EXPLANATORY MEMORANDUM TO

THE AUTOMATED VEHICLES (PERMITS FOR AUTOMATED PASSENGER SERVICES) REGULATIONS 2026

2026 No. 439

1. Introduction

1.1 This Explanatory Memorandum has been prepared by the Department for Transport and is laid before Parliament by Command of His Majesty.

2. Declaration

2.1 Simon Lightwood MP, Parliamentary Under Secretary of State (Minister for Roads and Buses) at the Department for Transport confirms that this Explanatory Memorandum meets the required standard.

2.2 Simon Connick, Deputy Director for the Centre for Connected and Autonomous Vehicles at the Department for Transport confirms that this Explanatory Memorandum meets the required standard.

3. Contact

3.1 Lawrence Thurbin at the Department for Transport can be contacted by email at the following address with any queries regarding the instrument: avimplementation@ccav.gov.uk. Alternatively, the department can be contacted by telephone: 0300 330 3000.

Part One: Explanation, and context, of the Instrument

4. Overview of the Instrument

What does the legislation do?

4.1 These Regulations set out procedural aspects for the new permit scheme for automated passenger services, as introduced by Part 5 of the Automated Vehicles Act 2024 (c. 10).

4.2 An automated passenger service is a service that carries passengers using a vehicle that is either designed or adapted to travel autonomously or being used for a trial with the aim of developing such vehicles. Those interested in deploying an automated passenger service will be able to apply to the appropriate national authority for a permit, to which conditions can be attached. These Regulations set out the maximum period for which a permit can be valid, how a permit can be varied, suspended or withdrawn, the process for renewing a permit, how a permit decision can be appealed, and the disclosure and use of information related to conditions attached to a permit.

4.3 These Regulations apply to automated services resembling buses in England, Wales and Scotland and automated services resembling taxis or private hire vehicles in England.

Where does the legislation extend to, and apply?

4.4 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is England and Wales and Scotland.

4.5 The territorial application of this instrument (that is, where the instrument produces a practical effect) is England, Wales and Scotland.

5. Policy Context

What is being done and why?

5.1 The Automated Vehicles Act 2024 established the legal framework for the safe introduction of self-driving vehicles in Great Britain. Part 5 of the Automated Vehicles Act 2024 introduced the power for the Secretary of State for Transport to grant permits for automated passenger services. This was introduced to provide a clear route for self-driving vehicles to carry passengers due to uncertainty around the application of existing taxi and private hire vehicle licensing and public service vehicle licensing to automated passenger services.

5.2 This legislation provides the procedural basis for how the permit scheme will be managed and operated.

What was the previous policy, how is this different?

5.3 This is a novel policy, introduced by the Automated Vehicles Act 2024. As noted in paragraph 5.1, prior to the Act, there was no clear legal route for self-driving vehicles to carry passengers.

6. Legislative and Legal Context

How has the law changed?

6.1 This is the first time that these powers will be used.

Why was this approach taken to change the law?

6.2 This is the only possible approach to make the necessary changes.

7. Consultation

Summary of consultation outcome and methodology

7.1 In accordance with section 97(2) of the Act, the Department for Transport consulted with relevant stakeholders, including representatives of the automotive industry, consumer groups, local authorities, and regulators.

7.2 The Department for Transport conducted a formal consultation on the automated passenger services permit scheme between 21st July 2025 and 28th September 2025. The Government published its response to the consultation on 23rd April 2026.[1]

7.3 Stakeholders broadly supported the proposed approach to automated passenger service permits and responses to the consultation have also helped inform the development of a suite of non-statutory guidance.

7.4 The devolved governments of Wales and Scotland have been consulted throughout policy development and raised no material concerns.

[1] www.gov.uk/government/consultations/automated-passenger-services-permitting-scheme

8. Applicable Guidance

8.1 The Department for Transport has published non-statutory guidance on the purpose of the scheme and the application process.[2] The guidance is for those wishing to deploy a service, for local authorities, and for emergency responders to build understanding of the permit scheme as a novel scheme.

Part Two: Impact and the Better Regulation Framework

9. Impact Assessment

9.1 A full Impact Assessment is submitted with this memorandum and published alongside the Explanatory Memorandum on the legislation.gov.uk website.

Impact on businesses, charities and voluntary bodies

9.2 The impact on business overall has not been quantified precisely; however, the net impact is expected to be positive. As this legislation is permissive in nature, businesses will only enter the new automated passenger services market if there is an expectation of future profit. The Impact Assessment considers the impact of this legislation based on limited initial deployments of automated passenger services, with a higher scale of deployments expected after the laying of the full automated vehicle regulatory package, which the government anticipates will be in 2027. The cost to businesses is highly uncertain as the scale of future deployments is not known and the nature of impacts is uncertain due to the nascency of the market. The present value cost to business from application fees, application admin burden and familiarisation costs was estimated to be between £95 thousand and £2 million over the 10-year appraisal period (2024 prices, discounted). Of this, between £6 thousand and £162 thousand are administrative costs. There is no expected impact on charities or voluntary bodies.

9.3 The legislation does impact small or micro businesses. The indirect impact on small or micro businesses will be primarily through increasing competition for existing taxi, private hire vehicle and public service vehicle operators. This is likely to be small through the initial deployment of any permitted automated passenger service under the piloting period of the permit scheme. This legislation does not impose new regulatory costs on existing small and micro businesses.

9.4 Mitigations for the impact on small or micro businesses include the ability for licensing authorities to refuse consent for a service to deploy in their boundary area. An authority may do so, for example, if the proposed service did not contribute towards the local transport strategy or objectives. Additionally, because a permitted automated passenger service is not a taxi, private hire vehicle or bus, they will not automatically have access to the infrastructure that these modes can access, such as bus lanes.

9.5 The public sector will be impacted by this legislation. The Vehicle Certification Agency (VCA) and The Driver and Vehicle Standards Agency (DVSA) will have the administrative cost of certifying vehicles, processing permits and ensuring on-road safety. Without experience of managing these processes, the central present value cost over both bodies is estimated as being approximately £2 million over the appraisal period (2024 prices, discounted). Some of these costs are expected to be passed to

[2] www.gov.uk/government/publications/self-driving-vehicle-pilot-scheme-information-for-applicants
www.gov.uk/government/publications/automated-passenger-service-permits-local-authority-and-transport-body-roles
www.gov.uk/government/publications/self-driving-vehicle-pilot-scheme-information-for-first-responders

businesses. Participating local authorities may incur some administrative cost dependent on the extent of their chosen involvement with the process. This has not been quantified, due to uncertainty over the scale of costs and types of consent conditions.

10. Monitoring and review

What is the approach to monitoring and reviewing this legislation?

10.1 The Department for Transport will monitor the implementation of these Regulations and assess the need for updates in light of technological and market developments. To support this review, the Department will engage with organisations that have deployed automated passenger services, those that expressed an interest and other interested parties. This evidence will help the Department to understand the impact of deployments. The Department will carry out the review using a monitoring, reporting and learning plan, which will use available regulatory and policy levers to obtain the required information, including through the use of data-sharing agreements.

10.2 This instrument does not include a statutory review clause. This is because the policy will be subject to a wider statutory monitoring mechanism once the Automated Vehicles Act 2024 is fully in force, which is anticipated to be in the second half of 2027. This will include implementing the 'general monitoring duty' in section 38. This duty, when enacted, will require the Secretary of State for Transport to put in place effective and proportionate arrangements to monitor and assess the general performance of self-driving vehicles and the extent to which that performance is consistent with the statement of safety principles. Including an additional statutory instrument-specific review clause would create unnecessary duplication. The forthcoming general monitoring duty satisfies the requirement to ensure ongoing evaluation of the regulation.

10.3 In line with the requirements of the Small Business, Enterprise and Employment Act 2015, Simon Lightwood MP has made the following statement:

"A statutory review clause is not included in the instrument because it is not appropriate in the circumstances to make provision for review in the instrument. A review would be unnecessarily duplicative as the forthcoming implementation of the 'general monitoring duty' in section 38 of the Automated Vehicles Act 2024 satisfies the requirement to ensure ongoing evaluation of the regulation."

Part Three: Statements and Matters of Particular Interest to Parliament

11. Matters of special interest to Parliament

11.1 None.

12. European Convention on Human Rights

12.1 As this instrument is subject to the negative resolution procedure and does not amend primary legislation, no statement is required.

13. The Relevant European Union Acts

13.1 This instrument is not made under the European Union (Withdrawal) Act 2018, the European Union (Future Relationship) Act 2020 or the Retained EU Law (Revocation and Reform) Act 2023 ("relevant European Union Acts").