

# ***Appendix 5 – Background History – Pickup Formula***

## **Background History - Pickup Formula**

On 16 August 2001, at their annual fare meeting, the Licensing Committee considered proposals for increases and amendments in the Hackney Carriage fares and extra charges tariff and the adoption of the 'Pickup' Formula, an inflation based annual review, linked to the Retail Price Index for both fares and extra charges.

Having considered the matter in detail, Members resolved:

- That the proposed revision of the present fare structure be adopted.
- That the following formula for dealing with increases in fares and the extra charges tariff in future years be approved:

Motoring Retail Price Index percentage figure rounded up to the nearest whole number plus 1%, to be rounded up or down over future years (to be known as the 'Pickup' Formula). For 'extras' the formula would be used, but increases held until a whole unit figure was reached.

The formula agreed was negotiated after Members' requests for an inflation based formula which could be used year on year. It is based on the nearest published Retail Price Index which reflects most closely expenses incurred by the Taxi Trade. The Motoring Price Index is therefore used as a base for both fare and tariff increases. However, this Index reflects the cost of private motoring rather than cost incurred by full time taxis and so the figure quoted by Government is rounded up and 1% is added to reflect this anomaly. This calculation is the 'Pickup' Formula.

For fares, the Pickup Formula is to be applied each year by a reduction in yardage which most closely reflects the Pickup percentage in the fare charged. For tariffs, the Pickup percentage is applied, but not activated until a whole unit figure is reached by year on year increases (eg 5p for extras such as luggage, or 10p for the start up or night charge).