

The Common Rules for access to the International Market for Coach and Bus Services and Associated Public Service Vehicle (Amendments) (EU Exit) Regulations 2018

Department for Transport (DfT)

RPC rating: fit for purpose

Description of proposal

Currently, international coach services between the UK and the EU are governed by common EU rules which are set out in regulation no.1073/2009 in the Official Journal of the European Union. This regulation provides common rules for access to the international market for coach and bus services. These rules will be retained in the UK domestic law by the provisions of the EU (Withdrawal) Act 2018, but they will not have any effect on EU operators.

The proposed statutory instrument will, in the event of a no-deal scenario, permit EU coach and bus operators to continue to operate within the UK after the UK leaves the EU. This is intended to minimise disruption to coach travel between the UK and the EU and to minimise any process changes required as a result.

Additionally, the Department intends to rejoin the Interbus Agreement once the UK leaves the EU. The Interbus Agreement provides for liberalised, *occasional* coach services, including holidays, school trips and private tours between members. However, it is proposed that the Interbus Agreement is extended to also cover *regular scheduled* services between members. The Government expects the UK membership of the Interbus Agreement to come into force on the 29th of March 2019, and if this is delayed, or the Interbus agreement is not extended, then the regulations suggested would act as a backstop and allow EU vehicles to operate in the UK for the time being.

Impacts of proposal

The Department explains there will be costs to the UK Government, as EU coach operators will need to apply directly to the International Road Freight Office (IRFO), which is a UK Government body, in order to gain authorisation to host coach services which can travel across the border. This will impose additional costs on the IRFO as they will have to directly approve or reject the authorisations. Previously, authorisations for regular services were accepted by competent authorities in EU member states. There is uncertainty around the number of authorisation applications

the IRFO will deal with, and the resources required to approve an authorisation. Consequently, the Department has quantified the costs of three different scenarios which include; low, medium and high estimates. These are based on the expected number of applications for authorisations. In the higher boundary scenario the Department estimate 600 applications will be received, where the expected number of hours required to complete each application is 14 hours. Therefore, the total overall discounted cost to government for the higher boundary estimate would be £87,900, assuming IRFO workers are paid £11.36 an hour.

EU operators will also face additional costs including; familiarisation with the new regulation; and costs for sending documents for authorisation to the IRFO. These costs fall on businesses outside the UK and therefore are not quantified because they are out of scope of the IA. The proposed regulation has no direct impact on UK operators.

Benefits

The regulatory proposal will allow the UK to provide EU operators with the right to access the UK. The additional policy of re-joining the Interbus Agreement will also ensure that UK residents and overseas visitors are still able to travel by coach between the UK and the EU.

Small and Micro Businesses Assessment (SaMBA)

The Department states that there would be no costs to UK businesses as a consequence of these regulations and, therefore, it has not undertaken a SaMBA. This appears reasonable.

Quality of submission

The Department has provided a proportionate assessment of the impact of the proposed regulations. The IA provides a comparison of the proposal against both the current acquis and a do-nothing scenario in which the UK leaves the EU with no agreement. This is appropriate and consistent with government guidance on appraisal of EU exit measures, and the two comparisons are clearly distinguished. The current acquis is the appropriate baseline for the assessment of business impacts for better regulation framework purposes; the comparison against do nothing is important in demonstrating the case for the policy option.

The IA would benefit from addressing the following points:

Impact on UK operators. The IA correctly focusses on the impacts of the proposed regulation, which fall only on the IRFO and on EU coach and bus operators. However, the IA would benefit from explaining how UK operators would apply to be authorised to travel to the EU under a ‘no deal’ scenario, compared to how they apply currently. The IA should also state what the role of the IRFO would be in this case or clearly state why it is not possible to explain this. The IA would additionally benefit from describing any additional impacts on UK operators as a result of asymmetric regulations or changes to market structures.

The IA presents the number of residents of some EU member states who travel to the UK by coach and how many UK residents visit the same countries by coach. The IA would additionally benefit from presenting the share of the market for EU and UK operators and the extent of cabotage (picking up and dropping off passengers, i.e. those on half a round-trip).

Subject to any sensitivities, the IA would benefit from discussing scenarios of how EU countries might react under a ‘no deal’ scenario; how the present proposal could influence this; and the possible impact on UK operators.

Impact of rejoining the Interbus Agreement versus the regulatory change. The Department’s assessment focuses primarily on the impact of the proposed regulatory change. The IA would benefit from clarifying the distinction between the regulatory change and the policy decision to re-join the Interbus Agreement. The latter does have beneficial impacts on UK coach operators against a do nothing and no deal counterfactual, and the IA could describe these, as appropriate.

Impact of the Interbus Agreement not being extended. As the extension of the Interbus Agreement is reliant on agreement from the EU and other members, the IA should address the potential situation of the Interbus agreement not being extended and the impacts associated, including indirect costs to UK business such as limited cabotage.

Alternative scenarios: The IA would benefit from discussing alternative approaches, such as the option where the UK could automatically accept EU coach and bus operators with authorisation from competent authorities in their own countries, who are member states. The IA would benefit from having an explanation as to why the chosen option is preferred.

SaMBA. Although a SaMBA is not required due to there being no impact to UK businesses, the IA would benefit from a proportionate description of the wider beneficial impacts from the proposal on UK businesses, including small and micro businesses, providing goods and services to EU coach travellers to the UK against a do-nothing baseline.

Presentation. The IA could benefit from mentioning the NPV and other costs within the summary page. It would be helpful to summarise the costs provided in the body of the IA in order to show that this is a de minimis case. Additionally, it is not clear that the IA has taken into consideration ‘micro’ businesses, therefore this should be revised. Otherwise, the word “medium” should be replaced with “micro” in the SaMBA section to show that the IA has considered small and *micro* businesses in the analysis.

The IA could be improved by including:

- an explicit statement explaining that the costs to government would not be recovered from UK businesses,
- a brief summary of the regulations that would be retained from EU regulation 1073/2009,
- whether there are other plans in place, which are separate from this proposal and IA, that would create a contingency in the event that the UK could not join the Interbus Agreement, or this could not be extended by the EU to include regular *scheduled* services.

Departmental assessment

Classification	Non-Qualifying Regulatory Provision - <i>de minimis</i>
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RPC assessment

Classification	Non-Qualifying Regulatory Provision - <i>de minimis</i> - EU withdrawal
Small and micro business assessment	Not required