Title: Impact Assessment of the EC's Three Regulations on International Road Transport	Impact Assessment (IA)
	IA No: DFT-2010-39
	Date: 9 December 2010
Lead department or agency: Department for Transport **Other departments or agencies:** Vehicle and Operator Services Agency (VOSA)	**Stage:** Enactment
	Source of intervention: EU
	Type of measure: Other
	Contact for enquiries: **Steve Blackmore** **Zone 2/14 GMH**

Summary: Intervention and Options

What is the problem under consideration? Why is government intervention necessary?

The EC has found current rules relating to the operator licensing of buses, coaches and lorries are inadequate because of a lack of consistency in the way that they are applied across Member States, resulting in unfair competition between EU countries and issues around compliance and road safety. Intervention at EU level is necessary to provide the clarity and consistency required to address these problems given that this is a trans-national issue. Intervention at UK level is then required to implement, enforce and monitor the new Regulations, so burdens are minimised and clear guidance is provided.

What are the policy objectives and the intended effects?

The objective of this intervention is to ensure that consistent standards are applied and enforced across the EU. The intended effects are to: create a more level playing field for international transport operations across the EU and reduce distortion of competition; raise the professional standards of the industry's transport managers; reduce the administrative burdens on regulators, enforcers and operators; enhance compliance with safety, social and technical rules.

What policy options have been considered? Please justify preferred option (further details in Evidence Base)

In their IA, the EC considered five options ranging from 'do nothing' to 'full liberalisation.' The prefered option (upon which the adopted Regulations have been based) was 'harmonisation.' The UK supported this proposed move towards harmonisation although the specific details of the Regulations were subject to negotiation at EU level. This IA considers three options for the UK: option A - do nothing; option B - full implementation; and option C - partial implementation UK. The preferred option (Option B) for full implementation was identified at the post-consultation stage in March 2008.

When will the policy be reviewed to establish its impact and the extent to which the policy objectives have been achieved?	It will be reviewed post implementation in 2012
Are there arrangements in place that will allow a systematic collection of monitoring information for future policy review?	Yes

SELECT SIGNATORY Sign-off For enactment stage Impact Assessments:

I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) the benefits justify the costs.

Signed by the responsible SELECT SIGNATORY:.. Date:.......................................

Summary: Analysis and Evidence

Policy Option 1

Description: Full implementation

Price Base Year 2010	PV Base Year 2010	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: -£2.3m	**High:** £56.7m	**Best Estimate:** £54.7m

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	£0.7m		£1.27m	**£11.3m**
High	£0.7m		£1.27m	**£11.3m**
Best Estimate	£0.7m		£1.27m	**£11.3m**

Description and scale of key monetised costs by 'main affected groups'

The main area of cost relates to (a) the cost of the national register being reflected in fees; and (b) the potential need for transport managers with 'grandfather rights' needing to obtain an international CPC. There is also the potential for increased costs because of the abolition of the facility to use cash in bank as a means to prove financial standing. The majority of costs are associated with mandatory requirements and are therefore unavoidable.

Other key non-monetised costs by 'main affected groups'

Rules around the employment of a transport manager will have a potentially significant transitional impact although it has not been possible to estimate this given a lack of available data. It has also not been possible to quantify the impact of the improved definition of cabotage.

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	0		£1.1m	**£9m**
High	0		£9m	**£68m**
Best Estimate	**0**		£8m	**£66m**

Description and scale of key monetised benefits by 'main affected groups'

Improved compliance/ safety of foreign registered haulage vehicles would be expected to lead to a reduction in the number of fatal accidents that this type of vehicle is involved in. The main difference between the best estimate and high scenarios in terms of benefits is that the assumed reduction in the number of accidents is greater in the high than in the best-estimate scenario during the first 3 years. After that the assumed reduction is the same (10%, i.e., 3.5 fatalities) and, therefore, benefits are very similar.

Other key non-monetised benefits by 'main affected groups'

Better definition of transport manager responsibilities would be expected to result in safety/ operational benefits to the industry. Document standardisation/ sharing of information will facilitate more targeted and effective enforcement activity, improving safety and helping to create a more level playing field.

Key assumptions/sensitivities/risks — **Discount rate (%)** 3.5

Key assumptions:

1.- Reduction in 1 fatality in 2011, 2 fatalities in 2012, 3 fatalities in 2013 and 3.5 onwards in the central case and 3.5 fatalities reduction from the outset in the high scenario.

Sensitivity analysis: This Regulation will breakeven if it helps reduce 1 fatality every 4 years.

2. All other Member States will properly implement the requirements of the Regulation in accordance with its requirements – particularly around dealing properly with information received about infringements committed in the UK.

3. The national register will be delivered in accordance with the estimated costs presented in this IA.

Impact on admin burden (AB) (£m): -			Impact on policy cost savings (£m):	In scope
NewAB: N/A	**AB savings:** N/A	**Net:**	**Policy cost savings:** N/A	No

Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?			UK		
From what date will the policy be implemented?			04/12/2011		
Which organisation(s) will enforce the policy?			TCs supported by VOSA		
What is the annual change in enforcement cost (£m)?			Negligible		
Does enforcement comply with Hampton principles?			Yes		
Does implementation go beyond minimum EU requirements?			No		
What is the CO_2 equivalent change in greenhouse gas emissions? (Million tonnes CO_2 equivalent)			**Traded:** N/A	**Non-traded:** N/A	
Does the proposal have an impact on competition?			No		
What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?			**Costs:** N/A	**Benefits:** N/A	
Annual cost (£m) per organisation (excl. Transition) (Constant Price)	**Micro**	**< 20**	**Small**	**Medium**	**Large**
Are any of these organisations exempt?	No	No	No	No	No

Specific Impact Tests: Checklist

Set out in the table below where information on any SITs undertaken as part of the analysis of the policy options can be found in the evidence base. For guidance on how to complete each test, double-click on the link for the guidance provided by the relevant department.

Please note this checklist is not intended to list each and every statutory consideration that departments should take into account when deciding which policy option to follow. It is the responsibility of departments to make sure that their duties are complied with.

Does your policy option/proposal have an impact on…?	**Impact**	**Page ref within IA**
Statutory equality duties[1] Statutory Equality Duties Impact Test guidance	No	
Economic impacts		
Competition Competition Assessment Impact Test guidance	No	
Small firms Small Firms Impact Test guidance	Yes	19
Environmental impacts		
Greenhouse gas assessment Greenhouse Gas Assessment Impact Test guidance	No	
Wider environmental issues Wider Environmental Issues Impact Test guidance	No	
Social impacts		
Health and well-being Health and Well-being Impact Test guidance	No	
Human rights Human Rights Impact Test guidance	No	
Justice system Justice Impact Test guidance	No	
Rural proofing Rural Proofing Impact Test guidance	No	
Sustainable development Sustainable Development Impact Test guidance	No	

[1] Race, disability and gender Impact assessments are statutory requirements for relevant policies. Equality statutory requirements will be expanded 2011, once the Equality Bill comes into force. Statutory equality duties part of the Equality Bill apply to GB only. The Toolkit provides advice on statutory equality duties for public authorities with a remit in Northern Ireland.

Evidence Base (for summary sheets) – Notes

Use this space to set out the relevant references, evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Please fill in **References** section.

References

Include the links to relevant legislation and publications, such as public impact assessment of earlier stages (e.g. Consultation, Final, Enactment).

No.	Legislation or publication
1	Public Consultation Document - http://webarchive.nationalarchives.gov.uk/+/http://www.dft.gov.uk/consultations/archive/2008/euroadtransportproposals/euroadconsulpaper
2	Summary of Responses - http://webarchive.nationalarchives.gov.uk/+/http://www.dft.gov.uk/consultations/archive/2008/euroadtransportproposals/responses
3	Impact Assessment - http://webarchive.nationalarchives.gov.uk/+/http://www.dft.gov.uk/consultations/archive/2008/euroadtransportproposals/euroadsappendixd.pdf
4	

+ Add another row

Evidence Base

Ensure that the information in this section provides clear evidence of the information provided in the summary pages of this form (recommended maximum of 30 pages). Complete the **Annual profile of monetised costs and benefits** (transition and recurring) below over the life of the preferred policy (use the spreadsheet attached if the period is longer than 10 years).

The spreadsheet also contains an emission changes table that you will need to fill in if your measure has an impact on greenhouse gas emissions.

Annual profile of monetised costs and benefits* - (£m) constant prices (£2010)

	Y_0	Y_1	Y_2	Y_3	Y_4	Y_5	Y_6	Y_7	Y_8	Y_9
Transition costs	0.7	0	0	0	0	0	0	0	0	0
Annual recurring cost	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27
Total annual costs	2.0	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27	1.27
Transition benefits	0	0	0	0	0	0	0	0	0	0
Annual recurring benefits	3.1	5.3	7.5	8.7	8.9	9	9.3	9.5	9.6	9.8
Total annual benefits	3.1	5.3	7.5	8.7	8.9	9	9.3	9.5	9.6	9.8

* For non-monetised benefits please see summary pages and main evidence base section

Evidence Base (for summary sheets)

Introduction

This evidence base relates to the preparation of a final/implementation stage impact assessment (IA) relating to the following EC Regulations:

Regulation (EC) No 1071/2009 of the European Parliament and of the Council establishing common rules concerning the conditions to be complied with to pursue the occupation of road transport operator and repealing Council Directive 96/26/EC (Informally known as the " Access to the Occupation Regulation[2]") This will apply to hire and reward operators only.

Regulation (EC) No 1072/2009 of the European Parliament and of the Council on common rules for access to the international road haulage market (recast) (Informally known as the "Access to the Road Haulage Market or Cabotage Regulation[3]")

Regulation (EC) No 1073/2009 of the European Parliament and of the Council on common rules for access to the international market for coach and bus services, and amending Regulation (EC) No 561/2006 (recast) (Informally known as the "Access to the International Coach and Bus Market Regulation[4]") (This Regulation is the consolidation of previous Regulations 684/92 & 12/98 and therefore the number of new measures is limited.)

This Implementation IA is presented as a single document which covers all three Regulations, given that they are interlinked. This is also consistent with the format of the EC's own impact assessment, prepared for the 'do something' options B and C. At the post consultation IA stage, three options were presented:

A: Do Nothing (i.e. maintain the status quo of the existing regime).
B: Full Implementation of the adopted Regulations – the preferred option.
C: Partial Implementation of the adopted Regulations.

At that stage, option B - full implementation was identified as the preferred option.

This implementation IA assessment of impacts has been prepared based on the adopted Regulations and updated discussions with/information received from stakeholders.

Issue under consideration

All three of the above Regulations entered into force in November 2009 and will apply from 4 December 2011 – except for the cabotage provisions in Regulation 1072/2009 which applied from 14 May 2010. Therefore, the Government needs to decide – in collaboration with VOSA

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[2] [2] http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:300:0051:0071:EN:PDF

[3] http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:300:0072:0087:EN:PDF

[4] http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2009:300:0088:0105:EN:PDF

and the Traffic Commissioners (the authority that exercise the statutory powers in the above Regulations) – how to implement its provisions into UK law and practice.

Rationale for Intervention

Government intervention is necessary to optimise the introduction of the new Regulations so that positive impacts on the industry are maximised and negative ones eliminated or minimised. Thus available derogations should be carefully considered with the aim of minimising burdens and maximising the flexibility of the introduction of the Regulations. In addition, the Government should ensure new legislation is clearly explained to avoid uncertainty among the industry. Therefore, as part of overall implementation, the Government should intervene to provide the industry with clear written guidance on how this new legislation will work 'on the ground' in Great Britain. This will help fulfil one of the principles of good regulation: transparency.

Policy objective

The objective of this intervention is to ensure that the Regulation imposes the minimum burden on operators, Traffic Commissioners and enforcement authorities. It is also to ensure that the requirements of the Regulation are applied consistently across the UK and in line with what happens in the rest of the EU. Whilst it is for the Department for Transport and Traffic Commissioners to determine how the operator licensing system should operate in Great Britain, the Department represented the UK in the detailed negotiations - both at official and ministerial level within the EU, and has the detailed knowledge of how the European Commission envisioned the individual requirements should work. The Department for Transport also have access to specialised legal advisors that can provide detailed advice on whether any draft guidance meets the requirements of the Regulation. We are therefore working closely with the Senior Traffic Commissioner, industry and other key stakeholders to ensure that the burden of the new Regulation on regulators and industry is minimised and clear guidance is provided.

Description of options considered (including do nothing)

Do nothing

These Regulations have now entered into force and they are directly applicable EU law that replaces any domestic legislation that covers the same ground. Not changing our domestic law to reflect the new EU rules would avoid the costs outlined in full implementation below. However, it would result in a legally incoherent legislative structure for lorry and bus operator licensing. If this happened and domestic and EU law became unenforceable in the UK, in addition to the very considerable threat to road safety, this would result in infraction proceedings being brought against us. This could result in legal proceedings by the European Commission and a fine of £11m, with the possibility of further on-going penalties. Failure to implement could also result in more serious consequences, particularly if other member states refused to allow UK vehicles on their roads. This could have a very serious effect on UK business in general and the international bus and road haulage market in particular. Therefore, in practice, 'do nothing' is not a viable option.

Partial implementation

However, in addition to mandatory requirements, the Regulation does contain a number of areas where individual member states can decide to adopt derogations. Partial implementation could therefore only involve implementing mandatory provisions and not considering voluntary derogations. However, it is also our general policy to keep any additional burden of these Regulations on regulators or the industry to an absolute minimum. As adopting the derogations will all benefit the industry, either in terms of allowing existing flexibilities to continue or new ones to be introduced, our general policy is to adopt them. These are integrated into the costs and benefits of full implementation, as set out below.

Costs and benefits of full implementation

Introduction

The adopted Regulations will affect the following groups:

Transport operators (specifically hauliers in the hire and reward sector and coach and bus operators where the vehicle is designed to carry nine or more persons). It is estimated that there are almost 32,407[5] UK businesses involved in road freight transport. The number of issued HGV Operator Licences is higher (approaching 100,000) given that hauliers require a licence for each of the traffic areas in which they have an operating centre.

The number of issued Operator Licences is comprised of 40,471 national licence holders, 13,061 international licence holders and 50,972 'own account' licence holders (however, this latter group does not fall within the scope of the new Regulations)[6]. Existing licences will continue to be recognised, although in future all new operator licences will be international.

The average fleet size per operator licence is estimated at 3.7, although it should be noted that almost 50% of operators have just one vehicle, while around 80% have 3 vehicles or fewer[7].

For passenger vehicles, the Regulations impact on holders of PSV operator licences, but not holders of restricted PSV operator licences, (who operate vehicles with less than 8-seats, or between 9 – 16 seats, with a main occupation other than road passenger transport operator). The Regulation will also not impact on voluntary/community organisations which operate a passenger transport service, where this is exclusively for non-commercial purposes (although they will still need an own-account certificate to travel abroad). The EC estimate there to be 10,826 UK companies involved in road passenger transport which will be impacted upon by Regulation (EC) No 1073/2009[8]. This figure is higher than the count of PSV Operator Licences

[5] Source: ABI (http://www.statistics.gov.uk/abi/2007-archive/downloads/section_i.xls, July 2010), falling from 37,600 in 1999 and 34,600 in 2004. Total employment in the industry is estimated at 280,000 in 2008, declining from 334,000 in 1999 and 299,000 in 2004.
[6] Source: Traffic Commissioners Annual Report (2008/09).
[7] Source; Traffic Commissioner's Annual Reports
[8] Source: European Commission Impact Assessment (2007). Figures relate to 2004.

from UK records[9] but has been assumed to include an estimate of those in the voluntary sector who operate passenger transport services. At present in the UK there is no comprehensive record of the total number of voluntary/community organisations which are currently providing a transport service.[10]

The 9,068 PSV operator licences have resulted in the issue of 90,204 vehicle discs. The average number of discs varies by category of licence; restricted licences are limited to a maximum of 2 discs but have of average of 1.38, the average for national licence holders is 10.2 and international licences is 22.8.

Transport managers

The occupation of transport manager appears to come within the SOC code 1161 (transport and distribution managers)[11], however, GoSkills[12] indicate that the position of transport manager for coach and bus operations is covered by SOC 8219 (transport operatives)[13]. In addition, the SOC system does not provide an indication of the number of CPC qualified transport managers who are currently active in the UK haulage or passenger transport industry.

Information from the qualification awarding body shows that almost 3,881 individuals achieved the CPC qualification in 2009, although again this does not indicate how many of these individuals are active in the role of transport manager.

Table 1 CPC qualifications 2009

CPC Full Awards in 2009	Number
OCR Level 3 Certificate of Professional Competence in International Passenger Transport	120
OCR Level 3 Certificate of Professional Competence in International Road Haulage	461
OCR Level 3 Certificate of Professional Competence in National Passenger Transport	394
OCR Level 3 Certificate of Professional Competence in National Road Haulage	2254
Total Number of Awards	**3881**

Source: OCR

Traffic Commissioners/ VOSA

[9] 9,068 PSV Operator Licence holders, including 3,040 national, 2,359 international and 3,669 restricted licence holders which will be covered by the scope of the new regulations.
[10] Under the current system voluntary bodies are issued with a permit by the Traffic Commissioners or other designated bodies. These are not time limited and relate to vehicles not organisations (plus there is no limit to the number of permits a single body can hold). The number of new permits issued in a given year represents an addition to the current stock and therefore does not provide an indication of the total size of the voluntary transport sector. Also there is no way of estimating the number of permit holding organisations which would fall within the scope of the current proposals.
[11] Source: ONS (http://www.statistics.gov.uk/downloads/theme_labour/uk-employby-soc-apr-jun10.xls, 2010) – Labour Force Survey records 81,000 individuals in the category of transport and distribution managers.
[12] The Sector Skills Council for Passenger Transport: www.goskills.org
[13] Current data suggests that 22,000 individuals fall within this category. Source: ONS – Labour Force Survey.

VOSA/Traffic Commissioners will be primarily responsible for enforcement of the new Regulations – although the police can also enforce the requirements, particularly on vehicle maintenance and the requirement to possess a valid licence. The Regulations require that a range of information would be collated and held on a national database of licence-holders.

Option B – Full implementation

Costs

This section outlines the likely costs of the Regulations for each of the key changes in turn. An overview of costs is at the end of this section. It should also be noted that the Regulation no longer contains a provision for 140 hours of mandatory training to obtain a Certificate of Professional Competence. This was a major contributor to compliance costs in the post consultation IA, but is absent from this document because the requirement no longer appears in the Regulation.

Regulation (EC) No 1071/2009 of the European Parliament and of the Council establishing common rules concerning the conditions to be complied with to pursue the occupation of road transport operator and repealing Council Directive 96/26/EC (Informally known as the " Access to the Occupation Regulation")

Establishments (access to occupation)

The Regulation contains a requirement that HGV and PSV operators are effectively and stably established in a Member State and can demonstrate this by having an office and operating centre, with sufficient parking, and at least one vehicle registered in the Member State.

In the UK, operators currently have to demonstrate an operating centre. In relation to goods vehicles, the operating centre is defined as the 'base or centre where the vehicle is normally kept' and advice from consultees[14] suggests that licence applications will be refused unless adequate, safe off-road parking can be demonstrated. It is estimated that little additional costs will be incurred by bus and haulage businesses as a result of this requirement.

Financial standing and Good Repute (access to occupation)

The Regulation provides a new definition of 'most serious infringement' which could lead to the loss of good repute. The potential scale of this impact is unclear. However, analysis of the number of operator licence disqualifications recorded for 2008/09[15] shows that this represents a very small proportion of the total stock of existing licences.

Loss of good repute would impact on a transport manager in terms of lost income for two years and would potentially result in a significant cost to the individual in terms of lost earnings.

[14] Road Haulage Association and Freight Transport Association.
[15] Traffic Commissioners' Annual Report 2008/09 reports that 78 goods vehicle operators and 19 bus and coach operators experienced disqualification of their licence in that year. It is assumed that almost all disqualifications are ultimately due to the loss of good repute.

However, this is to some extent a distributional rather than net impact as the loss of income to those judged to be of ill-repute would be offset by income gains made by transport managers of good repute[16]. In the long-run, the industry and society as a whole would also be expected to benefit from the disqualification of those managers judged to be of ill repute. The threat of disqualification would also be expected to exert a wider disciplinary effect with potential social benefits.

The Regulation also includes new requirements regarding proof of financial standing to improve accountability. Currently a series of bank statements is sufficient proof of financial standing; however, the Regulation requires, every year, certified annual accounts (demonstrating short-term solvency through assets totalling at least €9,000 for a single vehicle and €5,000 for each additional vehicle used). Individual member states may also take advantage of a derogation that allows operators to submit a bank guarantee or some other form of insurance. Both these provisions suggest an additional cost to a proportion of operators.

Since Restricted PSV licence holders are outside the scope of the Regulation, the domestic requirements for financial standing will continue to apply, which are much lower than those that will be required for standard licence holders. This will therefore ensure that the costs of operating under the Restricted licence remain proportional.

It is assumed that the majority of operators will already produce annual accounts but an additional cost will be incurred for those that do not produce certified accounts (this is thought likely to impact mainly on very small road haulage operators[17]). However, the requirements may also place practical difficulties on small or newly established operators (in terms of demonstrating the required assets). Views from the industry on the extent to which this will impact on the ability of companies to operate have been mixed. At this stage, an indicative estimate of the increased cost to operators is £0.896m p.a.[18] This figure only considers the costs which may be incurred by the need to prove financial standing by annual accounts or a financial guarantee; it does not consider the wider impact of the new requirements on the industry (i.e. the consequences of having to demonstrate a given level of assets).

Employment of transport manager (access to occupation)

The Regulation requires that all operators employ a competent transport manager. Transport managers may be employed directly as staff (either full-time for a single operator or part-time for more than one). They must also be self-employed and offer their services under contract (e.g. as a consultant). In this latter case, the Regulation limits the maximum number of transport

[16] Effect will be some combination of: the take up of positions by currently unemployed or underemployed transport managers (in which case the impact is primarily distributional); and a bidding up of wage levels of transport managers if there are no suitably qualified applicants available (in which case there is a gain – a short-term economic rent – to transport managers but with a net adverse impact on the industry).

[17] The view of the CPT was that for passenger transport operators it was not providing proof that would be an issue, rather meeting the required asset values.

[18] Of the 32,500 businesses in the road haulage sector it is estimated that the majority are SMEs (based on fleet size alone, over 90% of operators have 10 vehicles of less, suggesting that the total number of employees will fall within the definition of a small business). Many of these will produce certified accounts, although a proportion, conservatively estimated at 5% of total businesses, will incur additional costs on an annual basis (this low proportion is supported by the findings of the small firms impact test in which surveyed businesses suggested that in general no additional costs would be incurred). An estimated figure of £500 in relation to the cost of a SME filing accounts has been used.

undertakings (4) and vehicles (50) that an individual contracted transport manager can take responsibility for.

This may impact on the industry in terms of constraining growth (because of the limits placed on individual transport manager responsibilities) and may generate additional costs to businesses if the salaries of transport managers are bid-up (due to a shortage of suitably qualified individuals), although there will be a compensating benefit to the transport managers themselves. Placing an absolute limit on the number of vehicles for contracted transport managers is likely to generate a threshold effect, for example in terms of providing disincentives to expand a fleet. It is also likely to have a disproportionate impact on small firms, particularly owner-operators, given that they are more likely to use consultant transport managers and the Regulation requires a clear contractual arrangement to exist between the operator and that type of transport manager.

The vehicle limit proposed implies an average fleet size of 3 vehicles. In the UK haulage sector the average fleet size is approaching 4, although over 80% of operator licence holders are estimated to have 3 vehicles or fewer, therefore the proposed vehicle limit would appear to be unlikely to cause a significant impact for the majority of operators.

The operator limit could lead to an imbalance between the demand and supply of transport managers. In total, the current UK haulage fleet is estimated to comprise just under 410,000 vehicles. Under the Regulation, even assuming the worse-case scenario that every CPC qualified transport manager was a consultant and could only look after a maximum of 50 vehicles, this fleet would require a minimum of over 8,200 CPC qualified transport managers. Current statistics from the CPC qualification awarding body show that in 2009 just over 2,700 individuals were awarded a CPC qualification in road haulage. Based on this annual attainment level it would appear reasonable to assume an adequate number of qualified managers within the haulage sector (assuming a reasonable level of retention within the industry). However, we have been unable to establish the number of CPC qualified transport managers currently active in the UK and further research would be required in order to examine demand and supply implications more fully (particularly the levels of responsibility currently adopted).

Records show that around 5,400 standard PSV operator licences have been issued in the UK. Just over 500 individuals were awarded a CPC in passenger transport in 2009. At present it is considered that there is a reasonable balance between demand and supply although this relies on a less strict definition of 'responsibility.' If a smaller span of control is introduced then a greater supply of transport managers will be required, particularly if it is combined with a wider scope of organisations. Again data is lacking on the current availability of transport managers and the extent to which increased employment of transport managers will be required given existing fleet numbers/commitments.

The Regulation also contains provisions to reduce the period which operators have to employ a replacement transport manager from one year to six months, which may be extended by a further three months on the death or physical incapacity of the transport manager. The time taken to replace a transport manager varies considerably, particularly depending on the level of experience required. Given that the majority of transport managers would be required to serve a three-month notice period with their existing employer, the new six-month grace period would create some difficulties creating increased competition amongst operators to secure the service of an appropriately qualified transport manager. One possible consequence of this would be to push up transport manager wage levels which will result in a cost to operators but a corresponding benefit to the managers themselves. The impact will be greatest for operators based in areas which are viewed by potential employees as less desirable locations to live and work.

Certificate of Professional Competence (access to occupation)

The Regulations remove the separation between national and international CPCs (all would become international). The Regulation will also see the current provision for grandfather rights restricted to those with at least 10 years experience of continuously managing a transport undertaking. Those who currently benefit from grandfather rights and who do not meet the 10-year requirement could choose either to leave the industry or to undertake CPC training. However, this element would not come into force until 2011 and, given that the rights date from 1975, by this time the number of individuals benefiting from grandfather rights would be relatively small. However, discussions with stakeholders suggest that the industry has an older age profile, particularly in relation to small, family-run companies and for haulage alone it is estimated that around 10,500 individuals would be impacted on by the changes. The current fee for taking the international certificate of professional competence examination is £116.40[19]. Although formal training is not mandatory – applicants can choose to gain the knowledge in any way they wish (e.g. home learning) – private sector training companies and other bodies do provide classroom training courses. However, assuming that training or study is not required (because these people would have been practising for a number of years) we estimate the minimum cost of compliance, bearing in mind that not all existing grandfather rights holders will be able to comply with the new requirements, is £270,000. This figure is based on an estimate that 20% of current grandfather rights holders will not be able to meet the new grandfather rights requirements and each require to sit the international element of the CPC exam (at a cost of £116.40 each). However, given the level of experience of these people, it is considered unlikely that significant training to prepare for the examination will be necessary, so the estimate assumes an extra 2% on the above costs to cater for exam preparation. This assumption raised no objection from the principal trade bodies[20].

Regulation (EC) No 1072/2009 of the European Parliament and of the Council on common rules for access to the international road haulage market (recast) (Informally known as the "Access to the Road Haulage Market or Cabotage Regulation")

Cabotage of goods transport (access to markets)

Road cabotage transport only represents a small share of the total road transport market at EU level. Cabotage is currently allowed on a 'temporary' basis. The new definition aims to clarify the definition of temporary, but as a result could increase competition for UK hauliers by increasing opportunities for foreign hauliers to undertake haulage journeys in the UK.

[19] Oxford Cambridge and RSA Examinations Fess 2009-10
[20] The Road Haulage Association, Freight Transport Association and the Confederation of Passenger Transport.

The impact of cabotage activity in the UK is focused around the Channel, North Sea and Irish Sea ports. But even in these areas, official cabotage measures are relatively low (it is estimated that foreign operators' share of the market is between 0.1-0.2% percent in the hire and reward sector).[21] The overall cabotage penetration rate in Great Britain is 0.4%.

At present, cabotage does not have a significant impact on UK haulage industry and if current penetration rates were maintained then no significant additional impacts would be expected to result.

However, it is likely that the number of contracts in the UK won by non-UK operators will increase as a result of the changes. Consumers may benefit from reduced costs, although this benefit will be partially offset by the impact on domestic operators in terms of reduced revenue. The impact of cabotage extends beyond the direct loss of market share, in particular, through the threat of foreign competition having a wider impact on buyers' price expectations. Though there is no quantitative evidence as to the scale of this wider impact on operator margins evidence gathered by associations indicates a "footprint" effect from overseas hauliers quoting low rates to one or two customers, which then circulate lowering price expectations for some buyers of haulage services. The presumption is that changes in this area will increase competition which would be beneficial, although difficulties arise because of distortions in tax regimes across the EU, particularly differential pricing of fuel (which is outside of the scope of this Regulation).

Despite the overall lower cost base for foreign hauliers from some countries, observed levels of cabotage in the UK are still relatively low, but there is acknowledged potential for cabotage penetration to increase[22].

The number of haulage operator licences has declined steadily over the past 10 year period, although in recent years the pace of this decline appears to have slowed. Statistics show that number of operator licences in the UK haulage industry declined by 3%[23] (between 2007/08 and 2008/09). In addition, employment in the Road Freight sector dropped 10.2% between 2003 and 2008 (at an annualised rate of 2.1%[24]). There are clearly a number of factors underlying this trend and the role of cabotage is considered by the Department to have made a negligible contribution to this decline. Therefore it has not been possible to estimate and quantify the potential impact on UK industry of an increase in cabotage activity by foreign operators.

Standardisation of documents and national database (access to occupation and markets)

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[21] Department for Transport 2009 Survey of Foreign Vehicle in Great Britain

[22] For example, the Haulage Industry Task Group estimate if all foreign vehicles used all their spare time in the UK to undertake cabotage this would yield a potential capacity/penetration rate of 15.7 percent (non-bulk, over 38 tonnes, hire and reward sector only). However, this would appear to be a worst case scenario particularly as little of this potential capacity appears to be being utilised in practice.

[23] Traffic Commissioner annual reports 2008-09

[24] Source ABI: http://www.statistics.gov.uk/abi/downloads/Section_H_2008.xls, June 2010 and http://www.statistics.gov.uk/abi/2007-archive/downloads/section_i.xls, July 2010)

Standardisation of certified copies of Community Licences and Driver Attestations/Community Authorisations will be required under the Regulation, specifically inclusion of enhanced security features and serial numbers which would be entered into a national database. Current Community Authorisations will remain valid until their date of expiry.

This will create some short-term transitional costs to VOSA in terms of standardisation but this is not likely to be significant. In addition, it should be noted that VOSA could pass on some or all of this increased administration cost to the industry, although this would merely affect the incidence of the costs involved.

There is an existing reciprocal arrangement requiring notification of defects on foreign vehicles to the appropriate licensing authority although the response from some Member States is considered to have been disappointing and there is therefore scope for improving the effectiveness of exchange of information. VOSA presently has a web-based system for collating information about licence holders, therefore it is considered that the foundation for increased sharing of information with other Member States is in place. However, in order to meet the new requirements a number of additional fields would need to be added to the current database – this work will be done by VOSA in-house and also result in a one-off cost of £457,000[25] given that the database is not a stand-alone system and the addition of new fields would require changes to be made to its structure. Available cost information indicates that this requirement would also result in additional on-going costs of £130,000 pa[26]. There will also be additional costs to electronically interconnect the VOSA database to those in other member states. However, this is not required to be implemented until January 2013 and the Commission has yet to finalise some of the detailed IT specification for interconnection, so costs are not presented.

Regulation (EC) No 1073/2009 of the European Parliament and of the Council on common rules for access to the international market for coach and bus services, and amending Regulation (EC) No 561/2006 (recast) (Informally known as the "Access to the International Coach and Bus Market Regulation")

Regular coach services (carriage of passengers)

The passenger market Regulation applies to operators engaging in international journeys in the EU using a vehicle designed to carry nine or more persons, either on own account or hire and reward. The Regulation simplifies the procedure for authorising new regular coach services between Member States and reduces the scope for such new services to be refused. In the UK, it is reported to be rare for such requests to be refused, so the impact is likely to be minimal. Although the changes may lead to an increased number of applications to occur in the future resulting in more competition on certain routes and so the situation should be monitored. However, the Regulation may also open up additional opportunities for UK operators.

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[25] Source: VOSA. Based on costings provided by VOSA relating to the introduction of additional fields to the existing database.

[26] The existing cost information suggests that the 'moderate' category relates to work expected to cost between £10,000 and £100,000. conservatively assuming a budget of up to £100,000 for each element result in a total of £200,000.

It is also reported that any additional costs for the small number of British operators running regular services to continental Europe will be modest. No operators have indicated that they expect to incur measurable extra cost[27].

If the Regulations also require full authorisation for all cross-border bus services (rather than the current situation where neighbouring member states can agree special arrangements in border areas) then additional costs would be incurred by Translink in Northern Ireland,[28] including the cost of an additional administrative resource, the cost of continuing to run un-economic (and, sometimes, un-needed) services while going through the process of changing or cancelling the licensed timetable, and the missed opportunities for new services while approval is awaited. It is not possible to produce a detailed breakdown of costs for this. However, Discussions with the relevant trade association (CPT) suggest that these costs, as a broad estimate, might add up to £250,000 per annum.

Overview of Estimated Costs

Area of Change	Option B – full implementation	Notes
Good repute	Primarily distributional impact	Cost to individual transport managers who experience disqualification offset by gains made by those who maintain good repute.
Financial standing	£896,000 p.a.	Estimated compliance cost to operators. Ongoing.
Grandfather rights	£270,000	CPC examination costs to operators/individual for taking a CPC examination if grandfather rights cannot be claimed under the new arrangements. One-off.
Cabotage	Not quantified	Cost to operators/industry. Ongoing.
Regular coach services	£250,000 p.a.	Increased cost to operators of cross-border services. Ongoing.
Employment of transport manager	Negligible	Potential cost to industry.
Standardisation of documents National database	Negligible £457,000 £130,000 p.a	Cost to VOSA. Short-term transitional cost. Cost to VOSA. One-off Cost to VOSA. On-going.
Adopting derogations and issuing detailed	Negligible	One-off administrative cost of implementation. VOSA on-going costs are

[27] Source: CPT. However, the proposed regulation would require every passenger on an international service to be issued with a ticket. If a season ticket or concessionary pass would not constitute a ticket under the regulation then some further additional costs (and potential inconvenience for passengers) would occur.
[28] Translink is the bus operation of the state-owned Northern Ireland Transport Holding Company.

guidance		negligible.

Benefits

Overall the Regulations are designed to provide more consistent interpretation and enforcement of the existing rules thereby leading to a more level playing field for operators across Member States, assuming a common level of application. The Regulations would also be expected to have a positive impact on road safety given that there is evidence in the UK relating to higher non-compliance of international operators[29] and involvement in accidents - although questions remain about how far road safety issues occur as a result of levels of enforcement and regulation, or other factors such as differences in driving practice/standards. An overview of benefits is at the end of this section.

Statistics show that a total of 9,040 HGVs were involved in accidents in 2008 of which 836 were foreign registered. These accidents resulted in a total of 368 of the casualties involved being killed; 35 (9.5%) of these fatalities involved foreign registered HGVs[30]. Although the cause and circumstances of these incidents varies it might be expected that the new Regulations would prevent a small proportion of these deaths involving foreign HGVs. A reduction of 1 fatality in 2011, 2 in 2012, 3 in 2013 and 3.5 (or 10% of fatalities in 2008) onwards[31] would be valued at around £70 million over 10 years (approximately £7m a year; approximately £5.7m p.a. discounted).[32] A reduction in the number of non-fatal (injury and damage-only) accidents would also be expected but has not been quantified.

In addition:

Access to occupation – defining transport manager responsibilities may bring safety and/ or operational benefits. The tightening of grandfather rights may also generate benefits in terms of improved confidence in the industry and standardised working practices.

Access to markets - standardisation of documents and sharing of information will enable more targeted and effective enforcement activity to be undertaken; this will help to ensure that

[29] 31.5% non-compliance for international vehicles compared to 23% for UK vehicles in terms of roadworthiness (source: VOSA).
[30] Reported Road Casualties Great Britain 2008 (DfT, 2009). It is also reported that foreign registered buses or coaches were involved in 0 fatal accidents.
[31] Although we expect this regulation to affect the whole spectrum of accidents (fatal, serious and slight), we have combined all of them in one category for the sake of simplicity. For example, the prevention or 3 road accidents with 3 fatalities roughly equals a road accident with 1 fatality plus 10 serious and 27 slight accidents.

[32] Based on a value of preventing a fatality of £1.8m in 2007 (DfT, WebTag http://www.dft.gov.uk/webtag/documents/expert/unit3.4.php) updated to 2010 prices and then uplifted annually by 2.25% as recommended in WebTag (http://www.dft.gov.uk/webtag/documents/expert/unit3.4.php#07, paragraph 2.3.3). To update to 2010 prices, we drew on GDP deflactor provided by HMT (see http://www.hm-treasury.gov.uk/d/gdp_deflators.csv) from 2008 and 2009. Given that HMT's latest figures on GDP deflactors are for 2009, we uplifted 2009 figures by 2% to express them in 2010 prices (the 2% was selected as it is approximately a mid-point between 2008 and 2009 deflactors). Once fatality figures were expressed in 2010 prices (our base year), we uplifted them by 2.25% (long term real GDP growth rate) to account any increase in the cost of a fatality (this approach is suggested in WebTag).

enforcement resources are used more effectively and again this will improve road safety and create a more level playing field for UK operators.

Access to markets - improved definition of cabotage may result in benefits in terms of reduced enforcement costs (particularly as the Regulation may reduce the length of legal hearings, given the increased clarity around the definition of cabotage); there is also potential for increased logistics efficiency which may benefit customers. The definition will also provide clarity for UK hauliers who wish to seek opportunities to undertake cabotage in other EU countries.

Carriage of passengers – the presumption is that the Regulation is likely to lead to some benefits in terms of a reduced administrative burden although these are likely to be small in a UK context.

Carriage of passengers: reinstatement of the 12 day rule

There are likely benefits to be gained from the introduction of changes to the current EU drivers' hours rules for international occasional coach journeys (i.e. closed door tours). Since 2006, coach drivers for these tours have been required to take weekly rest periods after six days. Under the new Regulation, in certain circumstances and with some accompanying safeguards, this will revert to 12 days. The new provision was introduced on 4 June 2010.

The Confederation of Passenger Transport estimates that approximately 4000 occasional coach tours would meet the criteria to benefit from the revised provision. We do not have details of the exact itineraries of these tours, but industry trends suggest that these fall into three categories:

- Coach not needed every day (25% of all tours): No benefit from the revised work/ rest patterns because drivers are able to take weekly rest while on tour.

- Coach needed every day (50% of all tours). Sometimes the requirements are trivial, such as for ten-minute transfers from a hotel to a concert hall, but are nonetheless incompatible with a single driver who needs to take a 24 hour rest. It is not usually practicable to hire a foreign driver to drive a UK coach (because they are unfamiliar with the right hand drive layout), so the choices are to hire a local coach for the party's use on the British driver's rest day, to take two drivers for the whole trip (who can rest on different days) or to fly a British driver out to cover the tour driver's day off. The costs of each of these options are broadly similar: approximately £300 - £400. 2,000 tours at a saving of £350 each would give an annual benefit of £0.7m.

- Tour planned so that the party spends at least 24 hours in one place (while the driver takes weekly rest) even if they would prefer not to (25%). It is hard to monetise the benefits in this case, but a figure of £10 per passenger is reasonable. With an average of 40 people on each tour, this gives a benefit of £0.4m over 1000 tours.

Cost savings / efficiency benefit	£0.7m
Improved passenger experience	£0.4m
Total benefit (not discounted)	£1.1m
Total Benefit (discounted)	**£0.9m**

Adoption of derogations

The Regulation also contains a number of derogations that individual member states can adopt to provide further flexibility on how the requirements of the Regulation are implemented. These are outlined below.

National registers

Each member state is required to keep an electronic database of all their bus, coach and lorry operators that have an O-licence issued under the Regulation. The Regulation also stipulates the specific data that the database must hold on each operator. As well as simple data such as the name of the operator, their address etc, it also requires data to be held on serious infringements and penalties that have resulted in a conviction in the last two years. The types of convictions and penalties that must be held in the register are listed in the Regulation. These include infringements of drivers hours rules, vehicle roadworthiness etc. The most serious of these types of offences are also listed in Annex IV of Regulation 1071/2009 and include, for example, exceeding the daily drivers hours limit by 50% or more without taking a break, and carrying passengers or goods without a valid driving licence.

However, requiring Traffic Commissioner staff to secure access to and similarly process all other convictions data required by Article 6 of the Regulation – some of which are outside the scope of the Department's own enforcement activity - and vet all 53,532 bus, coach and lorry operators that are subject to the new Regulation is likely to incur significant additional costs of around £113k[33] – as Traffic Commissioner staff would need further staff resource to process this data, as well as delivering the national register in the same time-frame. Given that the most serious infringements are the ones that are most likely to result in enforcement action, this additional cost – which would be recouped from the industry through fees – is not warranted.

Financial standing

The Regulation abolishes the current, and popular, facility to use cash-in-bank to provide appropriate financial standing. It allows financial standing to be proved *only* by certified annual reports and accounts, unless a specific derogation is adopted by the member state. This derogation allows TCs to accept a bank guarantee or insurance from banks or other financial institutions such as insurance companies, that offer a 'joint and several' guarantee. It was assumed before the Regulation was ratified that Traffic Commissioners would adopt this derogation. The benefits of doing so is the avoidance of the potentially significant additional cost of requiring small businesses to prove financial standing via audited accounts, rather than credit arrangements. This will help to offset additional costs to industry of operators no longer being able to use cash-in-bank as a means of demonstrating financial standing.

Provision of guidance

The provision of clear guidance to industry in layman's language on how the O-licensing system will operate under the Regulation will minimise the costs incurred by operators. Applications for

[33] Source: VOSA. This comprises – system set up costs £60k, 2FTE £48k plus £5.5k IT costs.

new licences are more likely to be complete and timely, revisions to existing licences already in issue will be easier, and a large increase in queries from operators on how the new legislation works will be avoided. These costs could be considerable given that, over the last five years, Traffic Commissioners have received an average of 3,900 new applications and 6,540 applications to vary existing licences each year. As the cost of the operator licensing system is funded by fees from industry, administrative savings would ultimately benefit the industry and its customers.

The main fiscal benefit to Government is that the risk of legal challenge would diminish. Although it is very difficult to estimate the level of cost saving that would occur, a single legal challenge can incur considerable costs to both regulators and industry[34]. The operator concerned may need to take time out from running his business to prepare his case and/ or employ legal advisors to do so. Likewise, Traffic Commissioners could also incur costs in preparing a defence and in cases where the decision could affect wider Department for Transport policy, the Secretary of State may also need to be represented. It should be noted that Traffic Commissioner/ VOSA costs incurred for taking part in legal action are recovered through fees paid by the industry.

Overview of Estimated Benefits

Regulation/Area of Change	Option B – full implementation (discounted)	Notes
Access to Occupation	£5.7m p.a.	Benefits derived from improvements in compliance of foreign operators. Assuming full implementation in the rest of the EU. Based on an assumed scenario.
Carriage of passengers	£0.9m p.a.	Benefits from revised provisions on rest requirements for international occasional coach journeys.

Risks and assumptions

There is evidence to suggest that some elements of the Regulations will impact disproportionately on small firms, in particular the defining of responsibilities of transport managers may create a disincentive for SMEs to expand their vehicle fleet.

Both the road haulage and passenger transport sectors contain a significant percentage of small businesses.

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34 For example, five legal cases between May 2007 and February 2008 cost the Department £30,000 in external legal costs alone.

As part of the requirement to undertake a small firms impact test, telephone consultation was undertaken with a sample of road haulage businesses[35]. Seven of these businesses were able to undertake a short survey (resulting in a response rate of 39%). The findings show that the majority of changes would not cause operators undue difficulty. Some concern was expressed about the restrictions on the number of operators and vehicles that consultant transport managers can work for. However, the Department proposes to adopt a derogation that would allow employed transport managers also to work on a part-time basis as consultant transport managers. This will provide extra transport manager resource to the industry, which should ameliorate this risk. A summary of findings is contained in **Annex A**. The Department did not repeat this exercise for this stage of the IA because the policies in the areas covered by that survey have either not changed or were removed from the Regulation during the EU negotiation process (e.g. the 140 hours CPC training).

Administrative burden and policy savings calculations

Many aspects of the Regulation are identical to the provisions of the existing Directive. Other areas of the Regulation require industry and regulators to do things slightly differently, but impose no overall additional burden or saving. However, some elements will reduce the administrative burdens on regulators, enforcers and operators, particularly the provision of national registers which will greatly improve communication between licensing authorities in all member states. The Regulation also abolishes the facility for operators to submit bank account details as proof of financial standing. In theory, this will result is administrative savings because Traffic Commissioners will no longer be required to vet those statements or go back to the operator with queries – which can be a time-consuming process. However, it is not possible to assess the impact of these changes, because no specific data is held on the current costs or manpower involved in exercising these specific provisions.

Wider impacts

The new definition of cabotage has potential to reduce empty runs leading to higher efficiency although the environmental impact of this is difficult to quantify and not likely to be significant in a UK context given the small proportion of the market which is currently accounted for by cabotage operations (although this may grow as a result of the changes agreed).

A number of the new provisions have potential to impact positively on vehicle compliance and safety and this would be expected to create social benefits as a result of decreased accidents.

Summary and preferred option with description of implementation plan

Given that these Regulations have already entered into force and are directly applicable EU law, where the UK would be in direct breach of its legal obligations is we did not fully implement, full implementation is the only option available.

Detailed implementation of the Regulation will be by the following processes:

[35] Contact details were provided by the Road Haulage Association.

- Public consultation on those areas of the Regulation where member states have options on detailed implementation. Responses to consultation will then inform decisions on whether and how to adopt the derogations available.

- Draft and issue detailed guidance to the industry on how the new Regulation will operate 'on the ground'. This is likely to be a two-stage process:

  - Formal written guidance will be produced to supplement existing literature on how the O-licensing system works.

  - The Senior Traffic Commissioner will consult on and issue any statutory directions and guidance to his fellow Traffic Commissioners on those areas of the Regulation that he considers require changes to their regulatory role[36].

Annex A:

Summary of Consultation with Road Haulage Businesses

Total sample = 18 (provided by RHA)

Responses = 7 (response rate 39%)

Declined = 6

No reply = 2

Other (e.g. appointment not kept) = 3

Findings

Number employed by respondent businesses ranged from 3 to 100.

Only one respondent was involved in making international journeys.

The EC Regulations are designed to modernise and streamline the existing rules which lay down the requirements for entering the occupation of transport operator and entering the international road haulage market. The EC found current rules inadequate because of a lack of consistency in the way that they are applied across member states, resulting in unfair competition and issues around compliance and road safety.

When asked to comment on the extent of this problem, the majority of the sample (6) said that this was not an issue for their business given little/no competition from foreign operators in the market in which they operate. However, two respondents did acknowledge a general issue around safety, non-compliance and inconsistent approaches concerning foreign operators. Only one operator highlighted a serious threat to their business from foreign operators, although this was primarily due to lower labour/fuel costs, with compliance licensing issues seen as less important.

All businesses interviewed said that there would be no impact from the requirement to have an operating centre, parking spaces, etc as they already meet this criteria as a result of the current system.

[36] Using his powers in Part 1 of the Local Transport Act 2008

All businesses interviewed said that they would not incur any additional costs as a result of the new requirements on financial standing as they already produce audited accounts and have to prove solvency. One respondent also commented that banks are willing to aid small businesses as long as they are financially viable and not in significant debt.

All responding businesses have CPC qualified transport managers (or are in the process of gaining a qualification) therefore would experience no impact as a result of grandfather rights changing. One commented that many of those who benefited from the rights have acquired the qualification in recent years.

In most cases (6), it was felt that the limitations on transport manager responsibilities would not be a problem because of the small size of their business and the fact that transport managers work only for the business in question. It was thought that few SMEs employ third party transport managers as most owners either do it themselves or employ managers to work full-time. However, respondents also acknowledged that in some cases these limits may impede business growth and are likely to create an imbalance of demand and supply. Companies may incur costs by having to train up existing staff. Also examples were provided of transport managers being responsible for 30, or even 50, vehicles.

Reducing the time period to find a replacement transport manager was not seen as a problem by businesses in the sample as most recruit from within and then provide training (and six months was seen as an adequate time to achieve a CPC).

None of the respondents were concerned about the new definition of cabotage as competition from foreign operators was seen as minimal/non-existent due to the nature of the business they were involved in. One respondent acknowledged that it may become an issue in the medium-term.

Annexes

Annex 1 should be used to set out the Post Implementation Review Plan as detailed below. Further annexes may be added where the Specific Impact Tests yield information relevant to an overall understanding of policy options.

Annex 1: Post Implementation Review (PIR) Plan

A PIR should be undertaken, usually three to five years after implementation of the policy, but exceptionally a longer period may be more appropriate. A PIR should examine the extent to which the implemented regulations have achieved their objectives, assess their costs and benefits and identify whether they are having any unintended consequences. Please set out the PIR Plan as detailed below. If there is no plan to do a PIR please provide reasons below.

Basis of the review: [The basis of the review could be statutory (forming part of the legislation), it could be to review existing policy or there could be a political commitment to review];   There is no power for individual member states to review the mandatory requirements of the Regulations - only the freedom to decide whether to adopt derogations where they are available. There is also no requirement in the Regulations or implementing legislation to issue the guidance that is also included in this impact assessment. However, if any of the polices or measures adopted as part of detailed implementation prove unworkable in practice, they we will be re-examined at that time with changes made at that time - a legislative process is not required.
Review objective: [Is it intended as a proportionate check that regulation is operating as expected to tackle the problem of concern?; or as a wider exploration of the policy approach taken?; or as a link from policy objective to outcome?]   Once introduced, there will be on-going monitoring to ensure that the body of the Regulations as well as the measures and policies allowed by the derogations and explained in the guidance remain proprtionate to the requirements of the EU Regulations and that they continue to represent workable and pragmatic solutions.
Review approach and rationale: [e.g. describe here the review approach (in-depth evaluation, scope review of monitoring data, scan of stakeholder views, etc.) and the rationale that made choosing such an approach]   On-going monitoring will comprise analysing feedback from regulators, enforcement agencies, industry trade bodies and individual operators. This is the right approach because implementation of the Regulations will largely revolve around the detailed requirements on those bodies and the interactions between them.
Baseline: [The current (baseline) position against which the change introduced by the legislation can be measured]   The Regulations replace existing EU Directive 96/26/EC, Regulations EEC No 881/92 and 3118/93. Directive 2006/94/EC. Regulations EEC 684/92 and EC 12/98.
Success criteria: [Criteria showing achievement of the policy objectives as set out in the final impact assessment; criteria for modifying or replacing the policy if it does not achieve its objectives]   That the measures and policies required by the Regulations and permitted by the derogations and set out in the guidance prove to be proportionate, pragmatic and workable. Should this not prove the case in specific cases, those elements will be reviewed as and when necessary.
Monitoring information arrangements: [Provide further details of the planned/existing arrangements in place that will allow a systematic collection systematic collection of monitoring information for future policy review]   VOSA already collects a wide range of statistical data on the peformance of the O-licensing regime. DfT also undertake regular meetings with key stakeholders, where feedback on the effectiveness of implementation, use of derogations and guidance explaining them would be regularly discussed and analysed.
Reasons for not planning a PIR: [If there is no plan to do a PIR please provide reasons here]