

The Taxis (Taximeters, Devices and Maximum Fares) Regulations (NI) 2023

Regulatory Impact Assessment

November 2023

Title: The Taxis (Taximeters, Devices and Maximum Fares) Regulations (NI) 2023	Regulatory Impact Assessment (RIA)
	Date: XXXXX 2023
Lead department or agency: Department for Infrastructure	Type of measure: Subordinate Legislation Existing Policy
	Stage: Final
Other departments or agencies:	Source of intervention: Domestic NI
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Summary Intervention and Options

What is the problem under consideration? Why is government intervention necessary? (7 lines maximum)	
<p>The Taxis Act (NI) 2008 Section 16 provides the Department with the powers to set the <i>maximum</i> fare tariff. The last fare increase of 7.6% was implemented in 2021 and was based on 2019 costings. The Minister at that time gave a commitment to carry out a further review of the taxi tariff in Spring 2022 which would address 2022 operating costs and fuel increases. There has also been ongoing pressure from the taxi industry and politically on the need for a fare increase. The decreasing number of taxi vehicles across NI particularly for evening work and illegal taxiing has also been considered. These factors have also influenced the decision for the Dept's intervention under the EF Act 2022.</p>	
What are the policy objectives and the intended effects? (7 lines maximum)	
<p>Setting a maximum fare increase is not a change to established policy and practice. The Department is responsible for the regulation of the taxi industry. This role requires balancing the needs of the taxi-using public, including vulnerable passengers, with those of drivers and operators. The objectives of the fare increase are to support drivers in earning a fair income, to encourage more taxi drivers back into the industry, to address illegal taxiing and to address the public's need for a greater supply of taxis, particularly meeting night time demand.</p>	
What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base) (10 lines maximum)	
<p>In August 2022 the Department launched a consultation on the maximum fare tariff. This outlined a number of options (see "Evidence Base" text below). The choice of preferred option reflects the impact of inflationary pressures, taxi supply issues, the dangers posed by illegal taxiing, the needs of the night-time economy and public safety generally.</p>	
Will the policy be reviewed? Yes	If applicable, set review date: Practice to review every two years

Regulatory	Screening Questions	Response to Screening Questions		Full Impact Assessment Required		Justification / Key issues and groups to focus on
		Yes	No	Yes	No	
	Is the policy or amendment to the policy likely to have a direct or indirect impact on businesses?	✓			✓	
Is the policy or amendment to the policy likely to have a direct or indirect impact on the voluntary / community sector?	✓			✓		There is no direct impact on either the voluntary/community sectors. However, there may be an indirect impact. An increase in the maximum fare, where it is applied by drivers and operators, is likely to have a greater impact on vulnerable and low-income taxi users. These groups of people are more likely to use the services of the voluntary and community sectors. However, the maximum fare tariff has not increased in recent years in line with inflationary/operating costs to the industry. No uplift to the fare structure may see a further decline in the availability of taxis for those who considered as essential users who may for example use the services of a community drop in.
CONCLUSION					✓	

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely benefits and impact of increasing the Maximum Taxi Fare.

Approved by: Chris Hughes, Director Date: 6 November 2023

EVIDENCE BASE

Introduction

Under the Taxis Act (NI) 2008 Section 16 the Department has the powers to change the *maximum* fare tariff in place. We are responsible for setting maximum taxi fares, and licensing of taxi drivers and operators. Beyond this, market forces apply to the taxi industry, and since Covid-19 there has been a shortage of drivers at weekends and evenings in Belfast and larger towns, and to a lesser extent in rural areas including during the day.

The continued drop in the number of licenced taxi drivers is presenting a problem to both the public and operators with the demand for taxis particularly at the weekend way outstripping supply. At the end of Q4 22/23 the total was 7,716, a drop of 436 (5.3%) from the previous year end figure in 21/22 of 8,152. A further drop of 0.7% in Q1 23/24 sees the overall figure now sitting at 7,665.

Detail

The maximum taxi tariff was last increased in November 2021 by 7.6% based on a desktop review carried out in 2019. Soundings from the industry at that time indicated that, whilst happy with the increase, they wanted a review to take account of the rises in fuel and other costs post 2019. It was therefore agreed that a further fare review would be undertaken in the Spring of 2022 based on current costs.

An eight-week consultation was approved by Minister O'Dowd and launched in August 2022. The consultation sought the views of the public, taxi drivers and operators, and other stakeholders, including the Consumer Council. It detailed various options including moving from a single taxi fare throughout the week to a two-tier approach, one for evenings/weekends, and one for daytime during the week. At the close of the consultation 790 responses were received. The key finding from which indicated strong support (66%) for increasing all fares but having a greater increase for evenings and weekends.

In their responses the Consumer Council and IMTAC (Inclusive Mobility and Transport Advisory Committee) raised concerns about the impact of a potential fare increase on rural communities, disabled persons and essential users, who they believed are more likely to use a daytime taxi service as other public transport options are not so readily available to them. Their

view was that a fare increase will have a detrimental impact on these particular individuals and communities.

The Department recognises that an increase in the maximum fare, where it is applied by drivers and operators, will have a greater impact on vulnerable and low-income taxi users. However, officials recognise that the income of this group is supported by other initiatives across government and is considered through existing mechanisms such as various income supports including through the broader benefits system.

In October 2022 a range of options were presented to Minister O'Dowd to increase the fares;

Officials recommended an **Increase all fares but increase by more for evenings and weekends than the rest of the week**. This option was the most popular in the consultation feedback (66% support). The basis of that recommendation was that it may entice new drivers and encourage those drivers who have taxi licences but are choosing not to work as taxi drivers, back into the industry, thereby supporting customers and operators. It provides a clear incentive for drivers to work evenings/weekends when we know there is a shortfall and allows daytime drivers to offset the increase to their costs, while minimizing the cost to customers, who may not have other options.

Further it is hoped that the issue of alleged overcharging by taxi drivers will be curtailed.

During recent enforcement operations, Driver and Vehicle Agency (DVA) enforcement officers have issued a number of Fixed Penalty Notices to taxi drivers in respect of overcharging passengers, failing to use their taximeter, and using a taximeter which was not compliant with the regulations.

No decision was taken before the Minister left office and the findings and recommendations were then presented to the DfI Permanent Secretary for a decision under the Northern Ireland (Executive Formation etc) Act 2022. Approval to proceed was obtained on 24th October 2023.

Going forward

The main purpose of the Regulations is to amend the Taxis (Taximeters, Devices and Maximum Fares) Regulations (Northern Ireland) 2015 in order to implement an increase in the maximum fare rates for metered taxis (Class A and B taxis). An increase of 9.5% for Rate 1 and 19.5% for Rates 2 to 4, will be applied, this uplift will also be applied to the "flag drop" rate.

