

<b>Title:</b> <b>Impact Assessment. Implementation of the third EU directive on driving licences (driver testing and driving examiners)</b>  <b>Lead department or agency:</b> Department for Transport <b>Other departments or agencies:</b> Driving Standards Agency	<b>Impact Assessment (IA)</b>
	<b>IA No:</b> DfT00065
	<b>Date:</b> 09/08/2011
	<b>Stage:</b> Final
	<b>Source of intervention:</b> EU
	<b>Type of measure:</b> Secondary legislation
<b>Contact for enquiries:</b> Steve Nelson 0115 9366100 steve.nelson@dsa.gsi.gov.uk	

## Summary: Intervention and Options

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

The Third Driving Licence Directive (2006/126/EC) further harmonises licence categories and driving test standards across the EU to enhance freedom of movement and improve road safety. The Directive requires change to the current driver training and testing regime. Government intervention is needed for the implementation of the qualification arrangements for revised EU motorcycle licence categories, including how riders upgrade between the new motorcycle categories (A1, A2 and A), and how motorists gain entitlement to a new category for motor car/light van plus trailer combinations (category B96). There are also changes necessary to the enhanced arrangements to approval and quality assurance of the driving examiner regime.

### What are the policy objectives and the intended effects?

The objective of the Directive is that harmonised standards will help consistency of approach across the EU and improve enforcement agencies' ability to detect fraudulent or false documents. The requirements of the Directive are consistent with much of existing UK practice and the intention has been to implement in a way that supports the Government's road safety, mobility and social inclusion policies with arrangements that are simple and easy to follow (and therefore facilitate compliance), cost effective, presents no risk to road safety and takes views of key interested parties into account

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

1. Not to implement..
2. Implement enhanced arrangements to the approval and quality assurance of driving examiners only. This option does not fully comply with the EU directive.
3. Implement Option 2 plus Implementation at "minimum cost" to Cars-Towing-Trailer tests plus implementation of motorcycle category changes. This includes providing a standard test for both "Direct Access" and "Progressive Access" arrangements for riders to gain entitlement from medium to large motorcycles (detailed in the evidence). This is the intended approach as it meets all the needs of the directive at minimum cost to drivers/riders.

**Will the policy be reviewed?** It will be reviewed. **If applicable, set review date:** 1/2018

**What is the basis for this review?** Duty to review. **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

**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: Implementation of enhanced arrangements to Driving Examiner training and quality assurance regimes

Price Base Year 2010	PV Base Year 2010	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: -0.266	High: -0.799	Best Estimate: -0.533

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	N/A	0.031	<b>0.266</b>
High	N/A	0.093	<b>0.799</b>
Best Estimate	N/A	0.062	<b>0.533</b>

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

Cost of an additional day's training for delegated examiners and cost to organisations who employ delegated examiners to release examiners for training and the records they must keep.

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

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	N/A	0	<b>0</b>
High	N/A	0	<b>0</b>
Best Estimate	N/A	0	<b>0</b>

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

No monetised benefits (see evidence base)

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

Improved record keeping may reduce the amount of time DSA must spend on quality assuring delegated examiner standards. Current arrangements rely on DSA inspecting a delegated examiner on a given day. The use of records will enable as part of the inspection will enable a fuller picture to be provided.

<b>Key assumptions/sensitivities/risks</b>	<b>Discount rate (%)</b>	3.5
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<b>Direct impact on business (Equivalent Annual) £m):</b>			<b>In scope of OIOO?</b>	<b>Measure qualifies as</b>
Costs: NA	Benefits: NA	Net: NA	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?		Driving Standards Agency			
What is the annual change in enforcement cost (£m)?		No change			
Does enforcement comply with Hampton principles?		Yes			
Does implementation go beyond minimum EU requirements?		No			
What is the CO <sub>2</sub> equivalent change in greenhouse gas emissions? (Million tonnes CO <sub>2</sub> equivalent)		Traded:		Non-traded:	
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:	
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
<b>Statutory equality duties</b> <sup>1</sup> <a href="#">Statutory Equality Duties Impact Test guidance</a>	No	
<b>Economic impacts</b>		
Competition <a href="#">Competition Assessment Impact Test guidance</a>	No	
Small firms <a href="#">Small Firms Impact Test guidance</a>	No	
<b>Environmental impacts</b>		
Greenhouse gas assessment <a href="#">Greenhouse Gas Assessment Impact Test guidance</a>	No	
Wider environmental issues <a href="#">Wider Environmental Issues Impact Test guidance</a>	No	
<b>Social impacts</b>		
Health and well-being <a href="#">Health and Well-being Impact Test guidance</a>	No	
Human rights <a href="#">Human Rights Impact Test guidance</a>	No	
Justice system <a href="#">Justice Impact Test guidance</a>	No	
Rural proofing <a href="#">Rural Proofing Impact Test guidance</a>	No	
<b>Sustainable development</b> <a href="#">Sustainable Development Impact Test guidance</a>	No	

<sup>1</sup> 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: Implementation of Policy Option 2 + Implementation at “minimum cost” to Cars-Towing-Trailer tests + Motorcycle Category changes (including revised “Progressive Access” arrangements)

Price Base Year 2010	PV Base Year 2010	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: -3.7	High: -14.5	Best Estimate: -6.2

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	1.9m	4	0.230m	3.7m
High	1.9m		1.502m	14.54m
Best Estimate	1.9m		0.538m	6.42m

**Description and scale of key monetised costs by ‘main affected groups’**

See Description in Option 2. Also, transition costs are costs incurred by DSA for IT development and staff costs. Annual costs are those incurred by DSA to maintain systems, and variable costs for delivering the additional tests, subject to candidate demand. It is expected that the test fee charged will cover these costs; therefore it is motorists who will ultimately bear these costs. There is also an opportunity cost for riders who need to undertake an additional test.

**Other key non-monetised costs by ‘main affected groups’**

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

**Description and scale of key monetised benefits by ‘main affected groups’**

The expected increase in revenue from the test fees paid for by motorists for taking new tests is a benefit to DSA but a cost to drivers. Therefore revenue has not been included as a benefit..

**Other key non-monetised benefits by ‘main affected groups’**

There might be a positive impact of this legislation on road safety but we do not have strong evidence to support any reduction in the number of accidents.  
The harmonisation of driving licences across Europe will facilitate to some extent travel among member states.

**Key assumptions/sensitivities/risks**

Discount rate (%) 3.5

The main uncertainty surrounding our analysis is the impact of the Directive on road safety. We do not have any strong evidence to support the number of accidents which will be reduced as a result of this legislation. However, we have estimated that in our best estimate scenario we would break even if the changes helped avoid 4 serious injured and 7 slightly injured casualties per year, all other things being equal, which would bring about £5.6 million savings over 10 years. See more in evidence base on assumptions and risks.

<b>Direct impact on business (Equivalent Annual) £m):</b>			<b>In scope of OIOO?</b>	<b>Measure qualifies as</b>
Costs: NA	Benefits: NA	Net: NA	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?	Driving Standards Agency				
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 <sub>2</sub> equivalent change in greenhouse gas emissions? (Million tonnes CO <sub>2</sub> equivalent)	Traded:		Non-traded:		
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:		
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

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<b>Economic impacts</b>		
Competition <a href="#">Competition Assessment Impact Test guidance</a>	No	
Small firms <a href="#">Small Firms Impact Test guidance</a>	No	
<b>Environmental impacts</b>		
Greenhouse gas assessment <a href="#">Greenhouse Gas Assessment Impact Test guidance</a>	No	
Wider environmental issues <a href="#">Wider Environmental Issues Impact Test guidance</a>	No	
<b>Social impacts</b>		
Health and well-being <a href="#">Health and Well-being Impact Test guidance</a>	No	
Human rights <a href="#">Human Rights Impact Test guidance</a>	No	
Justice system <a href="#">Justice Impact Test guidance</a>	No	
Rural proofing <a href="#">Rural Proofing Impact Test guidance</a>	No	
<b>Sustainable development</b> <a href="#">Sustainable Development Impact Test guidance</a>	No	

<sup>1</sup> 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	Driver Training, Testing, Examining and Licensing Implementing New European Union Requirements (Directive 2006/126/EC – the Third Directive on Driving Licences)
2	Report On Response To Consultation – Implementation Of The Third Driving Licence Directive (2006/126/EC)
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 <sub>0</sub>	Y <sub>1</sub>	Y <sub>2</sub>	Y <sub>3</sub>	Y <sub>4</sub>	Y <sub>5</sub>	Y <sub>6</sub>	Y <sub>7</sub>	Y <sub>8</sub>	Y <sub>9</sub>
<b>Transition costs</b>	0.322	1.072	0.363	0.152	0	0	0	0	0	0
<b>Annual recurring cost</b>	0.062	0.062	0.062	0.222	0.265	0.760	0.798	0.954	0.982	1.012
<b>Total annual costs</b>	0.384	1.134	0.425	0.374	0.265	0.760	0.798	0.954	0.982	1.012
<b>Transition benefits</b>	0	0	0	0	0	0	0	0	0	0
<b>Annual recurring benefits</b>	0	0	0	0	0	0	0	0	0	0
<b>Total annual benefits</b>	0	0	0	0	0	0	0	0	0	0

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

## **Evidence Base (for summary sheets)**

### **Background**

1. Member States are currently governed by the Second Directive on Driving Licences, adopted in 1991. In essence, this provided for mutual recognition of driving licences between EU states, the harmonisation of the licence categories and harmonisation of driving test standards. The Third Directive on Driving Licences (2006/126/EC) was adopted at the end of 2006 and makes further change to achieve greater harmonisation within a specified timeframe. The changes impact on definitions of vehicle sub-categories, the rules on the duration of the validity of a licence, minimum standards for driving examiners and attempts to ensure that no one can at any one time possess more than one licence issued by an EU state.

2. Legislation to transpose the Directive into UK law is required by January 2011. The Directive allows a further two years for implementation; changes will therefore come into practical effect in January 2013.

3. Great Britain is already compliant with the first and second directives. As with the previous two directives, the Third Directive's aim is threefold to:

- To enhance freedom of movement through the harmonisation of these regulations across the European Economic Area,
- To combat driving licence fraud through regularly updating information held on the driving licence and incorporating security features (covered in a separate Impact Assessment)
- To improve road safety through setting standards for a driver's entitlement to drive a specified vehicle. This impact assessment covers this objective.

### **Problem under consideration**

4. The problem under consideration is how the Directive's provisions on gaining entitlement to drive can be best implemented and what impact it has on the current driver/rider testing and licensing requirements. The responsibility for delivery of these changes falls to the Driving Standards Agency (DSA). The Directive's main changes to existing arrangements is to introduce a new category of motorcycle licence (A2) with new minimum ages for progression from small to larger sized engine motorcycles. The Directive also introduces a new category of entitlement (B96) for those drivers of cars and light vans (category B) who wish access to a heavier vehicle/trailer combination than otherwise allowed for category B. Finally, the Directive requires the same minimum standards in all Member States for the approval of driving examiners. In all of these the Directive permits options in how the requirements are implemented which are discussed in more detail in the options section below.

5. The Directive introduces other change but does not impact the testing regime;

- A new EU moped category AM (including light quadricycles and tricycles). The minimum age for this category within the UK will remain unchanged at 16 years.

- Abolition of the separate category B1 (quadricycles) driving entitlements for new drivers.

## **Policy Objective**

6. The Directive contains several provisions where Member States are given options. In general, the approach is where possible to exercise those options which allow us to continue current practice. Where we cannot avoid change, we plan to do so at the least possible cost to motorists/riders and government, to comply with the Directive. The intention has been to implement successfully the new requirements of the Third Directive in a way that supports the Government's road safety, mobility and social inclusion policies, with arrangements that are:

- simple and easy to follow, facilitating compliance
- cost effective
- risk based
- supported by stakeholders

## **Issues under consideration**

a) Issue: Motorcycles

### *Current position*

7. Current arrangements allow riders from age 17 years access to a full licence to ride small motorcycles (category A1) or medium-sized motorcycles (category A restricted) after successfully completing a theory and practical test.

8. Riders who pass their practical test on a motorcycle of at least 120cc are granted category A (restricted) entitlement. After two years their licence upgrades automatically to full category A (unrestricted). About 1% of candidates in GB obtain a full category A1 licence and 19% obtain a full category A (restricted) licence in this way.

9. However, current EU law also allows Member States to operate a direct access route. This route applies to riders who are aged 21 years or older and enables them access to any size motorcycle and entitlement to a full category A (unrestricted) licence by passing their practical test on a machine of 35kW power-output or above. GB operates a Direct Access Scheme and 80% of candidates qualify via this direct access route.

### *Changes required*

10. The new Directive changes the existing motorcycle categories. It continues the principle of direct access based on a minimum age and enhances the existing concept of staged (or progressive) access which is already in place for younger riders and imposes a qualification event on riders seeking to gain entitlement from



one motorbike (smaller cc) category to the next (larger cc) category. Under the progressive access route, the Directive gives Member States the option of determining as a qualifying event a training event (at least 7 hours) or a practical test. The Directive does not prevent a Member State from offering both. In progressive access, a rider must gain two years experience holding a full licence at each stage before attempting to qualify for the next stage.

11. The Directive requires Member States to operate direct access arrangements for medium-sized motorcycles (category A2) and allows them to operate direct access arrangements for the most powerful motorcycles (category A). In these cases qualification is by passing the relevant theory and practical tests. Riders must satisfy the specified minimum age requirements for direct access to these categories. The minimum age requirements for category A2 in any Member State must be two years older than the minimum age set for category A1 by that State. The minimum age requirements for category A (direct access) is 24 years.

12. This means that riders have a number of choices in how they gain entitlement to larger motorcycles. For example, a rider having qualified for category A1 (by passing the relevant theory and practical tests), may within progressive access upgrade to A2 by gaining two years experience holding a full category A1 licence and then satisfactorily completing a category A2 qualifying event. Alternatively the category A1 rider could, providing they satisfy the appropriate minimum age for A2 category,, choose to take a theory and practical test to obtain category A2 entitlement without waiting for two years (ie direct access). Having obtained a full category A2 licence the rider may, within progressive access, upgrade to category A by gaining two years experience holding a full category A2 licence and then satisfactorily completing a category A qualifying event.. Under progressive access a rider may reach entitlement to ride a large category A motorcycle by age 21. Under direct access a rider must be the minimum age of 24 to gain entitlement to category A.

13. The minimum driving ages in GB for the new categories are shown in the table 1. In practice, the main impact is on candidates under the direct access route who previously could take a motorbike test at age 21 on the largest of bikes will in the future not be able to take the test through direct access until age 24.

**Table 1 Moped and Motorcycle Categories**

<b>Current Licensing Category</b>	<b>Current Minimum Age</b>	<b>New Licensing Category</b>	<b>New Minimum Age</b>
<b>P</b> Mopeds – national category, two wheeled vehicles with a maximum design speed not exceeding 50km/h per hour.	<b>16</b>	<b>AM</b> 2 or 3 -wheel vehicles with a maximum design speed not exceeding 45km/h.(excluding vehicles with a maximum design speed under or equal to 25km/h) and light quads (up to 4kW power)	<b>16</b>
<b>A1</b> Light Motorcycle not exceeding 125cc & power output not exceeding 11kw	<b>17</b>	<b>A1</b> Light motorcycle not exceeding 125cc & power output not exceeding 11kw & a power/weight ratio not exceeding 0.1kw/kg <u>Under a licence for A1 can ride Motor-tricycles with a power not exceeding 15kw</u>	<b>17</b>

<b>Small A</b> Motorcycles up to 25kw (33bhp), motorcycle combination with a power to weight ratio not exceeding 0.16W/kg	<b>17</b>	<b>A2</b> Motorcycles not exceeding 35kw and with a power to weight ratio not exceeding 0.2W/kg and not derived from a vehicle more than double its power	<b>19</b>
<b>A</b> Any size motorcycle with or without sidecar	<b>21 (under direct access)</b>	<b>A</b> Any size motorcycle with or without sidecar  <u>Under a licence for A can ride Motor-tricycles with a power output exceeding 15kw</u>	<b>21 (Staged Access)</b>  <b>24 (Direct Access)</b>

**Table 2 Other Licence Category Changes**

<b>Current Licensing Category</b>	<b>Current Minimum Age</b>	<b>New Licensing Category</b>	<b>New Minimum Age</b>
B1 Tricycles and quadricycles	<b>17</b>	Category B For quadricycles with a power greater than 4kW. Category A1 for tricycles of up to 15kW Category A for tricycles exceeding 15Kw	<b>Category B 17</b> <b>Category A1 tricycles 17</b> <b>Category A tricycles 21</b>

b) Issue: Cars and Trailers

*Current position*

14. The new Directive continues to allow for a trailer with a theoretical maximum allowable weight (Maximum Authorised Mass - MAM) not exceeding 750kg to be towed by a car or light van (MAM not exceeding 3.5 tonnes) on a category B licence. In practice this means that when a candidate gains a car category B licence they are automatically entitled to tow this small size of trailer as is currently the case.

*Changes required*

15. The new Directive introduces a new category of trailer-towing entitlement (B96). It allows motor vehicles in category B to be combined with a trailer with a MAM exceeding 750kg provided that the MAM of this combination falls between 3,500kg - 4250kg. Drivers must satisfy a qualifying event to access this entitlement. The Directive allows Member States to determine that the qualifying event is a period of training (at least 7 hours) or a practical test of skills and behaviour, or both.

16. The directive does not change the existing requirements for those with a car category B entitlement to gain entitlement to tow large trailers, or "B+E" entitlement.

**Table 3 Comparison of current and new requirements for cars towing trailers.**

	<b>Current Arrangements</b>	<b>3<sup>rd</sup> Directive</b>	<b>Requirements</b>
B	Car or light van with light trailer of <750kg (trailer can be >750kg if total weight of combination does not exceed 3500kg)	Car or light van with light trailer of <750kg (trailer can be >750kg if total weight of combination does not exceed 3500kg)	Normal car (B) licence
B96	New category introduced by the Third Directive and therefore not applicable under current arrangements.	Car or light van with medium trailer of >750kg, with total weight of combination being 3500-4250kg	Normal car licence plus special trailer test (or training programme)
B+E	Car or light van with trailer > 750kg, no vehicle/trailer weight ratio proscribed	Car or light van with heavy trailer, where total weight of combination >4250kg, up to a maximum of 7000kg (Car or light van 3500kg, trailer 3500kg)	Normal car licence plus B +E test

c) Issue: Driving Examiners

17. The provisions of the Directive require all member states to introduce conditions of approval for driving examiners. DSA currently operates a regime of authorising driving examiners and also currently monitors training records. Therefore there will be no need for amendments to legislation but we will need to make some enhancements to ensure we are consistent with the Directive. The Directive changes mainly the record keeping and the number of training days required (at least 4 days in two years to maintain and refresh examining skills and at least 5 days in 5 years to develop and maintain practical driving skills). All driving examiners already undergo training and organisations already keep records so the impact from the change is minimal

18. For DSA examiners, the DSA will implement the enhancements on a cost neutral basis utilising the current arrangements for their in house examiner training. However there will be an impact and therefore a cost to delegated examiners. Delegated examiners are authorised by the DSA but are employed by the police and fire authorities, the MOD and bus and coach operators to conduct practical driving tests for their own organisations. The estimates for these costs are shown in more detail in the assumptions below.

## Options Considered

### **Option 1 – Not to implement**

19. If we do not implement the requirements of the directive we risk restricting EU wide travel for UK drivers and riders as testing standards would not be consistent with EU standards. Similarly their driving entitlement would not be recognised in other member states. In addition, we risk infraction proceedings being taken by the European Commission (NB the cost of infraction proceedings has not been included in the economic summary). For these reasons we do not consider this option sustainable. All other options are measured against this baseline.

### **Option 2 - Implement enhancement of driving examiner requirements only.**

20. The Directive requires all member states to have a regime of approval and quality assurance for driving examiners to ensure consistent standards. We would not be fully compliant with the directive if we implement this option only as there are other measures the directive requires (described in option 3).

### **Benefits of Option 2**

21. We already have a regime in place and so there is no significant additional benefit to us from the Directive's measures. The enhancements require better keeping of training records and more periodic training which should keep examiners skills fresh and make it easier for the DSA to check organisations' training records as part of their responsibility under the directive to quality assure training. However, it is difficult to quantify the benefits.

### **Costs of Option 2**

22. Some enhancement is required to comply with the Directive which will impact on delegated examiners in how they record their current training and the frequency of training (moving from two to three days training per year). The main monetised costs are to organisations who employ delegated examiners (eg. the police/fire authorities, MOD, bus and coach operators). The assumptions to assess these costs are based on DSA knowledge from its existing regime of quality assuring delegated examiners. The assumptions are:

- That at present the average delegated examiner takes two days of training per year. It is assumed that this will increase to three training days per year;
- That the average cost of travel and subsistence for a delegated examiner attending a course will be £100 per day; and
- As the salaries for delegated examiners vary considerably we have therefore assumed that the cost to an employer would be similar to the salary cost of a DSA examiner at £126 per day (ERNIC and superannuation inclusive)
- That the number of delegated examiners will remain at 2009/10 levels (approximately 130)
- That the cost for training an examiner is £250 per day (training cost only included in this figure)

23. Our best estimate of total cost is therefore £618,800 over a 10 year period<sup>3</sup> (130 examiners x 1 training day per year x £476 per day over 10 years) If the enhancement only requires ½ a day's training, the cost is reduced to £309,400 over a 10 year period. And should the enhancement require 1½ days, the cost is increased to £928,200 over the same period. DSA is already responsible for the monitoring of delegated examiner standards and training records held and the enhancements needed by the directive will be covered as part of their current approval regime.

**Option 3 (proposed option to implement the directive)- Implement driving examiner requirements (as described under option 2), plus implement at minimum cost changes needed for cars towing trailers and for motorbike categories**

24. This option considers implementing the driving examiner requirements (for benefits/costs see option 2) and in addition implementing at minimum cost the requirements for cars/light vans towing trailers and the motorbike categories.

**Cars/light vans towing trailers**

25. The directive introduces a new category of trailer towing entitlement (category B96). Member States must offer candidates a qualifying event to access the entitlement but can choose whether to offer a training event or a test event.

**Benefits**

26. Under existing arrangements, drivers can already tow trailers up to a certain size on a category B (car) licence. Over and above that size they must take a trailer test (shown on the car licence as B plus E entitlement). The introduction of a new EU category B96 offers no improvement to road safety within GB; drivers already take a test for the size trailer this category intends to cover. We recognise that drivers may prefer the choice of training or test event to qualify but it is difficult to estimate how much value they would place on such a choice. Current demand for obtaining B plus E entitlement for a car or light van is 13,000 per year. We do not have a separate record within this figure of how many of these would fall within the new EU medium size trailer category (category B96)

**Costs**

27. There are three possible ways to implement these requirements.

**a. A training only event.** A training event would be delivered by trainers within the private sector who would need to develop a specific training course which met the requirements of the directive. We do not hold a record of all training providers but based on number of trailer tests currently booked by business we estimate around 340 providers. Based on DSA experience we estimate the costs for training providers to design a training course would £95 (1.5 days trainer time) x 340 = £32,300 and for DSA to approve it as required by the directive £250 (based on DSA's current charges) per course x 340 = £85,000. In addition, trainers would need a secure way to transfer data to DSA to notify them that a candidate had passed. The IT systems change to accommodate notification of a training course passed incur the greatest cost in this option, estimated at around £1.8 million development costs (for secure online notification) with ongoing operational costs of around £0.2 million per year.

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<sup>3</sup> 10 years delegated examiner costs calculated at one extra days training per examiner per year plus one days salary (lost production) and travel and subsistence costs for one day.

Training providers could only recover their costs through the fee it charges its pupils (including any costs they incur from DSA).

**b. A bespoke practical test.** This would provide a dedicated test for those wishing to tow a medium size trailer but would not give entitlement to tow a large size trailer. The test manoeuvres would essentially be the same as the existing trailer test but DSA would need to change its systems to accommodate changes to test report forms, scanning software and IT systems which send data to DVLA to change the licence. Based on experience of other system changes, DSA estimate this one off cost around £200,000 and an additional £30,000 for one extra examiner per year to cover demand.

**c. A practical test using existing trailer test arrangements** for drivers towing trailers (that is those that wish to gain “B96” entitlement would undergo the current “B+E” test). This option represents no additional cost as it is based on existing arrangements and requires no change to DSA systems.

28. The consultation response and discussion with interested parties confirmed that demand from drivers was for a test which gave them entitlement to tow medium and large trailers and not have a bespoke test which gave only limited entitlement. This also confirmed that even if some would prefer a training event, they were unwilling to pay more than currently to gain entitlement. Therefore our preferred option c allows drivers to undertake a test which would give them flexibility to tow both medium and large size trailers with no increase of costs to drivers. In view of this, we have not developed any further the options for a training event or a bespoke test.

### **Changes to the motorcycle categories**

29. We are obliged to move from two to three categories of motorcycle (a new “A2” category is introduced) and comply with the minimum age requirements for each category. The Directive also requires us to continue offering candidates direct access route (based on minimum age) to qualify to a category of motorcycle and a progressive access route (based on minimum age, experience and competence) to qualify before moving to a more powerful category of motorcycle.

### **Benefits**

30. The benefit of moving from two to three categories are:

- it restricts young drivers’ access to the more powerful motorbikes. In theory, this may prevent a number of young riders being killed or seriously injured. However, based on the existing GB pattern of motorbike candidates and their ages, the impact on road safety is likely to be low because:-
  - 87% of candidates in GB are aged 21 or over (based on DSA information) - the Directive represent no significant change as it will still be feasible to gain entitlement to the most powerful of bikes through the progressive access route at age 21.
  - The directive changes the direct access route from age 21 to 24. Most GB candidates (80%) apply for the most powerful of motorbikes through the direct access route are already age 24 or over.
  - We already have a falling rate of motorcyclists killed and seriously injured, a reduction of 10% in 2009 compared to the 1994 -1998 average (source Reported Road Casualties 2009 page 19 table 1c) .

Against this backdrop, we consider the impact on road safety which could be directly attributable to the Directive is low. We also know that motorcyclist fatalities tend to be older than those injured -in 2008 63% of motorcyclist fatalities were aged between 21 and 45 compared with 56% of all motorcyclist casualties (source Motorcyclist Casualties in reported road accidents, Road Accident Statistics fact sheet 7/2010). Therefore a regime which restricts young riders to the most powerful of bikes has little impact on motorcyclist fatalities within the UK .

31. In addition, there are options under the progressive access route in how candidates qualify to gain licence entitlements as they move from one category to the next. This can be a training event of at least 7 hours or a test or both. The decision on whether to provide a training event is currently under review (see paragraphs 40 to 43 for more details). Candidates must have the skills in order to gain entitlement and so, while there is a choice, the directive would expect the quality of a training or test event to offer no difference in risk to road safety. Therefore the benefits to road safety remain the same whichever option is chosen. Some candidates may prefer to undertake training rather than test; as this is a matter of individual candidate preference it is difficult to attach a monetised value. In order to be compliant with the directive and have a qualifying event in place we are proceeding on the basis that we must at least provide a test event.

### **Costs**

32. The main costs from introducing new categories are:

- Changes to DSA IT systems to accommodate the new minimum ages and new category A2
- Increase in demand for motorcycle tests (and consequent demand on driving examiners) under the progressive access route as there are now 3 rather than 2 categories of motorcycle.
- If riders chose to move through the progressive access route with three rather than two stages of progression additional opportunity costs incurred by candidates (eg. taking time off work to take a test)

33. There is an opportunity cost to motorcycle riders from having to take a test under the progressive access route when previously they did not. For riders seeking to upgrade their motorcycle licence through staged or progressive access, we estimate an additional 12,500 candidates per annum (Source: DSA Management Information) will take a test when previously they did not from 2015, increasing to 15,250 per annum from 2017 (source: DSA Business Case). It is difficult to be precise on exact numbers; these 12,500 candidates may ultimately decide not to go through the progressive access route but rather wait until the appropriate minimum age under the direct access route. There is no evidence available on the numbers of 17-23 year olds who may choose to upgrade their motorcycle licence under Progressive Access, we have produced a range within which the opportunity costs may fall. The minimum cost would be if nobody wished to take a test through Progressive Access, which would lead to zero opportunity costs. The maximum cost would occur when all candidates aged 17-23 wished to upgrade their licence through Progressive Access; this is costed as non-work time as it is assumed the majority of motorcyclists in the UK ride bikes on a non-vocational basis.

Using DfT WebTAG non-work values of time (£6.05 in 2015 increasing to £6.66 in 2020) and assuming that all eligible riders (12,500 rising to 15,250 in 2017) take the test which lasts 2 hours, this would give a maximum possible opportunity cost of £843,000 in NPV term, at an average annual cost of £183,000 for six years. This is the best estimate we can produce in the absence of any firm information of the number of young riders seeking to undertake Progressive Access. We have therefore taken the middle of the possible range for these figures.

### **Overall benefits to society and costs to DSA of Option 3**

#### **Benefits**

34. One of the objectives of the Directive is to improve road safety across all Member States. However, the level of impact it has depends on the Member States' current record on road safety and its pattern of driving. We do not predict that the level of impact on road safety will be significant from the changes we are obliged to make.

#### **Non-monetised benefits**

35. There is a non-monetised benefit stemming from the harmonisation of driving licences across Europe that will facilitate travel among member states. We do not know how many are able to take advantage of such harmonisation because we do not have figures of how many drivers/riders travel across borders. It is a benefit of freedom of movement but one we are unable to quantify. It is also difficult to quantify the road safety benefit and the number of accidents that would be reduced as the result of this change in legislation. Our best estimate scenario is that we would break even if the changes helped avoid 4 serious injuries and 7 slightly injured casualties per year, all other things being equal, which would bring about £5.6 million savings over 10 years.

#### **Costs to DSA**

##### **Monetised Costs**

36. DSA operates as a Trading Fund, with almost all of its revenue derived from fees charged to users for the services they use. As a Trading Fund any additional costs from implementation have to be passed on to customers in the form of higher fees, subject to any efficiency savings that might be possible at the time. Based on the costs identified in this Impact Assessment for the preferred Option 3, the costs associated with implementing the third Driver Licensing Directive would represent no increase in test fees. Any additional demand for the tests will naturally result in additional cost to DSA but be recovered by additional test fee income.

37. The main costs to DSA are shown in Table 5 below. The costs are based on implementing the obligatory requirements for options 2 and 3.



## Assumptions underlying DSA's monetised costs

38. The following assumptions have been made in the calculation of costs to DSA of implementing the directive requirements. All assumptions made are based on DSA management information it gathers on their current IT systems, demand for tests and driver profile. The assumptions are that:

### For delegated examiners

- Assumptions will be as described in option 2

### For motorcycle tests and for the car plus trailer test

- Because of the increased demand for tests the number of examiners employed by the DSA will increase by 18 from 2013 (based on DSA estimated forecast demand for tests under the existing regime)
- Fees to drivers are set so they fully cover all costs associated to the new tests.
- That the cost for training an examiner is £250 per day (training cost only included in this figure)
- The variable costs shown for providing additional tests is the cost to DSA of providing driving examiners to conduct those tests (including salary, travel and subsistence and detached duty costs). The cost of providing an examiner varies according to the demand for tests (see section below on sensitivity analysis)

### For motorcycle tests

- The number of practical motorcycle tests will not be significantly different from the volume forecast (see table 3a for forecast demand and as outlined in the DSA outline business case for the Third Directive changes)
- Under progressive access, there will be an increase of about 12,500 upgrade attempts in 2015 as the first tranche of riders who obtained a full licence in 2013 reach age 19 and will want to progress through the progressive access route. In 2017 a second tranche of riders age 19 (from 2015) and 21 (from 2015) increase the number of upgrade attempts through the progressive access route to 15,250 (DSA OBC)

**Table 3a Forecast demand for the motorcycle test.**

	Baseline	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Min</b>	85,000	85,000	85,000	85,000	85,000	85,000	85,000	85,000
<b>Ave</b>	85,000	85,500	87,000	98,500	98,500	101,000	101,000	101,000
<b>Max</b>	85,000	98,000	98,000	121,000	121,000	126,000	126,000	126,000

### For car plus trailer tests

- Demand for car/van plus large trailer (B+E) when category B96 is introduced will not increase demand on the number in the DSA OBC (13,000) (see table 3b for forecast demand)

**Table 3b Forecast demand for the car plus trailer test (B+E test).**

	Baseline	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Min</b>	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000
<b>Ave</b>	13,000	13,000	13,000	13,000	13,000	13,000	13,000	13,000
<b>Max</b>	13,000	15,000	16,000	17,000	18,000	19,000	20,000	21,000

**Table 4 Forecast demand for tests**

Volume of tests	2015/16	2016/17	2017/18
<b>Motorcycles</b>			
Practical test for A1 & A categories	155,000	155,000	155,000
Staged A & A2 test	25,000	25,500	30,500
Total tests	180,000 <sup>4</sup>	180,500	180,500
<b>Car plus trailer</b>			
Car plus trailer (B+E category)	13,000	13,000	13,000
Demand for new bespoke test for towing medium sized trailer ("B96" category)	0	0	0
Total tests	13,000	13,000	13,000

**Table 5 - Costs to DSA from 2010/11 over 10 years (Not Discounted) (£k)**  
**Best estimate scenario (Option 3) (constant prices) (rounded to the nearest £1k) (based on 25% increase over baseline)**

Transitional costs	£k
IT systems development (includes test booking and test booking via, internet and telephone systems, and also includes upgrade to current DSA electronic notification to DVLA of a test passed)	760
Staffing (including project costs, design and development)	878
Legal costs	46
Communications (familiarisation costs to make people aware of the changes)	210
<b>Operational costs</b>	
IT Operating costs (systems support arising over 10 years)	684
Training examiners	14

<sup>4</sup> Comprises both module 1 and module 2 tests

Variable costs of delivering additional tests	3,876
<b>TOTAL DSA COSTS</b>	<b>6,468</b>

### **Summary of monetised costs for option 3**

39. In summary, option 3 implements the directive which ensures that we meet its requirements at a minimum cost. It includes enhancement of the driving examiner requirements (under option 2), no change to the existing test event to tow a medium size trailer (option c), provides a direct access route to motorcycle riders and a progressive access route with qualification to the next stage by a test event. Therefore, the total best estimate monetised cost for option 3 is £6.42 million

### **Further information on the training and/ or test event under progressive access for motorcycles**

40. The directive allows member states to provide a training event, a test event or both under the progressive access route for motorcycles. At the time we consulted we proposed not to implement a training event in addition to or instead of a test event.

41. In July 2010, Mike Penning, Parliamentary Under Secretary of State for Transport, announced terms of reference for a review of the current motorcycle test . As part of that review, this Department is working with the motorcycle services industry to explore how a training event could be provided under the progressive access route and at what cost. The work on the review has not yet concluded and will require a separate appraisal.

42. Providing a training event requires (i) designing a training event, ii) developing IT systems which could accommodate the transfer of data that a candidate had successfully completed the training event, and iii) putting in place quality assurance arrangements to monitor trainers before it would be safe to allow training events to serve as the basis for granting full licences. It is also dependent on the motorbike services industry supplying training. There is no guarantee that sufficient training organisations will come forward to offer a nationwide service and we do not know how many would find it commercially viable given that the attractiveness for suppliers to offer training depends on candidate demand.

43. Any decision on a training event and any associated costs are part of a separate project under way (the "Learning to Ride" project). The project work has yet to conclude what the full cost to provide a training option would be and will require a separate impact assessment when decisions have been finally made. The need to design, develop and test a training event will therefore take time and in all likelihood beyond 2013 when the Directive must come into force. In the meantime, we are therefore proceeding on the basis that in order to comply with the Directive, we must provide as a minimum a test event with effect from 2013.

### **Sensitivity analysis**

44. The cost incurred by DSA (and therefore ultimately the cost incurred by motorists and riders) will be met through revenue from the additional demand for tests (the motorcycle test under progressive access and the car plus trailer test). Our best estimate is that at average additional demand revenue will cover costs and therefore all other things being equal there will be no increase in the test fee from the third directive changes. However, the figures are sensitive to demand for tests. The tables below show the impact on variable costs incurred by DSA where there is no increase

over the baseline forecast (Table 6) and where there is an increase of 50% over the baseline forecast. Our best estimate (Table 5) shows a 25% increase over the baseline forecast. (for details of forecast volumes based on DSA management information refer to tables 3a and 3b )

**Table 6 – Costs to DSA and delegated examiners from 2010/11 over 10 years (not discounted), Minimum test demand scenario (based on no increase over baseline forecast with 0.5 examiner training days)**

<b>Transitional costs</b>	<b>£k</b>
IT systems development(includes test booking and test booking via, internet and telephone systems , and also includes upgrade to current DSA electronic notification to DVLA of a test passed	760
Staffing (including project costs, design and development)	878
Legal costs	46
Communications (familiarisation costs to make people aware of the changes )	210
<b>Operational costs</b>	
IT Operating costs (systems support arising over 10 years)	684
Training examiners	14
Examiner training 0.5 extra day	1,295
Variable costs of delivering additional tests	0
<b>TOTAL DSA COSTS</b>	<b>3,887</b>
Additional Cost of delivering Option 3 + Mean Option 2 Costs	309
<b>TOTAL COSTS TO DSA + DELEGATED EXAMINERS</b>	<b>4,196</b>

**Table 7 – Costs to DSA and delegated examiners from 2010/11 over 10 years (not discounted), Maximum test demand and no additional 0.5 additional training days (based on +50% increase in test demand over minimum scenario )**

<b>Transitional costs</b>	<b>£k</b>
IT systems development(includes test booking and test booking via, internet and telephone systems , and also includes upgrade to current DSA electronic notification to DVLA of a test passed	760

Staffing (including project costs, design and development)	878
Legal costs	46
Communications (familiarisation costs to make people aware of the changes )	210
<b>Operational costs</b>	
IT Operating costs (systems support arising over 10 years)	684
Training examiners	14
Variable costs of delivering additional tests	13,225
<b>TOTAL DSA COSTS</b>	<b>15,817</b>
Additional Cost of delivering Option 3 + Mean Option 2 Costs	928
<b>TOTAL COSTS TO DSA + DELEGATED EXAMINERS</b>	<b>16,745</b>

Notes: Maximum demand is based on up to a 50% increase on baseline demand for tests and no additional driving examiner time for training purposes. There would be no overall net cost to DSA as monies would be recovered through enhanced test fee income.

45. Tables 6 and 7 show that the higher the demand for tests the more cost DSA incur. However, the higher the demand the more able DSA is in covering its cost from revenue from test fees. Worse case scenario for DSA is therefore shown in table 6 – a situation where there is low demand. Even though costs are lower, there are fewer tests over which DSA can spread its costs and therefore there is more risk of fees having to increase to generate revenue. The situation would be exacerbated in the worse case scenario if DSA has to release its own driving examiners for additional training and the DSA training budget is insufficient to cover lost productivity costs.

46. We already risk non compliance from those that are not willing to fund the cost of a test and drive or ride illegally. We consider that this risk does not change with the implementation of the Directive's requirements or in the way we have chosen options which the Directive allows and therefore there will be no additional enforcement costs.

### **Specific Impact Tests**

**1. Statutory Equality Duties** – An initial screening document was completed which showed that a full impact assessment did not have to be carried out.

**2. Competition** – Applying the four principles of Competition, it is considered that this change will have no impact on the affected sectors.

**3. Small Firms** - As the directive is aimed at all drivers or riders and does not significantly change existing practice we do not consider the changes implemented by the Directive will have a detrimental effect on small or micro –

enterprises. There is an impact on organisations that employ delegated examiners with a marginal increase (our best estimate is an increase of one day) in the amount of training days they need to undertake. However, the organisations which use their own delegated examiners would not fall in the category of small or micro..

**4. Greenhouse Gas Assessment** – we have not identified any impact on greenhouse gases as a result of the Directive.

**5. Wider Environmental Issues** - We have identified no effect on the environment.

**6. Health & Well Being** – We have identified no effect on health.

**7. Human Rights** – We have identified no effect on human rights.

**8. Justice System** – We have identified no effect on the justice system.

**9. Rural Proofing** - We have identified no other effect on the rural issues.

**10. Sustainable Development** - We have identified no effect on sustainable development.

### **One in One Out**

All regulatory changes presented in this Impact Assessment are required by the EU directive and therefore are outside the scope of OIOO.



## 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. 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.

<p><b>Basis of the review:</b> [The basis of the review could be statutory (forming part of the legislation), it could be to review existing policy or there could be a political commitment to review];</p> <p>The policy set out in the preferred option will be reviewed in line with the 5 year review clause specified in the regulations (ie. in 2018, five years after the regulations come into force) .</p>
<p><b>Review objective:</b> [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?]</p> <p>It is intended that a check to ascertain to what extent the changes required set out in the impact assessment have been achieved.</p>
<p><b>Review approach and rationale:</b> [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]</p> <p>Monitoring of driving test data and collation of stakeholder views, with a more detailed analysis 12 months before the review date.</p>
<p><b>Baseline:</b> [The current (baseline) position against which the change introduced by the legislation can be measured]</p> <p>Costs for current test service provision (2011).</p>
<p><b>Success criteria:</b> [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]</p> <p>Great Britain has not been infracted by the date of the review. Positive stakeholder feed back, implementation project delivered within cost envelope</p>
<p><b>Monitoring information arrangements:</b> [Provide further details of the planned/existing arrangements in place that will allow a systematic collection of monitoring information for future policy review]</p> <p>Covered by Agency's business targets which are monitored monthly by our Operational Performance Group.</p>
<p><b>Reasons for not planning a PIR:</b> [If there is no plan to do a PIR please provide reasons here]</p> <p>A post implementation review will be undertaken as part of the statutory review.</p>

 <b>Regulatory Policy Committee</b>	<b>OPINION</b>	
<b>Impact Assessment (IA)</b>	Implementation of the third EU Directive on driving licences (driver testing and driving examiners)	
<b>Lead Department/Agency</b>	Department for Transport	
<b>Stage</b>	Final	
<b>Origin</b>	European	
<b>Date submitted to RPC</b>	10/10/2011	
<b>RPC Opinion date and reference</b>	12/10/2011	RPC10-DFT-0738(2)
<b>Overall Assessment</b>	<b>GREEN</b>	
<p>The IA is fit for purpose. The likely costs and benefits resulting from this proposal have been identified and robust monetised estimates have been presented. All options considered in this IA have been sufficiently analysed.</p>		
<p><b>Identification of costs and benefits, and the impacts on small firms, public and third sector organisations, individuals and community groups and reflection of these in the choice of options</b></p> <p>The issues raised in the previous RPC opinion of 14/01/2011 have now been adequately addressed. The options are sufficiently discussed and the reasons supporting the choice of preferred option are clear. The IA has also adequately explained the basis for the costs resulting from the proposal.</p>		
<p><b>Have the necessary burden reductions required by One-in, One-out been identified and are they robust?</b></p> <p>As this proposal is of European origin, with no evidence of going beyond minimum requirements, it is out of scope of One-in, One-out.</p>		
<b>Signed</b>  	<b>Michael Gibbons, Chairman</b>	