

Title: Impact Assessment of the European Commission's Regulation on bus and coach passenger rights IA No: DfT00131 Lead department or agency: Department for Transport Other departments or agencies: N/A	Impact Assessment (IA)		
	Date: 19/04/13		
	Stage: Final		
	Source of intervention: EU		
	Type of measure: Secondary legislation		
Contact for enquiries: Ben Jones 020 7944 4731			
Summary: Intervention and Options		RPC Opinion: RPC Opinion Status	

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, Two-Out? Measure qualifies as
-£1.1m	£0m	£0m	No N/A

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

The EU Regulation on bus and coach passenger rights will apply from 1 March 2013. The EU Regulation is directly applicable but domestic legislation is necessary to put in place enforcement provisions and, if desired, to make use of the various exemptions available to Member States to delay the implementation of some of the provisions. We believe intervention is necessary to reduce the burden on industry and to ensure they have sufficient time to meet the requirements of the EU Regulation.

What are the policy objectives and the intended effects?

In implementing European legislation, the Government's aim is to ensure that UK businesses are not put at a competitive disadvantage compared with their European counterparts and so it is Government policy to make full use of any derogation which would reduce costs to business. It is proposed that the domestic legislation will take advantage of the two time limited exemptions which enable Member States to exempt domestic services from certain requirements of the EU Regulation. This will ensure that the UK meets its EU obligations whilst delaying the costs to industry and giving them more time to prepare.

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

Policy option 1 – sets out the costs and benefits of applying the EU Regulation in full (including enforcement measures) with no use of the possible exemptions.

Policy option 2 – assumes that the four year exemption for domestic services from the non-core provisions is used in full as well as the 5 year exemption from the disability awareness training requirement for drivers.

Policy option 3 – assumes that only some of the exemptions are applied. It does not represent an actual set of exemptions but is based on the average costs and benefits of applying the available exemptions.

The options are appraised against a 'Do Nothing' option where the EU Regulation applies in full from March 2013 (without enforcement measures). The figures represent the monetised costs and benefits of applying the exemptions. Option 2 is the preferred option because it has the lowest financial burden on the industry.

Will the policy be reviewed? It will be reviewed. If applicable, set review date: 03/2017					
Does implementation go beyond minimum EU requirements?			No		
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: Zero		Non-traded: Zero

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: _____ **Norman Baker** _____ Date: 24/07/2013

Summary: Analysis & Evidence

Policy Option 1

Description: Costs of Enforcement with No Exemptions applied

FULL ECONOMIC ASSESSMENT

Price Base Year 2011	PV Base Year 2011	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: -£10.0m	High: -£6.0m	Best Estimate: -£8.0m

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	N/A	£0.8m	£6.0m
High	N/A	£1.3m	£10.0m
Best Estimate	N/A	£1.0m	£8.0m

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

The monetised costs represent the cost to Government of operating a national enforcement body.

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

Creation of an enforcement body may also create additional costs to industry relating to the need for them to demonstrate compliance with the EU Regulation.

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

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

There are no monetised benefits associated with the creation of the national enforcement body.

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

In the 'Do Nothing' scenario, the EU Regulation is already in force so bus and coach passengers will benefit from the rights included in the EU Regulation. The creation of a national enforcement body may help to reinforce these rights so benefits to passengers may be greater.

Key assumptions/sensitivities/risks

Discount rate (%) 3.5%

The 'Do Nothing' option assumes the EU Regulation applies in full (without enforcement measures) with the annual cost to business estimated to be £1.7m-£4.7m. It is assumed the annual cost of the enforcement body of £0.75m to £1.25m falls to Government. The cost is considered to be small relative to total industry costs so it is assumed there is no reduction in the number of services run. If costs were passed on to passengers through higher fares, the increase is assumed to be small so would have a negligible impact on demand. Most operators are assumed to already provide passengers with a similar quality of service required by the EU Regulation so it is assumed the EU Regulation itself has a negligible impact on demand.

BUSINESS ASSESSMENT (Option 1)

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

Summary: Analysis and Evidence

Policy Option 2

Description: Exemptions applied in full

Price Base Year 2011	PV Base Year 2011	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: -£6.6m	High: £6.8m	Best Estimate: -£1.1m

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	N/A	£0.9m	£6.9m
High	N/A	£1.4m	£11.7m
Best Estimate	N/A	£1.1m	£9.3m

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

The monetised costs represent the costs to Government of operating a national enforcement body (annual cost of £0.75m to £1.25m) and the costs to passengers not benefiting from some of the specific rights included in the EU Regulation during periods of exemption. The monetised costs to passengers reflect reduced rights in the case of delay or cancellation.

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

Exemptions are also applied to a number of articles regarding staff disability awareness and assistance training and the right to assistance at terminals. There are likely to be costs to disabled passengers who would have received a better quality of service in the 'Do Nothing'. These costs have not been monetised due to a lack of evidence on the value passengers would attach to improved quality of service.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	N/A	£0.6m	£5.2m
High	N/A	£1.5m	£13.7m
Best Estimate	N/A	£0.9m	£8.2m

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

The monetised benefits will accrue to bus and coach operators and terminal managing bodies who will benefit from reduced costs during the period of the exemptions applied. The cost savings to operators with regards to hiring additional personnel are slightly underestimated here as only the cost of labour has been considered as apposed to the full cost to the employer of hiring staff.

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

There are potential further cost savings to business from some exemptions for which the impact has not been monetised. However, any such benefits are expected to be small.

Key assumptions/sensitivities/risks

Discount rate (%) 3.5%

The 'Do Nothing' option assumes the EU Regulation applies in full (without enforcement measures) with the annual cost to business estimated to be £1.7m-£4.7m. It is assumed the annual cost of the enforcement body of £0.75m to £1.25m falls to Government. The cost is considered to be small relative to total industry costs so it is assumed there is no reduction in the number of services run. If costs were passed on to passengers through higher fares, the increase is assumed to be small so would have a negligible impact on demand. Most operators are assumed to already provide passengers with a similar quality of service required by the EU Regulation so it is assumed the EU Regulation itself has a negligible impact on demand.

Direct impact on business (Equivalent Annual) £m):			In scope of OITO?	Measure qualifies as
Costs: £0m	Benefits: £0.0m	Net: £0m	No	N/A

Summary: Analysis & Evidence

Policy Option 3

Description: Limited Exemptions applied

FULL ECONOMIC ASSESSMENT

Price Base Year 2011	PV Base Year 2011	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: -£8.5m	High: £0.3m	Best Estimate: -£4.8m

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	N/A	£0.8m	£6.5m
High	N/A	£1.3m	£10.9m
Best Estimate	N/A	£1.1m	£8.7m

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

The monetised costs represent the costs to Government of operating a national enforcement body (annual cost of £0.75m to £1.25m) and the costs to passengers not benefiting from some of the rights included in the EU Regulation during periods of exemption. The monetised costs to passengers reflect reduced rights in the case of delay or cancellation.

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

Exemptions are also applied to a number of articles regarding staff disability awareness and assistance training and the right to assistance at terminals. There are likely to be costs to disabled passengers who would have received a better quality of service in the 'Do Nothing'. These costs have not been monetised due to a lack of evidence on the value passengers would attach to improved quality of service.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	N/A	£0.3m	£2.4m
High	N/A	£0.7m	£6.8m
Best Estimate	N/A	£0.4m	£3.9m

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

The monetised benefits will accrue to coach operators and terminal managing bodies who will benefit from reduced costs during the period of the exemptions applied.

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

There are potential further cost savings to business from some exemptions for which the impact has not been monetised. However, any such benefits are expected to be small.

Key assumptions/sensitivities/risks	Discount rate (%)	3.5%
<p>The 'Do Nothing' option assumes the EU Regulation applies in full (without enforcement measures) with the annual cost to business estimated to be £1.7m-£4.7m. It is assumed the annual cost of the enforcement body of £0.75m to £1.25m falls to Government. The cost is considered to be small relative to total industry costs so it is assumed there is no reduction in the number of services run. If costs were passed on to passengers through higher fares, the increase is assumed to be small so would have a negligible impact on demand. Most operators are assumed to already provide passengers with a similar quality of service required by the EU Regulation so it is assumed the EU Regulation itself has a negligible impact on demand.</p>		

BUSINESS ASSESSMENT (Option 3)

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

Evidence Base (for summary sheets)

Introduction

EU Regulation 181/2011 on bus and coach passenger rights was published in the Official Journal of the European Union on 28 February 2011 and will apply from 1 March 2013. The intention behind the EU Regulation is to establish rights for bus and coach passengers, including disabled people and people with reduced mobility, that are consistent across the EU and between modes of transport.

Whilst the EU Regulation will be directly applicable, it provides Member States with the ability to make use of a number of time-limited exemptions in respect of domestic services and services with one or more stops outside of the EU and to permanently disapply certain aspects of the EU Regulation relating to disabled people and people with reduced mobility if equivalent rights are provided under domestic legislation. Member States are also required to put in place enforcement measures. Both of these requirements need to be set out in domestic legislation.

In accordance with BIS guidance, no directly applicable EU Regulation would be considered to be within the scope of the Government's One-In, Two Out (OITO) rule on new UK legislation, unless: (i) in applying an EU Regulation, a Department goes beyond the EU Regulation's minimum requirements which results in increased costs to business. This is also known as gold-plating or (ii) where a department applies an EU regulation and fails to take available derogations, leading to increased costs to business. Therefore, the preferred option of this Impact Assessment would ensure that any domestic regulations required to apply this EU Regulation would fall outside the scope of OITO. There is no evidence to suggest that the preferred option (or any other option) would have any impact on greenhouse gas emissions or CO2 levels as bus services would continue to operate as they do now.

In implementing European legislation, the Government's aim is to ensure that UK businesses are not put at a competitive disadvantage compared with their European counterparts and so it is Government policy to make full use of any derogation which would reduce costs to business. It is also Government policy that domestic regulation should not impose obligations on small and medium sized enterprises (SMEs) unless a robust and compelling case has been made for including SMEs within the scope of the regulation. Whilst the micro business moratorium does not apply to European legislation, the exemptions provide an opportunity to help deliver this policy.

This IA looks at the costs and benefits of making use of the exemptions for domestic services. It does not look at the costs and benefits of the mandatory requirements of the EU Regulation, except the enforcement measures, as these are directly applicable and cannot be exempted.

Background

The European Commission published their proposal for a Regulation on bus and coach passenger rights in December 2008¹. The proposal was brought forward to meet the European Commission's objective of establishing passenger rights in all modes of transport, as set out in their White Paper "European transport policy for 2010: time to decide"². European legislation already covers air and rail passengers' rights, and a separate proposal was also published in relation to the rights of passengers when travelling by sea and inland waterway.

The equivalent EU rail passenger rights Regulation (1371/2007) came into force in December 2009. The Regulation particularly focuses on the areas of information and ticketing provision,

¹ <http://ec.europa.eu/transport/themes/passengers/road/>

² http://ec.europa.eu/transport/themes/strategies/doc/2001_white_paper/lb_com_2001_0370_en.pdf

rights in case of injury and damage to luggage, compensation and assistance for delays, and rights for persons of reduced mobility and enforcement of those rights. The previous Government decided to make use of the 5 year exemption for domestic rail passenger services in Great Britain. This exemption is set out in the Rail Passengers' Rights and Obligations (Exemptions) Regulations 2009.

EU Regulation No. 181/2011 concerning the rights of passengers in bus and coach transport

The EU bus and coach passenger rights Regulation includes provisions on:

- non-discriminatory ticket prices and conditions;
- compensation and assistance in the event of accidents;
- rights of disabled people and people with reduced mobility;
- passenger rights in the event of cancellation or delay;
- information for passengers and handling of complaints; and
- enforcement and national enforcement bodies.

The full provisions of the EU Regulation will apply to regular domestic and international passenger services 250km (155 miles) or longer. However, Member States have the ability to make use of a number of exemptions (see below). A limited number of provisions will also apply to regular services shorter than 250km, with the exception of disability awareness training for drivers these are mandatory and cannot be exempted. A very limited number of provisions also apply to occasional services (private hire and tour operators) and these cannot be exempted.

The EU Regulation itself can be found at:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2011:055:0001:0012:EN:PDF>.

The EU Regulation allows Member States to make use of the following exemptions:

- with the exception of the articles set out below, Member States may on a transparent and non-discriminatory basis, exempt domestic regular services from the application of the Regulation for 4 years, which may be renewed once (article 2(4));
- for a maximum period of four years from 1 March 2013, Member States may, on a transparent and non-discriminatory basis, exempt from the application of the Regulation particular regular services because a significant part of such regular services, including at least one scheduled stop, is operated outside of the EU. Such exemptions may be renewed once (article 2(5));
- with the exception of the articles set out below, Member States may exempt domestic regular services from the application of all or some of the provisions of the chapter on disabled persons and persons with reduced mobility, provided that they ensure that the level of protection of disabled persons and person with reduced mobility under their national rules is at least the same as under the Regulation (article 18); and
- a Member State may for a maximum of five years from 1 March 2013 grant an exemption to drivers from the requirement for disability awareness training for personnel of carriers and terminal managing bodies (article 16(2)).

A summary of the mandatory provisions which cannot be exempted is provided below:

- a. non-discrimination against passengers on the grounds of nationality in terms of the ticket prices and conditions offered (article 4(2));

- b. no discrimination on the grounds of disability or reduced mobility with regard to booking a journey or boarding a vehicle (unless safety requirements or vehicle design make access impossible) – articles 9 and 10(1));
- c. disability awareness training for personnel of carriers and terminal managing bodies who deal directly with the travelling public, although drivers can be exempted for up to 5 years (article 16(1)(b) and (2));
- d. compensation in respect of damage caused to wheelchairs and other mobility equipment (article 17(1) and (2));
- e. right to travel information throughout the journey (article 24);
- f. provision of information on passenger rights under the regulation at designated terminals and where applicable on the internet (article 25);
- g. carriers to have a complaints handling mechanism (article 26);
- h. ability for passengers to make a complaint and the timescales attached to the submission of complaints (article 27); and
- i. the requirement for a national enforcement body (article 28).

A short summary of the articles that apply to long-distance services and can be exempted is provided below:

- passengers would be entitled to compensation in the event of an accident in accordance with national law, but if it is capped minimum limits apply (article 7);
- carriers will be required to provide reasonable and proportionate assistance with regard to passengers' immediate practical needs following an accident (article 8);
- if a disabled person or person with reduced mobility holds a reservation or has a ticket and had notified their need for assistance, and has been denied boarding they shall be offered the choice between: reimbursement of the ticket price and where relevant a return service by bus or coach to the first point of departure; and continuation or re-routing by reasonable alternative transport services to the place of destination (article 10(2) to (5));
- carriers and terminal managing bodies to have in place, where appropriate through their organisations, non-discriminatory access conditions (setting out relevant standards, guidelines and information on the accessibility of buses and or/designated terminals) for the transport of disabled persons and persons with reduced mobility (article 11);
- disabled people and people with reduced mobility would have the right to specific assistance, free of charge, during their travel on board and at designated staffed terminals. Passengers should notify the need for assistance 36 hours before, and arrive 30 minutes in advance of, departure. Member States to designate the staffed terminals at which assistance to be provided (articles 12 to 15);
- disability assistance training for personnel of carriers and designated terminal managing bodies, other than drivers, providing direct assistance to disabled people and people with reduced mobility (article 16(1)(a));
- where wheelchairs, other mobility equipment has been lost or damaged by a carrier, where necessary, they should provide temporary replacement equipment or devices (article 17(3));
- where a carrier expects a regular service to be cancelled or delayed in departure from a terminal for more than two hours passengers shall have the choice between: continuation or re-routing to the final destination at no additional cost; or reimbursement of the ticket price and where relevant a return service by bus or coach to the first point of departure. Passengers can claim compensation if the operator fails to offer this choice (Article 19);
- in the event of cancellation or delay in departure of a regular service passengers departing from terminals shall be informed of the situation as soon as possible and no later than 30 minutes after a scheduled departure (article 20);
- for a journey of a scheduled duration of more than 3 hours the carrier shall in the case of cancellation or delay in departure from a terminal of more than 90 minutes offer the

passenger free of charge: snacks, meals or refreshments reasonable in relation to the waiting time, if they are available or can reasonably be supplied; a hotel room or other accommodation in cases where a stay of one or more nights becomes necessary and assistance in arranging transport between the terminal and the hotel (article 21).

Public Consultation exercise

The Department for Transport ran a consultation exercise from 18th July – 11th October 2012 seeking views on the use of available exemptions outlined in this Impact Assessment. An electronic version of the consultation document can be found here:

<https://www.gov.uk/government/consultations/european-union-regulation-181-2011-concerning-bus-and-coach-passenger-rights>

The consultation exercise received a total of 208 responses. Of these, 182 took the form of an internet campaign run by the Royal National Institute of Blind People (RNIB), specifically objecting to any exemption for drivers from the requirement to undertake mandatory disability awareness training. 196 responses (182 RNIB internet campaign responses and a further 14 individual responses) objected to the use of this exemption in total. 9 responses were in favour.

On the proposal to exempt all domestic regular services from the main provisions of the EU Regulation, 21 responses were received in total - 8 In Favour, 13 Against.

On the proposal to exempt all regular services where a significant part, including at least one scheduled stop, is operated outside of the EU, 16 responses were received in total - 8 In Favour, 8 Against.

Of the main Bus/Coach Operators who responded to the consultation, Arriva, First and Go-Ahead all voted in favour of using the exemptions above, with National Express voting against. All responses agreed with the Government's view that we should not make use of the exemption from Chapter 3 of the EU Regulation on the rights of disabled persons and persons with reduced mobility.

As a result of this public consultation, the Department for Transport also gained additional information on a number of relevant topics, including contributions from the bus and coach industry, private individuals, charities and other important industry stakeholders. The consultation provided written evidence on the potential costs to disabled passengers of applying exemptions, the benefits associated with bus improvements leading to greater use and how a possible negative public reaction to the use of exemptions could impact on the industry. In addition, we received data on the possible hidden costs to the bus/coach industry of applying the EU Regulation in full, including the costs of providing passenger information, managing complaints and the actual costs of employing additional staff. Having considered all this relevant extra information in the drafting of this updated Impact Assessment, the Department remains confident that the Impact Assessment's underlying analysis of costs and benefits remains accurate and therefore sees no reason to amend these figures.

We will publish a formal response to the consultation exercise in February 2013, alongside a summary of all consultation responses received. The response outlines the reasoning behind the proposed use of each exemption and aims to address the various concerns of respondents concerning their use.

In line with the Government's Guiding Principles when adopting EU legislation to ensure that UK businesses are not put at a competitive disadvantage compared with their European counterparts, the Department's favoured approach remains to make use of all available exemptions (Option 2), as proposed.

Groups affected by the required domestic legislation (under the preferred option)

The main groups and sectors affected by this EU Regulation would be:

- Bus and coach passengers travelling on long-distance regular services (250 km or longer), including disabled passengers and those with reduced mobility. Currently there are over 200,000 regular services a year that travel 250km or longer, with approximately 4.7m passengers travelling on these services. The impact on this group are outlined in the 'Costs' section below.
- Bus and coach operators running long-distance regular services, travel agents and tour operators and managing bodies of designated terminals (of which there could be between 10 and 20), including several SME's. In some cases terminal managing bodies will be local authorities rather than operators. Based on returns to the DfT's Public Service Vehicle survey, 40 operators provide scheduled coach services. However, the survey does not identify the distance operated and so this is likely to be a high estimate of the number of operators running long-distance regular services. As operators of coach services are not required to register their routes³ it has not been possible to get a robust figure but we are aware of at least 9 operators that run services over 250km. The recent consultation exercise sought additional details on bus/coach services of this length, but no new information was provided. The impacts on these groups are outlined in the 'Benefits' section below.

Equality Analysis

The use of the exemptions contained within this EU Regulation would affect all passengers, but as there are specific provisions in the EU Regulation in respect of disabled people and people with reduced mobility, it is our view that they would be more affected than other passengers.

Apart from the provisions preventing discrimination on the grounds of disability or reduced mobility, disability awareness training for personnel of carrier and terminal managing bodies who deal direct with the travelling public (except for drivers who can be exempted for 5 years) and the requirement for compensation in respect of damage caused to wheelchairs, which apply to all services, the remaining provisions in the chapter relating to disabled people and people with reduced mobility only apply to journeys 250km or longer. In summary these are:

- if a disabled person or person with reduced mobility holds a reservation or has a ticket and had notified their need for assistance, and has been denied boarding they shall be offered the choice between: reimbursement of the ticket price and where relevant a return service by bus or coach to the first point of departure; and continuation or re-routing by reasonable alternative transport services to the place of destination (article 10(2) to (5));
- carriers and terminal managing bodies to have in place, where appropriate through their organisations, non-discriminatory access conditions (setting out relevant standards, guidelines and information on the accessibility of buses and or/designated terminals) for the transport of disabled persons and persons with reduced mobility (article 11);
- disabled people and people with reduced mobility would have the right to specific assistance, free of charge, during their travel on board and at designated staffed terminals. Passengers should notify the need for assistance 36 hours before, and arrive 30 minutes in advance of, departure. Member States to designate the staffed terminals at which assistance to be provided (articles 12 to 15);
- disability assistance training for personnel of carriers and designated terminal managing bodies, other than drivers, providing direct assistance to disabled people and people with reduced mobility (article 16(1)(a)); and

³ Except where parts of the route are classed as local bus services (normally at the start and end of a route)

- where wheelchairs, other mobility equipment has been lost or damaged by a carrier, where necessary, they should provide temporary replacement equipment or devices (article 17(3)).

Currently there are over 200,000 regular services a year that travel 250km or longer, with approximately 4.7m passengers travelling on these services. We have been unable to obtain specific figures on the number of journeys made by disabled people or people with reduced mobility on services 250km or longer. However, the 2012 DfT Annual Bus Statistics show that 34% of all bus passenger journeys in England were made by concessionary pass holders, whilst this covers journeys made on local bus services rather than long-distance services based on this figure we believe that the number of disabled or reduced mobility passenger journeys affected by exempting the above provisions could be in the region of 1.6m (34%), although this is likely to be a high estimate as 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.

Current Domestic Legislation:

Under the Equality Act 2010, it is unlawful for bus and coach operators to discriminate against, harass, or victimise disabled people who require their services (similar to the requirements of articles 9 and 10 of the EU Regulation). This includes a requirement on operators to make reasonable adjustments where a disabled person is put at a substantial disadvantage when trying to access their services. However, operators are never required to remove, or make alterations to, the physical features of the bus or coach.

The Public Service Vehicles (Conduct of Drivers, Inspectors, Conductors and Passengers) Regulations 1990 (as amended) place obligations on drivers of regulated buses (those first used on or after 31 December 2000). This includes taking all reasonable precautions to ensure the safety of passengers who are on, or who are entering or leaving the vehicle. At the request of the passenger, drivers are also required to provide assistance to wheelchair users and other disabled persons to board or alight the vehicle (similar to some aspects of articles 12 to 14).

The Equality Act also replicates the power, originally contained in the Disability Discrimination Act 1995, to make regulations specifying the accessibility requirements of public service vehicles (buses and coaches). Accessibility regulations have been in place since 2000. All single and double-decker buses and coaches used on scheduled services must be accessible to disabled people, including wheelchair users, from 2015 (through to 2017) for buses, and from 2020 for coaches. Dates depend on the type of vehicle. These domestic accessibility regulations go much further than the EU Regulation which does not impose any new technical requirements for buses or coaches or for infrastructure and equipment at terminals.

In line with these domestic requirements, one of the main operators of long-distance services, National Express, has established a code of practice designed to ensure that their disabled customers are offered a common high standard of service. This code sets out a number of commitments to disabled customers, including: a disabled traveller helpline, priority seats, assistance with luggage, customer service at stations from disability awareness trained staff, carriage of assistance dogs, storage of wheelchairs/small mobility scooters and suitable methods of providing information to those passengers with hearing/sight problems.

Impact of preferred option on disabled passengers and those with restricted mobility:

Whilst the provisions in the EU Regulation on disabled people and people with reduced mobility would largely build on existing domestic legislation and existing industry practice (see above), using the available exemptions would remove certainty over the rights that are available, as current domestic legislation is not as specific as the new EU Regulation.

For example, the EU Regulation would provide a right to specified assistance on routes 250km or longer, as long as certain notification conditions are met, whereas domestic legislation requires a different level of assistance on certain vehicles and the making of reasonable adjustments which might or might not extend to the same level of assistance depending on the circumstances of the case. What is reasonable for a large company with substantial resources may not be reasonable for a small company. So it is possible that reasonable adjustments for a small company may not extend to the level of service required by the EU Regulation. In addition the definition of 'disability' in domestic legislation is not as broad as the definition in the EU Regulation so those with reduced mobility could have seen benefits from the obligations.

The cost and benefits section of this document provides a specific analysis on each provision within the EU Regulation that can be exempted, highlighting the impacts on disabled passengers and those with reduced mobility. It has not been possible to monetise the costs to disabled people and people with reduced mobility of using the exemptions because there is insufficient evidence on the frequency of long-distance coach travel by disabled passengers and the value they would attach to improved assistance and awareness. However, this does not mean that these costs are thought to be unimportant and we have noted several responses to the public consultation exercise that outlined the existing barriers to disabled passengers using public transport.

For the reasons outlined above and in the costs section below, our view is that there would likely be a negative impact on disabled people and people with reduced mobility by applying the available exemptions as they will not benefit from all of the guaranteed rights under the EU Regulation until at least 2017. However, 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. In reaching this conclusion, we have taken into account the possible number of passengers affected, current domestic legislation, measures taken by operators and in particular certain negative impacts relating to age, given the link between reduced mobility and older travellers.

In respect of the exemption for drivers from the disability awareness training requirements the Department will be encouraging operators to ensure their drivers have such training and have agreed to reconsider the use of this exemption a year after the Regulation applies. The use of the 4 year exemption for domestic services will be reviewed in 2017.

We have received a number of responses through the public consultation exercise on the use of exemptions and their impact on disabled passengers. DfT officials will continue to engage with stakeholders on this important issue and will request input from the Disabled Persons Transport Advisory Committee (DPTAC) and other consultation respondents on associated Departmental guidance for this EU Regulation.

Options

'Do Nothing' scenario - EU Regulation applied in full but with no enforcement provisions

For the purposes of cost benefit analysis, the various policy options are considered against a 'Do Nothing' scenario where the EU Regulation applies in full from 1 March 2013, but no enforcement measures are put in place through domestic legislation. The baseline was chosen after comments from the RPC favouring a scenario where the EU Regulation would come into force, but would differ from the other proposed options (i.e. no enforcement regime in place). The average annual cost to the industry of enacting all of the EU Regulation could be £1.7m-£4.7m (a breakdown of these figures is outlined in the table below), with a NPV cost of £24m over a 10 year appraisal period. This is based on the costs that it has been possible to monetise for the provisions which would apply if the EU Regulation applied in full but without any

enforcement measures, including the mandatory provisions. It does not include the cost of the mandatory articles where in our view there will be no change to current law or working practices:

Article 4(2) - non-discrimination against passengers on the grounds of nationality in terms of the ticket prices and conditions offered;

Articles 9 and 10(1) – no discrimination on the grounds of disability or reduced mobility with regard to booking a journey or boarding a vehicle (unless safety requirements or vehicle design make access impossible);

Article 17(1) and (2) - compensation in respect of damage caused to wheelchairs and other mobility equipment; and

Article 24 - right to travel information throughout the journey.

Average annual cost to business	Low	High
Right to assistance at designated terminals and on board buses and coaches (articles 12 to 15)	£400,000	£1,600,000
Disability assistance and awareness training (article 16(1)(a))	£18,000	£342,000
Disability awareness training for non drivers (article 16 (1)(b))	£18,000	£342,000
Disability awareness training for drivers (article 16 (1)(b))	£464,400	£696,600
Continuation, re-routing and reimbursement in the event of cancellation or long delays (article 19)	£98,700	£222,075
Information in the event of cancellation or delay in departure (article 20)	£100,000	£400,000
Assistance in case of cancelled or delayed departures (article 21)	£188,000	£282,000
Complaints handling process (articles 26 and 27)	£388,400	£800,000
Total	£1.7m	£4.7m

The benefits section provides further details on how the costs are calculated, with the exception of the cost of the mandatory requirement for disability awareness training for non-drivers (article 16(1)(b) which is based on the same calculation as for article 16(1)(a) and for complaints handling process (articles 26 and 27) which is based on 971-1600 operators, with 0.25 full-time equivalent (FTE) dealing with complaints, 90% already providing satisfactory system, and 20k per FTE (excluding non-salary costs). It is expected the cost of mandatory article 25 on the provision of information on passenger rights under the EU Regulation at designated terminals and where applicable on the internet will be very small and so it has not been monetised.

In summary, these costs are largely from increased staffing levels that may be required to meet the requirements of the EU Regulation and the costs of disability assistance and awareness training. It is not known how these costs will impact on the number of services and fares but it is assumed that they are small relative to total costs and revenues and that any impact on fares, level of services or demand will be negligible.

The EU Regulation places a requirement on the UK to designate a body or bodies responsible for the enforcement of the EU Regulation and set out rules on penalties applicable to infringements of the EU Regulation. If the UK fails to do this it would be subject to infraction proceedings which would be likely to lead to substantial fines and a loss of reputation with the European Commission and other Member States. Therefore, this is not seen as a realistic and so is not considered as an option.

Policy Option 1 – No exemptions applied but with enforcement provisions

The UK will need to designate a body or bodies responsible for the enforcement of the EU Regulation and set out rules on penalties applicable to infringements of the EU Regulation which must be effective, proportionate and dissuasive. Member States must also decide whether complaints should be dealt with by the operator in the first instance and, if they are, designate a body for dealing with complaints appeals, which could be the enforcement body or other bodies designated by the Member State for this purpose. We will look to use existing bodies (Traffic Commissioners and Local Weights and Measures authorities), as they satisfy the independence requirements in article 28. For the purpose of this impact assessment it is assumed that the costs would fall to Government, as this approach received support through the public consultation exercise. The action taken against parties that do not comply with the EU Regulation still has to be determined, but it could be through the existing operator licensing regime, new penalties or the courts. This will determine what costs will fall to industry in order to demonstrate compliance with the EU Regulation.

Policy Option 2 (the preferred option) - Applying all the exemptions for regular domestic services with enforcement provisions

For the purpose of this option we are assuming that the 4 year exemption for domestic services is used as well as the 5 year exemption from the disability awareness training requirement for drivers. The 4 year exemption for services with one or more stops outside of the EU would be applied under this option but as the number of services meeting this criterion is likely to be minimal, the exemption will not be scored within this appraisal. Furthermore, the article 18 exemption from the Chapter relating to disabled people and people with reduced mobility is not considered as it would have the same effect as the 4 year exemption for domestic services. The costs and benefits of applying the exemptions have been analysed over a 10 year period, from 2013, with the assumption that the 4 year exemption will not be renewed in 2017 (although this would be decided prior to 2017).

Under this option, it is worth noting that notwithstanding the exemption for drivers from the disability awareness training requirement of article 16(1)(b) the mandatory provisions of the EU Regulation (articles 4(2), 9, 10(1), 16(1)(b), 16(2), 17(1), 17(2), 24, 25, 26, 27 and 28) would still apply and that international regular services within the EU would be subject to the full provisions of the EU Regulation.

This option does not look at the costs and benefits of any articles where in our view there will be no change to current law or working practices. Therefore this option does not look at articles:

Article 4(1) – Provision of a ticket

Article 7 - Compensation for death, injury, loss or damage to luggage

Article 22 – Further claims (passengers seeking damages under national laws)

The provision of a ticket (article 4(1)) is considered to be the norm amongst bus and coach operators running regular long-distance services. Under article 7, passengers are entitled to compensation in the event of an accident in accordance with national law, but if it is capped minimum limits apply. There is currently no national law specifying a limit on liability for death or personal injury or damage to luggage so there would be no change. Article 22 does not add any requirements. Therefore, their implementation would have minimal impact on any affected groups.

The Confederation of Passenger Transport (CPT), the main trade association for the bus and coach industry, has kindly provided information on a number of issues such as the numbers of services run, the numbers of passengers, proportion of delays and what is existing practice. We have identified where we have used these figures in our calculations.

Policy Option 3 – Only partially applying the exemptions for domestic services with enforcement provisions

Article 2(4) enables the exemption of domestic regular services from the application of the Regulation for 4 years, except for the mandatory provisions. Whilst the exemption could be used on a blanket basis, we believe it could be used to exempt specific articles if so desired. This provides the potential for a number of different scenarios where certain articles are exempted whilst others could apply. For example, it could be decided that articles 7 and 8 should apply to domestic long-distance services but that all the other non-mandatory articles are exempted. Similarly the exemption for drivers from the disability awareness training requirement of article 16(1)(b) could not be taken up. As this could lead to a significant number of different article combinations we decided not to identify all of these in this impact assessment. If this was to become the preferred option the costs and benefits of this option would be determined by which articles are applied and which are exempted and so would fall in between the cost of option 1 and the cost of option 2.

Under this option, depending on whether the exemption for drivers from the disability awareness training requirement of article 16(1)(b) is used or not the mandatory provisions of the EU Regulation (articles 4(2), 9, 10(1), 16(1)(b), 16(2), 17(1), 17(2), 24, 25, 26, 27 and 28) would still apply and that international regular services within the EU would be unaffected by the application of any exemptions.

Option 3 does not represent a defined set of exemptions but an indicative estimate of costs and benefits from applying some of the exemptions. This has been calculated by assuming all the exemptions are applied for 2 years (rather than 4). More detailed assessment of different sets of exemptions can be pursued following the consultation. Consultation responses did not indicate any support for further research into the partial application of various exemptions.

Costs and benefits

The costs and benefits depend on which requirements are included or exempted in the option in question. The following section sets out the monetised and non-monetised costs and benefits associated with each requirement in the EU Regulation and explains how they vary for the different policy options.

The benefits arise from reduced costs to operators and terminal managing bodies as a result of applying the exemptions. The estimated benefits are based on assumptions about the cost of training; additional staff required to meet some of the requirements of the EU Regulation; and assistance and reimbursement in the case of delayed or cancelled services.

The costs of applying the exemptions will fall on passengers who will not be guaranteed some of the rights provided by the EU Regulation. The monetised costs relate to reimbursement and assistance in the case of delayed or cancelled services. However, there will also potentially be costs for disabled passengers relating to exemptions on the requirement for disability awareness and assistance training and the right to assistance at terminals. These costs have not been monetised because there is insufficient evidence on the frequency of long-distance coach travel by disabled passengers and the value they would attach to improved assistance and awareness. However, this does not mean that these costs are thought to be unimportant.

In addition, the Impact Assessment also separately identifies the costs of a national enforcement body. These costs are assumed to fall on the Government but could be passed on to operators and ultimately passengers.

As part of the recent public consultation, we requested any further evidence or information (particularly in terms of monetised costs/benefits) that should be taken into account when drafting the Department's final Impact Assessment. Although no firm economic cost/benefit

statistics were provided, we considered each response in detail during the drafting of this Impact Assessment. A number of responses identified the potential social costs to disabled passengers of applying exemptions, stating that driver training was currently a barrier to travel for some passengers. The benefits associated with adhering to the EU Regulation leading to greater patronage and how a negative public reaction to the use of exemptions could impact on the industry were also suggested. In addition, we received data on the possible hidden costs to the bus/coach industry of applying the EU Regulation in full, including the costs of providing passenger information, managing complaints and the actual costs of employing additional staff. Details of the consultation responses received on this question are reflected in the Government's formal response to the consultation.

The average annual cost to industry of applying the EU Regulation in full has been estimated at £1.7m-£4.7m. The latest available data on non-local bus revenue is for 2004/05, when revenue was £1.8bn. Only a proportion of this will be from scheduled services over 250km in length. While some of the costs associated with the EU Regulation will be directly applicable to these services only (e.g. rights to assistance and reimbursement in the case of cancellation or delay) the majority of costs are expected to be more widely applicable (e.g. staff requiring training are likely to work on routes both longer and shorter than 250km in length). Therefore, the costs of the EU Regulation, and the cost reductions relating to applying the exemptions, are expected to be small relative to total costs and revenues in the sector.

The consequence of this is that there is not expected to be a significant change in fares or the level of service (e.g. the routes and timetables operated) as a result of the EU Regulation or the application of exemptions. However, where exemptions are applied, there may be a change in the quality of service provided by operators choosing not to meet all the requirements they would have to meet if the EU Regulation were applied in full. Similarly, implementation of the EU Regulation, and application of the available exemptions, is not expected to have a significant impact on demand as evidence from discussions with the industry suggests that the majority of operators already provide a quality of service similar to that required in the EU Regulation.

Monetised Costs

With the exception of the enforcement costs, the costs associated with exempting the following articles will fall on bus and coach passengers who will not benefit from a guaranteed level of rights. Unless stated otherwise the exemptions would apply until 2017 (a decision on whether the 4 year exemption will be renewed will be taken in 2017).

Chapter IV, Article 19 - Continuation, re-routing and reimbursement in the event of cancellation or long delays (over 2 hours) at departure:

It is our understanding from discussions with CPT that most long-distance bus/coach operators already offer free continuation to the final destination/re-imburement when a journey is subject to significant delay. For example, National Express Coach offers refunds for delay or cancellation of services. However, as there is currently no formal limit on when continuation or reimbursement should be offered (a 120 minute delay is specified in the EU Regulation), and there is no guarantee that all operators do this we have assumed that there would be costs to bus and coach passengers from exempting this article. CPT provided information on the number of passengers that travel on qualifying services (4.7m); the number of services that are cancelled or delayed for longer than 2 hours (0.5%); and the average fare (£10-£15). Assuming that 40-60%⁴ of the passengers affected would receive continuation or reimbursement results in an annual cost of £94,000-£210,000.

⁴ This figure is based on information from the Confederation of Passenger Transport (CPT) on the % of passengers who currently claim compensation in the event of cancellation or severe delay to their bus/coach service.

Chapter IV, Article 21 - Assistance in case of cancelled or delayed departures:

The EU Regulation would require operators to provide snacks, meals or refreshments to passengers on qualifying services over 3 hours which are cancelled or delayed for 90 minutes. There are 4.7m passengers per year on qualifying long-distance services; assuming that 1% of services are delayed by 90 minutes or more (based on the 0.5% figure for those delayed over 2 hours) and that refreshments cost £3.50 to £5.50 per passenger, this could amount to an average annual cost to bus and coach passengers of £165,000-£260,000 if this article were exempted.

Whilst there may be some costs to passengers by not having a formal limit established (80 EUR for a maximum of 2 nights) for a guaranteed overnight stay we have not estimated the cost of this as it is our understanding from discussions with CPT that such instances where an overnight stay are likely to be rare and bus/coach companies would already offer free overnight accommodation when a journey is subject to significant delay and there is no suitable transport alternative.

Chapter VI, Article 28 - National enforcement body:

Regardless of the option selected, article 28 of the EU Regulation states that all Member States shall designate a new or existing body or bodies responsible for enforcement of the Regulation in relation to regular services. Each body shall take the necessary measures to ensure compliance with the Regulation. Each body shall, in its organisation, funding decisions, legal structure and decision making, be independent of carriers, tour operators and terminal managing bodies. Member States must also decide whether complaints should be dealt with by the operator in the first instance and, if they are, designate a body for dealing with complaints appeals, which could be the enforcement body or other bodies designated by the Member State for this purpose.

We will look to use existing bodies (currently Traffic Commissioners and the Vehicle and Operator Services Agency carry out enforcement activities against bus and coach operators and the Bus Appeals Body deals with complaints appeals), provided that they can satisfy the independence requirements in article 28, but the details still have to be finalised. Similarly, the action to be taken against parties that do not comply with the EU Regulation still has to be determined, but it could be through the existing operator licensing regime, new penalties or the courts.

The costs of the designated bodies could either be paid for by Government or industry subject to satisfactory independence requirements being in place. For the purpose of this impact assessment it is assumed that the enforcement costs will fall to Government, as this approach was favoured amongst consultation responses. We have estimated that the cost of the enforcement and complaint appeal body or bodies could be in the region of £0.75-£1.25m per annum, based on the costs of existing compliance activities. However, the exact costs will not become clear until further discussions take place with designated bodies on how compliance should be enforced.

Non-monetised costs

The EU Regulation would implement requirements for operators to provide specific assistance to disabled passengers and passengers with reduced mobility. Exempting these requirements is likely to yield costs for this group but it has not been possible to monetise them due to a lack of evidence on the number of long-distance bus and coach trips being made by disabled passengers and the value they would place on the requirements made by the EU Regulation.

Chapter II, Article 8 - Immediate practical needs of passengers in the event of an accident arising out of the use of the bus or coach:

The CPT confirmed that it is standard practice amongst long-distance bus and coach operators to ensure that all passengers needs immediately following an accident are dealt with, including providing any necessary assistance to allow them to complete their journey including, and if necessary, an overnight stay. A first-aid kit is carried on all long-distance coach journeys. However, it is not clear if the assistance would always extend to the provision of clothes, if necessary, and in respect of overnight accommodation, whether operators would limit overnight accommodation to one night where the EU Regulation would require two nights, if necessary. However, following discussions with the bus/coach industry before and during the consultation period we have been unable to monetise these costs to passengers due to a lack of available data from each operator on individual passenger compensation settlements in the event of an accident.

Chapter III, Article 10 (2-5) – right to reimbursement, return service or continuation where access is denied when a reservation is held:

We believe that the costs to passengers of exempting this article would be limited as it is already customary amongst bus and coach operators to ensure that all disabled passengers are treated fairly and are able to complete their journey. Also, Section 13 of the Equality Act 2010 already makes discrimination on the grounds of a person's disability, for which there is no justifiable defence, unlawful, although the Act does not extend to people with temporary reduced mobility. The instances of a disabled passenger or person with reduced mobility who holds a reservation or has a ticket and has notified the operator of their need for assistance in advance and is then denied boarding are likely to be insignificantly small.

However, there may be a cost to passengers as it is unclear whether all bus companies would currently offer a choice between continuation and re-imburement, rather than just one option. There may also be a small cost to passengers as bus and coach operators, travel agents and tour operators may not all currently offer disabled passengers or passengers with reduced mobility, this level of compensation in the event of being refused access to a journey. This may be because of applicable safety requirements or because the design of the vehicle makes access impossible.

Chapter III, Article 11 – production of access conditions for disabled people and people with reduced mobility and information:

There would be limited non-monetised costs associated with exempting this article as Section 13 of the Equality Act 2010 already makes discrimination on the grounds of a persons disability unlawful. It also requires reasonable adjustments to be made to policies practices or criteria such as the way in which a service is delivered and requires the provision of information in alternative formats where it is reasonable to do so, although this does not extend to people with reduced mobility. Some operators, such as National Express Coach, already set out on their website (Code of Practice – serving disabled passengers) what assistance will be provided to passengers with a disability.

However, there could be inconvenience for some disabled people and people with reduced mobility using wheelchairs or other mobility devices if they were required to contact the carrier or terminal managing body directly for information about access to coaches and terminals because this was not available on the internet.

Chapter III, Articles 12 – 15: Right to assistance at designated terminals and on board buses and coaches:

The Equality Act 2010 requires a service provider to make reasonable adjustments to enable a disabled person access to a service. So any terminals providing a bus/coach service to the public are required to do what is reasonable in all circumstances of the case to avoid a disabled

person being put at a substantial disadvantage compared to non-disabled people in accessing the service, although it does not extend to people with reduced mobility. Some terminals, such as London Victoria, already provide mobility assistance.

Disabled passengers and passengers with reduced mobility would not have the certainty that they would receive assistance at a staffed terminal (while services were running) that has been designated under the EU Regulation and where they have notified their need for assistance 36 hours in advance. Some operators do already provide assistance such as National Express Coach who asks that they be informed 24 hours in advance of any need for assistance.

Regarding on board assistance, regulation 14 of The Public Service Vehicles (Conduct of Drivers, Inspectors, Conductors and Passengers) (Amendment) Regulations 2002 already outlines the duty of bus drivers to offer assistance at the request of a disabled passenger to board or alight certain types of vehicle and regulation 4(7) provides that a disabled person with an assistance dog must be allowed to travel in the vehicle with the dog provided there is a suitable space available. However, the assistance to be provided under the EU Regulation is wider for example it extends to assistance loading and retrieving luggage at designated terminals and so passengers would not be guaranteed assistance to the level set out in the EU Regulation. Some operators already set out what level of assistance will be provided.

The public consultation exercise provided only written evidence on how disabled passengers may value this assistance. Due to a lack of existing quantitative analysis on the matter we have not been able to monetise the costs to passengers of not having this assistance available.

Chapter III, Article 16(1)(a) – Disability assistance and awareness training procedures for staff at designated terminals and long-distance operators (not including drivers):

There could be non-monetised costs involved in exempting this article due to the fact that disability assistance and awareness training for terminal staff in the bus/coach industry and non-driving staff of bus and coach operators is not currently mandatory thus passengers could not be assured of their qualifications in this area and could receive a lower level of customer service than if the training had been provided. However, under the Equalities Act 2010 disability training could be a reasonable adjustment depending on the circumstances of the case.

Chapter III, Article 16(1)(b) – Only drivers can be exempted from this requirement for disability awareness training procedures for staff at designated terminals and all operators regardless of journey length (it is mandatory in respect of other staff):

There are limited non-monetised costs involved in exempting this article due to the bus/coach industry already including disability awareness training as part of its Certificate of Professional Competence (CPC) syllabus for drivers.

At present, disability training is generally provided as part of the CPC syllabus. The CPT estimated that across the whole bus and coach industry currently approx 75% of drivers will have completed a CPC course which included a segment of disability awareness training. By 2013, this number will be even higher. For the operators running long-distance services under the EU Regulation the figure is nearer 100%. For example, National Express Coach (who operate a majority of services over 250km) has a commitment that at their own staffed stops and coach stations they will offer customer service from staff who have received disability awareness training.

The costs of exempting this article would last until 2018.

Chapter III, Article 17(3) – Temporary replacement of wheelchairs and other mobility equipment in the event of loss/damage:

There may be some costs to wheelchair-bound passengers in terms of discomfort and inconvenience if replacement equipment is not available and they were forced to make alternative arrangements at extra cost. However, it is our understanding that bus/coach companies already aim to provide such a service, where possible.

Chapter IV, Article 20 – Information in the event of cancellation or delay in departure:

We would expect carriers and terminal managing bodies to keep passengers informed of delays and cancellations at designated terminals. There may be a non-monetised cost involved in exempting this article as passengers may not receive information to the deadlines set out in the EU Regulation. However, we would expect passengers to be informed of delays and cancellations at some point prior to the scheduled departure time so this cost is likely to be small.

Monetised Benefits

Making use of the exemptions within the EU Regulation would provide the following monetised benefits to bus and coach operators and terminal managing bodies. Unless stated otherwise the exemptions would apply until 2017.

Chapter III, Articles 12 – 15: Right to assistance at designated terminals and on board buses and coaches:

The number of terminals around GB that could potentially meet the definition of ‘terminal’ under the EU Regulation still have to be fully explored, although our initial view is that it could range from 10 to 20 terminals. If all of these terminals were to be designated, it would impose significant and immediate costs to industry including local authorities. Some terminals, such as London Victoria, already provide mobility assistance but this will not be the case at all terminals. Assuming that 2 additional FTE staff would be required at each terminal, each earning £20,000 per annum, exempting this article would reduce industry costs and provide a financial benefit of £0.8m per annum. If there were only 10 designated terminals this saving would reduce to £0.4m. For the purpose of this impact assessment we have also forecasted a high estimate of 40 terminals at a cost of £1.6m. The issue of how many terminals should be designated was explored during the recent public consultation and a final decision will be announced in due course. Exempting this article would enable procedures to be put in place gradually to meet the requirements.

Chapter III, Article 16(1)(a) – Disability assistance and awareness training procedures:

As disability assistance and awareness training is not currently a mandatory requirement for terminal staff or non-driving staff, there would be a monetised benefit to the bus and coach industry of exempting the requirement to arrange/run the necessary training courses. Bus and coach operators employ 19,000 people who aren’t classified as drivers or maintenance staff. Based on a cost of £90 per person (a day’s wages based on weekly earnings for bus drivers), the saving to the industry of exempting the requirement for staff to undergo training would be £1.7m.

However, it is likely that the majority of these staff would not be required to undergo the training as they would not assist persons with reduced mobility. Our central assumption is therefore based on 5,000 people requiring training with a benefit of £450,000.

These training costs would not be a one-off cost, as there will also be recurring costs from refresher training and the training of new staff. These recurring costs have been estimated at £90,000 per year, based on an assumption of 20% staff turnover. Training costs in the year following the expiration of an exemption would be higher than in the ‘do nothing’ and this has been accounted for in the calculation of the net benefit.

There would also be benefits to managing bodies of designated terminals but we do not have information on how many staff are employed at such terminals, therefore we think the non-driver figure is the best figure to use.

Chapter III, Article 16(1)(b) - Only drivers can be exempted from this requirement for disability awareness training procedures for staff at designated terminals and all operators regardless of journey length (it is mandatory in respect of other staff):

Exempting this article would enable the costs to industry of training drivers in disability awareness to be spread over a longer time period. Operators employed 129,000 drivers in 2009/10 and the CPT estimate that 75% of them will have completed a CPC training course including a module on disability awareness. The training materials are available free of charge from the Go Skills website but operators will still have to meet the costs of their drivers' time and of the trainer. On the basis of a cost of £90 per day for a 1 day course, and 20-30% of drivers having to undertake the training without an exemption, exempting this article would yield benefits to the industry of £2.3-£3.5m, although they would be incurred at some point.

There would be an ongoing need to train new staff. Recurring benefits are assumed to be 1/5 of the transitional saving, or £580,000 per year under the central assumption. Training costs in the year following the expiration of an exemption would be higher than in the do nothing and this has been accounted for in the calculation of the net benefit. Making use of this exemption is likely to be of extra benefit to small operators, as they have fewer employees to cover those on training courses and have fewer staff who can perform the required duties. They may also not benefit from economies of scale of offering training to large numbers at the same time.

The benefits of exempting this article would last until 2018.

Chapter IV, Article 19 - Continuation, re-routing and reimbursement in the event of cancellation or long delays (over 2 hours) at departure:

We understand (through discussions with the CPT) that most bus/coach companies already offer free continuation to the final destination or re-imbursement when a journey is subject to significant delay, although not necessarily to the timescales set out in the EU Regulation. However, exempting this article would provide monetised benefits to the industry by removing compensation claims (particularly now that passengers would be aware of their exact entitlements). CPT provided information on the number of passengers that travel on qualifying services (4.7m); the number of services that are cancelled or delayed for longer than 2 hours (0.5%); and the average fare (£10-£15). Assuming that 40-60% of the passengers affected would not receive continuation or reimbursement if the exemption is applied, and assuming a 5% administrative cost, results in an annual saving to industry of £100,000-£225,000.

Chapter IV, Article 20 – Information in the event of cancellation or delay in departure:

We would expect this to already be the approach for all bus/coach operators. However, in some terminals it may be necessary to employ more staff to ensure that passengers are notified within the stipulated timeframe (within 30 minutes of the scheduled departure time). Depending on the number of terminals affected, exempting this article could save the bus/coach industry £100,000-£200,000 per year in staff costs, based on ½ a FTE per staffed terminal, affecting between 10 and 20 terminals.

Chapter IV, Article 21 - Assistance in case of cancelled or delayed departures:

It is our understanding that most bus/coach companies already offer free overnight accommodation when a journey is subject to significant delay and there is no suitable transport

alternative, although it is up to the operator to determine at what point such assistance is provided. However, there will likely be increased costs associated with providing snacks, meals and refreshments to passengers on services that are over 3 hours in duration and are delayed by more than 90 minutes. There are 4.7m passengers per year on qualifying services; assuming that 1% of services are delayed by 90 minutes or more (based on the 0.5% figure for those delayed over 2 hours); refreshments cost £3.50 to £5.50 per passenger; and there is a 50p per passenger administrative costs yields an average annual saving to industry of £190,000-£280,000 from exempting this article.

Non-monetised Benefits

The following articles are also expected to lead to a change in the current situation. They may increase costs to industry but any impacts have not been included in the monetised estimates because any increase is expected to be small or there is insufficient information to provide an estimate:

Chapter II, Article 8 - Immediate practical needs of passengers in the event of an accident arising out of the use of the bus or coach:

The CPT have confirmed that most bus and coach companies would already offer immediate practical assistance to passengers in the event of an accident. However, it is not clear whether all operators would offer clothes where these are necessary. Therefore, we believe there could be limited benefits to exempting this article. There would be a small benefit to exempting this article as bus and coach companies would have more time to prepare fully to offer the best service possible to passengers. This would be of extra benefit to smaller companies, who may require more time to put certain new arrangements in place.

Chapter III, Article 10 (2-5) – right to reimbursement, return service or continuation where access is denied when a reservation is held:

We believe that there would be limited benefits in exempting this article as long-distance bus and coach operators would already look to ensure that all disabled passengers are treated fairly and are able to complete their journey. However, it is unlikely that most operators' practices would be as specific as the requirements of the EU Regulation so they may need to make some adjustments. There would be a small benefit to exempting this article as long-distance bus and coach companies would have more time to prepare fully to offer this choice of re-imburement or continuation of journey to passengers where they do not already do this. They would also be given more time to ensure that arrangements are put in place to ensure passengers who are unable to board a bus or coach because of applicable safety requirements or because the design of the vehicle makes access impossible are provided the option of being accompanied by another person of his/her own choosing for free who is capable of providing the assistance required to overcome the reasons for refused access. This would be of extra benefit to smaller companies, who may require more time to put certain new arrangements in place.

Chapter III, Article 11 – production of access conditions for disabled people and people with reduced mobility and information:

There could be limited non-monetised benefits from exempting this article where long-distance operators and managing bodies of designated terminals do not already have 'access conditions' in place as they would have more time in which to prepare them. Exempting this article would be of extra benefit to smaller companies, who may require more time to put certain new arrangements in place, although as they could be produced through their trade organisations this could limit the costs.

In addition, bus/coach companies and associated tour operators and travel agents would also have more time to put in place procures to ensure the information can be made available in accessible formats, so they can respond to requests for this.

Chapter III, Article 17(3) – Temporary replacement of wheelchairs and other mobility equipment in the event of loss/damage:

It is our understanding that most large bus/coach companies already aim to provide such a service, where possible. However, there would likely be benefits to smaller bus and coach companies from exempting this article as they would need to invest in the necessary equipment to ensure temporary replacement devices are readily available.

Summary of total cost and benefit best estimates

Article	Total cost best estimate (rounded to nearest £0.0m)	Total benefit best estimate (rounded to nearest £0.0m)
<i>Option 1 – no exemptions but with enforcement provisions (i.e. cost of national enforcement body to Government)</i>		
National enforcement body (article 28)	£8.0m	
Total	£8.0m	
<i>Option 2 – applying all the exemptions for regular domestic services with enforcement provisions</i>		
Right to assistance at designated terminals and on board buses and coaches (articles 12 to 15)		£2.8m
Disability assistance and awareness training (article 16(1)(a))		£0.4m
Disability awareness training – exemption for drivers only (article 16 (1)(b))		£2.9m
Continuation, re-routing and reimbursement in the event of cancellation or long delays (article 19)	£0.5m	£0.5m
Information in the event of cancellation or delay in departure (article 20)		£0.7m
Assistance in case of cancelled or delayed departures (article 21)	£0.8m	£0.8m
National enforcement body (article 28 - cost to Government)	£8.0m	
Total	£9.3m	£8.2m
<i>Option 3 – only partially applying the exemptions for domestic regular services and with enforcement provisions</i>		
Total	The costs and benefits of this option would be determined by which articles are applied and which are exempted and so would fall in between the cost of option 1 and the cost of option 2	

Please note the figures in the table above are Present Values estimated over a 10-year period.

'One-in, Two-out' and Costs to business calculation

Under Option 2 (the preferred option), the Department has followed the Government's Guiding Principles when adopting EU legislation to ensure that UK businesses are not put at a competitive disadvantage compared with their European counterparts by not going beyond the EU Regulation's minimum requirements, which could result in increased costs to business. In addition, Option 2 makes full use of all available derogations (exemptions) which will reduce costs to business. We therefore feel that in accordance with BIS guidance, this EU Regulation falls outside the scope of the Government's One-In, Two Out (OITO) policy.

The Net Cost to Business (EANCB) for the preferred option was calculated using the estimated monetised benefits (£0.6m – £1.5m per year) bus and coach operators and terminal managing bodies will accrue with exemptions applied in full. The 'do nothing' baseline was agreed on following the RPC's initial rejection of our consultation stage IA (which was subsequently approved with this baseline). The baseline provides a scenario where the EU Regulation would come into force, but with no enforcement regime in place, thereby differentiating from Options 1, 2 and 3. These bodies would benefit from significant reduced costs during the period of the exemptions applied, particularly in the areas of training and the need for additional staff. A detailed breakdown of the main savings per article is outlined in the table above.

Competition

The EU Regulation would not directly limit the number of operators, or their ability to compete. However, it is possible that there could be an indirect impact on the number of operators in the market, as the costs of the EU Regulation would be greater for small firms. The costs of the EU Regulation are likely to be very small relative to the annual revenues and costs of the bus and coach industry. Therefore, the Department does not believe there would be any adverse impacts on competition from applying the exemptions.

Small Firms Impact Test

Based on DfT statistics, over 90% of operators in the bus and coach market are classified as SMEs. Whilst it has not been possible to separately identify operators running regular services 250km or longer, it is clearly important to consider the impact on smaller firms. It is likely that the costs of complying with the training and information requirements under the EU Regulation would be greater for small firms as they have fewer employees to cover those on training courses and have fewer staff who can perform the required duties. They may also not benefit from economies of scale of offering training to large numbers at the same time.

Applying the exemptions would delay these costs and give operators more time to prepare and so the benefits described in this Impact Assessment can be expected to be greater for small firms. Applying the exemptions would also be consistent with the moratorium on new regulations for micro-businesses that was announced as part of Budget 2011.

Conclusion

Following the completion of the Department's public consultation exercise, other than the exemption for disability awareness training (and to a lesser extent the exemption for all domestic services), the proposals outlined in the consultation document received a significant level of support.

Option 2 therefore remains the preferred option as applying these exemptions would provide significant monetised benefits (£8.2m in PV terms over 10 years) to bus and coach operators and terminal managing bodies (including local authorities). It would ensure that the UK meets its

EU obligations whilst delaying the costs to industry and giving them more time to prepare, which is likely to be of particular benefit to small and medium enterprises.

Delaying the application of the EU Regulation is also in line with the Government's policy to make use of any derogation which would reduce costs to business, to ensure that UK businesses are not put at a competitive disadvantage compared with their European counterparts who have applied the derogations.

Whilst there are also significant monetised costs (£9.3m in PV terms over 10 years) to Government and passengers associated with Option 2, the main costs fall to Government (£8m and would apply regardless of the option selected) rather than passengers (£1.3m).

The reduced benefits to passengers, including disabled people and people with reduced mobility, would be mitigated by the requirements of existing domestic legislation, such as the Equality Act 2010, and by the fact that some long-distance operators already provide a similar quality of service to that required by the EU Regulation.

Specifically on the issue of exempting disability awareness training for drivers, the Department has agreed to write to industry representatives to encourage the completion of such training at the earliest opportunity and would review the use of exemption in a year's time. It is likely that operators would gradually align their procedures with the EU Regulation as the exemptions come towards their completion.