

 Regulatory Policy Committee	OPINION	
Impact Assessment (IA)	European Commission's Regulation on bus and coach passenger rights	
Lead Department/Agency	Department for Transport	
Stage	Final	
Origin	European	
IA number	DfT00131	
Date submitted to RPC	19/04/2013	
RPC Opinion date and reference	25/04/2013	RPC13-DFT-1163(3)
One-in, Two-out (OITO) Assessment	GREEN	

Overall comments on the robustness of the OITO assessment.

The IA says that the proposal is outside the scope of One-in, Two-out (OITO) because the preferred option “*makes full use of all available derogations (exemptions) which will reduce costs to business*”. As the proposal is European in origin and takes up all available derogations it is out of scope of OITO in accordance with the Better Regulation Framework Manual (paragraph 2.9.8. ii.). Also, because the proposal implements the available derogations in a manner which minimises the costs to business, the IA scores an equivalent annual net cost to business (EANCB) of zero for OITO purposes. Based on the evidence provided, this seems reasonable.

Overall quality of the analysis and evidence presented in the IA

Benefits to business. The IA appears to over-estimate the benefits to business of this proposal. For example, there are a number of instances where a benefit to business is claimed, despite the IA saying that “*any disadvantage to passengers will be mitigated by the requirements of existing domestic contract and equality law and by the fact that most major long-distance operators already provide a similar quality of service to that required by the EU Regulation*” (page 11). In particular, this is relevant for the benefits associated with exempting requirements for reimbursement (page 15), compensation (page 20), provision of information (page 20) and provision of refreshments (page 21) appear to have been overstated. Prior to publication the IA should be revised appropriately to provide a more robust estimate of the likely impact.

The IA should assess more accurately impacts where the exemptions delay implementation of requirements, rather than remove requirements altogether. For example, the initial training costs set out on pages 19 and 20 are treated as if they are avoided entirely rather than being delayed. This results in an over-estimate of the benefits of this exemption, which are simply the avoided opportunity cost of meeting these costs earlier.

Number of businesses and passengers affected. The IA says that the number of bus and coach terminals affected by the proposal “*could range from 10 to 20 terminals*”, although the number that “*meet the definition of ‘terminal’ under the EU*

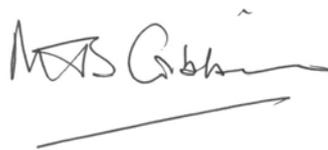
Regulation still have to be fully explored” (page 19). It is therefore unclear why it is assumed there are 40 terminals in the ‘high’ scenario, 10 in the ‘low’ scenario, and 20 is considered the best estimate. It is also somewhat surprising that, at the final stages of policy development, the Department has not fully explored how many businesses will be affected by the proposal.

In addition, the IA appears to over-estimate the number of passengers or journeys affected by the proposal. The IA says that of the 4.7m passengers travelling on these services, it is estimated that 34 per cent would have been made by concessionary pass holders. However, the IA also explains that this estimate is likely to be an overestimate because *“passes will be issued predominantly to people over 60 rather than disabled people and a large number of people over 60 will not class themselves as having reduced mobility”* (page 10). The IA should explore whether it is possible to develop a more reasonable estimate of the number of passengers likely to be affected.

Costs to disabled passengers. The IA does not monetise the impacts on disabled passengers. As the main group to be adversely affected by the proposal, the Committee believe more should have been done to quantify these impacts. Whilst this would not affect the EANCB of the proposal, it could have a significant impact on the net present value (NPV) and as such could have formed an important part of the decision making process. In the absence of quantitative analysis, the IA should include a clearer and more systematic qualitative analysis of these impacts.

Impact of consultation. It is not clear why responses to the consultation have not been used to inform the final IA. For example, the exemption for drivers from the mandatory disability awareness training was objected to by 196 responses out of the 208 received. It is unclear why these concerns have not been reflected in the analysis. They suggest that there may be costs or benefits which are not accounted for in the current IA.

Signed

A handwritten signature in black ink, appearing to read 'Michael Gibbons', with a long horizontal line underneath it.

Michael Gibbons, Chairman