

Summary: Intervention & Options

Department /Agency: Department for Transport	Title: Impact Assessment of The Passenger and Goods Vehicles (Community Recording Equipment Regulation) Regulations 2010	
Stage: Final	Version: 1.0	Date: 17 March 2010
Related Publications:		

Available to view or download at:

<http://www.dft.gov.uk/consultations/aboutia/fria/>

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What is the problem under consideration? Why is government intervention necessary?

Government intervention is necessary to update the existing domestic enforcement regime in line with Commission Regulation (EC) No. 68/2009 which makes it possible for digital tachographs to be installed using a clearly defined and limited use adaptor and Commission Regulation (EU) No. 1266/2009 which improves the design and security of the digital tachograph making it easier for operators, drivers and enforcement authorities to use the equipment.

What are the policy objectives and the intended effects?

The objective of Commission Regulation (EC) No. 68/2009 is to update the existing domestic enforcement regime so that all vehicles that are in scope of the EU drivers' hours rules can have a tachograph installed.

The objective of Commission Regulation (EU) No. 1266/2009 is to ensure that the tachograph is more secure and easier to use.

What policy options have been considered? Please justify any preferred option. Option 1 is to do nothing and this would mean a person could technically be committing an offence even though they are compliant with EU Regulations. Option 2 is to update the domestic enforcement regime: there are technical difficulties with installing a fully functioning digital tachograph in certain types of light vehicles which fall in scope of the EU rules when operated commercially. Commission Regulation 68/2009 makes it possible for a digital tachograph to be installed using a clearly defined and limited use adaptor. Commission Regulation 1266/2009 improves the design and security of the digital tachograph making it easier for operators, drivers and enforcement authorities to use the equipment.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects? There are no plans to review the SI formally unless specific difficulties arise. This is due to the time limited nature of Commission Regulation 68/2009 and also the ongoing Commission review of the principal tachograph legislation (Council Regulation (EEC) No. 3821/85).

Ministerial Sign-off For final proposal/implementation stage Impact Assessments:

I have read the 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 by the responsible Minister:

Paul Clark

.....Date: 21 st March 2010

Summary: Analysis & Evidence

Policy Option: 2

Description: Full implementation of SI (Light vehicles able to be fitted with digital tachographs in accordance with EU Regulations; amendments to make digital tachographs more secure and user-friendly).

COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups' It is unlikely that there will be significant additional costs for operators, drivers and enforcement authorities associated with the SI because the number of vehicles which fall in scope of the EU drivers' hours rules ("the EU Rules") will not increase as a result.	
	One-off (Transition)	Yrs		
	£ 0			
	Average Annual Cost (excluding one-off)			
	£ 0		Total Cost (PV)	£ 0
Other key non-monetised costs by 'main affected groups' Un-quantified costs of the fitting, purchase and use of digital tachographs along with the purchase of driver cards, software and training costs for a small number of operators. Un-quantified costs of Regulation 1266/2009 may include a delay in the arrival of spare parts (and increased vehicle 'down-time')				

BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups' See evidence base for reasons why this has not been monetised.	
	One-off	Yrs		
	£ 0			
	Average Annual Benefit (excluding one-off)			
	£ 0		Total Benefit (PV)	£ 0
Other key non-monetised benefits by 'main affected groups' Direct un-quantifiable benefits will be that certain light vehicles can now operate legally within the EU Rules and that the design and security of the digital tachograph is improved, making it easier for operators, drivers and enforcement authorities to use the equipment				

Key Assumptions/Sensitivities/Risks The two key assumptions are that very few vehicles will be affected by Regulation 68/2009 and that the new equipment in Regulation 1266/2009 is likely to be a very similar cost to the old equipment. Hence further evidence gathering appears disproportionate.

Price Base Year	Time Period Years	Net Benefit Range (NPV) £ 0	NET BENEFIT (NPV Best estimate) £ 0
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What is the geographic coverage of the policy/option?			Great Britain	
On what date will the policy be implemented?			23 April 2010	
Which organisation(s) will enforce the policy?			VOSA/Police	
What is the total annual cost of enforcement for these organisations?			£ N/A	
Does enforcement comply with Hampton principles?			Yes	
Will implementation go beyond minimum EU requirements?			No	
What is the value of the proposed offsetting measure per year?			£ N/A	
What is the value of changes in greenhouse gas emissions?			£ N/A	
Will the proposal have a significant impact on competition?			No	
Annual cost (£-£) per organisation (excluding one-off)	Micro	Small	Medium	Large
Are any of these organisations exempt?	No	No	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)			(Increase - Decrease)		
Increase of	£ 0	Decrease of	£ 0	Net Impact	£ 0

Key: **Annual costs and benefits: Constant Prices** **(Net) Present Value**

Introduction

1. This evidence base relates to the preparation of an implementation stage Impact Assessment (IA) relating to an SI ("the Regulations") which will facilitate compliance with Commission Regulation (EC) No. 68/2009 ("Regulation 68/2009") and Commission Regulation (EU) No. 1266/2009 ("Regulation 1266/2009"). Regulation 68/2009 will make it possible, through the use of a clearly defined and limited use adaptor, for certain light vehicles to be installed with a fully functioning digital tachograph. Regulation 1266/2009 improves the design and security of the digital tachograph to make it easier for operators, drivers and enforcement authorities to use the equipment.
2. Without the amendment to the enforcement regime, a person could technically be committing an offence even though they are compliant with EU Regulation 68/2009 and Regulation 1266/2009.
3. Tachographs are used to record vehicles' speed, distance and time and are the means of monitoring compliance with and ensuring the enforcement of the EU Rules.

Commission Regulation (EC) No. 68/2009

4. The Regulations remove the risk of committing an offence if businesses choose to use certain light vehicles (first put into service between 1 May 2006 and 31 December 2013) which fall in-scope of the EU Rules. By facilitating this, those operators that would have been unable to purchase certain vehicles in the future (on the basis that they could not legally operate these vehicles in-scope of the EU Rules) will now be able to do so. In addition, operators who have already purchased a light vehicle on the assumption that they could use it in-scope of the EU Rules can, as a result of these Regulations, fit an adaptor. The use of these vehicles is likely to provide increased flexibility and cost effectiveness.

Commission Regulation (EC) No. 1266/2009

5. The Commission identified two main areas where the technical specification of the current generation of digital tachographs could be improved; their capacity to be manipulated, particularly by magnets; and their user-friendliness. Following various consultations, the Commission then introduced a number of changes to Council Regulation (EEC) No. 3821/85 ("Regulation 3821/85") focused on improving the security and design of digital tachographs which resulted in Regulation 1266/2009.

6. The Regulations remove the risk of committing an offence when the modified digital tachograph is used. There are three stages to the introduction of Regulation 1266/2009:

- From January 11 2010, changes to the tachograph security mechanisms are required;
- From October 2011, a number of technical changes to the design of the tachograph will be introduced. These include amendments associated with the interpretation of Regulation 3821/85, software amendments, new workshop practices (most of which are already in place in Great Britain), the ability for vehicle operators to programme the VRN (vehicle registration number) once using a company card and the ability to change the UTC (universal time co-ordinated) time without it being recorded as a calibration;
- From October 2012, the digital tachograph is required to have improved security features, mainly in relation to protection against the use of magnets to manipulate the use of the digital tachograph.

Numbers affected by the Regulations

7. For the reasons given below it has not been possible to quantify with any reasonable degree of accuracy how many vehicles will actually be affected by these Regulations, with the result that a monetised estimate of costs/benefits of these Regulations has not been made.

Commission Regulation (EC) No. 68/2009

8. The Regulation will affect M1 and N1 type vehicles (as defined in Annex II of Council Directive 2007/46/EC), hereafter referred to as "M1/N1 light vehicles". Under Directive 2007/46/EC an M1 vehicle is defined as a vehicle designed and constructed for the carriage of passengers and comprising no more than eight seats in addition to the driver's seat. Under Directive 2007/46/EC an N1 is defined as a vehicle designed and constructed for the carriage of goods and having a maximum mass not exceeding 3.5 tonnes.

9. DVLA figures on the number of newly registered vehicles in Great Britain between May 2006 (when the requirement to fit digital tachographs came in) and June 2009 were examined. These indicate that there were a total of 6,874,331 new M1 vehicles and 908,562 new N1 vehicles that could be affected by the requirement to use a digital tachograph. However, the vast majority of these vehicles will never be affected by these Regulations. This is because the EU Rules only apply to those goods vehicles over 3.5 tonnes, and passenger vehicles with 9 or more passenger seats.

10. For most N1 light vehicles (and possibly a few M1 vehicles as well), the EU Rules will only apply on those days in which they are being used commercially with a goods carrying trailer which results in the vehicle/trailer combination exceeding 3.5 tonnes. Based on a report for the DfT on European Community Whole Vehicle Type Approval (ECWVTA) produced in October 2006, there are an estimated 425,445 Category 01 Trailers (trailers with a gross cargo weight not exceeding 750 tonnes, which are the most likely to be used by M1/N1 light vehicles). This represents a reasonable maximum upper limit on the number of vehicles potentially affected by these Regulations.

11. However, the vast majority of these vehicles will be able to use these trailers and still remain below the 3.5 tonne threshold. Furthermore there are a number of exceptions and derogations from the EU Rules which are likely to apply to the overwhelming majority of M1/N1 vehicles which have exceeded 3.5 tonnes in these circumstances.

Notable exemptions/derogations include:

- Vehicle/trailer combinations not exceeding 7.5 tonnes used for the non-commercial carriage of goods;
- Vehicle/trailer combinations not exceeding 7.5 tonnes used for carrying materials, equipment or machinery for the driver's use in the course of his work within a 50km radius of the base of the undertaking and provided that driving the vehicle does not constitute the driver's main activity;
- Vehicles used by agricultural, horticultural, forestry, farming or fishery undertakings within a 100km radius of the base of the undertaking;
- Agricultural and forestry tractors used within a 100km radius of the base of the undertaking.

12. Operators using M1/N1 light vehicles are out of scope of Operator Licensing requirements regardless of whether or not a small trailer is used, so it is not possible to use the Operator Licensing statistics to ascertain any numbers.

13. The Department therefore believes that the number of vehicles affected should be no more than a few hundred.

Commission Regulation (EC) No. 1266/2009

14. The Regulations will not increase the number of vehicles which require the fitment of a digital tachograph. Instead, new vehicles registered after the three implementation dates mentioned previously must use a digital tachograph with the relevant technical modifications. Based on the average annual number (over the past five years) of newly registered vehicles which are likely to fall in scope of the EU Rules and therefore require the use of a digital tachograph, the Regulations should affect approximately 50,000 vehicles each year (<http://www.dft.gov.uk/pgr/statistics/datatablespublications/vehicles/vehreg.xls>).

Costs/benefits of the Regulations

Commission Regulation (EC) No. 68/2009

15. The Regulations remove the risk that a person using these adaptors commits an offence under existing UK legislation. Without these Regulations the choice of vehicles that can be used in scope of the EU Rules would be constrained. Therefore, the Regulations allow businesses greater choice of the type of vehicle to use. These measures are hence deregulatory in effect and businesses that choose to incur the costs of fitting a digital tachograph are assumed to make that decision because they stand to gain more from the use of the vehicle than those costs. This suggests that there should be a greater benefit from these measures when compared to the situation that occurs without them.

Commission Regulation (EC) No. 1266/2009

16. The Regulations remove the risk that a person using these new digital tachographs commits an offence under existing UK legislation. The Regulations improve the design and security of the current generation of digital tachographs to make it easier for operators, drivers and enforcement authorities to use them. It will also help ensure a level playing field between operators by decreasing the likelihood of the deliberate manipulation of tachographs in order to gain an unfair competitive advantage. The changes introduced by Regulation 1266/2009 are relatively minor ones and should not significantly affect the cost of digital tachographs. However, if any small additional costs occur, these are likely to fall to the operator when purchasing a new vehicle with the new digital tachograph installed.

17. There could also be some small costs to operators given the transitional nature of the Regulation. For example, there is the possibility that tachograph centres may keep lower levels of existing tachograph parts or that parts could be harder to source as production moves towards new designs, which could lead to an increase in vehicle 'down-time'. These costs are most likely to fall on operators who will be required to buy spare parts or vehicles with the newly designed tachograph in order to repair a faulty tachograph between 2010 and 2012.

Costs/benefits identified in previous IAs

18. Previous IAs implementing various EU requirements on digital tachographs have already considered many of the overall costs and benefits associated with digital tachographs. It should be noted that these IAs did not exclude those M1/N1 vehicles which will be affected by these Regulations in any of the analysis, and therefore in effect the impact of digital tachographs themselves on these vehicles has already been considered. Hence we give a brief summary of these IAs.

Driver Cards

19. In order to be able to use digital tachographs, drivers and operators require "smart" cards. The impact of this requirement was considered in the RIA which accompanied the Passenger and Goods Vehicles (Recording Equipment) (Tachograph Card Fees) Regulations 2005 (SI 2005/1140). This RIA concluded that if driver and company cards were issued at a fee of £38 (the current actual level) then total costs to industry and drivers would be estimated to be £68.4 million. The key benefit of charging for the card was that it offered a self-funding solution to card issuing and enforcement problems. The RIA also identified that this requirement offered a fair distribution of the costs of the system with the company providing for some subsidy of driver fees, such as, exchange transactions.

Enforcement

20. The impact on enforcement of the EU Rules was considered in the RIA which accompanied the Passenger and Goods Vehicles (Recording Equipment) Regulations 2005 (SI 2005/1904). This RIA concluded that any additional cost of the Regulations should be minimal for law-abiding operators and drivers, and that there would be overall benefits in terms of facilitating efficient enforcement of the EU Rules, as well as law abiding companies benefiting from a reduction in unfair competition.

Downloading requirements

21. In order to preserve data recorded by digital tachographs it is a legal requirement that data be downloaded off the driver card and vehicle unit before it is overwritten and lost. The impact of this requirement was considered in the RIA which accompanied the Passenger and Goods Vehicles (Recording Equipment) (Downloading and Retention of Data) Regulations 2008 (SI 2008/198).

22. The RIA identified two broad areas of cost. Firstly specialist equipment would be needed to download data. Secondly there would be administrative costs with the downloading process. The RIA estimated that there would be total costs of around £10million to industry if downloading requirements were set at a relatively lax maximum time between downloads, the option that was introduced by this SI.

Additional costs/benefits not specifically identified in previous IAs

23. Un-quantified costs of fitting and use of digital tachographs compared to an analogue tachograph include:

- Re-training of drivers and staff.
- Purchase of more expensive (over analogue) digital tachograph equipment.

24. Un-quantified benefits of fitting and use of digital tachographs compared to an analogue tachograph include:

- Less time spent by drivers filling in individual tachograph charts on a daily basis;
- Faster and more accurate computerised analysis of data to spot infringements of the rules by businesses;
- Less need for businesses to use third party tachograph analysis agencies;
- Faster computerised analysis of data to spot infringements of the rules by enforcement officers - leading to less time spent by drivers in roadside checks and increased road safety due to more efficient enforcement;

Stakeholder views on the costs/benefits

25. The DfT has informally consulted representative organisations of those most closely affected by the Regulations - namely vehicle and tachograph manufacturers, trade associations, the Vehicle & Operator Services Agency (VOSA) and the Police. The legislative changes were generally well received.

Race, Disability and Gender Equality Impact Tests

26. There are no race, disability or gender issues associated with this amendment.

Small Firms Impact Test

27. Small firms have been considered as part of this IA. The Regulations are likely to benefit small firms as they are more likely to use M1/N1 light vehicles. Should these small firms wish, they could now use such vehicles in-scope of the EU rules to meet operational requirements.

28. Although there may be short term costs to the implementation of the new tachograph design (as outlined in paragraph 17), there is no evidence that these costs should affect small firms to any greater extent. Overall, the Regulations will benefit most operators, including small firms, by improving the security and design of digital tachographs.

Sources

29. The data used for this IA has been compiled from several different sources. These are listed below along with their location where publication in the public domain has taken place.

1. *Regulatory Impact Assessment for Passenger and Goods Vehicle (Recording Equipment) Regulations 2005.*

http://www.opsi.gov.uk/si/em2005/uksiem_20051140_en.pdf

2. *Regulatory Impact Assessment for Passenger and Goods Vehicles (Recording Equipment) Regulations 2005.*

<http://www.dft.gov.uk/consultations/aboutia/ria/passengerandgoodsvehicles5579.pdf>

3. *Passenger and Goods Vehicles (Recording Equipment) (Downloading and Retention of Data) Regulations 2008 (SI 2008/198).*

http://www.opsi.gov.uk/si/si2008/em/uksiem_20080198_en.pdf

Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

Type of testing undertaken	<i>Results in Evidence Base?</i>	<i>Results annexed?</i>
Competition Assessment	No	No
Small Firms Impact Test	Yes	No
Legal Aid	No	No
Sustainable Development	No	No
Carbon Assessment	No	No
Other Environment	No	No
Health Impact Assessment	No	No
Race Equality	Yes	No
Disability Equality	Yes	No
Gender Equality	Yes	No
Human Rights	No	No
Rural Proofing	No	No