

BIRMINGHAM CITY COUNCIL

REPORT OF THE ACTING DIRECTOR OF REGULATION AND ENFORCEMENT TO THE LICENSING AND PUBLIC PROTECTION COMMITTEE

SEPTEMBER 2018
ALL WARDS

CARD PAYMENTS IN HACKNEY CARRIAGE VEHICLES – RESULTS OF PUBLIC CONSULTATION

1. Summary

- 1.1 In October 2017 your Committee considered a TOA proposal that all hackney carriages should be equipped to take chip and pin card payments.
- 1.2 Members resolved to consider the matter again following a consultation exercise. The consultation was concluded on 24 June this year and the results are attached to this report as appendix 1, a breakdown of the results and appendix 2, the un-edited list of comments left by those responding to the consultation exercise.
- 1.3 The result is clearly in favour of the proposal, with both public and trade represented in the returns.

2. Recommendation

- 2.1 With effect from 1 January 2020, your Committee agrees provision of card payment facilities will be compulsory in all Birmingham licensed hackney carriage vehicles.
- 2.2 Members should leave drivers and proprietors with freedom of choice as to which processing company or agent they use to provide their credit card processing equipment.
- 2.3 Conditions of licence should be amended to reflect the new requirement with effect from 1 January 2020 as agreed at 2.1, with the new condition as at 5.5 applying to all licences on renewal, after that date.
- 2.4 That Minute 920 be discharged.

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3. Background

- 3.1 Hackney carriage drivers are already allowed to offer additional payment methods, but Birmingham City Council has never stipulated what those payment methods should be, or made it compulsory for alternative payment methods to be offered.
- 3.2 In April 2014 your Committee gave consideration to advertising alternative payment methods in licensed private hire vehicles and at the time it was acknowledged the provision of alternative payment methods was already widely available in the hackney carriage trade.
- 3.3 The most common alternative to cash, to which the majority of passengers will have access, is without doubt a credit, debit, or pre-paid card. This is now everyday technology, almost universally accepted. Chip and pin or contactless card payment is therefore the most appropriate solution if an alternative payment method is to be made compulsory.
- 3.4 In October 2017 the Licensing and Public Protection Committee considered the question and determined a public consultation should take place. The consultation was not carried out immediately as a number of other taxi related consultations were already planned or ongoing and it was feared this one might be overlooked amongst the larger exercises being carried out. The consultation was published immediately after the local elections in May 2018 and ran until 24th June 2018.
- 3.5 The introduction of a clean air zone in Birmingham from 1 January 2019 is going to have a major impact on the trade. It is clear the majority of hackney carriage vehicles currently operating in Birmingham will not meet the minimum requirement of Euro 4 for Petrol or Euro 6 for diesel engine vehicles. This will require most of those vehicles to be replaced or to drop out of the fleet. Costs associated with obtaining an electric hackney carriage or even a new Euro Cat 6 diesel are high (A new Euro 6 Mercedes M8 cab will cost around £45,000, the LEVC Electric Cab will cost more than £55,000).
- 3.6 In light of the impact on the trade and the potentially dramatic reduction in the number of licensed vehicles, members might consider delaying introduction of a mandatory requirement by twelve months to January 2020. This would remove the immediate pressure to comply from any driver contemplating his future in the trade and give those looking into the feasibility of changing vehicles one less thing to worry about.
- 3.7 On 3 February 2016 Transport for London (TfL) confirmed their Board had approved a proposal to require all of the capital's 22,500 licensed taxis to be equipped to accept card payments. It is worth noting the arrangements in London which came into effect in October 2016 explicitly require no surcharging and passengers paying by card will only pay the amount shown on the meter. Effective from 13 January 2018, it became illegal to pass on the cost of credit or debit card processing to customers, so it is no longer an option.

4.0 Consultation Results

- 4.1 The results of the consultation show clear support for the proposal. It is unfortunate only forty nine people responded to the survey, but of those thirty seven (approximately 75%) were in favour of making card processing facilities mandatory for hackney carriage vehicles.

4.2 Interestingly twenty seven (56%) of the respondents identified themselves as hackney carriage drivers, or proprietors. Only twelve respondents were against the proposal, accordingly it is clear support is not limited to the public, but also exists within the licensed trade.

4.3 A breakdown of the consultation is attached as appendix 1 and the various comments left by the respondents are attached at appendix 2. The comments are as left and have not been edited in any way.

5.0 Implementation

5.1 If members decide credit card payments should be made mandatory, then it will be necessary to amend conditions of licence for hackney carriage vehicles, to require all vehicles are equipped with the means to process card payments.

5.2 It is suggested drivers/proprietors should be permitted to make their own arrangements and the choice of provider should be a matter of individual choice. It is not recommended that Birmingham follow London in requiring fixed terminals and banning hand held terminals. Many drivers already make their own provision for credit card processing and it is not considered necessary to make them change what may already be long standing arrangements, so long as they are able to process card payments and understand they may not add surcharges.

5.3 New conditions will come into effect on renewal, or first issue of a vehicle licence. In order to allow drivers time to find a suitable provider and to make comparisons of alternative solutions, it is suggested a start date no earlier than 1 January 2020 would be appropriate.

5.4 Delaying mandatory compliance until January 2020 in recognition of the difficulties already facing drivers in respect of the Clean Air Zone and the necessity to replace a significant proportion of the fleet, will ensure only those drivers and proprietors clearly committed to remaining in the trade have to make provision.

5.5 The following condition is suggested as an addition to the Conditions of Licence for Hackney Carriage vehicles:

21. From 01/01/2020 no Birmingham licensed hackney carriage vehicle shall be used to carry passengers on a hire and reward basis, unless the means to process credit, debit and pre-loaded payment card transactions is carried on board.

6. Implications for Resources

6.1 The cost of amending licence conditions is negligible and will be met within existing budgets. The cost of providing card facilities will be borne by the trade and for this reason officers believe the choice of provider should be left to the discretion of the individual driver/proprietor. There will be no related costs to be borne by Birmingham City Council as a result of this change.

7. Implications for Policy Priorities

- 7.1 The contents of this report contribute to the protection, safety and welfare of residents and visitors to the City by promoting improvements in the standards of services provided by licence holders and is compatible with our mission statement: Locally accountable and responsive fair regulation for all – achieving a safe healthy, clean, green and fair trading city for residents, business and visitors.

8. Public Sector Equality Duty

- 8.1 Ensuring all hackney carriage vehicles are equipped to take card payments would benefit a wide range of passengers, from businessmen and visitors to the city to students and young people who are probably more vulnerable to finding themselves without the means to get home after a night out. Passengers with disabilities may in some circumstances, find chip and pin or contactless payments easier than counting out cash and checking change.
- 8.2 There will however be an impact on the trade as it will be the drivers that have to pay for the equipment and transaction fee, as this is no longer able to be passed onto the passenger.
- 8.3 Costs for terminals vary greatly, but initial searches on the internet indicate that terminals can be purchased from between £40 - £75 pounds with transaction fees ranging from between 1.75% - 2.75%, with at least one provider having a taxi-cab add on function.

ACTING DIRECTOR OF REGULATION AND ENFORCEMENT

Background Papers: Nil