

<b>Title: Quality Assurance of Driving Instructors (Role Play)</b> <b>IA No: DfT00240</b>  <b>Lead department or agency:</b> DSA <b>Other departments or agencies:</b> DfT	<b>Impact Assessment (IA)</b>		
	<b>Date:</b> 23/01/2014		
	<b>Stage:</b> Final		
	<b>Source of intervention:</b> Domestic		
	<b>Type of measure:</b> Secondary Legislation		
<b>Contact for enquiries:</b> Jacqui Turland, 0115 9366111, Jacqui.Turland@dsa.gsi.gov.uk			

<b>Summary: Intervention and Options</b>	<b>RPC Opinion:</b>
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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, Two-Out? Measure qualifies as
-£0.33m	-£0.33m	£0.03m	Yes   In

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

Professional car driving instruction is a regulated activity delivered by Approved Driving Instructors (ADIs), who are subject to standards checks to ensure that all maintain at least a minimum standard of instruction. If an ADI has no pupil available for their assessment the examiner may play the role of the learner. Role play does not support effective checks on standards as it does not allow the ADI to demonstrate some of the key competencies set out in the National Standards; it does not allow the examiner to effectively assess an ADI's competence whilst at the same time driving; it does not accurately reflect a normal pupil's reactions and abilities. Government intervention is necessary to remove the role play option from legislation.

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

To allow the Registrar to fulfil his regulatory responsibility that the minimum standards of instruction are being delivered by ADIs on the Register.  
 To improve the quality assurance regime of Approved Driving Instructors to ensure that every standards check is a realistic representation of an instructor's competence and abilities.  
 To meet the requirements set out in the DfT strategic framework to ensure they have the right skills.  
 To assure the public that ADIs have been effectively assessed.

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

**0. Do Nothing**

**1. Removal Of Role Play From The Standards Checking Process**

Removing role play would allow examiners to observe all ADIs conducting normal lessons and to deliver consistent assessments. This will assure the Registrar that the standards check will be conducted in such a way that allows every ADI to demonstrate the competencies required to deliver effective instruction to learner drivers. It will also reduce the costs of training examiners to deliver "role play" which will allow DSA to contain future ADI registration fee increases.

<b>Will the policy be reviewed?</b> It will not be reviewed. <b>If applicable, set review date:</b> N/A					
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.	<b>Micro</b> Yes	<b>&lt; 20</b> No	<b>Small</b> No	<b>Medium</b> No	<b>Large</b> No
What is the CO <sub>2</sub> equivalent change in greenhouse gas emissions? (Million tonnes CO <sub>2</sub> equivalent)			<b>Traded:</b> NQ		<b>Non-traded:</b> NQ

*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

John Hayes

Date: 18/08/2014

# Summary: Analysis & Evidence

# Policy Option 1

Description: Removal of Role Play

## FULL ECONOMIC ASSESSMENT

Price Base Year2014	PV Base Year2014	Time Period Years10	Net Benefit (Present Value (PV)) (£m)		
			Low:-0.65	High:-0.05	Best Estimate:-0.33

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	0	0.1	0.6
High	0	0.1	1.2
Best Estimate	0	0.1	0.9

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

Best estimates per annum:

(i) Cost to ADIs of rearranging the test when the pupil cancels at short notice: £918. (ii) Cost to DSA of wasted slots when the pupil cancels at short notice: £4,407. (iii) Costs to ADIs to offer discounted lessons to encourage pupils to attend: £80,691. (iv) Leisure time for friends/relative acting as pupil: £14,999 in 2014 rising to £17,895 as real value of leisure time increases.

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

ADIs who currently opt for a role play standards check will no longer have that flexibility.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	0	0.1	0.6
High	0	0.1	0.6
Best Estimate	0	0.1	0.6

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

(i) Benefits of £30,925 in 2014 rising to £36,896 to ADIs from having one extra hour of leisure time available. (ii) £25,518 per year savings passed onto ADIs in reduced fees from new standards checks examiners not having to be trained to do role play. (iii) There is also a one-off transitional saving of £44k to DSA derived from not training existing examiners to conduct role play with the revised standards check. This cost would be absorbed by DSA.

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

All ADIs will receive a realistic standards check that allows them to fully demonstrate how they meet the competencies set out in the National Standards that will provide them with relevant feedback on their instructional abilities.

Key assumptions/sensitivities/risks	Discount rate (%)	3.5%
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The vast majority of ADIs (80%) currently choose to present with a pupil, so will be unaffected by this proposal.

Although many ADIs are part time, most have a pupil base of learner drivers.

As now, those ADIs without an active learner pupil base will be able to present with a full licence holder. ADIs typically give lessons for free for pupils attending standards checks.

## BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:	In scope of OITO?	Measure qualifies as
Costs: 0.1	Yes	In
Benefits: 0.0		
Net: 0.0		

# Evidence Base (for summary sheets)

## Background

### 1.1 Introduction

The provision of driving instruction services has been regulated since the 1960s to help establish a professional and efficient standard of tuition for those paying to learn to drive. This was achieved by creating a Register of Approved Driving Instructors (ADIs). To be admitted to the Register, an ADI must pass a series of examinations and be a fit and proper person. It is an offence for a person to give practical instruction in driving a motor car for money unless their name is entered onto the Register. There are around 44,600 registered ADIs.<sup>1</sup>

The Register is administered by a Registrar, who is an Official of the Driving Standards Agency (DSA) answerable to the Secretary of State. DSA is a trading fund and all income is generated from test or registration fees. It operates on the principle that those deriving any benefit from a service should be the ones who pay for it.

ADIs pay a registration fee of £300. Each registration period is for four years.

Around 750,000 people acquire a full driving licence each year.<sup>2</sup> DSA research shows that 99% (742,500) of those people invest in the services of a professional instructor<sup>3</sup> and an average learner invests around £1,500 in the services of an instructor each year<sup>4</sup>. The estimated total amount invested by learners in professional instruction each year is around £1,113,750,000 (742,500 x 1,500).

ADIs are required to display their registration certificate (badge) in the vehicle when they are conducting paid instruction. If the badge remains in the vehicle when the learner attends for a licence acquisition test the ADI's registration number is recorded as part of the test record. This enables DSA to provide ADIs with a fault analysis of their pupils' performance.

### 1.2 The standards check

The Registrar has a regulatory requirement to ensure that all ADIs on the Register are delivering instruction to at least the minimum standard. To remain on the Register, ADIs must submit themselves for a test of continued fitness and ability to provide instruction when required to do so by the Registrar. This assessment is known as a standards check<sup>5</sup>. ADIs are typically assessed by DSA's examiners at least once in their registration period.

ADIs nominate a driving test centre from which they wish their standards check to be conducted. DSA staff send out an appointment letter approximately 8 weeks ahead. This allows the ADI to arrange the appointment with one of their pupils. The ADI collects the pupil and they both attend the driving test centre where they meet the DSA examiner. The standards check last for about an hour, plus time for introductions and feedback, taking the appointment to about one and a half hours.

Instructors are graded using a 6 grade system, with 6 being the highest grade achievable; grades 1 to 3 are unacceptable. There is also an Educational grade (E) which is used if an instructor's first standards check after being admitted to the register is substandard.

Although legislation does provide that the Registrar could remove an ADI from the Register after one substandard check, it is the Registrar's policy that instructors are typically allowed three attempts. It is significant that removal proceedings only commence after a third and final attempt, which is always conducted based on a live lesson with a pupil.

In 2012/13 DSA carried out just under 16,500 standards checks<sup>6</sup> which includes retakes for those ADIs who failed and were required to take a second or third assessment.

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<sup>1</sup> DSA database – end of 2012/13

<sup>2</sup> DSA RSIS database (2006/07) – Average number of newly qualified drivers is around 750,000. DSA figures for the number of full car driver licences issued for the last three years: 2006/07 - 776,156, 2005/06 - 780,907, 2004/05 - 707,018

<sup>3</sup> Learning to Drive; the evidence

<sup>4</sup> DFT Learning To Drive Consultation Paper – 2008 - It has been estimated that the average cost of learning to drive is £1,500. This includes the cost of provisional licence, test fees and lessons with a professional instructor, but not the costs of vehicle ownership or motor insurance.

<sup>5</sup> Also referred to as a check test.

<sup>6</sup> DSA database – 16,427 assessments conducted

### 1.3 Basis of assessment

Working with educational and training experts and supported by key industry stakeholders, DSA has developed and published an evidence-based National driving standard (2010) (NDS<sup>7</sup>) which sets out the competencies required to be a safe and responsible driver. The DSA National driver and rider training standard (2011)<sup>8</sup> (NDRTS) sets out the competencies required to deliver effective training in the learning outcomes of the NDS.

### 1.4 Revised standards check

In 2014 a revised standards check will be introduced which will focus clearly on the skills, knowledge and understanding that an ADI requires to facilitate effective learning. Examiners will use a new assessment form, which is more directly linked to the objectives of the National Standards.

The form will place greater emphasis on the ability to support learning and enable the ADI to evidence competence in the key areas of lesson planning, risk management and a wider range of teaching/learning strategies. An assessment using role play does not allow the ADI the opportunity to demonstrate all of the competencies that the standards check is designed to look for.

### 1.5 Why role play was introduced

Although legislation requires ADIs to present themselves for standards checks, making sure this takes place is challenging for the DSA team tasked with arranging appointments. Despite giving ADIs around eight weeks prior notice of the standards check appointment and follow up action to prompt attendance, historically there has been a significant level of non-attendance.<sup>9</sup>

In an attempt to address the issue the regulations currently allow for 'role play' by the examiner. This enables the test to go ahead even when the ADI has not arranged for a pupil to be available. The examiner plays the role of the pupil using a number of pre-set scenarios. When opting for role play the ADI chooses the type of lesson that they wish to conduct on the standards check.

It is difficult to evaluate the impact of role play on attendance rates as DSA does not hold statistics on attendance rates prior to the introduction of role play. However in 2012/13 10% of ADIs failed to turn up for their assessments.

Year	Fail to attend
2009/10	7%
2010/11	8%
2011/12	9%
2012/13	10% <sup>10</sup>

There is a slight risk that the removal of role play might increase non-attendance. However, separately DSA is looking at alternative approaches to reducing non-attendance. In particular it intends to introduce more efficient electronic booking arrangements that will allow ADIs and DSA to share calendar information on availability rather than DSA deciding a slot without reference to the ADI. This initiative will be the subject of another IA. It is anticipated that better booking procedures will significantly reduce non-attendance rates.

<sup>7</sup> National standard for driver and rider training - Publications - GOV.UK

<sup>8</sup> The National driver and rider training standard provides a common platform for those involved in both Category B and Category A/AM training. However Category A/AM training is out of scope for this IA.

<sup>9</sup> DSA data base

<sup>10</sup> DSA data base

## **1.6 Role play vs live pupil**

DSA systems do not record whether the assessment was conducted with a live pupil or role play. In order to ascertain whether there is any difference in the grades achieved by each, DSA examiners collected data for assessments undertaken in September and October 2013 (n=1000). Data included whether the test was role play or with a live pupil and the grade achieved. A comparison of the grades achieved using role play or a pupil and the grades held by ADIs on the whole Register show that there is no significant difference between the two test types. Further detail is in para 6.2.3

**See ANNEX B**

## **2. Problem Under Consideration**

The Registrar has a regulatory requirement to ensure that all ADIs on the Register are delivering instruction to at least the minimum standard.

The revised standards check aims to assess that the pupil is at the centre of the learning process so that they better engage and are, as a result, better prepared to deal with risky situations when driving unsupervised after passing the driving test. The current check test is fault-based and where the examiner acts as the pupil committing driving faults, the ADI is expected to identify these. Given the change of emphasis to looking for evidence of competence, the role play assessment is no longer valid.

The use of role play does not allow the ADI to demonstrate all of the necessary competencies set out in the NDRTS. For example, in the key area of lesson planning, because the lesson is led by the examiner, there is no scope for the ADI to demonstrate their competence in identifying the pupil's learning goals and needs, or adapting the lesson as necessary to meet those needs. Where the pupil is a full licence holder who volunteers, the ADI will have identified the development needs before the commencement of the test during the drive to the test centre.

A standards check where the examiner plays the role of the pupil is not a realistic representation of the ADI's instructional competence and it does not fully reflect the requirements of the National Standards. It undermines the examiner's ability to effectively assess the ADI, because he is also playing the role of a learner whilst carrying out the assessment.

In summary, by continuing to offer the role play option, the Registrar cannot be assured that standards checks are carried out consistently and are a realistic representation of ADIs' skills and abilities. Nor can he be assured that all ADIs have had the opportunity to demonstrate, and be assessed against, all the competencies set out in the National Standards.

## **3. Rationale For Government Intervention**

The Registrar is appointed by the Secretary of State and has a regulatory responsibility to ensure that all ADIs maintain at least the minimum standards of instructional ability.

All ADIs are required to undergo a periodic standards check, at least once in four years.

In 2014 DSA is introducing a revised standards check which is competency-based<sup>11</sup> and better aligns with published National Standards. Role play assessments do not allow ADIs to demonstrate all the necessary competencies set out in those standards; they are unrealistic and distract the examiner from providing a full assessment.

Continuing to offer examiners role playing would mean that the Registrar cannot be assured, in his regulatory role, that the standards check is always a representative demonstration of instructional competence.

The option for the examiner conducting a standards check to offer role play is set out in legislation which is why government intervention to amend those regulations is necessary.

## **4. Policy Objectives**

The policy objectives of the proposal are to:

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<sup>11</sup> Current assessment is fault-based

- Allow the Registrar to fulfil his regulatory responsibility to ensure that all ADIs on the Register meet the minimum standards of instruction.
- Ensure that the standard check allows ADIs to demonstrate all the competencies set out in the standards
- Allow examiners to assess all standards checks consistently, while not having to also play the role of the pupil
- Ensure that the assessment is a realistic representation of an ADI's competence and abilities

Continuing to offer role play assessments undermines these objectives.

## **5. Description of options**

### **5.1 Option 0 Do Nothing Scenario**

The revised standards check, which better aligns to the competencies set out in the national standards will be introduced in 2014.

The 'Do nothing' option would mean that DSA would continue to offer role play.

The Registrar will not be assured that all standards checks are a realistic representation of ADIs' instructional abilities.

The limited scenarios that the examiner can play will not allow the ADI to fully demonstrate all of the competencies set out in the National Standards.

Maintaining the current system will mean that examiners would be still forced to adopt two roles, that of the assessor and of the pupil, continually detracting from the role of assessor as they deal with traffic conditions and interact with other road users.

Some ADIs will continue to perceive that DSA examiners' role playing skills vary greatly or do not accurately reflect a normal pupil's reaction and ability during a lesson.

Standards checks using role play will remain unrealistic and will not fully align with the competencies set out in the National Standards.

All existing standards check examiners will require four days update training to conduct the revised standards check. There are currently about 80 examiners who conduct standards checks. If the role play option is still available an additional two days training would be required to teach that element in relation to the revised standards check. This transitional cost will be covered by efficiencies realised from the introduction of the revised standards check and as such met by DSA. Consequently it is not included in the calculation of the Business Net Present Value. To address staff turnover and ensure there are a sufficient number of trained staff to provide national coverage, DSA typically conducts courses for new standards check examiners about three times per year. We estimate that new standards check examiners would require an additional three days training to learn the role play element.

It is not possible for DSA to meet these additional costs from efficiencies from the introduction of the revised standards check. Instead these costs would need to be passed onto ADIs through increases in registration fees. Hence ongoing costs are included in the Business Net Present Value. The annual costs of training are approximately £25,518 per year in 2014 prices and would result in an increase of £2.29 per ADI to the registration fee, which is payable every four years.

**ANNEX A sets out the calculation of costs to DSA and to ADIs.**

### **5.2 Option 1 – Preferred Option – Removal Of Role Play From The Standards Checking Process**

Under this option the DSA proposes to revise the standards check by withdrawing role play so that the standards check represents a full and rounded assessment of the competencies required by the National Standards. A new assessment form will facilitate this linking directly to those Standards and what the examiner is looking to assess. DSA intends introducing the revised standards check in 2014.

To ensure that every test is a realistic representation of an ADI's instructional ability role play will no longer be offered and all ADIs will need to present for their standards check with a pupil. The vast majority, 80 per cent,<sup>12</sup> of ADIs currently do so, so will be unaffected by this proposal.

Without role play a live, and therefore completely realistic lesson, will provide confidence in the validity of the assessment. It would allow ADIs to demonstrate all the competencies set out in the published standards, and can be fully observed and assessed by the examiner, who does not also have to concentrate on delivering a safe role play.

Option 1 is the preferred option as it will better assure the Registrar that standards checks provide a representative demonstration of instructional competence against National Standards.

## **6. Assumptions**

### **6.1 General assumptions**

The majority of ADIs will not be affected by these proposals as most (80 per cent) already present with a pupil when required to take a standards check.

DSA is not adding to the existing legislative requirement that ADIs are required to present themselves for checks on their standard of instruction when required to do so by the Registrar.

Although many ADIs are part time, the majority (94.5 per cent) have a pupil base of learner drivers who could attend for the standards check<sup>13</sup>.

DSA holds no records about whether or not ADIs offer a discounted lesson to encourage their pupils to attend. However DSA examiners, who have frequent conversations with ADIs, believe that they frequently give the lesson for free, a view backed up by the Registrar discussing the issue with ADIs at a recent conference.

### **6.2 Why Do Some ADIs Opt For Role Play?**

#### **6.2.1 Background**

DSA systems do not record whether an ADI's standards check was with role play or a pupil, nor why the ADI opts for role play. We have made a number of assumptions below why some ADIs might choose the role play option.

We can demonstrate that the vast majority (94.5 per cent) of ADIs have a base of pupils from which they could find a pupil to attend their standards check. This is based on data from licence acquisition tests where the candidate has taken their driving test in an ADI's car and the examiner has recorded the ADI's unique reference number.<sup>14</sup> DSA records demonstrate that in the year 2012/13 94.5 per cent of all ADIs registered had their ADI registration numbers recorded against candidates' test records, so it's reasonable to assume this proportion has an active pupil base.

Where an ADI does not have a pupil available, we make the assumption that they will bring a friend or relative, including full licence holders, to act as the pupil. This is per current practice.

#### **6.2.2 ADIs who do not teach learner drivers**

There are many ADIs who specialise in teaching particular groups such as trainee instructors, Fleet or other post-test clientele and may not teach many learner drivers.

The Fleet Register is a voluntary register composed of instructors who conduct work related road safety training to full driving licence holders. For example, some businesses require that all their drivers are trained and assessed by a fleet driving instructor as a condition of their employment. Any instructor on the Fleet register must also be a registered ADI, and as such may carry out both tuition of learner drivers and work related road safety to those already holding a full driving licence. There are approximately

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<sup>12</sup> This figure is based on a small sample of examiners' experiences of conducting standards checks and the latest customer insight survey. DSA management information systems do not currently allow for this data to be collected.

<sup>13</sup> DSA RSIS database (2012/13)

<sup>14</sup> DSA's RSIS database

2,700 ADIs on the Fleet register<sup>15</sup>. These are also included in the population of 44,600 ADIs and therefore our analysis covers them.

The statutory requirement to undertake a standards check relates to remaining on the ADI Register. In order to remain on the Fleet Register, DSA currently requires that the instructor's standards check must be completed with a full licence holder. This is instead of the ADI standards check; DSA does not require Fleet instructors to submit for both.

This type of work<sup>16</sup> does not normally allow them to bring a real pupil to test for a number of reasons:

- They are paid by companies to assess and instruct their drivers and it is not reasonable to expect that client to pay for their staff to be present for the ADI's standards check
- They often teach their clients in groups or pairs.

So the majority of Fleet instructors opt for a role play standards check.

If we remove the role play option we will relax the stipulation that the pupil must be a full licence holder. This will allow Fleet instructors to bring a learner driver if they wish.

The National standards upon which the standards check assessment are based does not distinguish between a pre or post-test lesson, but assesses whether or not the instruction is appropriate for the pupil being taught and if that instruction helps to achieve their learning goals.

### **6.2.3 Part-time ADIs**

Data from DSA's systems on the number of learner drivers presented for licence acquisition tests does suggest that many (around 40 per cent) ADIs carry out driving instruction on a part time basis. Those who teach very few pupils in a year are less likely to have a pupil available when DSA calls them for a standards check, so might request role play.

There is, however, no requirement that the pupil must be a learner driver. Those ADIs who do not have an active pupil base are welcome to conduct a lesson with the type of client they would normally teach or to attend with another full licence holder, in a driver development role, provided the pupil is not an ADI badge holder. This is per current practice.

### **6.2.4 ADIs' perceptions of role play**

The vast majority of role play requests are for a limited set of scenarios, chosen by the ADI and rehearsing for these could be viewed as an easier option than identifying the pupil's learning requirement and effectively delivering the required instruction.

Anecdotally, DSA's examiners say that many instructors who opt for role play request the same scenarios every time they are tested, for example a turn in the road lesson. This is not realistic of a true lesson, where a number of different scenarios are undertaken by the learner.

DSA systems do not record if a standards check was conducted with role play or a pupil, so we carried out a survey of examiners and the grades they awarded to ADIs in September / October 2013 (n=1000 check tests) to examine whether role play is easier than pupil based check tests. The results are shown in **ANNEX B**. We have also compared the sample grades to the grades held by ADIs on the whole Register.

While there are some indications in the data that those ADIs choosing role play may be more likely to fail further analysis has found that these differences are not statistically significant<sup>17</sup>. Consequently conclusions cannot be drawn that a role play standards check is easier or harder than one with a live pupil. As such removal of role play is not expected to result in any additional costs from failure. Its main

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<sup>15</sup> DSA data base

<sup>16</sup> DSA check test booking team

<sup>17</sup> Chi Square analysis -  $\chi^2 (5) = 8.55, p > .05$



benefit is that its removal will allow ADIs to be tested against the current national standards rather than against outdated standards.

It should be noted that third and final standards checks, failure of which would result in removal proceedings being commenced, are always conducted with a real pupil and not role play.

## **7. Numbers of ADIs affected in Option 1**

Opting for role play standards checks has become custom and practice for a significant minority of ADIs - about 20%<sup>18</sup>.

In 2012/13 DSA conducted just under 16,500 standards checks, and ADIs are typically seen once in their registration period, so approximately 3,300 ADIs per year would be affected by the removal of the role play option.

Although we do not record why an ADI opted for role play sections 6.2.1 – 6.2.4 set out why we think some ADIs may do so.

### **7.1 Fleet Register**

There are 2,700 ADIs on the Fleet Register. Most Fleet standards checks are role play<sup>19</sup> for the reasons set out in para 6.2.2.

DSA will relax the stipulation that to remain on the Fleet Register ADIs must have standards check with a full licence holder, allowing them to present for their standards check with a learner driver if they choose to.

### **7.2 ADIs without pupils**

There are just over 44,600<sup>20</sup> ADIs on the Register, of which 2,700 are also fleet instructors. DSA data show that 94.5% of ADIs have a pupil base they can call on when required to undertake a standards check.

This means that there is a maximum of 2,453 ADIs who may not have an active pupil base. In the case where ADIs do not have a pupil base they will be able to bring a full licence holder (e.g. a friend, relative or previous pupil) to their standards check, as they are able to do currently.

## **8. Benefits to Businesses of Option 1**

### **8.1.1 Annual Benefits to ADIs from having an additional 90 minutes of time freed up = £30,925 in 2014 rising to £36,896 in 2023 (all figures in 2014 prices)**

Under Option 1 those ADIs who previously chose the role play must now find a live pupil for the standards check. The 94.5% of ADIs who are currently teaching pupils will now have 90 minutes of free time freed up which would have been used for a lesson (An hour for the lesson and an average 30 minutes travelling time)<sup>21</sup>. ADIs present pupils for tests when they are judged ready so it is unlikely that the number of lessons given to existing pupils will increase. It is also likely to prove very hard for an ADI to sell a 90 minute lesson to new pupils. Consequently we assume that this additional 90 minutes of time is not used for lessons but instead becomes leisure time. It follows that there is a small benefit to ADIs from increased leisure time<sup>22</sup>.

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<sup>18</sup> This figure is based on a small sample of examiners' experiences of conducting standards checks and the 2013 customer insight survey. DSA management information systems do not currently allow for this data to be collected.

<sup>19</sup> Standards check booking team

<sup>20</sup> DSA published statistics – INS0101, Approved Driving Instructor Registrar Statistics from April 2011.

<sup>21</sup> Based on DSA maximum travel/distance criteria

<sup>22</sup> We consider the costs to ADIs from lost income in section 8.2.2.

Webtag 3.5.6d gives a value of leisure time of £6.61 per hour in 2014 prices. Prices will rise slightly in future years because the real value of time increases with the real value of GDP with an elasticity of 1. The table below gives the full set of annual benefits over the appraisal period in 2014 prices.

Annual Benefit to ADIs from having an extra hour of leisure available (2014 prices)										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Best	£30,925	£31,423	£32,061	£32,750	£33,461	£34,190	£34,942	£35,575	£36,226	£36,896

he benefits are calculated as follows: 20% of the 16,500 standards check tests carried out in 2012/13 whereby role play. 94.5% of ADIs who chose role play have an active pupil base. Consequently the benefits for ADIs in 2014 are  $16,500 \times 20\% \times 94.5\% \times £6.61 \times 1.5 = £30,925$ . This increases to £36,896 in 2023 with increases in the value of leisure time.

### **8.1.2 DSA Cost Savings Passed onto ADIs – Total annual benefits to business = £25,518 in 2014 prices.**

Removing the role play option will reduce the costs of training standards check examiners. In the past, standards check examiners have been taught how to undertake role play as part of their training.

To ensure that there is national coverage of examiners with the skills to conduct standards checks,. DSA typically conducts three courses per year for new standards check examiners.

Ongoing costs of training any new examiners to undertake role play would need to be met from ADI registration fees as the skill is not required for any other test types, and should therefore be covered by the ADI Register administration account, in line with user pays principles.

Role play is not taught in isolation, but as part of the standards check examiner courses. We estimate that the role play element makes up about 3 days of the course. One of the chief costs arises from the ratio of instructors to new trainees. There are 4 trainers and 8 delegates per course. DSA typically runs three such courses per year. Courses are held at DSA's training establishment in Cardington, Bedfordshire.

The ADI registration period is for four years, so four years of annual costs would be passed to each ADI as a proportion of their registration fee.

Annual training costs are estimated at £25,518, including trainers' time, opportunity costs of the trainees and overnight accommodation. Recouping these costs would necessitate an increase to the registration fee of £2.29 per ADI. This would be a cost to business.

By not training new examiners (see para 5.1) to conduct role play assessments there is an annual benefit to business of £25,518.

**SEE ANNEX A table 1 for the calculations.**

### **DSA Benefits**

Under the status quo option to retain role play, all 80 existing ADI examiners would require an additional two days training to deliver role play while conducting the new assessment. (This is fewer days than new examiners as these staff will already have some role-playing skills, just not in the context of the revised standards check.) This training would be avoided if role play was abolished and there would be a benefit in saved costs. Under the status quo, DSA would meet costs from efficiency savings from the introduction of the new national standards. So under Option 1, benefits from saved costs would accrue to DSA and not be passed on to ADIs. We estimate the one-off, savings from not having to undergo role play training to be approximately £44,180 in 2014 prices (see Annex A for calculations).

**See ANNEX A table 2**

## **8.2 Costs to Business of Option 1**

### **8.2.1 The pupil lets ADI down at short notice requiring standards checks appointments to be reconfirmed**

Standards checks appointments are arranged about 8 weeks in advance to allow the ADI to fully prepare and make arrangements for a pupil or other person to attend with them. The ADI collects the pupil and they both attend the driving test centre where they meet the examiner. On rare occasions,<sup>23</sup> the pupil may let the ADI down at short notice, up to and including on the day.

In these circumstances the ADI should notify DSA by telephone – either to the driving test centre or DSA contact centre – that they will not be attending because the pupil is no longer available. There would be no need for the ADI to attend the test centre and therefore travel costs would not be incurred.

Separately, DSA is looking to introduce more efficient electronic booking arrangements to improve booking and attendance rates. It is anticipated that a booking system that allows the ADI to choose their own appointment that suits their and their pupils' availability, rather than one made by DSA, should significantly reduce non-attendance rates. The new booking system is not included here but will be considered in a separate IA.

#### **Annual costs to business = £918 in 2014 prices.**

While there may be a small cost to the ADI as they will have given up their time to attend the standards check and will need to attend on another date, the consequences would be no different to a pupil failing to turn up for a normal lesson.<sup>24</sup>

Annex C table 1 sets out the estimated costs for 2014 using the proportion of ADIs who opt for role play (20 per cent); an estimate of the number whose pupil might cancel at short notice; and time required to rearrange an alternative appointment. We estimate that the hourly value of an ADI's time is £14.64 in 2014. This gives us a total cost to business of £918 in 2014. We have no information on future wage rates for ADIs and so assume that they remain constant across the appraisal period.

#### **Annual costs to DSA = £4,407 per year in 2014 prices**

There would also be a cost to DSA for the test that does not go ahead. The estimate includes the cost of the time of the examiner who would not be deployed to other duties at short notice.

We estimate this cost to be in the region of £4,407 per year in 2014 prices.

ANNEX C table 2 sets out the calculations.

### **8.2.2 The ADI offers the pupil a discounted lesson to encourage them to take part in the standards check – best estimate of annual costs £80,691**

In section 8.1.1 we have discussed the benefits to ADIs who previously chose role play but must now take a pupil to their standards check. The 90 minutes of freed up of lesson time can be sold on to other pupils as an extra lesson. However the ADI will only experience the full benefit if the standards check lesson can be sold for the same price as a normal lesson. Discussion with ADIs and DSA examiners indicates ADIs typically give lessons for free for pupils attending standards checks to encourage them to attend. This offsets the disutility and inconvenience to the pupil of having to attend at a time that suits only the ADI. We need to take account of this cost from lost fee revenue to offset against the benefit of the extra additional 90 minutes of lesson time.

We are unsure of the exact proportion offering free lessons for pupils attending standards checks despite significant research into discounting.<sup>25</sup> Without any evidence on whether or not this happens all the time,

<sup>23</sup> evidence from DSA examiners

<sup>24</sup> Note that the period of time freed up is so short to offer a lesson to a pupil.

we have used a range from 50% to 100% for those offering discounted free lesson with a best estimate of 75%.

We estimate the average price of a driving lesson to be about £23 per hour.<sup>26,27</sup>

See ANNEX D for calculations.

### 8.2.3 Costs of leisure time for friends or relatives – best estimate of annual costs £14,999

Under new proposals where driving instructors do not have pupils to bring along to a test they can instead choose to bring along a friend or relative to the standards check who can act as a pupil. In this case there will be an opportunity cost to the volunteer in terms of the time that they have to give up or a cost to the ADI of having to pay the stand-in for their lost leisure time. We need to take into account the cost of this leisure time in our appraisal. Based on the proportion of ADIs who our records show presented pupils for test in 2012/13 (see 7.2), we estimate that 2,453 might have no pupil base of learner drivers.

A standards check lasts a maximum of one and a half hours. We have estimated up to half an hour<sup>28</sup> each way for travel to and from the test centre. Effectively each person gives up two and a half hours.

Webtag 3.5.6d gives a value of leisure time of £6.61 per hour in 2014. Prices will rise slightly in future years because the real value of time increases with the real value of GDP with an elasticity of 1. The table below gives the full set of annual costs over the appraisal period in 2014 prices.

Annual leisure time costs to person playing the pupil where the ADI has no learner available (2014 prices)										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Cost of lost leisure time	£14,999	£15,240	£15,550	£15,884	£16,229	£16,583	£16,947	£17,254	£17,570	£17,895

The 14% of ADIs who have unsatisfactory standards checks and need to return for another test are included in these figures.

See ANNEX E

## 9. One In/Two Out (OITO)

This proposal falls within scope of OITO as it amends a domestic regulation which regulates the driver training industry (ADIs). It is considered an “in” as the removal of the role play option has a direct (albeit small) impact on the 20% of businesses (ADIs) who currently opt for role play in their standards check.

**Business Net Present Value in 2014 prices= -0.33m based on the calculations of costs and benefits to business set out in section 8.**

- The BNPV is broken down into the following elements over the 10 year appraisal period:
- Benefit to the ADI from being having an extra 90 minutes of time freed up = £289,668.
- Benefit from savings passed onto ADIs from DSA not having to continue with role play training =£219,653.
- Cost if a pupil cancels at short notice = -£7,901
- Cost for ADI providing the standards check lesson for free = -£694,564.
- Cost of leisure time for friends/relative acting as pupils = -£140,941

**Equivalent Annual Net Cost to Business (EANCB) = £0.03 m.**

<sup>25</sup> DSA Research Unit carried out a search of historical comments on ADI association websites, forums and blogs, comments attached to YouTube videos discussing the check test, general search using Google and Google Scholar, academic research publications and DSA' Research library

<sup>26</sup> Note that ADIs hourly earnings are £14.64 rather than £23 because they have to get to appointments and do business related administration as well as give driving lessons.

<sup>27</sup> DSA has no influence on what an ADI charges for lessons, so has no records. However a search of the internet, taking account various geographical locations and not including introductory offer discounts, indicates that prices vary from between £20 -£30 per hour, with a mean average of about £23.

Based on DSA travel/distance criteria

## 10. Implementation plan

We intend to remove role play in the second half of 2014. Examiners will be trained in the new assessment from January to March 2014.

We will not include a review period for this change in policy. Role play was introduced to reduce the number of ADIs who cancel or fail to attend their standards check. The introduction had no real positive effect. Given the unrealistic nature of role play, we are unlikely to reintroduce it.

## 11. Specific Impact Tests

### Equality Impact Assessment

We have not identified any impacts on ADIs with protected characteristics. The ADI register is administered homogeneously and according to our published standards, regardless of the ADIs gender, religion or belief, age, disability, ethnicity or race, sexual orientation or transgender.

### Wider Environmental & Sustainable Development Test

We have not identified any wider environmental or sustainability impacts.

### Justice Impact test

We have not identified any impacts to the judicial system.

### Small and Micro Business Assessment/ Competition Assessment

Although some instructors work in a franchise or on behalf of a large company, an ADI is licensed to practice as an individual and so effectively all the impacts of this IA will fall on sole traders. We have not identified any significant adverse impact on sole traders as a result of our proposed policy. There may be a slight increase in financial burden to those ADIs who have to rearrange a standards check because a pupil has let them down at short notice but the increase compared to the other average costs of being an ADI (insurance, petrol, advertising, vehicle depreciation)<sup>29</sup> makes up approximately only 0.3 % of the total as shown in the table below.

	Advertising in newspapers and magazines (based on 1 advert per quarter each year)	Costs of petrol, vehicle depreciation per annum	Average insurance costs per annum
	£800	£13,000	£700
Total costs over 4 years of ADI registration	£3,200	£52,000	£2,800
Grand total			£58,000

### Health Impact Assessment

We have not identified any impacts on health.

### Human rights Assessment

We have not identified any impacts on Human Rights as a result of our proposals.

### Rural proofing Impact Test

These proposals apply equally across the country and we have not identified any disproportionate impact on rural areas.

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<sup>29</sup> DSA research

Benefits from avoiding the costs of training examiners in role play element (2014 prices)

Table 1: Ongoing role play training for new examiners – costs are passed onto ADIs.

Basis of estimate		Estimate			
Step	Explanation	Unit Costs	No of days	Course cost	Total Cost 3 courses
A	Trainer cost daily rate (x4 per course, Supervising Examiner grade)*	£176.98	3	£2,124	£6,371
B	Delegate cost daily rate(x8 per course, Driving Examiner grade)*	£139.93	3	£3,358	£10,075
C	Travel and subsistence cost daily rate (x 12 per course)	£84.00	3	£3,024	£9,072
D =A + B + C	Total				£25,518
E =D/44,600	Cost per ADI (44,600) per year				£0.57
F =E*4	Cost per ADI per registration (4 years)	£2.29			
*Daily rate based on 2013/14 pay rates, and assuming 220 working days					

Table 2: Transitional role play training for all 80 existing examiners – costs are paid by DSA

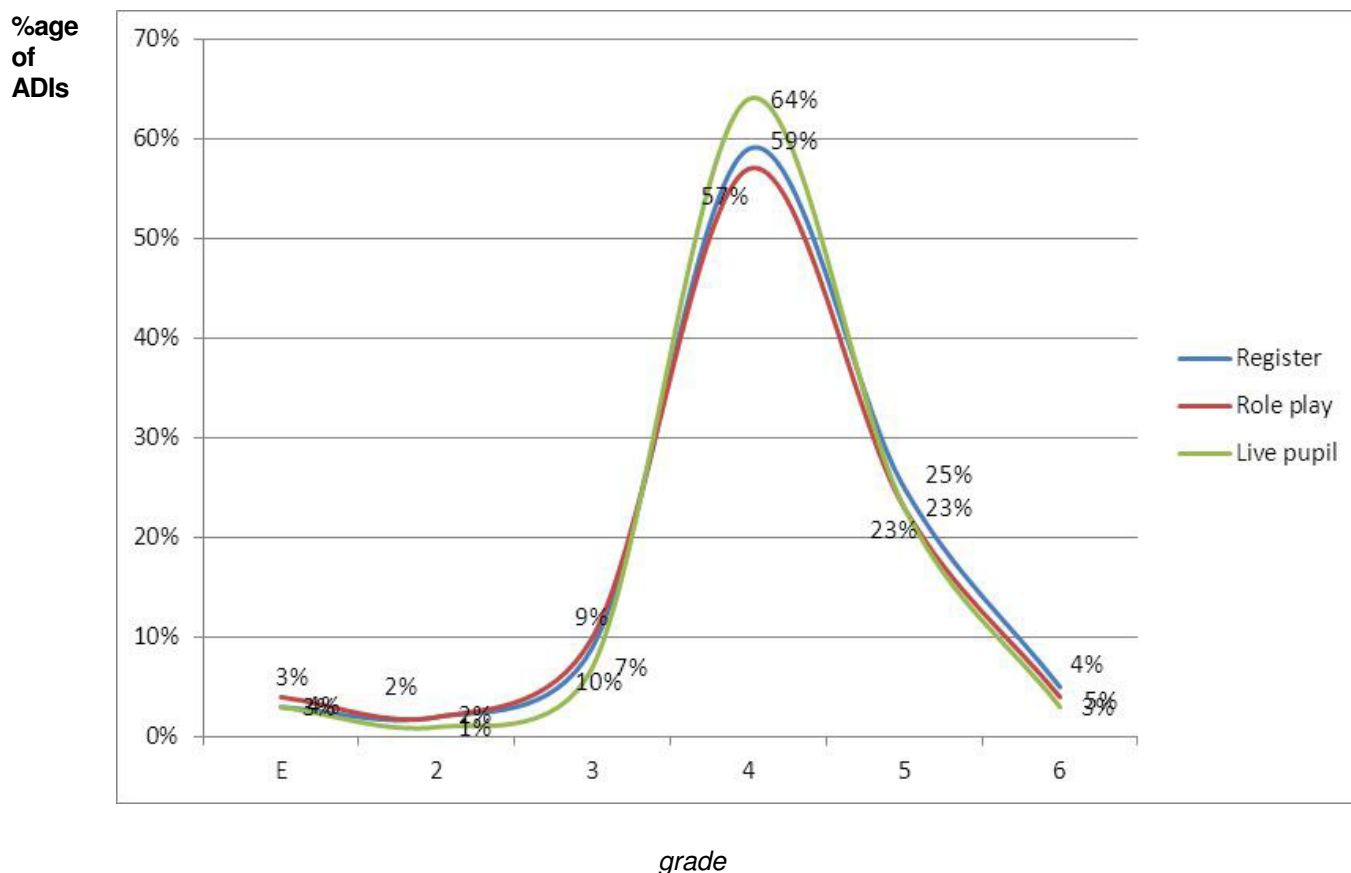
Basis of estimate		Estimate			
Step	Explanation	Unit Costs	No of days	Course cost	Total Cost 8 courses
A	Trainer cost daily rate (x 2 per course, Supervising Examiner grade)*	£176.98	2	£708	£5,663
B	Delegate cost daily rate(x10 per course, Driving Examiner grade)*	£139.93	2	£2,799	£22,389
C	Travel and subsistence cost daily rate (x 12 per course)	£84.00	2	£2,016	£16,128
D =A + B + C	Total				£44,180
*Daily rate based on 2013/14 pay rates, and assuming 220 working days					

### Comparison of role play assessments vs those with a live pupil

DSA does not record whether an ADI chose role play or a pupil for their check test. Consequently to compare test results between the two approaches data had to be collected directly from ADI examiners. This was done in for ADI assessments conducted in September/October 2013.

Data was also compared against check test results for all ADIs which is held by DSA.

Summary results are shown in the table below for each of the ADI groups, whilst the graph shows the probability density function of grades in each group. Overall there is little difference between the results. The pass rate is actually slightly lower for role play than for a live pupil. However while there are some indications in the data that those ADIs choosing role play may be weaker candidates (based on their previous check test grade), further analysis has found that these differences are not statistically significant. Conclusions cannot be drawn that a role play standards check is easier or harder than one with a live pupil.



Annual costs to ADI of pupil cancelling at short notice (2014 prices)

## Assumptions:

- It is known that 1.9% of pupils fail to attend (FTA) their licence acquisition test. It is likely that more might fail to attend a free lesson to assist their instructor so the calculation is based on twice the known FTA rate.
- It would take no longer than 10 minutes to telephone DSA to cancel the appointment
- It would take no longer than 5 minutes to email confirmation of appointment to DSA / complete reply slip and post to DSA
- It would take no longer than 15 minutes to arrange for another pupil to attend
- Hourly rates for ADIs based on ADI industry publications about earning potential – mean hourly rate is £14.64<sup>30</sup>
- There would be no lost travel time for the ADI as the pupil would cancel before travel to the test centre
- The examiner cannot be reassigned to other testing activities

Table 1: Annual Cost to ADI of pupil cancelling at short notice

Step	Description	Best
A	No of standards checks conducted (based on 2012/13 figures)	16,500
B	% role play based on straw poll of ADI examiners (2013) and backed up by DSA customer survey of ADIs (2013)	20%
C	Lessons where pupils cancel lesson at short notice - based on known failure to attend on the day for licence acquisition tests of 1.9%, assumes the pupil is twice as likely to fail to attend for standards check as there is less personal motivation to attend	3.8%
D	ADI time to rearrange new standards check appointment (hrs) - estimate of 10 minutes to notify DSA that not able to attend - 5 minutes to confirm new appointment letter - 15 minutes discussion with pupil(s) to agree availability	0.5
E	Value ADI time (£/hr) from lost productive time based on.	£14.64
F=AxBxCxDxE	Cost to ADIs in 2014.	£918
Real value of ADI time is assumed to remain constant in future years.		

Table 2: Annual Cost to DSA of pupil cancelling at short notice (2014 Prices)

Step	Description	Best
A	No of standards checks conducted (based on 2012/13 figures)	16,500
B	% based on role play	20%
C=AxB	No of role play standards checks p.a.	3,300
D	Percentage role play standards checks that are FTAs	3.8%
E=CxD	No of wasted appointments p.a.	126
F	Value of examiner time per day	£139.93
G	No of SC appointments conducted by examiner per day	4
H=F/G	Effective value of examiner time wasted per appointment	£34.98
I=ExH	Value of examiner time wasted p.a.	£4,407
The real wage paid to ADIs is assumed to be constant in future years.		

<sup>30</sup> Based on articles ADI trade press about the costs and opportunities for earning for ADIs entering a franchise arrangement.



Annual Cost to ADIs who may offer discounted lessons to encourage the pupil to attend (2014 prices)

Assumptions:

- Typically the lesson is given for free, based on discussion with ADIs and DSA examiners
- We do not have data on how often lessons are given for free and based the estimate on a range
- Best estimates assume lessons are given for free in 75% of cases. Low cost estimate assumes lessons are given for free in 50% of cases and High cost in all cases
- DSA demonstrates that 94.5% of ADIs have a pupils base, assumes that the remaining 4.5% will bring a friend/relative
- Average cost of lesson based on internet search of lesson prices (excluding introductory offers) in a variety of geographical locations Fees are 10% lower for the low cost estimate than under the best estimate and 10% higher under the high cost estimate.

Step	Description	Best	Low	High
A	No of standards checks conducted (based on 2012/13 figures)	16,500	16,500	16,500
B	% role play based on straw poll of ADI examiners (2013) and backed up by DSA customer survey of ADIs (2013)	20%	20%	20%
C	Number of ADIs affected (AxB)	3,300	3,300	3,300
D	ADIs with known pupil base	94.5%	94.5%	94.5%
E	Price of lesson (hr) +/-10%	£23.00	£20.70	£25.30
F	Proportion of occasions lesson discounted	75%	50%	100%
G	Hours Lost	1.5	1.5	1.5
G=C*D*E*F*H	Loss to ADI industry of discounting lessons	£80,691	£48,415	£118,347

Annual leisure time costs to person playing the pupil where the ADI has no learner available (2014 prices)

Assumptions:

- Some ADIs may opt for role play because they do not teach learner drivers. 94.5% on the register presented pupils for L tests in 2012/13.

Step	Description	Best
A	No of standards checks conducted (based on 2012/13 figures)	16,500
B	Percentage presenting candidates for L test who can reasonably be assumed to have access to live pupils	94.5%
$C = A * (1 - B)$	Number of standards checks where ADIs may need to bring a friend /relative to their standards check	908
D	Time taken for check test appointment (one and a half hours for the slot plus half an hour travel each way)	2.5
E	Value time (£/hr) when the 'pupil' could have been doing something else (figures Webtag, rounded up to the nearest full £) of friend / relatives' leisure time	£6.61
$F = C * D * E$	Cost to friend / relative £ in lost leisure time	£14,999