

# Impact Assessment, The Home Office

**Title:** Vehicle Recovery Fee Increase 2021/22

**IA No:** HO0406

**RPC Reference No:** N/A

**Other departments or agencies:** N/A

**Date:** 12 December 2022

**Stage:** Consultation

**Intervention:** Domestic

**Measure:** Secondary legislation

**Enquiries:**

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**RPC Opinion:** N/A

**Business Impact Target:** Non-qualifying regulatory provision

## Cost of Option 2 for illustrative purposes (in 2021/22 prices)

<b>Net Present Social Value NPSV (£m)</b>	-0.06	<b>Business Net Present Value BNPV (£m)</b>	65.6	<b>Net cost to business per year EANDCB (£m)</b>	-14.1
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### What is the problem under consideration? Why is government intervention necessary?

Police contracted vehicle recovery operators are empowered under road traffic legislation to seize vehicles in certain circumstances. Regulations prescribed by the Home Secretary determine the level of statutory fees charged to vehicle owners for removal, storage and disposal costs. The current statutory fees have not increased since 2008. With large volumes of vehicle seizures, the Government needs to legislate to amend fees to ensure operations remain viable.

### What is the strategic objective? What are the main policy objectives and intended effects?

The strategic objective of the vehicle recovery fee increase is to restore confidence in the criminal justice system and reduce crime. The policy objective is to increase the charges applied to vehicle recovery operations, as the last review of the charges and regulations occurred in 2008, adjusting for the effects of inflation and changes to the operational environment.

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

**Option 1:** 'Do-nothing', maintain fees at current levels, does not meet the Government's objectives.

**Option 2:** Increase current charges according to the rate of inflation from 2008. **Option 2 is the Government's preferred option.** An inflationary level increase will recoup the full cost of operations that will continue to make removal operations viable and a cost neutral activity.

### Main assumptions/sensitivities and economic/analytical risks

**Discount rate (%)**

3.5

The main uncertain assumption is that the volumes of vehicle recovery fees collected in the year 2019 (when uprated using the number of licenced vehicles in the UK in 2020), is representative of 2022. There are also uncertain assumptions within the calculation of the familiarisation costs and how many police and National Highways Traffic officers this is applied to. Therefore, a range is applied to these costs to see how this affects the total NPSV.

**Will the policy be reviewed?** It will be reviewed in 2025. If applicable, set review date: October 2025

*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: \_\_\_\_\_



Date: 12 December 2022

# Summary: Analysis & Evidence

# Policy Option 2

**Description: Option 2:** Increase current charges according to the rate of inflation from 2008

## FULL ECONOMIC ASSESSMENT

Year(s):	Price Base	2021/22	PV Base	2021/22	Appraisal	5	Transition	1
Estimate of Net Present Social Value NPSV (£m)						Estimate of BNPV (£m)		
Low:	-0.05	High:	-0.08	Best:	-0.06	Best BNPV	65.6	

COSTS, £m	Transition Constant Price	Ongoing Present Value	Total Present Value	Average/year Constant Price	To Business Present Value
Low	0.03	86.9	<b>87.0</b>	18.6	0.0
High	0.23	130.4	<b>130.6</b>	27.9	0.0
Best Estimate	<b>0.06</b>	<b>108.7</b>	<b>108.7</b>	<b>23.3</b>	<b>0.0</b>

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

There are no ongoing business costs. The main cost of increased fees is expected to fall on the registered keeper who pays the fee. The estimated cost to individuals of increased vehicle recovery fees lies in a range of **£86.9 to £130.4 million (PV)**, with a central estimate of **£108.7 million (PV)** over five years. There are also familiarisation costs associated with police and National Highways Traffic officers reading the letter on the fee change, estimated in a range of **£0.03 to £0.23 million**, with a central estimate of **£0.06m**.

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

None.

BENEFITS, £m	Transition Constant Price	Ongoing Present Value	Total Present Value	Average/year Constant Price	To Business Present Value
Low	0.0	86.9	<b>86.9</b>	18.6	54.3
High	0.0	130.4	<b>130.4</b>	27.9	76.1
Best Estimate	<b>0.0</b>	<b>108.7</b>	<b>108.7</b>	<b>23.3</b>	<b>65.6</b>

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

The main benefit from the proposal will be to the police and vehicle recovery operators who each receive a share of the fee for the recovery of vehicles. It is estimated to lie in a range of **£86.9 to £130.4 million (PV)**, with a central estimate of **£108.7 million (PV)** over five years.

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

None.

## BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m: (benefit – cost)										
Cost, £m	0.0		Benefit, £m	14.1		Net, £m	14.1			
Score for Business Impact Target (qualifying provisions only) £m:							N/A			
Is this measure likely to impact on trade and investment?							No			
Are any of these organisations in scope?			Micro	Yes	Small	Yes	Medium	Yes	Large	Yes
What is the CO <sub>2</sub> equivalent change in greenhouse gas emissions? (Million tonnes CO <sub>2</sub> equivalent)					Traded:	N/A	Non-Traded:	N/A		

## PEOPLE AND SPECIFIC IMPACTS ASSESSMENT (Option 2)

Are all relevant Specific Impacts included?	Yes	Are there any impacts on particular groups?	Yes
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## **A. Strategic objective and overview**

### **A.1 Strategic objective**

1. The strategic objective of the vehicle recovery fee increase is to restore confidence in the criminal justice system and reduce crime.

### **A.2 Background**

2. Police have long been legally empowered under section 99 of the Road Traffic Regulation Act 1984<sup>1</sup> (RTRA 984) to remove vehicles that are dangerously, illegally, or obstructively parked/permitted to remain at rest on a road, or that have broken down on a road. They have also been empowered to remove any vehicle that has been abandoned on a road or on any land in the open air (meaning that a vehicle could not be removed from land other than a road unless it had been abandoned and could not be removed from a covered area such as an underground or multi-storey car park). The removal power applies to vehicles involved in a collision or abandoned after theft.
3. The Protection of Freedoms Act 2012<sup>2</sup> (PFA 2012) amended this removal power to enable the police to remove vehicles that are dangerously, illegally, or obstructively parked/permitted to remain at rest or broken down or abandoned on any land, whether or not in the open air, as well as on the road. The amendment took effect from 1 October 2012. The PFA 2012 bans wheel-clamping on and towing away from private land. Property owners will be able to protect their land in other ways, but the new power will enable the police to remove vehicles if necessary.
4. Reasons for removal include enabling the police to enforce the law and the need to remove obstructions and potential dangers, prevent theft or vandalism of the vehicles, their being used for crime or becoming a focus of crime or environmental degradation, or being driven whilst in a dangerous condition.
5. Police usually employ contractors for this purpose because they are fully qualified and work to contractual standards. Details of contracts are matters between the police and individual contractors or managing agents whom the police employ to run schemes on their behalf. Managing agents typically provide a control room facility to support calls from the police to arrange deployment of a recovery operator. (They manage the recovery operators by ensuring compliance with standards as to their performance, types of recovery vehicles, premises and qualifications, manage finances and invoices, and investigate and seek to resolve complaints).
6. There have been complaints from vehicle owners that they should be allowed to make their own arrangements for removal, which is not allowed because of the need to move vehicles quickly and safely, which only use of police force contractors guarantees.
7. Removals and storage entail costs which have to be met and would be a cost to the police or the public purse more widely, taking money from other police operational uses, if not met by the vehicle owner. To meet these costs, the police are empowered to charge vehicle owners prescribed sums which varies according to the size of the vehicle, whether it is on or off-road, whether or not it is substantially damaged and whether or not it is laden, but are otherwise fixed. The police can waive the charge at their discretion, taking into account the cost implications and any special circumstances, but this is an operational decision.
8. The charges are set by Statutory Instrument (the Removal, Storage and Disposal of Vehicles (Prescribed Sums and Charges) Regulations 2008<sup>3</sup>) and vary according to the size of the vehicle,

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<sup>1</sup> Road Traffic Regulation Act 1984 ([legislation.gov.uk](http://legislation.gov.uk))

<sup>2</sup> Protection of Freedoms Act 2012 ([legislation.gov.uk](http://legislation.gov.uk))

<sup>3</sup> The Removal, Storage and Disposal of Vehicles (Prescribed Sums and Charges) Regulations 2008 ([legislation.gov.uk](http://legislation.gov.uk))

whether it is on or off-road, whether or not it is substantially damaged and whether or not it is heavily loaded.

9. The police must release the vehicle on payment of the charges. If they want to keep it longer for forensic purposes, this is achieved using Police and Criminal Evidence Act 1984<sup>4</sup> (PACE 1984) powers and no further storage charges are incurred during forensic examination.
10. Vehicles can also be removed under other powers and the same charges apply. For vehicles removed for being driven without appropriate licence or insurance they are set by the Road Traffic Act 1988<sup>5</sup> (RTA 1988) and for vehicles seized for being driven anti-socially they are set by the Police Reform Act 2002<sup>6</sup> (PRA 2002).
11. The Criminal Justice and Public Order Act 1994<sup>7</sup> (CJPOA 1994) provides the police with the power to remove vehicles if they are being used in unlawful trespass. The CJPOA 1994 gives the Home Secretary the powers to prescribe charges in respect of the removal, storage and disposal of those vehicles. These charges have remained unchanged since 1995.
12. Charges cannot be prescribed as “to be negotiated” or passed to an outside agent to determine fees. The primary legislation allows for prescribed charges to be set which has an advantage over a system where charges are decided locally and inconsistently.
13. The advantage of prescribed set charges is that motorists, their insurers and vehicle recovery operators know the maximum fee that has to be paid before a vehicle can be released. The charges also reduce the need for negotiation, argument and possible legal action in each individual case.

### **A.3 Groups affected**

14. The main groups identified are:
  - Vehicle owners.
  - Vehicle Recovery Operators.
  - Police.
  - Highways England.
  - Department for Transport (DfT).
  - Insurers.
  - Motorists.
  - Local councils.
15. Vehicle owners will see an increase in charges to reclaim their vehicle. Insurers and motorists will have increased insurance costs. Vehicle Recovery operators providing a service for police, National Highways, Department for Transport (DfT) and local councils that is financially viable.

### **A.4 Consultation**

16. The Home Office conducted a targeted 12-week consultation with stakeholders from 17 May to 6 August 2021 and extended it until 12 September 2021 at the request of the All-Party Parliamentary Group (APPG) for Roadside Rescue and Recovery to allow more time for stakeholders to respond.
17. The Home Office consulted with stakeholders to obtain views from across policing, recovery operators, motoring and insurance organisations, which showed an overwhelming support for an increase in the charges. Responses also helped to determine that the preferred option did not result

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<sup>4</sup> Police and Criminal Evidence Act 1984 (legislation.gov.uk)

<sup>5</sup> Road Traffic Act 1988 (legislation.gov.uk)

<sup>6</sup> Police Reform Act 2002 (legislation.gov.uk)

<sup>7</sup> Criminal Justice and Public Order Act 1994 (legislation.gov.uk)

in any unintended consequences- charges were not intended to be punitive or as a source of income for either the police or the vehicle recovery operators acting as their agents

18. The targeted consultation sought views from stakeholders on 4 options:
  - **Option A:** (Do-nothing) maintaining fees at current levels. These are the current charges since 2008.
  - **Option B:** Inflationary increase from 2008.
  - **Option C:** Full cost recovery.
  - **Option D:** Increase current charges according to the rate of inflation from 2008 (**Option B**) and apply a 30 per cent London factor for vehicle recoveries and apply a 48 per cent London property storage rate per day.
19. To update the CJPOA 1994 charges, in parallel to the matrix tables of charges under review.
20. The targeted consultation also sought views on making specific adjustments to provisions within the regulations to take account of changes to the operational environment. These are regarded as low risk and included: -
  - To increase fairness and review the £350 charge for vehicles exceeding 18 Tonnes Maximum Authorised Mass (MAM). Should the Government increase the current £350 charge to mitigate against charging £3,000 in the higher rate and what amount is reasonable? During recovery operations the next category (currently £3000) can be charged to help recoup the higher operating costs inherent with recovering larger vehicles. The Government sought views on the amount by which the £350 limit should be raised in the first category to help prevent this and reduce the overall cost to the motorist.
  - To increase fairness by changing the definition of “substantially damaged” to “difficult to recover”. For example, a badly damaged vehicle that has been involved in a collision may be easy to push up a ramp on to a recovery vehicle, whereas an undamaged vehicle parked against a kerb between other vehicles may require specialist lifting equipment to safely recover it. This could make the system fairer to motorists as vehicle damage is not necessarily proportionate to the level of difficulty involved in recovery.
  - To change Regulation 5(1)(a) of the RTA 1988 (Retention and Disposal of Seized Motor Vehicles) Regulations 2005 so that the person seeking the vehicle release was responsible for its use at the time it was seized.
  - To introduce an electronic seizure form alongside a paper seizure form.
21. The analysis of the consultation responses led to the following conclusions: -
  - The Government will make statutory provision to increase vehicle recovery charges in RTRA 1984, Police Reform Act 2002 (PRA 2002); RTA 1988 and harmonise the fees prescribed under CJPOA 1994 in one matrix set of tables. This will reflect an inflationary increase as outlined in **Option 2** and at Annex A in the Consultation Response.
  - The consultation proposed an inflationary average fee increase of 22 per cent which had been calculated before the launch of our consultation. Taking into account further inflation since that sum was calculated and reflecting concerns that the average increase of 22 per cent was too low, the inflationary increase has now been recalculated to 28 per cent.
  - Amend the £350 charge for vehicles exceeding 18 tonnes MAM (Maximum Authorised Mass) in line with proposal 2 as there is insufficient evidence to justify a large increase in fee from this review.
  - The term “*substantially damaged*” will remain in the regulations with the current definition.
  - Amend Regulation 5 of the RTA 1988 (Retention and Disposal of Seized Motor Vehicles) Regulations 2005 to assist the police and National Highways process when dealing with the release of vehicles involving a change of registered keeper or owner of that vehicle.

- Amend regulations that refer to “*Giving of seizure notice*” or “*Service of seizure notice*” to allow for options with either an electronic or a paper seizure notice. include amendment to Regulation 5 of the RTA 1988 (Retention and Disposal of Seized Motor Vehicles) Regulations 2005 and include electronic seizure forms in Regulation 4 of the Police (Retention and Disposal of Motor Vehicles) Regulations 2002, RTA 1988 (Retention and Disposal of Seized Motor Vehicles) Regulations 2005 and Regulation 4 of the Police (Retention and Disposal of Vehicles) Regulations 1995.

## **Stakeholders**

22. Stakeholders engaged in the consultation included the police, National Policing Lead (NPL) and other government departments (OGDs). Stakeholders from the private sector include the insurance industry, vehicle recovery operators and transport groups. A full list of stakeholders is presented in Annex A.

## **B. Rationale for intervention**

23. To meet the high associated costs of vehicle recovery operations, the police are authorised to charge fees set by secondary legislation. These fees also apply to vehicles removed under powers relating to vehicles driven anti-socially or without insurance or driving licence. The fees and their structure have not been changed since 2008. The Government has also updated fees for police powers to remove vehicles if they are being used in unlawful trespass. These charges have remained unchanged since 1995. Due to the increased costs, changing operational environment and types of equipment needed to handle recoveries, some recovery operators have withdrawn their services, with other operators considering withdrawal unless there is an increase in the charges. Operators believe these costs are not reflected by the current amounts and are in urgent need of a review. Government intervention is required to change the fees through legislation, in order that vehicle recovery operations remain financially viable. The Government arrived at this conclusion following analysis of the consultation responses and ongoing engagement with NPCC vehicle recovery leads and vehicle recovery operators, both of whom have detailed how the increasing costs of providing this service (caused by inflation and complexities of roadside recovery) require a corresponding increase to the fees.

## **C. Policy objective**

24. To review the vehicle recovery fees to ensure they are fit for purpose and meet the Government’s obligations under HM Treasury ‘*Managing Public Money*’ (MPM) guidance.<sup>8</sup> An increase in the fees is required to take account of the interval between reviews and cost of living increases. Details on the volumes of vehicle recoveries have been obtained in order to produce various options, including an inflationary increase, a full cost of recovery increase and a combined inflationary increase to take account of costs for a London uplift. Increasing the fee by an inflationary level will continue to make removal operations viable and a cost neutral activity.

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<sup>8</sup> Managing public money. <https://www.gov.uk/government/publications/managing-public-money>

## D. Options considered and implementation

### Options list

25. **Option 1: Do-nothing and maintain fees at current levels.** Although the revenue from the current fees partly offsets the costs for individual vehicle recoveries there is considerable shortfall in fees recovered, due to vehicles that are not reclaimed (mostly vehicles used for crime). By maintaining the current level of fees, this shortfall will continue to be incurred with nothing being done to offset any of the losses. This does not meet the Government's objective. **Option 1** is the counter-factual scenario which **Option 2** is measured against. Part of this counter-factual scenario is the assumption that maintaining the fees at the current level could lead to operators unable to invest in their recovery service leading to a lack of drivers, inability to meet vetting standards and insufficient money per recovery to make the service commercially viable. If **Option 1** (Do-nothing) is maintained, there could be an inability to respond with normal daily activity with vehicles concerned in crime or driving without insurance. There could be an inability to respond to large scale incidents requiring forensic recovery of vehicles or large-scale removal with no operator having the appropriate equipment.
26. **Option 2: Increase current charges according to the rate of inflation from 2008.** The statutory fees have not been increased since 2008, and therefore inflation over this period has not been taken into account. This option accounts for this by increasing the current fees in line with the rate of inflation since 2008. This would still result in losses through the system due to unclaimed vehicles. However, fees charged (including the inflation uplift) will cover the cost of the service for those vehicles recovered for which a fee is paid. Therefore, in total losses under this option are less than those in **Option 1**. **This the Government's preferred option** as it achieves the Government's objective of recouping the full cost of operations and continuing to make removal operations viable and a cost neutral activity. If **Option 2** is not implemented, there could be a withdrawal of operators and the lowering of standards leading to the police using unvetted recovery operators at short notice to undertake very sensitive and forensically important criminal work. This could cause reputational and political damage if police operations are impacted should there be a large-scale incident.

## E. Appraisal

### General assumptions and data

27. This impact assessment (IA) covers a five-year appraisal period over 2021/22 to 2025/26. All future values are discounted using a discount rate of 3.5 per cent (the social rate of discount, see HM Treasury (2020) The Green Book: appraisal and evaluation in central government<sup>9</sup>. All per year costs are presented in 2021/2022 prices and five-year values are given in 2021/2022 present values. Data was collated by the National Police Chiefs' Council (NPCC) Vehicle Recovery Secretariat on behalf of England and Wales police forces. Data obtained from the police's internal vehicle recovery software system, ELVIS, on the volumes of vehicle recovery fees collected in the year 2019 was used as a baseline to estimate the volumes of fees collected in the specified appraisal period. To uprate these values, data on the number of licensed vehicles in the UK was used to create a volume multiplier<sup>10</sup>. The Home Office has developed a model to forecast the costs and benefits of both **Options 1 and 2**. The baseline fees are taken from Home Office data (created after the 2008 consultation on vehicle recovery fees) and uprated according to the GDP Deflator<sup>11</sup>. Costs and benefits are estimated in a low, central and high range.

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<sup>9</sup> The Green Book: appraisal and evaluation in central government. <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>

<sup>10</sup> <https://www.gov.uk/government/collections/vehicles-statistics>

<sup>11</sup> <https://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp-march-2019-quarterly-national-accounts>

28. All the costs and benefits presented throughout this section have been compared to **Option 1** (Do-nothing). The comparative benefits of **Option 2** are the value of the vehicle recovery service remaining, which is covered by the increase in fees paid by the public. Equally, the costs of **Option 2**, for example, those required to cover the cost of the vehicle recovery, have been compared to the counter-factual cost of there not being a service at all.

## Appraisal

### Forecast Volumes

29. The number of times fees have been collected by the police for vehicle recovery operations is taken from data obtained from the Police's internal recovery software system, ELVIS for the year 2019. Using these volumes and data on the number of licensed vehicles in the UK from 2014 to 2020, the number of times fees will be collected within the appraisal period have been estimated. The average yearly percentage increase (1.4%) is used to estimate the number of times fees are collected for each subsequent year beyond 2021. Using the equivalent of the 'average increase' across six years (1.014 summed over five years = 1.041) the volume for 2022 was forecasted using this multiplier.

**Table 1: UK Licensed vehicle statistics, 2014 to2020, vol, percentage, 2020.**

Year	Licensed vehicles	Percentage increase
2014	32,169	
2015	32,883	1.02
2016	33,631	1.02
2017	34,044	1.01
2018	34,449	1.01
2019	34,898	1.01
2020	34,868	1.00
<b>Average Increase</b>		1.014
<b>Multiplier for 2022</b>		1.041

Source: Vehicle Licensing Statistics, 2020<sup>12</sup>.

### Fees

30. Fees used and estimated for each option can be found in Annex B.
31. **Option 1: (Do-nothing)** The current fees that are charged (as set in the Removal, Storage and Disposal of Vehicles (prescribed Sums and Charges) Regulations 2008). (Annex B, Table B.1).
32. **Option 2: (Government preferred option)** Fees adjusted to account for inflation since 2008. There has been an increase in inflation and the fee level for **Option 2** accounts for this. The increase in inflation has been calculated by comparing the increase in GDP deflators between 2008 and 2021/2022, which has been taken from the GDP deflator series from HMT GDP Deflators<sup>13</sup> (Annex B, Table B.2). This shows that 2021/2022 prices are higher than 2008 by a ratio of 1.2807. When the percentage difference in deflators is calculated, this equates to a 28 per cent increase in inflation between 2008 and 2021/2022. In **Option 2**, this is applied to current fees to account for inflation between 2008 and 2021/2022.

<sup>12</sup> <https://www.gov.uk/government/collections/vehicles-statistics>

<sup>13</sup> GDP deflators at market prices, and money GDP. <https://www.gov.uk/government/collections/gdp-deflators-at-market-prices-and-money-gdp>



**Table 2: Total fees collected, between 2021/22 and 2025/26, £ million (PV), 2022.**

		<b>Total over 5 years, £m (PV)</b>	<b>Compared to Option 1</b>
<b>Option 1</b>	Low	211.3	0.0
	Central	264.1	0.0
	High	316.9	0.0
<b>Option 2</b>	Low	298.2	86.9
	Central	372.8	108.7
	High	447.4	130.4

Source: Home Office, 2022

## **COSTS**

### **Set-up costs**

33. Letters will likely be sent to the 43 police constabularies once the policy implementation has been confirmed to inform them of the fees increase. This is expected to cost around £50<sup>14</sup> based on assumptions around average postage costs. However, this cost is non-monetised and is not included in the NSPV.
34. There is also expected to be familiarisation costs associated with officers reading the letter and applying the appropriate changes to their websites and systems. Familiarisation costs were calculated by multiplying the average number of constables (80,093)<sup>15</sup> with the average hourly wage for constables (£25)<sup>16</sup> and the number of minutes needed for familiarisation (2)<sup>17</sup>. The number of minutes needed for familiarisation is calculated by applying an average word per minute reading speed to the estimated number of words that will be required to be read.
35. As can be seen in Table 3, it is broadly assumed due to a lack of data that between 50 and 100 per cent of constables will be required to familiarise themselves, with a central estimate of 75 per cent. Estimated number of words to be read lies in a range of 400 to 600, with a central estimate of 500 words. Reading speeds are estimated in a range of 240 to 800 words per minute (wpm), with a central estimate of 400<sup>18</sup>. The low scenario assumed only 50 per cent of constables will be required to familiarise themselves, and that the familiarisation cost per officer will be low with only 400 words required to be read at a speed of 800 words per minute. The high scenario assumes that 100 per cent of constables will be required to familiarise themselves, and that the familiarisation cost per officer will be high with 600 words required to be read at 240 words per minute and additional re-reading time.
36. When these low and high proportions are taken into account, along with a high to low range of word per minute reading speed and number of words required to be read, the familiarisation costs are estimated to lie in a range of **£0.03 million** and **£0.23 million**, with a central estimate of **£0.06 million** (2021/22 prices) in year 1 only This can be seen in Table 4. The familiarisation costs are only applied in the first year of appraisal to account for the initial adjustment constables will be required to make.

<sup>14</sup> [https://www.postofficeshop.co.uk/postage-stamps/second-class-stamps/?msclkid=a7def0dbed81d901c44322535632130&utm\\_source=bing&utm\\_medium=cpc&utm\\_campaign=Search\\_%23\\_Type\\_Postage\\_Stamps&utm\\_term=%2B2nd%20%2Bclass%20%2Bstamps&utm\\_content=Stamps\\_2ndClass](https://www.postofficeshop.co.uk/postage-stamps/second-class-stamps/?msclkid=a7def0dbed81d901c44322535632130&utm_source=bing&utm_medium=cpc&utm_campaign=Search_%23_Type_Postage_Stamps&utm_term=%2B2nd%20%2Bclass%20%2Bstamps&utm_content=Stamps_2ndClass)

<sup>15</sup> [Police workforce, England and Wales: 31 March 2021 second edition - GOV.UK \(www.gov.uk\)](#)

<sup>16</sup> Internal Home Office Analysis

<sup>17</sup> [Speed Reading Test Online \(readingsoft.com\)](#)

<sup>18</sup> [Speed Reading Test Online \(readingsoft.com\)](#)

**Table 3, Familiarisation reading speeds, (volume, wpm, minutes, hours) 2022.**

Scenario	Number Words	Speed (wpm)	Time (mins)	Comp	Re-read time (mins)	Allowance (mins)	Total time (mins)	Total time (hours)
<b>High</b>	600	240	2.5	0.6	1.00	1.00	5.00	0.08
<b>Central</b>	500	400	1.3	0.8	0.25	0.50	2.00	0.03
<b>Low</b>	400	800	0.5	0.85	0.00	0.00	1.00	0.02

Source: DBS data on number of words required to be read, readingsoft.com<sup>19</sup>

Note: Comp. = comprehension and wpm = words per minute.

**Table 4, Total Familiarisation Costs, £ million**

		Number of Constables		
		Low	Central	High
<b>Familiarisation Cost per Officer (millions)</b>	Low	0.03	0.04	0.06
	Central	0.04	0.06	0.08
	High	0.11	0.17	0.23

Source: Home Office own estimates, 2022.

Note: Low (400 words, 800 wpm), Central (500 words, 400 wpm) and High (600 words, 240 wpm).

### Ongoing and total costs

37. The new fee level in **Option 2** will result in a cost through the increased level of fees that individuals who have their vehicle recovered will be liable to pay. This cost is calculated as the forecast volumes multiplied by the new fees, minus the cost of **Option 1** (Do-nothing) as shown in Table 5. Table 6 shows the increased cost to individuals per year, and the present value (PV) of the costs for the five-year appraisal period for each option, relative to the baseline of **Option 1**.

**Table 5, Forecasted Volumes and Fees (£), 2021/22.**

Category	Volume of removals	Removal Fees Range (£)	Disposal Fees (£)	Storage Fees (£)	Total Cost £m 2021/22
Motorcycles	87,660	192 - 384	64	13	3.60
Vehicle <= 3.5 tonnes	997646	192 - 384	96	26	69.20
>3.5 tonnes <= 7.5 tonnes	5,142	256 - 1089	128	32	0.45
>7.5 tonnes and < 18 tonnes and unladen	1,521	448 - 3842	160	38	0.41
>7.5 tonnes and < 18 tonnes and laden	1,140	448 - 5763	160	38	0.31
Vehicle > 18 tonnes unladen	1,978	448 - 5763	192	45	0.75
Vehicle > 18 tonnes laden	4,293	448 - 7684	192	45	3.00
<b>Total</b>	<b>1,099,380</b>				<b>77.71</b>

Source: Home Office own estimates, 2022.

<sup>19</sup> Speed Reading Test Online. <http://www.readingsoft.com/>

**Table 6, Ongoing costs, 2021/22 to 2025/26, £ million (PV), 2022.**

	Central per year cost, £m	£m (PV) over 5 years		
		Low	Central	High
<b>Option 2</b>	23.3	86.9	108.7	130.4

Source: Home Office, 2022

### Total Costs

38. For **Option 2** calculated relative to the baseline of **Option 1**, the estimated total costs lie in a range of **£87.0 to £130.6 million (PV)**, with a central estimate of **£108.7 million (PV)** over five years. This equates to per year costs of **£18.6 to £27.9 million** in the low and high estimate, with a central estimate of **£23.3 million**, in 2021/22 prices.

### BENEFITS

39. The increase in fees in **Option 2** will generate a benefit to the police and vehicle operators that is equal to the ongoing cost to individuals. This is because the increased cost of fees for individuals is passed onto the police and recovery operators in the form of the increase in fees. Therefore, the only difference between the benefits and costs of Option 2 relative to Option 1 is the familiarisation cost faced by constables. Table 5 shows the benefit per year for Option 2 and a PV for the five years of the appraisal period.
40. These benefits will be split between the police and the vehicle recovery operators. Using data from vehicle recovery operators this split has been estimated to be 60 per cent to operators and 40 per cent to police. The exact split is currently unknown and a new solution was not obtained from the outcome of the targeted consultation. The Government have relied upon the data on the volume of vehicle seizures provided by the police. Therefore, the benefit split has been presented in a range of +/- 25 percentage points around the 60/40 percent central split assumption to show varying police/recovery operators split option possibilities. Table 7 shows the split of benefits between the police and recovery operators over 5 years in present values.

**Table 7 Benefit split, £ million (PV)**

		Benefit	
		Police	Recovery Operators
<b>Option 2</b>	Central Split – 60% recovery operators	43.0	65.6
	Low Split – 45% recovery operators	59.5	49.2
	High Split – 75% recovery operators	32.6	76.1

Source: Home Office, 2022

### Ongoing and total benefits

41. For **Option 2**, the estimated total benefits accruing to the police and vehicle recovery operators from the fee increase for **Option 2** lie in a range of **£86.9 to £130.4 million (PV)**, with a central estimate of **£108.7 million (PV)** over five years. The equates to per year benefits of £18.6 to £27.9million in the low and high estimate, with a central estimate of £23.3 million, in 2021/22 prices.

## Transfers

42. The estimated increase in costs reflect the increased costs in vehicle recovery and the increase in fees show that increased cost being passed to individuals. The increase in revenue and benefits to police and operators is simply an increased cost pass through to individuals. This is why (excluding the familiarisation costs faces by officers) the costs and benefits of **Option 2** are equal. Therefore, this is simply a transfer of money from one entity to another. It does not reflect a change in economic resources consumed, just an increase in price of these activities. This is termed a 'transfer' as set out in HM Treasury's Green Book 2020<sup>20</sup>, as the amounts net each other off and are not included in the Net Present Social Value (NPSV). This is why the NPSV is only presented as the familiarisation costs.

## NPSV, BNPV and net cost to business per year

43. **Option 2:** The Net Present Social Value (NPSV) is the total discounted benefit minus total discounted cost. The NPSV is estimated to lie in a range of **-£0.05 to -£0.08 million (PV)**, with a central estimate of **-£0.06 million (PV)** over five years. There is no significant cost to business because of the proposed fee increase and the net direct benefit to business per year <sup>21</sup> is **£14.1 million**. The Business Net Present Value (BNPV), the total benefits to business minus total costs to business lie in the range of **£54.3 million to £76.1 million**, with a central estimate of **£65.6 million**.

**Table 9, Summary of Costs, Benefits, NPSV, BNPV, EANDCB, 5 years (£ million PV) 2022.**

<b>Costs</b>	<b>Low</b>	<b>Central</b>	<b>High</b>
Set-up costs			
Familiarisation costs	0.03	0.06	0.23
Total set-up costs	0.03	0.06	0.23
Ongoing costs	86.9	108.7	130.4
<b>Total costs</b>	<b>87.0</b>	<b>108.7</b>	<b>130.6</b>
<b>Total benefits</b>	<b>86.9</b>	<b>108.7</b>	<b>130.4</b>
<b>NPSV</b>	<b>-0.05</b>	<b>-0.06</b>	<b>-0.08</b>
<b>BNPV</b>	<b>54.3</b>	<b>65.6</b>	<b>76.1</b>
<b>EANDCB</b>	<b>-11.2</b>	<b>-14.1</b>	<b>-16.9</b>

Source: Home Office Analysis and Insight, internal analysis, 2022.

## Value for Money (VfM) assessment

44. Overall, the costs of updating the vehicle recovery fees only exceed the benefits by a minimal amount, equal to the familiarisation cost. Therefore, as the costs and benefits are almost equal (with a benefit-cost ratio (BCR) of 0.999, rounded to 1.00) it is reasonable to conclude that these fee increase presents low value for money. This would be considered extremely low as there are no benefits exceeding the costs. However, as the alternative to **Option 2** is the recovery service failing to operate efficiently in the market, there is a strong argument that this intervention would be

<sup>20</sup> The Green Book: appraisal and evaluation in central government. <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government>

<sup>21</sup> This is defined as the 'Equivalent Annual Net Direct Cost to Business (EANDCB). Where a 'minus' sign is used, see page 1, this indicates that it is a benefit (as it is written in terms of cost). Here it is given as a 'net benefit to business' therefore is written as a positive figure.

valuable, when compared to the costs involved, resulting in some value for money. Additionally, it is the transfer nature between the costs and benefits faced by public and police/operators that results in the almost equal costs and benefits, and this should not take away from the monetary value that will be received.

45. This value for money will be easily measured, based on the level of fees that are applied (and paid for by the public) and the vehicles that are recovered by the police and recovery operators. It may not be possible to measure the familiarisation costs that exceed the benefits, however these are minimal. As this intervention requires the fee level to change and the number of vehicles recovered to remain somewhat consistent, it is also reasonable to conclude that the value for money expected is achievable and realistic.

## **F. Proportionality**

46. This level of analysis is appropriate as all assumptions have been considered reasonable and data from the best available evidence has been used to form the calculations. It is not necessary to conduct further analysis, as the costs and benefits from these fee increases are indistinguishable from each other and are simply calculated based on the volume of fees collected. The fees require amending to ensure operations remain viable, so it is not necessary to conduct further analysis.
47. Vehicle recovery charges were last reviewed in 2008 and since this time, inflation and other associated costs have increased. **Option 2** is presented to illustrate these impacts, as it will consider an inflationary increase that will provide charges that are fair to both those carrying out the vehicle recoveries and to those whose vehicles are being recovered.

## **G. Risks**

48. The number of vehicle recoveries have been assumed to increase each year in line with the average increase of licensed vehicles. It is possible that there is no link between the number of licensed vehicles and the number of vehicle recoveries. The best available data on the number of vehicle recoveries comes directly from the police's ELVIS system which accounts for the number of fee recoveries in 2019. This dataset could be considered limited, however, the 2019 data was compared to 2016 data, showing that in general the number of vehicle recoveries does not vary each year. Therefore, this risk is assumed to be low.
49. This IA currently estimates no ongoing cost to business. Some vehicle owners may be insured to the extent that the cost of vehicle recovery is covered, therefore insurance companies may see a small additional burden. It is expected that any additional cost observed by insurers will be offset by them moving the burden back upon the individuals insuring their vehicle in order to cover costs and maintain profits.
50. While the best available data was used to estimate familiarisation costs, there is still a considerable amount of uncertainty around the number of constables that are required to familiarise themselves and the level of familiarisation cost per officer (based on the reading time required). In reality, the familiarisation cost per officer will vary depending on the constable being familiarised.
51. The datasets used are mostly police data but the quality of external datasets cannot be assured to the same standard as published or internal data. Therefore, caution should be exercised when considering the results of the analysis. However, these external datasets are deemed to be high quality and some have been retrieved specifically for the appraisal exercise, making them particularly appropriate for the analysis. The risk level is therefore assessed to be low, and has been taken into account by applying a range to the total costs, benefits, and NPSV.

## H. Direct costs and benefits to business calculations

52. If **Option 2** is implemented, the increased costs incurred by recovery operators is 60 per cent of the cost of removing vehicles. To calculate the net cost to business, this needs to be compared to the costs incurred by recovery operators in **Option 1**. Although there is a possibility that the removal service would eventually fall out of the market completely in **Option 1**, meaning the costs of Option 1 would be zero, it is assumed that the initial costs incurred by recovery operators for **Option 1** are 60 per cent of the average annual cost. When the costs of **Option 2** are subtracted from this, this results of a net cost to business of **-£9.9 million**.
53. However, it is important to note that the costs incurred by recovery operators (and the police) are balanced by the increase in fees paid by the fee-payers which is a benefit to business.

## I. Wider impacts

54. A review of the charges will ensure that they are not punitive or an income generator for the police and considered at a level that makes vehicle removal operations viable (which fits with HM Treasury '*Managing Public Money*' guidance). This would ensure sustainability of operations for the police.
55. Insurance premiums to individuals and the costs of insurance administration to business are costs (except where motorists choose to avoid paying an excess or where the vehicle was seized for being driven without insurance). The Associate of British Insurers (ABI) have an interest in keeping the charges as low as possible. Whilst charging for the recovery of stolen vehicles is an emotive issue, there are precedents in other areas of crime, for example burglary, where the victim is required to pay an insurance excess.
56. In the case of stolen vehicles, it is possible in some instances that the increased fee may be borne by vehicle owners, though the degree to which this occurs is expected to be small. When a vehicle owner has their vehicle stolen and then recovered, they can either decide to pay the recovery fee themselves, pass the recovery fee onto their insurance provider, or choose not to have their vehicle returned to them.
57. Vehicle owners may choose to avoid paying an insurance excess by paying the recovery fee themselves when their vehicles are stolen. In this case, the increase in the recovery fee falls on the owners of the stolen vehicles, rather than businesses. Vehicles owners' decision on whether to pay the recovery fee themselves will predominantly be determined by the cost of an insurance excess relative to the vehicle recovery fee.
58. Alternatively, the recovery fee increase may induce some victims of vehicle theft to choose not to have their vehicle recovered. This impact is determined by the price elasticity of demand<sup>22</sup> for the vehicle recovery service: if demand for the vehicle recovery service is sensitive to an increase in the price of the service, then the proposed increase in the recovery fee may induce a relatively large decrease in the willingness of stolen cars to be recovered.
59. To quantify the potential impact on vehicle owners of the recovery fee increase, the following calculation is made, under the assumptions that a) businesses pass on the increase in recovery fee for stolen vehicles to vehicle owners through higher insurance premiums, b) vehicle owners who have their car stolen pass the recovery fee to their insurance provider and c) 100% of the recovery fees are passed on to insurance companies:

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<sup>22</sup> The price elasticity of demand (PED = % change in quantity demanded / % change in price) measures the responsiveness of demand after a change in a product's price. If a product has an elastic demand, then there will be a relatively large decrease in demand for that product following an increase in the price of the product.

60. There were 116,800 vehicles were stolen in England and Wales in the 12 months to June 2022<sup>23</sup>. An estimated 28 per cent of stolen vehicles are recovered and returned to their owners<sup>24</sup>. From these figures, it is calculated that 32,700 vehicles are stolen and recovered every year<sup>25</sup>, and multiplying this by the £40 increase in the vehicle recovery fee, the total annual cost of the increase in the recovery fee is £1,307,600<sup>26</sup>. There are 35,593,800 licensed vehicles in England and Wales<sup>27</sup>. It is assumed the total cost of the recovery fee increase is passed on to vehicle owners through higher insurance premiums. Therefore, the total annual cost of the recovery fee increase is divided by the number of licensed vehicle owners to estimate the cost to vehicle owners of the recovery fee increase. This calculation leads to an estimate of an increase in the insurance premium of **£0.04** for every vehicle owner.
61. The impact of electric vehicles did not form part of the targeted consultation but was highlighted in the responses. The Home Office will work with DfT, police and industry to collect evidence on the appropriate level of charging for electric vehicle in our next review of charges. This will allow the Government to undertake the necessary policy development and further engagement with stakeholders to address these issues with the aim of a further review of the statutory fees by 2025.

## **J. Trade Impact**

62. This policy has no impact upon trade.

## **K. Monitoring and evaluation plan**

63. Introducing the necessary legislation to amend the fees as early as May 2022 and no later than October 2022. Success will be measured by the police continuing to be able to contract vehicle recovery operators to provide a sustainable service to keep roads free from obstructions caused by abandoned, damaged or broken down vehicles.
64. The Home Office will have a formal review and stakeholder consultation of the statutory fees by 2025.

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<sup>23</sup> ONS: [Crime in England and Wales: Appendix tables - Office for National Statistics \(ons.gov.uk\)](#), rounded to the nearest 100.

<sup>24</sup> ONS: [Nature of crime: vehicle-related theft - Office for National Statistics \(ons.gov.uk\)](#).

<sup>25</sup> To the nearest 100 vehicles.

<sup>26</sup> To the nearest £100.

<sup>27</sup> DfT and DVLA: [Vehicle licensing statistics data tables - GOV.UK \(www.gov.uk\)](#), to the nearest 100 vehicles.

## **L. Annexes**

### **Annex A: List of stakeholders for targeted consultation, 2021.**

AAA Road Rescue  
All-Party Parliamentary Group (APPG)  
Auto Rescue 1990 Ltd  
Association of Vehicle Recovery Operators  
Boarhunt  
Bus & Coach Repairs Ltd  
Cowan Recovery Limited t/a CMG  
D&G Assist  
Department for Transport  
Fillongey Garage  
Furness Cars & Commercials Ltd  
Gravity Assist  
GRG Public Resources Ltd  
Grs Recovery  
National Highways  
LAR Traffic Services  
LJ Transportation  
Logistics UK  
Mendem Motors  
Midhurst Engineering & Motor Co. Ltd  
Norfolk Recovery Services  
National Police Chief Constable Vehicle Recovery Lead  
Puleston Recovery  
RAC  
Stoneywood  
The IVR Group  
TLC Garage Services & Recovery  
Wards of Burnley Ltd  
Welsh Government  
Weston Recovery Services



## Annex B: Tables of fees, Options 1 to 4, for each category of vehicle, UK, 2019

### Vehicle categories

- A:** Vehicle on road, upright and not substantially damaged (or two-wheeled vehicle regardless of position).
- B:** Vehicle on road not upright or substantially damaged.
- C:** Vehicle Off road, upright and not substantially damaged.
- D:** Vehicle off road, not upright or substantially damaged.

**Annex Table B.1: Option 1 - Current Fees, £**

Tonnes/ Category	<= 3.5	>3.5 <=7.5	>7.5 - <18 Unladen	>7.5 -<18 Laden	>18 Unladen	>18 Laden
<b>A – Removals, £</b>	150	200	350	350	350	350
<b>B – Removals, £</b>	250	650	2,000	3,000	3,000	4,500
<b>C – Removals, £</b>	200	400	1,000	1,500	1,500	2,000
<b>D – Removals, £</b>	300	850	3,000	4,500	4,500	6,000
Tonnes	<b>M/cycles</b>	<b>&lt;= 3.5</b>	<b>&gt;3.5&lt;=7.5</b>	<b>&gt;7.5 -&lt;18</b>	<b>&gt;18</b>	
<b>Disposals, £</b>	50	75	100	125	150	
Tonnes	<b>M/cycles</b>	<b>&lt;= 3.5</b>	<b>&gt;3.5 &lt;=7.5</b>	<b>&gt;7.5 &lt;18</b>	<b>&gt;18</b>	
<b>Storage, £</b>	10	20	25	30	35	

Source: Home Office, 2021.

Note: M/cycle = motorcycle

**Annex Table B.2: Option 2 - Fees adjusted for inflation since 2008, £.**

Tonnes/ Category	<= 3.5	>3.5 <=7.5	>7.5 - <18 Unladen	>7.5 -<18 Laden	>18 Unladen	>18 Laden
<b>A – Removals, £</b>	192	256	448	448	448	448
<b>B – Removals, £</b>	320	832	2,561	3,842	3,842	5,763
<b>C – Removals, £</b>	256	512	1,281	1,921	1,921	2,561
<b>D – Removals, £</b>	384	1,089	3,842	5,763	5,763	7,684
Tonnes	<b>M/cycles</b>	<b>&lt;= 3.5</b>	<b>&gt;3.5&lt;=7.5</b>	<b>&gt;7.5 -&lt;18</b>	<b>&gt;18</b>	
<b>Disposals, £</b>	64	96	128	160	192	
Tonnes	<b>M/cycles</b>	<b>&lt;= 3.5</b>	<b>&gt;3.5 &lt;=7.5</b>	<b>&gt;7.5 &lt;18</b>	<b>&gt;18</b>	
<b>Storage, £</b>	13	26	32	38	45	

Source: Home Office, 2021

Note: M/cycle = motorcycle

## Impact Assessment Checklist

<b>Mandatory specific impact test - Statutory Equalities Duties</b>	<b>Complete</b>
<p><b>Statutory Equalities Duties</b></p> <p>The public sector equality duty requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations in the course of developing policies and delivering services. <a href="#">[Equality Duty Toolkit]</a></p> <p>This policy demonstrates compliance, where relevant, with Section 149 of the Equality Act 2010 and that due regard has been made to the need to: eliminate unlawful discrimination; advance equality of opportunity; and foster good relations.</p> <p><b>The SRO has agreed these summary findings from the Equality Impact Assessment.</b></p>	<b>Yes</b>

## Economic Impact Tests

Does your policy option/proposal consider...?	<b>Complete</b>
<p><b>Business Impact Target</b></p> <p>The Small Business, Enterprise and Employment Act 2015 (<a href="#">s. 21-23</a>) creates a requirement to assess the economic impacts of qualifying regulatory provisions on the activities of business and civil society organisations. <a href="#">[Better Regulation Framework Manual]</a></p> <p>This policy has a net benefit to business with vehicle recovery operators receiving higher fees for their services. There may be slight impact upon insurers.</p>	<b>No</b>

<p><b>Small and Micro-business Assessment (SaMBA)</b></p> <p>The SaMBA is a Better Regulation requirement intended to ensure that all new regulatory proposals are designed and implemented so as to mitigate disproportionate burdens. The SaMBA must be applied to all domestic measures that regulate business and civil society organisations, unless they qualify for the fast track. <a href="#">[Better Regulation Framework Manual]</a> or [Check with the Home Office Better Regulation Unit]</p> <p>Vehicle recovery operators are mainly small and medium-sized businesses. The responses to the vehicle recovery consultation showed an overwhelming support for an increase in the charges with the majority of respondents (83%) advising that it was financially unsustainable for recovery operators to continue to provide a viable recovery service with the current level of fees as there has been 11 years of inflation. The responses were from the vehicle recovery operators, and police and agencies, who work with the vehicle recovery operations who understand the impact that the fees will have on vehicle recovery operators.</p> <p>The NPCC vehicle recovery leads (senior police officers) have set out in detail the challenges faced by operators and policing due to the statutory fees not being raised since 2008. The Home Office engages frequently with NPCC leads and the vehicle recovery industry has demonstrated how the proposed</p>	<b>Yes</b>
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raise in statutory fees will have a positive impact on vehicle recovery operators.

Vehicles are often accident-damaged, do not free wheel, are difficult to access, have restrictions due to forensic requirements and must be removed and stored with the highest standards of professionalism. A proportion of charges for vehicles removed on police instruction goes unpaid. Unclaimed vehicles can be disposed of and as much of the proceeds retained as cover the charges that should have been paid. These type of seizures were not prevalent at the time of the last review in 2008.

There will be no additional burden upon small and micro-businesses, only a benefit for smaller vehicle recovery operators. The cost of vehicle removal operations is not expected to fall to the public purse as vehicle recovery costs are impacted by statutory limitations as well as outside market forces which has impacts on both cost issues (removal, storage, etc.) as well as cost recovery (auction / scrap values, recovery storage fees, etc.).