
Review of classic vehicles roadworthiness testing

Department for Transport

RPC rating: **fit for purpose**

Description of proposal

The proposal will amend domestic legislation regarding the MoT test exemption for classic vehicles, following changes to EU requirements. Currently, vehicles registered before 1960 do not need an MoT test, whereas the new EU directive allows Member States to exempt any vehicle over 30 years old. This will reduce the number of cars requiring an MoT.

The Department's preferred option is to use a derogation from the Directive to exempt only vehicles over 40 years old. This option gold-plates the EU Directive by requiring an MoT for vehicles between 30 and 40 years old. While owners of vehicles first registered after 1960 but at least 40 years ago (currently, between 1960 and 1976) will benefit from the regulatory changes, the proposal does not go as far the EU will allow, applying burdensome domestic standards to owners of vehicles first registered between 30 and 40 years ago. The IA explains that this is to ensure that road safety is not compromised.

Impacts of proposal

Benefits to classic vehicle owners

To qualify for the MoT exemption, owners of classic vehicles will have to certify that their vehicle has not been modified. The cost associated with this self-certification will be lower than the cost of acquiring an MoT. The Department estimates that extending the current exemption from cars manufactured before 1960 to those over 40 years old will save classic vehicle owners £106.2 million over 10 years. This is based on 277,943 cars registered between 1960 and 1976 newly exempted at an average cost of around £45 for MoT testing. However, when compared to full implementation of the EU directive, there is a cost to classic vehicle owners of £58.9 million, as fewer vehicles would be exempt under the proposal.

The Department estimates that almost no classic vehicles are owned by businesses and therefore expects the direct benefit to business to be negligible.

Costs to society

As the proposal will reduce the number of cars requiring an MoT, the Department expects the number of road accidents caused by vehicle failure to increase. The Department estimates the preferred option would result in around one death and around 78 injuries every 10 years with a cost to society of £16.1 million over 10 years. The Department estimates that full implementation of the EU directive would result in a further £14.3 million cost to society, as it estimates two more deaths and 77 more injuries due to vehicle failure every 10 years.

The Department's preferred option would be recorded as a non-qualifying regulatory provision. Although the preferred option gold-plates an EU directive, it seeks to maintain *existing* higher standards and under existing interpretations of the guidance, will not score under the business impact target. Overall the proposal is expected to be an EU OUT that is reduced by gold-plating.

Quality of submission

Effects on vehicle owners

At final stage, the IA will need to include and justify an estimate of the number of classic vehicles that are owned by businesses. This will enable the Department to calculate the cost to business of the proposal.

The impacts quantified appear to capture only the effects of any immediate change in the number of vehicles that require an MoT. Over the 10 year appraisal period, additional cohorts of vehicles will be exempted, since the criterion is a fixed age rather than a fixed date of first registration. By the final stage, the Department must capture the subsequent effects of an increasing number of exempt vehicles for each year of the appraisal period.

The gold-plating element of the preferred option seeks to maintain existing higher standards, not to over implement new requirements or to fail to use a beneficial derogation. While the costs will not score towards the business impact target, at the final stage, the Department must estimate the equivalent annual net cost to business (EANCB) for the maintenance of the standards beyond the EU minimum. When assessing the net impact on business, the IA has considered the extent to which vehicle owners will voluntarily obtain an MoT regardless of exemption. Although this appears to be a reasonable assumption, this effect should be treated as an indirect effect of the proposal and thus should not be included in the EANCB calculation.

Effect on garages

Any capital used by vehicle owners to obtain an MoT is considered 'resources used in complying with regulation'. It is recognised that the saving to classic vehicle owners resulting from the exemption will be an equal loss of revenue to garages. However, consistent with the RPC's treatment of cases pertaining to the use of resources in this way, this should not be included in the EANCB. In addition, any decrease in the amount spent on repairs should be considered an indirect effect of the proposal. To inform the NPV, the consultation should test whether the number and cost of repairs to classic vehicles will decrease as a result of the proposal.

Effects on society

The model used by the Department appears to overestimate the increase in defective vehicles in the first year of exemption. The evidence provided suggests the 50% increase should be considered as a maximum, as the remaining 50% are expected to maintain their vehicles regularly regardless of legal requirements. The IA, however, refers to it as 'a lower bound'. The 50% figure is then used to estimate the increase in road accidents caused by vehicle failure, suggesting that the societal cost of the accidents is overstated. The Department should provide an accurate NPV by the final stage.

The IA would also benefit from including a more thorough explanation of the rationale for gold-plating the EU directive. The option to exempt vehicles over 30 years old is estimated to have a higher NPV than the preferred option of exempting vehicles over 40 years old.

Other comments

There appear to be discrepancies between tables one and five regarding the number of vehicles registered in different time periods. By the final stage, the difference in these figures should be corrected or explained.

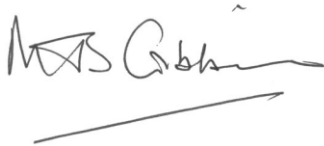
Departmental assessment

Classification	Qualifying regulatory provision
Equivalent annual net cost to business (EANCB)	£0 million
Business net present value	£0 million
Societal net present value	£89.6 million

Opinion: consultation stage IA
Origin: European
RPC reference number: RPC-DfT-3273(1)
Date of implementation: not provided

RPC assessment

Classification	Non-qualifying regulatory provision
Small and micro business assessment	Not required (EU)



Michael Gibbons CBE, Chairman