

Title: Increasing Fine Levels for Certain Fixed Penalty Notices Motoring Offences IA No: DfT00146 Lead department or agency: Department for Transport Other departments or agencies: N/A	Impact Assessment (IA)				
	Date: 11/06/2012				
	Stage: Consultation				
	Source of intervention: Domestic				
	Type of measure: Secondary Legislation				
	Contact for enquiries: motoringfpnsconsultation@dft.gsi.gov.uk				

Summary: Intervention and Options	RPC Opinion: RPC Opinion Status
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Cost of Preferred (or more likely) Option				
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, Measure qualifies as One-Out?	
£133m	N/Q	N/Q	No	NA

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

The levels for most fixed penalty notices (FPNs) were last increased in 2000 and are by now disproportionately low, compared to other penalty notices. Since the levels were set, retail prices have increased by 40%. This risks some offences being perceived as trivial and inconsequential, even though FPNs are used in relation to highly serious behaviour (speeding, mobile phone use and not wearing a seat belt). The levels associated with motoring FPNs (generally £60 for an endorsable offence or £30 for a non-endorsable offence) are lower than those for Penalty Notices for Disorder (£80 and £50). Not increasing FPN levels also risks eroding the quality and use of alternative remedial education as opting for this costs offenders more than accepting their fines. Government sets fine levels using a legal order.

What are the policy objectives and the intended effects?

(1) To make FPN levels consistent with the longer term average level and other penalty notices of a similar severity.

(2) To make levels for safety-critical FPN offences, where remedial training is offered as an alternative (i.e. speeding, seat belt non-use), similar to the cost of remedial courses.

The intended effect is the continued substantial use of remedial education for low level offending and setting a fairer level across the full range of fixed penalty notices for motoring and other offences, as announced in the Government's Strategic Framework for Road Safety (May 2011). Hence enforcement levels and road safety should be improved.

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

Besides doing nothing, the options are:

(1) Increasing level for endorsable, plus seat belt offences, FPNs from £60 to £90

(2) Increasing level for other non-endorsable FPNs (excluding parking offences) from £30 to £45

(3) Increasing level for driving without insurance FPNs by 50%.

(4) Implement all 3 options proposed (excluding parking offences).

Variations of the size of the fine increases have also been considered (e.g. increasing the £60 FPNs to £80 or £100, rather than £90). The policy concerns the application of the criminal law, so there is no non-regulatory alternative, although there is activity under way to divert offenders to remedial education, which the policy options support.

Will the policy be reviewed? It will be reviewed. **If applicable, set review date:** June 2016

Does implementation go beyond minimum EU requirements?			N/A			
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.		Micro Yes/No	< 20 Yes/No	Small Yes/No	Medium Yes/No	Large Yes/No
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)				Traded: N/Q	Non-traded: N/Q	

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister: _____ Date: _____

Summary: Analysis & Evidence

Policy Option 1

Description: Increasing level for endorsable, plus seat belt offences, FPNs from £60 to £90

FULL ECONOMIC ASSESSMENT

Price Base Year 2012	PV Base Year 2012	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: -£69m	High: £375m	Best Estimate: £133m

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	£0 m	£16.7m	£138.3m
High	£0m	£0.0m	£0.0m
Best Estimate	£0m	£8.1m	£67.0m

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

Cost of increased remedial training for offenders (paid by offenders to course providers): £8.1m per year, with low and high scenarios referring to lower and higher numbers of fixed penalty notices issued.

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

Extra costs for offenders in FPNs paid to the Government of £8.4m to £35.1m (best estimate £22.92m) pa
Not included in the monetised costs as these FPNs represent sanctions against illegal activity, and do not represent real resources used.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	£0m	£8.4m	£69.6m
High	£0m	£45.0m	£375.2m
Best Estimate	£0m	£24.0m	£199.7m

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

Potential cost saving from reduction in enforcement costs of FPNs not paid (as number of FPNs expected to decrease) by £1.1m per year (range £0m-£1.1m as new systems under development may mean these savings are not realised)

FPNs paid, increasing revenues to the exchequer by £8.4m to £35.1m per year (best estimate £22.9m per year)

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

Increased credibility and deterrence effect of motoring FPN offences and FPN level more consistent with other penalty notice offences. Increased use of remedial training as an alternative to FPNs, with increased offender awareness of safety implications of their actions (greatest use expected in the low scenario, followed the central, with high scenario not increasing the use of remedial course)
Consequential improvements to road safety.

Key assumptions/sensitivities/risks	Discount rate (%)	3.5
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The 'without intervention' changes in the numbers of fixed penalty notices are the most critical assumption.

Other significant assumptions relate to assumed future payment rates and the availability and attractiveness of remedial courses.

There is a risk that cost savings predicted from reduction in enforcement costs may be reduced due to introduction of new processing system for penalty notices.

BUSINESS ASSESSMENT (Option 1)

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

Summary: Analysis & Evidence

Policy Option 2

Description: Increasing level for other non-endorsable FPNs (excluding parking offences) from £30 to £45

FULL ECONOMIC ASSESSMENT

Price Base Year 2012	PV Base Year 2012	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: £9.9m	High:£21.9m	Best Estimate: £18.2m

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	£0m	£0.35m	£2.9m
High	£0m	£0m	£0m
Best Estimate	£0m	£0m	£0m

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

Potential cost of extra enforcement for FPNs not paid if non-payment rates increase as a result of the FPN increase (shown in a low net benefit scenario above)

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

Extra costs for offenders in FPNs paid to the Government of £1.5m to £2.6m per year (best estimate £2.2m per year) These are not included in the monetised costs as these fines represent sanctions against illegal activity.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	£0m	£1.5m	£12.8m
High	£0m	£2.6m	£21.9m
Best Estimate	£0m	£2.2m	£18.2m

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

Government revenues increased by £1.5m to £2.6m per year (best estimate £2.2m per year)

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

Increased credibility and deterrence effect of motoring FPN offences and FPN level more consistent with other penalty notice offences.

Consequential improvements to road safety.

Key assumptions/sensitivities/risks	Discount rate (%)	3.5
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Changes to rates of issue of FPNs (due to factors not related to the policy option) and assumed future payment rates.

BUSINESS ASSESSMENT (Option 2)

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

Summary: Analysis & Evidence

Policy Option 3

Description: Increasing level for driving without insurance FPNs by 50%

FULL ECONOMIC ASSESSMENT

Price Base Year 2012	PV Base Year 2012	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: £22.8m	High: N/A	Best Estimate: £24.2m

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	£0m	£0.03m	£0.3m
High	N/A	N/A	N/A
Best Estimate	£0m	£0m	£0m

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

Potential cost of extra enforcement for FPNs not paid if non-payment rates increase as a result of the FPN increase (shown in a low net benefit scenario above)

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

Extra costs for offenders in FPNs paid to the Government of £2.9million for driving without insurance. These are not included in the monetised costs as these FPNs represent sanctions against illegal activity.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	£0m	£2.8m	£23.1m
High	N/A	N/A	N/A
Best Estimate	£0m	£2.9m	£24.2m

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

Government revenue increased by £2.9 million for driving without insurance (£2.8m if a 50% increase in the non-payment rate is seen)

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

Increased credibility and deterrence effect of motoring FPN offences and FPN level more consistent with other penalty notice offences.

Consequential improvements to road safety.

Key assumptions/sensitivities/risks

Discount rate (%)

3.5%

Assumes that the numbers of FPN's issued remains the same as currently

BUSINESS ASSESSMENT (Option 3)

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

Summary: Analysis & Evidence

Policy Option 4

Description: Implement all 3 options proposed (excluding parking offences).

FULL ECONOMIC ASSESSMENT

Price Base Year 2012	PV Base Year 2012	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: £101.7m	High: £396.9m	Best Estimate: £175.4m

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	£0m	£17.08m	£141.5m
High	£0m	£0m	£0m
Best Estimate	£0m	£8.1m	£67.0m

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

Cost of increased remedial training for offenders (paid by offenders to course providers) and potential cost of extra enforcement for FPNs not paid if non-payment rates increase as a result of the FPN increase.

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

Extra costs for offenders in FPNs paid to the Government of £9.9m to £37.7m per year These are not included in the monetised costs as these fines represent sanctions against illegal activity.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	£0m	£12.7m	£116.5m
High	£0m	£50.5m	£397.1m
Best Estimate	£0m	£29.1m	£242.1m

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

Government revenue increased by £12.7m to £50.5m per year (Best estimate £29.1m per year)

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

Increased credibility and deterrence effect of motoring FPN offences and FPN level more consistent with other penalty notice offences. Increased use of remedial training as an alternative to FPNs, with increased offender awareness of safety implications of their actions.

Consequential improvements to road safety.

Key assumptions/sensitivities/risks

Discount rate (%)

3.5

The 'without intervention' changes in the numbers of fixed penalty notices are the most critical assumption.

Other significant assumptions relate to assumed future payment rates and the availability and attractiveness of remedial courses.

BUSINESS ASSESSMENT (Option 4)

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

Evidence Base (for summary sheets)

Introduction

1. As part of its new Strategic Framework for Road Safety¹, which aims to reduce death and injuries on our roads, the Department for Transport (DfT) has proposed to increase the level of some Fixed Penalty Notices (FPNs) for traffic offences from £60 to £80-£100 to bring them into line with other penalties which deal with low-level offending. The Framework identified this as a measure the Government intends to introduce during 2012.
2. Penalty levels for these offences have not increased since 2000. The current levels have fallen behind other fixed penalties and therefore risk trivialising the offences. The proposed increases for motoring offences include those in relation to excessive speed, mobile phone use, ignoring signals and pedestrian crossings and failure to wear a seatbelt.
3. Many other offences attract a fixed penalty of £30 (which again has not increased since 2000). Some of these offences compromise safety (for example some vehicle defects), whilst others have environmental or operational effects (for example related to noise, lighting or traffic regulation orders). We propose to consult about whether to increase the level for these offences at a similar rate to that proposed in the Strategic Framework for Road Safety for the £60 FPNs.
4. The Department is not consulting about any changes to the penalty levels for parking restriction infringements because they are more closely connected with parking issues in general than other behaviours which attract a fixed penalty. Most parking infringements are enforced using civil rather than criminal sanctions and are therefore not disposed of through FPNs. Indeed, in 2009 the volume of FPNs for obstruction, waiting and parking offences was only a sixth of that in 2000. It has no plans to change the levels of fine for parking FPNs, but the main reason for not including any consideration of parking FPNs in this consultation is that in policy terms they are more closely related to civil parking sanctions than other FPNs. There is a clearer distinction between a parking FPN and a moving traffic FPN, than between a parking FPN and a civil parking fine (for example a penalty charge notice).
5. The Strategic Framework for Road Safety also stated that “reducing uninsured driving is a priority”. When disposed of via a FPN, driving with no insurance attracts a penalty of £200. Because the penalty level is more substantial than for other FPNs and because the motivation of driving without insurance is usually financial (unlike most other road traffic FPNs) we propose to seek views about increasing this FPN level specifically, as the behavioural effects of doing so may differ from the effect of increasing other FPNs.
6. Finally graduated FPNs have been brought in more recently and we propose to consult about increasing their levels for this in the consultation as a further option.
7. In all cases we propose that the relevant levels of financial deposits for drivers without a valid Great Britain (GB) driving licence would be changed to match changes in the FPNs they are related to. This contributes to there being equitable financial sanctions for GB resident and non-GB resident drivers in relation to these offences.

Problem under Consideration and Policy Objectives

Background to Motoring FPNs

8. The Magistrates Courts consider slightly more than a million summary motoring offences per year. FPNs are designed to provide a straightforward, efficient method to dispose of many of the less serious road traffic offences. The police (and in some cases the Vehicle and Operator Services Agency (VOSA)) can issue a FPN, which is essentially a one-off fine, at the roadside and in other cases by attaching the notice to a motorist's vehicle in their absence. There are two types of FPNs: non-endorsable offences, which do not result in penalty points on a licence and

¹ Strategic Framework for Road Safety published by the Department for Transport 11th May 2011

are usually set at £30; and endorsable offences which usually result in penalty points on the licence and are set at £60. For the more serious FPN offences, such as driving without insurance, this can incur a FPN of up to £200. Where a FPN is issued the motorist is given 28 days to either pay the FPN or request a court hearing. If the motorist fails to pay the fixed penalty and does not request a court hearing within 28 days, the fine increases by 50% and is registered with the Courts for non payment. Also, failure to pay a fixed penalty detected by an automatic camera within 28 days will result in prosecution.

9. The amount for a FPN is not dependent on an offender's ability to pay. The possession of penalty points usually results in additional insurance costs. Many FPN offences attract 3 penalty points and if a motorist accumulates 12 points within 3 years (6 points for recently qualified drivers) they are likely to face disqualification from driving. Penalties arising from the FPNs where driving licences are endorsed are nearly always paid as the endorsement and payment collection processes are integrated.
10. For speeding, police forces often offer offenders detected travelling not far in excess of the limit the alternative of attending a remedial education course² to accepting a FPN (or challenging it in court). If offenders complete the course there is no further action taken, whether by way of fixed penalty or the commencement of criminal proceedings. The courses for speeding offenders usually follow a national standard and last about half a day at a cost to the offender of about £90 (with the exact amount set by individual police forces and their course providers).
11. So for those offenders³ offered a speeding course, there are three options. Whilst we recognise that the choice people take about which option to take is influenced by many factors, the costs of fines and training is one significant factor.

	Take training	Decline training, accept FPN	Decline training, not accept FPN, go to Magistrates' Court
Guilt?	Accept guilt	Accept guilt	Can argue the case
Criminal Record?	No	Yes	Yes if convicted
Costs	Usually about £90	£60 now	Variable but may be higher and may include cost awards
Personal Time	One session several hours in duration	Limited	Variable

12. In 2009 there were about 2.1m FPNs issued for road traffic offences. The distribution of FPN issued across offence types for 2009 is shown below. The figures for 2010 (due in April 2012) will be considered alongside or after consultation and before any final decisions are made⁴.

Offence Type	Number (thousands). England and Wales 2009
Speed Limit Offences	1,136
Obstruction, Waiting and Parking Offences	264
Seat Belt Offences	203
Neglect of Traffic Signs and Directions and of Pedestrian Rights	183
Use of Hand Held Mobile Phone while Driving	126
Licensing, Insurance and Record Keeping Offences	86
Vehicle Test and Condition Offences	69

² Introduced following the North Review of Road Traffic Law and consistent with the principles of restorative justice (ref Restorative Justice: an Overview, T.Marshall, Home Office, 1999)

³ Some speeding offenders do not have all these choices. In some cases remedial training is not offered, in other cases offenders are taken to court without the offer of training or an FPN.

⁴ Since obtaining clearance from the Regulatory Policy Committee, the Home Office have published FPNs issued for 2010/2011. This shows that the number of FPNs issued for these road traffic offences in 2010 have declined: <http://www.homeoffice.gov.uk/publications/science-research-statistics/research-statistics/police-research/immigration-tabs-q4-2011/fixed-penalty-notice-1011-tabs?view=Binary>

Lighting and Noise Offences	21
Miscellaneous	15
Total	2,103

Problem under Consideration

13. The levels associated with most motoring FPNs have been the same since 2000. Subsequent price inflation has reduced their real value.
14. Since 2000 the consumer price index (CPI) has increased by about 30% (CPI 2011 = 119.6, CPI 2000 = 93.1, Increase = $119.6/93.1 = 28\%$) and the retail price index (RPI) by approximately 40% (RPI 2011 = 235.2, RPI 2000 = 170.3, Increase = $235.2/170.3 = 38\%$). Average earnings over the last decade as a whole have grown at a rate similar to the RPI. A £60 FPN paid now has a value in 2000 pounds of £43 to £47.
15. The penalty levels associated with most motoring offences are lower than those associated with a range of other violations of a similar, or in some cases arguably lesser, severity.

Notice Type	Penalty level
Fixed Penalty Notices for Motoring offences such as speeding, mobile phone use and seat belts	£60
Fixed Penalty Notices for Motoring (Lower Level)	£30
Environmental Fixed Penalty Notices (e.g. Litter, Fly-Tipping, Noise, Waste)	Usually £75
Penalty Notices for Disorder (Higher Level, e.g. drunk and disorderly, criminal damage, retail theft)	£80
Penalty Notices for Disorder (Lower Level, e.g. leaving litter, trespassing on a railway)	£50

16. Remedial training is increasingly being offered by the police to offenders as an alternative to a fixed penalty notice or prosecution. The table⁵ below shows the number of offenders who have attended courses offered by the police under the National Driver Offender Retraining Scheme (NDORS). The table shows a rise in the number of attendees between 2010 and 2011, which is most notably for the Speed Awareness Courses. However, there are some circumstances where remedial training would not be offered to an offender. These include, if any other offences committed could be dealt with by prosecution (e.g. no insurance), and where an offender has attended the training once within a 3 year period.

Year	Speed Awareness Course	National Driver Alertness Course/ National Driver Improvement Scheme	Ride Course
2010	447,000	19,400	450
2011	772,000	20,400	650

17. There has been a very large recent increase in the number of people taking up remedial training, because the choice to use it is being made available to far more people than before. This has happened because:
 - increasing numbers of police forces have joined NDORS (with virtually all forces now participating) and offenders in many areas are now offered training, where three or four years ago they would have received FPNs with no option to take training;
 - the Association of Chief Police Officers' advice about the circumstances when it may be appropriate to offer training as an option for speeding offenders changed in early 2011 and it extended the recommended eligibility range;
 - the Government's Strategic Framework for Road Safety has encouraged the greater use of remedial training courses for some offences; and
 - the range of courses is being increased, also widening how many people are being offered training.

⁵ National Driver Offender Retraining Scheme. The data for the Speed Awareness Courses for 2011 is not complete as it does not contain the full year's data for all Police forces

All of this increase is therefore related to more people being offered training. The expansion of the training emphasises rather than contradicts the desirability of making the fine levels for the FPN offences broadly consistent with the costs of courses, in order to sustain the increased use and facilitate possible further expansion.

18. It is projected that the number of people detected speeding and then diverted into remedial education schemes will increase to approximately one million per year in 2012. These courses are designed not to punish or deter but to reduce the likelihood that those taking them will re-offend in the future with studies⁶ indicating that there are improvements in attitudes, self-reported behaviour and lower recidivism rates – for example:

“Overall, driver improvement schemes are shown to be effective in reducing recidivism rates”⁷.

19. There is some evidence of improvement in attitudes for those drivers who have attended courses. For example, in 2010 the attitudes of offenders who had been on a retraining course were monitored over several months. In that time, there were reported positive changes in attitudes. At the follow-up, 99% reported that they had changed their driving; 22% said that their driving had changed a great deal and over 40% that it had changed quite a lot⁸. However, there is currently no specific quantitative evidence regarding the effectiveness of the NDOR Scheme remedial training on reducing reoffending. NDORS plans to evaluate national remedial training courses across all areas of traffic offences to determine their effectiveness in reducing recidivism and the prevalence of poor driving.
20. Research about driver improvement courses (for drivers involved in collisions where they had some suspected culpability) costing £60 has indicated that 22% of the participants would not have been willing to pay more than £60 to £90 for a course in preference to a fixed penalty notice⁹. This suggests that some people will no longer opt for courses (and hence the improvements to attitudes, behaviour and recidivism) if their prices increase alongside inflation and FPN levels remain unchanged.
21. Remedial training operates at no cost to the public purse. The national standard for the training, in place to ensure standards are sufficient, requires four hours of instruction. The commercial cost of the training plus the associated direct enforcement costs mean that remedial courses for speeding (the most common type) are generally being offered at about £90 a head. There is a risk that a substantial differential between the upfront costs of courses and FPNs will reduce the proportion of people opting for courses.
22. The cost differential has hindered the introduction of further remedial courses – particularly for seat belt offences which do not carry penalty points. A higher FPN level would make their widespread introduction more viable. The current planned expansion of courses to address lower level careless driving is premised on an FPN increase and may be compromised by that not taking place.
23. There is evidence to suggest that a higher FPN level could provide a deterrent effect. For example, survey data on mobile phone usage shows that after the penalty was increased from £30 to £60 in 2007, there was an immediate drop in the proportions using hand-held mobile phones.¹⁰ In addition, the number of FPNs issued following the penalty increase, decreased by more than a third in 2008. This information suggests that higher level has the potential to reduce the prevalence of driving behaviours associated with these fixed penalty offences.

⁶ “Effective Interventions for Speeding Motorists” (Fylan, Grunfeld, Conner and Lawton, DfT Road Safety Research Report No. 66, 2006); “Evaluation of the Effectiveness of the National Driver Improvement Scheme” (University of Leeds, DfT Road Safety Research Report No. 64, 2005)

⁷ R.Walker: An International Review of Driver Improvement Schemes (2003)

⁸ Comparison of Driver Alertness and the National, Driver Improvement Scheme, F Fylan, Brainbox Research; S Stradling, Edinburgh Napier University, June 2010

⁹ Fylan and Stradling ‘Comparison of Driver Alertness and the National Driver Improvement Scheme’ (2010)

¹⁰ Seatbelt and mobile phone usage surveys: England and Scotland 2009, Louise Walter, TRL (March 2010)

24. The £60 offences are associated with behaviours which contribute to large numbers of deaths and serious injuries. For example excess speeds contributed to 260¹¹ deaths in 2010, 200¹² people died but need not have had they been wearing a seat belt and careless driving (including the illegal use of mobile phones) contributed to 370 deaths. This demonstrates the need to ensure consistency with other penalty notices of similar severity to avoid offences being perceived as minor infringements and maintain compliance with motoring laws.

Policy Objectives and Effects

25. The policy objectives are therefore:

- To keep the level of FPNs constant over time and in relation to other penalty notices for similarly severe offences; and
- To ensure penalty levels for safety-critical offences are no lower than the cost of remedial education, where remedial training is offered as an alternative (i.e. speeding, seat belt non-use).

26. Raising revenue itself is not a policy objective of this measure, but it is a consequence of this measure that extra fine revenue will accrue to the Government. This is planned to be used primarily to contribute to supporting an expansion in support services for victims of crime. This is dependent on the progress of the Ministry of Justice's separate proposals about victim support services.¹³ The benefits of these changes have not been included in this impact assessment.

27. Intended effects of the policy include the expansion of remedial training for lower level offenders and a fairer level across the full range of penalty notices for motoring and other offences. Directly through influencing behaviour and via the increased use of remedial training, this measure is planned to contribute towards the Government's new Strategic Framework for Road Safety.

28. The groups affected by this policy are:

- Motoring offenders directly;
- The Government;
- Police and courts (due to numbers not paying FPNs or opting for remedial courses changing);
- Victims of crime (only indirectly through other changes to victim support services, so these effects are not assessed in this impact assessment); and
- Road users in general (but the possible safety effect has not been quantified and included in the impact assessment, as it is difficult to disaggregate from other factors).

Costs and Benefits of all Options

29. All options have been appraised separately, although they are not mutually exclusive, or dependent on each other. We first describe the impact the options would have per year, and then explain how we have extended the appraisal to a 10 year period for all options.

Option 1: Increasing level for endorsable, plus seat belt offences, FPNs from £60 to £90

30. Option 1 would involve increasing the penalty level associated with all of these motoring FPNs, which are currently £60 to £90. The offences affected include speeding, seat belt offences,

¹¹ These figures are based on reported STATS19 data when police were in attendance (factored up to represent the small minority of fatal accidents police did not file detailed reports about) and are likely to be a substantial under-estimate as previous research has shown excess speed in under reported as a contributory factor in STATS19.

¹² Based on Ward H et al (2007) 'Trends in Fatal Car Occupant Accidents', with 2007 figures adjusted to 2010 in proportion to national reductions in car occupant deaths 2007 to 2010

¹³ Getting it right for victims and witnesses consultation (ref: CP3/2012), Ministry of Justice, Jan 2012

pedestrian crossing offences, passing red traffic lights and the use of a handheld mobile phone whilst driving. Together these offences constituted about three quarters of motoring FPNs in 2009 (i.e. about 1.6m FPNs¹⁴). The level for the proposed fixed penalty disposal option for careless and inconsiderate driving would also be set at this level, but because this is being introduced as a separate measure it is not included in the figures in this assessment.

31. The option involves increasing the FPN level to £90 (the centre of the £80 to £100 range contained in the Strategic Framework for Road Safety measure in May 2011). The department proposes to seek views about the exact level for FPNs in the consultation.

32. However it is proposing £90 as the central case, because £90:-

- is consistent with how much £60 was in year 2000, and is equivalent to in the near future. The £60 of 2000 is equivalent to £78 (2011) or a projected £79 (2012) using CPI. Using RPI it is equivalent to £83 (2011) or a projected £85 (2012) (with both projections assuming 2012 prices are 3% greater than 2011 prices). Assuming inflation rises at 2% per year after 2012, the £60 level of 2000 would be equivalent to £90 in 2015 (using RPI) or 2019 (using CPI);
- is consistent with the current prices of speed awareness courses (offered as alternatives to fixed penalty notices) and their likely costs to offenders over the near future. To prevent the cost of the courses rapidly exceeding the cost of the penalty level, the police are introducing a licensing system for the remedial training course, which will be rolled out for all the national retraining courses available under NDORS. This will enable greater regulation over courses, training providers, and costs. Also, we expect there to be sufficient competitive pressure on the training industry to keep any future price increases for remedial training at a low level; and
- is the proposed amount of the higher level Penalty Notices for Disorder. These penalties are currently £80, which was the reason for the lower end of the £80 to £100 range in the motoring fixed penalty notice proposal in the Strategic Framework for Road Safety. Since the framework was published the Government has advanced plans to increase the £80 Penalty Notice for Disorder to £90¹⁵.

33. The number of motoring FPNs has been falling for several years, with speeding FPNs falling by an average of about 0.2 million per year over the period 2005 to 2009¹⁶. The reduction in speeding FPNs is likely to have continued since 2009, due to the reduced use of safety enforcement cameras and the increase in remedial training.

34. At this stage we have used a wide range of scenarios to test the robustness of the forecast outcomes of the policy and propose to use later data to inform the final decision about this measure later in 2012.

35. For this assessment we have therefore employed a range of forecast annual numbers of FPNs (without this policy intervention) as follows:

- High scenario: 1.6m relevant FPNs per year (with any reductions in speeding FPNs since 2009 offset by increased enforcement of other relevant offences, such as related to hand held mobile phones);
- Central scenario: 1.1m relevant FPNs per year (0.5m speeding FPNs replaced by remedial training and any reduction in safety camera enforcement balanced by increased enforcement of other offences. This is consistent with police information that indicates about 1m remedial education places were used in 2011, approximately double the 2009 position.
- Low scenario: 0.9m relevant FPNs per year (as the central scenario, but with speeding enforcement falling by a further 0.2m).

¹⁴ Source: Police Powers and Procedures 2009/10 (Home Office), table 3b

¹⁵ Source: 'Getting it Right for Victims and Witnesses' (paragraphs 146 to 148), Ministry of Justice (January 2012)

¹⁶ Source: Police Powers and Procedures 2009/10 (Home Office), table 3b

36. The range of forecast numbers has been applied from 2013 onwards and the same values are applied for future years. As there is no clear longer term trend in FPN numbers, the forecast range takes into account any substantial changes that may occur in the future.
37. The policy itself would make FPNs relatively less attractive than remedial courses to people offered the option of education. The police are seeking to extend pilot remedial education schemes related to seat belt offences, but are hindered from doing so by the financial cost of courses for offenders being similar to the cost of a fixed penalty notice.
38. Unlike the other offences for which training is offered as an alternative to a FPN, the seat belt FPN does not involve licence endorsement with penalty points. This reduces the overall incentive for offenders to invest time in remedial training instead of accepting a FPN. This has meant that historically there has been little development of remedial training for this fairly common offence.
39. A course is now under development as part of the police National Driver Offender Retraining Scheme, following the announcement by the Government in May 2011 of its plans to increase the levels for these FPNs from £60 to £80 - £100. If the FPN plans were not implemented, the spread and sustainability of the NDORS remedial seat belt training could be compromised by low participation rates.
40. It is possible that the number of FPNs issued will fall further, so the low scenario estimates a reduction in the number of FPNs with the fee increase in place by 0.2m per year, reflecting (a) the diversion of about half of the current 0.2m seat belt offence FPNs to remedial education, which would broadly match the position already achieved with speeding and (b) a 10% growth on the roughly 1m people opting for speeding remedial training. Currently remedial education is offered to very few seat belt offenders as an alternative to the FPN. With the £90 FPN in place, the real cost of seat belt courses (about £60 in cash plus time worth on average £10 to £30) would be similar, hence the assumed diversion of about half of offenders. The lower 10% figure for speeding reflects the higher overall costs of endorsable FPNs (which affect insurance payments) and the high current take-up rate of people offered the option of remedial education for speeding.
41. Approximately 97% of endorsable FPNs¹⁷ (those which attract points on the driving licence) are paid, with most of the remainder resulting in being registered at court. The payment rate is the same as in 2000 and there is little evidence of price affecting payment rates in the range of £60 to £90 (with £60 in 2000 prices now being worth about £84). Seat belt offences are not endorsable and the average payment rate for such offences is 73%¹⁸. For the calculations about the likely fine revenues the same payment rate has been assumed for the central case with the policy intervention in place.
42. Increased FPN levels could also lead to an increase in non-payment of non-endorsable FPNs and potentially endorsable FPN, but we would expect with the latter that the payment rate will continue to remain at a high level because of the threat of endorsements on a licence. The low scenario hence also estimates the impact of an increase in non-payment rates from 3% to 4.5% (for endorsable FPNs – in direct proportion to the proposed FPN increase) and from 27% to 30% for seat belt offence FPNs. Disaggregate information about seat belt offence FPN payment rates is not available, but there is no evidence of any significant change in payment rates for non-endorsable/ driver present FPNs when the FPN for seat belt offences was raised from £30 to £60.
43. On average £66 is spent on enforcement against offenders who accept the FPN and then subsequently fail to pay the penalty¹⁹. The full range of the change to these enforcement costs has been calculated by applying the most extreme combinations of the sensitivity tests.

¹⁷ Source: Police Powers and Procedures 2009/10 (Home Office), table 3d

<http://www.homeoffice.gov.uk/publications/science-research-statistics/research-statistics/police-research/hosb0711/hosb0711?view=Binary>

¹⁸ Source: Police Powers and Procedures 2009/10 (Home Office) table 3d

¹⁹ Source: Ministry of Justice Cost-Benefit Framework, 2009.

44. If the penalty levels associated with these FPNs were not increased to £90, but to somewhere else in the £80 to £100 range, the effects would be of similar types. For an £80 FPN level, the fines paid from offenders to the Government would increase by slightly more than two thirds of the increase associated with £90 FPNs. The risk of an increase in non-payment rates would be slightly less. Conversely a £100 FPN level would increase the level paid by offenders to close to four thirds of the increase associated with a £90 level, with the risk of non-payment rates increasing being slightly greater. We do not expect there to be a reduction in the number of FPNs issued as a result of the increased penalty level. Any efficiency savings gained by the Police through improved compliance from this measure, would be used to increase the enforcement of FPN offences. Hence, the number of fixed penalties issued would remain consistent with present levels.

Option 2 Increasing level for other non-endorsable FPNs (excluding parking offences) from £30 to £45

45. Option 2 involves increasing levels associated with certain non-endorsable FPNs (which do not attract penalty points on a licence) from £30 to £45, so that the fines would remain half of those for most endorsable motoring FPNs. Obstruction, waiting and parking FPN offences (Home Office Group 20)²⁰ are not included in this option and the levels for them would not be changed. Seat belt FPN offences, although they are not endorsable, are included in the proposal in option 1 to increase level for them from £60 to £90.

46. As explained in option 1, the principle reasoning for proposing £45 would be to bring these FPN levels in line with inflation. The £30 FPN of 2000 is equivalent to £39 (2011) or a projected £40 (2012) using CPI. Using RPI it is equivalent to £42 (2011) or a projected £43 (2012) (with both projections assuming 2012 prices are 3% greater than 2011 prices). Assuming inflation rises at 2% per year after 2012, the £30 level of 2000 would be equivalent to £45 in 2015 (using RPI) or 2019 (using CPI)

47. Theoretically option 2 could be implemented in the absence of option 1. However, the reasoning for doing it is largely dependent on option 1 – as option 2 would increase some penalties in a way consistent with option 1. Option 1 could be implemented without option 2 both in theory and in practice. Indeed option 1 encompasses the changes that the Government announced in its 'Strategic Framework for Road Safety' that it planned to introduce, whilst option 2 would go further. Option 2's effects would be the same whether or not option 1 had been introduced alongside it.

48. In 2009 there were about 0.2m of these FPN offences additional to those covered in option 1, including related to:

- The negligent use of motor vehicles;
- Vehicle registration and excise licence offences;
- Vehicle test offences;
- Some vehicle construction and use offences;
- Some infringements of traffic regulations;
- Lighting offences;
- Noise offences;
- Load offences;
- Pedal cycle offences.

49. Unlike the endorsable offences there is no strong recent trend in the numbers of these offences, so for the assessment we have assumed the number would stay the same in the best and central forecast, with a high scenario of a 20% increase and a low scenario of a 20% reduction. There are no remedial education courses related to these offences and the same scenarios for changes in repayment rates have been used as for seat belt offences in option 1.

50. This option would result in offenders paying a further £1.536m to £2.628m per year to Government (best estimate £2.190m). A fall in payment rates is possible leading to extra enforcement costs. The

²⁰ Source: Revised Guidance on the Operation of the Fixed Penalty System for Offences in Respect of a Vehicle, Home Office, April 2006

low scenario models this possibility, increasing non-payment rates from 27% (the current rate of non-payment for non-endorsable offences) to 30%. This could result in extra enforcement costs of about £0.5m.

Option 3: Increasing level for driving without insurance FPNs by 50%

51. This option proposes a 50% increase (£100 to £300) in the FPN for the motor insurance offence of driving a vehicle without a minimum of third party cover. This increase is proposed following the same principle as options 1 and 2 to take into account inflation whilst maintaining a simple system. This could be introduced in isolation to option 1 or 2 or alongside them. The effects would not be changed by whether option 1 or option 2 or both were introduced at the same time.
52. The current fixed penalty for this offence (introduced in June 2003) is £200 and attracts 6 penalty points. Those who the police prosecute in court or those that opt to go to court rather than pay the FPN are liable to a maximum fine of £5,000 and 6 – 8 penalty points. National average for fines applied by the courts is £200 (PQ reply of Crispin Blunt to Karl McCartney). However, the court fine varies around the country for example from £350 by the City of London Police at the highest end to £150 in Durham (Source: AA) at the lower end.
53. As explained in option 1, the reasoning for proposing £300 would be to bring these FPN levels in line with inflation growth since they were introduced. The £200 FPN of 2003 is equivalent to £247 (2011) or a projected £255 (2012) using CPI. Using RPI it is equivalent to £259 (2011) or a projected £267 (2012) (with both projections assuming 2012 prices are 3% greater than 2011 prices). Assuming inflation rises at 2% per year after 2012, the £200 level of 2003 would be equivalent to £300 in 2018 (using RPI) or 2021 (using CPI). Its worth noting that the average increase in insurance premiums was 7% in 2010, which is higher than inflation (Source: ABI).
54. Home Office statistics (Police Powers and Procedures in England and Wales 2009) showed that there were 86,000 FPNs issued per year in 2009 for licence, insurance and record keeping offences. Because the Police often take action against offenders who commit both insurance and driving licence offences together it is difficult to break down this figure into the constituent offences.
55. However FPN's for driving without insurance commenced in 2003 so we can make a notional estimate of FPNs issued for this offence. If we look at historical figures (Home Office statistics: Police Powers and Procedures in England and Wales 2009) for 2002 and 2005, the first full years before and after the FPNs were issued for driving without insurance, there was an increase in FPNs for all licence, insurance and record keeping offences of about 30,000. We have therefore assumed 30,000 FPNs for driving without insurance per year. No information on payment rates for this specific offence exists as Police often take action against offenders who commit both insurance and driving licence offences together. However, the average payment rate for all endorsable FPNs is 97%. Assuming this payment rate the £100 increase per fine would lead to an increase in Government revenue of £2.91million per year, paid by offenders.
56. Payment rates could fall as a result of the increase. Using the current average rate of non-payment for endorsable FPNs of 3% we have included a low scenario with an increase in non-payment rates to 4.5% (in direct proportion to the proposed fine increase). This scenario reduces fine income by £135,000 (1.5% increase in non-payment of 30,000 FPNs, each at £300). This could be an underestimate of the potential impact as offenders tend to be hardcore offenders but information available is for the non-payment rate on the average endorsable FPN.
57. Also, if there is an increase in the enforcement of non payment of FPNs, we estimate a cost of £66 per offender to the Courts to recover sum owed through the seizure of goods from the Offender's residence that add up to the value of the FPN. This could result in costs to the courts of £29,700 in 2012 prices (30,000 x 1.5% x £66).²¹
58. We do not know if the repayment level for this offence will mirror repayment levels exactly for other fixed penalty offences. There are no alternatives, for example the provision of courses for

²¹ This only applies to England and Wales. In Scotland, an offender would be sent a summons, resulting in increased costs for Courts in Scotland.

this offence. Also, the police have powers to seize and impound uninsured vehicles (around 150,000 are seized annually) and the offender incurs the cost of release fees.

Option 4: Implement all 3 options proposed (excluding parking offences)

59. This option would implement all 3 options proposed together. These options are not dependant on each other. The costs and benefits for each option are listed above, and a summary sheet combining the total costs for all 3 options has been produced at page 4 of this Impact Assessment.

All Options

60. We have appraised all options over a 10 year appraisal period starting from 2013, as this will be the first full year of operation. The fine levels will remain constant in nominal terms. The other costs and benefits have been increased in line with GDP growth per capita²² as they are likely to be related to labour costs. The results of the 10 year appraisals are reported in the summary sheets.

61. With all the options we would propose to also increase the levels of financial penalty deposits for offences equivalent to the FPN offences, where they are included in the lists of offences covered by the scheme. Financial deposits can be required from drivers where their vehicle has no registered UK address, but officers and drivers must be present at the scene. Such deposit payments may be the value of a fixed penalty or fine where an offence is to be prosecuted in court. Offenders can choose to contest the offence in court. If the deposit is not paid, the vehicle is given a prohibition notice and immobilised until payment is received.

62. Deposits for the offences covered by options 1 and 2 are collected far less frequently than FPNs – because there are fewer offenders and because deposits are not collected by some of the common methods used for FPNs (e.g. they cannot be used for safety enforcement cameras). VOSA collects about 6,000 financial deposits per year. Because of the significant uncertainty in the forecasts of the number of future FPNs we have not added a separate estimate for changes in revenue related to the financial deposit scheme at this stage.

63. The changes to the levels of financial deposits so they continue to match FPN fine levels would be made to ensure equitable treatment for different types of motorist, so they do not themselves represent a further specific and free-standing option. We propose to forecast the effects of changes in levels related to financial deposits after consultation.

64. Graduated fixed penalty notices (whose fines vary depending on the severity of a particular offence) were implemented in 2009. For certain offences the FPNs vary between £60, £120 and £200 depending on severity. The Department is considering further whether these FPNs should also be changed, although their levels were set more recently than most FPN fines. It may use the consultation process to seek views about whether changes should be made.

Direct costs and benefits to business calculations

65. These proposals are not expected to have any significant impacts on business. Where an offender driving on business has to pay a FPN, it is the offender who is liable personally. The continued development of remedial courses, which this policy facilitates, may have a small beneficial impact on businesses providing the courses.

66. The proposals therefore considered in this impact assessment do not fall within the scope of the one-in-one-out rule

Wider impacts

67. The changes are related to sanctions for illegal activity. Offenders are disproportionately male and also disproportionately young adults (17 to 29).

Summary of preferred option with description of implementation plan

²² <http://www.dft.gov.uk/webtag/documents/expert/unit3.5.6.php>

68. The preferred option is Option 4 as this would ensure that levels for motoring FPN offences are consistent with other penalty notices, inflation levels and current prices for remedial training courses. In addition, the option would make remedial courses a more attractive alternative to a FPN and would enable the police to extend remedial education training to other offences, such as seat belt offences.
69. A consultation is to be carried out and is planned to last 12 weeks. We aim to publish the responses by the summer of 2012, along with the Government's decision.
70. Increasing FPN levels for motoring offences would require a Statutory Instrument. We would expect this to come into force in late 2012 or early 2013. The measure may be associated with publicity to alert motorists about the new FPN levels, before or when the measure is introduced.
71. The policy will be reviewed using a full year's data following implementation (2013/2014) to evaluate the effects of the increase in FPN levels and whether the impacts estimated is reflected in the data collated.
72. We will use data captured by the Home Office, Ministry of Justice and the Police to assess the impact of the policy. The Home Office produces data on the volume of fixed penalties issued, which is likely to be published in 2014/2015 and the Ministry of Justice capture data on court proceedings, which is likely to be published in 2014. Data collected by the police, through the NDORS, record information on volumes of drivers on remedial training courses and is likely to be available in 2013. Therefore, the impacts of the new measure will be monitored over the period 2012 to 2015.
73. The success of the new measure will be based a higher proportion of offenders being disposed of via remedial training courses than fixed penalties during monitoring period, and there being no significant change to payment rates for the FPN types affected by the level increase. The Department will lead on this work with support from NDORS/the Police Service, Home Office and Ministry of Justice's statistical data.

Regulatory Policy Committee

74. The Regulatory Policy Committee (RPC) have issued an opinion on the impact assessment and following observations have been made which are address below:
- *clarity over on the longer term cost differential between the fixed penalties and remedial training courses;*
The police are introducing a licensing system for the most frequently used courses, available under the National Driver Offender Retraining Scheme. This should contribute to ensuring courses are good value for money and fees do not increase rapidly (para 32).
 - *more evidence on improvements in attitudes and behaviour, and where increases in fines have resulted in a reduction in offending*
There is some evidence of improvements in attitudes of those drivers who have attended remedial training courses, which is included in the impact assessment. However there are plans to evaluate these national remedial training courses to determine their effectiveness in reducing reoffending (para 19). We have included evidence on mobile phone offences following the penalty increase in 2007 and the impact this had on offending (para 23).