#### EXPLANATORY MEMORANDUM TO

# THE GOODS VEHICLES (LICENSING OF OPERATORS) (EXEMPTIONS AND MODIFICATIONS) (AMENDMENT) REGULATIONS 2023

#### 2023 No. 805

#### 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. Purpose of the instrument

- 2.1 Certain requirements, known as "postings requirements", apply to drivers employed by operators of goods vehicles based in the European Union ("EU") when working in the United Kingdom ("UK"). These arise from the UK-EU Trade and Cooperation Agreement ("TCA")<sup>1</sup>. The main purpose of this instrument is to allow those requirements<sup>2</sup> to be enforced in Great Britain.
- 2.2 This instrument amends existing regulations relating to licensing of goods vehicle operators to exempt vehicles where the postings requirements are complied with. This instrument also revokes and partly re-enacts existing regulations which exempt goods vehicles brought temporarily to Great Britain. The new provisions update and change the structure of the existing provisions.

## 3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None.

# 4. Extent and Territorial Application

- 4.1 The territorial extent of this instrument (that is, the jurisdiction(s) in which the instrument forms part of the law) is England and Wales, and Scotland.
- 4.2 The territorial application of this instrument (that is, where the instrument produces a practical effect) is England and Wales, and Scotland.
- 4.3 This instrument makes some provisions concerning Northern Ireland based goods vehicle operators travelling to Great Britain. Further information can be found at 6.18 6.20.

# 5. European Convention on Human Rights

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

<sup>&</sup>lt;sup>1</sup> The EU-UK Trade and Cooperation Agreement (TCA): <a href="https://www.gov.uk/government/publications/ukeu-and-eaec-trade-and-cooperation-agreement-ts-no82021">https://www.gov.uk/government/publications/ukeu-and-eaec-trade-and-cooperation-agreement-ts-no82021</a>. Postings requirements are specified in Articles 462 and 463 and Section 2 of Part A of Annex 31 of the TCA. A copy of this document can be inspected (on reasonable notice) free of charge by contacting the Treaty Enquiries Service, telephone: +44 (0)20 7008 1109.

<sup>&</sup>lt;sup>2</sup> Associated with employment laws, including the UK minimum wage.

# 6. Legislative Context

- 6.1 Provisions included in the TCA have a new mechanism to assist checking the compliance of EU operators with the relevant UK legislation on worker rights. This mechanism includes the ability to check that EU operators are paying their drivers the correct wages when they are doing their work within Great Britain. This instrument provides for this mechanism in UK legislation.
- Postings requirements are currently being applied under section 29 of the European Union (Future Relationship) Act 2020<sup>3</sup> "EU(FR)A 2020", which states that "Existing domestic law has effect on and after the relevant day with such modifications as are required for the purposes of implementing in that law the Trade and Cooperation Agreement [...]". The changes being implemented under section 31 of the EU(FR)A 2020, including in relation to postings declarations, are intended to provide legal clarity and to aid enforcement.

#### Domestic legislation

- 6.3 Section 2(1) of the Goods Vehicles (Licensing of Operators) Act 1995<sup>4</sup> ("the 1995 Act") prohibits the use in Great Britain of most goods vehicles on roads for the carriage of goods for hire or reward or in connection with a trade or business, except under a licence issued under the 1995 Act. Section 2(2)(d), together with section 57, allows the Secretary of State to make regulations specifying classes of vehicles the use of which is exempt from section 2(1).
- 6.4 The Goods Vehicles (Licensing of Operators) Regulations 1995<sup>5</sup> ("the 1995 Regulations") make provisions in relation to matters further to the 1995 Act. Regulation 33 with Schedule 3 specifies certain classes of vehicle for which a licence is not required. The 1995 Regulations also make provision regarding the granting of licences, objections to and representations about licences, operating centres, inquiries held by Traffic Commissioners<sup>6</sup> and applications and decisions by Traffic Commissioners.
- 6.5 The Goods Vehicles (Licensing of Operators) (Temporary Use in Great Britain)
  Regulations 1996<sup>7</sup> ("the 1996 Regulations") make further provisions exempting
  certain classes of vehicles from the licence requirement, in particular, the temporary
  use within Great Britain of certain non-UK goods vehicles on journeys partly outside
  the UK. These provisions also concern Northern Ireland based goods vehicles.
- 6.6 Regulations 4 to 30N of the 1996 Regulations set out that the exempt classes of vehicles include:
  - vehicles used pursuant to international road transport agreements made with non-UK countries which are also not members of the EU;
  - vehicles used further to the European Conference of Ministers of Transport ("ECMT")<sup>8</sup> multilateral quota scheme;

https://www.legislation.gov.uk/ukpga/1995/23/introduction

<sup>&</sup>lt;sup>3</sup> EU (Future Relationship) Act 2020: <a href="https://www.legislation.gov.uk/ukpga/2020/29/contents">https://www.legislation.gov.uk/ukpga/2020/29/contents</a>

<sup>&</sup>lt;sup>4</sup> The Goods Vehicles (Licensing of Operators) Act 1995

<sup>&</sup>lt;sup>5</sup> The Goods Vehicles (Licensing of Operators) Regulations 1995: https://www.legislation.gov.uk/uksi/1995/2869/made

<sup>&</sup>lt;sup>6</sup> The Traffic Commissioners: <a href="https://www.gov.uk/government/organisations/traffic-commissioners">https://www.gov.uk/government/organisations/traffic-commissioners</a>

<sup>&</sup>lt;sup>7</sup> The Goods Vehicle (Licensing of Operators) (Temporary Use in Great Britain) Regulations 1996: <a href="https://www.legislation.gov.uk/uksi/1996/2186">https://www.legislation.gov.uk/uksi/1996/2186</a>

<sup>&</sup>lt;sup>8</sup> ECMT Permits: https://www.gov.uk/guidance/ecmt-international-road-haulage-permits

- vehicles used for certain specialised access for EU operators (for example related to "own account" transport); and
- certain goods vehicles registered in Northern Ireland, the Channel Islands, the Faroe Islands and the Isle of Man.
- 6.7 The 1996 Regulations also provide for a simplified licensing procedure at regulation 31 and Schedule 6 for non-EU foreign goods vehicles outside the scope of regulations 4 to 30N through modifications of the application of the 1995 Act and the 1995 Regulations.
- 6.8 The 1996 Regulations have been amended several times since they came into force, including to reflect changes to some of the UK's international road transport agreements and new agreements. This instrument revokes and replaces the 1996 Regulations by inserting updated provisions into the 1995 Regulations.

# International law and inter-governmental agreements

# Access for international freight travelling to the UK

- 6.9 International law does not provide for the automatic entry into the UK of vehicles operated by businesses located outside of the UK, where those vehicles are being used for the carriage of goods commercially or in connection with a trade or business. The access of goods vehicles into the UK is regulated through inter-governmental agreements, which can concern just road transport, or which are broader trade agreements including road transport.
- 6.10 There are three important ways by which non-UK registered goods vehicles may be authorised to transport goods internationally to, from or through the UK. These are: through bilateral road transport agreements, through the TCA, and through the ECMT multilateral quota scheme.

## **Bilateral Agreements**

- 6.11 The UK has 19 bilateral agreements<sup>9</sup> concerning international road transport. Nine of these involve the exchange of physical permits between governments, consistent with widespread and long-standing international practices. The permits must then be used for and carried by specific goods vehicles when used to transport goods in the territory of the other country. Seven agreements require the use of permits for most non-UK heavy goods vehicles used further to them in the UK<sup>10</sup>. Permits are exchanged for some goods transport movements made under the agreements with Turkey and Ukraine.
- 6.12 The ten other bilateral agreements do not involve the use of permits and hence allow for easier access to the UK. These are agreements are with Albania, Bosnia and

3

<sup>&</sup>lt;sup>9</sup> The UK has road transport agreements with: Albania, Azerbaijan, Belarus, Bosnia-Herzegovina, Georgia, Jordan, Kazakhstan, Kosovo, Moldova, Montenegro, Morocco, North Macedonia, Norway, Russia (ex-USSR) Serbia, Switzerland, Tunisia, Turkey and Ukraine. Copies of most of the agreements are available on the UK treaties site <a href="www.gov.uk/guidance/uk-treaties">www.gov.uk/guidance/uk-treaties</a>. Hard copies of the agreements can be obtained on request free of charge from the International Road Haulage Permit Office: email <a href="mailto:irhp@dvsa.gov.uk">irhp@dvsa.gov.uk</a> telephone +44(0)20 8158

<sup>&</sup>lt;sup>10</sup> The seven agreements are those with Azerbaijan, Belarus, Georgia, Kazakhstan, Morocco, Tunisia and the former Union of Soviet Socialist Republics (USSR), which Russia and five other successor states to the USSR inherited and have not been subsequently replaced. No permits for 2023 have been exchanged with Azerbaijan due to the agreement being new. Permits have also not been exchanged with Belarus and Russia in 2023, due to the conflict in Ukraine.

Herzegovina, Jordan, Kosovo, Moldova, Montenegro, North Macedonia, Norway, Serbia and Switzerland (to which Liechtenstein is also a Party). The Norway agreement allows for permit exchange, but permits are not required at the moment further to a protocol. The Norway agreement is subject to further change, having originally been negotiated before the completion of the TCA.

## <u>Trade and Cooperation Agreement (TCA)</u>

- 6.13 Access to the UK by operators based in EU Member States is governed chiefly by the TCA. This agreement allows EU-based goods road transport operators permit-free access to the UK for bilateral journeys (between the EU and the UK, for example between Belgium and the UK) and transit across the UK (between two points in the EU, for example Brussels to Dublin via the ports of Dover and Liverpool; or between the EU and another country, for example Dublin to Zurich via the ports of Liverpool and Dover).
- 6.14 The TCA also supports some journeys within the UK, known as cabotage transport. Since the TCA came into effect, EU operators are only allowed to make a maximum of two cabotage journeys after they enter the UK laden. This is a similar level of access to that which UK operators have for the journeys within the EU under the TCA.

## European Conference of Ministers of Transport (ECMT)

- 6.15 The ECMT multilateral quota scheme for pan European haulage operates between the 43 countries which are members of the ECMT system<sup>11</sup>. Most transports by EU operators between the UK and other non-EU countries (for example a transport between the UK and Switzerland in either direction made by a French operator) now require a permit issued under the ECMT multilateral quota scheme to be held<sup>12</sup>. Supplementary information about eligibility and application criteria is published on gov.uk<sup>13</sup>.
- 6.16 More detailed information about the conditions for the use of the permits (for example the requirements for relevant journeys) is published in the ECMT user guide<sup>14</sup>.
- 6.17 In addition to the quota of permits for goods transport, ECMT permits are also available to specialist firms undertaking international removals of personal and business property. There is no limit on the number of these removal permits<sup>15</sup>. The ECMT scheme also enables some types of permit-free access into, out of and through the UK.

## Access to Northern Ireland and for Northern Ireland Vehicles

6.18 The instrument only applies in Great Britain. However, equivalent exemptions from Northern Ireland operator licensing requirements are provided for through Northern

 $<sup>{}^{11}\,</sup>Information\,about\,the\,ECMT\,multilateral\,quota\,scheme:\,\underline{https://www.itf-oecd.org/about-multilateral-quota}$ 

<sup>&</sup>lt;sup>12</sup> This change was made by the Drivers' Hours, Tachographs, International Road Haulage and Licensing of Operators (Amendment) Regulations 2022: <a href="https://www.legislation.gov.uk/uksi/2022/1260/contents/made">https://www.legislation.gov.uk/uksi/2022/1260/contents/made</a> which is intended to mirror access UK operators have in the EU under the TCA.

<sup>&</sup>lt;sup>13</sup> ECMT Eligibility Criteria: <a href="https://www.gov.uk/guidance/ecmt-international-road-haulage-permits#get-help-with-ecmt-permits">https://www.gov.uk/guidance/ecmt-international-road-haulage-permits#get-help-with-ecmt-permits</a>

<sup>&</sup>lt;sup>14</sup> ECMT User Guide: https://www.itf-oecd.org/ecmt-multilateral-quota-user-guide-2022-0

<sup>&</sup>lt;sup>15</sup> Guidance on ECMT International Removal Permits: <a href="https://www.gov.uk/guidance/international-road-haulage-removal-permits">https://www.gov.uk/guidance/international-road-haulage-removal-permits</a>

- Ireland legislation, including paragraph 19(1) of the Schedule of the Goods Vehicles (Licensing of Operators) (Exemption) Regulations (Northern Ireland) 2012<sup>16</sup>.
- 6.19 The 1996 Regulations also provided exemptions from the requirement in section 2(1) of the 1995 Act for an operator licence in respect of goods vehicles registered and licensed in Northern Ireland to operate into Great Britain. These regulations provide for exemptions for Northern Ireland vehicles to allow their operation in the territory of Great Britain.

#### Northern Ireland Protocol

6.20 The approach taken does not reduce any rights, safeguards or equality of opportunity protections that are in place in relation to the Northern Ireland Protocol included in the EU-UK Withdrawal Agreement<sup>17</sup>.

# Transitional provisions for Iceland

- 6.21 Icelandic goods vehicles coming into Great Britain will no longer be exempt from the requirement to hold an operator licence but will be able to apply for one to enable them to operate within Great Britain using the simplified procedure provided for by the modifications in Schedule 3A to the 1995 Regulations. This route to obtaining an operator licence will be available to operators of Icelandic goods vehicles as there is no other agreement that enables operators of these vehicles to operate in Great Britain without an operator licence.
- 6.22 The revocations of existing legislation which exempt Icelandic goods vehicles from the requirement to hold an operator licence do not affect Icelandic goods vehicles brought into Great Britain before these Regulations take effect until those vehicles have left Great Britain. After that, all Icelandic vehicles will need to obtain a temporary operator licence from a Traffic Commissioner.

# 7. Policy background

#### What is being done and why?

- 7.1 The implementation of this statutory instrument enables requirements for postings declarations to be made by operators established in the EU for cabotage journeys in the UK, and for drivers to carry a copy, further to the TCA, to be enforced in Great Britain.
- 7.2 Postings declarations and the associated procedures enable the UK authorities to check certain UK employment laws (such as those for the minimum wage) are being observed. The TCA allows this mechanism to be used for such checks in relation to drivers employed by EU operators undertaking cabotage journeys in the UK further to the TCA.
- 7.3 The reverse requirements in the TCA, regarding UK based operators making journeys carrying goods between two points in the EU, are not included in this instrument. Under EU law and the TCA, EU Member States can enforce these requirements on UK operators.

<sup>&</sup>lt;sup>16</sup> Schedule to the Goods Vehicles (Licensing of Operators) (Exemption) Regulations (Northern Ireland) 2012: <a href="https://www.legislation.gov.uk/nisr/2012/256/schedule/made">https://www.legislation.gov.uk/nisr/2012/256/schedule/made</a>

<sup>&</sup>lt;sup>17</sup> EU-UK Withdrawal Agreement including the Northern Ireland Protocol <a href="https://www.legislation.gov.uk/eut/withdrawal-agreement/contents/adopted">https://www.legislation.gov.uk/eut/withdrawal-agreement/contents/adopted</a>

- 7.4 Postings declarations include information about drivers and their work and have been required across the EU since 2 February 2022. Declarations are made by an operator employing the driver and are submitted to the EU Internal Market Information ("IMI") database <sup>18</sup> via the EU Posting Declaration Portal <sup>19</sup>. For EU operators working in the UK, these declarations are relevant to road transport operations involving the carriage of goods between loading and unloading points which are both in the UK (for example, carriage from London to Birmingham, or from Cardiff to Belfast, via a ferry to Dublin and transit through Ireland). Up to two such journeys, known as cabotage journeys, can be made by EU goods vehicles following the transport of a load into the UK under the TCA. Cabotage is not allowed if a vehicle arrives empty, or unladen.
- 7.5 Drivers making posted journeys must carry a copy of the postings declaration as evidence that it has been completed. This allows declarations to be checked at roadside when drivers are working outside their home country. Follow-up enquiries about work abroad can be made by the host country to the operator, and, if the operator does not respond, subsequently to the competent authorities of the country in which the operator is based.
- 7.6 This instrument brings the provisions contained in each international road transport agreement together in a new part of Schedule 3 to the 1995 Regulations, as opposed to provisions being covered in different regulations and multiple schedules in the 1996 Regulations. This structure enables provisions related to operator licensing to be defined more precisely in relation to each agreement.
- 7.7 This instrument also updates certain provisions about access arrangements for certain non-EU foreign goods vehicles:
  - due to the UK no longer being part of the European Economic Area;
  - due to the UK not being a Party to the EU/Switzerland land transport agreement;
  - because Gibraltar is no longer part of the EU; and
  - in recognition of a recent agreement between the UK and Azerbaijan.
- 7.8 The UK also has road transport agreements in force with Liechtenstein, Norway and Switzerland, which are reflected in this statutory instrument. Information on transitional provisions for Iceland can be found at 6.21 and 6.22.

## **Explanations**

What did any law do before the changes to be made by this instrument?

7.9 The 1996 Regulations provided for the temporary operation in the UK of certain non-UK goods vehicles and Northern Irish goods vehicles by temporarily exempting them from operator licensing. This includes journeys covered further to UK bilateral road transport agreements and the ECMT multilateral quota scheme. A simplified procedure for operators' licences for other non-UK goods vehicles is also provided for.

# Why is it being changed?

7.10 The law is being changed to incorporate the requirement for the operators of EU goods vehicles to make postings declarations in respect of transports within the UK, and between places within the EU. This requirement was included in the TCA and has

<sup>&</sup>lt;sup>18</sup> IMI database: <a href="https://ec.europa.eu/internal">https://ec.europa.eu/internal</a> market/imi-net/about/index en.htm

<sup>&</sup>lt;sup>19</sup> EU Posting Declaration Portal: <a href="https://www.postingdeclaration.eu/landing">https://www.postingdeclaration.eu/landing</a>

applied since February 2022, including via Section 29 of the EU(FR)A 2020. Information and guidance for operators was published on gov.uk on 31 January 2022<sup>20</sup>, and on the EU Commission website<sup>21</sup> at a similar time. This instrument provides greater legal clarity. It (as well as other existing provisions, such as for tachograph records) assists the enforcement of the TCA requirement in Great Britain as a condition of the cabotage rights EU operators have in the TCA.

7.11 The 1996 Regulations made provisions related to bilateral agreements then in force between the UK and most of the countries which were not EU Member States at the time, but which have since joined the EU. These provisions are redundant and the revocation of the 1996 Regulations removes them from the statute book. Some provisions also need updating for recent developments, and to ensure the legislation and policy approach reflects the UK's international agreements as they apply now.

## What will it now do?

- 7.12 A consequence of this statutory instrument is that a failure to make or carry a postings declaration means a relevant journey (a cabotage trip) made in the territory of Great Britain by an EU registered goods vehicle is not exempt from the licensing requirement in section 2(1) of the 1995 Act.
- 7.13 Operators whose drivers do not have correct declarations face enforcement action, following roadside stops by the Driver and Vehicle Standards Agency ("DVSA") or the police. Unauthorised journeys can be prohibited further to roadside stops in Great Britain.
- 7.14 This statutory instrument also aids the UK authorities in respect of requiring further information to check compliance with UK employment legislation via information in and further to postings declarations. Where an EU operator receives a follow-up request for more information from the UK authorities after the period of posting, for example, following a roadside stop, they should respond within 56 days (8 weeks).
- 7.15 If an EU operator does not respond within 56 days, competent authorities in Great Britain and Northern Ireland can contact authorities in the EU Member State in which the operator is established to take matters forward.
- 7.16 In respect of the access of non-UK operators to Great Britain, the instrument allows journeys to be made without the need for an operator licence for Great Britain, when the journey is made further to an international agreement, made by operators based in Northern Ireland, or for international journeys from other nearby territories, for example the Isle of Man. There are conditions for the journeys to be made, for example in some cases the carriage of permits. For operators from countries without a relevant international agreement a simplified procedure to obtain an operator licence to allow international operations in Great Britain is in place.

# 8. European Union Withdrawal and Future Relationship

8.1 This instrument does not relate to withdrawal from the European Union / trigger the statement requirements under the European Union (Withdrawal) Act 2018<sup>22</sup>.

7

<sup>&</sup>lt;sup>20</sup> Guidance published.gov.uk: <a href="https://www.gov.uk/guidance/declare-youre-transporting-goods-inside-the-eu">https://www.gov.uk/guidance/declare-youre-transporting-goods-inside-the-eu</a>, Copies can be obtained free of charge, on request from The Department for Transport, 33 Horseferry Road, London, SW1P 4DR, email freight@dft.gov.uk telephone +44(0)300 330 3000.

<sup>&</sup>lt;sup>21</sup> EU information: <a href="https://transport.ec.europa.eu/transport-modes/road/mobility-package-i/posting-rules">https://transport.ec.europa.eu/transport-modes/road/mobility-package-i/posting-rules</a> en

<sup>&</sup>lt;sup>22</sup> European Union (Withdrawal) Act 2018: https://www.legislation.gov.uk/ukpga/2018/16

This instrument does however relate to the implementation of certain requirements in the TCA and is partially being made under Section 31 of the EU(FR)A 2020.

## 9. Consolidation

9.1 This statutory instrument revokes the 1996 Regulations and five amending regulations. Many of the provisions are re-enacted and placed within the 1995 Regulations. Before, both the 1995 and 1996 Regulations had provisions relevant to the operation of EU goods vehicles in Great Britain. The exemptions from operator licensing in Great Britain are now set out on an agreement-by-agreement basis within a single schedule to the 1995 Regulations. This change is intended to be easier to use than the previous arrangements where provisions were spread across regulations and schedules within the 1996 Regulations.

#### 10. Consultation outcome

10.1 The policy and legislative options associated with the posting of transport workers were included in both a request for evidence<sup>23</sup> (lasting eight weeks) and a consultation<sup>24</sup> (lasting six weeks), which were both open to the public. To encourage engagement, freight trade associations and industry stakeholders were notified when the documents were published. The responses to both exercises are published on gov.uk alongside the consultation documents. If required, copies of these documents can be provided on request using the details provided at footnote 22.

#### Request for Evidence

- 10.2 An eight-week request for evidence took place from 29 June 2021 to 24 August 2021, covering both changes to operator licensing (which has been the subject of separate legislation<sup>25</sup>) and arrangements for posting workers in the UK and EU.
- 10.3 113 responses were received, with 36 of those responses including comments on the posting of workers element. These were principally focused on the potential administrative burdens arising from the change. Most respondents indicated there would be no impact (nine responses) or a limited impact (17 responses) on their firm's work. Eight people indicated it would affect 70 percent or more of journeys made.
- 10.4 In terms of administrative time, 20 respondents thought that the total amount of staff time needed to input the required information would be up to three hours per month. Five respondents estimated that it would equate to 12 hours or more.

#### **Consultation**

10.5 A consultation specifically covering the implementation of postings rules in legislation was launched on 24 June 2022 and ran for six weeks, closing on 5 August 2022. Five responses were received to the consultation. Four were on behalf of organisations, including the leading trade associations, which represent the road freight industry, Logistics UK (LUK) and the Road Haulage Association (RHA),

<sup>&</sup>lt;sup>23</sup> Request for Evidence and Government Response: <a href="https://www.gov.uk/government/consultations/changes-to-the-uk-operator-licensing-regime-and-arrangements-for-the-temporary-posting-of-workers-in-the-uk-and-eu-request-for-evidence">https://www.gov.uk/government/consultations/changes-to-the-uk-operator-licensing-regime-and-arrangements-for-the-temporary-posting-of-workers-in-the-uk-and-eu-request-for-evidence</a>

<sup>&</sup>lt;sup>24</sup> Postings Consultation: <a href="https://www.gov.uk/government/consultations/posting-of-road-transport-workers-and-operator-licensing-changes">https://www.gov.uk/government/consultations/posting-of-road-transport-workers-and-operator-licensing-changes</a>

<sup>&</sup>lt;sup>25</sup> The Goods Vehicles (Licensing of Operators) (Amendment) Regulations 2022: <a href="https://www.legislation.gov.uk/uksi/2022/293/contents/made">https://www.legislation.gov.uk/uksi/2022/293/contents/made</a>

- which have more than 25,000 members between them. We received one response from an interested individual.
- 10.6 The responses received from the consultation supported the competent authorities considering postings as an issue that can affect the good repute of licensed operators and transport managers. There was support for the proposal that the requirement to carry a postings declaration, (and a sanctions regime for those that do not do so) should be applied equally to both UK and EU operators, and legislation should ensure this.
- 10.7 The 24 June to 5 August 2022 consultation also included the principle of consolidating the regulations about temporary exemptions from operator licensing for non-UK goods vehicles. There has been a further written consultation including sharing a draft of this Explanatory Memorandum during May and June 2023 with LUK, the RHA and devolved authorities. There were extremely limited comments on the proposals and no concerns were expressed.

#### 11. Guidance

11.1 Guidance on the arrangements and rules on the posting of transport workers for employers as covered in paragraph 7.10 was initially published on 31 January 2022 and is available on gov.uk. Detailed guidance relating to international freight permits is also published on gov.uk<sup>26</sup>.

# 12. Impact

- 12.1 There is no, or no significant, impact on business, charities or voluntary bodies.
- 12.2 There is no, or no significant, impact on the public sector.
- 12.3 An Impact Assessment has not been prepared for this instrument because the Department for Transport estimates that the total cost to UK business is less than £5 million in total per year. Instead, a De Minimis Assessment has been prepared, and is summarised in the following paragraphs.
- 12.4 The changes formalise requirements which were already in place as a result of the TCA and other international agreements related to the access for foreign goods vehicles into the UK. A key benefit of this legislation is ensuring consistency between domestic law and requirements in the TCA, demonstrating the UK's commitment to the TCA and enabling checks to be made on certain aspects of the pay and working conditions of drivers based in the EU operating cabotage journeys in Great Britain.
- 12.5 The changes affect enforcement agencies in Great Britain, principally officers working for the DVSA. The overall financial impact is minor and not significant to either government or businesses. Postings declarations and enforcement will not in themselves improve the flow of trade or the number of vehicles travelling between the UK and the EU, and hence it is considered disproportionate to attempt to value the effects in monetary terms.

9

<sup>&</sup>lt;sup>26</sup> International Road Haulage Permits: <a href="https://www.gov.uk/guidance/international-authorisations-and-permits-for-road-haulage">https://www.gov.uk/guidance/international-authorisations-and-permits-for-road-haulage</a>. Copies of guidance documents can be obtained from the Department for Transport using the contact details provided at footnote 20.

#### **Equalities Impact Assessment**

12.6 There are unlikely to be any disproportionate impacts on groups with protected characteristics as a result of this legislation.

#### Trade Impact

- 12.7 This instrument assists the enforcement of existing legal obligations.
- 12.8 The regulations assist international operators bringing a vehicle into Great Britain temporarily by clarifying the exemptions from the requirement to hold an operator licence but aside from this, the regulations do not directly affect trade.
- 12.9 Some types of international journeys (for example those from one point in the UK to one point in the EU and back) are not within the scope of the postings requirements. For in-scope journeys, businesses can already enter postings declarations on an administrative basis as the IMI system is in place. The IMI system is also required to be used by EU operators for many transports within the EU.

# 13. Regulating small business

- 13.1 The legislation applies to road transport undertakings that are small businesses, which are based in the EU and some other non-UK countries and making affected journeys into Great Britain.
- 13.2 Road transport undertakings based in Great Britain are not directly affected by this legislation.

# 14. Monitoring & review

- 14.1 The approach to monitoring this legislation will include continuing liaison with DVSA and the Traffic Commissioners in Great Britain. These bodies will provide the Department for Transport with information on the level of compliance. Statistics about international road freight, including by the nationality of the undertaking operating the road transport, are likely to assist monitoring.
- 14.2 The Department for Transport will also continue to work with the Department for Business and Trade, which has the wider government responsibility for the policy associated with postings of other types of workers.
- 14.3 Regulation 12 of this instrument provides for periodic review.

#### 15. Contact

- 15.1 Morag Rethans at the Department for Transport. Telephone: +44(0)7342 089293 or email: <a href="morag.rethans@dft.gov.uk">morag.rethans@dft.gov.uk</a> can be contacted with any queries regarding the instrument.
- 15.2 Duncan Price, Deputy Director for Road Freight Regulation at the Department for Transport can confirm that this Explanatory Memorandum meets the required standard.
- 15.3 Richard Holden MP, Parliamentary Under Secretary of State at the Department for Transport can confirm that this Explanatory Memorandum meets the required standard