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 The Automated Vehicles Act 2024 empowers the appropriate national authority[1] to make regulations setting out the application process, fees payable, maximum period for which a permit can be valid, how and in what circumstances a permit can be varied, suspended or withdrawn, the process for renewing a permit, how a decision can be appealed, and the disclosure and use of information related to conditions attached to a permit.

4.3 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

[1] "Appropriate national authority" is defined in section 90(4) and (5) of the Automated Vehicles Act 2024. For the provision in England of a service resembling a taxi or private hire vehicle ("PHV"), or the provision in England, Scotland or Wales of a service resembling a bus, the appropriate national authority is the Secretary of State. For the provision in Scotland of a service resembling a taxi or PHV, the appropriate national authority is the Scottish Ministers. For the provision in Wales of a service resembling a taxi or PHV, the appropriate national authority is the Welsh Ministers.

passenger service will be able to apply to the appropriate national authority for a permit, to which conditions can be attached.

4.4 A permit may be granted for a maximum period of five years.

4.5 A permit holder may apply during the renewal period for a permit to be renewed. The renewal period opens six months before the permit's expiry and closes two months before that date. This window is intended to ensure sufficient time for the Secretary of State to consider the application before the permit expires.

4.6 Applications for renewal are assessed on a basis consistent with that applied to initial applications. However, a proportionate approach is taken: where information submitted as part of a previous application remains accurate and up to date, applicants are not required to resubmit it. This is intended to reduce the administrative burden while ensuring that decisions continue to be based on relevant and current evidence.

4.7 The Secretary of State can vary, suspend or withdraw a permit in agreement with the permit holder or without their agreement. These Regulations set out the circumstances in which the Secretary of State may vary, suspend or withdraw a permit without the permit holder's consent. These circumstances include breaching a permit condition, not fulfilling an undertaking given to the Secretary of State, a material change of any circumstance relevant to the granting of the permit, or a vehicle to which the permit applies being in an unroadworthy condition.

4.8 A variation, suspension or withdrawal can happen using the ordinary procedure or urgently, with the Regulations setting out the process for both.

4.9 An applicant or permit holder may request a review of a decision made by the Secretary of State under these Regulations.

4.10 The applicant or permit holder must submit a request for review within 28 days, beginning with the day after the day on which the decision was sent to them. This time limit is intended to provide clarity and finality, while allowing a reasonable period for the applicant or permit holder to consider the decision.

4.11 Requests for review must be made in writing and must set out the representations on which the applicant or permit holder relies. This ensures that the Secretary of State is able to understand and consider the grounds on which the decision is being challenged.

4.12 The Secretary of State must acknowledge receipt of a request for review within 14 days, beginning with the day after the day on which the Secretary of State receives the request. Within the same time period, the Secretary of State must confirm in writing to the applicant or permit holder the latest date by which the Secretary of State expects to provide the outcome of the review. This requirement is intended to ensure transparency and provide certainty to applicants and permit holders about the review process and timescales.

4.13 Permit holders must comply with any conditions attached to their permit relating to the provision or sharing of information. This may include operational information, such as routes, fares and stopping locations, as well as information relating to incidents and safety. Any information shared must be provided in accordance with these Regulations and only for the purposes specified within them. This approach is intended to support effective oversight of services while safeguarding the appropriate use of data.

4.14 These Regulations do not prescribe the detailed procedure for making or determining applications. Instead, the Secretary of State has issued non-statutory guidance on how

to make applications and the approach to assessing them.[2] This approach is intended to provide flexibility, allowing the application process to be adapted over time and applied proportionately to different types and scales of service.

4.15 These Regulations do not prescribe the detailed application process or provide for the charging of fees. Given the early stage of development of automated passenger services, a flexible approach has been adopted. The application process is therefore set out in non-statutory guidance, enabling a proportionate approach that can be tailored to the size, nature and complexity of individual proposals.

4.16 No fees have been introduced at this stage because there is currently insufficient evidence to enable the Department for Transport to accurately assess the costs of administering the scheme. The scheme will be administered by the Driver and Vehicle Standards Agency (DVSA) on behalf of the Secretary of State for Transport.

4.17 As set out in the consultation, the Department intends to introduce fees for the scheme in due course. Any future fee regime will be informed by evidence gathered through the operation and administration of the scheme, including the volume and complexity of applications and associated costs, as well as through consultation. Subject to the availability and robustness of this evidence, fees could be introduced from 2028.

4.18 An application for a permit for an automated passenger service may be made once these Regulations come into force on 15th May 2026.

4.19 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?

4.20 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.

4.21 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 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 The permitting scheme is designed to provide a clear route for automated vehicles to legally carry passengers, addressing the challenges identified by the Law Commissions with existing licensing regimes for taxis, private hire vehicles and public service vehicles. The scheme is available regardless of the traditional mode of road passenger transport it resembles. The same applies where the model may be different to these modes, enabling new and novel approaches to come forward.

[2] www.gov.uk/government/publications/self-driving-vehicle-pilot-scheme-information-for-applicants/self-driving-vehicle-pilot-scheme-information-for-applicants

5.3 The Automated Passenger Services permitting scheme operates alongside the existing licensing regimes for passenger transport services, which remain available to operators. Where an operator chooses to pursue one of these alternative routes, it is for the relevant licensing authority to determine whether that route is appropriate in the circumstances.

5.4 Section 82(2) of the Automated Vehicles Act 2024 provides that an automated passenger services permit may be granted for a service using a vehicle that is designed or adapted to travel autonomously, or that is being used as part of a trial with the aim of developing such capability. Ahead of the full implementation of that Act, the legal framework for determining whether a vehicle may operate autonomously is set out in the Automated and Electric Vehicles Act 2018. Under that framework, a vehicle must be listed as an automated vehicle if the Secretary of State considers it is capable of safely and lawfully operating without human monitoring or control. Where a vehicle is included on the list maintained under the Automated and Electric Vehicles Act 2018, an automated passenger services permit may be granted on the basis that the vehicle is designed or adapted to operate autonomously. Where a vehicle is not listed, an automated passenger services permit may instead be granted where the vehicle is being used as part of a trial, and the purpose of that trial is to support its future inclusion on the list.

5.5 The 'Code of Practice: Automated Vehicle Trialling'[3] provides guidance for organisations wishing to undertake trials of automated vehicle technology that need a safety driver. This includes, for example, guidance on the role and responsibilities of safety drivers, as well as engagement with relevant stakeholders prior to the commencement of a trial. Since its introduction in 2015, the Code of Practice has been widely used to support the safe and effective trialling of automated vehicles across a range of organisations.

5.6 These Regulations establish the procedural framework for the operation and administration of the automated passenger services permitting scheme. The scheme will be administered by the DVSA on behalf of the Secretary of State for Transport.

5.7 While these Regulations set out the procedural aspects of the scheme, the power to grant a permit is provided by the Automated Vehicles Act 2024. Under that Act, the appropriate national authority may grant a person a permit may for the provision of automated passenger services.

5.8 The automated passenger services permitting scheme is nationally administered but incorporates a principle of local consent, as provided for in the Automated Vehicles Act 2024. As part of the decision-making process, the Secretary of State must seek consent from relevant local bodies before granting a permit.

5.9 Section 85(3) of the Automated Vehicles Act 2024 provides that a permit for a taxi- or private hire vehicle-like service may not be granted without the consent of each licensing authority in whose area the service is proposed to operate. Section 86(2) provides that, for bus-like services, a permit may not be granted without the consent of each relevant franchising authority. Non-statutory guidance has been developed to support local authorities and transport bodies.[4]

[3] www.gov.uk/government/publications/trialling-automated-vehicle-technologies-in-public/code-of-practice-automated-vehicle-trialling

[4] www.gov.uk/government/publications/automated-passenger-service-permits-local-authority-and-transport-body-roles/automated-passenger-service-permits-local-authority-and-transport-body-roles

5.10 The decision whether to give or refuse consent rests with the relevant authority. Where consent is refused, any challenge to that decision must be pursued through the appeals processes available within that authority's existing framework.

5.11 In addition, before granting a permit, section 87(1) of the Automated Vehicles Act 2024 requires the appropriate national authority to consult traffic authorities and emergency services that it considers are likely to be substantially affected if the permit is granted. Supporting non-statutory guidance has been produced for these stakeholders, including tailored information for traffic authorities and separate material for emergency responders.[5]

5.12 Under the framework established by the Automated Vehicles Act 2024, the formal role of local authorities and transport bodies is limited to the provision of consent and participation in consultation processes. These functions are considered to fall within the scope of existing responsibilities. A New Burdens Assessment has concluded that this does not impose new burdens on these bodies, although this will be kept under review. The impact assessment considers potential costs based on scenarios involving full engagement in the process, including engagement beyond core regulatory functions.

5.13 Where a permit is granted, section 82(4) of the Automated Vehicles Act 2024 requires that it specifies key parameters of the authorised service. These include the areas in which services may be provided, the vehicles (or descriptions of vehicles) that may be used, the validity period of the permit, and any conditions attached to it. Conditions may include both limitations on the services provided and obligations with which the permit holder must comply.

5.14 The Automated Vehicles Act 2024 requires that permit conditions include obligations on the permit holder to publish reports setting out the steps taken to meet the needs of older and disabled passengers and to safeguard passengers more generally. The Secretary of State may impose additional conditions as appropriate.

5.15 Additional permit conditions will be determined on a case-by-case basis, reflecting the nature, scale and operational characteristics of the proposed service. These may include requirements relating to the safe and effective operation of the service, engagement with relevant stakeholders, and the monitoring and adaptation of operations based on experience. Conditions may also include requirements for reporting and information sharing to support the development of evidence and understanding of how automated passenger services operate in practice.

What was the previous policy, how is this different?

5.16 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.

[5] www.gov.uk/government/publications/self-driving-vehicle-pilot-scheme-information-for-first-responders/interacting-with-self-driving-vehicles-first-responders

Why was this approach taken to change the law?

6.2 This is the only possible approach to make the necessary changes, based on the four-year review undertaken by the Law Commission of England and Wales and the Scottish Law Commission into how automated vehicles could be safely and responsibly introduced on roads and public places in Great Britain.[6] This report identified the challenges with the existing licensing regimes for taxis, private hire vehicles and public service vehicles for vehicles that would not have a human driver. The Automated Passenger Services permitting scheme is intended to provide a clear route for automated vehicles to carry passengers.

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 public 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.[7]

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 Views were more mixed in relation to the decision not to introduce fees at this stage, reflecting a balance between minimising barriers to market entry and the principle of cost recovery.

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

8. Applicable Guidance

8.1 The Department for Transport has published non-statutory guidance on the purpose of the scheme and the application process. The guidance is for those wishing to deploy a service, for local authorities and transport bodies, 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

[6] https://lawcom.gov.uk/project/automated-vehicles/

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

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 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.

9.6 The DVSA, in managing the permit scheme, and the VCA, in assessing a vehicle's capability to drive itself, have funding to enable them to undertake these roles.

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. The plan will use available regulatory and policy levers to obtain the required information, including through 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 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 At the request of the Secondary Legislation Scrutiny Committee, the following paragraphs have been amended or added.

11.2 Paragraph 4.2 was added to explain the appropriate national authority's powers in relation to the Regulations under the Automated Vehicles Act 2024.

11.3 Paragraph 4.3 has been amended to remove duplication with other paragraphs on the extent of the Regulations.

11.4 Paragraphs 4.4 to 4.13 were added to provide more information on the powers that the Secretary of State has exercised in the Regulations and how this enables the Automated Passenger Services scheme to be operated and managed.

11.5 Paragraphs 4.14 to 4.16 were added to explain what powers the Secretary of State has not exercised in the Regulations.

11.6 Paragraph 4.17 was added to provide further information on the Department's intention introduce fees in the future.

11.7 Paragraph 4.18 was added to explain that an application can be received once those Regulations come into force.

11.8 Paragraphs 5.2 to 5.15 were added to provide further policy context on automated passenger services through the Automated Vehicles Act 2024, how the scheme will be managed and whether a vehicle can be classified as self-driving.

11.9 Paragraph 6.2 was amended to provide further information on the basis for introduction of the permitting scheme being the only possible approach to make the necessary changes to provide a clear route for automated vehicles to carry passengers.

11.10 Paragraph 7.2 was amended to clarify that the formal consultation was public.

11.11 Paragraph 7.4 was added to provide further information on the views received through the consultation.

11.12 Paragraph 8.1 was amended to clarify that the relevant non-statutory guidance is aimed at transport bodies as well as local authorities.

11.13 Paragraph 9.6 was added to confirm funding arrangements for the DVSA and VCA.

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").