not affected by the Games.
- 6.7 The LTDA and Unite were the only respondents in support of this proposal as a way to encourage taxi drivers to work during the period of the Games. In light of the opposition to this proposal, it is not recommended to proceed with this proposal.

## **B. Fixed-fare sharing schemes during Games time**

- 6.8 Providing fixed-fare sharing schemes during Games time at relevant locations was included in the consultation. The existing fixed-fare sharing schemes operate almost entirely within the times covered by Tariff 1 however it is anticipated that during Games time there will be high levels of demand at other times including weekends and late at night.
- 6.9 The consultation proposed that additional provision should be made for fixed-fares when Tariff 2 applies to be approximately 20 per cent higher than Tariff 1 and the fixed-fares when Tariff 3 applies to be around 40 per cent higher than Tariff 1.
- 6.10 There was broad support for the introduction of additional fixed-fare schemes during Games time, however, the main taxi driver associations requested further information and discussion regarding the actual fares to be charged and were concerned that the fares in the consultation would not be high enough to encourage drivers to serve the fixed-fare schemes during the Games.
- 6.11 Fixed-fare sharing schemes offer a number of benefits including passengers paying lower fares, drivers getting more revenue for each trip and reduced trips overall, meaning less congestion. During the Games, fixed-fare sharing schemes could help to meet the increased demand for taxis at key locations and be an important aspect of the overall traffic management arrangements.
- 6.12 Although the exact traffic conditions and potential increases to journey times during the Games are not known, in order to make the fixed-fare sharing schemes attractive to drivers, and so ensure a good supply of taxis, whilst also ensuring that fares are not excessive for passengers the fixed-fares in the consultation paper for Tariff 1 have now been reviewed and increased by 50 pence. The Tariff 2 and 3 fares have then been calculated by increasing the Tariff 1 fares by approximately 25 per cent and 35 per cent respectively. Fares have been rounded up to the nearest 50 pence where necessary.
- 6.13 The Board is asked to approve the introduction of the additional fixed-fare taxi sharing schemes set out in Appendix 5.
- 6.14 However, as the impact of the Games on taxis and consequently the effectiveness of the proposed fixed-fare taxi sharing schemes is unknown at this time it is considered that amendments may need to be made to the proposed fixed-fare taxi sharing schemes detailed in Appendix 5 either before or during Games time to ensure the proposed schemes operate effectively. Consequently, the Board is asked to delegate to the Commissioner (or in his absence, the Managing Director Surface Transport) authority to finalise the fares, implementation and operational dates and locations at which the proposed fixed-fare taxi sharing schemes should operate during Games time.

## **7 PRE-AGREED FARES FOR PRE-BOOKED JOURNEYS**

- 7.1 It has been suggested that greater freedom to offer agreed fares for booked journeys would help firms offering pre-booked taxis compete for bookings, as many businesses would prefer a price structure known in advance of the journey rather than fares that depend on the meter calculation for each journey. A proposal for pre-agreed fares for pre-booked journeys was included in the 2010 consultation and further details about how such a scheme would operate were included in the recent consultation.
- 7.2 It was proposed that companies that meet specified criteria should be allowed to offer pre-agreed fares for pre-booked taxi journeys and to disapply the meter. Further details on to the proposed scheme are contained in Appendix 6.
- 7.3 Only companies that meet the specified criteria would be permitted to operate under the scheme. Individual taxi drivers accepting fares on the street or at taxi ranks would still be required to charge metered fares, at the tariff rates authorised by the Board and the maximum fare payable would continue to be that shown on the meter at the end of the journey. Taxi drivers would still be able to charge less than the metered fare at the end of the journey.
- 7.4 The taxi radio circuits supported the proposal but felt that it should operate from all postcodes and not be restricted to certain locations. Two respondents commented on the fixed-fares currently charged at Heathrow Airport and raised concerns about these being too high.
- 7.5 The Board is therefore asked to:
- (a) approve the implementation of a scheme allowing the charging of pre-agreed fares by taxi companies meeting certain criteria as outlined in Appendix 6; and
  - (b) authorise the Commissioner (or in his absence the Managing Director Surface Transport) to finalise the criteria and circumstances in which this scheme will operate.

## **8 CRIME AND DISORDER**

- 8.1 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.

## **9 EQUALITY AND INCLUSION**

- 9.1 Taxis are heavily used by disabled and elderly visitors and Londoners, including Taxicard users, and these groups will be affected by the fare increases.
- 9.2 There is expected to be an increased demand for taxi services from disabled passengers during the Games and these users will be affected by the general fare increase but would not be subject to additional extra or higher tariff rates.

## **10 FINANCIAL**

10.1 TfL makes a substantial contribution of approximately two thirds of the cost to the Taxicard scheme. In 2011/12, the available contribution increased by 2.7 per cent over the 2010/11 level and is set to increase again by 2.7 per cent in 2012/13. Whilst a 5.3 per cent increase in taxi fares is above the increase to TfL's contribution towards the Borough Taxicard scheme, due to a decrease of approximately 20 per cent in the number of Taxicard trips taken during 2011/12 it is likely that – providing there are no unpredictable increases in the number of trips taken during the year – TfL's top-up to the boroughs' funding of the scheme will be sufficient.

## **11 RECOMMENDATIONS**

11.1 The Board is asked to NOTE the paper and:

- (a) APPROVE an increase to taxi fares by 5.3 per cent and the making of a London Cab Order to implement the new fares, with effect from Saturday 14 April 2012 to be signed by the Commissioner (or in his absence the Managing Director Surface Transport);
- (b) APPROVE an increase to the taxi flag fall by 20 pence from £2.20 to £2.40 with effect from Saturday 14 April 2012, such increase to be included in the London Cab Order referred to in paragraph 11.1(a) above;
- (c) AUTHORISE a 40 pence additional charge to be implemented only if London retail diesel prices (as measured by the Arval index) reach the threshold level of 179.7 p/litre between 14 April 2012 and 6 April 2013 and if implemented would not extend beyond 6 April 2013;
- (d) AUTHORISE the Commissioner (or in his absence the Managing Director Surface Transport) to make and sign a London Cab Order to implement the additional charge referred to in paragraph 11.1(c) above;
- (e) APPROVE the increase to the fixed-fare taxi sharing schemes set out in Appendix 4 and the making of a London Taxi Sharing Scheme Order to implement the new fares, with effect from Saturday 14 April 2012 to be signed by the Commissioner (or in his absence the Managing Director Surface Transport);
- (f) APPROVE the additional fixed-fare schemes for the 2012 Olympic Games and Paralympics games as detailed in Appendix 5;
- (g) AUTHORISE the Commissioner (or in his absence, the Managing Director Surface Transport) to finalise the fares, implementation and operational dates and locations at which the fixed-fare taxi sharing schemes should operate during Games time and make and sign a London Taxi Sharing Scheme Order to implement the new fixed-fare taxi sharing schemes;
- (h) APPROVE the implementation of a scheme allowing the charging of pre-agreed fares by taxi companies meeting certain criteria as outlined in Appendix 6; and

- (i) AUTHORISE the Commissioner (or in his absence the Managing Director Surface Transport) to finalise the criteria and circumstances in which this scheme will operate, and make and sign a London Cab Order to implement the new scheme referred to in paragraph 11.1(i) above.

## **12 CONTACT**

12.1 Contact: John Mason, Director, London Taxi and Private Hire  
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## PROJECTED LICENSED TAXI COST INDEX CHANGES 2012

Index Component <sup>1</sup>	Cost Increase	Weight <sup>2</sup>	Contribution to Total <sup>3</sup>	Data availability <sup>4</sup>	
		Last Year		Current	Normally used
Vehicle Cost	6.9%	8.4%	0.6%	Oct	Oct
Parts <sup>5</sup>	4.8%	4.1%	0.2%	18 Oct	18 Oct
Tyres <sup>5</sup>	4.8%	0.6%	0.0%	18 Oct	18 Oct
Garage & servicing – premises <sup>5</sup>	4.8%	0.5%	0.0%	18 Oct	18 Oct
Garage & Servicing – labour <sup>5</sup>	4.8%	1.9%	0.1%	18 Oct	18 Oct
Fuel <sup>6</sup>	16.1%	11.1%	1.8%	13 Jan 12	13 Jan 12
Insurance <sup>7</sup>	16.0%	4.1%	0.7%	18 Oct	18 Oct
Miscellaneous <sup>8</sup>	5.6%	1.0%	0.1%	N/A	Oct
The Knowledge <sup>9</sup>	2.8%	5.4%	0.2%	Jun - Aug	Jun - Aug
Social Costs <sup>9</sup>	2.8%	2.8%	0.1%	Jun - Aug	Jun - Aug
<b>Total Operating Costs</b>	<b>9.1%</b>	<b>40.0%</b>	<b>3.7%</b>		
Average national earnings <sup>9</sup>	2.8%	60.0%	1.7%	Jun - Aug	Jun - Aug
<b>Grand Total</b>		<b>100%</b>	<b>5.3%</b>		

## 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 'current' column under 'Data availability' indicates the dates to which data in the 'cost increase' column relates. The 'normally used' column shows the dates relating to the data normally used for the final cost index update.
5. As agreed earlier 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) published on 18 October 2011.
6. The change in fuel costs relates to the change from the average of the Arval diesel price for the 13 weeks to 10 December 2010 to the 13 weeks to 13 January 2012.
7. As agreed earlier 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 18 October 2011.
8. Miscellaneous costs are not currently available. A figure equivalent to the September 2011 value of RPI is assumed here, which will be retrospectively adjusted in the 2013 cost index when final values are known.

9. Knowledge, Social Costs and Average National Earnings changes are derived from the ONS average weekly earnings averages for the three months to August in 2010 and 2011.

TfL Revenue Policies, 20 January 2012

### Tariff Changes – 5.3 per cent average increase, 20p flagfall change

#### Average Fares

	Current average	New average	Increase (£)	Increase (%)
Tariff 1	£10.67	£11.24	£0.57	5.3%
Tariff 2	£12.37	£13.02	£0.65	5.3%
Tariff 3	£14.54	£15.30	£0.77	5.3%
All Week	£11.79	£12.42	£0.62	5.3%

#### Tariff Rates – 5.3 per cent average increase, 20p flagfall change

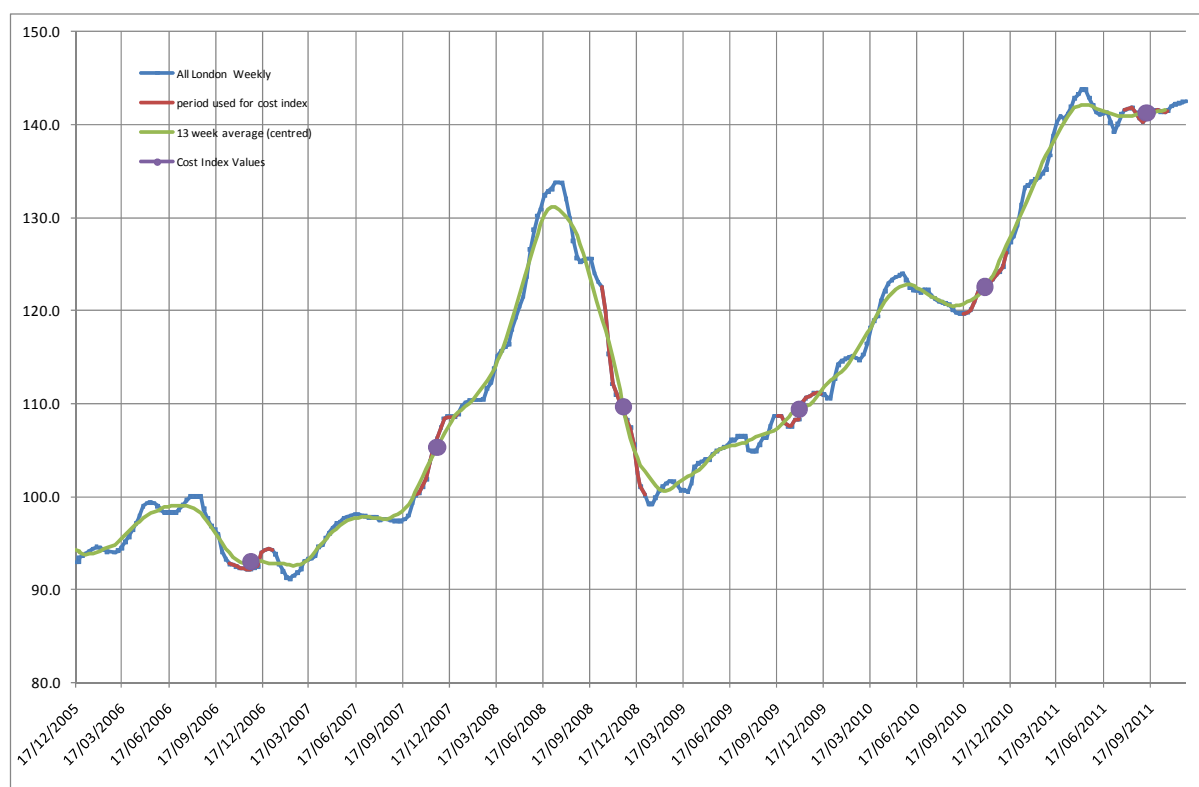
	Tariff 1		Tariff 2		Tariff 3	
	Current	New	Current	New	Current	New
minimum fare <sup>1</sup>	£2.20	£2.40	£2.20	£2.40	£2.20	£2.40
minimum units	2	2	2	2	2	2
metres/unit < 6 miles	135.3	129.9	110.0	105.4	88.9	85.0
secs/unit < 6 miles	29.1	27.9	23.7	22.7	19.1	18.3
metres/unit > 6 miles	94.9	91.1	94.9	91.1	94.9	91.1
secs/unit > 6 miles	20.4	19.6	20.4	19.6	20.4	19.6
Units at lower rate	71	74	87	91	108	113
Metres at lower rate	9606.3	9612.6	9570.0	9591.4	9601.2	9605.0
changeover fare	£16.20	£17.00	£19.40	£20.40	£23.60	£24.80

#### Example Fares – 5.3 per cent average increase, 20p flagfall change

Journey length Miles	Tariff 1			Tariff 2			Tariff 3		
	Current	New	Change	Current	New	Change	Current	New	Change
minimum	£2.20	£2.40	9.1%	£2.20	£2.40	9.1%	£2.20	£2.40	9.1%
0.5	£3.00	£3.40	13.3%	£3.40	£3.60	5.9%	£3.80	£4.00	5.3%
1.0	£4.20	£4.60	9.5%	£4.80	£5.20	8.3%	£5.60	£5.80	3.6%
1.5	£5.40	£5.80	7.4%	£6.20	£6.60	6.5%	£7.40	£7.80	5.4%
2.0	£6.60	£7.00	6.1%	£7.80	£8.20	5.1%	£9.20	£9.60	4.3%
2.5	£7.80	£8.20	5.1%	£9.20	£9.80	6.5%	£11.00	£11.60	5.5%
3.0	£9.00	£9.60	6.7%	£10.60	£11.20	5.7%	£12.80	£13.40	4.7%
3.5	£10.20	£10.80	5.9%	£12.20	£12.80	4.9%	£14.60	£15.40	5.5%
4.0	£11.40	£12.00	5.3%	£13.60	£14.40	5.9%	£16.40	£17.20	4.9%
4.5	£12.60	£13.20	4.8%	£15.00	£15.80	5.3%	£18.20	£19.20	5.5%
5.0	£13.80	£14.40	4.3%	£16.60	£17.40	4.8%	£20.00	£21.00	5.0%
6.0	£16.20	£17.00	4.9%	£19.40	£20.40	5.2%	£23.60	£24.80	5.1%
7.0	£19.60	£20.60	5.1%	£22.80	£24.00	5.3%	£27.00	£28.40	5.2%
8.0	£23.00	£24.00	4.3%	£26.20	£27.60	5.3%	£30.40	£31.80	4.6%
9.0	£26.40	£27.60	4.5%	£29.60	£31.00	4.7%	£33.80	£35.40	4.7%
10.0	£29.80	£31.20	4.7%	£33.00	£34.60	4.8%	£37.20	£39.00	4.8%
11.0	£33.20	£34.60	4.2%	£36.40	£38.20	4.9%	£40.60	£42.40	4.4%
12.0	£36.60	£38.20	4.4%	£39.80	£41.60	4.5%	£44.00	£46.00	4.5%
13.0	£40.00	£41.80	4.5%	£43.20	£45.20	4.6%	£47.40	£49.60	4.6%
14.0	£43.40	£45.20	4.1%	£46.60	£48.80	4.7%	£50.80	£53.00	4.3%
15.0	£46.80	£48.80	4.3%	£50.00	£52.20	4.4%	£54.20	£56.60	4.4%
16.0	£50.20	£52.40	4.4%	£53.40	£55.80	4.5%	£57.60	£60.20	4.5%
18.0	£57.00	£59.40	4.2%	£60.20	£62.80	4.3%	£64.40	£67.20	4.3%
20.0	£63.60	£66.40	4.4%	£67.00	£70.00	4.5%	£71.00	£74.20	4.5%

All example fares assume entire journey charged on distance rates

## FUEL PRICES FOR 2012 COST INDEX



For the cost index fuel calculations this year the averages over the 13 week periods from 15 October 2011 to 13 January 2012 is compared with the average price over the 13 weeks from 11 September 2010 to 10 December 2010. This gives a value of 142.3p per litre for this year's thirteen week average. The corresponding price per litre for last year was 122.6p, giving an increase over the year of 16.1 per cent.

## EXISTING FIXED FARE SHARING ARRANGEMENTS AND PROPOSED FARE INCREASES

Origin	Destination Zone							
	W1(N)	W1(S)	SW	WC1	WC2	City North	City South	W'loo
<b>Paddington Station</b>								
Current fares	£5.00	£5.00	£6.50	£6.50	£6.50	£8.50	£8.50	As SW
Proposed	£5.50	£5.50	£7.00	£7.00	£7.00	£9.00	£9.00	
% increase	10%	10%	7.7%	7.7%	7.7%	5.9%	5.9%	
Last revised	2008	2008	2008	2008	2008	2008	2008	
<b>Euston Station</b>								
Current fares	£5.00	£6.00	£7.50	£4.00	£5.00	£6.00	£7.00	As SW
Proposed	£5.50	£6.50	£8.00	£4.50	£5.50	£6.50	£7.50	
% increase	10%	8.3%	6.7%	12.5%	10%	8.3%	7.1%	
Last revised	2008	2008	2008	2008	2008	2008	2008	
<b>Buckingham Palace</b>								
Current fares	£5.00	£3.50	£3.00	£6.00	£3.50	£5.50	£5.50	£3.50
Proposed	£5.50	£4.00	£3.00	£6.50	£4.00	£6.50	£6.50	£4.00
% increase	10%	14.2%	0%	8.3%	14.2%	18.1%	18.1%	14.2%
Last revised	2008	2008	2005	2011	2008	2011	2011	2008

## PROPOSED FIXED FARE TAXI SHARING ARRANGEMENTS DURING GAMES TIME

The table below shows the fixed-fares that would apply during Games Time. Fares for tariff 1, 2 and 3 are shown.

New proposed tariff 1 fares for the schemes at Euston and Paddington were included in the consultation and these are shown here.

Included in the consultation were Tariff 1 fares for:

- Schemes that could operate in exceptional circumstances and potentially during the Games
- Two additional schemes that would operate only during the Games

The taxi driver associations expressed concern about the fares as they were not confident that these would act as a sufficient incentive to encourage drivers to use the schemes.

The Tariff 1 fares from the consultation paper have been increased by 50 pence. The Tariff 2 and 3 fares have been calculated by increasing the Tariff 1 fares by approximately 25 per cent and 35 per cent respectively with fares rounded up to the nearest 50 pence where necessary.

Origin Station	Tariff	Destination Zone						
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
		W1(N)	W1(S)	SW	WC1	WC2	City North	City South
<b>Normal Operations</b>								
Paddington	1	£5.50	£5.50	£7.00	£7.00	£7.00	£9.00	£9.00
Paddington	2	£7.00	£7.00	£9.00	£9.00	£9.00	£11.50	£11.50
Paddington	3	£7.50	£7.50	£9.50	£9.50	£9.50	£12.50	£12.50
Euston	1	£5.50	£6.50	£8.00	£4.50	£5.50	£6.50	£7.50
Euston	2	£7.00	£8.50	£10.00	£6.00	£7.00	£8.50	£9.50
Euston	3	£7.50	£9.00	£11.00	£6.50	£7.50	£9.00	£10.50

Origin Station	Tariff	Destination Zone						
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
		W1(N)	W1(S)	SW	WC1	WC2	City North	City South
<b>Contingency arrangements (under present regulations)</b>								
Paddington	1	£6.00	£6.00	£7.50	£7.50	£7.50	£9.50	£9.50
Paddington	2	£7.50	£7.50	£9.50	£9.50	£9.50	£12.00	£12.00
Paddington	3	£8.50	£8.50	£10.50	£10.50	£10.50	£13.00	£13.00
Euston	1	£6.00	£7.00	£8.50	£5.00	£6.00	£7.00	£8.00
Euston	2	£7.50	£9.00	£11.00	£6.50	£7.50	£9.00	£10.00
Euston	3	£8.50	£9.50	£11.50	£7.00	£8.50	£9.50	£11.00
Waterloo	1	£7.50	£6.50	£6.50	£6.50	£6.00	£7.50	£6.50
Waterloo	2	£9.50	£8.50	£8.50	£8.50	£7.50	£9.50	£8.50
Waterloo	3	£10.50	£9.00	£9.00	£9.00	£8.50	£10.50	£9.00
Liverpool St	1	£9.50	£8.50	£8.50	£7.50	£7.50	£6.00	£6.00
Liverpool St	2	£12.00	£11.00	£11.00	£9.50	£9.50	£7.50	£7.50
Liverpool St	3	£13.00	£11.50	£11.50	£10.50	£10.50	£8.50	£8.50
London Bridge	1	£9.50	£8.50	£7.50	£7.50	£6.50	£6.00	£6.00
London Bridge	2	£12.00	£11.00	£9.50	£9.50	£8.50	£7.50	£7.50
London Bridge	3	£13.00	£11.50	£10.50	£10.50	£9.00	£8.50	£8.50
Marylebone	1	£5.00	£6.00	£7.50	£7.00	£7.50	£9.00	£9.50
Marylebone	2	£6.50	£7.50	£9.50	£9.00	£9.50	£11.50	£12.00
Marylebone	3	£7.00	£8.50	£10.50	£9.50	£10.50	£12.50	£13.00

Origin Station	Tariff	Destination Zone						
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
		W1(N)	W1(S)	SW	WC1	WC2	City North	City South
<b>Additional arrangements for Games Time</b>								
Kings Cross/St Pancras	1	£7.00	£7.00	£8.00	£5.50	£6.00	£6.00	£7.00
Kings Cross/St Pancras	2	£9.00	£9.00	£10.00	£7.00	£7.50	£7.50	£9.00
Kings Cross/St Pancras	3	£9.50	£9.50	£11.00	£7.50	£8.50	£8.50	£9.50
		<b>Paddington/Marylebone</b>	<b>Euston</b>	<b>Kings X/St Pancras</b>	<b>Liverpool St/Fenchurch St</b>	<b>Waterloo</b>	<b>Victoria</b>	
Trafalgar Square	1	£8.00	£7.00	£7.50	£7.50	£6.50	£7.00	£8.00
Trafalgar Square	2	£10.00	£9.00	£9.50	£9.50	£8.50	£9.00	£10.00
Trafalgar Square	3	£11.00	£9.50	£10.50	£10.50	£9.00	£9.50	£11.00



## PRE-AGREED FARES FOR PRE-BOOKED JOURNEYS

In 2010, a proposal for greater freedom to set fixed fares for pre-booked taxi journeys was included in the Fares and Tariff consultation and there was general support for this proposal. The 2011 Fares and Tariff consultation also included a proposal for pre-agreed fares for pre-booked journeys and included more information about the circumstances when this could be applied.

It has been suggested that allowing greater freedom to offer pre-agreed fares for pre-booked taxi journeys would help a small number of firms offering pre-booked taxis compete for bookings, as many businesses would prefer a predictable price structure as opposed to the uncertainty created by having the fare depend on the meter calculation for each journey. Allowing greater freedom to set fares for pre-booked journeys could see the same fare being charged for a journey at any time of the day, regardless of what tariff rate should normally apply, and this fare potentially being higher than the normal metered fare.

For example, the approximate fares for a journey for six miles are currently:

Tariff	Tariff 1	Tariff 2	Tariff 3	Example pre-booked Fixed Fare
<b>Times</b>	Monday to Friday 06:00-20:00	Monday to Friday 20:00-22:00 Saturday and Sunday 06:00-22:00	Every night 22:00-06:00 Public holidays	Every day
<b>6 miles</b>	£21- £27	£26 - £29	£26 - £31	£25

Under the new proposal, a taxi company would be able to offer a fixed fare (e.g. £25) for a 6 mile journey, regardless of the time of day the passenger wanted to travel.

The proposal to allow pre-agreed fares would be limited to journeys that are pre-booked through a company or registered organisation and would not be permitted for journeys where a taxi was pre-booked directly with an individual taxi driver, hailed on the street or at a taxi rank. For these journeys, the fare would still be on the meter and the maximum fare payable would be that shown on the meter at the end of the journey.

The proposal would not be permitted for the following:

- Taxicard bookings;
- Where the destination or route has changed since the original booking was made, in this situation the metered fare would apply; or
- Private hire operators who subcontract bookings to taxis – these fares would continue to be on the taxi meter or the fare agreed between the operator and passenger, whichever was the lower.

Only companies using TfL licensed taxi drivers, in TfL licensed taxis, would be permitted to carry out these journeys but it would not apply to individual taxi drivers who accepted pre-booked fares directly. For journeys where a driver has accepted a pre-booked fare directly, the fare would still be on the meter and the maximum fare payable would be that shown on the meter at the end of the journey. Individual taxi drivers would continue to have the freedom to charge passengers less than the metered fare.

Companies that would be permitted to charge fixed fares for pre-booked journeys, and potentially charge more than the metered fare, would need to meet specified criteria which could be set on the basis of the factors detailed below:

- Be a limited company or FSA registered/friendly society;
- Have a minimum number of participating taxi drivers;
- Have structures to check the licence status of participating drivers and the vehicle they use;
- Have structures to ensure that restrictions on plying for hire by suburban drivers are complied with;
- Have appropriate processes for recording bookings, the quoted fare and dealing with complaints;
- Comply with TfL's guidelines for using electronic payment systems in taxis and all relevant industry standards for electronic payment systems (e.g. Payment Card Industry Data Security Standards); or
- Comply with TfL's taxi vehicle standards for any additional electrical equipment used inside the vehicles.

It is proposed that firms that meet the specified criteria would set their own fares and would be encouraged to publish their prices and to provide a comparison with the estimated metered fare.

Continued regulation of taxi fares is justified for on street or rank hirings because there can be little effective competition and regulation is necessary to protect the travelling public. These arguments do not apply to pre-booked taxi hirings, as competitive forces between different taxi companies and private hire services are likely to prevent excessive fares.

The benefit of this proposal for the public would be that they will be able to pre-book taxi journeys with companies that meet the specified criteria and have certainty about the fare they will be charged. At the same time taxi fares for journeys hailed by passengers on the street or at taxi ranks would continue to be on the meter with the fare shown at the end of the journey the maximum amount payable.

It is envisaged that the taxi radio circuits would offer pre-agreed fares for pre-booked journeys to some of their customers. It is estimated that approximately 35 per cent of licensed taxi drivers are registered with a taxi radio circuit in London with these drivers spending approximately 40 per cent of their time working for a radio circuit.