



Department for

Infrastructure

An Roinn

Bonneagair

www.infrastructure-ni.gov.uk

TAXI FARE INCREASE

Targeted Public Consultation

Date: 17 September 2021

MINISTERIAL FOREWORD

Following my announcement on 10th September 2021 of a Taxi Action Plan to propose further support for the taxi industry, this targeted consultation document now seeks your views on proposals to increase the maximum taxi fare tariff across Northern Ireland.

I have engaged with the taxi sector and acknowledge the pressures that they have been under and am committed to working with the sector in continuing to monitor the impact of Covid restrictions on them.

Throughout the Pandemic, I have continued to support the taxi industry. To date, my Department has implemented 2 financial assistance schemes for taxis distributing £15.5 million in support to taxi drivers, which was funded through a Covid allocation from the Executive. I have also provided additional support worth £1.2m through automatic renewal of taxi vehicle licences, free of charge without a prior test for a period of 12 months.

I, along with Departmental officials, have held a number of meetings with various taxi sector representatives where a range of specific concerns were raised. One of their concerns was that the current Maximum Taxi Fare Tariff was calculated on 2011 prices, implemented in 2016 and has not changed since. The case was made to me that no other sector has endured an earnings cap for ten years and in a time of rising inflation, thereby causing further economic deprivation for existing drivers and a huge disincentive for those considering joining the industry.

The last review was carried out in 2019 however this was not implemented. The review considered a number of costs, including fuel and labour, insurance, changes in vehicle tax rates and the cost of Depot Rent. Benchmarking with other jurisdictions was also carried out.

Although now 2 years old, the benefit of using this existing review is that proposals can be issued for targeted consultation sooner and any changes to the fare structure, if appropriate, could be implemented before the Christmas period 2021. A comprehensive, up-to-date review of costs will also be completed in 2022, post COVID pandemic.

Your views are invited on the proposals and, in particular, the likely impact of them for you or your organisation. When reviewing taxi fares, the Department considers the impact of potential changes on both taxi users and drivers, including if fare increases will lead to fewer people using taxis and result in reduced income for drivers.

The targeted consultation is aimed at people involved in the taxi industry in NI, including taxi operators and drivers. It also considers consumers who use taxi services.

Once the responses to the targeted consultation have been analysed, my officials will provide me with a report for my consideration.

I look forward to hearing from you.

Nichola Mallon MLA

Minister for Infrastructure

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BACKGROUND

The Taxis Act (NI) 2008 Section 16 provides the Department with the powers to set a maximum taxi fare tariff. In 2011, a comprehensive review of taxi fares identified that the cost of running a taxi comprised fuel and labour (vehicle maintenance), insurance, changes in vehicle tax rates and the cost of depot rent. This review found that the total cost of operating a taxi in Northern Ireland was £1.57 per live mile, which was broadly in line with the previous regulated fare for Belfast Public Hire vehicles.

It is Departmental policy to undertake a desktop review of the tariff every 2 years in order to determine if a fare change is required. Two desktop reviews were carried out in May 2015 and March 2017 but, given the small variation in costs, no further changes were made to the fare structure. The most recent review was carried out in 2019 and the findings are set out in Annex A. The review considered a number of costs, including fuel and labour, insurance, changes in vehicle tax rates and the cost of Depot Rent. Benchmarking with other jurisdictions was also carried out. The outcome of the review showed that operating a taxi in Northern Ireland had increased from £1.57 to £1.69 per live mile, i.e. an overall increase of 7.6%. Annex B sets out the current and proposed maximum taxi fares.

Following the closure of this targeted consultation, the results will be analysed, along with other sources of evidence, and a report provided to the Minister for her consideration.

HOW TO RESPOND

The 4 week targeted consultation period will begin on 17th September 2021 and end on 15th October 2021.

Responses should be e-mailed to: TaxiFareReview@infrastructure-ni.gov.uk

Respondents should provide a response to the following questions:

1. Do you agree with the proposed fare?
2. Have you any other comments?

The Department for Infrastructure has actively considered the needs of people with visual impairments in accessing this targeted consultation document. The text will be made available in full on the [Department's website](#) which allows for e-readers (including the most recent versions of JAWS, NVDA and VoiceOver). The text may be freely downloaded and translated by individuals or organisations for conversion into other accessible formats. Our accessibility statement at <https://www.infrastructure-ni.gov.uk/department-infrastructure-accessibility-statement> gives more information.

Please ensure that your response reaches us by the closing date. If you would like further copies of this targeted consultation document, it can be found on the [Departments Website](#) or you can contact the Department at TaxiFareReview@infrastructure-ni.gov.uk if you would like alternative or accessible formats (Braille, audio CD, etc.).

Responses to the targeted consultation should be made by e-mailing TaxiFareReview@infrastructure-ni.gov.uk When responding, please state whether you are responding as an individual or representing the views of an organisation or group. If responding on behalf of a larger organisation, please make it clear who the organisation represents and, where applicable, how the views of members were assembled.

CONFIDENTIALITY & DATA PROTECTION

Information contained in your response may be made public by DfI. If you do not want all or part of your response made public, please state this clearly in the response by marking your response as 'CONFIDENTIAL'. Any confidentiality disclaimer that may be generated by your organisation's IT system or included as a general statement in your correspondence will be taken to apply only to information in your response for which confidentiality has been specifically requested. Information provided in response to this Consultation, excluding personal information, may be subject to publication or disclosure in accordance with the access to information regimes (this is primarily the Freedom of Information Act 2000 (FOIA)).

The Department will process your personal data in line with the [Department's Privacy Notice](#). Personal data provided in response to this Consultation will not be published.

If you want other information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this, it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

As indicated above, the Department will publish a summary of responses following completion of the targeted consultation process. Your response, and all other responses to the targeted consultation, may be disclosed on request. The Department can only refuse to disclose information in exceptional circumstances. Before you submit your response, please read the paragraph below and it will give you guidance on the legal position about any information given by you in response to this targeted consultation.

The Freedom of Information Act 2000 gives the public a right of access to any information held by a public authority, namely, the Department in this case. This right of access to information includes information provided in response to a consultation or a call for evidence. The Department cannot automatically consider as confidential information supplied to it in response to a consultation or a call for evidence. However, it does have the responsibility to decide whether any information provided by you in response to this targeted consultation, excluding information about your identity, should be made public or treated as confidential.

NEXT STEPS

The information gathered as a result of this targeted consultation will be considered by the Department and an analysis presented to the Minister for her consideration.

Driving Policy Branch
Safe and Accessible Travel Division
Department for Infrastructure
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REVIEW OF MAXIMUM FARE 2019

BACKGROUND

1. In 2011, a comprehensive review of taxi fares was finalised to ascertain whether or not a statutory maximum fare would be appropriate for the local taxi industry and, if so, to determine the level of the fare. The review was completed by PA Consulting Services. The fare adopted was broadly in-line with the previous regulated fare for Belfast Public Hire vehicles.
2. It is Departmental policy to undertake a desktop review of the maximum fare every 2 years in order to determine if a fare change is required or if a full review of costs should be carried out.

Previous Reviews

3. The last desktop review of the main elements of the fare (fuel and labour costs, which account for around 80% of the overall per mile cost) was undertaken in May 2015. This review found that, using a rolling 12 month price average, the price of fuel had decreased by 1.3% and that the salary figure had reduced by 4.7%. Overall, the Department calculated an overall reduction in maximum fare of 3.2%.
4. A further review of the main elements of the fare (fuel, wages and insurance etc.) was carried out in March 2017. That review found that the salary figure had increased only very slightly on the 2011 figure by 0.1% and fuel cost has decreased by 14.6%. The cost of taxi insurance was taken from a 2013 taxi driver survey where the average premium was around £1,500. This was an increase of 32.4% on the 2011 figure. Overall it was found that the total cost of operating a taxi in Northern Ireland had reduced by 1.9% from £1.57 in 2011 to £1.54 per live mile in 2017.
5. No changes were made to the fare structure following either the 2015 or 2017 reviews.

2019 REVIEW

6. The 2019 review included consideration of fuel and labour costs, insurance, changes in vehicle tax rates as well as the cost of Depot Rent. These items make up approximately 89% of the overall per mile cost.

Salary

7. The salary figure is taken from the Office of National Statistics (ONS) Annual Survey of Hours and Earnings, specifically to Transport and Mobile Machine Operatives. The rate is measured and reported annually. The PA Consulting Group review document "Review of taxi fares & taxi fare structure" options analysis document advises that the simplest way to base annual labour costs (salary) was in line with earnings for a similar trade. It was the view of PA Consulting Group that the earnings specifically to Transport and Mobile Machine Operatives provided an appropriate baseline as the rate reflects current earnings levels in transport and associated professions.
8. This review found that the salary figure (that accounts for approximately 60% amount of the overall live mile cost) increased from £24,470 in 2011 to £25,633 according to the most recent 2018 figures. This is an increase of 4.8%.

Fuel

9. Figures from the AA fuel price website were used to calculate fuel costs. The AA prices are an average of mid-month prices from respective regions. The figures in this report are an average over a twelve month rolling period. The price of diesel is used, due to the fact that (as stated in PA Consulting report) the vast majority of taxis in Northern Ireland have diesel engines.
10. The average fuel cost decreased from £1.30 in 2011 to £1.29 in 2019; a 0.8% decrease.

Vehicle Tax Rates

11. The vehicle tax rates were also reviewed using the current vehicle tax rates on the GOV.UK website and we found that all rates have increased since 2011.

The smallest increase is £5 and the largest increase is £110 per year. The mean cost per year in 2011 was £198.97 which has now increased to £231.09. This is an increase of 16.1%.

Depot Fees

12. The cost of depot rent was also reviewed with an average increase of 16.7% from 2010 to 2019.
13. In the PA Consulting Group report the figure for radio circuit/depot fees was £2,327.03. An increase of 16.7% brings this figure up to £2,715.64.

Insurance

14. The cost of taxi insurance estimate was taken from an online survey which quoted the average cost of taxi insurance is between £1,300 to £1,800 per year for cover.
15. Due to the fact that insurance prices can vary quite significantly, research into two other districts was undertaken both of whom have carried out a fare review to compare their insurance prices.
16. Brighton & Hove Taxi Trade added an additional insurance premium of approximately £1,000 above the AA insurance cost for petrol cars of 2001 - 3000cc. They also obtained three quotations from local brokers and averaged those quotations. The extra cost between the AA average figures and the broker quotation average figures will be the additional insurance premium. The AA Insurance figure for quarter 4 of 2018 is £609.93. This is an increase of 2.7% over the quarter, but down 5.9% over 12 months.
17. Manchester City Council quoted £2,182 in 2015 and £2,515 in 2017 however they have not indicated in their paper how they arrived at these figures.
18. A few local insurance companies were contacted and asked for an estimated cost for a driver who has been driving a taxi for 5 years and who has at least 2 years no claims. The estimates received were: £1,200; £1,250; £1,400; £2,170 and £4,302.

19. The insurance company who quoted £2,170 advised that they are not very competitive for taxi insurance as it is not a large part of their business. Most drivers who get a quote from them find cheaper insurance through a different company. The same can be said then of the higher £4,302 quote.
20. One of the companies advised that they had insured a first time taxi driver in recent weeks and although he had been driving a private car for years and built up quite a few years no claims bonus, the best price they could get was £3,000 per year. So there is clearly a significant difference in costs depending on individual circumstances.
21. Information provided to the Department advised of the following in relation to insurance in NI for some taxi drivers:
 - £4,000 for a new younger driver to the industry (30 years old and under);
 - £3,000 for a new driver to the industry (over 30 years old); and
 - £1,400 for drivers who have some years' experience (3-4 years).
22. Given the quote in paragraph 20 and the first two bullet points in paragraph 21, with insurance prices so high for first time taxi drivers, the barrier to entry to the industry for new drivers is high.
23. The majority of taxi drivers will have some years taxiing experience therefore their insurance is more likely to cost around £1,400 per year, however some drivers will be paying a higher premium.
24. Taking account of the information from the taxi industry and four of the local quotes in paragraph 18 (and dismissing the highest quote as being infrequently used) we have used £1,800 for the purposes of this exercise.

Unsociable Hours

25. Unsociable hours is another area which is likely to be addressed as part of the wider Taxi Review. An "unsociable hours comparison" was carried out between ROI and NI. At 01.00 on a Sunday morning the unsociable hours premium in ROI is around 27% up to 9 miles. As outlined in the table below, the NI picture

depends on how much 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.

26. A change to the unsociable hours premium would require, not merely a change in the fares, but rather a restructure and is beyond the remit of this review.

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.

Local Authority Comparison

28. Private Hire and Taxi Monthly (PHTM), a leading trade newspaper in the UK for the private hire and hackney carriage industry, updates the cost of a 2 mile taxi tariff every month for 362 Councils. As of April 2019, a 2 mile journey for some comparative regions are as follows:

Region	Cost for 2 mile journey
N.I. (Current)	£5.40
Liverpool	£5.60
N.I. (with proposed 7.6% increase)	£5.81
Ireland ¹	£6.23 (€7.22)
Edinburgh	£6.35
Bristol	£6.40
Glasgow	£6.50
Nottingham	£6.80

Consumer Price Index Increase

29. The CPI increase of 18% was applied to the cost of servicing a car. This increased the vehicle capital cost from £3,206.06 to £3,783.15, basket of parts from £900.14 to £1,062.17 and maintenance labour costs from £628.83 to £742.02.

¹ Not included in PHTM figures. Cost taken from ROI online fares card.

OUTCOME & RECOMMENDATION

	2011	2015	2017	2019
Fuel Costs (per litre)²	£1.30	£1.28	£1.11	£1.29
Salary³	£24,470.10	£23,331.00	£24,497.00	£25,633.00
Vehicle Tax	£198.97	N/A	N/A	£231.09
Depot Rent	£2,327.03	N/A	N/A	£2,715.64
Vehicle Capital Costs	£3,206.06	N/A	N/A	£3,783.15
Basket of parts	£900.14	N/A	N/A	£1,062.17
Maintenance Labour Costs	£628.83	N/A	N/A	£742.02
Insurance⁴	£1,132.78	£1,132.78	£1,500.00	£1,800.00 ⁵
Cost per Live Mile	£1.57	£1.52	£1.54	£1.69

31. The outcome of this review is that by updating 100% of the total costs per live mile the total cost of operating a taxi in Northern Ireland has increased from £1.57 in 2011 to £1.69 per live mile. **This is an increase of 7.6% overall.**

² Source: <http://www.theaa.com/driving-advice/driving-costs/fuel-prices>

³ Source: ONS (Annual Survey of Hours and Earnings, 2018 Provisional Results) - data used is Mean Transport and mobile machine drivers and operatives.

⁴ Source for 2011 & 2015: Northern Ireland Taxi Driver Survey (PA Consulting/TRI (2011))

⁵ Source- See paragraph 25.

CURRENT AND PROPOSED MAXIMUM TAXI FARE

Fare Title	Day/Time	Current Maximum Fare	Proposed Maximum Fare
Rate 1	Mon-Fri 06.00 - 20.00	Initial Charge (0.5 miles) £3.00	Initial Charge (0.5 miles) £3.25
		1 mile £3.80	1 mile £4.10
Rate 2	Mon-Thurs 20.00 - 06.00	Initial Charge (0.5 miles) £3.40	Initial Charge (0.5 miles) £3.65
		1 mile £4.20	1 mile £4.50
Rate 3	Fri 20.00-Mon 06.00 and Specified Days	Initial Charge (0.5 miles) £4.20	Initial Charge (0.5 miles) £4.50
		1 mile £5.00	1 mile £5.40
Rate 4	Christmas and New Year's Rate: from 14:00 Christmas Eve – 06:00 27 December and 20:00 31 December – 24:00 1 January.	Initial Charge (0.5 miles) £4.80	Initial Charge (0.5 miles) £5.20
		1 mile £6.20	1 mile £6.70

For rates 1-3 approximately £1.60 is currently charged for each additional mile. This would increase to approximately £1.75 per mile.

For rate 4 approximately £2.80 is currently charged for each additional mile. This would increase to approximately £3.05 per mile.