

Annex A SUMMARY: INTERVENTION & OPTIONS

Department for Transport	Draft Impact Assessment of the Amendments to the Speed Limiter Regulations (36a & 36b) of the Road Vehicles (Construction and Use) Regulations 1986
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Stage : Consultation	Version 1	Related Publications
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Available to view or download at: www.dft.gov.uk

Contact name for enquiries: Jonathan Drea

Telephone number: 020 7944 6575

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

An amendment to the Road Vehicles (Construction & Use) Regulations 1986 dealing with requirements for speed limiters is needed. The amendment is to remove a time-expired 'savings-provision' in the Regulations affecting goods vehicles registered between October 2001 and December 2004. (The savings provision was originally necessary to preserve the benefit of existing GB legislation whilst transitional provisions implementing EU legislation – which affected the same group of vehicles – was taking effect).

What are the policy objectives and the intended effects?

Speed limiters are required by European legislation. The intended effect of the amendment to the Regulations is to bring GB legislation fully in line with European Directive 2002/85/EC.

What policy options have been considered? Please justify any preferred option.

There are two options – either amend the Regulations or do nothing. The preferred option is to amend the Regulations. There would be legal implications if the amendment to the Regulations were not made. Unless this action is taken, infraction proceedings could be taken against the Department. We could also face potential actions in damages brought by any vehicle operator who claimed to have suffered a loss as a result of our failure to implement the amending Directive correctly.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects? One year after implementation.

Ministerial Sign-off For consultation 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:

Date:

SUMMARY: ANALYSIS & EVIDENCE

Policy Option Description						
<p>ANNUAL COSTS</p> <p>One off Yrs (Transition) £462,000 1</p> <p>Average Annual Cost (excluding one-off)</p> <p style="text-align: center;">£none</p>	<p>The cost of adjusting the setting of a speed limiter for the vehicles affected by the removal of the 'savings provision' varies from approximately £35-£125 (average £80). 5,777 HGV fall into the class and age of vehicle that require recalibration. Therefore the likely cost to GB operators is approximately £462,000</p>					
		Total Cost (PV)	£462,000			
<p>Other key non-monetised costs by 'main affected groups'</p> <p>There is potentially the cost of travelling to the garage for this adjustment to be made. However, with adequate advance notice of the change this cost could be lost if the adjustment were made during a routine service schedule.</p>						
<p>ANNUAL BENEFITS</p> <p>One off Yrs £none </p> <p>Average Annual Benefit (excluding one-off)</p> <p style="text-align: center;">£104,110</p>	<p>The annual benefit has been calculated by making the assumption that the adjustment in speed limiters will prevent one slight injury accident a year. If we made the assumption that one serious injury accident would be prevented the PV figure would be £1,571,505</p>					
		Total Benefit (PV)	£865,841			
<p>Other key non-monetised benefits by 'main affected groups'</p> <p>Potential benefits include a 'level playing field' for all vehicle operators Potential emissions benefits and fuel savings due to slight running speed reduction Potential congestion savings due to accidents avoided</p>						
<p>Key Assumption/Sensitivities/Risks: If we do not comply with EC Directive 2002/85/EC we risk infraction proceedings. We also risk court proceedings from organisations that feel they have suffered loss due to our incorrect implementation</p>						
Price Base Year 2007	Time Period Years 10	Net Benefit Range (NPV) £ (301,823) - £ 1,109,505	NET BENEFIT (NPV Best estimate) £ 403,841			
What is the geographic coverage of the policy/option?			Great Britain			
On what date will the policy be implemented?			January 2008			
Which organisation(s) will enforce the policy?			DfT/VOSA			
What is the total annual cost of enforcement for these organisations?			£nil			
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?			£none			
What is the value of changes in greenhouse gas emissions?			Negligible			
Will the proposal have a significant impact on competition?			No			
Annual cost (£-£) per organisation (excluding one-off)			Micro	Small	Med	Large
Are any of these organisations exempt?			No	No	N/A	N/A
<p>Impact on Admin Burdens Baseline (2005 Prices)</p> <p>Increase of £- £- £none</p>						
			Key: Annual Cost: Constant Prices	(Net) Present Value		

Evidence Base for Summary Sheets

Please see the consultation document to which this is annexed for a detailed explanation of the proposals to amend the Road Vehicles (Construction and Use) Regulations, why they need to be amended and how we propose to make the change.

A summary of the costs, benefits and risks are as follows:

Costs

These are based on the cost to the vehicle owner of adjusting the setting of a speed limiter. The normal charge for this activity is one hour's labour. Labour rates vary by companies and areas of the country. The lowest cost is £35 and the highest is £125. Therefore we have taken £80 as an average.

This is a 'one-off' cost, and can probably generally be carried out during the routine servicing schedule for vehicles. Therefore there will generally be no cost to the vehicle owner in terms of personal time lost.

Benefits

The annual benefit has been calculated by making the assumption that the adjustment in speed limiters will prevent one slight injury accident a year.

The value of accidents and injuries can be established by reference to the Department's standard method of the valuation of the benefits of prevention of road accidents and casualties given in the Department's Highways Economics Note No. 1 'The Total Value of Prevention of Road Accidents in Great Britain 2005' (accessible at the DfT website:

<http://www.dft.gov.uk/pgr/roadsafety/ea/archive/highwayseconomicsnoteno11996>). The values, which are full costs to society, are given in the following table:

Incident Type	Value in £
Fatal	1,645,110
Serious	188,960
Slight	19,260
Damage-only	1,713

We have made a conservative assumption. As the table above indicates, the value of avoiding a serious incident is much greater. If we used the assumption that the adjustment to speed limiters would prevent one serious injury accident a year the figure would be much higher. This is highlighted in the table below.

Injury Type	Slight	Serious
Average Annual Benefit	£19,260	£188,960
Present Value Benefit	£160,177	£1,571,505

It is likely that the actual present value benefit would be somewhere between the two figures.

Risks

The amendment to remove the savings-provision is necessary to ensure that the Road Vehicles (Construction and Use) Regulations 1986 reflect the requirements of European legislation (under Directive 2002/85/EC). The Directive came into full effect for the relevant class of vehicles on 1 January 2007. By not removing the savings provision we risk infraction proceedings. However, the likelihood of infraction proceedings being initiated is quite low. This is due to the fact that Directive 2002/85/EC has been largely implemented.

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	Results in Evidence Base? (Y/N)	Results annexed? (Y/N)
Competition Assessment	N	N
Small Firms Impact Test	N	N
Legal Aid	N	N
Sustainable Development	N	N
Carbon Assessment	N	N
Other Environment	N	N
Health	N	N
Race Equality	Y	Y
Disability Equality	Y	Y
Gender Equality	Y	Y
Human Rights	N	N
Rural Proofing	N	N

Annexes

Specific Impact Tests

Race Equality, Disability Equality, Gender Equality

We have considered whether the potential changes are likely to have any impact on race, disability or gender equality. We consider that there will be no such impacts.