



Department for

Infrastructure

An Roinn

Bonneagair

www.infrastructure-ni.gov.uk

TAXI FARE INCREASE

Public Consultation

Date: August 2022

REVIEW OF MAXIMUM FARE 2022

1. A desktop review was completed in March 2022 and was supported by a financial model which had been previously developed for other taxi fare reviews. As part of this review, the input data and assumptions have been updated where necessary to reflect a more accurate picture of taxi industry costs as of March 2022.

Increase in the cost per live mile

2. The key conclusion of this work is that the cost per live mile has increased since the previous review carried out in 2019 and implemented in November 2021. The cost per live mile, based on the existing model and with updated inputs (March 2022), is estimated to be £1.90, which represents a 12.6% rise since the 2019 review (£1.69). The three biggest contributors to this increase in cost are summarised below:
 - Driver labour costs (+2.1% since the implementation of the 2019 review in 2021)
 - Fuel costs (+4.7% since the implementation of the 2019 review in 2021)
 - Depot rent and associated fees (+27.2% since the implementation of the 2019 review in 2021)
3. This finding suggests that there have been increasing pressures on the taxi industry across both the fixed cost and running cost categories.
4. If the new cost per live mile figure is inputted into the Dfl taximeter charging calculations, it would have a notable impact. In practical terms, this means that for every £0.20 spent on taxi services (over and above the minimum charge of £3.00 for any taxi journey), the customer can expect to receive a reduced distance travelled and/or 'waiting time' from their taxi service (approx.12.6% reduction).

Salary

5. This review found that the salary figure (that accounts for approximately 60% amount of the overall live mile cost) increased from £25,633 in 2019 to £27,241 according to the most recent 2022 figures. This is an increase of 6.3%.

Fuel

6. Diesel price per litre is predicted to reach an average price of £1.82 for the whole year 2022 and decrease to £1.53 in 2023 due to the economic recovery post Covid and an expected ease in the Russia – Ukraine war.
7. The average fuel cost increased from £1.29 in 2019 to £1.48 in February 2022; a 14.7% increase. The 2022 review therefore used the figure of £1.48. This issue is considered further in paragraph 13 below.

Vehicle Tax Rates

8. The vehicle tax rates were reviewed using the current vehicle tax rates on the GOV.UK website. The current rates average £260.

Depot Fees

9. Informal quotes were provided for the review. The figure of £95 was quoted per week for taxis operating in regions outside of Belfast and £120 per week for taxis operating within the Belfast area. For the purpose of the review an average figure of £107.5 per week was used, equivalent to £5,590 per annum.

Insurance

10. A sense check via the newest online information available about taxi insurance ranged from £1,386 to £1,643 in March 2022. This lies within the range from £1,300 in 2011 to £1,800 in 2019 and 2022 therefore the figure had not changed since the 2019 desktop review.

Unsociable Hours

11. An “unsociable hour’s comparison” was carried out between ROI and NI. At 01.00 on a Sunday morning the unsociable hour’s premium in ROI is around 27% up to 9 miles. As outlined in the table below, the NI picture depends on

how far you travel. The very short journeys return better unsociable hours premium than in ROI, but the further you travel, the less the driver in NI is compensated.

Miles	NI	ROI	Difference
1	31.5%	27%	+4.5%
3	17%	27%	-10%
5	11.8%	27%	-15.2%
9	7.2%	27%	-19.8%

Table: Illustrates the % increase the driver receives on a range of journeys at 01:00 on a Sunday morning.

Regional Comparisons

12. Many other countries and regions have seen taxi fares go through similar reviews as the one carried out here. These regions also saw an increase in taxi fares following the reviews as it was seen that the overall cost of living and operating was putting significant pressure on the taxi industry, if there was not a measured increase in fares. Many of these reviews also quoted the rising fuel prices in particular as a reason for the need to increase fares. More detail can be found for various countries and regions below.

- **Republic of Ireland**

The National Transport Authority (NTA) may recommend an increase in prices as the price of fuel continues to soar, following the outcome of a review of the national maximum taxi fare. Drivers have not seen an increase in fares since 2018 as the proposed 4.5% increase in 2019 was delayed due to the pandemic. The latest NTA review is currently underway, and it is noted that fuel costs will be a major contributor as it considers an increase.

- **Edinburgh**

A tariff hike was approved in the city which put Edinburgh among the top 25 of local authorities with the highest fares. A 2.9% increase was decided alongside an increase in the 'additional passenger charge'. This was decided after the last fare review which took place in April 2020. The council carries out a review of taxi fares every 18 months but it is noted that the latest review has been delayed due to external pressure from the pandemic. The new fares came into

effect from December 30, 2021. See figure 17 for proposed taxi fares in Edinburgh.

▪ **London**

Transport for London (TfL) approved a 5.5% increase to taxi fares in an effort to stop the decline of black cabs in the capital. The new fares came into effect from April 30, 2022. This marks the first increase in fares since 2020 as prices had remained the same due to the pandemic. On 9 March 2022, TfL's Finance Committee approved the following recommendations.

1. Increase the minimum fare from £3.20 to £3.80
2. Increase Tariffs 1 and 2 by 5.51 per cent – See Figure 18 for the current taxi fares in London
3. Freeze Tariffs 3 and 4
4. Increase the maximum Heathrow Extra from £2.80 to £3.60
5. Introduce a charge of up to £5.20 which taxi drivers can add to the fare when dropping off passengers in one of the terminal drop-off zones at Heathrow Airport unless their taxi has been registered for a Blue Badge concession.

Recent fuel hikes

13. As detailed earlier in this document, the desktop review was completed in March of this year and used information that was available at that time. Since then things have moved on and we now have even higher fuel costs as a result of the war in Ukraine and also because of higher demand for oil post pandemic. In working through this review process we have therefore considered a number of options to reflect the current high cost of diesel but also to factor the predicted decrease in 2023. For reference, the tables below are worked examples using £1.48 (Feb 2022) and using a mid-range (£1.75) cost of diesel.

Cost per live mile, 2011, 2019 & 2022

	2011	2019	2022	Mid-Range Option 2022
Fuel Costs (per litre)	£1.30	£1.29	£1.48	£1.75
Salary	£24,470	£25,633	£27,241	£27,241
Vehicle Tax	£199	£231	£260	£260
Depot Rent	£2,327.03	£2,716	£5,590	£5,590
Vehicle Capital Costs	£3,206	£3,783	£3,595	£3,595
Basket of parts	£900	£1,062	£1,060	£1,060
Maintenance Labour Costs	£629	£742	£781	£781
Insurance	£1,133	£1,800	£1,800	£1,800
Cost per Live Mile	£1.57	£1.69	£1.90	£1.96

The mid-range option would increase the live mile to £1.96 which is an increase of 16%

	Cost per litre	
Base Case	£ 1.48	(AA figure at Feb 2022)
High Case	£ 2.01	(predicted figure – Oxford Economics)
Total	£ 3.49	
Average	£ 1.75	

Itemised Break Down of Cost per live mile 2022

	2022	2022 Cost Per Live Mile	Mid-Range Option 2022	2022 Mid Range Cost Per Live Mile
Fuel Costs (per litre)	£1.48	£0.33	£1.75	£0.39
Salary	£27,241	£1.05	£27,241	£1.05
Vehicle Tax	£260	£0.01	£260	£0.01
MOT Fee	£138.50	£0.01	£138.50	£0.01
Taxi Driver Licence and *Periodic Training	£71	£0.0027	£71	£0.0027
Depot Rent	£5,590	£0.22	£5,590	£0.22
Vehicle Capital Costs	£3,595	£0.14	£3,595	£0.14
Basket of parts	£1,060	£0.04	£1,060	£0.04
Maintenance Labour Costs	£781	£0.03	£781	£0.03
Insurance	£1,800	£0.07	£1,800	£0.07
Cost per Live Mile	£1.90	£1.90	£1.96	£1.96

The desktop review (March 2022) calculated the figure of £1.90. As per para 13 the £1.96 is an example of a further option under consideration. The consultation questions will take the views on a number of options relating fuel costs.

PROPOSED MAXIMUM TAXI FARE

The table below sets out the potential new taxi fare rate a passenger might expect to pay in 2022 based on the increase in the cost per live mile to £1.90

Distance	Rate 1 Monday to Friday (6.00 am to 8.00 pm)	Rate 2 Monday to Thursday (8.00 pm to 6.00 am)	Rate 3 Friday 8.00 pm to Monday 6.00 am, and on set days*	Christmas rate (24 December 2.00 pm to 27 December 6.00 am)	New Year's rate (31 December 8.00 pm to 1 January midnight)
Initial charge (0.5 miles)	£3.00	£3.40	£4.20	£4.80	£4.80
One mile	£4.20	£4.60	£5.40	£6.90	£6.90
Every extra mile	£1.90	£1.90	£1.90	£3.50	£3.50

Waiting Time/Traffic Congestion Charge for Rate 1 – 3: 20p = 44 seconds or £1.00 = 3 minutes 40 seconds

Waiting Time/Traffic Congestion Charge for Christmas and New Year's Rate: 20p = 22 seconds £1.00 = 1 minutes 50 seconds

*Set days: depending on changes made by Royal Proclamation

'Rate 3' in the table above applies from 8.00 pm the day before, until 6.00 am the day after on the following days -

- St Patrick's Day
- Good Friday
- Easter Monday
- May Day
- Spring Bank Holiday
- 12 July
- Summer Bank Holiday
- A day named as a Bank Holiday by Royal Proclamation