

The Road Vehicles (Construction and Use) (Amendment) Regulations 2021

Lead department	Department for Transport
Summary of proposal	To extend the permitted length of articulated semi-trailers by up to an additional 2.05m, leading to an overall maximum 'longer semi-trailer' (LST) length of 15.65m and total vehicle length of 18.55m.
Submission type	Impact assessment (IA) – 15 July 2021
Legislation type	Secondary legislation
Implementation date	Summer 2022
Policy stage	Final
RPC reference	RPC-DfT-5003(2)
Opinion type	Formal
Date of issue	6 August 2021

RPC opinion

Rating¹	RPC opinion
Fit for purpose	The Department has provided a clear, well-structured, well-monetised and proportionate assessment. The Department engaged effectively with the RPC at the consultation stage and before the final stage submission, enabling it to correctly classify business impacts and improve the SaMBA.

Business impact target assessment

	Department assessment	RPC validated
Classification	Qualifying regulation provision	Qualifying regulation provision
Equivalent annual net direct cost to business (EANDCB)	Final: -£22.4 million Initial (consultation stage): <i>de minimis</i> (£0.6 million)	-£22.4 million (2019 prices, 2020 pv)
Business impact target (BIT) score	-£112.0 million	-£112.0 million
Business net present value	£878.2 million	
Overall net present value	£1,019.0 million	

¹ The RPC opinion rating is based only on the robustness of the EANDCB and quality of the SaMBA, as set out in the [Better Regulation Framework](#). The RPC rating is fit for purpose or not fit for purpose.

RPC summary

Category	Quality	RPC comments
EANDCB	Green	The IA thoroughly identifies and analyses the impacts of the proposal, relying on a good level of evidence and data. The Department has correctly classified impacts as direct or indirect in line with RPC guidance and previous cases. A few areas would benefit from clarification, including the appraisal period used and some non-monetised impacts.
Small and micro business assessment (SaMBA)	Green	The SaMBA has been strengthened significantly since consultation stage. The IA presents a detailed breakdown of the freight transport industry by firm size and addresses mitigation of any difficulties smaller businesses might face in taking advantage of the proposal.
Rationale and options	Good	The IA fully explains the rationale for the proposed policy and outlines in detail the options considered, providing a clear justification for the preferred option.
Cost-benefit analysis	Good	The IA uses a good level evidence and data, using sensitivity analysis appropriately and applies standard methodologies, e.g. to monetise environmental impacts. It provides an excellent discussion of the risks and uncertainties associated with the proposal. Some areas could be improved, for example in explaining follow-up efforts to obtain information from consultees and stakeholders.
Wider impacts	Weak	The IA would benefit significantly from specifically assessing competition impacts. The IA describes some trade impacts, but could usefully include more analysis of the implications for businesses with both domestic and international operations.
Monitoring and evaluation plan	Good	The IA sets out a very good post-implementation review plan at Annex C, covering key objectives, research questions and evidence collection.

Summary of proposal

The current maximum permitted length for articulated semi-trailers is 13.6 metres. Due to the low density of many goods, such as clothes, many operators who are consistently transporting low density goods run out of space on their trailers before they reach the maximum gross vehicle weight permitted. The Government propose a permanent extension of the length of semi-trailers by up to an additional 2.05m, leading to an overall maximum 'LST length of 15.65m and total vehicle length of 18.55m. Where operators fully utilise this additional space in LSTs it will allow an increase from 26 to 30 UK standard pallet for a single-deck trailer, allowing for fewer journeys to be made to transport the same quantity of goods.

The Department estimates a net present value of £1,092 million. Total benefits are estimated at £1,655 million. Non-business benefits are estimated at £938 million, consisting primarily of reduced congestion, less wear and tear on the roads and improved air quality/lower greenhouse gas emissions. Business benefits are estimate at £716 million and consist primarily of fuel and labour cost savings. Total costs are estimated at £563 million. This includes costs to the government from reduced fuel taxation revenue (£199 million), with the remainder being costs to business, mainly the additional costs of purchasing LSTs and of complying with regulatory requirements. The Department estimates an EANDCB of -£22.4 million (2019 prices; 2020 present value base year). The proposal scores as an 'OUT' (i.e. a net reduction in direct business costs) against the business impact target (BIT), in contrast to the small net increase in cost (albeit non-qualifying against the BIT as *de minimis*) at consultation stage.

EANDCB

Counterfactual, evidence and data

The estimates in the IA are based upon a good level of evidence and data. The Department obtained data principally through the LST trial and used sample data from the Continuing Survey of Road Goods Transport (CSRGT). It commissioned a contractor to build a 'scaling model' to aggregate impacts across the whole industry and used a survey of operators to inform likely take-up of the proposal.

The IA provides a thorough discussion of the counterfactual, explaining that it takes account of the current LST trial continuing until its scheduled end in 2027. The IA calculates LSTs' benefits to business based on the number of miles saved compared to the counterfactual. It derives the reduction in fuel consumption associated with these savings from modelled CO2 savings. It links the other main savings to business, such as labour savings, to reductions in vehicle miles travelled and monetises them using information in the *Transport Engineer Operator Costs* report cited in the IA.

Impacts

The IA provides a thorough analysis and description of the impacts of the proposed policy. The Department has generally taken account of the RPC's comments on the

consultation stage IA and has engaged effectively with the RPC ahead of the final stage IA submission, particularly with regard to classifying impacts as direct or indirect. The IA's approach to analysing tax impacts is in line with previous IAs.² The Department has classified direct and indirect impacts in line with RPC guidance in this area and on permissive legislation.³

Non-monetised impacts

The IA notes that the policy's benefits are likely to be partially offset by an increase in costs associated with the increase in vehicle size and weight. The IA discusses the possibility of a "fuel penalty" (page 17). The Department has not been able to quantify this potential cost, although the LST trial results and discussion with operators indicate that it is likely to be very small. The IA would benefit from explaining why it would not be proportionate to use the pre-trial research which suggested a difference of around 1.8 per cent between LSTs and normal trailers.

The IA monetises a cost per operator of writing, reviewing and submitting information to the licensing authority (paragraph 116). It would benefit from explaining the IA then includes this cost as a non-monetised cost.

Appraisal period

The IA explains that a 20-year appraisal period has been used to capture the expected (ten-year) life-cycle benefits of the trailers introduced in 2030. This approach seems reasonable but the IA would benefit from explaining the likely profile of costs incurred by operators of purchasing LSTs, which appears to be profiled over the years 1-8 and 11-18.

Assumptions

The IA would benefit from setting out the basis for the time assumptions relating to route planning and compliance checks (paragraph 106, page 28) and whether or not estimates include time for completing risk assessments.

SaMBA

The Department has strengthened the SaMBA significantly since consultation stage (pages 42-45). The IA presents a breakdown of the freight transport industry by size. It also analyses the LST trial results based on firm size. The Department believes that the reduced administrative requirements in the preferred option (compared to the LST trial) should help mitigate barriers to small and micro businesses taking up the proposal. The administrative requirements in option 3 (the "no additional regulation" option) would seem to be lower still for SMBs and the SaMBA would benefit from discussing further the preference for option 1. The SaMBA notes that a

² For example, 'RPC-DfT-4451(2) 'Measures for introduction of E10 petrol', 13 January 2021.

³ <https://www.gov.uk/government/publications/rpc-case-histories-direct-and-indirect-impacts-march-2019>. <https://www.gov.uk/government/publications/rpc-case-histories-permissive-legislation-february-2020>.

second hand-market for LSTs has emerged in recent years. The IA would benefit from explaining further why this development is not reflected quantitatively in the overall analysis.

Rationale and options

The IA clearly describes the rationale for intervention and supports it with evidence from the LST trial. However, the IA could be strengthened by presenting more evidence around the negative impact that the present length limit on trailers has on business.

The IA describes the preferred option and other options considered at consultation stage in detail. It provides a clear justification for the preferred option, which imposes additional regulation on LSTs but in a relatively light way (option 2 has 'heavier' regulation; option 3 has no specific additional regulation for LSTs). We welcome the inclusion of the consultation questions and a summary of responses in the IA (pages 49-56), which help justify selection of the preferred option. The IA would benefit from discussing further the cost-benefit trade-offs for some of the individual requirements in the preferred option. For example, the IA could say more about why specifying a minimum half-day training is considered to be optimal.

Cost-benefit analysis

Evidence and data

In addition to the impacts on business referred to under EANDCB, the Department monetises impacts on the environment, which result in reduced CO₂, Nitrous Oxide and Particulate Matter emissions, using standard government (transport appraisal guidance – TAG) techniques.

In many places, the IA states that the Department asked consultees for additional input but did not receive information, and therefore left assumptions unchanged. The IA would benefit from describing any efforts the Department made to follow-up with consultees and stakeholders to elicit further information.

Given the uncertainty surrounding accidents and road safety outside of the LST trial conditions, the IA could benefit from considering evidence from other countries which has implemented similar proposals, including any reviews that may have taken place.

Methodology

The IA provides an appropriate sensitivity analysis (pages 40-42), which includes a variant ('take-up B') where the freight infrastructure/facilities (such as distribution centres) are adapted to further accommodate LSTs, increasing potential take-up by operators. The IA could be improved by explaining why variations of +/- 20 per cent is an appropriate method of testing sensitivity.

The risk and uncertainty section (pages 45-47) provides a well-balanced discussion across a range of factors. For example, the IA explains how a shorter trailer replacement cycle would result in higher costs, but the emergence of a second-hand market costs would be likely to lower costs.

The IA notes that the analysis uses LST trial data up until the end of 2019 to avoid the distorting impacts of Covid-19. The IA would benefit from a proportionate discussion around potential impacts of Covid-19 and associated policy responses in the short to medium-term.

The IA would benefit from addressing, e.g. through sensitivity testing, the increasing shift of stock generally to larger distribution centres, including those for online sales, and away from more intermediate or local distribution (both wholesale and retail).

Wider impacts

The IA provides a useful discussion of the proposed policy's innovation impacts (pages 16-17). It would benefit from analysing in more detail how this policy interacts with other government policies, including the planned phasing out of diesel and petrol vehicles, the associated development of electric vehicles and how this relates to HGVs. The IA could also clarify what is meant by the term "Green HGVs" used in the sensitivity analysis.

The IA provides a short discussion of trade impacts (page 45). It states that the measure will only benefit businesses' operation of domestic routes (and not international routes) because LSTs do not conform to the common standards for vehicles agreed in the UK/EU trade and co-operation agreement (paragraphs 17 and 68). The IA would benefit from making this point more prominent, and providing a more detailed analysis of the likely impacts of this limitation on UK businesses operating on both international and domestic routes.

The IA would benefit significantly from discussing competition impacts. This could cover domestic competition impacts, particularly between operators using LSTs versus those which continue to use smaller vehicles, linking to the SaMBA. It could also link to trade impacts, e.g. the impact on the relative competitiveness of UK versus EU operators. The IA could discuss further the impact that LSTs cannot be used for trips to the EU (presumably including across the Northern Ireland/Ireland border) on likely take-up (particularly for owners of fleets of vehicles that are then rented out to companies to transport their products) and whether this could have a significant impact on competition (through potentially dividing the market and increasing concentration).

Monitoring and evaluation plan

The IA sets out a very thorough post-implementation review (PIR) at Annex C (page 57 onwards), including its key objectives, research questions and evidence collection. Annex C identifies January 2030 as the review date for the measure, on the basis that this would allow sufficient time for LSTs to have been in general circulation in significant numbers. The IA could usefully explain how that date aligns

with the statement on page 2 that the policy will be reviewed 7 years after implementation. It would also benefit from clarifying whether there will be an interim review before this date and detailing any monitoring arrangements.

Regulatory Policy Committee

For further information, please contact regulatoryenquiries@rpc.gov.uk. Follow us on Twitter [@RPC_Gov_UK](https://twitter.com/RPC_Gov_UK), [LinkedIn](#) or consult our website www.gov.uk/rpc.