

Title: 5 year administrative renewal & medical compliance for drivers of medium and large vehicles at licence renewal Lead department or agency: DVLA Other departments or agencies: DfT	Impact Assessment (IA)
	IA No: DfT00064
	Date: 09/08/2011
	Stage: Final
	Source of intervention: EU
	Type of measure: Secondary legislation
Contact for enquiries: Dean Lewis Dean.Lewis@dvla.gsi.gov.uk	

Summary: Intervention and Options

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

The European Union requires a harmonised approach from all member states in the issue and validity of driving licences to support freedom of movement, improve road safety and prevent driving licence fraud. The third driving licence directive (Directive 2006/126/EC) consolidates the previous two and makes enhancements. Great Britain is already compliant with the earlier directives; intervention is required on those aspects of the third directive which are not already in place within GB. The directive requires drivers of buses, lorries and some cars/light van towing trailers (Group 2) to be issued with a licence which is renewed every five years and at the same time show compliance with medical standards (currently only those age 45 plus need to renew every 5 years).

What are the policy objectives and the intended effects?

The aim of the Directive is to harmonise administrative validity periods across the EU to tighten overall security of driver licences. Group 2 drivers already need to meet more stringent requirements than drivers of small vehicles. The directive enhances this for Group 2 drivers by applying requirements irrespective of age. The objective in implementing the directive requirements within Great Britain is to put in place a process for Group 2 drivers under age 45 to demonstrate compliance with relevant medical standards when they renew their driving licence card every 5 years, without imposing a disproportionate burden on drivers and the medical profession.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

The only options we needed to consider were for Group 2 drivers below age 45.

Option 1 Do nothing (it would risk infraction if we did nothing and so this option is rejected)

Option 2 All drivers under age 45 must provide a medical report (option rejected as it would place burden on drivers with no demonstrable evidence that it would improve road safety)

Option 3 All drivers under age 45 complete a medical declaration at each 5-year renewal (preferred option as it provides the most appropriate and effective balance in respect of the burdens on drivers and improvements to road safety).

Will the policy be reviewed? It will be reviewed. **If applicable, set review date:** 1/2013

What is the basis for this review? PIR. **If applicable, set sunset clause date:** Month/Year

Are there arrangements in place that will allow a systematic collection of monitoring information for future policy review?	Yes
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SELECT SIGNATORY 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:

Mike Penning

Date: 27/03/2012

Summary: Analysis and Evidence

Policy Option 2

Description:

All drivers under age 45 must provide a medical report

Price Base Year 2011	PV Base Year 2011	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: - 56.5	High: -62	Best Estimate: - 51.4

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	1.3	1	6.6	51.4
High	1.3		8.0	62.2
Best Estimate	1.3		7.3	56.5

Description and scale of key monetised costs by 'main affected groups'

Transitional costs of IT development (£1.25m) plus production and distribution of new forms and guidance (£0.1m). On-going costs in the form of staff increase and changes to business processes requiring staff training. These costs will be funded through increased fees on driving licence applicants when savings cannot be found. Direct costs to drivers of the medical examination plus time cost (1 hour). High and low estimates have been calculated by adding and subtracting 10% respectively.

Other key non-monetised costs by 'main affected groups'

N/A

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	0		0	0
High	0		0	0
Best Estimate				

Description and scale of key monetised benefits by 'main affected groups'

N/A

Other key non-monetised benefits by 'main affected groups'

There might be an improvement in road safety but there is not evidence in the UK to support this.

Harmonisation of driving licence accros the EU will improve free movement of goods and individuals within the EU.

Key assumptions/sensitivities/risks

Discount rate (%) 3.5

Assumptions: 1.- Medical examination cost £100. 2.- 135,000 applicants a year from 2017/18 onwards 3.- Medical examination will take one hour of drivers' time (including travel time). 4.- Employed drivers have their medical examination during non-working hours whereas self-employees have it during working hours. 5.- DVLA will require extra admin staff to deal with medical declaration.

Risks/sensitivities and uncertainties: The main uncertainty relates to expected level of customer enquiries and renewal from 2018 onwards. The range in our estimates tries to reflect this uncertainty. The next round of amendments to statutory fees may include the introduction of a fee for Group 2 licence renewal applications. No decisions have been taken at this stage.

Direct impact on business (Equivalent Annual) £m):			In scope of OIOO?	Measure qualifies as
Costs: £1.6	Benefits: 0	Net: -£1.6	No	NA

Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?	Great Britain				
From what date will the policy be implemented?	19/01/2013				
Which organisation(s) will enforce the policy?	DVLA				
What is the annual change in enforcement cost (£m)?	N/A				
Does enforcement comply with Hampton principles?	Yes				
Does implementation go beyond minimum EU requirements?	No				
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)	Traded: N/A		Non-traded: N/A		
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: N/A		Benefits: N/A		
Distribution of annual cost (%) by organisation size (excl. Transition) (Constant Price)	Micro	< 20	Small	Medium	Large
Are any of these organisations exempt?	No	No	No	No	No

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 duties¹ Statutory Equality Duties Impact Test guidance	No	
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	No	
Wider environmental issues Wider Environmental Issues Impact Test guidance	No	
Social impacts		
Health and well-being Health and Well-being Impact Test guidance	No	
Human rights Human Rights Impact Test guidance	No	
Justice system Justice Impact Test guidance	No	
Rural proofing Rural Proofing Impact Test guidance	No	
Sustainable development Sustainable Development Impact Test guidance	No	

¹ Public bodies including Whitehall departments are required to consider the impact of their policies and measures on race, disability and gender. It is intended to extend this consideration requirement under the Equality Act 2010 to cover age, sexual orientation, religion or belief and gender reassignment from April 2011 (to Great Britain only). The Toolkit provides advice on statutory equality duties for public authorities with a remit in Northern Ireland.

Summary: Analysis and Evidence

Policy Option 3

Description:

Drivers under age 45 complete a medical declaration at each 5 year renewal

Price Base Year 2011	PV Base Year 2011	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: - 3.1	High: - 4.2	Best Estimate: - 3.8

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	1.3	1	0.3	3.5
High	1.3		0.36	4.2
Best Estimate	1.3		0.32	3.8

Description and scale of key monetised costs by 'main affected groups'

Transitional costs of IT development (£1.25m) plus production and distribution of new forms and guidance (£0.1m). On-going costs in the form of staff increase and staff training (£2m). These costs will be funded through increased fees on driving licence applicants when savings cannot be found. Finally the cost to drivers is £2m. High and Low estimates have been calculated adding/subtracting 10% respectively.

Other key non-monetised costs by 'main affected groups'

N/A

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	0		0	0
High	0		0	0
Best Estimate	0		0	0

Description and scale of key monetised benefits by 'main affected groups'

N/A

Other key non-monetised benefits by 'main affected groups'

There might be an improvement in road safety but there is not evidence in the UK to support this.

Harmonisation of driving licence accros the EU will improve free movement of goods and individuals within the EU.

Key assumptions/sensitivities/risks

Discount rate (%) 3.5

Assumptions: 1.- 17 minutes to complete a medical self-declaration. 2.- 135,000 applicants a year from 2017/18 onwards. 3.- £2 cost of posting self-declaration. 4.- 29% of medical self-declarations will be submitted on-line.

Risks/sensitivities and uncertainties: The main uncertainty relates to expected level of customer enquiries and renewal from 2018 onwards. The range in our estimates tries to reflect this uncertainty. The next round of amendments to statutory fees may include the introduction of a fee for Group 2 licence renewal applications. No decisions have been taken at this stage.

Direct impact on business (Equivalent Annual) £m):			In scope of OIOO?	Measure qualifies as
Costs: 0.06	Benefits: 0.06	Net: - 0.06	No	NA

Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?		Options			
From what date will the policy be implemented?		19/01/2013			
Which organisation(s) will enforce the policy?		DVLA			
What is the annual change in enforcement cost (£m)?					
Does enforcement comply with Hampton principles?		Yes			
Does implementation go beyond minimum EU requirements?		No			
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)		Traded: N/A		Non-traded: N/A	
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: N/A		Benefits: N/A	
Distribution of annual cost (%) by organisation size (excl. Transition) (Constant Price)	Micro	< 20	Small	Medium	Large
Are any of these organisations exempt?	No	No	No	No	No

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Environmental impacts		
Greenhouse gas assessment Greenhouse Gas Assessment Impact Test guidance	No	
Wider environmental issues Wider Environmental Issues Impact Test guidance	No	
Social impacts		
Health and well-being Health and Well-being Impact Test guidance	No	
Human rights Human Rights Impact Test guidance	No	
Justice system Justice Impact Test guidance	No	
Rural proofing Rural Proofing Impact Test guidance	No	
Sustainable development Sustainable Development Impact Test guidance	No	

¹ Public bodies including Whitehall departments are required to consider the impact of their policies and measures on race, disability and gender. It is intended to extend this consideration requirement under the Equality Act 2010 to cover age, sexual orientation, religion or belief and gender reassignment from April 2011 (to Great Britain only). The Toolkit provides advice on statutory equality duties for public authorities with a remit in Northern Ireland.

Evidence Base (for summary sheets) – Notes

Use this space to set out the relevant references, evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Please fill in **References** section.

References

Include the links to relevant legislation and publications, such as public impact assessments of earlier stages (e.g. Consultation, Final, Enactment) and those of the matching IN or OUTs measures.

No.	Legislation or publication
1	www.dft.gov.uk/dvla/consultations/consultation2009.aspx
2	
3	
4	

+ Add another row

Evidence Base

Ensure that the information in this section provides clear evidence of the information provided in the summary pages of this form (recommended maximum of 30 pages). Complete the **Annual profile of monetised costs and benefits** (transition and recurring) below over the life of the preferred policy (use the spreadsheet attached if the period is longer than 10 years).

The spreadsheet also contains an emission changes table that you will need to fill in if your measure has an impact on greenhouse gas emissions.

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										
Annual recurring cost										
Total annual costs										
Transition benefits										
Annual recurring benefits										
Total annual benefits										

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

Please see excel sheet for more information on annual costs and benefits.



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Evidence Base (for summary sheets)

Background

1. Current driver licensing and testing rules in the UK stem from the first and second European Council Directives on driving licences (80/1263/EEC and 91/439/EEC). These harmonised rules throughout Member States of the European Economic Area for the mutual recognition and exchange of licences, and specified minimum medical and testing standards that should be met before driving licences can be issued. The Commission's aim through a harmonised approach is to combat driving licence fraud, improve road safety and facilitate free movement of persons changing their place of residence from one Member State to another.

2. In December 2003, the European Commission published its proposals for a third driving licence Directive to further harmonise existing driving licence rules, and driver testing and training standards throughout Member States. The third Directive was published in the Official Journal of the European Union on 30 December 2006 and entered into force on 19 January 2007. We have until January 2011 to implement the changes in national legislation and until January 2013 to include the changes in our practices and systems. Details of the third Directive (Directive 2006/126EC) can be found at www.Europa.EU.INT.

Current Position

3. Great Britain (GB) is already compliant with the first and second driving licence directives. The third Directive requires an EU-wide system of access and administrative validity periods for driving licence cards. As with the two previous directives, the overall aim of the third Directive is threefold: to combat driving licence fraud, to improve road safety and to facilitate free movement of persons.

4. In this third Directive, the Commission, in order to combat driving licence fraud, includes provisions for updating driver details regularly and provisions for incorporating the most up-to-date security features on the licence card itself. This means that for car and motorcycle riders (Group 1 drivers) driving licence cards in all member states must be renewed every ten years (already current practice in the UK). A separate impact assessment has been prepared which covers this aspect of the third Directive.

5. Regarding the second aim (to improve road safety), the third Directive requires that drivers of buses, lorries and some cars/light vans towing trailers (Group 2) driving licence cards must be renewed every five years with drivers demonstrating medical compliance with standards at the same time. It is this element of the third Directive that we have concentrated on for the purposes of this impact assessment.

6. Finally, the third objective (to facilitate the free movement of persons) is intended to be achieved through the harmonisation of these set of regulations across the European Economic Area.

Current requirements for group 2 drivers

7. Licensing requirements for group 2 drivers (that is drivers of medium and large buses with more than 9 seats, medium and large goods vehicles over 3,500 kgs maximum authorised mass and towing trailers of any weight) are already more stringent than for drivers of small vehicles. They must submit a medical report with their application for a Group 2 provisional licence, completed by a qualified medical practitioner, to show that they meet the required health standards. Unlike drivers of small vehicles who get driving entitlement until they reach age 70, they have to renew their driving entitlement at age 45 and every five years after that until age 65, then annually. With each application to renew driving entitlement, they must

produce up-to-date medical reports. The current requirement for Group 2 drivers to provide a medical report with their application is based on the second EC Directive on driving licences. The second Directive sets the minimum standards of medical fitness to drive and requires that applicants for Group 2 licences (vehicles over 3.5 tonnes or with more than 8 passenger seats) undergo a medical examination before a licence is first issued to them and periodically thereafter. In setting these renewal periods, medical advice was that the steadily increasing risk of drivers developing serious medical conditions as they get older should be taken into account. The third Directive does not require us to change the arrangements for drivers aged 45 and over as our current practice is already compliant. However, change is required for Group 2 drivers under the age of 45 as our current practice is not compliant.

Issue under consideration - Revised driving licence entitlement: Group 2 drivers

8. The third Directive requires all Group 2 licences issued to have an administrative validity of 5 years, from the date the full driving entitlement is obtained. Administrative renewal of the licence every 5 years will be subject to the driver's continuing compliance with the minimum standards for physical and mental fitness for driving. In Great Britain this will mean a change for Group 2 drivers under the age of 45. This impact assessment appraises this new requirement. While the requirements of the directive need to be in place by 2013 and DVLA must ensure its systems have capacity to cope with the changes by that date (and therefore incurs cost), the impact on drivers in practice from the five year cycle for renewal means they will not be affected until 2017.

9. An Equality Impact Assessment has been carried out. The requirements of the Directive affect all relevant drivers equally and we therefore consider that there is no adverse impact on any one group.

Benefits from the compliance with the minimum standards for physical and mental fitness for driving for Group 2 drivers under the age of 45

10. Although this element of the third Directive aims to improve road safety we do not expect significant improvement from it. Medical reports are already compulsory in the UK for Group 2 drivers from the age of 45 onwards (every five years). There is no evidence that supports that drivers under age 45 are at equal risk as those over age 45 in a deterioration in their health which would warrant a compulsory medical examination for all ages (as the directive allows).

11. It is important to bear in mind that this directive is aimed at a large number of countries (those belonging to the Economic European Area) and, therefore, the road safety benefits of this legislation for each country will depend on their current situation and road safety record. In this respect, the UK is one of the countries with the highest road safety standards and, therefore, this new directive only brings marginal changes and benefits.

12. However, if any road safety benefits from 5 yearly medical checks do accrue we do not expect a difference between the provision of a medical report (option 2 described below) from a medical self declaration (option 3 described below). As follows, we provide some data and anecdotal evidence to support this claim and provide the reader with some context.

13. As DfT statistics show, defective eyesight and illness or disability caused 2,039 accidents in 2009 (see table 4):

Table 9 - Number of accidents in 2009 caused by uncorrected, defective eyesight and illness or disability, mental or physical

	Fatal	Serious	Slight	All
Uncorrected, defective eyesight	9	37	145	191
Illness or disability, mental or physical	78	392	1378	1848
Total	87	429	1523	2039

14. However, Group 2 drivers under the age of 45 only account for 2 percent of the whole driver population. Therefore, if we assume that accidents spread evenly across drivers of different age and type of vehicle, the number of accidents in 2009 caused by uncorrected, defective eyesight and illness or disability, mental or physical among Group 2 driver under the age of 45 is as follows:

Table 10 – Number of accidents in 2009 caused by uncorrected, defective eyesight and illness or disability, mental or physical among Group 2 drivers under the age of 45.

	Fatal	Serious	Slight	All
Uncorrected, defective eyesight	0.18	0.74	2.9	3.8
Illness or disability, mental or physical	1.56	7.84	27.56	37.0
Total	1.7	8.6	30.5	40.8

15. The figures in Table 9 and 10 provide the context which leads us to consider that the introduction of a regime to all those under age 45 has to be balanced against the potentially low number of accidents it would potentially prevent. There is no evidence to suggest that the above accidents would not have happened if a regime of medical assessment for under age 45 had been in place. We have therefore not monetised any benefit that may accrue. It is fair to assume that independent medical assessment would pick up some unfit drivers who would fail to self-declare a medical condition, either deliberately or through lack of insight into an illness. However, independent research has not been undertaken to determine how effective self-declaration is when compared to the alternative of medical examination for all drivers, irrespective of their age. The nearest available comparator is to take the number of third party notifications to DVLA and to compare those against the number of self-declarations received. Third party notifications are those reports received from medical professionals, relatives, the courts, the police and neighbours alerting DVLA to concerns about a driver's health. These figures are most relevant to the evidence base as the assumption would be that those being reported on by third parties have failed to self-declare their condition/weakness to DVLA. Of the 600,000 notifications made to DVLA 6,000 come from a third party, which means 99% of investigations are initiated by the driver/licence holder.

16. It is not possible to break down any of the notifications made to the DVLA to identify the age or driving entitlement of the drivers. However, DVLA experience in handling claims made to it would suggest that very few of them are in relation to Group 2 licence holders. In addition, the regulatory regime that applies to the road haulage industry, the need to prevent vehicle down time due to driver illness and the need to protect its reputation gives us more confidence that employers have strict procedures in place to ensure fitness to drive.

17. It is precisely the lack of evidence to support any gains in terms of road safety which has deterred us from including any monetised benefits to estimate the NPV of Options 2 and 3.

Options considered

- **Option 1: No change in current requirements.**

18. As we risk infraction by doing nothing this option is rejected.

▪ **Option 2: All group 2 drivers under age 45 must supply a medical report**

19. Under this option drivers would be asked to undergo a medical examination and provide the DVLA a full medical report every five years (that is each time the licence is renewed). As described in the section on road safety benefit above we do not expect any improvement in road safety. However, we would expect additional cost to drivers in having to obtain a medical report and cost to DVLA in having to check the medical reports.

Costs for option 2

20. Assumptions:

- a. Number of drivers requiring medical report: 135,000 a year from 2017/18 onwards
- b. Medical examination fee: £100 in 2011 (annually uplifted by 2% to account for inflation). Although there is no standard fee charged for a medical examination, any fee charged is likely to be based on recommendations by the British Medical Association, with the average being around £100.
- c. Time spent on medical examination (including travel time): 1 hour
- d. DVLA extra admin staff:

Table 1 - DVLA employment costs (include training)

Year	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Customer Enquiry Group (FTE)	5.5	5.5	5.5	3.0	3.0	3.5	3.0	2.0	2.0	2.0
Operations (FTE)	0	0	0	0	0	1	5	5	5	5
Staff cost per person	£ 21,250	£ 21,250	£ 21,250	£ 21,250	£ 21,250	£ 21,250	£ 21,250	£ 21,250	£ 21,250	£ 21,250
Total employment cost	£ 116,875	£ 116,875	£ 116,875	£ 63,750	£ 63,750	£ 99,875	£ 165,750	£ 144,500	£ 144,500	£ 144,500

Source: VOSA

- e. One-off IT development cost: £1,250,000
- f. One-off cost of issuing new forms and guidance £100,000.
- g. Office for National Statistics Labour Force Statistics for 2007 show that approximately 10% of HGV drivers are self employed.
- h. For additional information on the DVLA admin costs please see paragraph 26 in option 3

Cost estimates – for detailed calculation of the central case and high and low scenario please go to spreadsheet attached to page 6.

Table 2 – Cost to drivers of medical report over 10 years (central case – 2011 prices)

	total (£)
Medical examination cost	67,500,000
Time cost	3,883,946
Total cost to drivers	71,383,946
Total cost to drivers (NPV)	54,273,970

Table 3 – Cost to DVLA of medical report over 10 years (central case – 2011 prices)

	total (£)
IT development	1,250,000
New forms and guidance	100,000
Total one-off costs	1,350,000
Extra admin staff	1,177,250
Total cost to DVLA	2,527,250
Total cost to DVLA (NPV)	2,270,744

Table 4 – Total Cost of Option 2 over 10 years (central case – 2011 prices)

	total (£)
Total cost	73,911,196
Total cost (NPV)	56,544,714

Note: For detailed calculations go to spreadsheet attached to page 6.

Option 3: All drivers under age 45 complete a medical declaration at each 5 year renewal

21. Under this option drivers would be asked to make a signed declaration every 5 years by completing a form when they renew their driving licence. The declaration is made to the DVLA but requires no detailed administrative checking by the DVLA.

Costs for option 3

22. Estimates of costs and benefits have been based on the following information and assumptions:

- i. For all applications, except for when a driver is updating from provisional to full entitlement, the DVLA would continue with its current business rules, and issue a licence showing the remaining licence validity period. This would allow all telephone and web applications to continue, and will ensure that applicants are not affected by the new requirements.
- j. Staff resource estimates include salary and office infrastructure (desk, equipment etc) per person.
- k. Staff training will be required.
- l. Changes to DVLA forms and guidance will be required.
- m. It takes 17 minutes to complete a medical self-declaration.
- n. 135,000 applicants a year from 2017/18 onwards.
- o. £2 cost of posting self-declaration.
- p. 29% of medical self-declarations will be submitted on-line (based on DVLA current experience of customer on line uptake) .
- q. The low and high scenarios try to reflect any possible deviation from our central case. Thus, the high and low estimates were obtained adding/subtracting 10% to our central case. Although this 10% **is not** supported by any evidence, this is our best estimate based on DVLA experience.
- r. Office for National Statistics Labour Force Statistics for 2007 show that approximately 10% of HGV drivers are self employed.

23. The availability of funds given the economic climate at this time is such that we will seek to implement the Directive with minimal impact on system development cost and headcount whilst considering the effect on customer service levels.

24. The cost information provided is based on the best estimates the Agency can make at this time. These estimates will be refined and revised in due course as it makes progress on implementing delivery.

25. Costs will be funded either through increased fees for driving licence applicants or efficiency savings or both.

Summary of Costs

- The Revised Licence Entitlement will bring about another £2.5 million one-off IT costs to DVLA. However, it was not possible to obtain a breakdown of this figure to attribute them to one particular change (i.e. Group 1 or Group 2 Licences), so we have assigned half of this cost (£1.25million) to Group 1 and half to Group 2 (see Group 1 IA). Therefore, the total one-off IT cost of Group 2 is £1.25 million.
- DVLA staffing figures are broken down into operational staff, and customer enquiry staff. Operational staff are required to process applications. Customer enquiry staff are required to answer questions raised by the customer. (See Table 1)
- Additional operational staff will be required from the end of 2017 when we start to receive the first applications for 5-yearly renewals. The requirement to issue a 5-year licence means we will receive approximately an extra 135,000 applications annually. As a result additional staff will be required to deal with the extra casework generated by the rise in the number of applications. (See Table 1)

26 The number of customer enquiry staff is calculated by assuming that from 2012-2015 5% of all vocational transactions will result in a customer enquiry (figure based on DVLA experience of call centre demand from previous initiatives). It is anticipated that drivers will seek information about the changes as soon as the Directive is implemented, although the first renewals will not be until 2018. Volumes of enquiries will then dip slightly, increasing again when the first reminders are sent out in 2018 before levelling off as customers become accustomed to the changes.

27. As follows, costs to DVLA and individuals of medical self-declaration over a period of ten year (central case).

Table 5 – One-off costs to DVLA

	total (£)
IT development	1,250,000
New forms and guidance	100,000
Total transitional costs	1,350,000

Table 6 – Additional staff required and their cost

	total
Customer Enquiry Group (FTE)	35
Operations (FTE)	20
Staff cost per person (£)	212,500
Total employment cost (£)	1,177,250

Table 7 – Costs to drivers

	total
Cost to self-employees of online applications	59,513
Cost to employed of online applications	259,618
Cost to self-employees of applications done by post	253,325
Cost to employed of applications done by post	1,483,132
Total cost	2,055,588
Total cost (NPV)	1,562,885

Table 8 – Total costs (DVLA + drivers)

	total
TOTAL COSTS	4,582,838
TOTAL COSTS (NPV)	3,833,629

Note: For detailed calculations go to spreadsheet attached to page 6.

Summary of option 3

28. There is no medical evidence to suggest that if drivers aged 45 below provide full medical reports to prove that they comply with health standards for driving when they renew the administrative validity of their driving licence under the age of 45 that road safety would significantly improve. Medical evidence would suggest that medical conditions potentially worsen with age and that the younger the driver the less likely they are to suffer medical conditions. Therefore we propose that the general procedure in Great Britain for drivers under the age of 45 should be that they self-declare their compliance with the medical standards on the 5-year renewal application rather than providing a full medical report. Making a false declaration and failing to notify a relevant medical condition would continue to be offences liable for prosecution. Existing rules for providing medical reports to renew driving entitlement after age 45 would continue as now

29. Option 3 sets out to meet the requirements of the EU legislation without burdening group 2 drivers with the considerable additional cost of five-yearly medical examination, when there is no proven road safety benefit. This approach was met with general agreement from the drivers who responded to our consultation document. The cost to business is the cost to drivers, either employed or self employed, to complete a self declaration (on line or by post) at total estimated cost of £1.6 million (see table 7).

Risk and uncertainties – Option 2 and 3.

30. The main uncertainty relates to the expected level of customer enquiries and renewal from 2018 onwards. The range in our estimates tries to reflect this uncertainty.

31. The next round of amendments to statutory fees may include the introduction of a fee for Group 2 licence renewal applications. No decisions have been taken at this stage.

Small Firms Impact Test

32. We have considered the impact on small firms. As explained, we estimate that the impact is on drivers from having to complete a self declaration rather than on the firms who employ them at a cost of £1.7 million. We do not know the number of small firms who will be affected. However, just over 10% of drivers are thought to be self-employed. The provisions of the directive do not allow us to exempt drivers from small firms. However, we consider that Option 3 implements the requirements of the Directive in the least burdensome way and therefore any impacts should be minimised.

Final Summary – Preferred Option 3

33. Our preferred option is option 3 because

- We ensure that we are compliant with the directive in ensuring there is a regime for drivers below age 45.
- If there are road safety benefits to be accrued option 3 is the least burdensome to drivers/industry with a total cost of £4m over 10 years compared to £86m of Option 2. Please bear in mind that any increases in cost to DVLA might be passed onto customers (through a rise in fees) unless savings within DVLA can be found.

Annexes

Annex 1 should be used to set out the Post Implementation Review Plan as detailed below. Further annexes may be added where the Specific Impact Tests yield information relevant to an overall understanding of policy options.

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. If the policy is subject to a sunset clause, the review should be carried out sufficiently early that any renewal or amendment to legislation can be enacted before the expiry date. 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. Please set out the PIR Plan as detailed below. If there is no plan to do a PIR please provide reasons below.

Basis of the review: [The basis of the review could be statutory (forming part of the legislation), i.e. a sunset clause or a duty to review, or there could be a political commitment to review (PIR)];

A review of the operation and effect of the changes will be undertaken and the results published before 19 January 2013, which is five years after they come into force.

Review objective: [Is it intended as a proportionate check that regulation is operating as expected to tackle the problem of concern?; or as a wider exploration of the policy approach taken?; or as a link from policy objective to outcome?]

To determine the extent to which the objectives set out in the impact assessment have been achieved.

Review approach and rationale: [e.g. describe here the review approach (in-depth evaluation, scope review of monitoring data, scan of stakeholder views, etc.) and the rationale that made choosing such an approach]

Monitoring of driving licence statistics and collation of stakeholder views, with a more detailed analysis 12 months before the review date.

Baseline: [The current (baseline) position against which the change introduced by the legislation can be measured]

Will measure against current driving licence statistics to determine if there has been an increase in complaints or enquiries since implementation.

Success criteria: [Criteria showing achievement of the policy objectives as set out in the final impact assessment; criteria for modifying or replacing the policy if it does not achieve its objectives]

GB not infringed by date of review. Positive stakeholder feedback. Changes delivered within projected costs.

Monitoring information arrangements: [Provide further details of the planned/existing arrangements in place that will allow a systematic collection of monitoring information for future policy review]

Information is collated by Information Management Group who measure the Agency's performance against business and Secretary of State targets.

Reasons for not planning a review: [If there is no plan to do a PIR please provide reasons here]