
Accessible information requirement (buses)

Department for Transport

RPC rating: fit for purpose

Description of proposal

The proposal will introduce requirements for bus operators to provide accessible information onboard buses, for example audio-visual information about the next stop. This is intended to support social inclusion by better supporting disabled and vulnerable individuals to make better use of bus services. The cost of installing the necessary equipment currently means it is not in the commercial interests of all bus companies to provide these services. The effect is more pronounced on less profitable routes (such as in rural areas). However, it is on these routes that the benefits for individuals are likely to be greater, due to the higher likelihood and costs of social exclusion to individuals in rural areas.

The proposal covers the primary legislation to mandate the provision of on-board accessible information. Due to the potential impacts on smaller bus companies, the Department intends to include mitigations for smaller providers. The details of these mitigations will be set out in subsequent secondary legislation. The impact assessment (IA) discusses several potential options, such as lower requirements or the provision of financial support and provides indicative costs and benefits of the various approaches.

Impacts of proposal

The Department estimates that around 800 bus companies will face transitional costs for the purchase and installation of new equipment, driver training and familiarisation. They will also face ongoing costs associated with the management of the back office systems to support audio-visual announcements.

The IA presents indicative costs and benefits of the proposal. However, as the final impacts of the proposal will depend on the approach taken to smaller businesses, the equivalent annual net direct cost to business (EANDCB) cannot be validated at this stage.

Transition costs

The Department estimates that the purchase and installation of equipment is expected to cost between £1.5 million and £53.6 million. The range reflects the

difference between the low and high unit cost estimates and the Department's assessment that there is considerable baseline uncertainty regarding the proportion of larger operators that would install audio-visual equipment as a result of the proposal. As 15% of buses outside London already carry audio-visual equipment, it seems reasonable that some businesses would continue to provide accessible information in the absence of legislation. However, as discussed in the quality of submission section below, to enable validation of an equivalent annual net direct cost to business (EANDCB) figure the Department will need to provide further evidence justifying the best estimate point within the range (currently this is estimated to be a one-off cost of £24.5 million).

The costs to smaller businesses of purchasing and installing equipment and of driver training (between £1 million and £5 million of the £1.5 million to £53.6 million range mentioned above) for smaller businesses, will depend on the approach taken in secondary legislation. The preferred option, of providing financial assistance to enable smaller businesses to implement the requirements, would significantly reduce their net costs. The less burdensome requirements for smaller businesses considered in the other options would be introduce a greater net burden than under the provision of financial assistance option. These would result in lower equipment costs, but potentially increased driver training costs if the lower equipment cost solutions require greater levels of driver input.

Familiarisation costs are expected to be low, taking on average around four hours for each of the 800 bus companies to understand the requirements (at an hourly rate of £15 including non-wage labour cost uplifts), with a total cost of around £50,000.

Ongoing costs

Monitoring and running the required audio-visual equipment, for example updating route data or recording announcements, will impose costs on bus companies of between £4 million and £17 million a year for larger companies and £2 million to £3 million for smaller companies. This leads to a total best estimate cost of between £125 million and £147 million over 10 years in net present value terms, depending on the approach taken for smaller businesses.

Benefits

The Department expects improving the accessibility of buses to result in improved journey quality resulting in an increased volume of bus journeys. Depending on the approach for smaller businesses, the Department estimates that the benefits could be between £0.7 million and £11.3 million each year. The IA assesses these benefits as direct: whether this is the correct approach is discussed in the quality of submission section of this opinion. The installation of audio-visual equipment is also

expected to result in increased advertising revenue of between £2 million and £17 million each year for bus companies, depending on how many would have installed the equipment without legislation.

Overall

The IA provides an indicative range of expected impacts, depending on the approach taken to mitigating the impacts on small and micro businesses. While the level of information and evidence is sufficient at this stage, further information and evidence will be needed at secondary legislation stage to support the validation of the EANDCB. This is discussed further in the quality of submission section.

Quality of submission

The IA presents sufficient information, including providing estimates of the likely impacts of the proposal, to support the proposed primary legislation.

There are, however, a number of issues that should be addressed in this impact assessment prior to publication and that must be addressed to enable the validation of an EANDCB figure at secondary legislation stage:

- Number of businesses / buses – the IA presents a lot of information in percentage terms but would benefit from ensuring there is a clear summary of the volumes of businesses and buses to enable the calculation of the EANDCB to be clearly followed. This could usefully include other figures and estimates used throughout the IA. The IA should also include evidence regarding businesses' assessment of the estimated familiarisation costs.
- Justification of the baseline – the costs and benefits of the proposal are influenced significantly by the number of businesses expected to install audio-visual equipment in the absence of legislation. The IA should provide further information on how the best estimate has been reached, and whether actions may already have been taken in anticipation of the expected change. The Department should consider how to test the robustness of the estimate with bus companies.
- Benefits of increased bus use – the IA provides insufficient evidence to justify the Department's assessment that the benefits of increased income as a result of increased passenger journeys should be considered as a direct effect of the proposal. While it does not affect the EANDCB at this stage, the impacts will need to be treated correctly at secondary legislation stage.
- Benefits of increased advertising – the Department will need to provide further information on the extent to which stakeholders consider the potential benefits

robust. The IA would also benefit from providing a clearer narrative justifying the assessment of the benefits as direct.

The Department expect the proposal to result in significant benefits to society, of just over £2 billion in net present value terms over the ten year appraisal period. The IA, and subsequent secondary legislation stage IAs, would be improved by providing further detail on how the estimated benefits have been calculated.

The RPC notes and welcomes the Department's inclusion of a post implementation review plan in the IA.

Small and micro business assessment

The IA provides information on the proportion of businesses that are likely to be considered small or micro (around 90% of businesses), the proportion of routes served by such businesses (around 20% of routes), and also provides some estimates of the difference in profit margins between smaller and larger firms.

The Department intends to mitigate the effects of the proposals on smaller businesses. The exact nature of the mitigation will be specified in secondary legislation. The Department's preferred option is for financial assistance provided by central government to cover the cost of purchasing and installing the audio-visual equipment. This would enable the full benefits to individuals to be achieved without disproportionate burden on smaller businesses. The IA also provides information on the potential effects of a complete exclusion from the requirements, and less onerous requirements (for example such as requiring smaller bus companies to provide only audio information/announcements instead of requiring audio-visual equipment).

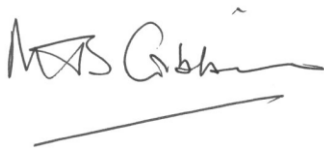
Departmental assessment

Classification	Qualifying regulatory provision (IN)
Equivalent annual net cost to business (EANCB)	£1.1 million
Business net present value	-£9.7 million
Societal net present value	£2,017 million

RPC assessment

Classification	Qualifying regulatory provision (IN)
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EANCB – RPC validated ¹	To be confirmed at secondary legislation stage
Business Impact Target (BIT) Score ¹	To be confirmed at secondary legislation stage
Small and micro business assessment	Sufficient



Michael Gibbons CBE, Chairman

¹ For reporting purposes, the RPC validates EANCB and BIT score figures to the nearest £100,000.