EXPLANATORY MEMORANDUM TO

THE ROAD USER CHARGING AND WORKPLACE PARKING LEVY (CLASSES OF MOTOR VEHICLES) (ENGLAND) (AMENDMENT) REGULATIONS 2017

2017 No. 1141

1. Introduction

1.1 This explanatory memorandum has been prepared by the Department for Transport and is laid before Parliament by Command of Her Majesty.

2. Purpose of the instrument

2.1 When the Severn Crossings return to public ownership on 8th January 2018 VAT will no longer be added to tolls charged for using them. The Severn Bridges Act 1992 does not include a power that permits tolls to be reduced in this way so, to achieve the reduction, a road charging scheme is being introduced. These Regulations will assist the introduction of this charging scheme by allowing the categories of vehicles used under the tolling system to be continued under the charging scheme.

3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None.

Other matters of interest to the House of Commons

3.2 As this instrument is subject to negative resolution procedure and has not been prayed against, consideration as to whether there are other matters of interest to the House of Commons does not arise at this stage.

4. Legislative Context

4.1 Currently, tolls on the Severn Crossing are established under the Severn Bridges Act 1992.

4.2 The new road user charge will be established under the Transport Act 2000 and a charging scheme order is being produced separately under that Act. Such orders define the charges applicable to categories of vehicles as listed in the Road User Charging and Workplace Parking Levy (Classes of Motor Vehicles) (England) Regulations 2001 ("the 2001 Regulations"). The existing categories of vehicles listed in the Schedule to the 2001 Regulations differ from those currently used for the Severn tolls. These Regulation insert the categories used under the tolling system into the 2001 Regulations so that they can be continued to be used under the charging scheme.

5. Extent and Territorial Application

5.1 The extent of this instrument is England and Wales.

5.2 The territorial application of this instrument is England only.

5.3 The Transport Act 2000 and associated regulations allow the Secretary of State for Transport to implement river crossing charging schemes on roads in England. Whilst

the Severn Crossings link England and Wales, around three-quarters of the crossings are in England, and the charging order which will establish a road user charge will only apply to the parts of the roads in England.

6. European Convention on Human Rights

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

7. Policy background

What is being done and why

7.1 Tolls have been applied at the Severn Crossings since 1966. Since 1992 a company has been operating the crossings under a concession, and has collected tolls to recover costs. That concession period is coming to an end, and the Government has announced that the crossings will come into public ownership on 8th January 2018. The Government has announced that charges will be reduced when the crossings come into public ownership, reflecting the fact that Value Added Tax will no longer be applicable. The Government has also announced that the payment for using the crossings will end entirely at the end of 2018.

7.2 The Government will be reducing the amounts to be paid by users of the Crossings from 8th January 2018 to remove the VAT element from them. Tolling at the Crossings is governed by the Severn Bridges Act 1992 and, whilst the Act permits tolls to be increased or remain the same, it does not provide a power to reduce them. These regulations are to facilitate that reduction. Since the tolling legislation does not allow for reductions in tolls, the Government will be replacing the tolls with a road user charge under the Transport Act 2000.

7.3 A road user charge can be applied to defined categories of vehicles, set out in the 2001 Regulations. However the categories of vehicles used for tolls on the Severn Crossings currently are different. In order to minimise disruption for users of the Severn Crossings, these regulations amend the 2001 Regulations to allow the current categories of vehicles used for Severn tolls to be used for the new Severn Crossings road user charge.

7.4 The regulations carry over the vehicle categories used under the existing tolls, defining motor cars, motor caravans, small goods vehicles, small buses, large goods vehicles and large buses. The charging order groups these together into three categories for payment: category A (motor cars and motor caravans), category B (small goods vehicles and small buses) and category C (large goods vehicles and large buses). Note that motorcycles will continue not be charged.

7.5 The charge will apply from 8th January 2018, and the Government has announced that it will end at the end of 2018. Revenue from the charge will go towards costs previously incurred by the Government during the concession period relating to the crossing, and to costs to be incurred with respect to the ending of tolling/charging.

Consolidation

7.6 There are no current plans to consolidate the 2001 Regulations.

8. Consultation outcome

8.1 The Government conducted a consultation on proposed changes to tolls at the Severn Crossings in January 2017. Although the main focus of the consultation, and of responses to it, was on the introduction of charging and consideration of the level at which charges should be set, the consultation also included proposals to amend the vehicle classes regulations, as part of the plans to reduce the amount paid by crossing users. The consultation included a draft copy of these regulations.

8.2 The Government published a response to the consultation on 15th September 2017. Whilst the size of the reduction differed compared to that in the original consultation, the need to allow for the vehicle categories to be used remains. There were no objections during the consultation to the proposed vehicle categories regulations.

9. Guidance

9.1 The Government has no plans to produce guidance on the regulations, although of course information will be provided to crossing users on which categories of vehicles need to pay, and how much.

10. Impact

10.1 There is no impact on business, charities or voluntary bodies.

10.2 There is no impact on the public sector.

10.3 An Impact Assessment has not been prepared for this instrument.

11. Regulating small business

11.1 The legislation applies to activities that are undertaken by small businesses.

11.2 This is only with respect to which vehicles fall into which charge category, with those categories remaining the same as those used for the existing tolls. The amounts that road users will pay will fall, as per the amounts set out in the charging order.

12. Monitoring & review

12.1 The Government has said that charging on the Severn Crossings will cease at the end of 2018. Since these regulations provide for vehicle categories that can only be used for charging on the Severn Crossings, and those charges are to end, there will be no need to monitor or review the regulations.

13. Contact

13.1 Peter Steele at the Department for Transport Telephone: 020 7944 8177 or email: peter.steele@dft.gsi.gov.uk can answer any queries regarding the instrument.