

Title: Revocation of the Public Service Vehicle (Lost Property) Regulations IA No: DfT 00249 Lead department or agency: Department for Transport Other departments or agencies:	Impact Assessment (IA)			
	Date: 23/09/2013			
	Stage: Final			
	Source of intervention: Domestic			
	Type of measure: Secondary legislation			
	Contact for enquiries: Rachael Gilbert Department for Transport			

Summary: Intervention and Options	RPC: RPC Opinion Status
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Cost of Preferred (or more likely) Option			
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, Measure qualifies as One-Out?
£m	£m	£m	Yes Zero Net Cost

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

The Government is committed through the Red Tape Challenge (RTC) to remove regulations that are out of date, impose unnecessary requirements on business or do not generally serve any useful function. The Road Transportation RTC identified the Public Service Vehicles (Lost Property) Regulations as being out of date and unnecessarily prescriptive given that similar specific requirements are not set out in legislation for property lost elsewhere (for example, in shops and cinemas). The general consensus in the bus industry is that bus operators are professional enough to deal with lost property in a sensible manner without the need to be tied down with legislation. Government intervention is therefore necessary to remove unnecessary regulation from an already heavily regulated industry.

What are the policy objectives and the intended effects?

The intention is to revoke the Public Service Vehicles (Lost Property) Regulations, so that handling of property left on scheduled buses and coaches is left to the common law and the arrangements put in place by operators. If operators wish, they will be able to adjust any fee charged for handling lost property in keeping with current circumstances rather than conforming to the limits set by current regulations. The objective is to remove unnecessary regulation and leave it to individual operators to decide how to best handle lost property and to design and use their own system to suit local circumstances and to meet the needs of their own customers.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

It was agreed under the Red Tape Challenge process that the PSV Lost Property Regulations should be repealed. Bus operators have conditions of carriage, which are effectively the contract between the operator and the passenger when a ticket is bought. These already generally set out how lost property will be handled for the protection of both parties. Therefore the policy options considered in this IA are 'do nothing' and to remove the PSV lost property regulations.

Policy Option 1 - 'Do Nothing'
Policy Option 2 (preferred option) - Revocation of the Public Service Vehicle (Lost Property) Regulations

Will the policy be reviewed? It will not be reviewed. If applicable, set review date: Month/Year					
Does implementation go beyond minimum EU requirements?			N/A		
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.	Micro Yes	< 20 Yes	Small Yes	Medium Yes	Large Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)			Traded: N/A	Non-traded: N/A	

I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) that the benefits justify the costs.

Signed by the responsible Minister: _____ Date: Stephen Hammond 26/11/2013

Summary: Analysis & Evidence

Policy Option 1

Description: Revocation of the Public Service Vehicle (Lost Property) Regulations

FULL ECONOMIC ASSESSMENT

Price Base Year	PV Base Year	Time Period Years	Net Benefit (Present Value (PV)) (£m)		
			Low: 0	High: 0	Best Estimate: 0

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	0	0	0
High	0	0	0
Best Estimate	0	0	0

Description and scale of key monetised costs by 'main affected groups'

No monetised costs have been identified in this impact assessment. Industry views are that bus operators are professional enough to deal with lost property in a sensible manner without the need to be tied down with legislation. We expect there to be no change in the way operators conduct themselves now.

Other key non-monetised costs by 'main affected groups'

There may be some non-monetised costs to operators who will need to read-up on and understand the change in regulation, however this is likely to be small and even negligible as the policy will be communicated to the bus industry and before the regulation is removed. There may be increased costs to passengers for reclaiming their lost goods if operators choose to increase the fee charged for returning the lost property. This is likely to be minimal.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	0	0	0
High	0	0	0
Best Estimate	0	0	0

Description and scale of key monetised benefits by 'main affected groups'

No monetised benefits have been identified in this impact assessment.

Other key non-monetised benefits by 'main affected groups'

There may be some non-monetised benefits for operators who decide to reduce the amount of staff time spent on dealing with lost property, however any such benefit is likely to be small as industry views seem to be that handling lost property is a service that is offered that fits in with their normal working day. It is expected that most operators would continue to maintain this type of service even in absence of the regulations. There may be some benefits to those operators who wish to increase

Key assumptions/sensitivities/risks

Discount rate (%)

One of the key assumptions made here is that in the absence of any regulations around lost property, operators would continue to provide the service they currently do. Industry views are that providing some lost property service contributed to a company's good reputation with its customers as well as removing much of the problem of storage and labelling of items. There is a small risk that some operators will increase the charges for returning lost property to customers but this is unlikely.

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: 0	Benefits: 0	Net: 0	Yes	Zero net cost

Evidence Base (for summary sheets)

Current Legislation

The Public Service Vehicles (Lost Property) Regulations 1978 (SI 1978/1684) <http://www.legislation.gov.uk/uksi/1978/1684/made>. These regulations were amended by the Public Service Vehicles (Lost Property) (Amendment) Regulations 1981 (SI 1981/1623) and the Public Service Vehicles (Lost Property) (Amendment) Regulations 1995 (SI 1995/185), which we will also revoke.

Background / Problem under consideration

In May 2011, the Department for Transport ran the Road Transportation Red Tape Challenge asking industry professionals, civil servants and the public to comment on regulations. It sought their help in identifying regulations which were out of date, unnecessarily prescriptive, placed unnecessary burdens on business or the public, or simply did not serve any useful function.

Through this process, the Public Service Vehicles (Lost Property) Regulations 1978, as amended, (the Lost Property regulations) were identified as being suitable for repeal. These regulations make provision for the handling of lost property left on public service vehicles (ie scheduled buses and coaches). They require passengers to hand in to the driver, conductor or relevant lost property office any items of property they find which have been accidentally left on a vehicle. The regulations also require drivers and conductors to carry out a search of their vehicle for lost property at the end of each journey, as far as practicable. As amended, they set a maximum charge of £2 for returning property left on a vehicle to its owner, require an operator to keep a record of lost property for six months and allow operators to dispose of lost property if not claimed for one month (48 hours in the case of perishables).

Rationale for intervention/policy objective

The Lost Property regulations were considered to be unnecessarily prescriptive and out of date. There are no equivalent regulations which cover lost property in other environments: for example, shops and cinemas. The regulations do not cover items that are lost in bus stations, unless they are left on the bus itself, which means that existing coverage is not consistent. In such cases, the handling of lost property is left to the common law and specific local arrangements made by operators.

Operators already set out their procedures for handling lost property in their conditions of carriage. These are non-regulatory and represent the contract entered into between a passenger and the operator when buying a ticket. Conditions of carriage are available from operators on request, although most now publish them on their website. Most operators also make their procedure for dealing with lost property available on their website.

The maximum charge of £2 cannot be amended without recourse to secondary legislation and has not been changed since 1995. Operators have therefore been unable to adjust their charges to keep pace with the costs they incur in handling lost property where these have increased. Similarly, the regulations specify that operators must retain a record of lost property for six months.

The objective of the policy is to remove unnecessary regulation and leave it to individual operators to decide how to best handle lost property and to design and use their own system to suit local circumstances and to meet the needs of their own customers.

The Department's recent guidance on Bus and Coach Security includes an expectation that staff should check each vehicle for items of lost property.

The regulations do not apply to Transport for London services which are covered by section 19 of the London Transport Act 1982.

Options considered

The 'do nothing' option would restrict operators ability to react to changes in costs and would continue to treat buses differently from other modes of transport. Furthermore, it would not meet the aims of the Red Tape Challenge to remove regulations that are unnecessarily prescriptive or out of date, nor would it follow the principle of using alternatives to regulation where these are available. Option 1 (preferred option) considers removing the revocation of the Public Service Vehicle (Lost Property) Regulations.

Monetised and non-monetised costs

It has not been possible to monetise any of the costs or benefits in a robust way given the nature of the regulations.

The following costs fall on a compliant operator under the existing, regulated system:

- Checking for lost property
- Recording found property
- Making records available for inspection
- Returning official documents to their issuers
- Storing found property
- Liaising with people who have lost things
- Providing a safe environment for returning goods

Operators can then transfer these costs on to customers through a small charge to return items and by selling unclaimed articles. If the regulations are abolished, compliant operators might choose to check their vehicles less often and would not need to make their records available for inspection. In practice, none of the other costs would be saved because passengers would expect operators to take care of things that they have left behind, which is usually strengthened by the conditions of carriage that exist.

Broadly, therefore, operators will do much the same thing as now, and incur similar costs, but as part of the general costs of running their businesses rather than to meet a statutory obligation.

Policy option 1

Monetised Costs

There are no monetised costs associated with the removal of the public service vehicle lost property regulations. Industry views are that bus operators are professional enough to deal with lost property in a sensible manner without the need to be tied down with legislation. We expect there to be no change in the way operators conduct themselves now. Views from ALBUM (Association of Local Bus Company Managers) members are that although the basic framework implied in the current regulations does not cause any insurmountable problems, the regulations are not needed and anything that removes unnecessary regulation from the bus industry, but ensures a level playing field in a competitive sense, must be a good thing.

Non-monetised costs

There may be some non-monetised costs to operators who will need to read-up on and understand the change in regulation, however this is likely to be small and even negligible as the policy will be communicated to the bus industry and stakeholders before the regulation is removed.

Some operators might levy a higher charge than the existing maximum allowed by the Regulations, but there is no indication that this will become general practice. These costs are likely to be minimal. The general consensus in the industry has been that operators generally make no charge for the return of lost property.

Monetised Benefits

There are no monetised benefits of this policy.

Non-monetised benefits

There may be some non-monetised benefits for operators who decide to reduce the amount of staff time spent on dealing with lost property, however any such benefit is likely to be small as industry views seem to be that handling lost property is a service that is offered that fits in with their normal working day. It is

expected that most operators would continue to maintain this type of service even in absence of the regulations. There may be some benefits to those operators who wish to increase the charges placed on returning lost property more in line with the increased costs of storage and staff in handling the goods. However, these are deemed to be negligible as views from the industry are that most operators do not tend to charge for the safe return of goods to customers.

Rationale and evidence

DfT have received views from various stakeholders in the industry from passenger focus to ALBUM and the senior traffic commissioner. The general view is in favour of abolishing the regulation. The view was that while all operators will be meeting the standards of maintaining lost property as depicted by current legislation, most operators would continue to do so in the absence of the regulation as general good work practice. Some operators currently go beyond the statutory requirements. One example was where operators transfer property between locations (it is stored at the depot but can be reclaimed from the bus station) and we release items to drivers to take out if the owners request this, subject to (a) there being adequate identification when the owner calls in, and (b) personal identification the type of which has already been agreed in advance (e.g. bus pass) is shown at the agreed time and location of handover. Other examples are around operators generally (particularly with services to schools), putting the items back on the bus the following morning. It was also clear that most operators do not generally charge for the safe return of goods to customers.

Only some quantitative information was provided by ALBUM however with the caveat that it is very difficult to quantify accurately and there can be large ranges depending on the size of operators. A very wide range is reported in quantities of lost property, with most companies ranging between around 5 items per month for a small 12-bus undertaking and some 100-120 per month for a fleet of some 300. On average companies see around 50% of items being reclaimed suggesting there are customers who benefit from there being a service offered around lost property. However as suggested in this IA, this is a service that is likely to be maintained by operators irrespective of there being regulations in place. There was some information provided around the amount of staff time that goes into maintaining lost property. But this ranges from minimal to unquantifiable in some cases, or 1-2 hours per week. It is unlikely that the removal of the regulations will have any impact on the number of staffing hours dedicated to lost property as many of the operators will already have their own systems in place to deal with lost goods.

Wider impacts

Competition Assessment

There is no impact on competition as a result of removing the PSV (lost property) regulations.

Small Firm Assessment

There are no plans to exempt small operators. Our understanding is that all operators of all sizes will carry out some form of service around lost property irrespective of the regulations being in place or not.

Environmental impacts

Greenhouse gas assessment

These proposals are not intended to have any effect on the number of bus services and therefore we do not anticipate any effect on greenhouse gas emissions.

Social impacts

Health and well-being

Having reviewed the screening questions for the Health Impact Assessment we have concluded that there is no need for a full assessment to be carried out.

Human rights

We do not expect any impact on Human Rights, these will be protected through operator's individual conditions of carriage.

Justice system

These proposals do not create any new sanctions or amend existing ones so we do not consider there to be an impact on the justice system??

Sustainable development

We do not consider these proposals to impact on sustainable development.