



Taxi Fares 2006

The TfL Board has approved changes to taxi fares to take effect from Saturday 1 April 2006.

As in recent years, the main revisions are based on the changes in the level of the taxi cost index. This index has been revised following a recent review and consultation with trade associations, to ensure that it continues to reflect cost changes affecting the taxi trade in London.

The revised index shows an increase of 3.7% in the year to January 2006. This corresponds to an increase of 36p to the average fare (excluding the 20p environmental charge). The flagfall will remain unchanged and the distance and time allowed for each 20p increment will be decreased so as to have the effect of increasing the average fare (excluding the 20p environmental charge) in each tariff. The tables attached show the cost index changes and the revised tariff rates, with illustrative fares based on distance only and typical fares likely to be charged in practice.

The following additional changes will also apply:

- the 'extra' for journeys from Heathrow airport will increase from £1 to £2, to reflect the increasing costs to taxi drivers;
- the supplement for journeys made in the Christmas and New Year holiday periods will increase from £3 to £4, corresponding to the increase in the taxi cost index since this was last changed;
- some of the fixed fares for shared journeys from Paddington Station and Buckingham Palace will increase by 50p.

9 February 2006

Roy Ellis
Head of the Public Carriage Office

Annex A: Licensed Taxi Cost Index Changes 2006

Index Component ¹	Cost Increase ²	Weight ³		Contribution to Total ⁴
		2006 values	Last Year	
Vehicle Cost	-2.7%	10.0%	11.7%	-0.3%
Parts	2.6%	3.8%	6.9%	0.1%
Tyres	0.0%	0.6%	0.5%	0.0%
Garage & servicing – premises	-0.6%	0.6%	4.8%	0.0%
Garage & Servicing – labour	5.4%	1.9%	6.9%	0.1%
Fuel	11.1%	9.4%	8.4%	1.0%
Insurance	-1.1%	3.7%	7.4%	0.0%
Miscellaneous	-1.9%	1.2%	1.0%	0.0%
The Knowledge	4.1%	5.5%	4.9%	0.2%
Social Costs	4.1%	2.8%	2.5%	0.1%
Total Operating Costs	3.2%	40%	55.0%	1.3%
Average national earnings	4.1%	60%	45.0%	2.5%
Grand Total		100%	100%	3.7%

Notes

1. The index components are as normally used in the cost formula. Further details are available on request.
2. Cost increases are the latest available year-on-year percentage changes.
3. 'Weight' is the proportion that the component contributes to the total cost per mile. The '2006 values' column shows the weights used in calculating the total cost index change this year. The 'Last year' column shows for comparison the weights use in the April 2005 cost index, before the review was concluded.
4. '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 revised weight. The Grand Total is the sum of the individual components' contributions.
5. 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 traditionally used for an end of April tariff revision.

Comments

The table above takes account of changes recommended in the cost index review carried out by SDG. The main change is the re-weighting of national earnings from 45% to 60% of the total. The weights for parts and garaging and servicing components have been significantly reduced. If all last year's weights had been used instead the total cost index increase would have been 3.2% rather than 3.7%.

A previous draft of the cost index for April 2006 circulated to taxi trade organisations showed an increase of 4.2% compared with the actual final figure of 3.7%. The main reason for this reduction is a decrease in the vehicle cost component, caused by the sales value of older taxis and HP rates for vehicle purchase loans have turned out lower than forecast.

Annex B: 2006 Tariff Changes – 3.7% increase*

* Increase applied to base fares before addition of 20p environmental charge, which is unchanged.

Average Fares (excluding 20p environmental charge)

	Current average	New average	Increase (£)	Increase (%)
Tariff 1	£8.77	£9.09	£0.32	3.7%
Tariff 2	£10.17	£10.55	£0.38	3.7%
Tariff 3	£11.92	£12.37	£0.45	3.7%
All Week	£9.69	£10.05	£0.36	3.7%

Average Fares (including 20p environmental charge)

	Current average	New average	Increase (£)	Increase (%)
Tariff 1	£8.97	£9.29	£0.32	3.6%
Tariff 2	£10.37	£10.75	£0.38	3.6%
Tariff 3	£12.12	£12.57	£0.45	3.7%
All Week	£9.89	£10.25	£0.36	3.6%

Tariff Rates (including 20p environmental charge)

	Tariff 1		Tariff 2		Tariff 3	
	Current	New	Current	New	Current	New
minimum fare	£2.20	£2.20	£2.20	£2.20	£2.20	£2.20
minimum units	2	2	2	2	2	2
metres/unit < 6 miles	167.9	160.5	136.0	130.2	109.8	105.3
secs/unit < 6 miles	36.1	34.5	29.2	28.0	23.6	22.6
metres/unit > 6 miles	117.7	112.5	117.7	112.5	117.7	112.5
secs/unit > 6 miles	25.3	24.2	25.3	24.2	25.3	24.2
Units at lower rate	57	60	71	74	87	91
Metres at lower rate	9570.3	9630.0	9656.0	9634.8	9552.6	9582.3
changeover fare	£13.40	£14.00	£16.20	£16.80	£19.40	£20.20