

## **BIRMINGHAM CITY COUNCIL**

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

**23 OCTOBER 2017**  
**ALL WARDS**

#### **CARD PAYMENTS IN HACKNEY CARRIAGE VEHICLES**

##### **1. Summary**

- 1.1 A request has been received from TOA (Taxi Owners Association) requesting your Committee give consideration to making it a requirement that all Birmingham Licensed hackney carriages be equipped to take credit card payments.
- 1.2 The text of the TOA proposal is attached as an appendix to this report. TOA acknowledge many drivers are not members of their organisation and have indicated they are happy to act as an intermediary between non-members and the provider they use, though they do stress there would be no financial gain for TOA.
- 1.3 This report seeks to provide members with background information relating to the current arrangements for alternative payment methods and the recent changes in London which appear to have prompted the TOA request.

##### **2. Recommendation**

- 2.1 Your Committee should consider the matters raised in the report and if convinced of the merits of the TOA proposal, instruct officers to consult with the wider trade to establish the level of support for the proposal; amongst other drivers and trade organisations and report back to this Committee.

Contact Officer: Chris Arundel, Principal Licensing Officer  
Telephone: 0121 464 8994  
E-mail: [chris.arundel@birmingham.gov.uk](mailto:chris.arundel@birmingham.gov.uk)

### 3. Background

- 3.1 At present drivers are free to offer additional payment methods, but Birmingham City Council has never mandated what those payment methods should be, or indeed made it compulsory for any additional payment method to be offered. Clearly a driver offering no alternative means of payment is potentially putting himself at a disadvantage when so many customers use chip and pin technology as a matter of course and increasingly also use electronic means of payment facilitated by the advances in smart phone technology
- 3.2 In April 2014 your Committee gave consideration to the advertising of alternative payment methods in licensed private hire vehicles. At the time it was acknowledged the provision of alternative payment methods was already more widely available in the hackney carriage trade and it was considered appropriate to allow private hire drivers to use signs to indicate they were offering card or app payments etc. In fact the report itself was prompted by a company offering an application which allowed customers and drivers to make and receive payments using a smart phone.
- 3.3 Although members agreed it could be advantageous to customers, drivers and operators for drivers to be able to offer and promote alternative payment methods it was not suggested drivers should be obliged to do so.
- 3.4 The proliferation of new means of payment beyond chip and pin have offered drivers a myriad of alternatives, many of which do not require any investment in technology greater than the smart phone most of us now carry with us at all times. However, this proliferation can be problematic in itself, as nobody, driver or passenger is going to be subscribed to every possible means of payment available and where passenger and driver do not subscribe to the same app, cash is still going to be the only common currency.
- 3.5 In this situation, the most common alternative to cash, to which the majority of passengers will have access, is a credit, debit or pre-paid card. A common technology almost universally accepted, chip and pin or contactless card payment is still probably the most appropriate method to prescribe if members consider it appropriate to make provision mandatory.

### 4. Mandatory Arrangements in London

- 4.1 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.
- 4.2 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.
- 4.3 Such a requirement would be a useful and sensible measure for inclusion in any mandatory scheme proposed for Birmingham and would serve to prevent

variation in charges between cabs which would be confusing for passengers and could lead to complaints of overcharging.

- 4.4 The decision to require mandatory card payments was undertaken following a review of payment methods in September 2015 and an extensive consultation exercise. TfL received more than 1000 responses from a wide range of stakeholders, including taxi trade organisations, passenger safety groups, card industry representatives and the London Assembly Transport Committee. 86% of respondents were in favour of the proposal.
- 4.5 It is suggested such a consultation would be advisable for Birmingham if the proposal does not command the support of the wider trade. Accordingly if members are inclined to pursue the proposal it is suggested an initial consultation be conducted to determine the levels of support (or opposition) within the hackney carriage trade. Further consultation may be unnecessary if the majority of drivers and trade organisations are already supportive of the proposal.

## 5. The TOA Proposal

- 5.1 As noted above the TOA proposal is attached as the appendix to this report. It is not a detailed proposition and should probably be viewed as a request for your Committee to consider the proposal in principal, rather than making any detailed policy decisions at this stage.
- 5.2 Members of TOA have been invited to attend today to speak in support of their proposal.
- 5.3 Should the proposal find favour with members, it will be necessary for officers to flesh out a detailed proposal. It is noted TOA have offered to act on behalf of non-members to allow them access to the processing facilities enjoyed by their members. TOA have stated they are willing to act as an intermediary with no financial benefit to themselves. However, alternatives would have to be available as members of other trade organisations and independent drivers may prefer to make their own arrangements.

## 6. Pros and Cons

- 6.1 On the positive side, there are potential gains to be had from adoption of compulsory chip and pin technology, for example:
  - i. Business customers would always be able to use a card for payment.*
  - ii. Customers with insufficient cash would be able to pay without having to divert to find a cash machine.*
  - iii. Drivers would be offering the most commonly available non-cash means of payment, making them a realistic alternative to the app based systems.*
  - iv. Whilst not every passenger would choose to use it, the option of chip and pin would not negatively impact any passenger.*

6.2 On the negative side, there are a number of factors to be considered:

*i. Drivers would almost certainly have to absorb the cost of chip and pin themselves, it is difficult to see how surcharging could be compatible with metered charging.*

*ii. Asking drivers to absorb the cost of offering chip and pin facilities at a time when they are already facing the prospect of changing or upgrading their vehicles to comply with emissions policy changes could prove highly unpopular.*

*iii. Compliance checks and enforcement action would be needed to ensure all drivers were complying with the new requirement. This would add an additional burden to the duties of Licensing Enforcement Officers.*

## 7. Implications for Resources

7.1 The cost of consulting with trade representatives will be met from existing resources.

## 8. Implications for Policy Priorities

8.1 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.

## 9. Public Sector Equality Duty

9.1 Introducing alternative means of payment could be beneficial to a wide range of passengers, from businessmen and visitors to the city to students and young people who are usually the first to make use of new technology. Young people and are also more vulnerable to finding themselves without the means to get home after a night out. TOA have implied people with disabilities could be disadvantaged if alternative payment methods are not universally adopted. They have put forward no evidence in support and Licensing has received no communications from organisations representing people with disabilities suggesting this to be the case, but such passengers would certainly not be disadvantaged by the adoption of such a policy and it is possible contactless payments could be an advantage in some cases. This is an area which should be explored in any public consultation.

## **ACTING DIRECTOR OF REGULATION AND ENFORCEMENT**

Background Papers: Nil