

Final stage Impact Assessment

Title: PSVAR 2000 Home to School and Rail Replacement Special Authorisations

Type of measure: Secondary Legislation

Department or agency: Department for Transport

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1. Summary of proposal

The Public Service Vehicles Accessibility Regulations 2000 (PSVAR) were introduced in 2000 with the aim of requiring vehicles that are subject to them, to provide a minimum level of accessibility, supporting disabled people to use the vehicles safely and in reasonable comfort. The Regulations applied to buses and coaches designed to carry more than 22 passengers and used on local or scheduled services. They were applied iteratively over a period of nineteen years. Initially, the Regulations applied only to new vehicles, including new coaches from 2005 onwards, but from 2014 onwards a series of deadlines applied for all buses and coaches used on in-scope services to comply, culminating in the final deadline for coaches on 1st January 2020.

High levels of compliance were reached in the local bus and long distance coach sectors during this period, with over 99% of local buses complying. However, in 2019 the Department learnt that there was a significantly low level of compliance in both the rail replacement (RR) and home-to-school (HtS) coach transport sectors due in part, to the failure of the operators and commissioners of respective services to understand how the Regulations affected them. The shortfall in HtS vehicles centred in particular on closed door services on which one or more passengers paid a fare, including within scope of the Regulations both fully paid for HtS coach transport, and services provided principally for children and young people eligible for free HtS transport, but on which a small number of spare seats were sold to support access for other passengers.

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Ministers subsequently agreed a series of Short and then Medium Term Exemptions (STEs and MTEs), to provide additional time for operators to bring their fleets into compliance, whilst safeguarding the essential services that people rely on. In doing so Ministers recognised that not providing such services would have a significant negative impact on a range of passengers, including disabled people. However, they also recognised that the principle of continuing to strive for full compliance was important for enabling disabled people to travel as easily as non-disabled people, including pupils on HtS services, giving them the choice to travel alongside their classmates. The MTE scheme introduced in summer 2022, incorporated a requirement for otherwise exempt operators to increase the proportion of compliant vehicles in their fleets over the life of the exemption, with the aim of avoiding the compliance “cliff-edges” that were a features of STEs.

All MTEs will expire on the 31st July 2026 and the Department has considered the extent to which services now comply with PSVAR, the need for greater compliance, and the need to maintain key services. In the RR sector, figures from the Office for Rail and Road (RDG) indicate that around 95% of all RR services are now being provided with compliant vehicles. It is accepted both by the Department and industry representatives, that it will be possible to provide RR services in future exclusively using compliant vehicles, without the need for further exemptions. Doing so is particularly important given that the needs of many rail passengers are not known in advance and that, as such, RR services operate in a similar environment to local service buses.

The HtS sector is somewhat different, as local authorities must provide suitable transport for eligible children who cannot reasonably be expected to walk to school. There is a significantly higher vehicle requirement and low evidenced demand for mainstream services to be accessible to disabled children particularly those who use wheelchairs. There is also widespread incompatibility of roadside infrastructure that makes it difficult to deploy vehicle wheelchair ramps.

In practice, many disabled children are provided with bespoke door-to-door transport which meets their individual needs and we are not aware of any pressure from parents to make mainstream services more accessible instead. This is driven by several factors, including the number of disabled children who attend small specialist schools drawing from a much broader catchment than mainstream schools, the specific needs of such children and young people often requiring in-vehicle support, and the challenges of making first and last mile journeys at either end of HtS journeys.

The PSVAR applies only to services on which a fare is paid, meaning there is no obligation for vehicles exclusively carrying passengers entitled to free transport to be PSVAR compliant, creating an imbalance in the sector unrelated to the underlying policy aims. Given this difference, whilst we consider there remains a strong need for a minimum proportion of coaches providing HtS transport to be PSVAR compliant, in order that those children and young people who wish to travel alongside their classmates can do so, the case for striving for 100% compliance in this sector is weak.

In considering the way forward we have sought to balance a more individualised approach to the provision of PSVAR compliant HtS services with the challenges faced by operators in providing compliant vehicles, particularly given current significant cost pressures. We intend to move from a system of exemptions which requires arbitrary annual increases in fleet compliance to one which maintains at least the current level of compliance, whilst targeting compliant vehicles at passengers who need and want them. We also propose to use the

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exemptions to grow the stock of coaches that are constructed to standards which allow them more easily to be fitted with wheelchair lifts in future, and to improve our understanding of the coach sector generally.

When existing MTEs end on the 31st July we propose:

- Not to issue further exemptions from PSVAR for rail replacement coach operators but
- To issue further exemptions to eligible operators of closed door paid-for home to school coach services.

In the run up to the expiry of existing MTEs, operators will be invited to apply for a new exemption, to begin on the 1st August and to last for four years. Coaches identified in the exemption Orders will be exempt in full, from PSVAR when they are providing closed door HtS services so long as the below conditions continue to be met throughout the validity period.

That the operator:

1. Maintains at least a minimum proportion of PSVAR compliant coaches in their overall fleet, based on the expectations of the previous MTE scheme and the operator's current state of compliance
2. Provides periodic statistical updates to the Department concerning the composition of their coach fleet
3. Provides a PSVAR compliant coach upon request based on assessed pupil need and preference, regardless of whether a fare is paid and at no additional cost to the local authority or other commissioning body
4. Ensures that all new coaches entering service from 1st February 2027 (or pre-registered from summer 2026) meet a "PSVAR enabled" standard, enabling them to be made PSVAR compliant more easily and cost effectively in future.

The four-year exemption period would be used to develop a longer term, fit for purpose regulatory approach for accessible coach provision for closed door services. This would be informed by improved data, market readiness and the Law Commission's review of accessible transport legislation. Options to be explored could include extending PSVAR requirements to a broader range of uses, introducing a new-vehicle compliance requirement, or developing explicit regulatory provisions for home to school transport. This would mean the exemption supports transition rather than creating a permanent carve out.

2. Strategic case for proposed regulation

1. Problem under consideration

HtS transport occupies a unique position in relation to accessibility regulation. While the PSVAR were designed for buses and coaches with more than 22 passenger seats used on open access, local and scheduled public services, some HtS services fall within scope where individual fares are paid. This regulatory ambiguity has persisted for many years and many operators and commissioners historically did not appreciate that PSVAR obligations applied to certain HtS arrangements.

Closed door HtS services typically serve a known group of pupils whose needs are assessed in advance which is unlike open access public services. A blanket requirement for full PSVAR compliance on coaches used for HtS transport, risks imposing significant cost pressures on local authority budgets without improving outcomes for many pupils whose needs are better met by smaller vehicles and tailored support.

Successive short-term and medium-term exemptions have been required since 2020 because, without them, large numbers of operators would have been unable to provide services legally. However, despite several years of exemptions and guidance, the market has not transitioned to the level of PSVAR compliant coach supply needed to deliver full compliance without significant disruption. Anecdotal evidence suggests that previous exemption schemes did not consistently drive genuine accessibility improvements. Some compliance increases were achieved through changes in the number of declared vehicles rather than investment in accessible vehicles.

This situation presents the clear and ongoing policy problem of how to ensure a proportionate, legally robust and workable framework for accessibility in HtS transport that protects pupils' access to education while strengthening accessibility expectations where these are genuinely required.

2. Evidence supporting the problem

The available evidence from operators, local authorities, representative bodies and statutory transport advisers provides a consistent picture:

- HtS services are closed-door, serving a defined group of pupils with assessed needs. Many pupils with special educational needs and disabilities (SEND) do not use full-size coaches, because individual transport can be tailored to suit their needs, needs that cannot be met by mainstream transport, including the physical accessibility of vehicles and the need for one-to-one support for safety reasons. Pupils with SEND often attend specialist schools that are typically smaller than mainstream schools and serve a wider geographical area that can mean longer HtS journeys. Therefore, there are unlikely to be sufficient numbers of pupils travelling a particular route to warrant a bus or coach, so specialist schools are generally better served by taxis, private hire vehicles and minibuses.

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- Applying PSVAR in full to all HtS coach services would impose significant financial pressures on local authorities without delivering proportionate accessibility benefits for most pupils, because many disabled pupils do not travel by coach.
- Operator surveys and compliance data demonstrate that the number of PSVAR compliant coaches within HtS fleets has not increased sufficiently. Previous exemption conditions have not achieved the intended improvement in the real-world supply of compliant vehicles.
- Allowing exemptions to expire abruptly on 31st July 2026, would likely lead to market exit, a shortage of suitable vehicles, and substantial disruption to HtS transport, with pronounced effects on educational access and local authority budgets.

This evidence establishes the need for a revised approach, one that preserves service continuity while strengthening accessibility where it directly contributes to improved outcomes for pupils.

3. Rationale for government intervention

Government intervention is required for several reasons.

Statutory duties

Local authorities must provide suitable HtS transport for eligible children who cannot reasonably be expected to walk to school. Maintaining the availability and reliability of transport is, therefore, a statutory requirement. At the same time, the Department must meet its Public Sector Equality Duty, including advancing equality of opportunity for disabled pupils and avoiding policies that reduce access to essential services.

Market limitations

Operators' investment decisions do not naturally align with the individualised nature of HtS commissioning. Without intervention, the market is unlikely to produce sufficient PSVAR compliant coach supply at the right times and locations to meet assessed needs. Previous exemption schemes demonstrate persistent market coordination problems and information gaps.

The UK market for new coaches is relatively constrained due to limited domestic supply, high prices set against the relatively low profitability of HtS work and long lead times for procurements extending up to 18 months. Whilst vehicles can be retrofitted with wheelchair lifts and other features to comply with PSVAR, this is costly, perceived as detrimental to vehicle value and can invalidate manufacturer warranties or even make the vehicle unsafe. New vehicles entering service are generally targeted at higher value services, such as touring and private hire, with older vehicles cascaded to HtS and RR work.

Together, this makes it challenging for operators to make fleet development decisions which match local authorities' needs for compliant vehicles, which in turn can hamper their ability to win and retain contracts where PSVAR compliance is required.

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This can be mitigated to some extent by providing the industry with longer term clarity on government's expectations for PSVAR compliance, enabling them to make decisions regarding new and retrofitted vehicles with greater confidence in their ability to receive a return on their investment. Likewise, conditions such as the requirement to provide compliant vehicles when requested and for new coaches to be "PSVAR enabled", maintain value in compliant vehicles and increase the stock of vehicles that can be fitted with wheelchair lifts in future to respond to evolving need.

Increasing production of PSVAR compliant vehicles depends on demonstrable demand from operators which, in turn, is unlikely to increase significantly without government intervention.

Transition management

The sector is not currently positioned to achieve immediate universal PSVAR compliance for HtS services without significant disruption. Intervention is required to manage a fair, proportionate transition that maintains service continuity while supporting accessibility improvements where they matter most.

4. Previous interventions and lessons learned

Government has intervened repeatedly since 2019–20:

- Short-term exemptions were introduced for H2S services to prevent widespread service withdrawal when PSVAR compliance deadlines took effect.
- Medium-term exemptions introduced annual compliance thresholds and reporting requirements. This ensured continuity but did not consistently drive true accessibility improvements across the fleet.

Experience shows that fleet-wide compliance targets alone are insufficient in the HtS context. Because services are tailored to assessed needs, and many SEND pupils do not use coaches, the compliance obligations did not consistently align with accessibility outcomes. A more targeted approach, centred on ensuring access to compliant vehicles when a pupil's assessed needs require them, is a more effective and proportionate way to meet accessibility goals.

5. Consequences of non-intervention

If government does not act, all existing exemptions will expire on the 31st July 2026. The consequences would be significant:

- Service disruption as operators exit the market or are unable to meet compliance obligations.
- Reduced access to education, with longer journey times or unsuitable alternatives for pupils who rely on HtS transport.
- Increased costs for local authorities due to reduced competition and constrained vehicle supply.
- Inequitable outcomes, with disabled pupils most exposed to harm if suitable provision becomes harder to secure.
- Legal and reputational risk, as service withdrawals or insufficiently planned transitions could undermine statutory duties and equality obligations.

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These harms would outweigh any theoretical benefit from immediate regulatory enforcement.

6. Comparable policy considerations

The regulatory issues described are specific to the UK HtS transport model. While accessibility regimes exist elsewhere in the UK and internationally, no directly comparable policy structures are identified in the available evidence. The problems facing the HtS coach market, particularly its closed-door nature, pre-assessed pupil groups and mixed commissioning and funding models, require a tailored solution rather than adoption of external models.

7. Evidence from evaluation and review

Although not a formal post-implementation review, several evidence sources have informed the Department's understanding of previous exemption schemes:

- The Department's Call for Evidence in 2023 highlighted challenges balancing accessibility aspirations with service viability.
- Engagement with local authorities, operators and accessible transport advisers has provided detailed insights into operational realities, affordability constraints and the varying needs of pupils.
- Additional research on the travel experiences of disabled passengers and the evaluation of the Inclusive Transport Strategy has informed the understanding of accessibility barriers and the importance of avoiding policies that unintentionally reduce equality of opportunity.

These insights have shaped the revised approach, which focuses on outcomes - ensuring access to compliant vehicles where required, rather than universal compliance that does not translate into improved accessibility for most pupils.

Summary

The case for intervention is clear. The HtS transport system requires a revised, proportionate exemption framework that protects service continuity while ensuring PSVAR compliant vehicles are provided whenever they are required based on assessed pupil needs. The proposed approach directly addresses the shortcomings of previous exemption schemes, preserves essential educational access, and creates space for a longer-term regulatory model that is fit for purpose and aligned with statutory equality duties

3. SMART objectives for intervention

SMART Objectives for Intervention – Home-to-School PSVAR Exemptions

1. Policy objectives and intended effects

- The central policy objective is to ensure that HtS transport services remain safe, reliable and accessible for eligible pupils, particularly disabled pupils, while avoiding disproportionate burdens on operators and local authorities.
- The aim is to consider the existing exemptions scheme and what can be done to achieve the policy objective when the current exemptions expire at the end of July.
- The intended effects of the proposed approach must be targeted at HtS services, be time limited and outcome focused to secure the continuity of transport provision, support equality of opportunity, and enable a managed transition towards a longer-term regulatory framework for accessible coach services.
- The proposed intervention should achieve three effects:
 - **Protect continuity of education access** by preventing market disruption that could arise if exemptions expired before the market is ready to comply fully with PSVAR.
 - **Improve accessibility where it matters most**, by ensuring PSVAR compliant vehicles are provided whenever a pupil's assessed needs require them.
 - **Support a proportional transition** to a sustainable regulatory approach by strengthening data, enforcement and transparency.

2. Intended outcomes

- The proposed intervention's intended outcomes are:
 - A stable supply of HtS transport services across England, with no reduction in service availability as a result of regulatory requirements.
 - Guaranteed access to PSVAR compliant vehicles for disabled pupils whose needs require specific accessibility features.
 - Progressive improvement in the proportion of PSVAR compliant vehicles within HtS fleets.
 - Improved data, reporting and oversight to inform the longer-term regulatory model for accessible coach travel.
 - A clear and consistent framework for operators and local authorities that is deliverable, affordable and aligned with equality duties.

3. SMART formulation of objectives

- **Specific**
Allow paid for HtS coach services to continue operating while:
 - Ensuring PSVAR compliant coaches are available whenever a pupil's assessed needs require one
 - An operator's overall fleet maintains or increases at least a minimum proportion of PSVAR compliant caches
 - Ensuring all new coaches entering HtS service are PSVAR enabled
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- **Measurable**

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- Operators must report fleet composition and compliance data at defined intervals (e.g., annually or more frequently if specified).
- Compliance can be measured through:
 - Proportion of compliant vehicles in each HtS fleet.
 - Number of requests for compliant vehicles and fulfilment rates.
 - Changes in the number of newly enabled vehicles entering service.
 - Service continuity can be monitored through contract delivery, incident reports and vehicle availability.
- **Achievable**
 - Requirements reflect actual operational practice, recognising that many SEND pupils do not travel by full-size coach and already rely on bespoke arrangements.
 - A Targeted approach to minimise the cost burden while preserving accessibility where required.
 - Operators have sufficient lead time and a more realistic pathway to gradually improve compliance.
- **Realistic**
 - The intervention should acknowledge current market constraints and seek improvement without imposing blanket requirements that could cause operator exit.
 - Any conditions attached to the proposed intervention should mirror the closed door, pre-assessed nature of HtS transport rather than treating it as equivalent to mainstream scheduled services.
 - The focus must be on outcomes - availability of compliant vehicles when needed - rather than universal vehicle compliance.
- **Time limited**
 - Current exemptions expire on 31st July 2026. The proposed new intervention must also apply for a defined period from the 1st August to ensure the longer term policy outcomes can be delivered
 - Data reporting and compliance is essential for understanding the operational landscape within the PSVAR regulations so any intervention must include ongoing data gathering.
 - The agreed intervention must include the ability to develop, consult on, and prepare a longer-term regulatory framework informed by improved evidence and data collected from HtS coach operators and market readiness.

4. Critical success factors (CSFs)

Aligned with Green Book guidance, the CSFs for intervention include:

- **Service continuity** – HtS transport must remain stable and reliable for all eligible pupils, with no significant withdrawal of services.
- **Availability of compliant vehicles** – Whenever an assessed need arises, operators must be able to supply a compliant vehicle without delay or additional cost.
- **Affordability and proportionality** – The intervention should avoid unsustainable pressures on local authority budgets and on the operator market.
- **Data quality and transparency** – Operators must provide timely, accurate and standardised information on fleet composition and compliance levels.

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- **Stakeholder confidence** – Local authorities, schools, parents, operators and disabled pupils must have confidence that accessibility is being improved in a meaningful and proportionate way.
- **Regulatory preparedness** – The intervention must generate the evidence needed for a viable long-term regulatory approach.

5. Alignment with wider HMG objectives

Economic Stability and Kickstarting Economic Growth

- By avoiding market disruption and supporting stable provider participation, the intervention would help maintain a functioning coach sector, sustaining local employment and enabling long-term investment confidence.
- A proportionate approach would reduce unnecessary burdens on small and medium sized businesses/operators, supporting a competitive and resilient market.
- A targeted, outcome based approach ensures resources are directed where they have the greatest real-world accessibility impact, consistent with the Green Book's emphasis on proportionality and effective use of public funds

Making Britain a Clean Energy Superpower

- A requirement to ensure all new coaches entering HtS service are PSVAR enabled, would indirectly support fleet modernisation, which can align with broader decarbonisation trajectories if newer vehicles meet higher emissions standards.
- Improved data and transparency strengthen the evidence base for future alignment of accessibility and environmental goals.

Break Down Barriers to Opportunity

- Ensuring that disabled children can access school reliably supports inclusive growth and equal opportunity across regions.
- Maintaining service continuity avoids exacerbating regional inequalities in education access.

4. Summary of long-list and alternatives

Option 1: Business as usual

Retain the Public Service Vehicle Accessibility Regulations 2000 (PSVAR) where vehicles designed to carry more than 22 passengers and used on local or scheduled services provide a minimum level of accessibility, supporting disabled people to use the vehicles safely and in reasonable comfort.

Allow all existing home-to-school (HtS) services with exemptions from the PSVAR to expire on the 31st July 2026.

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Enforcement of the PSVAR remains in place, implemented by the Driver and Vehicle Standards Agency (DVSA). Without exemptions from 1st August, DVSA may enforce the Regulations on non-compliant operators.

Option 2: Do minimum – Renew existing exemptions

Retain the Public Service Vehicle Accessibility Regulations 2000 (PSVAR) where vehicles designed to carry more than 22 passengers and used on local or scheduled services provide a minimum level of accessibility, supporting disabled people to use the vehicles safely and in reasonable comfort.

Renew existing medium-term exemptions as drafted and as implanted for HtS services. Extend their validation period without amending the conditions or compliance frameworks.

Enforcement of the PSVAR remains in place, implemented by the Driver and Vehicle Standards Agency (DVSA).

Option 3: Legislative change – Develop new exemptions

Retain the Public Service Vehicle Accessibility Regulations 2000 (PSVAR) where vehicles designed to carry more than 22 passengers and used on local or scheduled services provide a minimum level of accessibility, supporting disabled people to use the vehicles safely and in reasonable comfort.

Develop a new exemptions scheme with new, updated conditions attached to the issued exemptions. The revised approach must take account of the revisited policy aims and objectives. The revised approach would secure ongoing provision of coach HtS services while also ensuring an environment that requires and encourages an increase in PSVAR compliance across the coach sector.

Enforcement of the PSVAR remains in place, implemented by the Driver and Vehicle Standards Agency (DVSA).

5. Description of shortlisted policy options carried forward

Summary of shortlisting appraisal (Green Book OFF framework)

Objectives

The policy objective is to ensure that HtS transport services remain safe, reliable and accessible for eligible pupils, particularly disabled pupils, while avoiding disproportionate burdens on operators and local authorities. The aim is to consider the existing exemptions scheme and what can be done to achieve the policy objective when the current exemptions expire at the end of July. The policy must secure continuity of transport provision, support equality of opportunity and enable a managed transition toward a longer-term regulatory framework for accessible coach services.

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Option 1: Business as usual performs poorly against the SMART objectives and Critical Success Factors. Evidence indicates that the market is not ready to comply fully with PSVAR for HtS services from the 1st August 2026. Allowing exemptions to lapse would create a high risk of service withdrawal, operator exit and increased costs for local authorities, undermining access to education and potentially worsening outcomes for disabled pupils. While the option would deliver formal regulatory compliance, it would not reliably deliver the intended accessibility outcomes in practice.

Option 2: Do minimum (renew existing exemptions) performs better in relation to service continuity, as it would preserve the current operating environment for local authorities and operators. However, it does not sufficiently meet the objective of improving accessibility outcomes. Evidence from the operation of the existing exemption scheme shows that compliance requirements have not consistently resulted in genuine increases in PSVAR-compliant vehicles, and in some cases have been met through administrative changes rather than substantive improvements.

Option 3: Legislative change would introduce a revised, time-limited exemption scheme for paid closed-door HoS coach services. It would include updated conditions that better align with the regulatory framework and objectives, while allowing coach operators to continue running essential HtS services. It would replace the current medium-term exemptions when they expire on the 31st July 2026.

Functions

The required functions of intervention include enabling lawful operation of HtS services, ensuring compliant vehicles are available when needed, and generating incentives and evidence to support future reform.

Option 1: Business as usual does not perform these functions, as it relies solely on enforcement and does not account for market readiness or the closed-door, assessed nature of HtS services.

Option 2: Do minimum continues to provide legal cover and service continuity but does not reliably deliver the function of improving access to compliant vehicles where required. Nor does it sufficiently strengthen data quality or transparency to support future regulatory decisions.

Option 3: Legislative change continues to provide legal cover and service continuity whilst improving the availability of accessible, PSVAR compliant vehicles when required both in the short and medium term. The reporting requirement would give the Department a clearer picture of the operating landscape, data and evidence to support future regulatory decision-making.

Features

Key features required include proportionality, deliverability, enforceability, and alignment with how HtS services operate in practice.

Option 1: Business as usual lacks proportionality and deliverability, as it applies blanket requirements without regard to service design or assessed need.

Option 2: Do minimum is deliverable but retains features of the current scheme that have been shown to be weak, including a reliance on fleet-level compliance thresholds that do not consistently translate into improved accessibility outcomes for pupils.

Option 3: Legislative change provides a robust framework for the continued operation of essential HtS services supporting equality of opportunity for pupils and families. Revised conditions would give clear terms for operations and support short and medium term policy objectives.

Conclusion of shortlisting

Option 1: Business as usual was taken forward as the comparator for analysis (see section 7). However, it was rejected at an early stage due to the high risk of service disruption, market exit and adverse equality impacts.

Option 2: Do minimum was discounted at shortlisting because it does not sufficiently meet the accessibility and transition objectives of the policy and does not address known shortcomings in the current exemption scheme.

Option 3: Legislative change was carried forward for more detailed analysis in the short list as the preferred option.

SaMBA – Impacts on small and micro businesses

The HtS coach market includes many small and micro-operators.

Under **Option 1**, small and micro-businesses would face disproportionate impacts. Many would be unable to comply with the PSVAR requirements within the available timeframe, creating a high risk of market exit, contract loss or business failure.

Option 2 reduces immediate risk to small and micro-businesses by maintaining the current regulatory position. However, it perpetuates uncertainty about longer-term expectations and does not provide clearer signals to support investment planning or gradual transition.

Option 3 reduces short term costs to small and micro-businesses by enabling them to continue operating HtS services within the regulatory framework. There remains some risk of increased costs when businesses procure new vehicles because in order to meet the conditions of the exemption, they must procure PSVAR enabled vehicles which are more

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expensive than non-accessible vehicles. Overall, this option would reduce the risk of market exit and provide certainty for their short to medium term future.

Medium-sized businesses (50–499 employees)

Medium-sized operators are generally better placed to manage compliance over time but still face significant capital and operational constraints.

Under **Option 1**, medium-sized businesses would face substantial compliance risk and potential loss of service contracts.

Option 2 provides short-term stability but continues to expose medium-sized businesses to uncertainty about future regulatory requirements, limiting confidence to invest in fleet upgrades aligned with longer-term accessibility objectives.

Option 3 provides medium term certainty for H2S services and medium-sized coach operators while at the same time improving long term accessibility across coach fleets. It would reduce the risk of market exit and provide certainty for their medium term future.

SaMBA – Mitigations for small, micro and medium-sized businesses

Because both options 1 and 2 were discounted, no new mitigations were developed specifically for them. However:

Option 1: Business as usual offers no mitigation for disproportionate impacts on small, micro or medium-sized businesses.

Option 2 Do minimum provides implicit mitigation by preserving the status quo but does not address underlying structural issues that create risk and uncertainty for businesses of all sizes.

Option 3: Legislative change mitigates risks by allowing operators to continue contracting for HtS services so long as they adhere to the revised conditions.

These limited mitigations contributed to options 1 and 2 being discounted at shortlisting stage while option 3 was selected as the preferred option to take forward.

6. Description of preferred option and explanation of the logical change process whereby this achieves SMART objectives

Description of the preferred option

The preferred option is to introduce a revised, time-limited exemption scheme for paid, closed-door Home-to-School (HtS) coach services, replacing the current medium-term exemptions when they expire on 31st July 2026.

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Under this approach, exemptions would apply at vehicle level rather than operator level and would be granted for a fixed four-year period. The exemptions would be subject to strengthened, outcome-focused conditions designed to ensure that disabled pupils who require PSVAR features can reliably access them, while avoiding disproportionate costs and market disruption.

Key elements of the preferred option include:

- continued lawful operation of paid, closed-door HtS services using specified non-compliant coaches, where appropriate
- a requirement to provide a PSVAR-compliant coach on request where a pupil's assessed needs require this, on a "no worse off" basis
- safeguards to maintain or improve the accessibility baseline, including preventing a reduction in the number of compliant coaches available for HtS use
- a requirement that all new coaches acquired by an exemption beneficiary during the exemption period are PSVAR enabled
- strengthened data reporting and oversight, with monitoring and enforcement delegated to the Driver and Vehicle Standards Agency (DVSA)
- the four-year exemption period is explicitly intended to function as a managed transition, enabling improved evidence, market readiness and policy development ahead of a longer-term regulatory solution for accessible coach provision in closed-door services

How the preferred option achieves the SMART objectives

Specific

The new exemptions scheme will require secondary legislation.

It will provide continuity of HtS coach services by allowing coaches that aren't currently PSVAR compliant to still operate these essential services legally.

The revised conditions will result in a gradual increase in the number of accessible coaches across the sector, resulting in increased compliance with the PSVAR.

Measurable

Implementing the new exemptions for four years only, means operators must focus on increasing their compliance with the regulations in the short term.

Requiring PSVAR enabled coaches to be purchased across coach fleets enables DfT to measure increases in overall compliance, not just on one particular service.

Requiring data and evidence to be submitted to the DfT and/or DVSA means operations can be monitored to ensure there is no reduction in compliant vehicles and that there are real increases in the number of enabled and compliant vehicles.

The ongoing monitoring will better highlight where enforcement is needed to ensure there is a genuine increase in accessible vehicles for HtS services and across the sector.

Requiring data and evidence will better inform the DfT's longer term policy decision making to create a more robust, long-term regulatory framework.

Achievable and realistic

The revised exemptions recognise the bespoke nature of HtS services based on the specific needs of pupils. It will be possible to retain continuity of service for HtS services because accessible vehicles must be made available when needed rather than a blanket requirement that cannot currently be fulfilled because there are not enough compliant vehicles in service.

Setting a four year exemption period means operators have a defined period in which to increase their fleet compliance with PSVAR. This gives lead time to gradually increase compliance through new vehicles being PSVAR enabled. It also recognises that there are currently market constraints, but that over time, they can be overcome through regulatory exemptions while there is a gradual increase in compliance when the market allows.

Requiring all new vehicles to be PSVAR enabled will result in an evolving accessible sector, while being realistic that all vehicles do not currently need to be fully compliant for all the different types of service operated using coaches.

Time-limited

The exemptions are explicitly time-limited to four years. This provides certainty for operators and commissioners while ensuring that the exemptions do not become a permanent carve-out. The defined end-date creates a clear policy horizon for developing and implementing longer-term reform.

Alignment with Critical Success Factors

The preferred option performs strongly against the identified Critical Success Factors:

- Service continuity is protected by allowing continued lawful operation of HtS services during the transition period.
- Availability of compliant vehicles is secured through the requirement to supply a PSVAR-compliant coach where a pupil's assessed needs require one.
- Proportionality and affordability are achieved by avoiding unnecessary retrofitting and focusing requirements on new vehicles and genuine need.
- Data quality and transparency are improved through mandatory reporting and DVSA oversight.
- Stakeholder confidence is supported by a clear, stable framework that balances accessibility and viability.
- Regulatory preparedness is strengthened by using the exemption period to build the evidence base needed for future reform.

Is this an extension of an existing regulation or a tried-and-tested approach?

The preferred option builds directly on existing statutory powers and regulatory mechanisms. It uses the established special authorisation framework under the Equality Act 2010, which has been in continuous use since 2019 to avoid service disruption while PSVAR compliance challenges are addressed.

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While the structure is familiar, the approach adapts and strengthens previous arrangements by:

- shifting from headline fleet-level compliance targets to outcome-based requirements;
- tightening conditions around new vehicles and baseline maintenance;
- improving monitoring and enforcement arrangements.
- In this sense, the preferred option represents an evolution of a tried-and-tested approach, rather than the introduction of an untested regulatory model.

Logic model / theory of change

Problem

- Full PSVAR enforcement for HtS services by July 2026 would likely cause service disruption, market exit and increased costs.
- Existing exemption arrangements have not consistently delivered meaningful accessibility improvements.

Inputs

- Time-limited statutory exemptions.
- DVSA enforcement and monitoring capacity.
- Operator fleet and usage data.
- Local authority needs assessments.
- Policy oversight and stakeholder engagement.

Activities

- Grant vehicle-level exemptions for eligible HtS services.
- Require provision of compliant vehicles when assessed need arises.
- Enforce new-vehicle compliance requirements.
- Collect and analyse fleet composition and usage data.
- Monitor compliance and address non-compliance through DVSA.

Outputs

- Continued lawful operation of HtS services.
- Availability of PSVAR-compliant vehicles where required.
- Stabilised or improved accessibility baseline.
- Improved data on market readiness and fleet composition.

Short-term outcomes

- Avoidance of service disruption and market exit.
- Maintained access to education for eligible pupils.
- Reduced uncertainty for operators and commissioners.

Medium-term outcomes

- Gradual increase in compliant vehicles entering service.
- Improved confidence in accessibility outcomes for disabled pupils.
- Stronger evidence base for future regulatory decisions.

Long-term outcomes

- Development of a fit-for-purpose regulatory framework for accessible coach provision in closed-door services.
- Improved equality of opportunity for disabled children.
- Sustainable, proportionate compliance with accessibility requirements.

7. Regulatory scorecard for preferred option

Please provide quantitative estimates and qualitative descriptions of impacts under each heading in the following sections. The **directional ratings column should be based on the description of impact and the sign of the suggested indicator** (NPV, NPSV, all impacts): **Green** – positive impact, **red** – negative impact, **amber** - neutral or negligible impact, **blue** – uncertain impact. Please see BRF guidance technical annex for definitions.

Part A: Overall and stakeholder impacts

All monetised impacts are presented in 2026 prices and present values, relative to a counterfactual where the existing exemptions scheme ends in July 2026 (Option 1). This was chosen as the counterfactual policy position, given the nature of the preferred option as an exemption to an existing regulation that businesses would otherwise be compelled to comply with.

(1) Overall impacts on total welfare		Directional rating
		Note: Below are examples only
Description of overall expected impact	<p>Overall, the preferred option is expected to have a neutral to modestly positive impact on total social welfare. The primary welfare effects arise from avoided service disruption, maintained access to education, and improved alignment between accessibility provision and assessed pupil needs.</p> <p>The intervention is not expected to generate large net new welfare gains in monetary terms, as it largely maintains existing service provision rather than expanding it. However, it avoids potentially significant welfare losses that would arise from service withdrawal, reduced educational access, and increased stress and burden on families and</p>	<p>Neutral</p> <p>Based on all impacts (incl. non-monetised)</p>

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	<p>local authorities. These avoided harms are particularly relevant for disabled children and their families, where continuity and reliability of transport have high social value.</p>	
<p>Monetised impacts</p>	<p>Total £ NPSV (with ranges): -£6.9m (Central) -£14.5m (Low); £2.5m (High)</p> <p>Those impacts that have been monetised (some of the key impacts relating to business only) show a negative net present value, based on a five-year appraisal from 2026/27-2030/31.</p> <p>As set out in more detail in the below table for businesses, the most significant monetised impacts relate to:</p> <ul style="list-style-type: none"> • Cost (£2.7m per annum) to businesses with exemptions of ensuring all newly acquired coaches are PSVAR-enabled, regardless of intended category of service; and • Benefit (£1.4m per annum) to business relating to the potential income derived from the practice of Local Authorities selling spare seats on HtS services. <p>These monetised estimates do not however capture significant expected benefits to households.</p>	<p>Negative Based on likely £NPSV</p>
<p>Non-monetised impacts</p>	<p>Significant non-monetised impacts include:</p> <ul style="list-style-type: none"> • avoided disruption to Home-to-School transport services; • improved confidence for families of disabled pupils that suitable transport will be available when required; • improved alignment with equality duties and reduced risk of adverse equality impacts; • improved data and evidence to support future regulatory reform. 	<p>Positive</p>
<p>Any significant or adverse distributional impacts?</p>	<p>Yes Distributional impacts are expected, particularly across:</p> <ul style="list-style-type: none"> • disabled pupils and their families (positive); 	<p>Positive</p>

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	<ul style="list-style-type: none"> • local authorities with high SEND transport demand (positive); • smaller coach operators (neutral to positive, relative to full enforcement). <p>These impacts are discussed in detail in the Equality Impact Assessment and SaMBA sections</p>	
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(2) Expected impacts on businesses

Description of overall business impact	<p>The preferred option is expected to have a largely neutral overall impact on businesses. It does not impose blanket new compliance obligations on existing fleets and therefore avoids large capital costs that would otherwise arise from full PSVAR enforcement.</p> <p>Some operators will incur incremental costs, including:</p> <ul style="list-style-type: none"> • administrative costs associated with applying for and maintaining exemptions; • compliance costs linked to reporting requirements; • higher costs when purchasing new vehicles , which must be PSVAR-enabled • These costs are moderated by the time-limited nature of the scheme and by the fact that many operators already plan fleet renewal over similar timescales. <p>Further moderation of costs might come from new vehicles being more fuel efficient or electric which reduces running costs</p>	Neutral
Monetised impacts	<p>Business NPV: -£6.9m Approx net financial cost to business EANDCB: £1.5m; of which admin costs: £0.1m</p> <p>Pass through to households has not been deducted from these figures.</p> <p>These impacts arise from five monetised components, as follows:</p>	Negative Based on likely business £NPV

One-off costs: Familiarisation; and exemption application costs

These costs (combined: £0.1m) are expected to be minor given the policy will be designed to minimise the administrative burden for businesses. See Section 9 for more detail.

Annual cost: Ensuring all new coaches acquired by an exemption beneficiary are PSVAR-enabled

This is the most significant monetised cost to business (£2.7m per annum), and represents the cost, relative to exemptions ending (Option 1), to coach operators with exemptions of ensuring all newly acquired coaches are PSVAR-enabled. Because this term of the exemption extends to all vehicles, regardless of the intended category of service (e.g. leisure or private hire services), this imposes an additional cost on businesses that would not be present, if exemptions were to end in July 2026.

Annual cost: Data collection and sharing

These minor costs (£0.2m per annum) reflect the data reporting requirements for businesses that have exemptions.

Annual benefit: Income from spare seats

This monetised benefit (£1.4m per annum) reflects the potential income that coach operators may gain from the Local Authority practice of selling spare seats on HtS services, relative to a scenario (Option 1) in which exemptions end and non-PSVAR-compliant vehicles are not permitted to operate.

This income source is highly uncertain. It depends for instance on the degree to which Local Authorities pass revenue from charging for spare seats onto operators in the form of higher HtS contracts.

Note this monetised benefit item does not include the more general economic benefits to households of HtS services continuing to run, only a specific subset of the financial gain to operators from being able to continue to run HtS services.

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Non-monetised impacts	<ul style="list-style-type: none"> • Increased regulatory certainty for operators and commissioners. • Reduced risk of market exit, particularly for small and medium-sized operators. • Clearer future expectations for investment planning. 	Positive
Any significant or adverse distributional impacts?	<p>Yes</p> <p>Specific sectors: Coach operators providing paid, closed-door HtS services are directly affected.</p> <p>Regional impacts: Areas with high reliance on HtS coach provision may experience proportionately greater benefits from service continuity.</p> <p>SaMBA impacts and mitigations are addressed separately</p>	Positive

(3) Expected impacts on households

Description of overall business impact	<p>Households directly affected by the regulation, particularly families of children eligible for Home-to-School transport, are expected to experience a net positive impact.</p> <p>The policy reduces the risk of:</p> <ul style="list-style-type: none"> • loss of transport provision; • longer or more complex journeys; • increased parental burden in arranging alternative transport. <p>For households of disabled children, the assurance that PSVAR-compliant vehicles will be available when required provides an important improvement in certainty and dignity, even where such vehicles are not needed on a day-to-day basis.</p>	Positive
Monetised impacts	N/A: Monetised impacts on households not estimated.	Uncertain Based on likely household £NPV

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Non-monetised impacts	<ul style="list-style-type: none"> • Improved access to education. • Reduced stress and uncertainty for families. • Improved equality of opportunity for disabled pupils. • Greater confidence in public service provision. 	Positive
Any significant or adverse distributional impacts?	<p>Yes</p> <ul style="list-style-type: none"> • Low-income households: Likely to benefit disproportionately from avoided service disruption, as they have fewer alternative transport options. • Other impacted groups: Disabled children and their families experience positive impacts. • Regional: Areas with sparse transport markets benefit from avoided provider exit. 	Positive

Part B: Impacts on wider government priorities

Category	Description of impact	Directional rating
Business environment: Does the measure impact on the ease of doing business in the UK?	The measure may marginally work against ease of doing business by introducing additional conditions and reporting requirements for a specific subset of operators. However, this is offset by increased certainty, avoidance of abrupt enforcement, and reduced risk of market exit.	Neutral
International Considerations: Does the measure support international trade and investment?	The measure is not expected to have a material impact on international trade or investment. It does not introduce new product standards, restrict imports, or diverge from international vehicle standards. Any impacts are indirect and limited.	Uncertain

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<p>Natural capital and Decarbonisation:</p> <p>Does the measure support commitments to improve the environment and decarbonise?</p>	<p>The preferred option is broadly neutral in environmental terms. While the requirement for new vehicles to be PSVAR-enabled may indirectly encourage fleet renewal, any associated decarbonisation benefits are incidental and not the primary objective of the measure.</p> <p>No significant changes to emissions or natural capital are anticipated.</p>	<p>Neutral</p>
<p>Growth Summary:</p> <p>Does the measure support the Government's commitment to economic growth?</p>	<p>The measure is expected to be neutral for aggregate economic growth. It does not materially increase output or productivity but avoids negative growth impacts associated with service withdrawal, labour market disruption, and increased public sector costs.</p> <p>Any growth-related benefits are indirect, arising from maintained access to education and workforce participation for parents.</p>	<p>Neutral</p>

8. Monitoring and evaluation of preferred option

Monitoring arrangements

The impact of the new arrangements will be monitored on an ongoing basis through strengthened reporting and oversight requirements built into the exemption conditions.

Monitoring will include:

- **Fleet composition data** submitted by operators at regular intervals, including the number and proportion of PSVAR-compliant vehicles available for Home-to-School services.
- **New vehicle entries** into HtS service, including confirmation that new coaches meet PSVAR requirements.
- **Requests for compliant vehicles** made on the basis of assessed pupil need, and whether these requests are fulfilled.
- **Compliance and enforcement activity**, including any breaches of exemption conditions and corrective action taken.
- Day-to-day monitoring and compliance checking will be undertaken by the Driver and Vehicle Standards Agency, with policy oversight retained by the Department for Transport.

Impacts and outcomes to be monitored

Service continuity and market effects

- Whether HtS transport services have remained available and reliable.

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- Evidence of operator exit or entry in the HtS market.
- Changes in commissioning costs or service availability reported by local authorities.

Accessibility and equality outcomes

- Whether PSVAR-compliant vehicles are available when required by assessed pupil needs.
- Whether the accessibility baseline has been maintained or improved.
- Evidence of adverse or positive impacts on disabled pupils and their families, drawing on Equality Impact Assessment evidence.

Deliverability and proportionality

- Whether exemption conditions are workable for operators and enforceable in practice.
- The scale of administrative burdens on businesses and regulators.
- Whether the policy has supported a credible transition toward improved compliance.

Assessment against SMART objectives

- Whether the original SMART objectives have been met. Indicative evaluation questions include:
 - Has continuity of home-to-school transport been maintained throughout the exemption period?
 - Are PSVAR-compliant vehicles being provided when pupils' assessed needs require them?
 - Has the proportion of compliant vehicles in use for HtS services increased over time, including through new vehicle entry?
 - Has the evidence base improved sufficiently to support a decision on longer-term regulation?
 - If objectives are not being met, consider whether this reflects shortcomings in policy design, enforcement, or external market conditions and whether amendments are required.

Assessment of unintended consequences

- Consider whether the intervention has led to unintended consequences for businesses or households, including:
 - Disproportionate or unexpected administrative costs for small or medium-sized operators.
 - Cost pressures being passed through to local authorities or families.
 - Perverse incentives, such as changes in fleet declaration practices that do not improve real-world accessibility.
 - Draw on operator feedback, local authority engagement and compliance data.

Interaction with existing monitoring arrangements

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- The monitoring framework builds on **existing regulatory and enforcement arrangements**, including previous medium-term exemption schemes. The revised conditions strengthen data quality and oversight while retaining flexibility to adjust monitoring frequency or focus if risks emerge.
- This approach ensures continuity with established processes while improving the Department's ability to evaluate outcomes.

Data sources and limitations

Existing data sources include:

- Operator-submitted fleet and usage data to DfT.
- DVSA inspection and enforcement records.
- Local authority commissioning information and contracts.
- Stakeholder engagement, including disability organisations and representative bodies.

Known challenges include variability in data quality and the need to ensure consistent reporting standards across operators. The revised exemption scheme explicitly seeks to address these issues through clearer reporting requirements.

Triggers for early review or policy change

The policy may be reviewed if:

- Significant service disruption or market exit occurs.
- Evidence emerges that compliant vehicles are not being provided when required.
- Costs escalate beyond expectations.
- Wider regulatory or legislative changes affect the operation of PSVAR or related accessibility regimes.
- Such triggers would prompt consideration of amendments to the exemption conditions or acceleration of longer-term reform.

Proportionate monitoring

The policy will continue to be **informally monitored** through ongoing, enforcement activity, and stakeholder engagement. This ensures that emerging risks are identified early and that the Department retains the ability to intervene if outcomes diverge from expectations.

9. Minimising administrative and compliance costs for preferred option

The preferred option has been designed explicitly to minimise administrative and compliance burdens on businesses, local authorities and individuals, while still delivering the policy objectives around service continuity and accessibility.

Approach to minimising administrative burdens

The policy minimises administrative burdens through the following design features:

Use of existing regulatory mechanisms

The exemption scheme builds on the existing special authorisation framework that operators and regulators are already familiar with. This avoids the introduction of new licensing systems, new statutory reporting regimes or new enforcement bodies. As a result, familiarisation costs for businesses are expected to be low.

Targeted and proportionate scope

Exemptions apply only to paid, closed-door HtS coach services and only to specified vehicles, rather than across operators' entire fleets. This significantly reduces the scale of compliance activity required and avoids unnecessary administrative effort for services that are already compliant or out of scope.

Simplified application and renewal processes

Applications for exemptions will be based on information that operators already hold, such as fleet composition and vehicle usage. Where possible, data submitted under previous medium-term exemptions will continue to be used, reducing duplication and repeat data entry.

Streamlined reporting requirements

Reporting requirements focus on a small number of clearly defined data points, such as:

- number of vehicles used for HtS services;
- PSVAR compliance status;
- confirmation of new vehicles entering service.

This avoids complex or frequent reporting and reduces the time required for form-filling and record-keeping.

Reduced ongoing administrative effort

Once an exemption is granted, ongoing administrative requirements are limited to periodic reporting, rather than continuous compliance checks or approvals. This reduces the cumulative burden over the four-year exemption period.

Minimising compliance costs for businesses

The preferred option limits compliance costs by:

- **Avoiding blanket retrofitting requirements** for existing vehicles, which would impose significant capital and administrative costs.
- **Aligning compliance with normal fleet renewal cycles**, by requiring that vehicles entering HtS service are PSVAR-enabled.
- **Focusing on outcomes rather than processes**, by requiring compliant vehicles to be available when needed rather than mandating universal compliance irrespective of service use.

These features particularly benefit small and medium-sized operators, for whom compliance costs and administrative effort can be disproportionately burdensome.

Administrative impacts on people and households

The preferred option does not impose **direct administrative requirements** on pupils or families. Households are not required to submit applications, complete forms, or engage with regulatory processes as a result of the policy. Any interaction with the system, such as identifying a pupil's transport needs, continues to take place through existing local authority assessment processes, rather than through new regulatory mechanisms.

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Removal or reduction of existing administrative burdens

Compared with previous exemption schemes, the preferred option reduces burdens by:

- moving away from complex fleet-level compliance thresholds that required detailed justification and ongoing recalculation;
- reducing the need for repeated short-term exemption applications by introducing a single, time-limited four-year exemption period;
- improving clarity around expectations for new vehicles, reducing uncertainty and repeated engagement with regulators.

While no existing regulatory requirements are formally removed, the overall administrative intensity of compliance is reduced through simplification and longer exemption durations.

Ongoing review of administrative burden

Administrative and compliance burdens will be kept under review through:

- feedback from operators and local authorities;
- monitoring of reporting compliance and enforcement activity;
- consideration of whether reporting requirements remain proportionate over time.

If evidence emerges that administrative costs are higher than anticipated or disproportionate for particular groups, the Department will consider adjustments to guidance, reporting frequency, or data requirements.

Declaration

Department:

Department for Transport

Contact details for enquiries:

PSVAR@dft.gov.uk

Minister responsible:

Simon Lightwood

I have read **Impact Assessment** and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed:

Date:

Summary: Analysis and evidence

For **Final Stage Impact Assessment**, please finalise these sections including the full evidence base.

Price base year:

2026

PV base year:

2026

This table may be reformatted provided the side-by-side comparison of options is retained	1. Business as usual (Option 1: exemptions end in July 2026)	2. Do-minimum Option (Option 2: current exemption scheme extended)	3. Preferred way forward (Updated four-year medium-term exemptions)
Net present social value (with brief description, including ranges, of individual costs and benefits)	-£3.0m (£0.6m EANDCB) <i>This relates to lost income to coach operators relating to the selling of spare seats on HtS services only.</i>	-£27.7m (£5.9m EANDCB) <i>Most significant cost (£7.3m per annum) relates to requirement to retrofit a share of vehicles each year, to ensure a fully compliant fleet by the end of the exemption period.</i>	-£6.9m (£1.5m EANDCB) <i>Most significant cost (£2.7m per annum) represents the cost to coach operators with exemptions of ensuring all newly acquired coaches are PSVAR-enabled.</i>
Public sector financial costs (with brief description, including ranges)	N/A	N/A	N/A
Significant un-quantified benefits and costs (description, with scale where possible)	Significant expected cost to households who must find alternative transport to school, with accompanying reduced certainty and confidence in HtS services, and implications for equalities duties.	Significant benefits to households from the continued operation of HtS services, including continued access to education, improved confidence and certainty in HtS transport	Significant benefits to households from the continued operation of HtS services, including continued access to education, improved confidence and certainty in HtS transport

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	As of February 2025, 511 operators (with around 5,000 coaches) had applied for exemptions for HtS services; this provides an indication of the number of coaches that would not be permitted to run, should exemptions end.	and improved alignment with equalities duties.	and improved alignment with equalities duties.
Key risks (and risk costs, and optimism bias, where relevant)	See 'Risks and assumptions' in Evidence Base section	See 'Risks and assumptions' in Evidence Base section	See 'Risks and assumptions' in Evidence Base section
Results of sensitivity analysis	No sensitivity undertaken.	Low NPV: -£50.0m; High NPV: -£14.8m	Low NPV: -£14.9m; High NPV: £2.5m

Evidence base

Risks and assumptions

Key risks and assumptions to note regarding the evidence underpinning the monetised analysis presented in this DMA are:

- *Familiarisation*: It is assumed it will take 2/5/10 hours (Low/Central/High) for coach operators to familiarise with the proposed exemption terms. This is a wide uncertainty range given we expect some operators who used exemptions under the previous regulation will be relatively familiar with requirements in the area in general, whereas other operators may take significantly longer to understand the implications of the exemptions on their business. The quantum of operators is based on February 2025 data on applicants for the existing medium-term HtS exemptions (511 operators), while the hourly cost used is based on ONS Annual Survey of Hours and Earnings (ASHE) data, uplifted by the Transport Analysis Guidance (TAG) non-wage labour uplift factor (26.5%).
 - *The key risk for this analysis is the uncertainty over the time taken to familiarise with the policy.*
- *Applying for exemptions*: It is assumed it will take 1/2/3 hours (Low/Central/High) for coach operators to apply for the updated exemption. This is in line with the assumptions used in the Impact Assessment for the previous set of exemptions and is expected to be conservative in the central case. The quantum of vehicles is based on survey data that indicated up to 4,500 coaches may be non-compliant with PSVAR, while the hourly cost used is based on ONS Annual Survey of Hours and Earnings (ASHE) data, uplifted by the Transport Analysis Guidance (TAG) non-wage labour uplift factor (26.5%).
 - *The key risk for this analysis is the uncertainty over the time taken to apply for the updated exemptions.*
- *Ensuring new vehicles are PSVAR-enabled*: This again uses the quantum of operators based on February 2025 data on applicants for the existing medium-term HtS exemptions (511 operators). An estimate of the number of new coaches per operator per year (0.33) was derived from a) Society of Motor Manufacturers and Traders (SMMT) data¹ on single-deck bus and coach sales in 2024, scaled by an assumed 50% to isolate coach sales (987), and b) an estimate of total coach operators from the Road Haulage Association (3,000)². In the absence of data on the share of coach services that sit outside the 'local or scheduled' services covered by the current exemptions (and hence those that would be impacted by the preferred option), it is assumed that these non-'local or scheduled' services comprise 50%/75%/90% (Low/Central/High) of all coach services. The incremental cost of purchasing a PSVAR-enabled coach is taken to be £30,000, based on Confederation of Passenger Transport (CPT) estimates.
 - *The key risk for this analysis relates to the split between local and scheduled services, and other types of service such as leisure or private hire. There is no*

¹ See: <https://www.busandcoachbuyer.com/bus-and-coach-sales-best-year-since-2008/>

² <https://www.rha.uk.net/Campaigns/Coaches>

readily available data available for this, and as such an assumption has been made, with a wide uncertainty range.

- *Data collection and sharing:* This again uses the quantum of operators based on February 2025 data on applicants for the existing medium-term HtS exemptions (511 operators). The time required annually for operators to collect data was assumed to be 1/5/10 hours (Low/Central/High), again using ONS ASHE wage data, scaled by real wage growth over time. The cost of sharing data was assumed to be £0/£250/£500 per annum, per operator.
 - *The key risk for this analysis is the uncertainty of the time/cost of operator data collection and sharing.*
- *Income from HtS spare seats:* This estimate was based on the premise of 1/3/5 spare seats sellable per coach (Low/Central/High), across the 10,000 vehicles assumed to be in scope, scaled for the number of vehicles assumed to be compliant/non-compliant. This was then monetised based on an assumed 6% profit rate³, with the difference between scenarios with and without exemptions ending driving the estimated cost to business under Option 1.
 - *The key risk for this analysis is the financial component, specifically a) the profit rate for operators running HtS services, and b) the pass-through from the revenue stream generated for Local Authorities from selling spare seats, to operators via higher HtS contracts. This latter mechanism is highly uncertain, resulting in an uncertain final estimate of benefit (cost under Option 1).*
- *Making a share of fleet compliant (Option 2 only):* This assumes that 10% of the estimated 4,500 non-compliant vehicles⁴ are made compliant each year, with a cost per vehicle of £15,000/£19,800/£30,000 (Low/Central/High) from CPT estimates, scaled by the assumption that 50%/33%/0% of the fleet are partially compliant.
 - *The key risk for this analysis is uncertainty over the percentage of fleet that are made compliant each year, under the continuation of the current exemptions scheme (Option 2). The exemptions to date have seen lower than expected retrofitting rates, with supply-side limitations impacting uptake.*

For all annual costs, these were scaled in FY 2026/27 and FY 2030/31 to account for the fact that the preferred option would run for four years from August 2026 to July 2030.

³ From: <https://www.urbantransportgroup.org/system/files/general-docs/Bus%20Profitability%20Report%202017.pdf>

⁴ Estimated from survey of operators