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## Exemptions from annual roadworthiness testing rules for certain specialised heavy vehicles in Great Britain

Department for Transport

RPC rating: **fit for purpose**

The IA is now fit for purpose, as a result of the Department's response to the RPC's initial review. As first submitted, the IA was not fit for purpose.

### Description of proposal

The proposal will implement the EU Directive 2014/45/EU, which mandates roadworthiness testing for certain groups of vehicles. Roadworthiness testing is a mechanism to ensure that vehicles on the road meet the required safety standards. This proposal will modify the current list of vehicles exempt from testing to meet the requirements of the Directive. Vehicles of categories N and O would be in scope of roadworthiness testing. N categorised vehicles consist of *'motor vehicles with at least four wheels designed and constructed for the carriage of goods'*. O categorised vehicles consist of *'trailers designed and constructed for the carriage of goods or persons'*. Vehicles that would no longer be exempt include mobile cranes, breakdown vehicles and electric Heavy Goods Vehicles (HGVs). All vehicles considered similar to conventional HGVs would now require testing.

### Impacts of proposal

The Department estimates that 29,500 vehicles would be affected by the introduction of the proposal; this is based on Driver and Vehicle Standards Agency (DVLA) registration data. These vehicles would be tested by the DVLA at Approved Testing Facilities (ATFs).

The Department expects that firms will need to familiarise themselves with the new testing requirements. It assumes that familiarisation with the short guidance published online will take one hour. Using an average wage rate for drivers based on Freight Transport Association data, the cost of familiarisation is estimated to be £17 per vehicle.

The on-going costs to business consist of the cost of roadworthiness tests. The IA estimates testing costs by dividing the affected vehicles into three groups:

- Group 1 vehicles do not make a trip to ATFs for maintenance checks, and can be tested at an ATF with roller brake testers (RBT). 34 per cent of impacted vehicles are expected to fall within this category;
- Group 2 vehicles would be tested alongside regular maintenance checks, in order to avoid multiple trips to ATFs. 52 per cent of affected vehicles are assumed to be within group 2.
- Group 3 vehicles cannot be tested on RBT, due to their size or structure. These vehicles would be tested at ATFs with decelerometer facilities. 14 per cent of affected vehicles are assumed to fall within this category.

For group 1 vehicles, the Department expects that firms would incur the cost of the test fee, the pit fee, vehicle and driver time and journey costs. The fee for roadworthiness testing at ATFs, currently, ranges from £91-£175, depending on the number of axles on the vehicle and the timing of the test. ATFs also charge an additional 'pit fee' of up to £66. The best estimate of the total testing fee is £199. The cost per vehicle of vehicle downtime is estimated to be £10; and the cost of driver time per vehicle is estimated to be £25. Journey costs are estimated at £17 per vehicle.

For group 2 vehicles, the Department assumes firms will incur the cost of the test fee, the pit fee, and vehicle and driver waiting time. The estimates for the test and pit fees are as above. The costs of vehicle and driver waiting time are estimated to be £6 and £15 per vehicle, respectively.

For group 3 vehicles, the IA assumes firms will incur the cost of the test fee, the pit fee, the driver and vehicle waiting time, and journey costs. The estimates for the test and pit fees are as above. The costs of vehicle and driver waiting time are estimated to be £23 and £58 respectively per vehicle. These figures are greater than those for group 2 vehicles, as decelerometer tests take longer than RBT tests. Journey costs are estimated at £67 per vehicle. This figure is greater than that for group 1 vehicles as there are fewer test sites offering decelerometer testing than with RBT.

Combining the costs to each group of vehicles, the total on-going cost to business is estimated to be £7.4 million per annum.

The IA also sets out the wider societal benefits of the measure. The proposal is expected to lead to a reduction in the number of road accidents and casualties, as well as improving the *'fleet roadworthiness'* of vehicles.

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The RPC verifies the estimated equivalent annual net direct cost to business (EANDCB) of £6.7 million. This will be a non-qualifying regulatory provision that will not score under the business impact target.

## Quality of submission

### Issues addressed following RPC's initial review

As initially submitted, the IA included two issues that meant that the RPC did not consider it fit for purpose. Following the RPC's initial review, the Department submitted a revised IA that responds to the points below.

#### Red – not fit for purpose issues

- the growth rate of the number of affected vehicles; and
- evidence supporting assumptions.

The Department has assumed no growth in the number of affected vehicles; this is based on the fact that, for two thirds of the total number of affected vehicles, DVLA registration data suggests that there will be a slight decrease in the number of affected vehicles. For the remaining affected vehicles, electric HGVs, a slight increase in the number is expected; this is because of developments in battery technology and electric HGV availability. Thus, the Department has concluded that a no-growth scenario is most appropriate. The Department argues that the high case estimate of 3 per cent growth rate is not a best estimate, as this rate is derived from data on a broader category of vehicles than that considered in this IA.

The Department has provided sufficient additional information and evidence to support the assumptions underpinning the cost-benefit analysis. The IA is now well evidenced and the Department has clearly explained why specific assumptions have been made. The RPC also notes that the comments accompanying the text, included following the IRN being issued, are a helpful addition.

There appears to be uncertainty about whether the calculations are likely to be an over or under-estimate of the impacts on business. The RPC notes that there is the potential for considerable variation in the estimates made, in both directions.

The IA correctly excludes the benefit to ATFs resulting from the increase in the number of tests from the EANDCB; this income, however, should not be described as indirect and included in both NPVs, as it should be classified as 'resources used in complying with regulation' (as per RPC case histories, section 4.3.4, pages 35-

36). As this error does not impact the EANDCB, the IA remains fit for purpose. Nonetheless, the inclusion of this income in the NPV seriously distorts the overall assessment of the impact of the measure on society. The Department must revise both NPVs before publishing the IA.

The IA contains some analysis of the benefit of reduced road casualties; it estimates that the introduction of roadworthiness testing could '*reduce fatalities by around 0.07 per year, serious injuries by around 0.28 per year, and slight injuries by around 1.70 per year on average*'. The RPC notes that the Department has standard values for fatalities, serious injuries, and slight injuries that could have been used to calculate a monetised societal benefit for the proposal. If this had been undertaken, it seems almost certain that societal costs would greatly exceed the societal benefit. Including this analysis would have the added benefit of clarifying the rationale for the measure, i.e. that it is minimum compliance with EU requirements rather than to generate societal welfare.

### Departmental assessment

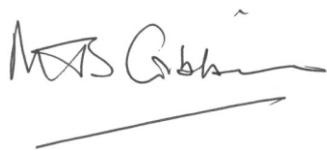
Classification	Non-qualifying regulatory provision (EU)
Equivalent annual net direct cost to business (EANDCB)	£6.7 million
Business net present value	-£64.2 million
Societal net present value	-£14.2 million

### RPC assessment

Classification	Non-qualifying regulatory provision (EU)
EANDCB – RPC validated <sup>1</sup>	£6.7 million
Business Impact Target (BIT) Score <sup>1</sup>	£33.5 million
Small and micro business assessment	Not required (European origin)
RPC rating (of initial submission)	Not fit for purpose

<sup>1</sup> For reporting purposes, the RPC validates EANDCB and BIT score figures to the nearest £100,000.

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**Michael Gibbons CBE**, Chairman