

# Final stage De-Minimis assessment

Title: De Minimis Impact Assessment for the exemption of rail replacement coaches from the Public Service Vehicles (Accessible Information) Regulations 2023 ("AIR")

Type of measure: Other

Department or agency: Department for Transport

DMA number: DfTDMA345D

RPC Register Reference: N/A

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Prior to measures being laid in Parliament you should prepare the final stage de-minimis assessment. All sections should be updated and finalised, including the scorecard and evidence base, quantifying impacts where appropriate and proportionate to do so.

# Evidence base

**Problem under consideration, with business as usual, and rationale for intervention**

***Overview of the issue and proposed approach to addressing it***

***What are the Public Service Vehicle (Accessible Information) Regulations 2023 and what is their purpose?***

1. Around 16 million people in the United Kingdom (UK) are disabled. Typically, they rely on using local bus and coach services to complete their journeys more than those who are not disabled. The provision of audible and visible route and upcoming stop information, known as ‘accessible information’, can help many disabled people, and others, to use local services with greater confidence.
2. Accessible information has been available on-board some bus and coach services for the past two decades, yet over half of the vehicles used on local services across Great Britain remain unequipped to provide it. The Public Service Vehicles (Accessible Information) Regulations 2023 (*the Accessible Information Regulations or “AIR”*) were created to address this gap.
3. Under the regulations, between 2024 and 2026 it will become mandatory for the majority of local bus and coach services to incorporate accessible information provision, improving the journey experience for all passengers, including passengers who are disabled. In particular, the regulations are intended to result in:
  - all passengers having access to high-quality and accurate on-board information whenever they travel on-board local bus and coach services.
  - the breaking down of access barriers.
  - improvements to the journey experience for all passengers.
4. The Public Service Vehicles (Accessible Information) Regulations 2023 (“AIR”) thus require the provision of audible and visible (AV) information on board local bus and coach services in Great Britain. These regulations took effect on 1 October 2023 but the date in which they apply will depend on when the operator’s vehicles were first used on local services.
5. We consider that a vehicle was ‘first used’ on a local service when it first met the conditions in Section 2 of the Transport Act 1985, regardless of the jurisdiction within which it was operated. The application of AIR can be summarised as:

## **Newer vehicles**

- Vehicles first used on or after 1 October 2019 must comply with the Regulations from 1 October 2024 onwards.

## **2010s vehicles**

- Vehicles first used between 1 October 2014 and 30 September 2019 must comply with the Regulations from 1 October 2025 onwards.

## **Older vehicles**

- Vehicles first used between 1 January 1973 and 30 September 2014 must comply with these Regulations from 1 October 2026 onwards.

## **Partially compliant**

- Vehicles that have a partially compliant status must comply with these Regulations from 1 October 2031 onwards.

### ***What is the issue that the proposed intervention seeks to address?***

6. The Department for Transport has been advised by the Rail Delivery Group (RDG) and representative bodies of bus and coach operators that there is expected to be a low rate of compliance within the rail replacement (“RR”) coach sector which, if left unmitigated, could affect the provision of accessible transport during periods of railway disruption, such as planned engineering work. In a worst-case scenario, the Department has been informed that this could result in an insufficient number of coaches being available to provide RR services, resulting in the issuing of “Do Not Travel” notices during periods of engineering works.
7. Analysis of the Office of Rail and Road’s (“ORR”) census of PSVAR compliance amongst RR services between 2021-22 and 2023-24 indicates that 65% of RR services are provided by coaches with the rest by buses. (Taxis or Private Hire Vehicles (PHVs) may be used to provide an alternative means of travel for disabled people under the terms of operators’ Accessible Transport Policies, for example if a station is inaccessible, operators must provide, without extra charge, an appropriate alternative service to the next, most convenient, accessible station). Coaches are used for RR services due to the need to provide for the carriage of luggage and longer journey distances. Despite this, RR work accounts for a small proportion of coach operator revenue with relatively low profit margins, with most other coach work out of scope of AIR (e.g. tours). The RDG advised the Department, that because of these factors coach operators would choose not to bring their vehicles into compliance with AIR by investing in AV equipment and instead opt to forego comparatively low profit RR work. This is despite the availability of government grant funding of £4.65m for operators with 20 or fewer in-scope vehicles.
8. The Department has engaged with representative bodies of the bus and coach sector who have agreed with the issues identified by RDG, as well highlighting a wider issue affecting the supply of AV equipment. This relates to demand outstripping supply due to a shortage of technicians available to equipment providers to undertake installations. This pressure on installation capacity means that there is a high level of uncertainty as to whether operators could have necessary adaptations made to their vehicles in time for 1 October 2024, should they actively wish to do so.
9. In order to address the risk to RR provision, which as discussed below, is complicated by an absence of data pertaining to the coach sector and RR services in particular, and within the limited time available within which to respond to the issues raised, the Department must take proportionate action that takes account of the high level of uncertainty in terms of vehicles that would be AIR compliant, and balances the needs of making sure that passenger transport is available and accessible, whilst maintaining the provision of services for all passengers, including disabled people.
10. From 1 October 2024, AIR only applies to newer vehicles and so the Department explored with the RDG the feasibility of addressing the shortage of coaches by using operators with older vehicles. AIR are not the only accessibility regulations that apply to RR; the Public Service Vehicles Accessibility Regulations 2000 (PSVAR) set out standards for a range of physical accessibility features, e.g. wheelchair access.

There is an exemption regime for coaches under those regulations, aimed to drive increased compliance over time. However, the RDG understand that most newer vehicles used for RR work are at least partially compliant with such regulations but reverting to older vehicles (many of which are exempt) would likely reduce accessibility overall. Hence, the Department has discounted this option.

11. For example, according to the ORR's Annual Rail Consumer Report 2023 to 2024, the data they receive from operators suggests that nearly all current rail replacement vehicles either met accessibility standards (under the PSVAR) or have an exemption from the Secretary of State, with 95% of rail replacement vehicles meeting this criteria.

### ***What is the proposed intervention?***

12. As such, to avoid a scenario that could incentivise the use of potentially less accessible vehicles, and instead maintain the use of newer, more generally accessible vehicles, the Department propose to put in place a time-limited exemption from the technical aspects of AIR for coach operators of RR services from 1 October 2024 until 31 July 2026. This proposed timeline aligns with the end date of the Medium-Term Exemptions ("MTEs") for RR and home-to school ("HTS") operators from the separate Public Service Vehicles Accessibility Regulations 2000 ("PSVAR").
13. This intervention would effectively pause the immediate application of the technical aspects of AIR to these operators, which, depending on the vehicle, may require the installation of AV equipment on board. It is the Department's intention that operators will use the additional time granted by the exemption period to work towards compliance. The Department will work with the RDG and coach sector to implement a pathway towards achieving this outcome. As such, in terms of economic impact, the cost of introducing these exemptions to industry is minimal, and may represent a short-term positive benefit to business, albeit small, as a result of deferring otherwise immediate compliance costs.
14. While the exemption means that operators do not have to meet the technical aspects of the regulations, it is the Department's intention that the RDG will work with coach operators to provide AV information to passengers by other means such as oral announcements, written information and signage, supported by onsite staff. Based on discussions with the RDG, the provision of this information by alternative means is feasible and not expected to incur notable costs on operators.
15. To note, for the purposes of this assessment and the limited time available to complete it, the Department has had to contend with an absence of detailed and complete evidence on: current public service vehicle compliance with AIR (whilst noting the regulations only begin to come into force from 1 October 2024); vehicles that are available and used for RR services; or the coach sector more broadly. The quality and utility of the data sources available is mixed and can therefore only provide indicative evidence. There is also limited information about the methods used to generate some of the data (received from the RDG and operators), and about the basis for some of the assumptions made.
16. Department for Transport analysts have reviewed available data sources, and undertaken analysis of data held by the Department and the ORR. Whilst the available evidence has increased the Department's understanding of the issue, the Department expects the RDG's engagement going forward to obtain a fuller and more robust picture of the situation to inform long-term future policy decisions.

Nevertheless, the absence of extensive data, at this point in time, limits the scope of this DMA and our ability to project exact costs, benefits and disbenefits. This must be considered against the wider risk of service disruption and the need to maintain passenger services.

### ***Rationale for government intervention***

17. As described above, AIR came into force in March 2023, and will begin to apply to operators from 1 October 2024. Given the urgency of the issue identified by RDG, the timing available to decide on how best to respond means that a quick and cautionary approach was needed. That is the introduction of the proposed exemption from the regulations.
18. This rationale is based upon the issues identified by the RDG and supported by subsequent engagement with representative bodies of the bus and coach sector, as described above, that RR coach operators will not be in a position to provide AIR compliant vehicles from 1 October and would be likely to forgo RR work rather than take the necessary steps, such as invest and install AV equipment, to become compliant. This would result in the possibility of either falling back temporarily on older, possibly less accessible vehicles (which themselves would come into scope of AIR from 2025 or 2026) or in a worst-case scenario result in TOCs issuing Do Not Travel notices.
19. Given the RDG's position that they do not hold sufficient leverage to alter coach operators' behaviour, coupled to apparent pressures of AV equipment installation demand outstripping supply capacity, the Government is required to intervene to mitigate the risk of RR service disruption.
20. The Government has considered the option of not intervening via a regulatory exemption and instead relying on aiming to use older vehicles to manage supply. From 1 October, AIR only applies to vehicles used after October 2019 on local services - relatively newer vehicles - and so the gap might have been filled with older vehicles. Under this scenario, no exemptions would be made this year, but unless the attractiveness of RR work changed this may only be a short-term fix, as vehicles used before 2019 come into scope from October 2025 or October 2026. AIR are not the only accessibility regulations that apply to RR; others [the Public Service Vehicles Accessibility Regulations 2000 or PSVAR] set out standards for a range of physical features, e.g. wheelchair access. There is an exemption regime for coaches under those regulations, aimed to drive increased compliance over time. RDG tell us that most newer vehicles used for RR work are at least partially compliant with such regulations but many older vehicles have been issued with exemptions. Therefore using older vehicles would be likely to reduce accessibility overall, whilst also doing nothing to increase AIR compliance considering what the RDG tell us about coach operator willingness to invest in AV equipment, and the associated supply chain pressures.
21. The Government's options on the type of regulatory intervention that could be made were further limited by what interventions were permissible without having to resort to amending regulations via a parliamentary process, which would not have been possible in the time available to avoid the risk of service disruption. However, an alternative non-parliamentary regulatory exemption that was considered was to grant exemptions against individual RR service routes, as they were planned, rather than to all services run by certain operators. The RDG and/or TOCs would be required to notify the Department in advance of engineering works or other planned disruptions

of the need for a RR exemption from AIR due to a risk of insufficient compliant vehicles, with the Department then issuing an exemption for that particular service, subject to due diligence checks. This option, which is discussed in more detail below, was not taken forward due to the likelihood of higher administrative burdens for both operators and the Department, as well as uncertainty as to whether the associated administration processes created a risk of routes not being identified correctly or in time to guarantee the application of exemptions where required.

22. We also considered whether exemptions should provide a complete exemption from AIR, or only certain aspects of the regulations. As set out below, in settling on the preferred option of exempting RR coach operators, it was decided that this should only be on the basis of exempting operators from the technical requirements of AIR. This is so that operators would still be compelled to adhere to the spirit of the regulations and continue to provide journey, destination and route information to passengers by other reasonable means.
23. Financial incentives are already available to smaller operators with the provision of £4.65m grant funding available to operators with fewer than 20 in scope vehicles, whilst guidance has been published to help operators understand how they can best meet the requirements of AIR.

### ***Gaps or harms that would occur if government doesn't intervene***

24. In the absence of intervention via a temporary exemption, the risks identified above could materialise leading to less accessible vehicles being used for RR or further disruptions to passengers, including disabled people, if there were no RR services during planned engineering works. In a worst-case scenario, as described above, an insufficient number of vehicles or a high-risk of uncertainty of their availability, could lead to the issuing of 'Do Not Travel' notices by TOCs during planned disruptions. This would affect all passengers who would otherwise have travelled via RR, including disabled people.

### **Policy objective**

#### *Specific objective for intervention*

25. To maintain passenger services with the most accessible vehicles available during planned rail engineering works, whilst a long-term plan to secure RR coach accessibility compliance is implemented; with rail and RR operators continuing to provide audible and visible information by alternate means during this time.

#### *Measurable aspects of the intervention*

26. Measurable aspects will include the number of exemptions issued, while the Department will require the RDG to report on the sector's progression towards AIR compliance, as they are currently required to report on PSVAR 2000 compliance rates to the ORR. Given the issue has highlighted the absence of data in relation to RR coach accessibility compliance, the Department will review this position which may identify further opportunities to measure the impact of the intervention.

#### *Intended achievements of the intervention*

27. As stated above, the intervention is intended to achieve the maintenance of RR services and avoid the risk of further disruption.

### *Realistic timeframe for the intervention*

28. The exemption would come into force on 1 October 2024 and end on 31 July 2026. This proposed timeline aligns with the end date of the Medium-Term Exemptions (“MTEs”) for RR and home-to school (“HTS”) operators from the separate Public Service Vehicles Accessibility Regulations 2000 (“PSVAR”).

### *Alignment with HMG objectives*

29. The Government’s five mission statement includes delivering reliable, affordable and accessible transport as being vital in helping people to access opportunities through work and education, while the Department’s six objectives for rail include an accessible service that is available to all. An exemption to accessibility regulations may in the short-term appear contrary to these objectives, but the intervention is intended to avoid wider passenger disruption and be conditional on the long-term delivery of compliance with accessibility standards across RR services. A requirement for rail and RR operators to provide destination and journey information by alternate means during the exemption period should be supportive of accessibility whilst full compliance with AIR is attained in due course. The intervention supports the maintenance of RR accessibility compliance as reported by the ORR annual consumer report, as noted above.

### *Intended outcomes*

30. The intervention intends to:
- Maintain provision of RR services and prevent further travel disruption once the AIR comes into effect in October 2024
  - Provide a pathway towards RR compliance with accessibility requirements by May 2026
  - Increase the number of RR compliant coaches available for RR services by May 2026 to ensure there is sufficient provision.

### *Indicators of success*

31. The following indicators of success have been identified:
- Proportion of planned engineering works that provide RR services as intended
  - Number of AIR compliant coaches available for RR services
  - Number of PSVAR compliant coaches used for RR services
32. The figures would be collected and reported on by the RDG, with the AIR compliance rates to be reported by the RDG to the ORR as they already do for PSVAR compliance.

### **Description of options considered**

33. As discussed above, we considered two regulatory options that were available for use within the timeframe available to address the risk of service disruption - an exemption for RR coach operators and an exemption for specific RR routes, when identified. In considering regulatory options, we also considered whether to opt for a complete exemption from the regulations in their entirety or from specific aspects. We decided to opt for an exemption for RR coach operators from specific technical

requirements in order to address the risks identified, whilst retaining a requirement for operators to make efforts to comply with the spirit of the regulations by still providing some level of destination and journey information. As noted above, we also considered not providing any regulatory exemptions.

34. As such, three options were considered:

- Option 1 – Baseline (Do Nothing): Do not give exemptions
- Option 2 - Temporary exemptions for individual RR operators from AIR's technical requirements (preferred option)
- Option 3 – Exempting individual RR services from AIR

35. The options were assessed against the following criteria:

- Likely impact on availability of coaches to deliver RR services from 1 October 2024 and after 1 October 2025 (when more vehicles need to comply with AIR)
- Extent to which the risk of travel disruption, including cancellation of RR services and issuing of 'Do Not Travel' notices would be mitigated
- Implications for vehicle accessibility, and the impact of this on passengers including disabled and older people
- Burden of the intervention and its implementation on coach operators, Train Operating Companies, and the public sector
- Likelihood that the intervention would facilitate compliance with AIR amongst the coach sector in the medium-term.

36. The preferred option was identified following discussions between the Department and the RDG alongside engagement and the provision of information and data, albeit limited in scope, from both the RDG and bus and coach sector representatives. The Department's statutory adviser on accessibility, the Disabled Persons Transport Advisory Committee (DPTAC) were also asked to provide advice to the Department on how best to address the issue and agreed that the option chosen was appropriate given the circumstances within which the exemptions were being sought, and the risk of falling back on older, less accessible vehicles or the issuing of Do Not Travel notices.

37. There were no known examples of international practice towards exemptions of this nature to draw on when developing options. However, the approach to supporting compliance with the PSVAR 2000 was considered when undertaking options development and analysis, and when thinking about how to implement the preferred option.

38. Detail of the two options considered but not taken forward are provided below.

#### **A) Option 1 – Baseline (Do Nothing): Do not give exemptions**

##### *Description*

39. No exemptions would be made. Compliance with AIR is phased in from the date of first use of the vehicle on a local service. From 1 October 2024, it will apply to vehicles first used from 1 October 2019, from 1 October 2025 it applies to vehicles first used between 1 October 2014 and 30 September 2019, and from 1 October



2026 it applies to vehicles first used between 1 January 1973 and 30 September 2014. Where a vehicle has some AV equipment installed before 1 October 2023 then the equipment does not need to meet the full requirements of the Regulations until 1 October 2031. By the nature of the first use parameters, this means that if enough vehicles were available, operators may seek to use older vehicles to provide RR services. This option may be supported by a proportionate enforcement of regulatory compliance by the Driver and Vehicle Standards Agency (DVSA), taking into account matters such as the potentially limiting effect on attaining compliance as a result of pressures on AV installation capacity.

### *Effect*

40. If enough vehicles were available, this would see RR services provided using older, potentially less accessible vehicles. Given the high levels of uncertainty on the availability of a sufficient number of vehicles, the RDG believe this scenario would also create unacceptable levels of risk in terms of being able to plan for RR service provision. As older vehicles come into scope of AIR from October 2025, the pool of available vehicles, assuming they were not AIR compliant, would reduce further in subsequent years. The aforementioned capacity pressures on AV installations may also affect the ability of operators of these vehicles to meet compliance requirements in time. There may be a risk of a proportionate approach to DVSA enforcement creating uncertainty for operators and passengers if not communicated clearly, resulting in operators not operating services due to the risk of enforcement action, whilst passengers could face uncertainty on the level of accessibility features on board RR vehicles.

### *Impacts*

41. The use of older vehicles, if available, could create a deleterious travel experience for passengers on vehicles that may still not be AIR compliant, and may also be less accessible overall. In a worst-case scenario, the uncertainties pertaining to the supply of vehicles may lead to the issuing of “Do Not Travel” notices.

### *Effectiveness of achieving policy objectives*

42. This option would not achieve the objectives of minimising potential impacts on passengers, or the provision of reliable, affordable and accessible transport.

## **B) Option 3 – Exempting Individual RR Services from AIR**

### *Description*

43. This option would involve an exemption regime that applied to specific RR service routes. The RDG and/or TOCs would be required to notify the Department in advance of engineering works or other planned disruptions of the need for a RR exemption from AIR due to a risk of insufficient compliant vehicles, with the Department then issuing an exemption for that particular service, subject to due diligence checks. The exemption regime would last until 31 July 2026, aligning with the end of MTEs from PSVAR 2000, on the basis that - as with the preferred option - the rail and coach sector have cooperated with the Department in implementing measures to achieve accessibility compliance across RR services. During the

exemption period, the RDG would be required to work with coach operator clients and the Department to develop and implement measures to secure long-term compliance with accessibility requirements.

#### *Effect*

44. This approach may address the problem of AIR non-compliance leading to the use of older vehicles or service disruption. However, it may create a high-level of administrative burden on the industry and the Department and be contingent on both parties' capacity to process exemptions in sufficient time to avoid disruption.

#### *Impacts*

45. As with the preferred option, the approach may address the risk of the use of older, potentially less overall accessible vehicles and that of disruption to RR services due to vehicle compliance issues. However, it could create a high-level of administrative burden that the sector or Department may not have the capacity to cater for.

#### *Effectiveness of achieving policy objectives*

46. This option may reduce the risk of disruption due to insufficient AIR compliant vehicles available for RR. However, it retains a greater level of uncertainty compared to the preferred option, whilst providing less of an incentive for coach operators to work towards better accessibility standards. Assuming the process was based upon an assessment by the RDG/TOCs availability of compliant vehicles, there may be a risk that a subsequent change in the availability of such vehicles could impact on services where an exemption had not been sought. This risk may also incentivise a risk averse approach by the rail sector leading to a high number of applications for exemptions where in practice they are not required. Any failure to complete the associated administrative process could result in the cancellation of RR services or engineering works at short notice.

## **Summary and preferred option with description of implementation plan**

### **Option 2 – Temporary exemptions for individual RR operators from AIR's technical requirements**

#### *Description*

47. The preferred intervention option provides time-limited exemptions from the technical requirements of AIR for coach operators of RR services from 1 October 2024 until 31 July 2026. Rail and coach operators will be expected to facilitate the ongoing provision of journey and destination information for passengers via alternative means (i.e. by announcing stops and providing signage).

#### *Effect*

48. The immediate effect will be the maintenance of RR services. This option will also provide time and opportunity for the Department to work with the rail and coach sector, DPTAC, and representatives of the disability sector, to identify a long-term, sustainable route to full compliance by RR operators with accessibility requirements.

### *Impacts*

49. The purpose of the intervention is to mitigate the risk of wider negative impact through the use of older vehicles or the cancellation of RR services.

### *Effectiveness of achieving policy objectives*

50. The proposed approach is similar to the exemption regime already in place for RR operators from the PSVAR 2000. As such, there is a high expectation that they will be effective in achieving their aims. The exemptions are conditional on the rail sector working with the Department to ultimately achieve full compliance with accessibility requirements across RR services.

### *Process Map*

51. The practical implementation of the exemption process, if agreed by ministers will take the following steps:

- a. Eligible operators apply for an exemption to AIR by a fixed date before 1 October 2024
- b. Officials undertake due diligence and process applications
- c. Exemption regulations published online alongside a list of exempt operators
- d. Operators to be informed of exemption status
- e. List of exempt operators provided to DVSA to support enforcement
- f. The RDG works with coach operator clients and the Department to implement measures to secure long-term compliance with accessibility requirements.
- g. The exemption regime ends on the 31 July 2026, with the provision of AIR compliant vehicles standard practice.
- h. The Department continues to work with rail and coach operators to monitor ongoing compliance with AIR.

## Summary: Analysis and evidence

For Final Stage De-Minimis Assessment, please finalise these sections including the full evidence base.

**Price base year: 2024**

**PV base year: 2019**

This table may be reformatted provided the side-by-side comparison of options is retained	<b>1. Do Nothing / Business as Usual (baseline)</b>	<b>2. Temporary exemptions for individual RR operators from AIR's technical requirements (preferred way forward)</b>	<b>3. Temporary exemptions for individual RR operators from AIR's technical requirements</b>
<b>Net present social value</b> (with brief description, including ranges, of individual costs and benefits)	N/A	-£5.8m  This includes: <ul style="list-style-type: none"> <li>• Business costs of transition include applying for exemptions (one exemption per operator).</li> <li>• Annual costs for staff onboard RR coaches to provide information about stops and/or route.</li> </ul> No wider societal costs or benefits have been monetised due to the high uncertainty, especially around impacts.	-£6m £7.1m  This includes: <ul style="list-style-type: none"> <li>• Business costs of transition include applying for exemptions (one exemption per route).</li> <li>• Annual costs for staff onboard RR coaches to provide information about stops and/or route.</li> </ul> No wider societal costs or benefits have been monetised due to the high uncertainty, especially around impacts.
<b>Public sector financial costs</b> (with brief description, including ranges)	N/A	N/A	N/A
<b>Significant un-quantified benefits and costs</b> (description, with scale where possible)	Potential impacts of increased service disruption (e.g. reduced RR service provision, inability to travel)	It has not been possible to quantify benefits due to lack of available data, including uncertainty around RR demand, the types of services that could be disrupted if RR services are not available and the impact that this will have on passengers, journey types and the wider economy. The NPSV is therefore expected to be a conservative estimate as it is based on anticipated costs of the proposed intervention alone.	
<b>Key risks</b> (and risk costs, and optimism bias, where relevant)	N/A	Proxy figures have been used to estimate workforce costs associated with applying for the exemption and manual provision of accessible	

This table may be reformatted provided the side-by-side comparison of options is retained	<b>1. Do Nothing / Business as Usual (baseline)</b>	<b>2. Temporary exemptions for individual RR operators from AIR's technical requirements (preferred way forward)</b>	<b>3. Temporary exemptions for individual RR operators from AIR's technical requirements</b>
		<p>information using the ONS Annual Survey of Hours and Earnings (2023) as actual costs are unknown.</p> <p>There is high uncertainty in estimates of the number of RR services that will be in operation during the appraisal period, as this is difficult to estimate using available evidence.</p> <p>There is also high uncertainty in the assumptions made in the central, high and low cases about the number of exemptions that will be required due to limitations in the available data which was used to inform this.</p>	
<b>Results of sensitivity analysis</b>	N/A	Central case has been presented and high and low scenarios assessed. With a net present value in the range between -£5.1m and -£8.6m.	Central case has been presented and high and low scenarios assessed. With a net present value in the range between -£6.8m and -£10.9m
<b>Commentary</b>	No additional monetisable costs or benefits beyond that of the original Public Service Vehicles Accessible Information Regulations DMA.	<p>The net direct cost business is £2.9m.</p> <p>The appraisal period is 2 years given the temporary nature of the intervention.</p> <p>Costs for applying for the exemption are based on one application being submitted per operator.</p> <p>Due to the nature of the regulation change no wider economic impacts have been quantified. This is due in part to sector uncertainty and the exemptions allowing a continuation not to change of the current environment.</p>	<p>The net direct cost business is £3.5m.</p> <p>The appraisal period is 2 years given the temporary nature of the intervention.</p> <p>Costs for applying for the exemption are based on each Train Operating Company requiring coach RR services for one route per financial period (using ORR data as a proxy).</p> <p>Due to the nature of the regulation change no wider economic impacts have been quantified. This is due in part to sector uncertainty and the exemptions allowing a continuation not to change of the current environment.</p>

## Costs and benefits to business calculations

52. Cost and benefits to business have been calculated using the Equivalent Annual Net Direct Cost to Business (EANDCB) calculator. The output of this for the central case in the preferred option can be seen in the table below.

<b>Cost of Option</b> (2019 prices, 2020 present value)			
<b>Total Net Present Social Value</b>	<b>Business Net Present Value</b>	<b>Net direct cost to business per year</b>	<b>BIT Score</b>
-5.8	-5.8	2.9	5.9
<b>Appraisal Period (Years)</b>		2	

<b>Net Benefit (Present Value (PV)) (£m)</b>			
<b>Low:</b>	-8.6	<b>High:</b>	-5.1
<b>Best Estimate</b>			-5.8

<b>Costs</b>	<b>Total Transition (constant price)</b>	<b>years</b>	<b>Average Annual (excl. Transition, constant price)</b>	<b>Total Cost (present value)</b>
Low	0.1		2.6	5.1
High	0.3		4.2	8.6
Best Estimate	0.2		2.9	5.8

53. Please note, calculations are based on expected costs of the proposed intervention as it has not been possible to quantify the benefits. This is due to a lack of available data about RR services including future demand, and the number, type and capacity of services that will be required. Consequently, it has not been possible to determine which types of journeys and passengers will be affected if RR services are not available and the associated cost to business, the economy and wider society. The NPSV is therefore expected to be a conservative estimate.
54. The proposed intervention is expected to impact the coach sector nationwide, and within that operators who are able to provide RR services.

### **Impact on small and micro businesses**

55. There is no complete data available on the number of coach operators in the UK, the proportion of these operators that are small and micro businesses, or which of these operators currently provide and/or can provide RR services.
56. The BEIS Business Population Estimates 2023 suggest that there are 5,745 micro-businesses and 1,470 small businesses within the 'other passenger land transport' sector. These account for 76% and 19.5% of the sector respectively. It should be noted that these figures include buses, coaches as well as taxis. Consequently, it is not possible to estimate the number of micro and small businesses that may be affected by the AIR or the proposed intervention, especially given it is likely only a subset of the coach sector that can provide RR services.
57. Where coach operators may be small to medium sized businesses, the preferred option pauses the requirement of these companies to comply with the technical requirements of AIR on a temporary basis, which may defer the impacts of regulatory compliance. As noted above, the Department expects rail and coach operators to provide alternative means by which passengers will still be given some level of route, destination and journey information during the exemption period. Operators will be expected to comply with AIR by the end of the proposed exemption period in July 2026.
58. There is currently grant funding of £4.65m available to operators with 20 or fewer vehicles in scope of the regulations, and the preferred option has been developed to avoid unduly penalising those operators who have taken steps to become compliant. The Department also intends to work with Innovate UK, the United Kingdom's innovation agency, to seek innovative market solutions that could provide lower cost and easy to adopt AV equipment, which could potentially further reduce the burden on smaller businesses.

## **Costs and benefits to households' calculations**

59. The proposed intervention is not expected to have any costs or benefits to households.
60. Due to lack of available data on RR services – including when and where they take place, the number of passengers expected to use these services, and the type of journeys affected by potential disruption – it has not been possible to estimate the costs and benefits of the proposed intervention to rail passengers.

## **Business environment**

61. The proposed intervention is not expected to have any material impacts to the business environment.

## **Trade implications**

62. The proposed intervention is not expected to have trade implications.

## **Environment: Natural capital impact and decarbonisation**

63. The proposed intervention is not expected to have a notable impact on natural capital or decarbonisation. An Environmental Principles Policy Statement was produced as part of the options consideration process and ministers must have due regard to environmental principles in their decision making. As noted in the EPPS the preferred option for an exemption for RR services is designed so that RR services can continue without disruption created by a shortage of vehicles. A disruption may lead to Do Not Travel notices being issued. Potentially this may lead to an increase in the number of passengers using private transport such as cars and taxis instead of using the public transport system. In addition, industry have indicated that due to the way that the AIR are configured, with different compliance dates that effectively translates for different age vehicles, there is a risk that operators may use older vehicles for RR services if newer ones that will be in scope of AIR from October 2024 are not exempted. Older vehicles tend to emit greater levels of CO<sub>2</sub> than newer vehicles so may lead to increased air pollution. Therefore, there is a potential of negative environmental effects if this proposal is not taken forward.

## **Other wider impacts (consider the impacts of your proposals)**

64. The proposed intervention is not expected to have any wider impacts.

## **Risks and assumptions**

65. There is very limited data available on RR coach services and vehicles. As discussed in the accompanying Equalities Impact Assessment, the Department has considered the available evidence to assess this issue, to identify effective responses, and begin development of longer-term solutions. Evidence considered has included:

- Work undertaken as part of the original DMA for the development of AIR;
- Perspectives and data provided by the RDG;



- Perspectives and data provided by bus and coach trade organisations, the Confederation of Passenger Transport (CPT), the UK Coach Operators' Association (UKCOA), the Road Haulage Association (RHA) and the Association of Small Bus Company Managers (ALBUM);
- Data from the Department's annual bus statistics survey and from its management of the process for considering applications for Special Authorisations, exempting vehicles from the PSVAR;
- Data from the ORR Census of PSVAR 2000 compliance amongst RR services;
- Advice from the Disabled Persons' Transport Advisory Committee (DPTAC) statutory advisors to Ministers on the needs of disabled transport users;
- Departmental and wider government statistics on the occurrence of disability and the experience of disabled people; and
- Data from the ONS Annual Survey of Hours and Earnings (ASHE).

66. The Department's consideration of the issue presented by the RDG has been constrained by available data. There is no robust and complete evidence on public service vehicle compliance with AIR; vehicles that are available and used for RR services; or the coach sector more broadly. As listed above, a range of internal and external data sources have been used to try to understand the scale and potential impact of the issue. The quality and utility of the data sources available is mixed and can therefore only provide indicative evidence. There is also limited information about the methods used to generate some of the data, and about the basis for some of the assumptions made in analysis undertaken by third parties.

67. DfT analysts have reviewed all of the data sources, and undertaken analysis of data held by the department and ORR. Due to time constraints, limited quality assurance of internal analysis has been undertaken. It has also not been possible to quality assure the data provided to the department by industry bodies. The data and assumptions used in the economic analysis draw on the available data, and as such there is inherent uncertainty in the analysis and its outputs. Taking all of this into consideration, analytical assurance is considered low – there is high uncertainty in the data and associated analysis and high scope for challenge.

68. The department intends to strengthen its evidence on the coach sector, RR provision, and compliance with AIR to monitor the effectiveness of the proposed intervention. New data will also need to be collected to monitor the number rail replacement services operated by vehicles which are either compliant with AIR or have a medium-term exemption. It will also be necessary to monitor progress towards achieving full compliance with AIR amongst those operators who hold a medium-term exemption as well as those without. It is anticipated that the Department will be able to carry out a six-monthly survey with operators who have applied for an exemption. The Department will also discuss with the ORR the feasibility of adding questions on compliance with AIR to its annual census on PSVAR compliance amongst RR services. DfT will work with the RDG to replicate and improve the survey of RR coach operators that ran in Spring 2024 to obtain information about vehicle compliance within the wider coach sector, including those operators who have not applied for an exemption.

69. Further evidence on the strengths, weaknesses and impact of the proposed intervention will be collected through the post-implementation review planned for the AIR which is expected to take place from April 2027.