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| Title: Goods Vehicles (Licensing of Operators) Regulations 1995 PIR No: DfTPIR0080 Original IA/RPC No: N/A Lead department or agency: DfT Other departments or agencies: N/A Contact for enquiries: rob.evans1@dft.gov.uk | Post Implementation Review |
| | Date: 31/01/2024 |
| | Type of regulation: Domestic |
| | Type of review: Statutory |
| | Date measure came into force: 01/09/2018 |
| | Recommendation: Keep |
| | RPC Opinion: N /A |

Recommendation and Summary of Justification

1. Based on the views collected from stakeholder interviews, it is recommended that the elements of the Goods Vehicles (Licensing of Operators) Regulations 1995 (“the Regulations”) covering the weight boundary of operator licensing (except for in connection with the definition of alternative fuels) should be maintained. Interviews with stakeholders have identified possible amends to the definition of ‘alternative fuels’ to improve usefulness and we recommend that these suggestions are investigated further.
2. Overall, the Regulations were judged by stakeholders to be useful. Where the exemption to operator licensing for alternatively fuelled vehicles under 4.25 tonnes was discussed, stakeholders generally fed back that it was too early to understand the full impact of the policy but considered it to be useful in incentivising the use of lower carbon vehicles.
3. The Regulations impose a direct cost to businesses that operate machinery which have been brought into scope of the operating licensing regime by these Regulations. However, the impact of this is considered minimal. Through engagement with stakeholders, it was suggested many of the operators running these vehicles would have already been subject to operator licensing due to the use of other types of vehicles already in scope, which may indicate that smaller operators that did not operate other vehicle types would have found the Regulations more burdensome to comply with. However, trade associations that were consulted did not raise this as a barrier for new operators looking to enter the sector.
4. These Regulations are considered low impact and inflict low cost to businesses. One of the two main areas of the Regulations (related to alternative fuelled vehicles) was deregulatory; and in the other area (relating to inclusion of certain vehicles to operator licensing) the indications are that the regulations partly confirm previous practice, with the assessed cost implication being small. Given this, collection of primary evidence through engagement with industry representative organisations was considered a proportionate way to inform this PIR. Published data on vehicle licensing and vehicle enforcement is not broken down at the required level of detail to undertake meaningful analysis. Department for Transport (“DfT”) officials were also not able to gather any unpublished data at the required level of detail. The Office of the Traffic Commissioner confirmed they do not hold data on any inquiries specifically involving the vehicles in scope of the Regulations.

1. What were the policy objectives of the measure?

5. DfT has conducted an evaluation of the elements of the Regulations that were inserted and amended by the Goods and Motor Vehicles (Miscellaneous Amendments) Regulations 2018 (SI 2018/25) ("2018 Regulations"). The 2018 Regulations inserted a review provision into the Regulations, requiring a review to examine the scale of the impact of the additions and amendments. The [2018 Regulations](#) and the [Explanatory Memorandum](#) are available on gov.uk.
6. An [impact assessment](#) (IA) was published in 2014 at consultation stage for the element of the Regulations covering changes to operator licensing. The main policy objectives were considered to be: compliance with EU legislation, safety & compliance, legal clarity and reducing unfair competition. The gross and net direct equivalent cost impact on business was assessed as -£0.1m in the IA. The other amendments made by the 2018 Regulations (changes to MOT exemptions and definition of alternative fuels) are not covered by the IA.
7. Review of the Regulations:
 - The 2018 Regulations inserted a clause specifying that the regulatory provisions which were inserted into or amended the Regulations must be reviewed at intervals of five years. A report setting out the conclusions of the review must subsequently be published.
 - The scope of the review commitment relates only to the definition of "alternative fuel" inserted into the Regulations by the 2018 Regulations and the removal of exemptions from operator licensing in paragraphs 15(a), 21 and 31 of Schedule 3 of the Regulations.
 - Primary qualitative and quantitative data was collected via stakeholder interviews. This has been used to inform the PIR and form the basis of the decision regarding the future of the Regulations.
 - Key organisations in respect of the evaluation and PIR were businesses affected (e.g., hauliers, construction businesses that operate with fleets of vehicles, etc.), and government departments/agencies (Driver and Vehicle Licensing Agency ("DVLA"), Driver Vehicle Standards Agency ("DVSA") & the Department for Transport ("DfT")).
8. The overall objectives of the Regulations are to:
 - Ensure the safety of all road users in Great Britain is secured whilst not putting an unfair burden of operator licensing on vehicles or operators that either do not warrant it or are unable to comply with its requirements.
 - Ensure the operator licensing system works without disincentivising road freight operators from taking up lower carbon vehicles.
 - Ensure a useful definition of "alternative fuel".
9. The Regulations:
 - Removed an exemption from operator licensing for vehicles with mounted fixed plant or machinery, which also carry goods (including materials) for use in relation to that plant (e.g., volumetric concrete mixers, tar sprayers and white line painters). Operator licensing is a system by which companies operating certain heavy goods vehicles and public service vehicles are regulated and imposes various requirements on them, related to ensuring road safety, financial standing and maintenance of operating centres.

- Introduced an exemption for alternatively fuelled goods vehicles with a permissible laden mass, as determined by the vehicle manufacturer, is under 4.25 tonnes from the scope of operator licensing. This applies only to vehicles which are operated within Great Britain.
- Added a definition of alternative fuels.

2. What evidence has informed the PIR?

10. A group of nine stakeholders were contacted to discuss their views on the Regulations. Of the nine, seven agreed to take part:
 - The Batched on Site Association
 - The Driver and Vehicle Standards Agency
 - Logistics UK
 - The Mineral Products Association
 - The Road Haulage Association
 - The Road Surface Treatments Association
 - The Society of Motor Manufacturers and Traders
11. The stakeholders who took part were representatives from enforcement bodies and trade associations whose membership includes businesses within the sector. These were selected specifically as they represented a cross section of freight business and organisations who would be impacted by the Regulations. Semi-structured interviews were conducted to ensure stakeholders commented on the main policy objectives of the Regulations, whilst enabling the ability to build upon points raised through further free discussion where necessary. Questions were distributed to stakeholders prior to allow them to consider responses and engage with members to ensure the most beneficial conversation could be had. The list of questions was developed and agreed with DfT analysts prior to ensure they covered the areas required.
12. Speaking to individual businesses is not proportionate for this PIR given the low impact and limited scope and impact of the measures. As trade associations were given a copy of the questions ahead of the interview, they were able to canvas opinion ahead of the interviews and provide the opinion of individual businesses where necessary.
13. The trade associations interviewed represent businesses from across the freight sector and were selected to provide a cross section of the different industry sectors that would have been affected by the Regulations. However, it is likely they would have more members from larger companies so there is potential that the interview responses may be skewed towards the thoughts of these companies rather than small and medium sized businesses (who are less likely to be members of trade associations) and that evidence of impact on smaller companies is limited. The two stakeholders that did not agree to take part are likely to have had similar views to other organisations that were interviewed, as the Regulations would have affected their members in similar ways to other participants in the PIR. Therefore, the risk of bias by their absence is considered to be low.
14. Launching a public consultation to understand the views of more small and medium sized companies may have been useful, but it is also likely that responses to the consultation would also have been weighted towards larger companies (as they are more likely to have staff with time available to respond). In our view, conducting a full consultation for this PIR

would not have been proportionate, as the changes resulting from these Regulations were largely uncontroversial and the audience impacted was narrow.

15. This PIR relies on the views of stakeholders as vehicle licensing and enforcement data did not enable filtering by the specific vehicle types affected by these Regulations (and as they are a small proportion of vehicles on the road, they would not visibly impact statistics covering a wider pool of vehicles). This meant meaningful data analysis was not able to be conducted. Conducting primary research to gather this data, for the purposes of this PIR, was not thought to be proportionate.
16. DfT officials requested information from the DVSA regarding enforcement statistics, but DVSA are not able to record the level of detail required to capture these specific vehicle types at the roadside, due to the design of the system used. This level of detail could only be captured through record of a 'special returns' vehicle encounter, which would require setting up on the system in advance, which was not deemed proportionate for this PIR or (given the administrative burden of setting up bespoke data collection for a small subset of vehicles) to set up for future PIRs. The Office of the Traffic Commissioner also confirmed they do not hold data on inquiries relating to the vehicles in scope of the regulations.

3. To what extent have the policy objectives been achieved?

Policy Objective One: Ensure the operator licensing system is effectively enforced to subsequently maintain road safety.

17. The Regulations removed an exemption from operator licensing, for vehicles with mounted fixed plant or machinery, which also carry goods for use in relation to that plant (e.g., volumetric concrete mixers ("VCM"), water jettors, etc.).
18. This PIR coincided with the launch of a call for evidence ("CfE") focusing on weights and dimensions of VCMs. This PIR does not focus on weights and dimensions, because they are not included in this Regulation.
19. All stakeholders interviewed had a positive view of operator licensing more generally. Stakeholders specified the operator licensing regime was fundamental to the safety of the sector through promoting best practice. Stakeholders also said the consequences of non-compliance to businesses were so great, it was a high incentive to follow the rules. A stakeholder noted enforcement was key to ensuring all businesses are operating correctly.
20. The majority of stakeholders interviewed concluded that the inclusion of these vehicles within the operator licensing regime was a positive and noted especially the constructive impact of regulating drivers' hours, loading and roadworthiness.
21. One trade association, however, raised concern at the inclusion of some types of vehicles, namely bitumen spreaders. The stakeholder raised the issue of the requirements to have an operator base in relation to these vehicles, stating that these vehicles are moved for job specific work which would mean changing the operator base every time. They reported issues where members had struggled to register vehicles at operating centres, creating a significant burden for operators. These vehicles also need access to a bitumen tank, which creates additional space issues at bases. The stakeholder noted that the cost of this issue was less significant than the administrative burden and the need for vehicles to be stored securely. DfT do not consider this should be a considerable issue or burden in practice as

the issues noted above are workable within the current operator licensing regime, as the vehicle will be considered as being in use when parked at a job. Ensuring adequate space for parking is for the vehicle owner to arrange with company or organisation engaging them to undertake bitumen spreading work and should be considered part of standard business/contractor practice.

22. Overall, the financial impact to business is considered to be low. Some stakeholders said their members were unlikely to have been affected by changes introduced by the Regulations as they were already in scope of operator licensing as other vehicles in their fleet were in scope. One stakeholder raised the increased cost to business through the increased licensing requirements, extra maintenance and management, administrative time to comply and time dealing with any enforcement investigations and use of legal services for public enquiries. However, it was understood these costs were thought to be acceptable given the greater levels of compliance and safety the operator licence regime ensures. Other stakeholders echoed this, stating where members had been affected, the positive impacts to compliance and perceived road safety were thought to offset the cost. Operator licensing requirements already apply to other small businesses, as they are deemed to be a proportionate burden to place on them in order to maintain road safety. This approach is followed here.
23. Although stakeholders stated they had no evidence of their views, nearly all stakeholders suggested anecdotally the Regulations would have improved road safety by bringing these types of vehicles into the operator licence regime. Reasons for this were stated as greater compliance, regulation of drivers' hours, overloading, roadworthiness and the legality of vehicles. One stakeholder said they did not perceive any increase to road safety as they believed drivers of these vehicles, and within the industry, were already trained to a high standard.
24. One stakeholder said the enforcement of the Regulations between DVSA and the Traffic Commissioners had been inconsistent. Another stakeholder echoed this stating integration between DVSA and the traffic commissioner needed to be better. Another stakeholder said that enforcement of these Regulations needed to improve as they believe inadequate enforcement is allowing less compliant operators to continue operating poorly and get away with it. These issues are outside the scope of this PIR and are an operational matter for enforcement bodies.
25. One stakeholder stated they found schemes such as Fleet Operator Recognition Scheme ("FORS") and Construction Logistics and Community Safety ("CLOCS") to 'muddy the waters' as they have different objectives to operator licensing. FORS is a voluntary national accreditation scheme (which is privately run, without government involvement) which aims to drive up standards within the industry in areas such as fuel efficiency, carbon emissions and road safety. Similarly, CLOCS is also a voluntary standard which aims to ensure businesses apply best practice to their operations. The stakeholder also said they believe communication from government should be improved so operators understand the purpose of the Regulations – for example whether it aims to tackle emissions or road wear (or both).
26. Overall, inclusion of these vehicles within the operator licensing regime was thought to be positive. As such the continuation of this section of the Regulations would be beneficial.

Policy Objective Two: Ensure the operator licensing system works without disincentivising road freight operators from taking up lower carbon vehicles.

27. The Regulations introduced an operator licensing exemption for alternatively fuelled goods vehicles with a permissible laden mass, as determined by the vehicle manufacturer, is under 4.25 tonnes. This applies only to vehicles which are operated within Great Britain only.
28. Most stakeholders stated that it was too early to fully understand the impacts of this aspect of the Regulations given that the market penetration, and take up, of electric goods vehicles is low. As take up of alternatively fuelled goods vehicles within this weight class increases (which will have to happen given the requirements of the Zero Emission Vehicle Mandate) the impact of these Regulations would also increase. At present however, where there were impacts, they were assessed to be minimal but positive.
29. Overall, the stakeholders interviewed agreed that the Regulations regarding operator licensing would not have significantly impacted the decisions of operators to move to electric and lower carbon vehicles. One stakeholder pointed out that axle design weights and gross vehicle weights, as well as the significantly greater cost of electric and lower carbon vehicles, were far more limiting to their adoption than the operator licensing regime.
30. One stakeholder said, whilst they do not believe there to currently be significant impacts due to the Regulations, they believed the exemption would increasingly be an enabler for the sale of electric vehicles falling into this category. They also said, if the exemption were to be removed, it would become a barrier to uptake, which they believe would have negative impacts on net zero targets. Some stakeholders suggested take up of alternatively fuelled vehicles would not be affected by the Regulations due to the push towards phase out dates and effect of the Zero Emission Vehicle Mandate forcing manufacturers to sell increasing proportions of zero emission vehicles.
31. Two stakeholders raised points regarding the need to align other requirements of 3.5 to 4.25 tonne alternatively fuelled goods vehicles – this includes policy covering driving licensing, vehicles and tachographs, as well as the issue of operator licensing in this regulation.
32. Increased road safety risk was not raised by stakeholders as a concern due to these vehicles being removed from the operator licensing regime. Similarly, in response to a consultation¹ on permitting holders of category B driving licensing to drive alternatively fuelled 4.25t goods vehicles, no evidence was received demonstrating increased safety risk from allowing more widespread use of these vehicles. In contrast “Several respondents noted that some characteristics of electric vehicles, such as regenerative braking and a low centre of gravity due to the weight of the battery, can support safer driving.” Safety performance for users of these vehicles was considered to be good enough that a requirement for extra driver training prior to driving 4.25t alternatively fuelled vehicles on a category B licence is being dropped. No specific road safety data is available for these vehicle types, but it is notable that the number of collisions per billion vehicle miles travelled has shown a downward trend from 2013-2022 (with no notable jump when these Regulations came into force), for both light goods vehicles and heavy goods vehicles.²
33. Overall, the evidence collected indicates the exemption offered for 4.25 tonne vehicles has had a limited (but positive) impact, but the full impacts were hard to judge given the current early stage in electric vehicles take up. The information suggests that this element of the Regulations would be useful to maintain, especially whilst electric vehicle uptake increases.

Policy Objective Three: Ensure a useful definition of ‘alternative fuel’

¹ <https://www.gov.uk/government/consultations/driving-licence-flexibility-for-alternatively-fuelled-vehicles/outcome/consultation-outcome-driving-licence-flexibility-for-alternatively-fuelled-vehicles>

² <https://assets.publishing.service.gov.uk/media/65143a89b1bad400144fd8fb/ras0502 ods>

34. The Regulations included a definition of 'alternative fuel'. The definition describes 'alternative fuel' as meaning one, or more, of the following: electricity, hydrogen, natural gas (including biomethane in gaseous and liquified form) and liquefied petroleum gas.
35. From the stakeholders interviewed, two agreed the definition was suitable. One trade association further added to their answer by outlining there to be very few vehicles powered by some of the methods outlined (for example natural gas or liquified petroleum gas) but their inclusion in the definition protects the investment of those operators who have invested in those fuels.
36. Three of the stakeholders we interviewed said they didn't believe the definition remained useful and should be expanded. All of those who stated this view said they believed it should be adapted to include other low carbon fuels. One stakeholder said it should be adapted to include hydrotreated vegetable oil ("HVO"). Two of the stakeholders said they thought it should be adapted to include HVO, synthetic petrol/diesel, additives to reduce carbon emissions from diesel and hydrogen for combustion.
37. One of the stakeholders suggesting all low carbon fuels should be in scope, said they believed it would be beneficial given the unknowns surrounding net zero. They added broadening the scope of the definition would enable all parts of the road haulage sector to be serviced, for example those carrying freight long distances. The stakeholder added publishing a strategy on low carbon fuels would be necessary to support industry confidence to invest in lower carbon fuel technologies. A low carbon fuels strategy is currently being developed by DfT, following an earlier Call for Ideas.³
38. Two of the stakeholders did not provide an answer.
39. Overall, the definition of 'alternative fuels' provided within the Regulations is useful, and worth keeping, however, it may be useful to further investigate the inclusion of other fuels as mentioned by stakeholders. DfT is considering further changing other regulatory thresholds for Zero Emission (at tailpipe) Goods Vehicles with a maximum authorised mass of 3.5t to 4.25t. It has also announced its intention to regulate further about driving licence entitlements for them.

Sign-off for Post Implementation Review: Chief economist/Head of Analysis and Minister

I have read the PIR and I am satisfied that it represents a fair and proportionate assessment of the impact of the measure.

Signed: **Lexi Keegan** on behalf of Chief Economist

Date: 31/01/2024

³ <https://www.gov.uk/government/consultations/low-carbon-fuel-strategy-call-for-ideas>

Further information sheet

4. What were the original assumptions?

37. The Explanatory Memorandum for these Regulations explains that the impact on business, charities and voluntary bodies will be minimal. The expected cost of the removal of certain operators' exemptions from the licensing regime is expected to affect around 270 businesses, costing each an estimated £290 per year. The IA estimates the gross and net direct equivalent cost impact on business as -£0.1m. The IA only covers the area of the Regulations relating to the changes to operator licensing and was completed three years prior to the SI. For this reason, the IA is only lightly referred to throughout.
38. The policy objectives and expected impacts were discussed with stakeholders during the stakeholder engagement conducted for this PIR. Largely, stakeholders agree the Regulations have been positive to the industry both in terms of improving road safety (through best practice and greater compliance) and in terms of take up of low carbon vehicles. Stakeholders suggested the financial impacts of the policy to businesses were also relatively small.

5. Were there any unintended consequences?

39. The IA published covering the changes to operator licensing expected the policy to have a relatively low cost to business, it understood potential consequences to include the application cost and administrative burden. The potential benefits were expected to include improvements to road safety and fair competition. No IA or de minimis impact was published for the remaining elements of the Regulations. Because of this, it is difficult to know what consequences were expected, and is therefore hard to assess whether the outcomes seen were expected or unintended. Conversations with stakeholders, however, do suggest consequences of the Regulation are positive overall.
40. One stakeholder raised the issue of the inclusion of some vehicles (such as bitumen spreaders) within the Regulation removing the exemption from operator licensing for vehicles with mounted fixed plant or machinery, which also carry goods for use in relation to that plant. The inclusion of these vehicles may have had unintended impacts on the operators who run these vehicles within their fleets. The intention of the Regulations was to improve road safety through regulating compliance to things such as vehicle maintenance, drivers' hours and vehicle loading. In general, stakeholders believed the inclusion of these vehicles has been positive. Where vehicles had been included in the Regulations unintentionally, the result was deemed to be positive.
41. There has been no indication that these Regulations have had a disproportionate negative effect on small businesses. It is likely large companies would be able to adapt to the operator licensing changes more easily, and as stakeholders have indicated, may not have been affected due to being more likely to already hold an operator licence. Larger companies may also be more likely to be more financially able to purchase electric goods vehicles, under 4.25 tonnes, which fall into the exemption provided by the Regulations. Stakeholders have indicated that the cost to purchase these vehicles is a barrier to uptake. However, there is no indication from the stakeholder engagement that willingness to move to lower carbon vehicles is dependent on company size. Cost of vehicles is not a specific feature of the Regulations and is a consequence of pricing, which is set by manufacturers.

6. Has the evidence identified any opportunities for reducing the burden on business?

44. The Regulations pose a direct and unavoidable cost to businesses where they operate vehicles which were moved into scope (for example VCMs) of the operator licensing scheme. The impact of this was expected to be low. Stakeholders confirmed the impact to their members has been low, stating many were already in scope of operator licensing. No obvious opportunities have been found to reduce burdens to businesses. Stakeholders reported that members perceived the Regulations to be beneficial in terms of road safety and best practice, these could not have been achieved without regulation increasing compliance.

7. How does the UK approach compare with the implementation of similar measures internationally, including how EU member states implemented EU requirements that are comparable or now form part of retained EU law, or how other countries have implemented international agreements?

45. Retained EU Regulation (EC) 1071/2009 (assimilated from 1 January 2024) is part of the legislative framework relevant to the UK. The UK/EU Trade and Co-operation Agreement (the "TCA") commits the UK to requiring operator licensing for goods vehicles with maximum authorised mass of 3.5 tonnes or more, and in some circumstances 2.5 tonnes or more, in relation to transports in EU territory made further to the TCA. The EU has enabled its member States to allow the driving of certain alternatively fuelled vehicles of up to 4.25 tonnes using standard B category licences. The EU has not specifically regulated standard operator licensing exemptions for this category of goods vehicle.