

## **Proposal to authorise motor sport events on public roads**

### **Department for Transport**

**RPC rating: validated**

The impact assessment (IA) is now fit for purpose as a result of the Department's response to the RPC's initial review. As first submitted, the IA was not fit for purpose

#### **Description of proposal**

Currently the Road Traffic Act 1988 prohibits racing and trials of speed by motor vehicles on the public roads. Through provisions in the Deregulation Act 2015 the Road Traffic Act has been amended to allow local authorities to authorise, jointly with motor racing bodies, motor races on the public roads. In doing so the regulations will make it easier for organisers to arrange local road events, providing benefits both to the organisers and to the areas where events take place. In the absence of these provisions, a Private Bill would be required in order to arrange an event, which would impose a disproportionate administrative burden.

#### **Impacts of proposal**

The IA provides details of a number of events that are currently held in the British Isles to provide an indication of the number of days where public roads would be closed in order to hold the events. The Department expects that such road closures would cause delays and disruption to the surrounding area and has sought through consultation estimates of the impact on business from the closures.

The Department has provided a series of tables (page 15), covering very large, large and very small events, to represent upper estimates of delays to the typical journey using departmental and motor sport data sources. The Department further points out that the impact of these delays on business will be mitigated by the number of events that would take place at weekends when business traffic would be lighter. The Department has provided research, supported by its own transport analysis guidance (webTAG) to estimate the average values for the typical vehicle journey at weekends (page 16). Overall, combining data from these tables, the Department estimates a total cost as a result of lost productive time of £151,098 of which £58,146 would be borne by business.

These costs should be offset by the benefits of the races to the motorsports industry and to local areas; the Department argues that events will be held only where these benefits exceed the costs of organising races and of delays, as otherwise local

authorities and organisers will be deterred from holding events. At consultation stage, the RPC required the Department to develop its evidence base in support of these benefits and to draw on the views of the motor sports industry in order to monetise them. However, the responses to the consultation described the benefits such events would bring to businesses in the immediate area and to the race organisers in qualitative terms, without providing any further evidence in support of a more detailed monetisation of these benefits.

## Quality of submission

The Department has revised the impact assessment in response to issues raised by the RPC's initial review, which identified the following points:

1. The IA must provide a more detailed analysis of the benefits to the motor sports industry and, at the very least, provide more evidence to support the belief that the benefits outweigh the costs of potential road closures.
2. The costs of road closures appear to be low and not well evidenced. The Department must provide further explanation to support the assumptions made.
3. the IA must clearly set out the net impacts on business, balancing the benefits to the motor sports industry against the costs to business of traffic disruption to arrive at the best estimate of the EANDCB.

The Department has sought more evidence from the motor sports industry, to address these issues, but has been unable to develop monetised estimates of the benefits to the industry of organising additional races. In the absence of any such estimates, the Department has provided some analysis and a supporting narrative which is sufficient to allow validation given the size of the measure. This includes further discussion of the costs of congestion from road closures and an assessment of the expected benefits to the holders of events and the surrounding small businesses from visitors to the area. It also discusses the issue of additionality (the degree to which there is an actual increase in overall benefit rather than a transfer from one area or industry to another) in assessing benefits, but does not come to an evidence-based conclusion, instead opting for a conservative assumption that benefits to the motor sports industry and the local economy from additional visitors are not additional.

Given the time that has elapsed since the original assessment of impact at primary stage (in 2014); it is especially disappointing that the Department has not been able to improve the evidence in support of its assessments of impact. In particular, it is

disappointing that it has not been able to engage more effectively with either the motor sports industry or road users to improve its estimates of the key costs and benefits. The resulting EANDCB therefore remains as originally submitted.

The Committee welcomes the inclusion of a clear and proportionate discussion of wider impacts such as noise, risks to the public, and pollution as well as benefits to those who attend races.

In the absence of quantitative evidence on the direct benefits to the motor sports industry, the RPC verifies the estimated equivalent annual net direct cost to business (EANDCB) of £0.1 million as a result of road closures. This is a qualifying regulatory provision that will score under the business impact target.

However, the RPC notes that the overall quality of the analysis could have been improved if the discussion of additionality had come to a more evidence-based conclusion about the direct impacts on the motor sports business rather than making the conservative assumption that all impacts represent displacement from elsewhere in the national economy. As the Department recognises, the results are highly sensitive to this assumption; its removal would result in significantly larger benefits and potentially a positive NPV.

### Departmental assessment

Classification	Qualifying regulatory provision (IN)
Equivalent annual net cost to business (EANCB)	£0.1 million
Business net present value	-£0.5 million
Societal net present value	-£3.02 million

### RPC assessment

Classification	Qualifying regulatory provision (IN)
EANCB – RPC validated <sup>1</sup>	£0.1 million
Business Impact Target (BIT) Score <sup>1</sup>	£0.5 million

<sup>1</sup> For reporting purposes, the RPC validates EANDCB and BIT score figures to the nearest £100,000.

Opinion: Validation IA  
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**Michael Gibbons CBE, Chairman**