



Consultation on taxi fares

November 2011

Contents

Consultation on taxi fares	1
1 Introduction	2
2 Background.....	2
Proposals.....	3
3 Annual revision – general change in tariffs	3
4 Fuel prices	4
5 Existing fixed-fare sharing arrangements.....	4
6 Taxis during Games time	5
7 Taxi rank levy	6
8 Fixed fares for pre-booked journeys.....	7
9 Impact assessment	9
10 Making a submission.....	9
11 Next steps	10
Annex A: Summary of taxi fares regulations.....	12
Annex B: Projected Licensed Taxi Cost Index Changes 2012	14
Annex C: Existing fixed-fare sharing arrangements.....	21
Annex D: Fixed fare sharing contingency arrangements and Games Time.....	22
Annex E: Initial Consultation List	23

1 Introduction

- 1.1 This is a consultation document which sets out proposals relating to the annual revision of taxi fares in London.
- 1.2 The proposals cover the possible contents of the taxi tariff revision which would take effect in April 2012.
- 1.3 Comments are invited from all those who have an interest in these matters, by following the procedure for responding to this consultation set out in section 11. Consultation responses must be received by **28 November 2011**.

2 Background

- 2.1 Taxi and private hire services in London are licensed and regulated by London Taxi and Private Hire (LTPH), part of Transport for London (TfL). TfL is the transport agency of the Mayor of London.
- 2.2 TfL licenses London taxis ('hackney carriages') and taxi drivers under the Metropolitan Public Carriage Act 1869. Section 9 of this Act allows TfL to make regulations which fix the rates or fares to be paid for hackney carriages. The London Cab and Stage Carriage Act 1907 allows TfL 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 ('the 1934 Order') is the main set of regulations made under these Acts and, with subsequent amendments, sets the fares regime that covers most taxi journeys in London.
- 2.3 Annex A summarises the regulations governing taxi fares.
- 2.4 London has about 25,000 licensed taxi drivers and around 22,000 taxis. Drivers can be licensed to ply for hire anywhere in London (Green Badge, around 21,500 drivers) or in one or more of nine suburban sectors (about 3,500 Yellow Badge drivers)¹. Journeys from Heathrow Airport can only be made by Green Badge drivers, although any driver can take a customer to wherever they wish to go. A driver plying for hire is obliged to accept a hiring in many circumstances.

¹ Licensing information

- 2.5 There are estimated to be about 200,000 taxi journeys a day, with an average fare of around £12 for a journey of about 3 miles². Although all cabs can carry five passengers and some can hold six, there are one or two passengers in a typical hiring. Approximately 1.6 million trips a year are made under the Taxicard scheme, in which Transport for London (TfL) and the London boroughs provide subsidised taxi travel for disabled Londoners.³
- 2.6 London's taxis were voted best in the world for the third year running by customers of Hotels.com.⁴

Proposals

3 Annual revision – general change in tariffs

- 3.1 We propose that the tariff review for 2011 will adhere to the three basic principles used in previous years to guide fare revisions. These are:
- Using the taxi cost index to guide the increase in average fares;
 - Maintaining reasonable differentials between the day, evening/weekend and late night tariffs;
 - Maintaining a reasonable progression of fare with journey length.
- 3.2 A list of the current status of the cost index elements is attached as Annex B. The final cost index figures will be published in early December, allowing time to consider the final index value in responding to this consultation.
- 3.3 *We propose to increase overall average fares by the cost index percentage, subject to the adjustment discussed below. This increase will take effect on 14 April 2012. (this would normally fall on the first Saturday in April, but in 2012 this coincides with the Easter weekend)*
- 3.4 The increase would normally be implemented by keeping the flagfall fixed and changing the distances and times covered for each 20p unit however, it has been suggested that the flagfall should be increased this year from £2.20 to £2.40. No other changes to the tariff structure or to the extras that can be charged are proposed for 2012, apart from any changes discussed below for the London Olympic/Paralympic Games.
- 3.5 The increased tariffs in the evenings, at weekends and at night encourage drivers to work at these times, when supply of taxis has been poor. Although supply is good in many areas at night at the moment, this is largely the consequence of the current depressed economic climate and it is appropriate to maintain the present differentials.

² Taxi and PHV Driver Diary surveys, GfK NOP, 2010

³ Taxicard statistics

⁴ Hotels.com survey, May 2010.

- 3.6 *TfL seeks your views on the principle of a revision based on the cost index, and the proposed approach to implement this.*

4 Fuel prices

- 4.1 Since July 2008, special provisions have been in place to allow an extra charge to be added to taxi fares if rising fuel costs make this appropriate. Fuel 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.
- 4.2 The extra would be authorised if fuel prices reach a threshold, chosen as the price at which the overall increase in taxi costs would be in proportion to the increase in average fare represented by the fuel charge. To illustrate, if the fuel charge were a 4% increase on the average taxi fare, the threshold would represent a 4% increase in the total costs; and if the fuel costs represented 10% of the cost index elements, this would correspond to a 40% increase in fuel prices.
- 4.3 If the threshold diesel price is exceeded before the next tariff revision TfL will ensure appropriate publicity is produced to inform passengers and taxi drivers of the fuel charge. Once in place, the metered extra would remain in force until the annual tariff revision, even if fuel prices fell subsequently. *We propose to extend this arrangement*, setting an appropriate threshold for fuel prices to trigger the approval of an extra on taxi fares during 2012/13. The details of this will depend on the level of the general fares increase and the fuel price taken into account in this.
- 4.4 *TfL invites comments and suggestions relating to the scale of the increase, the time of year and the ease with which the extra charge can be added.*

5 Existing fixed-fare sharing arrangements

- 5.1 Fixed fare sharing arrangements have operated from Paddington and Euston stations on weekday mornings, Buckingham Palace at the end of Garden parties, and between Wimbledon Tennis Ground and the nearby stations during tennis tournaments.
- 5.2 These arrangements have been regulated since 2005. They provide benefit to all parties involved:
- Passengers have a shorter wait and reduced fares;
 - Drivers get more revenue than for an equivalent exclusive hiring;
 - The local community benefits from fewer taxi movements, giving less congestion, noise and pollution.
- 5.3 Proposed increases to fares for existing arrangements can be found in Annex C.
- 5.4 It has also been proposed to operate a fixed-fare shared taxi scheme between City Airport and the Excel Centre during morning peak times. A £5.00 fare per person has been suggested for this scheme.

5.5 TfL seeks your views on the scale of the increases and suggestions for additional schemes.

6 Taxis during Games time

6.1 General

6.2 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.

6.3 The Olympic Games begin with the opening ceremony on the night of Friday 27th July 2012 and continue until the closing ceremony on the night of Sunday 12th August. The opening ceremony for the Paralympic Games takes place on Wednesday 29th August and the Games close on Sunday 9th September.

6.4 Separate discussions are taking place with trade associations and other interested parties about the impact of the Games and the facilities for taxis at venues and elsewhere. A significant communications campaign is planned to give all London taxi drivers full information about taxi service during the Games in the run-up to the events.

6.5 There is some uncertainty about the impact of the Games on the taxi trade, but it is important that a good taxi service should be available to serve London's businesses, residents and visitors, particularly those with mobility needs.

6.6 Suggested premium on all fares during Games time

6.7 In order to encourage taxi drivers to work at Games time, one of the taxi driver associations has suggested that there should be a premium on fares during the relevant periods. The proposal is 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 would give fares approximately 22 per cent higher at all times except late at night.

6.8 Current fixed fare schemes operate almost entirely within the times covered by Tariff 1, but there could be high levels of demand at Games time at weekends or late night. It is proposed that additional provision should be made for Tariff 2 fares approximately 20% higher than Tariff 1, and Tariff 3 about 40% higher than Tariff 1. These are shown in the table below.

6.9 Fares for different tariffs

6.10

Tariff 1 fare	Tariff 2 fare	Tariff 3 fare
£5.00	£6.00	£7.00

6.11 An alternative proposal would be to allow a 40p or 80p extra to be added to fares during Games time, adding about 4 or 8 per cent to fares.

6.12 Fixed fare schemes during Games time

6.13 *Annex D shows sites from which the fixed fare sharing could apply and suggested fares.*

- 6.14 Another set of proposals to improve taxi service for taxi customers and boost drivers' earnings relate to taxi sharing. Fixed-fare sharing during Games time will provide faster throughput and cheaper journeys for customers, a higher total fare for each trip for drivers, and fewer taxi movements and congestion.
- 6.15 An additional benefit in some circumstances is that these schemes make much more effective use of the capacity of available taxis to move people - the typical load from the Paddington scheme is 4 passengers compared with a normal average of 1.5. For this reason, it is proposed to put additional schemes in place for the Olympic Games.
- 6.16 Current fixed fare schemes operate almost entirely within the times covered by Tariff 1, but there could be high levels of demand at Games time at weekends or late at night. It is proposed that additional provision should be made for Tariff 2 fares approximately 20% higher than Tariff 1, and Tariff 3 about 40% higher than Tariff 1. If the proposal for changing the times of tariffs is adopted, the fares at tariff 2 level would apply during week days (instead of tariff 1) and tariff 3 fares would apply at other times.
- 6.17 *Comment is invited on any aspect of these proposals, in particular:*
- *Is a premium appropriate?*
 - *If so, at what level?*
 - *Which of the mechanisms is most appropriate, or can you suggest an alternative approach?*

7 Taxi rank levy

- 7.1 Taxi ranks within London operate to ensure key areas of passenger demand are serviced by taxis. Responsibility for appointing and maintaining ranks is typically shared between London Taxi and Private Hire and the relevant local authority, with the bulk of the costs falling on the local authority. (Arrangements are slightly different on the Transport for London Road Network (red routes) where TfL has an additional role as highway authority.) As part of the process to appoint a new rank the borough will usually consult with residents and other interested parties, make a Traffic Management Order to restrict the use of the rank by other vehicles, and arrange road markings and parking signage. TfL's role is to prepare the order designating the rank as a place where taxis can ply for hire and arrange for rank signage to be produced and displayed.
- 7.2 The majority of requests for additional ranks come to TfL from the taxi trade, whether through the drivers' associations or individual taxi drivers. Other requests come from local authorities, residents and businesses around London that seek an improved taxi service in their area.

- 7.3 In addition to new rank requests, there are also requests from the taxi trade which involve ad hoc work being carried out to taxi ranks which may incur further costs. For example, a request to change the hours of operation of a taxi rank may incur costs since a new Traffic Management Order may need to be put in place.
- 7.4 There are currently 50 outstanding requests for new taxi ranks and/or ad hoc work relating to ranks. In 2009 there 13 requests were made for new ranks or changes, and in 2010 this figure was 13. From January 2011 there have been requests for 16 new ranks in total.
- 7.5 In these instances TfL will contact the borough to obtain the likelihood of appointing new ranks, however in recent months this has become increasingly difficult due to financial pressures within the relevant local authorities.
- 7.6 Taxi trade associations have suggested that the provision of ranks could be improved if funding were obtained from taxi customers through fares, recovered from drivers through the licence fee mechanism. TfL has no express power within legislation to use licence fees to recover these costs, however there may be occasions where it is appropriate for such a mechanism to be established.
- 7.7 It is proposed that small surcharge (less than 0.1p per trip) should be added to fares, corresponding to an increase in the cost index of below 0.01 per cent. An addition of £5.00 as a levy to be paid by each driver on three-yearly licence renewal, in addition to the licence fee, would give a revenue stream of about £100,000 per year to fund development and maintenance of the rank network.
- 7.8 *Comment is invited on any aspect of these proposals.*

8 Fixed fares for pre-booked journeys

- 8.1 The following proposal of fixed fares for pre-booked journeys was consulted on within last year's taxi tariff consultation and generally received positive feedback. Further details are included within this consultation for information, and TfL invites further comments to suggest how this would work in practice.
- 8.2 Regulation of taxi fares is justified for street or rank hirings because there can be little effective competition and regulation is necessary to protect vulnerable consumers.⁵ These arguments do not apply to pre-booked taxi hirings, as competitive forces (between taxi operators and with private hire) are likely to prevent excessive fares.
- 8.3 It has been suggested that greater freedom to offer fixed fares for booked journeys would help firms offering pre-booked taxis compete for bookings, as many businesses would prefer a predictable price structure rather than fares that depend on the meter calculation for each journey.

⁵ 'The regulation of licensed taxi and PHV services in the UK', Office of Fair Trading, 2003

8.4 Private hire regulations⁶ prevent licensed private hire operators who use London taxis to carry out bookings from charging any more than the fare shown on the meter. Therefore, this facility would only be available to firms who exclusively provide London taxis.

8.5 This facility would not be available for the following situations:

- On-street taxi hirings
- Hirings at taxi ranks
- Taxi card bookings
- For individual licensed taxi drivers
- Where the destination or route has changed since the original booking was made, in this situation the metered fare would apply
- 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 lowest

8.6 For the late night fixed fare taxi scheme that operated in Leicester Square since late 2010, the requirements to set the meter and not charge more than the metered fare, as prescribed by paragraphs 39 and 40 of the London Cab Order 1934, did not apply. These requirements would also not apply for these pre-booked fixed-fare journeys.

8.7 *It is proposed that firms that meet specified standards should be allowed to offer pre-agreed fares for pre-booked taxi journeys, without the need for the fare to be calculated by the meter.*

8.8 Although the taxi driver and vehicle would be licensed by TfL the firms would not need to be licensed but it is still considered essential that they meet minimum standards. Potential criteria could include:

- A limited company or registered/friendly society;
- A minimum number of participating taxi drivers;
- Structures to check the licence status of participating drivers and the vehicle they use;
- Structures to ensure that restrictions on plying for hire by suburban drivers are complied with;
- Appropriate processes for recording bookings, the quoted fare and dealing with complaints

⁶ Regulation 9(8) Private Hire Vehicles (London) (Operators' Licences) Regulations 2000

- Compliance with industry standards for electronic payment systems
- Compliance with LTPH vehicle standards for any additional electrical equipment inside the vehicles used.

8.9 Although TfL could not compel firms to publish their prices and to provide a comparison with the estimated metered fare this would be encouraged.

8.10 *TfL invites comments and suggestions relating to this proposal in particular suggestions as to how the schemes would work in practice to ensure fixed fares only apply to specific locations/journey and not general street hirings within London.*

9 Impact assessment

(a) Costs

9.1 Any taxi fare increase will be borne by taxi customers. The cost index has been established for almost thirty years as the most appropriate way of ensuring that regulated fares remain in line with the costs of providing the taxi service.

9.2 No other significant cost implications have been identified.

(b) Crime and Disorder

9.3 The impact of the Westminster fixed fare scheme has been discussed above.

9.4 No other significant implications for crime and disorder have been identified.

(c) Equalities

9.5 No significant implications for equalities have been identified.

(d) Health and Safety

9.6 No significant implications for health and safety have been identified.

(e) Environmental Sustainability

9.7 No significant environmental implications have been identified.

10 Making a submission

10.1 This consultation document seeks views on a number of issues relating to taxi fares. Respondents are also invited to provide relevant information to support decisions by TfL on these issues.

10.2 The document is being sent initially to the organisations and individuals listed at Annex E. Comments from other interested organisations or individuals are also welcome. TfL welcomes suggestions as to other organisations that should see this document.

10.3 An Aide Memoire is provided in Annex E listing the issues on which comments are specifically invited. However, the document in its entirety forms the consultation document and any part of it may be referred to in a response.

10.4 Consultation responses must be sent in writing by **28 November 2011**.

Responses by email should be addressed to: xxx.xxxxxxxxxxxx@xxx.xxx.xx. They can alternatively be sent by post or fax to:

Taxi Fares Regulations Consultation,
London Taxi & Private Hire, TfL
4th Floor Yellow Zone
Palestra, 197 Blackfriars Bridge Road
London, SE1 8NJ
Fax number: 020 3054 3160

If you are responding by post, please submit two copies in total of your response.

If you are responding as a representative organisation, please include in your response some background information about your organisation and the people that you represent.

10.5 Consultees are asked to make clear which part of the consultation document their comments refer to by reference to the paragraph numbers used in this document.

10.6 TfL will give full consideration to all points raised in responses to this consultation. The decision on whether to proceed with the changes proposed will be informed by these responses, along with a range of other factors. A summary of the comments received will be published on the TfL web-site at the end of the consultation period.

10.7 The Freedom of Information Act 2000 requires public authorities to disclose information they hold if it is requested. This includes information contained in responses to public consultations. If you ask for your response to be kept confidential this will only be possible if it is consistent with TfL's obligations under the Freedom of Information Act.

10.8 Enquiries about the contents of this consultation document may be made by email to xxx.xxxxxxxxxxxx@xxx.xxx.xx

10.9 Further copies of the consultation document can be obtained via the TfL website: www.tfl.gov.uk/tph or by telephone to 020 3054 2944.

11 Next steps

11.1 This document has set out issues concerning taxi fares and the information provided to taxi passengers. It is a consultation document and responses are invited from interested parties as set out in section 11.

- 11.2 A summary of the responses will be published on the TfL website after the consultation period ends.
- 11.3 The responses to this consultation will be considered and taken into account in deciding whether to act on the proposals contained in this document or other proposals that are put forward. If appropriate, The TfL Board will be invited to approve changes to appropriate Regulations.
- 11.4 TfL would plan to make such decisions within a period of three months from the end of the public consultation, and would then make an announcement about the implementation of any changes.

Annex A: Summary of taxi fares regulations

(a) General

- 1.1 The London Cab Order 1934 ('the 1934 Order') sets the fares regime that covers most taxi journeys in London. Article 35 of the 1934 Order provides that taximeters must be fitted to cabs to calculate the fare. Article 40 of the 1934 Order provides the maximum fare payable, which is a hiring charge plus the applicable rate (a sum based on the time and distance travelled and the circumstances of the journey). Values prescribed in article 40 are programmed into taximeters which automatically calculate the amount the driver can charge.
- 1.2 These values are revised each year by decision of the TfL Board after a consultation with taxi trade stakeholders, with new fares taking effect at or about the first weekend in April. Fare changes are implemented by revision of the 1934 Order.
- 1.3 Most revisions since the early 1980s have been based on a cost index that reflects the costs of operating a taxi in London, with a few other occasions when tariffs were restructured such as the introduction of evening and night tariffs and the removal of "extras" for luggage or additional passengers. Specific provision has been made to cater for exceptional costs, such as the additional costs of making the fleet wheelchair accessible in the 1990s and the costs of bringing all cabs up to Euro III emissions standards in 2004-2008. The underlying principle is that the costs of providing the taxi service should be borne by the passengers.

(b) Taxi sharing schemes

- 1.4 Section 10 of the Transport Act 1985 provides that TfL may make a scheme which allows for shared taxi journeys. The London Taxi Sharing Scheme Order 1987 provides for separate fares to be calculated based on the metered fare for the journey. This requires a conversion chart to be carried in the taxi and explained to the passengers, and works best if all passengers are going to the same destination. It is not believed that this scheme is used widely.
- 1.5 The London Taxi Sharing Scheme Order 2005 allows for fixed fare shared journeys. The 2005 Order sets a pre-determined, per-passenger fare that applies to a journey from a specified origin to a particular destination or area at a certain time. Each passenger pays less than they would do for an exclusive taxi journey, although the total fare received by the driver is more than the metered fare would be. This operates successfully in a number of sites, particularly where marshals are employed to group passengers with similar destinations. These arrangements have proven popular with drivers and customers.
- 1.6 The London Taxi Sharing Scheme Order was revised in 2010 to make provision for slightly different arrangements in exceptional circumstances, as defined by TfL. Fares for the fixed fare sharing schemes are reviewed with other taxi tariffs and changes are decided by the TfL Board.

(c) Fixed fares

- 1.7 Regulations have been introduced in 2010 to authorise a fixed fare scheme for journeys from Leicester Square late on Friday and Saturday nights. This scheme has been proposed as a way to encourage more taxi drivers to serve the busy late-night economy in this area, and reduce the opportunities for illegal cabs.

Annex B: Projected Licensed Taxi Cost Index Changes 2012

Index Component ¹	Cost Increase	Weight ²	Contribution to Total ³	Data availability ⁴	
		Last Year		Current	Normally used
Vehicle Cost	6.9%	8.4%	0.6%	Oct	Oct
Parts ⁵	4.8%	4.1%	0.2%	18 th Oct	18 th Oct
Tyres ⁵	4.8%	0.6%	0.0%	18 th Oct	18 th Oct
Garage & servicing – premises ⁵	4.8%	0.5%	0.0%	18 th Oct	18 th Oct
Garage & Servicing – labour ⁵	4.8%	1.9%	0.1%	18 th Oct	18 th Oct
Fuel ⁶	15.3%	11.1%	1.7%	21 st Oct	21 st Oct
Insurance ⁷	16.0%	4.1%	0.7%	18 th Oct	18 th Oct
Miscellaneous ⁸	5.6%	1.0%	0.1%	N/A	Oct
The Knowledge ⁹	2.8%	5.4%	0.2%	Jun - Aug	Jun - Aug
Social Costs ⁹	2.8%	2.8%	0.1%	Jun - Aug	Jun - Aug
Total Operating Costs	8.9%	40.0%	3.6%		
Average national earnings ⁹	2.8%	60.0%	1.7%	Jun - Aug	Jun - Aug
Grand Total		100%	5.2%		

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 18th 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 8th December 2010 to the 13 weeks to 21st October 2011. This figure will be revised as further weekly data becomes available.

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 18th 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. Provisional 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 Fares & Ticketing
28th October 2011

Details of Taxi Cost Calculations 2012

Table 1 below shows the cost per mile of each cost component in 2011 and for 2012.

Table 1: Cost Index for April 2012

Component of index	Cost p per mile in 2010	Proportion of costs in 2010	Cost p per mile in 2011	Increase in costs 2011	Contribution to total increase
Vehicle Cost	18.29	8.4%	19.55	6.9%	0.6%
Parts	8.83	4.1%	9.26	4.8%	0.2%
Tyres	1.31	0.6%	1.37	4.8%	0.0%
Garage & Servicing - Premises	1.19	0.5%	1.25	4.8%	0.0%
Garage & Servicing - Labour	4.23	1.9%	4.44	4.8%	0.1%
Fuel	24.22	11.1%	27.92	15.3%	1.7%
Insurance	8.94	4.1%	10.37	16.0%	0.7%
Miscellaneous	2.29	1.0%	2.42	5.6%	0.1%
The Knowledge	11.88	5.4%	12.21	2.8%	0.2%
Social Costs	6.09	2.8%	6.26	2.8%	0.1%
Total operating costs	87.28	40.0%	95.06	8.9%	3.6%
Average national earnings	130.74	60.0%	134.40	2.8%	1.7%
Grand Total	218.02	100%	229.46		5.2%

Vehicle Cost

Four strategies have been considered for purchasing a cab:

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 4 strategies (as supplied by LTC in 2011). They relate to TX4 models for strategies 1, 2 and 3 and TXIIs for strategy 4. Table 3 shows the corresponding costs provided in 2010, where the models referred to are TX4s for strategies 1 and 2, TXII for strategy 3 and TXI for strategy 4.

Table 2: Vehicle Cost 2011

Strategy	Model	HP rate %	Price	Deposit	plus Monthly Payments		Total	Less residual value	Net Cost	Years Cab Kept	Total Cost over 12 years
1	TX4	5.99	£29,995	£3,000	48	£697.16	£36,463	£0	£36,463	12	£36,463
2	TX4	5.99	£29,995	£3,000	48	£697.16	£36,463	£13,300	£23,163	4	£69,489
3	TX4	5.50	£17,500	£1,750	48	£406.74	£21,274	£5,400	£15,874	4	£47,621
4	TXII	6.00	£8,300	£830	36	£244.79	£9,642	£0	£9,642	4	£28,927

Table 3: Vehicle Cost 2010

Strategy	Model	HP rate %	Price	Deposit	plus Monthly Payments		Total	Less residual value	Net Cost	Years Cab Kept	Total Cost over 12 years
1	TX4	5.99	£31,976	£3,198	48	£743.20	£38,871	£0	£38,871	12	£38,871
2	TX4	5.99	£31,976	£3,198	48	£743.20	£38,871	£13,500	£25,371	4	£76,114
3	TXII	5.50	£13,400	£1,340	48	£306.53	£16,053	£3,850	£12,203	4	£36,610
4	TXI	6.00	£5,500	£550	36	£162.25	£6,391	£0	£6,391	4	£19,173

Prices for new Vito taxis have also been acquired for 2010 and 2011 from KPM. Table 4 shows these indicative purchase costs. The figures show an increase in costs over twelve years of 7.7%, which includes the effect of the change to a newer model in 2011.

Table 4: Vehicle Cost of Vito Taxis 2010 and 2011

Year	Model	HP rate %	Price	Deposit	plus Monthly Payments		Total	Less residual value	Net Cost	Years Cab Kept	Total Cost over 12 years
2011	EuroV	4.50	£41,950	£4,195	48	£928.14	£48,746	£0	£48,746	12	£48,746
2010	Euro4	4.50	£38,950	£3,895	48	£861.77	£45,260	£0	£45,260	12	£45,260

In October 2011 Vito taxis made up 4.7% 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.

The average cost over 12 years in 2010 was £42,812 or 18.29 pence per mile. The average cost for the same strategies in 2011 was £45,771 or 19.55 pence per mile, giving an increase of 6.9%.

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.

In September 2011 the DOCT RPI series showed an annual increase of 4.8%. This gives an increase in the cost per mile of these components from 15.57p in 2010 to 16.32p in 2011.

Fuel

Derv prices have been obtained from www.arvalphh.co.uk. In the final update of the index the average price over the thirteen weeks from 23rd July 2011 to 21st October 2011 is compared with the average price over the thirteen weeks from 11th September 2010 to 10th December 2010. This gives a value of 141.3p 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 15.3%.

An alternative series, available at www.theaa.com/motoring-advice/motoring-costs.html is also monitored. It matches the Arval values very closely.

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.

In September 2011 the DOCV RPI series showed an annual increase of 16.0%. This gives an increase in the cost per mile of these components from 8.94p in 2010 to 10.37p in 2011.

Miscellaneous

This comprises the cost of hiring a meter and a receipt printer, smoke test, vehicle licence and driver licence.

Figures for this year are not yet available. For the purposes of this calculation the cost increase has been assumed to be the September value of RPI, which stood at 5.6%. When final figures for 2011 become available they will be incorporated into the 2013 cost index calculation, correcting for any difference between the value applied in 2012 and the actual finalised figure.

Earnings Related

The latest average weekly earnings data (headline rate ONS seriesKAC3) show a 2.8% year on year increase for the three months to August 2011. This gives a cost per mile figure for the updated index of 134.4p, 60% of the total index cost.

The “knowledge” and “social” costs have also been uplifted each year in line with national earnings. In 2011 these increased to 12.21p and 6.26p respectively, representing a further 8% of the total index cost.

TfL Fares & Ticketing
28 October 2011

f Changes – 5.2% average increase, no flagfall change

Average Fares

	Current average	New average	Increase (£)	Increase (%)
Tariff 1	£10.67	£11.23	£0.56	5.2%
Tariff 2	£12.37	£13.01	£0.64	5.2%
Tariff 3	£14.54	£15.29	£0.75	5.2%
All Week	£11.79	£12.41	£0.62	5.2%

Tariff Rates – 5.2% average increase, no flagfall change

	Tariff 1		Tariff 2		Tariff 3	
	Current	New	Current	New	Current	New
minimum fare ¹	£2.20	£2.20	£2.20	£2.20	£2.20	£2.20
minimum units	2	2	2	2	2	2
metres/unit < 6 miles	135.3	127.2	110.0	103.7	88.9	83.8
secs/unit < 6 miles	29.1	27.4	23.7	22.3	19.1	18.1
metres/unit > 6 miles	94.9	89.2	94.9	89.2	94.9	89.2
secs/unit > 6 miles	20.4	19.2	20.4	19.2	20.4	19.2
Units at lower rate	71	75	87	93	108	115
Metres at lower rate	9606.3	9540.0	9570.0	9644.1	9601.2	9637.0
changeover fare	£16.20	£17.00	£19.40	£20.60	£23.60	£25.00

Example Fares – 5.2% average increase, no flagfall change

Journey length Miles	Tariff 1			Tariff 2			Tariff 3		
	Current	New	Change	Current	New	Change	Current	New	Change
minimum ¹	£2.20	£2.20	0.0%	£2.20	£2.20	0.0%	£2.20	£2.20	0.0%
0.5	£3.00	£3.20	6.7%	£3.40	£3.40	0.0%	£3.80	£3.80	0.0%
1.0	£4.20	£4.40	4.8%	£4.80	£5.00	4.2%	£5.60	£5.80	3.6%
1.5	£5.40	£5.60	3.7%	£6.20	£6.60	6.5%	£7.40	£7.60	2.7%
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	£9.60	4.3%	£11.00	£11.60	5.5%
3.0	£9.00	£9.40	4.4%	£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	£14.60	5.8%	£16.60	£17.40	4.8%	£20.00	£21.20	6.0%
6.0	£16.20	£17.20	6.2%	£19.40	£20.60	6.2%	£23.60	£25.00	5.9%
7.0	£19.60	£20.80	6.1%	£22.80	£24.20	6.1%	£27.00	£28.60	5.9%
8.0	£23.00	£24.40	6.1%	£26.20	£27.80	6.1%	£30.40	£32.20	5.9%
9.0	£26.40	£28.00	6.1%	£29.60	£31.40	6.1%	£33.80	£35.80	5.9%
10.0	£29.80	£31.60	6.0%	£33.00	£35.00	6.1%	£37.20	£39.40	5.9%
11.0	£33.20	£35.20	6.0%	£36.40	£38.60	6.0%	£40.60	£43.00	5.9%
12.0	£36.60	£38.80	6.0%	£39.80	£42.20	6.0%	£44.00	£46.60	5.9%
13.0	£40.00	£42.40	6.0%	£43.20	£45.80	6.0%	£47.40	£50.20	5.9%
14.0	£43.40	£46.00	6.0%	£46.60	£49.40	6.0%	£50.80	£53.80	5.9%
15.0	£46.80	£49.60	6.0%	£50.00	£53.00	6.0%	£54.20	£57.40	5.9%
16.0	£50.20	£53.20	6.0%	£53.40	£56.60	6.0%	£57.60	£61.00	5.9%
18.0	£57.00	£60.40	6.0%	£60.20	£63.80	6.0%	£64.40	£68.20	5.9%
20.0	£63.60	£67.60	6.3%	£67.00	£71.00	6.0%	£71.00	£75.40	6.2%

All example fares assume entire journey charged on distance rates

Annex C: Existing fixed-fare sharing arrangements

Origin	Destination Zone							
	W1(N)	W1(S)	SW	WC1	WC2	City North	City South	W'loo
Paddington Station								
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	
Euston Station								
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	
Buckingham Palace								
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

Annex D: Fixed fare sharing contingency arrangements and Games Time

Fare tables for fixed-fare sharing – Tariff 1 fares

Origin Station	Destination Zone						
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
	W1(N)	W1(S)	SW	WC1	WC2	City North	City South
Normal Operations							
Paddington	£5.00	£5.00	£6.50	£6.50	£6.50	£8.50	£8.50
Euston	£5.00	£6.00	£7.50	£4.00	£5.00	£6.00	£7.00
Contingency arrangements (under present regulations)							
Paddington	£5.50	£5.50	£7.00	£7.00	£7.00	£9.00	£9.00
Euston	£5.50	£6.50	£8.00	£4.50	£5.50	£6.50	£7.50
Waterloo	£7.00	£6.00	£6.00	£6.00	£5.50	£7.00	£6.00
Liverpool St	£9.00	£8.00	£8.00	£7.00	£7.00	£5.50	£5.50
London Bridge	£9.00	£8.00	£7.00	£7.00	£6.00	£5.50	£5.50
Marylebone	£4.50	£5.50	£7.00	£6.50	£7.00	£8.50	£9.00
Additional arrangements for Games Time							
Kings Cross/St Pancras*	£6.50	£6.50	£7.50	£5.00	£5.50	£5.50	£6.50
	Paddington/Marylebone	Euston	Kings X/St Pancras	Liverpool St/Fenchurch St	Waterloo	Victoria	
Trafalgar Square	£7.50	£6.50	£7.00	£7.00	£6.00	£6.50	£7.50

*Rank layouts at Kings Cross & St Pancras previously made sharing impracticable however new rank arrangements may make this possible during Games time.

Annex E: Initial Consultation List

Note that consultees are welcome to forward the consultation document to other interested parties, and responses from these parties are also invited.

Taxi drivers' associations:

- Licensed Taxi Drivers' Association
- London Cab Drivers' Club Ltd
- Heathrow Taxis
- Heathrow Airport Taxi Drivers United Ltd (HATDU)
- Unite the Union Cab Trade Section
- RMT Cab trade section

Other taxi trade bodies

- Dial-a-Cab
- Radio Taxis Group
- Computer Cab
- London Motor Cab Proprietors Association

LTPH-authorised card payment agencies

- CabCard Services (UK) Ltd
- Adelante Software Ltd
- Computer Cab PLC
- Radio Taxis Group Limited
- Verrus UK Ltd
- 123 SEND Ltd
- Verifone
- Visa Card Payments

LTPH-authorised taximeter companies

LTPH Notice circulation including trades' press

City of London Police
Metropolitan Police Service

Taxi user bodies:

- Help The Aged
- London Accessible Transport Alliance
- London Chamber of Commerce & Industry
- London First
- London TravelWatch
- Suzy Lamplugh Trust
- Visit London

Department for Transport
All London Local Authorities
London Councils
National Association of Licensing and Enforcement Officers (NALEO)
London Assembly Members
London MP