

<p style="text-align: center;">TITLE: BLUE BADGE REFORM PROGRAMME</p> <p style="text-align: center;">LEAD DEPARTMENT OR AGENCY: DEPARTMENT FOR TRANSPORT</p> <p style="text-align: center;">OTHER DEPARTMENTS OR AGENCIES:</p>	Impact Assessment (IA)
	IA No: DfT00060
	Date: 07/12/10
	Stage: Final
	Source of intervention: Domestic
	Type of measure: Other
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Summary: Intervention and Options

What is the problem under consideration? Why is government intervention necessary?

The Blue Badge (Disabled Parking) scheme has been in place since 1970 and enables 2.5 million disabled people to retain their independence because they are able to park close to where they need to go. Government intervention is necessary to lead and implement a reform programme to deal with current challenges. These are continued high demand for badges and pressures to extend eligibility, inconsistent administration and assessment and inefficient service delivery by local authorities, and high levels of abuse and mis-use of badges. Analysis and consultation have shown that reform will be most effective and deliver most benefit if it taken forward as a co-ordinated programme of complimentary and interdependent projects. Once reforms have been implemented, more effective delivery by local authorities will be enabled.

What are the policy objectives and the intended effects?

The objectives of the reform programme are to deal with and reduce the current problems, for example, operational and service delivery issues, and ensure the scheme is able to deal with future pressures and demands. The programme consists of a number of interdependent and complementary projects that, when implemented together, will help local authorities to improve operational efficiency, reduce public sector costs and improve customer services. They will also help to prevent abuse of the scheme. The programme supports the Government's agenda for supporting freedom and fairness and on meeting the needs of older and disabled people, and is targeted at addressing the mobility needs of those disabled people who need the most help to travel.

What policy options have been considered? Please justify preferred option (further details in Evidence Base)

The policy options have been developed through close working and consultation with local authorities and disabled people. A range of options were initially considered and these have been refined down to the current proposed programme that should deliver reform in the most effective and efficient way. The reform programme consists of several projects (the details of which are explained in the evidence base) that will deliver the policy aims mentioned above. The projects include measures to support use of independent mobility assessors, extend eligibility to specific categories of disabled people, establish a common service delivery project, implement a new badge design and amend legislation to improve enforcement. The maximum fee that local authorities can charge for a badge will be raised from £2 to £10 to cover costs more appropriately. A 'do nothing' option was not considered to be realistic given the extent and cost of current challenges. Other options that were considered and rejected included further eligibility extensions, more centralised administration, and changes to the concession itself. These were rejected on cost and policy grounds.

When will the policy be reviewed to establish its impact and the extent to which the policy objectives have been achieved?	It will be reviewed 01/2015
Are there arrangements in place that will allow a systematic collection of monitoring information for future policy review?	Yes

Sign-off For final proposal stage Impact Assessments:

I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) the benefits justify the costs.

Signed by the responsible Minister:



Norman Baker

Date:08/02/2011

Summary: Analysis and Evidence

Description: Full implementation of current proposals included in the reform programme

PRICE BASE YEAR:20	PV BASE YEAR 2011	TIME PERIOD YEARS:10	NET BENEFIT (PRESENT VALUE (PV)) (£M)		
			LOW: 32.5	HIGH: 340.5	BESTESTIMATE:161.8
COSTS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant		Total Cost (Present Value)
Low	0.2	1	20.2		178.3
High	0.2		32.0		277.4
Best Estimate	0.2		26.1		227.8
Description and scale of key monetised costs by 'main affected groups'					
Local authorities will have additional administration and assessment costs associated with increased numbers in applications but at a lower unit cost. Blue Badge applicants may have to pay a higher fee for a badge (from £2 to £10). The cost of the badge itself will increase as a result of making it harder to copy and to forge. Local authorities will need to pay approximately £5 per badge to the supplier of the common service improvement project.					
Other key non-monetised costs by 'main affected groups'					
Potential one-off change management costs for local authorities, for example, in implementing a business change, training, and updating information for badge holders and applicants.					
BENEFITS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant		Total Benefit (Present Value)
Low	0.1	1	30.5		260.4
High	0.1		61.3		518.8
Best Estimate	0.1		45.9		389.6
Description and scale of key monetised benefits by 'main affected groups'					
Local authorities will benefit from being able to charge a higher fee for a badge that more appropriately covers costs. Greater uptake of independent mobility assessments could result in assessment cost savings to local authorities. The common service improvement project could deliver efficiency savings to local authorities of between £6mn and £20mn p.a. Improvements to the enforcement regime and the badge could deliver benefits to local authorities of between £3mn and £7mn p.a. and social benefits (decongestion, CO ₂ reductions) of £3mn and £6mn p.a. Extensions in eligibility criteria will enable new badge holders to benefit from free parking with an average of £93 per person p.a.					
Other key non-monetised benefits by 'main affected groups'					
Potential welfare, health and well-being gains for badge holders resulting from a greater availability of parking spaces due to reduced levels of fraud and abuse. Potential benefits to parking and toll operators from reduced levels of abuse.					
Key assumptions/sensitivities/risks					Discount rate
The reform programme includes a number of measures which local authorities can use to help improve the operation and integrity of the scheme. Whilst our judgement (informed by a number of consultations) is that most local authorities will make use of these new measures, there is a risk that some would not make full use of the new provisions which would mean that benefits and costs would be lower than presented here. The NPV is also sensitive to estimates of the reduction in fraud/misuse as a result of enhanced enforcement measures and the impact of changes in use of the concession on traffic levels, both of which are difficult to forecast.					3.5%
IMPACT ON ADMIN BURDEN (AB) (£M):			IMPACT ON POLICY COST		IN
NEWAB: N/A	AB SAVINGS: N/A	NET: N/A	POLICY COST SAVINGS:		NO

Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?	England				
From what date will the policy be implemented?	April 2011 – 2014				
Which organisation(s) will enforce the policy?	Local authorities				
What is the annual change in enforcement cost (£m)?	Dependent on activity				
Does enforcement comply with Hampton principles?	Yes				
Does implementation go beyond minimum EU requirements?	N/A				
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent) Over 10 years.	Traded: 0		Non-traded: 0.08		
Does the proposal have an impact on competition?	No				
What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?	Costs:		Benefits:		
Annual cost (£m) per organisation (excl. Transition) (Constant Price)	Micro N/A	< 20 N/A	Small N/A	Medium m	Large N/A
Are any of these organisations exempt?	There are no costs to business				

Specific Impact Tests: Checklist

Set out in the table below where information on any SITs undertaken as part of the analysis of the policy options can be found in the evidence base. For guidance on how to complete each test, double-click on the link for the guidance provided by the relevant department.

Please note this checklist is not intended to list each and every statutory consideration that departments should take into account when deciding which policy option to follow. It is the responsibility of departments to make sure that their duties are complied with.

Does your policy option/proposal have an impact on...?	Impact	Page ref within IA
Statutory equality duties Statutory Equality Duties Impact Test guidance	Yes	Annex 4
Economic impacts		
Competition Competition Assessment Impact Test guidance	No	
Small firms Small Firms Impact Test guidance	No	
Environmental impacts		
Greenhouse gas assessment Greenhouse Gas Assessment Impact Test guidance	Yes	4 (table)
Wider environmental issues Wider Environmental Issues Impact Test guidance	No	
Social impacts		
Health and well-being Health and Well-being Impact Test guidance	Yes	22
Human rights Human Rights Impact Test guidance	No	
Justice system Justice Impact Test guidance	No	(see 22)
Rural proofing Rural Proofing Impact Test guidance	No	
Sustainable development Sustainable Development Impact Test guidance	No	

Evidence Base (for summary sheets) – Notes

References

No Legislation or publication

- 1 Legislation: The Chronically Sick and Disabled Persons Act 1970. <http://www.legislation.gov.uk/ukpga/1970/44> The Disabled Persons (Badges for Motor Vehicles) (England) Regulations 2000 <http://www.legislation.gov.uk/uksi/2000/682/made> and the Disabled Persons (Badges for Motor Vehicles) (England) (Amendment) Regulations 2007 <http://www.legislation.gov.uk/uksi/2007/2531/made>
- 2 Consultation: Consultation on Developing a Comprehensive Blue Badge (Disabled Parking) Reform Strategy. DfT, January 2008 <http://www.ltpnetwork.gov.uk/Documents/bluebadgeconsult.pdf>
- 3 Research reports: Faber Maunsell: Blue Badge research with LA, 2008; AECOM research with LAs 2010, unpublished. Research with Blue Badge Holders: Final Report, DfT, October 2008 <http://webarchive.nationalarchives.gov.uk/+http://dft.gov.uk/adobepdf/259428/281009/holdersreport.pdf>
- 4 Previous Government strategy, including Impact Assessment: Comprehensive Blue Badge (Disabled Parking) Reform Strategy (England), DfT, October 2008 <http://webarchive.nationalarchives.gov.uk/+http://www.dft.gov.uk/transportforyou/access/bluebadge/reform/reformstrategy/bbreformstrategy.pdf>
- 5 Research report: Blue Badge Reform Strategy: Enforcement Evidence Base, DfT, March 2010 <http://webarchive.nationalarchives.gov.uk/+http://dft.gov.uk/adobepdf/259428/281009/enforcementevidence.pdf>
- 6 Consultation, including public Impact Assessment: Blue Badge Reform Programme: A consultation document, DfT, March 2010 <http://www.dft.gov.uk/consultations/closed/2010-20/>
- 7 Research (ongoing): ITP - Improving Blue Badge administration and assessment
- 8 Statistics: Parking badges for disabled people, DfT, published annually <http://www.dft.gov.uk/pgr/statistics/datatablespublications/public/parkingbadges/>

Evidence Base

Annual profile of monetised costs and benefits - (£m) constant prices

	Y ₀	Y ₁	Y ₂	Y ₃	Y ₄	Y ₅	Y ₆	Y ₇	Y ₈	Y ₉
Transition costs	0.20	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Annual recurring cost	22.95	26.41	26.79	27.19	27.59	28.00	28.43	28.26	29.31	29.76
Total annual costs	23.15	26.41	26.79	27.19	27.59	28.00	28.43	28.26	29.31	29.76
Transition benefits	0.14	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Annual recurring benefits	40.14	46.39	47.05	47.73	48.42	49.14	49.88	50.64	51.42	52.23
Total annual benefits	40.28	46.39	47.05	47.73	48.42	49.14	49.88	50.64	51.42	52.23

* For non-monetised benefits please see summary pages and main evidence base section

Evidence Base (for summary sheets)

This Impact Assessment (IA) relates to proposals to reform the Blue Badge (Disabled Parking) scheme.

Section 1: Background

1. The Blue Badge scheme was introduced in 1971. It provides parking concessions for severely disabled people to enable them to park without charge on single or double yellow lines for up to 3 hours and in on-street parking bays. Badge holders are also able to access other concessions. Most local authorities issue badge holders automatically with a concessionary bus pass in line with statutory DfT guidance on that scheme, and badge holders in London are exempt from the congestion charge if they register their details in advance with the operator. 75% of Blue Badge holders have said that they would go out less often if they did not have a Badge and 64% would be more reliant on friends and family members¹. Demand for badges has increased significantly – trebling in the last 20 years - and there are 2.5 million badges on issue at present².
2. The scheme began as a way of improving accessibility for disabled people but it is increasingly about affordability as badge holders do not have to pay charges when they park on-street and they receive other benefits, for example, free congestion charge in London. It is estimated that the annual benefit of the scheme to disabled people is around £250mn or nearly £100 per annum on average for each badge holder. The benefit per person ranges from £35 for people living in rural areas who make one trip per week, to nearly £5,000 for those who use a badge to travel to work to London every day³.
3. In England, badges are issued by top-tier local authorities to individuals and organisations who meet the criteria set out in legislation. Enforcement of the scheme is largely carried out by second tier local authorities. Unitary authorities perform both functions. The Government is responsible for the legislation that sets out eligibility, the terms of the concession itself, the design of the badge and the enforcement framework. Most badges are valid for three years and the badge is for the holder's use and benefit only. The fee which local authorities can charge for a badge has been £2 since 1983.
4. A person is eligible for a badge if they meet one of the criteria set out in secondary legislation. They can be eligible either 'without further assessment' or 'subject to further assessment' by the local authority. People are eligible 'without further assessment' if they are over the age of two and:
 - receive the Higher Rate of the Mobility Component of Disability Living Allowance (HRMCDLA);
 - are registered blind;
 - receive a War Pensioner's Mobility Supplement.
-
5. People are eligible 'subject to further assessment' if they:
 - are over the age of two and are unable to walk or have very considerable difficulty in walking because of a permanent and substantial disability;
 - regularly drive a car but are unable to operate, or have considerable difficulty in operating, a parking meter on account of a severe disability in both arms;
 - are under the age of two and have a condition that requires that they be always accompanied by bulky medical equipment or requires that they be kept near a motor vehicle in case of need for emergency medical treatment.
6. The previous Government commissioned reviews of the scheme in 2007 and consulted with disabled people, local authorities and other interested groups. The Transport Select Committee recommended certain reforms be taken forward in its review in 2008. The previous Government published a reform strategy in October 2008. Officials have continued to refine the detailed proposals that are included in this IA in close partnership with local authorities, disabled people and new Ministers. Previous consultations have demonstrated considerable support for reform. [The Coalition Government is due to announce its support for the programme once necessary clearances and approvals have been obtained]. Details of consultations and research reports that have informed the development of the programme and the evidence base are included in the above 'References' section.

Section 2: Problem under consideration

7. Few changes have been made to the Blue Badge scheme since it was established in the 1970s. It is evident that the scheme needs to be reformed to reduce current problems and deal with future

¹ Research with Blue Badge holders: Final Report, DfT, October 2008

² Statistics: Parking badges for disabled people, DfT, March 2009

³ DfT updated estimates based on Blue Badge Reform Strategy: Enforcement Evidence Base, DfT, March 2010

challenges, and to ensure that people have fair and equal access to the concession and the benefits it offers regardless of where they live. These can be categorised as follows.

- **Continued high demand for badges and pressures to extend eligibility**

8. As noted above, demand for badges has increased significantly since the scheme was first introduced. Demand is also forecast to increase further in line with projected increases in the older population. This is likely to exacerbate existing problems with the administration and enforcement of the scheme (see below) unless reforms are taken forward. It is estimated that there could be approximately 650,000 additional badge holders – an increase of 27% - over the next 10 years under the existing eligibility criteria⁴.
9. About 40% of badges are issued to people who meet one of the eligible 'without further assessment' criteria and 60% are issued after having been assessed by local authorities as being eligible. It is this latter category that has seen the real growth in issue-rate in recent years. Badge issue rates vary significantly between local authorities (from less than 1% of the population to over 10% of the population)⁵. Analysis has shown that this cannot be fully explained by population characteristics⁶. Assessment procedures also vary. Around 70% of local authorities use an applicant's GP when a medical opinion is needed to determine eligibility.⁷ Yet a GP is often not best placed to assess mobility or eligibility and it is one of their roles to act as a patient's advocate. In 2008, the Transport Select Committee reported that using an applicant's own GP to assess mobility is likely to produce a bias in favour of approving the application. They, and disabled people's groups such as the Disabled Persons Transport Advisory Committee, have agreed that greater use of independent mobility assessments is needed to determine eligibility fairly and robustly. Responses to the 2010 consultation⁸ showed that, out of those who gave a yes or no reply, 84% of all respondents favoured more prescription from central Government on eligibility assessment. Out of those who gave a yes or no reply, 93% of local government responses favoured more prescription from central Government on eligibility assessment.
10. Current funding arrangements, where local authorities do not have direct control of all of the available funding, are seen as presenting a barrier to the adoption of more robust eligibility decision-making procedures. Many local Primary Care Trusts (PCTs) fund eligibility assessments through locally negotiated 'collaborative arrangements' (although they have no legal responsibility for doing so). Some PCTs do not provide any funding for this purpose; and many that do only provide funding for assessments undertaken by an applicant's GP.
11. There are pressures from some disabled people's groups and individuals for eligibility to be extended further, which need to be considered alongside forecast rises set out above and the availability of disabled parking bays. More badge holders means more demand for such spaces and reduced accessibility for those most in need.
12. In October 2007, the Blue Badge scheme was extended to children under the age of 2 who have mobility problems arising from their need to be transported with bulky medical equipment, or who are affected by highly unstable medical conditions. There is however a gap whereby a child between 2 and 3 is currently ineligible to apply for a Blue Badge through either the existing 'children under 2 criteria,' or by applying for the Higher Rate of the Mobility Component of Disability Living Allowance (HRMCDLA) where the child has to be 3 years old. 96% of respondents to a consultation in March 2010 supported an extension to 2 to 3 year olds in this category.
13. Under current legislation, disabled veterans who were injured in service before April 2005 are automatically entitled to a badge if they are in receipt of a War Pensioner's Mobility Supplement (WPMS). Those injured in service thereafter are compensated under the Armed Forces Compensation Scheme (AFCS), but are not automatically entitled to a badge. 84% of respondents to the 2010 consultation supported a change in legislation to extend automatic eligibility to disabled service personnel and veterans who receive certain awards under the new system.
14. Most badges are issued for a period of three years to those with a 'permanent and substantial' disability. It is possible for some people to be awarded the HRMCDLA for some temporary disabilities, and these people are therefore automatically eligible for a badge which may be issued for a period of less than

⁴ Based on DWP research: <http://researchdwp.gov.uk/asd/asd4/LT2.xls>

⁵ Statistics: Parking badges for disabled people, DfT, March 2009

⁶ Faber Maunsell (2008): Blue Badge Scheme Financial Evaluation Report (unpublished)

⁷ Faber Maunsell (2008): Blue Badge Scheme Financial Evaluation Report (unpublished)

⁸ Consultation document, 'Blue Badge Reform Programme', DfT, March 2010

three years as it will be linked to the period of HRMCDLA award. There are pressures to amend the legislation so that those who apply for a badge under the 'eligible subject to further assessment' criteria directly to local authorities may also apply on the basis of a temporary disability that will severely affect their mobility for a period of between one and three years. There was some support from respondents to the 2008 consultation to such an extension, provided other improvements were made to the operation and enforcement of the scheme. The DfT is undertaking further research to investigate the impact on badge holders and local authorities of such an extension, and will take a decision on whether to extend eligibility in this way once this research has finished.

- **Inconsistent administration and assessment and inefficient service delivery**

15. As noted above, badge issue rates vary considerably between local authorities along with assessment procedures. Eligibility criteria for Blue Badges are defined in legislation but the administrative processes and, for non-automatic applicants, the assessment procedures adopted by local authorities are for them to decide. Many approaches have evolved, whereby each local authority has its own application process, decision-making process (some of which are more robust than others) and collects and stores different information on badge holders in local registers. Based on informal consultations, the DfT estimates that it can take 4-6 weeks for someone applying for a badge to receive one. Renewals for people whose circumstances have not changed are equally time-consuming. Few local authorities offer on-line application facilities or on line payments and administrative operations are labour intensive. Local variation is contributing to inconsistencies in entitlement, customer service and issue, and a perception that badges are issued to some people who do not need one. There is considerable scope for administrative processes to be stream-lined, however it is difficult for local authorities to establish their own common systems due to varying levels of support from other local authorities and technical issues.

- **High levels of abuse and mis-use**

16. The substantial value of a badge in some areas is contributing to both increasing demand and the incentive to commit fraud and abuse the scheme.
17. As noted above, the administration of Blue Badges is undertaken primarily by 152 of the larger upper tier authorities. Enforcement can then be delegated to second tier local authorities and is carried out by civil enforcement officers (in areas where parking enforcement has been decriminalised) or by local authority traffic wardens (in areas where parking enforcement remains in the criminal penalty regime). Based on informal DfT consultations with local authorities, it is estimated that around 20% of local authorities currently enforce the Blue Badge scheme in terms of prosecuting offenders and/or withdrawing badges. Offences for mis-using badges are set out in legislation and local authorities are able to issue fines for any parking contraventions that take place. Some local authorities simply deal with the parking contravention caused by the mis-use of badges and issue parking fines. It is not possible to estimate how widespread this is as the reason for issuing fines are not separately recorded. Local authorities have requested that amendments are made to primary and secondary legislation to simplify the legislation, remove barriers and improve operational efficiency. For example, both civil enforcement officers and traffic wardens have powers to inspect Blue Badges. However, only the Police have powers to recover Blue Badges that have been reported as being lost or stolen, that are fakes, or for which there is evidence of mis-use. This is leading to operational difficulties for enforcement officers.
18. The current design of the badge is low cost and basic and it is very easy to alter details like expiry dates, to copy and to forge. Local authorities have many examples of badges that have been faked and copied on home scanning machines and more professionally on a larger scale. The DfT specifies the design of a badge in regulations. This is based on a European recommendation that sets out a voluntary specification so that badges can be recognised and used by disabled people across the European Union. Replacement badges are often requested as details can fade in the sun. There is little security in the distribution and supply of blank badges. At present, the DfT has a contract with The Stationery Office (TSO) to supply local authorities with stocks of blank Blue Badges which ends on 31 August 2011. Local authorities individually personalise them with holders' details, which is a time-consuming, labour intensive task. A consultation in 2008 demonstrated a high level of support for a new badge design that was harder to alter, copy and to forge⁹.
19. The fact that each local authority collects and stores different information on badge holders in local registers means that there is no quick and easy way for local authorities to check details of badges issued in different areas. Many local authorities cite these difficulties as a reason why they do not actively enforce

⁹ Consultation on Developing a Comprehensive Blue Badge Reform Strategy, DfT, January 2008

the scheme. Without a common system, local authorities are also unable to cross-check their own and other authorities' records to verify details and prevent badges being issued to people who make multiple or fraudulent applications.

20. Research undertaken for the DfT¹⁰ suggests the extent to which fraud/misuse of badges is perceived to be a problem varies throughout the country, along with the number of offences detected. Fraud and misuse of badges results in a cost to local authorities, primarily in terms of lost parking revenue. Based on this research it is estimated that fraud is running at between 2% and 4% (ie. between 2%-4% of all badges on issue are being used fraudulently) a year and could currently cost between £3mn and £7mn per year. However, this is based on current levels of detection which are low and so is likely to be an underestimate. In 2010, the National Fraud Authority estimated abuse of the scheme to be costing an estimated £14.3mn per year.¹¹ Respondents to the two major consultations that were carried out in 2008 and 2010 have agreed that changes to tackle abuse and mis-use of the scheme are needed.

Section 3: Rationale for intervention

21. Government intervention is necessary to lead and implement a reform programme. Reforms support the Coalition Government's policies on promoting equal opportunities and achieving a fairer society; and on meeting the needs of older and disabled people. The objectives of the reform programme are to deal with and reduce the current problems and ensure that the scheme is able to deal with future pressures. Government is best placed to amend the legislative framework within which the scheme is operated, to make decisions on issues like eligibility on a national basis to ensure fairness, and to coordinate agreement on standards. Once reforms have been implemented, it will be for local authorities to continue delivering the service in line with the new framework. The impact of the reforms will be reviewed in five years time to assess whether or not they have been effective in addressing the problems.
22. Analysis and consultation have shown that the reform programme will be most effective and deliver most benefit if it is taken forward as a programme of complimentary and interdependent projects that are implemented at the same time. The programme should deliver efficiency savings, support freedom and fairness and reduce abuse.
23. This IA has been prepared to highlight the costs and benefits that would be expected to result from implementation of the reform programme. It builds on evidence and analysis that has been produced through research reports, surveys with disabled people, informal consultations with local authorities and formal consultations with all interested groups. IAs were published at consultation stages of specific points in the consideration of options. This combined IA has been produced for the programme as a whole to reflect the fact that the programme is a complementary package of measures that support each other.

Section 4: Policy objective

Description of options

Option A - Do Nothing

24. This would involve maintaining the status quo. On the basis of extensive consultation, this is not considered to be a realistic policy option given that maintaining the status quo would not address any of the problems currently facing the scheme, and that these problems would worsen. It is noted above that demand for badges is increasing in line with forecasts of an ageing population. However, for the purposes of this IA, all 'do something' options are assessed against this baseline.

Option B - Full implementation of current proposals

25. The measures detailed below have been developed through close working and consultation with local authorities and disabled people. A range of options were initially considered and these have been refined down to the current proposed programme that should deliver reform in the most effective and efficient way. To help manage the programme, a number of projects have been established that will address one or more of the problems outlined above. Further individual IAs will be produced when some of the projects are brought forward, for instance, a statutory instrument to make the necessary legislative changes.

- **Ensuring that those most in need receive a badge**

¹⁰ Blue Badge Reform Strategy: Enforcement Evidence Base, DfT, March 2010

¹¹ Annual Fraud Indicator, National Fraud Authority, Jan 2010

26. To help ensure that those most in need of a badge receive one against a background of rising demand, the following measures are proposed:
1. *Supporting the transfer of eligibility assessments from an applicant's GP to independent mobility assessors. This involves:*
 - *a transfer to local authorities of current NHS spend on Blue Badge assessments. It is hoped that the transfer can begin in 2011/12;*
 - *requiring, through secondary legislation, the use of independent mobility assessments in more cases when eligibility is in doubt.*
27. As noted above, around 70% of local authorities still use GP assessments¹² and there is a perception that assessment by an applicant's own GP creates a bias in favour of applicants. The use of independent mobility assessors, to ensure that badges are issued fairly to those genuinely eligible, has been supported by the Transport Select Committee, disabled people's groups and many respondents to the March 2010 consultation on the Blue Badge scheme.
28. The measure will involve transferring the existing budget for eligibility assessments to badge issuing local authorities in order to support use of independent mobility assessors. The transfer will be equal to the total current amount of NHS spend on badge eligibility assessments (including the costs of all reports and assessments, whether performed by GPs or other PCT employees, along with any direct and associated costs and along with any payments made directly to local authorities for the purposes of badge eligibility assessments). The quantum is being determined through a DH led survey of Primary Care Trusts. As such, there will be no change in the total funding available for local authorities and no additional burden at the national level.
29. It will be supported by improved non statutory guidance (see below) and by amendments to regulations to require applicants' eligibility to be confirmed through independent mobility assessments in more cases. These changes should help to ensure a fairer allocation of badges.
30. To address pressures to extend eligibility to specific groups, the following measures are proposed:
2. *Extending eligibility to disabled children between the ages of 2 and 3 with specific medical conditions and providing continuous automatic entitlement to severely disabled service personnel and veterans.*
 3. *Further research to assess the impact on badge holders and local authorities of an extension to people with severe temporary mobility impairments of at least one year.*
31. In 2007, eligibility was extended to disabled children under the age of 2 who need to be accompanied by medical equipment which cannot easily be transported, or who are affected by unstable medical conditions and may require emergency treatment. It is our view that the policy intent was that, on reaching their second birthday, a child who was eligible under this 'children under 2 criterion' may then apply under the other eligibility criteria. However, as applicants for HRMCDLA must be aged 3 or over, to close this gap we have decided that this eligibility criterion should be extended to children under the age of 3, with specific medical conditions. Once these children reach the age of 3, they should then be able to apply for HRMCDLA. If they meet the qualifying criteria and are awarded HRMCDLA, they will automatically qualify for a Blue Badge. Based on current issue rates, we estimate that this extension will result in a total increase of around 3,000 badge holders, plus an additional 100-200 new applicants per year from the proposed coming into force date of April 2011.
32. Disabled veterans are automatically eligible for a badge if they are in receipt of a War Pensioner's Mobility Supplement (WPMS). This award is only paid to veterans injured before April 2005. The Armed Forces Compensation Scheme (AFCS) covers injuries sustained in service on or after April 2005. There is currently no provision for automatic entitlement to a Badge under the AFCS. It operates on a tariff system and does not include a specific mobility allowance to which entitlement could be linked. The 2008 Service Personnel Command Paper (SPCP) for supporting Armed Forces personnel committed DfT to give severely disabled veterans and service personnel in England continuous automatic entitlement to a Blue Badge without further assessment. The policy intention is to ensure that, where certain conditions are met, those compensated under the AFCS have the same entitlement to a Blue Badge as those eligible under the WPMS. The Coalition Government has confirmed that it supports the thrust of the SPCP and is looking to carry forward the commitments made by the previous Government.
33. DfT and the Ministry of Defence (MOD) have agreed that eligibility should be automatically extended to service personnel and veterans who have been both:

¹² Statistics: Parking badges for disabled people, DfT, March 2009

- awarded AFCS at tariffs 1-8; and
 - assessed by the Service Personnel and Veterans Agency as having a permanent and substantial disability which causes inability to walk or very considerable difficulty in walking.
34. Based on figures supplied by the MoD, we estimate that there would be fewer than 50 additional badge applicants a year under AFCS tariffs 1-8, from the proposed coming into force date of April 2011.
35. People with severe temporary disabilities (e.g. following a stroke or serious trauma, or those awaiting joint replacements) are not generally eligible for a Blue Badge unless they are in receipt of HRMCLDA. DfT is undertaking further research to assess the impact on badge holders and local authorities of an extension to people with severe temporary mobility impairments of at least one year. The DfT will take a decision on this once the research has been completed.
36. One further measure is proposed as part of amendments to primary legislation (see below). This measure would:
4. *amend residency requirements for Armed Forces personnel and their families posted overseas on UK bases.*
37. Some disabled Armed Forces personnel and their families are posted overseas on UK bases. This means, in some circumstances, that they are unable to prove residency within an issuing local authority in England and are therefore unable to apply for a Blue Badge. Blue Badges can be used anywhere in the EU and people may need them when visiting family and friends at home. DfT therefore proposes to amend primary legislation to remove the residency requirement for this specific group of people.
- **Delivering efficiency savings, more consistent assessment and improving customer services**
38. In addition to the measures proposed above to encourage greater use of independent mobility assessments, and to ensure more robust and consistent assessment and administration, the following measure is proposed:
5. *Issuing new good practice guidance to local authorities to help them make improvements in scheme administration and eligibility assessment.*
39. Since 1982, the DfT has issued guidance to local authorities to help them operate the scheme. The most recent was in January 2008. Research has been carried out during 2009 and 2010 to identify whether administrative processes target the right people, provide good customer service, are cost-effective and prevent abuse¹³. Local authorities have been actively involved in this work and disabled people, other Government departments and mobility experts have contributed to it. Good practice, web-based, guidance will be issued under this measure to replace the 2008 version. It will support the implementation of other measures in the reform programme and will be updated to reflect these other measures as they are delivered.
40. The guidance will be non statutory so will not impose any new costs on local authorities. It will benefit local authorities by highlighting case study based examples of local authorities that have made cost-effective improvements to their administration and assessment processes. The benefits of this measure have not been separately identified and quantified.
41. To help local authorities improve service delivery and achieve efficiency savings, and to improve customer services for badge holders, the following project is proposed:
6. *Establishing with local authorities a common service improvement project that will deliver operational efficiency savings, help to reduce and prevent abuse and improve customer services. The project will also result in an on-line application facility and should result in faster, more automatic renewals for people whose circumstances do not change between renewal periods.*
42. The common service improvement project is aimed at improving the operation of the scheme from both an enforcement and administrative efficiency perspective, using an efficient commercial model that does not require capital funding from central Government. A procurement exercise will be undertaken in 2011 so indicative costs and benefits have been calculated and included in this IA. These will be finalised once the new contract is in place.
43. The DfT has been working closely with local authorities and potential suppliers to develop an alternative model for issuing badges and delivering common services. The common service improvement project

¹³ Research (ongoing): ITP Improving Blue Badge administration and assessment

would offer a way of securely printing, supplying and distributing badges from one supplier; develop a common store of key information on badges and badge holders to enable verification checks to be made quickly and easily; provide a web-based management information system for local authorities; and establish a common on-line application form. The system would also help to prevent fraud and abuse (see below).

44. Suppliers have proposed a 'transactional self-funding' option that would mean the private sector investing the initial capital costs to develop a system in return for a cost per badge issued for the duration of a five-year contract. One supplier has suggested that this charge would be around £5 per badge - this would include the cost of a new badge design plus other costs associated with providing a managed service. The supplier would also offer a range of 'opt-in' additional services to local authorities, for example, sending out application forms and automatic renewal letters. Local authorities are still likely to incur some costs in processing applications, for example, carrying out residency and identity checks and dealing with follow-up enquiries, which is why the proposed new badge fee is being set at £10 to cover all potential administrative costs (excluding eligibility assessments). Local authorities will be given the option of charging badge holders up to a maximum of £10 per successful application (see below).

• **Improved and effective prevention of abuse and enforcement**

45. To help prevent abuse from happening in the first place and to deal with rising levels of fraud and abuse, the following measures are proposed:
7. *Implementing a new badge design that is harder to copy, forge and alter. Arrangements for printing, personalising and distributing the badge will also be changed to prevent fraud from happening in the first place and to introduce more effective monitoring of cancelled, lost and stolen badges.*
46. At present, the DfT has a contract with The Stationery Office who supply blank badges to local authorities at a cost of 27.5 pence for a badge, 9 pence for a laminate and 15.5 pence is charged for the clock that needs to be displayed with a badge - so a total of 52 pence. The current design of the badge is set out in regulations and it is very easy to copy and to forge.
47. The DfT proposes to amend regulations to implement a new badge design that will help to prevent fraud and mis-use. A specification is being developed and the estimated unit cost of production of the new badge design is likely to cost £1.60 per badge to produce. This is based on the availability of the common service improvement project mentioned above and is included in the £5 cost to local authorities that they are likely to be charged (the cost of the clock will also be included in the £5). The actual cost will be finalised once the contract is in place. The intention is to contract a single supplier, printer and distributor of badges to improve security in production, distribution and supply, to reduce production costs through economies of scale and to help local authorities realise efficiency savings. A single badge supplier also enables significant improvements to be made to the design of badges and the use of sophisticated anti-copy and anti-fraud technologies at the lowest cost. Local authorities will be able to request badges are sent directly to applicants or back to the local authority for personal collection or onward distribution.
48. To help local authorities enforce abuse of the scheme, the following amendments to legislation are proposed:
8. *Amending primary and secondary legislation to provide improved powers for local authorities to tackle abuse and fraud and address other issues.*
49. In more detail, proposals are to:
- extend the grounds available to local authorities to refuse to issue and to withdraw badges
 - provide local authorities with a power to cancel badges that have been lost, stolen, have expired, or have been withdrawn for mis-use
 - provide local authority-authorized officers with a power to recover, on-the-spot, badges that have been cancelled and misused
 - amend existing legislation to clarify wrongful use of a badge and the powers to inspect badges
 - possibly, make it an offence not to return a badge when given notice to do so by a local authority. This is subject to further discussions.
 - possibly, amend the route of appeal against badges being withdrawn that currently means appeals against withdrawal are dealt with by the Secretary of State. Options for these appeals to be dealt with locally are currently being explored.
50. It will not be compulsory for local authorities to adopt the powers being proposed, nor will they be required to actively pursue them. The intention instead is that the new powers will give local authorities the ability to undertake more effective enforcement activity should they wish to do so. In response to

consultations, some local authorities indicated that removing current barriers would enable their existing enforcement teams to undertake more enforcement activity and/or to carry it out more efficiently and effectively. At present, some of the operational barriers contained in the current legislation lead to increased enforcement costs.

51. The costs and benefits section below outlines the potential impacts of these proposals on local authorities. It is assumed that each local authority would only take up the new powers if they felt that the benefits of doing so would outweigh the costs. As a result, it can be argued that no additional burdens are being imposed on local authorities by Government as an authority would be able to continue current operations at no increased cost. However, there would also be an option to use the new powers either because it is thought that the reduction in parking losses would outweigh any costs of additional enforcement or because local priorities around reducing fraud and/or increasing the welfare of vulnerable groups are felt to outweigh any costs incurred.
52. In terms of other costs, the additional costs to Government associated with preparing the required amendments and new legislation are considered to be relatively small. It is considered that there would be no additional costs to the police as the proposals are intended to allow civil enforcement officers/traffic wardens to undertake enforcement without requiring police support. Enforcement resulting in badge recovery and/or the issue of more fixed penalties would be expected to be undertaken as part of routine patrols, and so no additional resources will be required. It is considered that there would be no additional costs to enforcement teams associated with changes in process. There are no costs to business.
53. It is assumed that combined impact of the new enforcement powers, along with the new badge design and the common service improvement project will lead to more effective detection and prevention of fraud, so the IA assumes the current costs associated with the 2-4% fraud estimate noted above will be reduced to 0% (and are claimed as a benefit), as fraud should be reduced by at least this amount. Anecdotally, it is believed that actual fraud is significantly higher and so the 2-4% estimate is a very conservative estimate. In addition, all badge holders will be issued with the new badge design that is harder to copy and forge, and it is assumed that all local authorities will use the common service improvement project that will reduce the number of multiple and fraudulent applications. Enforcement will also be made operationally easier.
54. During the 2008 and 2010 consultations, a significant number of local authorities indicated that they would support amendments to legislation that enabled them to undertake more effective enforcement activity. The main benefits which they would expect to derive from this are:
 - A reduction in lost parking revenue experienced by local authorities as a result of fraud/misuse of badges.
 - A potential reduction in the incentives to commit fraud/misuse (and associated activity such as breaking into vehicles to obtain badges) due to an increased likelihood that prompt and effective action to stop this activity can be taken.
 - Gains to society more generally if more effective enforcement powers results in a reduction in trips leading to increased availability of on-street parking and reduced congestion.
 - Potential welfare benefits to be gained by Blue Badge holders in terms of increased availability of spaces close to their destination, etc, as a result of reduced fraud/misuse, but this is not possible to quantify.
- **the Badge fee**
55. As noted above, the fee for a badge has been set in regulations at £2 since 1983. To help cover costs more appropriately and to enable the delivery of a new badge design and the common service improvement project, the following measure is proposed:
 9. *Raising the maximum fee for a badge that local authorities can charge from £2 to £10.*
56. Local authorities have discretion over whether or not to charge the fee. A fee of £10 will allow for the new badge design to be produced and will help to cover local authority administration costs more appropriately. Those local authorities who do not choose to raise the fee will need to cover any costs associated with the new badge design themselves. In 2008, survey evidence suggested that 68% of badge holders supported an increase in the current £2 fee, although there was no known evidence of the actual willingness to pay.

When asked how much they thought would be a fair price, 25% thought that it would be fair to charge more than £10 and 59% thought that it should be between £3 and £10¹⁴.

Summary of impacts

57. The Blue Badge program has three main impacts. A summary of the costs and benefits, one-off, annual and over 10 years in present values is given in Annex 2. Details of the costs and benefits of each part of the program can be found in the costs and benefits section. The main impacts are:

1. A change in the number of blue badge holders as a result of:
 - An estimated increase in rejections of around 20,000 to 50,000 applicants a year due to more robust assessment; and
 - A potential estimated increase in blue badge holders of around 3,000, plus an additional 100-200 new applicants per year to proposed extensions in eligibility. This would increase to an estimated 31,000 - 62,000 if, following further research, the decision is taken to extend eligibility to people with severe temporary mobility impairments of at least one year.

The benefits and costs are:

- An increase in the quantum of benefits to blue badge holders from reduced parking charges;
 - An increase in the quantum of the costs of assessment to local authorities but at a lower unit cost;
 - A reduction in the quantum of parking revenues received by local authorities equal to the benefits received by blue badge holders;
2. A reduction in the costs of administration and case assessment as a result of:
 - A switch from GPs to independent mobility assessors (and a transfer of benefits from rejected blue badge holders to local authorities in terms of parking charges)
 - The implementation of the Blue Badge common service improvement project.

Both of these result in benefits for local authorities. There are no costs to business from this reform programme.

3. A reduction in fraud with an increase in the quantum of parking revenues which is a benefit to local authorities, and reductions in congestion and carbon emissions which are social benefits.

- **Implementation**

58. The above changes will be implemented between April 2011 and 2013/14. The changes needed to primary legislation will be dependent on the availability of Parliamentary time and may therefore be implemented at a later date. Implementation is also subject to the continued availability of resources (mostly personnel) from the DfT.

Other options:

59. Some options for reform have been considered but have been rejected. The main ones are as follows:

- increasing or decreasing the length of time that badge holders are permitted to park on yellow lines (from the current 3 hours); or changing it so that badge holders, for example, could not park on double-yellow lines; or extending the scheme so that it includes off-street parking. Disabled people wanted to be able to park for longer but there were concerns about road safety issues and obstructions to traffic, causing traffic congestion. Town centre managers wanted the concession to be shorter but this would reduce the benefits of the scheme to disabled people. No changes are proposed to the concession itself.
- further extending eligibility, for example, to those with severe cognitive impairments, or to those with colitis, Crohn's disease or similar conditions. Further extensions of the scheme would reduce the benefits to those who are currently eligible and increase costs to local authorities. The decision was taken that the primary objective of the scheme should be to provide direct help to those individuals with severe physical mobility problems who would otherwise be unable to access the places they need to go to.

¹⁴ Research with Blue Badge holders: Final Report, DfT, October 2008

- introducing a national application processing system operated by central rather than local government. This has been rejected as it does not support the localism agenda. Local authorities are also best placed to assess local needs and deliver local services.
- other options in relation to the badge fee. A maximum fee that local authorities are able to charge has been set in legislation since the scheme was established to ensure fairness and there is no proposal to allow local authorities to charge what they like. Consideration was given to raising the maximum fee to £20, as is the case in Scotland. It was felt, based on consultation, that £10 would be the most appropriate fee. The second involved amending primary legislation to make it mandatory for all local authorities to charge the same fee. This was rejected as it does not support the localism agenda. The third involved charging the fee on application for rather than on issue of a badge, so that unsuccessful applicants would also have to pay the fee. This was rejected as it was felt to be unfair.
- other options in relation to new or amended enforcement powers. The first involved providing local authorities with a power to issue Fixed Penalty Notices to third parties using someone else's badge for their own benefit. The DfT was not convinced that there were strong enough arguments for such a power as other action can be taken in these circumstances, bearing in mind the potential costs and benefits and the availability of other offences and penalties. The second involved creating a new fraud offence and a higher penalty in Blue Badge legislation for fraudulent use of a badge. Powers are, however, available under the Fraud Act 2006 that could be used to deal with these offences. The third involved decriminalising the whole Blue Badge enforcement regime. At present, an enforcement hierarchy is in place whereby local authorities are able to issue Fixed Penalty Notices or Penalty Charge Notices for minor parking contraventions using Blue Badges. They can then use the current criminal offences available in blue badge legislation to deal with more serious offences and powers are also available under the Theft and Fraud Acts to deal with offences such as mass producing and selling fake badges. The DfT believe it is important to retain options for enforcement officers and the current criminal offences.

Section 5: Costs and benefits of options

- ensuring those most in need receive a badge

60. Based on research undertaken by Integrated Transport Planning Ltd. (ITP)¹⁵ and data from the DfT statistics¹⁶ the average estimated cost of eligibility assessment per 'subject to further assessment' application is currently £21.87. The same research indicates that greater use of independent mobility assessments, rather than an applicant's GP to assess eligibility, could result in an estimated net saving to local authorities of £3.80 per 'subject to further assessment' application (Table 1 below).

Table 1 Estimated unit cost saving	GP assessment		IMA		Desk based	
	Greater London	Outside London	Greater London	Outside London	Greater London	Outside London
Estimated average cost per assessment ¹⁷	£25.46	£30.76	£26.40	£18.41	£36.13	£15.53
Weighted average	£30.30		£19.10		£17.30	
Assessments by type ¹⁸	34%		8%		58%	
Total weighted	£21.87					
Expected split ¹⁹			42.86%		57.08%	
Weighted average (no GP)	£18.06					
Estimated unit cost saving to local authority	£3.80					

61. Total savings per year are expected to be £2.6mn in the first year, 2012/13, rising by 2.42% a year. The benefit over 10 years with a discount rate of 3.5% is £20.9mn. This assumes that the new guidance, the

¹⁵ Based on ITP research - ongoing

¹⁶ Statistics: Parking badges for disabled people, DfT, March 2009

¹⁷ Source: based on ITP case study research - ongoing

¹⁸ Statistics: Parking badges for disabled people, DfT, March 2009

¹⁹ DfT estimates

transfer of funding to local authorities and the proposed changes to regulations result in all local authorities substituting GP eligibility assessments with independent mobility assessments by 2012/13. The actual savings will depend on the way in which the new regulations are developed by Government and interpreted and applied by local authorities...

Table 2 Assessment cost savings	Transitory	Annual	PV over 10years @ 3.5%
Cost saving per application £3.80			
Number of applications (20012/13)		681,195	
Growth rate p.a. ²⁰		2.42%	
Annual saving for local authorities in first year (2012/13)		£2.6mn	£20.9mn

62. The research also indicates that greater use of independent mobility assessments is likely to result in some people no longer receiving a badge. This is not because of a change to prescribed descriptions of disabled person to whom a badge may be issued, but because of a more robust assessment of eligibility. This is estimated to be between 2.5% and 7.5% a year (see table 3). This is based on the difference between rejection rates for the current assessment regime and that for greater uptake of independent mobility assessments. The current rejection rate is taken from the DfT Blue Badge statistics²¹ and assumes that all of the rejections relate to applications under the 'subject to further assessment' criteria. The rejection rate using independent assessments and desk-based only is the weighted average of independent assessment rates taken from the ITP research and a desk-based rate derived using the total number of rejections.
63. It is also assumed that there is no increase in appeals and reassessment costs; that the use of IMAs does not deter people from applying for the badge; and that the administrative cost (excluding the actual assessment cost) incurred by the local authority is the same for an applicant undergoing GP assessment as for an applicant undergoing an independent mobility assessment.

Table 3 Rejection rates²²				
	IMA		Desk based	
	Greater London	Outside London	Greater London	Outside London
	35%	22%	29%	26%
Source: Based on ITP				
Weighted average	23.1%		16.7% ²³	
Applications ²⁴	42.86%		57.08%	
Weighted average	19.5%			
Because of uncertainty about the change in rejections a margin of error of $\pm 50\%$ is applied to the difference (19.5% - 14.5%) give a high and low range				
Range	High		Low	
Margin of error	+50%		-50.0%	
Difference from 2008/9 (14.5%)	7.5%		2.5%	

²⁰ Based on DWP research: <http://researchdwp.gov.uk/asd/asd4/LT2.xls>

²¹ Statistics: Parking badges for disabled people, DfT, March 2009

²² Source: based on ITP research - ongoing

²³ Adjusted by DfT (see below in risks and assumptions - use of IMA)

²⁴ Statistics: Parking badges for disabled people, DfT, March 2009

64. This reduction in badges would result in a potential recovery of lost parking revenue and allied charges amounting to £1.6mn to £4.7mn per annum. This is based on the difference in the level of rejections multiplied by the average parking revenue per year that would have been paid by Blue Badge holders (see Annex 3). The parking revenue is in relation to the price of parking a vehicle as opposed to any fine receipts.

Table 4 Parking charge recovery		
	Low	High
Rejections (do nothing) 2012/13	98,600	98,600
Rejections (do something) 2012/13	115,600	149,600
Increase in the number of rejections (=reduction in the number of badges on issue)	17,000	51,000
Average loss in parking revenue per badge p.a.	£92.80	£92.80
Annual saving to local authorities from a reduction in parking revenue losses	£1.6mn	£4.7mn
PV over 10 years @ 3.5%	£12.7mn	£38.1mn

65. The parking charge recovery is based on one year's worth of benefits. The total overall benefits to local authorities in are shown in Table 5 below:

Table 5 Summary of benefits to Local Authorities									£mn
Transitory			Annual			PV over 10 years @3.5%			
Low	Mid-point	High	Low	Mid-point	Average	Low	Mid-point	High	
Lower assessment costs from move from GP to IMA									
0.0	0.0	0.0	2.6	2.6	2.6	20.9	20.9	20.9	
Higher parking revenues from increase in rejections									
0.0	0.0	0.0	1.6	3.2	4.7	12.7	25.4	38.1	
Total									
0.0	0.0	0.0	4.2	5.7	7.3	33.6	46.3	59.0	

66. There will be a loss of benefits for those Blue Badge holders whose renewal application is refused because of a move to more robust assessments. This has been estimated as the increase in parking charges they will face as a result of no longer having the badge - this will be equal to the increase in parking charges received by local authorities (calculated in table 4).

Table 6 Loss of benefits for Blue Badge applicants									£mn
Transitory			Annual			PV over 10 years @3.5%			
Low	Mid-point	High	Low	Mid-point	High	Low	Mid-point	High	
0.0	0.0	0.0	1.6	3.2	4.7	12.7	25.4	38.1	

67. In respect of extending eligibility to disabled children between 2-3 years old with specific medical conditions, the benefits to new badge holders as a result of free parking and allied charges, based on an average benefits per annum of £93.00, is estimated to be around £300k a year (3,000 plus an additional 100 to 200 a year times the parking charge²⁵) but this will be a direct transfer from local authorities. In addition there will be administration costs of between £3,172 and £6,345 per annum as a result of new applicants. Overall the impact of this extension will be broadly neutral but non-monetised benefits such as increased mobility would make the overall impact positive.

²⁵ Statistics: Parking badges for disabled people, DfT, March 2009

Costs to LAs from higher administration costs and increases in parking revenue losses								
Transitory			Annual			PV over 10 years @ 3.5%		
Low	Mid-point	High	Low	Mid-point	High	Low	Mid-point	High
0.18	0.20	0.23	0.29	0.30	0.30	2.64	2.74	2.83
Benefits to BB holders								
0.14	0.14	0.14	0.29	0.29	0.30	2.53	2.57	2.61

68. In relation to the eligibility extension to seriously disabled service personnel and veterans, it is assumed that there will be no additional administrative or assessment costs for local authorities as those applying for a badge under the AFCS would have applied via other existing routes: eg automatic entitlement if they are in receipt of the HRMCDLA.
69. If, based on further research, the decision is taken to extend eligibility to people with severe temporary mobility impairments lasting at least one year, this will generate additional cost implications on local authorities due to addition applicants. It is not possible at this time to forecast the impact of these potential changes on the number of badges in circulation as that would depend on how any new eligibility criterion is drafted, and how it is interpreted and applied by local authorities. For the purposes of this IA, an indicative estimate of an increase in the number of 'subject to further assessment' badges issued of 5-10 per cent per annum has been assumed equal to 31,000-62,000 additional applicants a year. Based on this initial estimate of numbers involved the administrations costs (£14.42 per applicant²⁶) and IMA costs (£19.10 per applicant) would be between £1.0mn and £2.1mn per annum. The extension would be for a minimum of one year and could be as long as three years. The assumption here is that extensions would be for two years. To reflect this, the benefits in terms of reduced parking charges have been doubled from £93 to £186 per successful applicant. This results in annual benefits of between £5.7mn and £11.5mn per annum, which would be a transfer from local authorities to successful applicants. Further research will assess the impacts more fully and a full impact assessment prepared if this extension is taken forward.

	Annual			PV over 10 years @ 3.5%		
	Low	Mid-point	High	Low	Mid-point	High
New applicants	30,954	46,431	61,908			
Average administration and assessment costs per application	£33.50	£33.50	£33.50			
Total p.a. £mn	1.0	1.6	2.1	8.6	12.9	17.3
Loss in parking revenues to local authorities over a two year period	£185.60	£185.60	£185.60			
Total p.a. £mn	5.7	8.6	11.5	47.8	71.7	95.5
Benefits to blue badge holders from reduced parking charges over a 2 year period	£185.60	£185.60	£185.60			
Total p.a. £mn	5.7	8.6	11.5	47.8	71.7	95.5

70. It should be noted that the increased cost to local authorities associated with increased eligibility for concessionary travel passes has not been estimated as we do not know how many potential recipients would be eligible through other routes (e.g. of pensionable age).

- **delivering efficiency savings, more consistent assessment and improving customer services**

71. It is estimated that a common service improvement project which all authorities could use would save local authorities money in administering the scheme. The project will also allow fraudulent applications to

²⁶ Research with local authorities: Final Report, DFT, October 2008

be cut out at the source and much more effective on-road enforcement of the scheme (£6m to £20m per year shown below in Table 9). Table 9 below provides estimates of the benefits (excluding costs) that could result from this project.

Table 9 Benefits to Local Authorities (excluding costs)²⁷				£mn
	Key benefit drivers	Low	Mid-point	High
Applications efficiency	Operational efficiencies from online applications; reduced cost of multiple applications; reduced cost of validation with external systems	3.5	5.6	8.4
Printing and distribution	Avoided badge physical manual production	1.7	3.1	4.5
Enforcement support	Reduced cost of servicing enforcement requests.	0.2	1.0	1.8
Outsourced administrative functions	Consolidated services for data entry, call centre and payment handling	1.1	3.3	5.5
Total p.a.		6.5	13.4	20.2
PV over 10 years @ 3.5%		54.1	111.4	168.0

72. The values are based on an assumed local authority adoption rate of the system. This is considered to be 70% of local authorities for the 'low' estimate and 100% of local authorities for the 'high' estimate. It is considered that the high levels of anticipated adoption are acceptable because of significant local authority support which has been demonstrated so far; on the basis of the existing situation whereby 100% of local authorities source their supply of the current badge design from the supplier established by way of a framework contract by the DfT (which ends on 31 August 2011); and the fact that local authorities will need to comply with new regulations for the badge design - the common service improvement project will be the easiest way for them to comply at the lowest cost (generated by expected volumes and economies of scale).
73. The benefits have been estimated by focusing on specific service areas, for example, manually producing the badge as necessitated by the current design, dealing with multiple or fraudulent applications made to several local authorities and time-consuming enforcement checks that are currently carried out by telephone, email or letter. Via engagement with local authorities, detailed, bottom-up, estimates of current costs were developed and then potential efficiencies were estimated in terms of, for example, time savings using average salary costs and costs avoided by removing the potential for multiple and fraudulent applications. The potential for time savings, in particular, are high given the current situation, local variations, different systems and technologies, local manual production of the badge and the difficulties enforcement officers experience in checking the validity of badges issued elsewhere.
74. In comparison to these benefits, it is estimated that a charge to local authorities of £5 per badge issued will be made that will cover the printing, supply and distribution costs associated with the badge and to enable the supplier to recover the capital costs needed to develop to ICT infrastructure over the lifetime of the contract. Local authorities are likely to incur additional costs as they will still need to, for example, carry out identity and residency checks of applicants as these operations are not included within the current scope of this project. The proposal to enable local authorities to charge up to a maximum of £10 per badge is intended to cover the costs associated with the common service improvement project, as well as the additional costs that local authorities will still incur.
75. It should be noted that the average cost of processing applications of £14.42 used elsewhere in this IA was developed using a different methodology that did not include, for example, the costs involved in carrying out enforcement checks. It is therefore likely to be a low estimate of actual application process costs.
76. In addition, the common service improvement project will create a number of intangible and qualitative benefits. These are likely to include customer service improvements and improved efficiency and effectiveness of other areas of the reform programme. It will help local authorities to make the operational changes needed to achieve a greater level of benefit from the reform programme as a whole

²⁷ Source: DfT estimates developed from project business case

and enable other non-monetised savings, for example, more efficient administration of enforcement queries and incident reporting.

77. The benefits in terms of enforcement are estimated as part of the section on new enforcement powers mentioned below. Central Government will need to pay for the administration costs involved in developing a specification and procuring the supplier of the system but these are minimal. Local authorities may incur some change management costs initially but it is assumed that these will be offset by the efficiency savings that have been identified. Private sector investment will be recovered over the lifetime of the contract. The system will use infrastructure that has already been put in place by the Department for Work and Pensions (entitled Government Connect) and will therefore enable local authorities to reap an additional benefit from the investment they have already made in establishing connectivity to Government Connect, although this cannot be estimated or monetised.

- **improved and effective prevention of abuse and enforcement**

78. As noted above, research undertaken for the DfT²⁸ suggests the extent to which fraud/misuse of badges is perceived to be a problem varies throughout the country, along with the number of offences detected. Fraud and mis-use of badges results in a cost to local authorities, primarily in terms of lost parking revenue. Based on this research it is estimated that fraud is running at between 2% and 4% a year of total Blue Badges in use (ie 2%-4% of all badges on issue are being used fraudulently) and could currently cost between £3mn and £7mn per year but this is based on current levels of detection which are low and so is likely to be an underestimate. In 2010, the National Fraud Authority estimated abuse of the scheme to be costing an estimated £14.3mn per year.²⁹

Table 10 Fraud recovery	2011/12
Total number of Blue Badges on issue ³⁰	2,608,437
Average loss in parking revenue to local authorities per Blue Badge on issue p.a.	£93
Loss in parking revenues from Fraud @ 2%	£3.3mn
Loss in parking revenues from Fraud @ 4%	£6.7mn
PV over 10 year @ 3.5%	
Fraud @ 2%	£30.6mn
Fraud @ 4%	£61.3mn

79. Although it is clear that there is significant potential for benefits to be realised as a result of the proposals, given uncertainty about the uptake, and active use, of the new powers by local authorities, the resulting rates of detection, and extent of behavioural change, quantifying these benefits is not straightforward. Therefore the approach we have chosen to take is to present an illustrative estimate of the potential benefits which could result from the proposals being made here being applied in conjunction with the introduction of the common service delivery project and a more secure badge redesign. This is based on all local authorities taking up the powers, signing up to the common service improvement project and all badge holders being issued with a new badge design that is harder to copy and forge - and therefore that they are able to eliminate all fraud which is currently detected. These assumptions are optimistic but they likely to be offset by more conservative assumptions elsewhere in the calculation (most notably the total level of fraud). The benefits would accrue to the programme as a whole. It is not possible to assess the relative contributions of each project.

80. It should be noted that it is assumed there is no increase in the workload - and hence costs - to local enforcement officers/staff as, for example, detection and enforcement checks should be quicker and easier given the new badge design and the common service improvement project. The new powers are also aimed at improving operational efficiency.

81. The estimated potential annual benefits are summarised in the following table 11. As noted above, these benefits should be viewed as resulting from the introduction of all three enforcement-related elements of

²⁸ Blue Badge Reform Strategy: Enforcement Evidence Base, DfT, March 2010

²⁹ Annual Fraud Indicator, National Fraud Authority, Jan 2010

³⁰ Statistics: Parking badges for disabled people, DfT, March 2009

the reform strategy - i.e. the common service delivery system, the badge redesign and the introduction of new/amended powers. The decongestion and CO₂ benefits are based on a 31% reduction in car trips made by those who would otherwise have avoided a parking charge. The estimation of this reduction in demand is detailed in the Annex 3. In this Annex, there are more details about the unit costs used in this calculation.

Table 11 Total benefits to Local Authorities and social benefits					
	Detection of badges being used fraudulently	LA revenue loss avoided (as in Table 10)	Decongestion benefits	CO ₂ benefits	Total
Annual benefits					
Low	2%	£3.3mn	£2.6mn	£0.2mn	£6.4mn
Central	3%	£5.0mn	£4.3mn	£0.3mn	£9.5mn
High	4%	£6.7mn	£5.7mn	£0.4mn	£12.7mn
PV over 10 year at 2011 prices					
Low	2%	£30.6mn	£22.1mn	£1.4mn	£54.1mn
Central	3%	£46.0mn	£33.2mn	£2.0mn	£81.2mn
High	4%	£61.3mn	£44.3mn	£2.7mn	£108.3mn

82. An estimate has been made of the potential impact of changes in eligibility and the use of independent mobility assessors on traffic levels (and congestion). However, it has not been explicitly estimated given the small net impact expected. Please see the risks and assumptions section below for details of a sensitivity test that has been carried out on traffic levels.
83. Subject to further discussion, we may decide to amend primary legislation in relation to the current appeal route for badges being withdrawn for misuse by local authorities. At present, people are able to appeal to the Secretary of State. Options are currently being explored that will still provide a route of appeal but at a more local level, for example, by the Local Government Ombudsman. It is not envisaged that this amendment will lead to any additional costs, but a full Impact Assessment will be prepared to accompany a Bill.
84. As outlined above, the unit costs involved in producing a new badge design that incorporates more security features so that it is harder to copy and forge are included in the estimated £5 per badge charge to local authorities for badges supplied through the common service improvement project. The £5 charge also includes the cost of the clock that holders need to display alongside the badge. Local authorities will be empowered to charge a higher fee to cover this cost. They should also achieve efficiency savings through use of the common service improvement project. Table 12 below shows the estimated additional cost to local authorities of this proposal. The additional cost is estimated to be £5 less the current 52 pence that local authorities currently pay for a blank badge, laminates and clock - so a unit cost of £4.48.

Table 12 Badge costs to Local Authorities	
Badges issued 2011/12	925,684
Additional cost per unit	£4.48
Annual costs to LA	£4.1mn
PV over 10 years @ 3.5%	£38.2mn

- **the badge fee**

85. An increase in the maximum fee chargeable for the issue of Blue Badges from £2 to £10 will represent a cost to applicants but for the purposes of this IA this is considered to be a transfer from the badge holder to local authorities (to cover the processing and issuing costs incurred) which results in no net impact.
86. Local authorities are empowered to use their discretion on whether or not to charge the fee. For illustration, if all local authorities impose a £10 fee, this would result in annual costs to applicants increasing by up to £9 million and a revenue stream for local authorities of the same amount. This therefore represents a cost transfer to applicants, with local authorities receiving a financial benefit equal

to the sum paid by badge holders (towards the processing and issue costs incurred), which results in no net impact.

87. In addition, the benefits to badge holders in terms of avoidance of parking charges is around £250 million per year or an average of £93 per badge holder³¹. The benefits therefore greatly exceed the proposed higher fee.
88. Research shows that average cost of processing an application incurred by local authorities is £14.42³² (this does not include the costs of an eligibility assessment).

		Annual 2011/12	PV over 10 years @ 3.5%
Issued		925,684	
Transfer	£mn Low	£8	£7.41
	Mid-point	£9	£8.34
	High	£10	£9.26
			£68.3
			£76.8
			£85.3

Non-monetised benefits

Impact on badge holders:

89. The reform programme would be expected to generate positive social impacts by helping to ensure that the Blue Badge concessions are available for use by those who need them most, potentially leading to improvements in access to services, social inclusion and wellbeing for genuine badge holders.

Impact on parking and toll operators:

90. Parking and toll operators would be expected to benefit from reduced levels of abuse. The eligibility extensions will increase the number of badges holders, but these should be offset by the impact of other measures that will ensure only those genuinely eligible are issued with badges and that invalid badges are removed from circulation. The net impact on parking and toll operators of the programme as a whole should be positive. The reform programme is strongly supported by trade associations like the British Parking Association.

Section 6: Risks and assumptions

91. A large number of assumptions which have been applied to estimate the benefits and costs presented in this Impact Assessment. These are informed by a mix of expert judgement and evidence collected in the course of preparing the strategy and are subject to differing levels of uncertainty. These assumptions will be reviewed as individual Impact Assessments and Business Cases are brought forward. For the purposes of preparing a strategy, we think the robustness of individual assumptions is proportionate. However, we have undertaken a number of sensitivity tests to show the potential impact on the overall economic case of changes in individual assumptions to reflect uncertainties in our central case assumptions.

Assumption	Description of sensitivity test	Change in central case NPV (PV, 10 years)	NPV of programme (PV, 10 years)
Impact of strategy on traffic levels	Reduce decongestion and CO2 benefits to zero. This test reflects uncertainty about the net impact of the strategy on traffic levels which will depend on the effectiveness of enforcement activity as well as	-£35.2m	£126.8m

³¹ DfT updated estimates based on research: Blue Badge Reform Strategy, Enforcement Evidence Base, DfT, March 2010

³² In estimating the overall combined administration costs incurred by local authorities by extending the eligibility period for existing holders, we have used the cost for processing a new Badge as detailed in the Comprehensive Blue Badge (Disabled Parking) Reform Strategy. (England) Based on the research undertaken by Faber Maunsell (2008), the average direct cost incurred by local authorities per Badge is £12.06. This includes staff costs plus other direct costs, such as purchase of the Badges. A range constructed based on 25 and 75 percentile values gives a direct cost estimate of between £7.09 and £16.94. Including a 20% allowance for staff-related overheads (such as National Insurance contributions) gives a range of £8.51 to £20.33 with a median value of £14.42.

	changes in eligibility and the use of IMAs		
Proportion of local authorities switching from GPs to IMAs	The analysis assumes that all assessments currently undertaken by GPs will in the future be undertaken by IMAs. This test shows the level of benefits if only 50% of these assessments are transferred to IMAs and was estimated by halving the benefits presented in table 2. The estimate shows the first-round impact only so it does not reflect any changes in unit costs used to estimate costs elsewhere (e.g. as a result of extending eligibility).	-£10.5m	£151.1m
Percentage of detected fraud which would be eliminated	The analysis assumes that all currently detected fraud is eliminated as a result of the strategy. This test shows the impact of deterring only 50% of this fraudulent activity. This has been estimated by halving the benefits presented in table 11.	-£48.9m	£113.1m
Percentage of applications rejected by IMAs that are fraudulent	The analysis assumes that all rejected applications are made by applicants who are acting in good faith so we have counted the loss in concessions (free parking) as a disbenefit. This sensitivity test shows what would happen if we were to assume that 10% of rejected applications were fraudulent and we didn't value the loss in parking concessions to these applicant. Estimated as 10% of loss in benefits presented in table 6.	+£2.5m	£164.5m

92. Other key risks and assumptions are as follows:

- The proportion of 'subject to further assessment' applicants undergoing independent mobility assessment is assumed to rise from 8% to 42% as GP assessment falls from 34% to 0% : the percentage of desk-based assessment is assumed to be more or less unchanged. The actual percentage will depend on the uptake of independent mobility assessments and the way in which the requirement for use of IMAs in more cases when eligibility is in doubt is prescribed in legislation and interpreted by local authorities. This is expected to result in an increase in rejections. In the analysis all of the current rejected applications are assumed to be from the 'subject to further assessment' applications, which is reasonable. The ITP research, based on a number of local authority case studies, gives weighted average rejection rates for IMA and desk-based of 23% and 26% respectively. This combined with a GP rejection rate of 9% (from the DfT Blue Badge statistics³³) gives a total number of rejections of 124,000 compared a DfT Blue Badge survey number of 90,000. As there is reasonable confidence in the IMA rejection rate from the ITP case study research, the desk-based rejection rate has been amended to 17% to give a total number of rejections of 90,000 as in the survey. A higher desk-based assessment rate would increase the rejection benefits.
- Reductions in parking revenue from the eligibility extensions treated as a transfer to badge holders resulting in zero net impact overall.
- The number of badges issued to those within scope of new eligibility extensions will depend on how the criteria are developed, interpreted and applied by local authorities.
- Benefits from the common service improvement project will depend on extent of uptake and use of all services by local authorities. The commercial funding model for that system assumes no capital

³³ Statistics: Parking badges for disabled people, DfT, March 2009

investment by central government. Central government will need to pay for the administration costs involved in developing a specification and procuring the supplier of the system but these are minimal. Local authorities may incur some change management costs initially but it is assumed that these will be offset by the efficiency savings that have been identified. Private sector investment will be recovered over the lifetime of the contract.

- The changes to the enforcement regime might have an impact on the Courts Service which is responsible for processing and sentencing those who commit offences, including those charged with mis-use of badges. The proposed changes may result on more offenders being caught and prosecuted and this might have implications for the workload of the Courts Service. However, it has not been possible to estimate the potential impact, particularly given that other measures in the reform programme should prevent and reduce current levels of fraud and abuse. The net impact of the programme could therefore be positive.
- There is uncertainty about the number of local authorities who will choose to actively make use of the new powers and this will be dependent on a number of factors which are largely unknown and use of the new powers would be voluntary. Therefore the approach taken has been to present an estimate of potential benefits based on a conservative assumption of detection levels, and assuming implementation of the common service improvement project and badge redesign alongside the proposals set out here. With respect to training, it is assumed that there is no significant additional cost to local authorities associated with training existing staff as information about the new/amended legislation (and the implications of this) could be incorporated into existing staff training/development activity.
- In relation to a higher badge fee, It is assumed that the new charge would be paid by all Blue Badge holders given the size of average benefits though not all local authorities are expected to charge the full amount as some do not charge the existing £2 fee, and that a higher fee will not significantly reduce the number of applicants. However, for some a one-off fee of £10 could be a deterrent if there are alternatives such as free bus travel, free on-street parking or some of the trips made using local authority parking bays are purely discretionary. It is not known what response there would be to an increase in charge but, based on a survey of badge holders in 2008³⁴, we expect this to be insignificant because the benefits of having a Blue Badge are significant in terms of enabling accessibility and savings with respect to parking charges.
- The implementation of projects within the reform programme will happen between 2011 and 2013/14. Any delays in implementation is likely to mean delays in receiving benefits and it is assumed that delays will not lead to any increases or decreases in costs and benefits.

Section 7: Wider impacts

93. The reform programme would be expected to generate positive social impacts by helping to ensure that the Blue Badge concessions are available for use by those who need them the most and by preventing and reducing current levels of abuse. Improvements to the administration and enforcement of the scheme ought to lead to improvements in accessibility for disabled people. This will in turn help to improve the welfare, health and wellbeing of badge holders.

Section 8: Summary and preferred option with description on implementation plan

94. The preferred option is to implement the complete reform programme as this will deliver maximum benefits for disabled people and local authorities. The public sector as a whole will benefit from reduced levels of abuse and fraud and from efficiency improvements. Local authorities will also be better equipped to deal with the forecasts in demand as a result of the ageing population.
95. The reform programme will be implemented in phases from mid 2011 onwards. The main expected implementation dates (subject to ongoing resources being available) are as follows:
96. By autumn 2011:
- eligibility extended to certain categories of disabled people;
 - funding for independent mobility assessments and supporting guidance in place;
 - requirement, through secondary legislation, for independent assessments of eligibility in more cases;
 - a new badge design issued and the fee raised to more appropriately cover costs;
 - specific improvements made to the enforcement regime.

By mid-2012:

³⁴ Research with Blue Badge holders: Final Report, DfT, October 2008

- local authorities able to quickly and easily check details of badges issued anywhere in England and key information on badge holders.

By 2013:

- applicants for badges able to apply on-line;
- other improvements to the enforcement regime made (subject to Parliamentary timescales).

Annexes

Annex 1: Post Implementation Review (PIR) Plan

A PIR should be undertaken, usually three to five years after implementation of the policy, but exceptionally a longer period may be more appropriate. A PIR should examine the extent to which the implemented regulations have achieved their objectives, assess their costs and benefits and identify whether they are having any unintended consequences.

Basis of the review:

The Blue Badge reform programme will be reviewed in 2015 to ensure that improvements have been delivered by local authorities, and that disabled people are benefitting from the changes.

Review objective:

Each of the measures in the reform programme will be reviewed to check that they are operating as expected, that new or amended powers are being used and that the operational improvements have been made.

Review approach and rationale:

A range of approaches will be taken including:

- the Service Improvement Project will be monitored through the Service Level Agreements that will be established as part of the contract with the supplier. The DfT will also seek customer/client feedback;
- research based on the methodology used to estimate the current costs of fraud and abuse will be repeated using the same local authority sample to compare the current baseline with the future situation; in terms of number of offences being committed and operational efficiencies.
- local authorities submit an annual statistical return to the DfT. This will be maintained to monitor trends, including in the number of badges on issue, the number issued under the eligibility extensions and the number of independent mobility assessments being undertaken;
- a survey of disabled people and local authorities will be carried out to canvas opinions and views on the improvements and impacts on the ground.

Baseline:

The figures used in this Impact Assessment to estimate the costs and benefits of the reform programme will form the baseline for the PIR.

Success criteria:

Whether or not the programme of reform is successful will be decided by the local authorities who operate the scheme, based on whether or not they have achieved the operational savings they seek, and by disabled people, based on whether or not there is less abuse of parking spaces and better customer services.

The Service Improvement Project will be tendered as a five year contract, with an option to extend for a further two years. Effective contract management arrangements will be put in place to ensure system is operating effectively. The design of the badge and the badge fee will also be reviewed at the same time as the contract for this system is re-tendered to check that they remain fit for purpose.

Monitoring information arrangements:

The following monitoring information arrangements will be put in place:

- Reports from the Service Improvement project on, for example, turnaround times, use of on-line versus paper applications, and levels of enforcement activity;
- The DfT's annual statistical return from local authorities will identify numbers of badges issued, rejection rates, numbers of badges reported as lost or stolen and use of GP versus independent mobility assessments, numbers of prosecutions taken and numbers of badges withdrawn by local authorities for mis-use;
- Subject to resources, periodic surveys of local authorities and badge holders;
- Reports from other organisations. Eg. the Audit Commission compare every two years details of badges on issue with the death register to estimate levels of fraud from this activity. The National Fraud Authority also estimates periodically the current costs of fraud from abuse of blue badges.

Reasons for not planning a PIR:

Annex 2: Summary of costs and benefits

Blue Badge Impact Assessment November 2010										
		One off £mn			Annual £mn			NPV £mn		
		Low	Medium	High	Low	Medium	High	Low	Medium	High
Transfer of mobility assessments										
Benefit	Provider	£0.0	£0.0	£0.0	£2.6	£2.6	£2.6	£20.9	£20.9	£20.9
Rejections: Increase in parking revenue										
Benefit	Provider	£0.0	£0.0	£0.0	£1.6	£3.2	£4.7	£12.7	£25.4	£38.1
Reduction in benefits										
Cost	User	£0.0	£0.0	£0.0	£1.6	£3.2	£4.7	£12.7	£25.4	£38.1
Extending to children under 3										
Costs to LAs										
Cost	Provider	£0.2	£0.2	£0.2	£0.3	£0.3	£0.3	£2.6	£2.7	£2.8
Benefit to Badge Holders										
Benefit	User	£0.1	£0.1	£0.1	£0.3	£0.3	£0.3	£2.5	£2.6	£2.6
Extending to temporary disability										
Costs to LAs										
Cost	Provider	£0.0	£0.0	£0.0	£6.8	£10.2	£13.6	£56.4	£84.6	£112.8
Benefit to Badge Holders										
Benefit	User	£0.0	£0.0	£0.0	£5.7	£8.6	£11.5	£47.8	£71.7	£95.5
Blue Badge Service Improvement										
Benefit	Provider	£0.0	£0.0	£0.0	£6.5	£13.4	£20.2	£54.1	£111.0	£168.0
Dealing with fraud										
Increase in parking revenue										
Benefit	Provider	£0.0	£0.0	£0.0	£3.3	£5.0	£6.6	£30.6	£46.0	£61.3
Reduction in congestion and environmental costs										
Benefit	Social	£0.0	£0.0	£0.0	£2.9	£4.3	£5.7	£22.1	£33.2	£44.3
Reduction in carbon dioxide										
Benefit	Social	£0.0	£0.0	£0.0	£0.2	£0.3	£0.4	£1.4	£2.0	£2.7
Charge per new badge design issued through service improvement										
Cost to LA										
Cost	Provider	£0.0	£0.0	£0.0	£4.1	£0.0	£4.1	£38.2	£38.2	£38.2
Raising maximum fee										
Transfer from BB holders										
Cost	User	£0.0	£0.0	£0.0	£7.4	£8.3	£9.3	£68.3	£76.8	£85.3
Transfer to LA										
Benefit	Provider	£0.0	£0.0	£0.0	£7.4	£8.3	£9.3	£68.3	£76.8	£85.3
Summary of costs and benefits										
		One off £mn			Annual £mn			NPV £mn		
		Low	Average	High	Low	Average	High	Low	Average	High
Total costs	Users	£0.0	£0.0	£0.0	£9.0	£11.5	£14.0	£81.0	£102.2	£123.5
	Providers	£0.2	£0.2	£0.2	£11.2	£14.6	£18.0	£97.3	£125.6	£153.9
Total benefits	Users	£0.1	£0.1	£0.1	£6.0	£8.9	£11.8	£50.3	£74.2	£98.2
	Providers	£0.0	£0.0	£0.0	£21.4	£32.4	£43.4	£186.6	£280.1	£373.6
	Social	£0.0	£0.0	£0.0	£3.0	£4.6	£6.1	£23.5	£35.2	£47.0
Net benefit	Users	£0.1	£0.1	£0.1	£-3.0	£-2.6	£-2.2	£-30.7	£-28.0	£-25.3
	Providers	£-0.2	£-0.2	£-0.2	£10.2	£17.8	£25.4	£89.3	£154.5	£219.8
	Social	£0.0	£0.0	£0.0	£3.0	£4.6	£6.1	£23.5	£35.2	£47.0
Total net benefit		£-0.0	£-0.1	£-0.1	£10.3	£19.8	£29.3	£32.5	£161.8	£340.5

Note: The high and low NPVs are high benefits less low costs and low benefits less high costs

Annex 3: Parking charges and demand response

The average parking charges that Blue Badge holders would have paid has been calculated by WSP³⁵ as follows:

Table 1 Avoided parking charges	Usage	Heavy	Medium	Light
	Trips/week	10	5	1
	% by area			
London	10.0%	£4,748.0	£777.0	£315.0
MET	6.6%	£2,174.0	£449.0	£175.0
City	34.0%	£1,136.5	£274.0	£87.5
Rural	49.4%	£453.0	£118.0	£35.0
% by usage		1%	20%	79%
Weighted average	£135.2			
Change in demand to reflect that in the absence of a scheme fewer trips would have been made (see Table 2 below)	-31.4%			
Parking revenue that would have been paid in the absence of a scheme	£92.79			

The average parking charge per annum is given as £135.20. This is a weighted average by usages and by area. However, in the absence of a scheme the number of trips made that incurred parking charges would be reduced and the revenue that would be received by the LA would be less as a result. Based on an analysis of average car trip costs and the impact of facing a parking charge (shown in Table 11 of the evidence summary) the average charge per annum has been reduced by 31%.

This demand response is estimated by calculating the change in generalised costs (a measure of the cost of travel measured in time units where monetary cost converted into units of time using the value of travel time savings).

The generalised cost of an average car trip using National Travel Survey results for 2009 is 32 minutes with free parking. With paid parking this would rise to 43 minutes which would result in a 31% reduction in demand assuming a generalised cost elasticity of -0.9 which has been assumed as it consistent with the fare and time elasticities reported in DfT appraisal guidance (webTAG).

Table 2 Demand response to parking charge	
Trip length miles	8.4
Duration minutes	20.9
Value of Travel Time Savings p/min ³⁶	7.9
Operating cost p/mile ³⁷	10.209
Generalised cost (minutes) – free parking	31.77
Parking [what is the source of this?]	£1.75
Parking in minutes (one way)	11.1
Generalised costs (minutes) – paid parking	42.8
Change in generalised costs	34.8%
Generalised cost elasticity	-0.9
Change in demand	-31.4%

³⁵ Blue Badge Reform Strategy: Enforcement Evidence Base. DfT, March 2010

³⁶ Source: WebTAG

³⁷ Source: WebTAG

Social benefits

Decongestion and CO₂ benefits are based on costs given in the DfT's transport appraisal guidance (WebTAG) as shown in Table 4 below as applied to trip reductions estimated by WSP³⁸ in Table 3. The total number of trips made using the concession has been estimated by multiplying the total number of badge holder in each area by the average number of trips made per year.

	Heavy	Medium	Light
Trips p.a.	450	200	50
Total trips by area			
London	1,174,673	10,441,533	10,311,014
MET	769,309	6,838,306	6,752,827
City	3,995,613	35,516,557	35,072,600
Rural	5,798,371	51,541,076	50,896,813
Total (mn)	322.1		
Fraud trips (mn)			
Low 2%	4.4		
Midpoint 3%	6.6		
High 4%	8.8		

Reduction in car trips is:			31.4%		
			Low	Midpoint	High
Fraud			2%	3%	4%
Reduction in trips p.a. mn			1.4	2.1	2.7
Decongestion/environmental cost per mile ³⁹	2010/11		£0.25	£0.25	£0.25
Growth rate 1.55% p.a.					
Decongestion/environmental per trip			£2.09	£2.09	£2.09
Decongestion/environmental benefits £mn	2010/11		£2.87	£4.30	£5.73
CO ₂ tonnes reduced ⁴⁰			4,943	7,415	9,887
CO ₂ value per tonne ⁴¹	2010/11	£52.48	Growth @ 1.5% p.a.		
CO ₂ tonne value (£mn)	2010/11		£0.18	£0.26	£0.35

³⁸ Blue Badge Reform Strategy: Enforcement Evidence Base, DfT, March 2010

³⁹ Source: WebTAG unit 3.9.5

⁴⁰ Reduction in trips times trip length times CO₂ per mile

⁴¹ DfT values

Annex 4 – Equality Impact Assessment

[see additional attachment for copy of Equality Impact Assessment]