EXPLANATORY MEMORANDUM TO

THE MOTOR VEHICLES (EC TYPE APPROVAL) (AMENDMENT) REGULATIONS 2007

2007 No. 855

1.This explanatory memorandum has been prepared by the Vehicle Certification Agency, an Executive Agency of the Department for Transport, and is laid before Parliament by Command of Her Majesty.

2. Description

These Regulations amend the Motor Vehicles (EC Type-Approval) Regulations 1998 ("the 1998 Regulations"), in order to implement three Directives relating the type approval of motor vehicles.

3.Matters of special interest to the Joint Committee on Statutory Instruments

None.

4.Legislative Background

4.1 This legislation implements:

(a) Directive 2005/64/EC, concerning the recyclability and re-usability of vehicles and vehicle parts;

(b) Directive 2006/20/EC, amending Directive 70/221/EEC in respect of rear under-run prevention devices;

(c) Directive 2006/119/EC, amending Directive 2001/56/EC on heating systems.

4.2 Directive 70/156/EEC provides for a system of vehicle type approval. Light passenger vehicles (i.e. passenger vehicles with no more than 8 seats, referred to in Directive 70/156/EEC as Category M1) must be of a type approved as conforming to this Directive before being registered, sold or entered into service for the first time. In order to be so approved, a vehicle must comply with technical requirements specified in other Directives, called the "Separate Directives", listed in an Annex to Directive 70/156/EEC.

4.3 Of the Directives listed in paragraph 4.1, two will each amend one of the Separate Directives already listed in this Annex. 2005/64/EC introduces new requirements.

4.4 The 1998 Regulations implement Directive 70/156/EEC in respect of light passenger vehicles, and the related Separate Directives.

5.Extent

This instrument extends to all of the United Kingdom.

6.European Convention on Human Rights

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

7.Policy background

7.1 Member States are required to transpose the type approval requirements. These requirements are constantly being updated.

7.2 Directive 2005/64/EC will add a new requirements that a minimum of 85 per cent of the mass of a vehicle and its parts be re-usable or recyclable, and that at least 95% of their mass be re-usable or recoverable. This is to maximise the environmental benefits intended by the 'End-of-Life Vehicles' (ELV) Directive 2000/53/EC.

7.3 Directive 2006/20/EC tightens the requirements on rear under-run prevention devices. These requirements will now be the same as those in regulation 58 of the type-approval system of the UN Economic Commission for Europe (UN/ECE), an optional international system of vehicle standards. Most manufacturers were already producing their device to the latter specification, to simplify production and ensure saleability in non-EU countries. .

7.4 Directive 2006/119/EC amends the requirements concerning heating systems in Directive (2001/56/EC). The amendment is made to align EU requirements with those in UN/ECE Regulation 122 in respect of the heating systems fitted to vehicles used for the transport of dangerous goods.

7.5 By inserting a reference to the Directives in the appropriate place in a Schedule to the 1998 Regulations, these Regulations ensure that they will be taken into account as far as the type approval of M1 vehicles is concerned.

7.6 Representatives of the automotive industry participate actively in the development of European legislation, and close contact has been maintained during the decision-making process that led to the adoption of the Directives. Although implementation of these Directives is mandatory, and it is considered that there is no alternative option but to amend the 1998 Regulations, it has become usual to advise the United Kingdom's industry of the necessary changes and ask for their opinions. Following this practice, a notification letter was sent by the Vehicle Certification Agency on 24th January 2007 to the Society of Motor Manufacturers and Traders (SMMT) in order to advise of the imminent transposition and to invite any comment. [ ]

8. Impact

8.1 Compliance with the requirements of 2005/64/EC will entail costs to manufacturers. A Regulatory Impact Assessment (RIA) has been prepared to explain the impact and is attached. No Regulatory Impact Assessment has been produced in respect of Directives 2006/20/EC and 2006/119/EC, as these have a negligible impact on the costs or savings of business, charities, the voluntary sector or public sector. As far as Directive 2006/20/EC is concerned, the extra cost of providing the new rear under protection devices is estimated to be about £1 per vehicle. There may be benefits in accident savings, but since the change in specifications is so slight, these are, again, expected to be very small. There is no extra burden on vehicle or component manufacturers as a result of Directive 2006/119/EC.

8.2 There should be no impact on the public sector.

9. Contact

Gus Gander of the Vehicle Certification Agency of the Department for Transport, 1 Eastgate Office Centre, Eastgate Road, Bristol BS5 6XX (Tel: 01179 524119; e-mail ggander@vca.gov.uk) can answer questions regarding this instrument.

FINAL REGULATORY IMPACT ASSESSMENT (RIA) ON DIRECTIVE 2005/64/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON THE TYPE APPROVAL OF MOTOR VEHICLES WITH REGARD TO THEIR RE-USABILITY, RECYCLABILITY AND RECOVERABILITY AND AMENDING COUNCIL DIRECTIVE 70/156/EEC

1. This RIA discusses the potential costs, benefits, and risks which could affect businesses, charities or the voluntary sector in the UK from Directive 2005/64/EC of the European Parliament and of the Council on the type approval of motor vehicles with regard to their re-usability, recyclability and recoverability, and amending Council Directive 70/156/EEC.[1]

Purpose and intended effect of measure

(i) The objective

2. Directive 2005/64/EC forms part of the type approval regime established by the Framework Directive 70/156/EC (providing for the type approval of motor vehicles and their trailers), and aims to ensure that passenger cars and light vans and trucks can be put on the European internal market only if it can be demonstrated that they are re-usable and/or recyclable to a minimum 85 per cent by mass, and re-usable and/or recoverable to a minimum 95 per cent by mass.

3. The Directive has two main objectives: first, to ensure the environmental benefits from the recycling and recovery of end-of-life vehicles (ELVs) under the End of Life Vehicles (ELV) Directive (Directive 200/53/EC) are achieved and sustained, and secondly, to maintain the single market in the European automobile sector.

4. The origin of the Directive is Article 7.4 of the ELV Directive.[2] This says:

"In order to prepare an amendment to Directive 70/156/EEC, the Commission shall promote the preparation of European standards relating to the dismantlability, recoverability and recyclability of vehicles. Once the standards are agreed ...the European Parliament and the Council, on the basis of a proposal from the Commission, shall amend Directive 70/156/EEC so that vehicles type-approved in accordance with that Directive and put on the market after three years after the amendment of the Directive 70/156/EEC are re-usable

[1] Directive 70/156/EEC of 6 February 1970 on the approximation of the laws of the Member States relating to the type-approval of motor vehicles and their trailers. Directive 70/156/EEC requires vehicles to comply with a range of harmonised technical requirements prior to being placed on the EU market.

[2] The End of Life Vehicles (ELV) Directive[2] requires Member States to ensure the re-use and recovery of end of life vehicles (ELVs) to the following minimum rates:
85 per cent re-use and recovery (80 per cent re-use and recycling) by average weight per vehicle and year by 1 January 2006;
95 per cent re-use and recovery (85 per cent re-use and recycling) by an average weight per vehicle and year by 1 January 2015.

and/or recyclable to a minimum of 85% by weight per vehicle and are re-usable and/or recoverable to a minimum of 95% by weight per vehicle".

(ii) The background

5. The Type Approval Directive (Directive 70/156/EC) provides the framework under which motor vehicles are approved as meeting a range of harmonised technical requirements such that they can then be placed on the European market. The Type Approval Directive is compulsory for vehicles belonging to category M1.[3] It is expected that the Directive will be extended to all categories of vehicles in the future.

6. The End of Life Vehicles Directive (Directive 2000/53/EC) applies to both M1 and N1 category vehicles.[4] The proposed Directive thus covers both M1 and N1 vehicles, even though N1 vehicles are not, at present, covered by mandatory pan-European approval under the Type Approval Directive.

7. The Type Approval Directive sets out a scheme of mandatory European approval for mass-produced vehicle types and this is often referred to as 'EC whole vehicle type approval'. Single production vehicles and small series production vehicles are subject to national type approval as they are currently outside the scope of the Type Approval Directive. (Although this will change in the future).

8. The ELV Directive provides for the exemption of Small series vehicles (which are themselves exempt from the Type Approval Directive) from Article 7(4) of the ELV Directive. The ELV Directive also provides an exemption for special-purpose vehicles from Article 7 of the ELV Directive generally. The Directive thus excludes small series vehicles from the majority of its provisions and excludes special-purpose vehicles generally.

(iii) Risk assessment

9. The Directive should minimise the risks of Member States failing to achieve the recycling and recovery targets for ELVs under the ELV Directive, and so should minimise the risks to the environment from the future disposal of ELVs.

10. The Directive should also minimise the risks of the European internal market not working effectively in relation to the placing on the market of passenger cars and light trucks and vans. Under the Directive vehicle manufacturers will need to meet the same standards and report in a formal manner in terms of the re-useability, recyclability and recoverability of the vehicles they place on the market. This will maintain the level playing field that has been established under

[3] That is passenger vehicles with no more than eight seats in addition to the driver's seat.

[4] N1 vehicles are those weighing less than 3.5 tonnes, and generally categorised as light vans and light trucks.

the general type approval process to create a single market in the European automobile sector.

Options

11. The potential costs, benefits, and risks which could affect businesses, charities or the voluntary sector in the UK from implementation of Directive 2005/64/EC are presented in this RIA in comparison to the case of the Directive not being implemented (i.e. the base case).

12. This is a "single-market" Directive which sets mandatory requirements which the UK is obliged to implement under EU law. The intention of the Directive is to create uniform standards for recycling, re-use and re-usability across the EC and therefore the options for implementation are very limited. Essentially there are two options, and these are outlined below:

- Option 1: the Base case. Do nothing. Do not enact the Directive in UK law.

- Option 2: Implement the Directive by regulation.

13. To estimate the benefits and costs of each option a number of general assumptions need to be made. These are as follows:

- One UK industry estimate is that there may be around 125 different types of M1 vehicles produced currently by UK vehicle manufacturers, and around 15 different types of N1 vehicles produced currently by UK vehicle manufacturers.[5] This number of different types, 140, is assumed to be broadly constant into the future, i.e. we assume that a new type replaces an existing type.

- Discussions with industry suggest that an M1 vehicle type remains in production on average for 5-7 years in the UK, and that an N1 vehicle type remains in production on average for 15 years in the UK.

- UK vehicle production of M1 and N1 vehicles is currently around 1.8 million vehicles, and it is assumed that this is broadly constant into the future. The number of UK vehicle manufacturers is assumed to be constant into the future.
- Vehicles are assumed to have an average life of 13 years. The number of ELVs arising in the UK is estimated to vary in the region of 2 million to 2.5 million per annum into the future.[6]

[5] It is difficult to know with precision how many different types of vehicles there are on the UK market at any one time. Vehicle manufacturers do not have to type approve their vehicles in the country of production. They also have some discretion over whether they wish to type approve variations of their vehicles.

[6] Based on estimates derived for the final RIA to support the Statutory Instrument (SI 2005 No.263) completing transposition of the ELV Directive in the UK.

- Premature ELVs (i.e. cars discarded before the end of their 'natural' life) are assumed to be 10 per cent of total ELVs, and we assume a vehicle has an equal chance of arising as a premature ELV in any year of its natural life.

14. It should be noted that in addition to the range of assumptions that need to be made to estimate benefits and costs, there is a significant lack of data on which to build firm estimates and so the numbers presented can only be seen as being indicative.

Consultation

HMG was in regular contact with the main affected industries even before the ELV Directive was first proposed, through the Automotive Consortium on Recycling and Disposal (ACORD) - a working group consisting of representatives of the main industries involved in vehicle production and recycling, along with HMG officials. Subsequently, four public consultations were undertaken in respect of the ELV Directive, in January 1998, August 2001, March 2003 and finally in February 2004. (However, the third and fourth of these were restricted to certain aspect of the Directive and did not include this issue.) Each consultation had an extensive circulation list including the motor industry, materials suppliers, vehicle dismantlers and recyclers, local government and environmental groups. Regular ACORD meetings continued right through this process

Benefits

(i) Economic, Environmental and Social

15. The Commission's Explanatory Memorandum for the Directive says:

"Benefits should be seen from the environmental policy point of view and should be assessed in the global framework of the 'End-of-life vehicles' Directive, which is not the subject-matter of this directive."

16. The Commission's Explanatory Memorandum also says that the European Automobile Manufacturers Association (ACEA) has presented figures that the Directive will bring costs savings to 'ELV treatment' in the range of 5-25 euro per vehicle, this is equivalent to around £3.50 - £17.50 per vehicle, an average of £10.50 per vehicle.

17. UK industry representatives say that the ACEA estimates are in terms of the Directive applying to existing types of vehicles. They say that new types of vehicles will be developed and produced to achieve the recovery targets laid down in the ELV Directive, and so the Directive will not lead to any additional benefits in terms of cost savings from 'ELV treatment' when new types of vehicles become ELVs.

18. The benefits in terms of cost savings from 'ELV treatment' will thus apply to existing vehicle types type-approved to the standards of the Directive when they arise as ELVs. New types of vehicles should be developed and produced to

achieve the recovery targets of the ELV Directive in accordance with Article 4)1)b of the ELV Directive whether the Directive is implemented or not. However the implementation of this Directive will introduce more certainty, in terms of ensuring that vehicles being delivered to waste treatment facilities at the end of their life will be capable of being reused, recycled and recovered, and therefore may reduce enforcement costs for both government and industry.

19. The average life of a passenger car is some 13 years and so the majority of the benefits of the Directive will begin to occur 13 years after the Directive is implemented. A number of vehicles arise as premature ELVs, i.e. they are discarded before the end of their natural life.[7] In the UK, estimates are that of the current number of ELVs that arise annually some 10 per cent are premature ELVs. A percentage of ELVs arising in the future will be existing types modified to be type approved under the Directive.

20. The benefits for each option are outlined as follows:

- Option 1. No benefits would arise, other than those already arising under existing legislation such as the ELV Directive.

- Option 2: Of the premature ELVs that arise in 2010, one-thirteenth would have been made in 2010 of which around three-fifths to five-sevenths will have been existing types of vehicle modified to the standards of the Directive in 2010 (given the assumption that a new model type replaces an existing model type every 5-7 years). Of the premature ELVs that arise in 2011, one-thirteenth would have been made in 2011 of which around two-fifths to four-sevenths will have been existing types. In 2012, of the premature ELVs that arise, around one-fifth to three-sevenths will have been existing types. 2014 will be the last year in which premature ELVs will arise which would have been existing types and so result in benefits from the Directive. With regard to natural ELVs, the proportion of existing type vehicles modified to the standards of the Directive will arise as natural ELVs in 2023, 2024, and 2025, where types have a five-year production life, and will arise between 2023-2027, in the case where model types have a seven-year production life, and these will deliver benefits under this option in those years.
  In addition the implementation of this Directive should result in some benefits in terms of reduced costs to government and industry associated with enforcement of the ELV Directive. However these are impossible to quantify.

Costs

(i) *Economic, Environmental and Social*

21. The Commission's Explanatory Memorandum says that the European Automobile Manufacturers Association (ACEA) has presented figures that the Directive may bring production and development costs of between 11-55 euro per vehicle. This equates to a net cost of around £7.50 - £37.50 per vehicle, an average of £22.50 per vehicle.

[7] Largely as a consequence of crashes.

21. Again, UK representatives of ACEA say that this estimate applies only to existing types if captured by the Directive. They say that new types of vehicles will be developed and produced to achieve the recovery targets laid down in the ELV Directive, and so the Directive will not lead to any additional costs in terms of 'piece' costs per vehicle for new types of vehicles. This is justified by reference to Article 4)1)b of the ELV Directive which says that *"..the design and production of new vehicles which take into full account and facilitate the dismantling, reuse and recovery… of end-of life vehicles.."* 'Piece' costs could be incurred if the Directive applies to existing types of vehicles for these may need to be modified to achieve the standards of the Directive.

22. The costs of each option are outlined as follows:

- Option 1: By not implementing this Directive there would be costs imposed on the UK. This is a mandatory Directive which the UK is obliged to implement. Failure to do so would leave the UK open to infraction proceedings and periodic fines from the European Court of Justice that would continue until such time as the Directive is brought into effect in the UK.

- Option 2: By July 2010 all vehicles will need to be type-approved to the standards of the Directive, and this will consist of three-fifths to five-sevenths of vehicles being existing types and incurring a cost. From 2011 vehicles being type approved will by definition be new types and so will not incur additional costs.

23. In addition to the potential costs outlined above, there are a number of other costs resulting directly from vehicle manufacturers needing to *demonstrate* to the competent authority that their vehicles meet the requirements of the Directive. These are estimated as follows:

a) Pre-Type Approval Costs

<u>i. Supply Chain Monitoring System Costs</u>.

24. UK vehicle manufacturers say that to conform to the heavy metals restrictions of Article 4 of the ELV Directive vehicle manufacturers will need to obtain data from suppliers on the material content of their parts. To do this, the International Materials Database System (IMDS) system has been created, but industry says that this is still in its infancy and vehicles manufacturers will face the cost of installing it and adapting it to their needs. Annual operating costs will depend on the model complexity and hence database traffic, but one industry estimate is that for a major vehicle manufacturer this could be in the order of £350,000 per annum.

25. It is not straightforward to estimate any additional costs over and above this figure that may result directly from the Directive in relation to supply chain monitoring. That is particularly true in relation to producing more formal systems to assure the competent authority of the re-use, recyclability and recoverability of parts and components purchased from third parties.

26. Discussions with industry suggest that costs will depend on the number of database transactions needed for detailed certification and monitoring compared with what would have been necessary to give accurate declarations under the ELV Directive, plus any additional manpower and overhead costs of operating the system as a consequence.

27. Industry is uncertain as to what level of additional costs may result from the Directive. If we were to assume that additional costs could be in the range of 10-20 per cent of annual costs for supply chain monitoring under the ELV Directive then multiplying this by the number of major UK vehicle manufacturers would give a cost estimate in the region of £1.3 million – £2.5 million per annum.

ii. Bill of Materials costs

28. These costs relate to vehicle manufacturers being able to prove to the competent authority the material content of their reference vehicles. Following discussions with UK vehicle manufacturers it is estimated that the Directive may require up to 2 new people at each UK major vehicle manufacturer to provide the input to ensure that a vehicle manufacturer can show it is complying with the Directive in terms of the parts and components and production of its vehicles. Multiplying the costs of two staff (at say £80,000) by the number of UK major vehicle manufacturers gives an annual cost estimate in the region of £2.9 million per annum.

b) Type Approval Costs.

iii. Type Approval Costs

29. The Commission's Explanatory Memorandum (EM) estimates that the preliminary assessment procedure and the checks to be performed on vehicles will take up to 5 days. Based on an hourly rate of 135 euro, the EM estimates the costs of type-approval tests from the Directive at some 7,500 euro per type.

30. Discussions with UK industry suggest that internal costs (including manpower, facilities and overheads) to a UK vehicle manufacturer in this process could be three times this figure. This gives a total cost estimate of around £20,000 for obtaining type approval for a type.

31. In terms of Option 2, new types will need to be type approved from 2009. In 2010 all types will need to be approved, and from 2011 onwards only new types will need to be approved, because all the existing types will have been approved in 2010. From our estimates this will mean the type approval of some 19-26 new types in 2009, the type approval of 114-121 types in 2010 (the number in the stock not type approved in 2009 assuming the stock is constant at 140 types), and the type approval of 19-26 new types from 2011 onwards.

iv. Production and Conformity Testing

32. If we assume that it takes an approval authority one day every two years to monitor each type of vehicle produced by a vehicle manufacturer to ensure that it is conforming to the Directive, and assume that this daily cost is similar to that of the costs of actual type approval we can make an estimate of these costs in the region of £,4,000 per type of vehicle (i.e. £1,000 for approval authority costs, and £3,000 for internal costs to the vehicle manufacturer.).

33. The number of tests per year will eventually settle at 57-61, depending on whether an M1 vehicle type has an average production cycle of 5 or 7 years. This figure of 57-61 occurs when all the vehicle types in production in 2009 complete their production cycle and are discontinued, which should occur around 2024 as the expected production life of an N1 vehicle type is 15 years.

34. The largest number of tests occurs in 2012 as existing vehicles will have been type-approved two years earlier in 2010. There will be 114-121 tests rather than 140 because 19-26 of the types brought up to standard in 2010 will have been discontinued in 2011.

v. Calculation and Verification Costs

35. There will be additional costs from calculating the material content and recyclability of types in line with ISO 22628 as required by the Directive. UK industry says that this will require stand-alone software involving one-off costs plus annual maintenance and upgrading.

36. Discussions with UK industry suggest that it may cost a vehicle manufacturer up to 500,000 US dollars to upgrade its existing systems to ensure it can calculate and verify that its vehicles meet ISO 22628. If we assume this investment has a lifespan of ten years and requires annual upgrading/maintenance of say 10 per cent of the initial capital costs, then multiplying these numbers by the number of UK major vehicle manufacturers enables an estimate of these costs to be made.

vi. Prototype/Reference Vehicle Costs

37. There is no specific requirement in the Directive for prototypes for testing, but some UK industry players are concerned that a requirement could be inferred from reference to the provision of a vehicle for testing in the text of the Directive. The provision of a prototype vehicle to ensure compliance with RRR requirements would involve additional costs estimated in the range of £0.5 - £1 million per prototype per type of vehicle to be approved.

38. The UK Government view is that the Directive does not require UK vehicle manufacturers to build prototype vehicles solely for the purposes of the Directive. It is expected that the bulk of compliance will be demonstrated by the data management systems that deliver the masses for the calculation of re-use, recyclability and recoverability. It is also expected that in addition, some critical elements will also need to be demonstrated in relation to dismantlability and mass, but that this need not be on complete vehicles, and could rather be demonstrated on sub-assemblies and components. For these reasons, the Directive is not expected to lead to UK vehicle manufacturers needing to build specific prototypes to confirm compliance with the Directive.

39. UK vehicle manufacturers have said however, that as part of demonstrating compliance with ISO 22628 they expect to have to undertake a dismantling exercise on a reference vehicle of type. They estimate that this will cost 30,000 euro for the dismantling exercise plus the cost of the vehicle. The average price of a vehicle in the UK is difficult to determine but an estimate of around £15,000 is not unreasonable. The cost would be greater if the reference vehicle were a pre-production vehicle.

Consultation with small business: the Small Firms' Impact Test

40. Vehicles produced in small series, i.e. annual production under 500 vehicles, are eligible for exemption from whole vehicle type approval, though their manufacturers may choose to opt for whole vehicle type approval.

41. The UK has a number of vehicle manufacturers who produce in small series, both below and above 500 vehicles per annum. The Directive may potentially have disproportionate impacts on vehicle manufacturers who just exceed, or may exceed in the future, annual production of 500 vehicles. The Government is sensitive to this, and sought to take these concerns into account during negotiation of the Directive.

Competition Assessment

42. Given the competitive nature of the vehicle manufacturing industry in the UK and the relatively small costs of the Directive when compared to the total costs of manufacturing and selling vehicles, the Directive is not expected to have any significant impacts on competition in the UK, but the Government will continue to monitor this.

Enforcement and Sanctions

43. The existing Type-Approval legislative provisions are expected to cover the requirements of the Directive, given that it is an additional amendment to the more general Type-Approval process.

Monitoring and Review

44. The Department for Trade and Industry will monitor and review the application of the Directive. Exact details on how this will be carried out, and via what process, have yet to be finalised.

Conclusion

45. This RIA outlines estimates for the potential costs and benefits of implementation of Directive 2005/64/EC on the type approval of motor vehicles with regard to their re-usability, recyclability and recoverability.

46. The main benefit from the Directive will be in terms of a reduction in the costs of 'ELV treatment' of existing types of vehicles that are type-approved to the Directive standards when they arise as ELVs compared to the costs under the base case of doing nothing.

47. The main costs from the Directive will be in terms of production and development costs of existing types of vehicles type-approved to the Directive standards, compared to the base costs of doing nothing.

48. In addition, there will be a number of costs to vehicle manufacturers resulting from the need to demonstrate to the competent authority that they are producing vehicle types to the Directive standards. These will be both pre-type approval costs and type approval costs themselves.

49. This RIA considers the benefits and costs of the Directive over quite a long period of time. This is in the first case because the Directive is not expected to actually affect vehicle production until 2009 at the earliest. In the second case, given the estimated lifespan of M1 and N1 vehicle types we need to estimate costs over 15 years to ensure that each option under consideration covers all vehicle types that could be produced in the UK. In the third case, we need to estimate benefits over the years to ensure that Option 2 covers all vehicle types approved to the proposed Directive standards when they arise as ELVs.

50. Table 1 below summarises the estimated costs and benefits of the Directive.

Summary Table of 2 Options

Option	Present value of Total Benefits 2006-2027	Present value of Total Costs 2006-2027	Present value of Net Costs 2006-2027
1. Do not implement Directive	None	Infraction costs, daily fine; level unknown but significant compared to those in option 2	Unknown, but significant compared to those in option 2
2. Implement Directive	£17.1 million-£25.4 million plus unquantifiable benefits relating to enforcement of the ELV Directive.	£117.6 million - £141.0 million	£100.6 million - £115.6 million

51. In terms of the profile of benefits and costs, Option 2 would have relatively large one-off costs in 2010 in the region of £37 million - £47 million, in real terms, and relatively large benefits in 2023 in the region of £16 million in real terms. Over the whole appraisal period considered, in annualised terms[8] Option 2 would have net costs in the region of £6.6 million - £7.6 million.

[8] The constant annual net cost (the annuitised value) equivalent to the present value of the net costs of the option.

52. It is recommended that the Directive is transposed into UK regulation. This will ensure that our obligations under EC law are met. In addition it will deliver useful benefits relating to enforcement of the ELV Directive.

Ministerial Declaration

I have read the Regulatory Impact Assessment and I am satisfied that the benefits justify the costs

Signature.....
Date.....

Dr Stephen Ladyman
Minister of State
Department for Transport

Contact Details

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