

<b>Title:</b> Increasing Fine Levels for Certain Fixed Penalty Notices Motoring Offences  <b>IA No:</b> DfT00146  <b>Lead department or agency:</b> Department for Transport  <b>Other departments or agencies:</b> N/A	<b>Impact Assessment (IA)</b>		
	<b>Date:</b> 22 April 2013		
	<b>Stage:</b> Final		
	<b>Source of intervention:</b> Domestic		
	<b>Type of measure:</b> Secondary Legislation		
<b>Contact for enquiries:</b> motoringfpnsconsultation@dft.gsi.gov.uk			

<b>Summary: Intervention and Options</b>	<b>RPC Opinion:</b> 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?
£294m	£0	£0	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 therefore the real value of these penalty levels have decreased. This risks FPN offences (used in relation to serious behaviours such as speeding, mobile phone use whilst driving and not wearing a seat belt) being perceived as trivial and inconsequential, when compared to other Penalty Notices such as Disorder (PNDs). Currently lower and higher tier PNDs are £50 or £80 respectively, and set to be increased by £10, where as endorsable motoring FPN offences are generally £60 and non-endorsable FPNs are £30. Also remedial training is increasingly being offered by the Police as an alternative to the FPN to improve driver behaviour. Hence, the declining real value of FPNs is likely to reduce the incentive to attend these courses. Intervention is necessary, as Government sets penalty levels using a legal order.

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

The primary objective is to make FPN levels consistent with other penalty notices of a similar severity to avoid trivialising these offences. The secondary objective is to encourage offenders to opt for remedial training courses where they are offered as an alternative, by making penalty levels for safety-critical FPN offences (i.e. speeding), similar to the cost of remedial courses. The intended effect is the continued 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).

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

Besides doing nothing:

- (1) Increase FPNs by 50% for (a) endorsable, plus seat belt offences, from £60 to £90; (b) other non-endorsable FPNs (excluding parking offences) from £30 to £45; (c) driving without insurance by FPNs from £200 to £300; and (d) Graduated Fixed Penalty/Deposits (four levels range from £30 to £200) to £50, £100, £180 and £300.
- (2) The preferred option is to increase some of the FPNs levels by a slightly higher amount, i.e. 66.6%, for a) endorsable, plus seat belt offences, from £60 to £100; b) other non-endorsable FPNs (excluding parking offences) from £30 to £50; c) continue with the 50% increase for driving without insurance; and (d) Graduated Fixed Penalty/Deposits from £30 to £50, £60 to £100 and £120 to £200, but continue with the 50% increase for the £200 level to £300.

<b>Will the policy be reviewed?</b> It will be reviewed. <b>If applicable, set review date:</b> July 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.		<b>Micro</b> Yes/No	<b>&lt; 20</b> Yes/No	<b>Small</b> Yes/No	<b>Medium</b> Yes/No
				<b>Large</b> Yes/No	
What is the CO <sub>2</sub> equivalent change in greenhouse gas emissions? (Million tonnes CO <sub>2</sub> equivalent)			<b>Traded:</b> N/Q		<b>Non-traded:</b> 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: \_\_\_\_\_ Stephen Hammond \_\_\_\_\_ Date: 26/06/2013

# Summary: Analysis & Evidence

# Policy Option 1

Description: Increasing the FPNs by 50% for (a) endorsable, plus seat belt offences, from £60 to £90; (b) other non-endorsable FPNs (excluding parking offences) from £30 to £45; (c) driving without insurance by FPNs from £200 to £300; and (d) Graduated Fixed Penalty/Deposits (four levels range from £30 to £200) to £45, £90, £180 and £300.

## FULL ECONOMIC ASSESSMENT

Price Base Year 2013	PV Base Year 2013	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: £116m	High: £300m	Best Estimate: £213m

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	£0 m	£2m	£18m
High	£0m	£0m	£0m
Best Estimate	£0m	£0m	£0m

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

Potential fall in fine revenue from fines for speeding offence as offenders may divert to remedial training instead.

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

Offenders incur costs by paying fines or paying for remedial training; however these are not included in the monetised costs as these fines represent sanctions against illegal activity. Enforcement costs related to unpaid FPNs registered with the Court are not included as these costs are not available. Costs concerning potential road safety impacts are also not included due to a lack of evidence.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	£0m	£16m	£134m
High	£0m	£35m	£300m
Best Estimate	£0m	£25m	£213m

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

Government revenue from fines increased by £16m to £35m per year (best estimate £25m per year)

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

Increased credibility and deterrence effect of motoring FPN offences and FPN level to be more similar with other penalty notice offences. In option 1 a) 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 from increases in graduated fixed penalty and deposit levels as drivers and operators of goods and passenger road transport vehicles are more likely to ensure they are not breaking the rules, nearly all of which are aimed at protecting road safety.

### Key assumptions/sensitivities/risks

- 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.
- Changes to rates of issue of FPNs and graduated fixed penalties/deposits (due to factors not related to the policy option) and assumed future payment rates.
- Assumes that the numbers of FPN's and graduated fixed penalties/deposits issued remains the same as currently. The average fine in court remains close to the 2011 figure.

Discount rate (%)

3.5

## 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 some of the FPNs levels by a slightly higher amount, i.e. 66.6%, for a) endorsable, plus seat belt offences, from £60 to £100; b) other non-endorsable FPNs (excluding parking offences) from £30 to £50; (c) continue with the 50% increase for driving without insurance by FPNs from £200 to £300; and (d) Graduated Fixed Penalty/Deposits from £30 to £50, £60 to £100 and £120 to £200, but continue with the 50% increase for the £200 level to £300.

### FULL ECONOMIC ASSESSMENT

Price Base Year 2013	PV Base Year 2013	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: £177m	High: £397m	Best Estimate: £294m

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	£0m	£1.5m	£13m
High	£0m	£0m	£0m
Best Estimate	£0m	£0m	£0m

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

Potential fall in fine revenue from fines for speeding offence as offenders may divert to remedial training instead.

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

Offenders incur costs by paying fines or paying for remedial training; however these are not included in the monetised costs as these fines represent sanctions against illegal activity. Enforcement costs related to unpaid FPNs registered with the Court are not included as these costs are not available. Costs concerning potential road safety impacts are also not included due to a lack of evidence.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	£0m	£22m	£190m
High	£0m	£46m	£397m
Best Estimate	£0m	£34m	£294m

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

Government revenue increased by £22m to £46m per year (best estimate £34m per year)

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

Increased credibility and deterrence effect of motoring FPN offences and FPN level to be more aligned to other penalty notice offences. In option 1 a) 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 from increases in graduated fixed penalty and deposit levels as drivers and operators of goods and passenger road transport vehicles are more likely to ensure they are not breaking the rules, nearly all of which are aimed at protecting road safety.

#### Key assumptions/sensitivities/risks

- The 'without intervention' changes in the numbers of fixed penalty notices are the most critical assumptions.
- Other significant assumptions relate to assumed future payment rates and the availability and attractiveness of remedial courses.
- Changes to rates of issue of FPNs and graduated fixed penalties/deposits (due to factors not related to the policy option) and assumed future payment rates.
- Assumes that the numbers of FPN's and graduated fixed penalties/deposits issued remains the same as currently. The average fine in court remains close to the 2011 figure.

Discount rate (%)

3.5

### 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		

# Evidence Base (for summary sheets)

## Introduction

1. This Impact Assessment focuses on proposals to increase the penalty levels for most motoring fixed penalty offences, except parking, waiting and obstruction offences. Options under consideration are as follows:
  - **Option 1: Increasing the FPNs by 50%** for:
    - a. endorsable, plus seat belt offences, from £60 to £90;
    - b. other non-endorsable FPNs (excluding parking offences) from £30 to £45;
    - c. for driving without insurance by FPNs from £200 to £300.
    - d. for Graduated Fixed Penalty/Deposits (four levels range from £30 to £200) to £45, £90, £180 and £300;
  - **Option 2: Increase some of the FPNs levels by a slightly higher amount, i.e. 66.6%**, for:
    - a. endorsable, plus seat belt offences, from £60 to £100;
    - b. other non-endorsable FPNs (excluding parking offences) from £30 to £50;
    - c. continue with the 50% increase for driving without insurance by FPNs from £200 to £300
    - d. for Graduated Fixed Penalty/Deposits from £30 to £50, £60 to £100 and £120 to £200, but continue with the 50% increase for the £200 level to £300;

## *Strategic Framework for Road Safety*

2. As part of its new Strategic Framework for Road Safety<sup>1</sup>, which aims to reduce death and injuries on our roads, the Department for Transport (DfT) 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 similar low-level offending. The Framework also stated that “reducing uninsured driving is a priority”.

## *Consultation*

3. The Department conducted a 12 week consultation, which ran from 14 June 2012 until 5 September 2012. A summary of responses from the consultation, including the Government response, is available on the GOV.uk website.
4. The consultation broadened the scope of measure announced in the Framework, to increase £60 endorsable motoring FPN offences, to include non-endorsable FPNs, motor insurance FPN offences and graduated fixed penalties. Views were invited on whether these motoring FPNs should be increased by 50%. Changes to the penalty levels for parking restriction infringements was not considered in the consultation, as they are more closely connected with parking issues, in which the vast majority are now enforced using civil rather than criminal sanctions.
5. 45% of respondents agreed with increasing £60 FPNs to £90 and 50% agreed with increasing the £30 FPNs to £45. The main reasons why respondents disagreed, which were mainly presented by members of the public, was that the penalties were viewed as unfair in these times of austerity. A majority of 57% of respondents supported increasing the driving with no insurance FPN from £200 to £300. For increasing graduated fixed penalties and financial deposits and whether these should be increased by a similar level, more than half of the organisations that responded thought the penalties should be increased.
6. The consultation also sought on views on whether the Continuous Insurance Enforcement Scheme should be increased by a similar proportion of 50%. A majority of organisations thought that because the scheme was relatively new it should not be increased. We have decided not to proceed with this option.

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<sup>1</sup> Strategic Framework for Road Safety published by the Department for Transport 11th May 2011

7. Following responses to the consultation, we have offered another proposal. Option 2 is to increase some of the FPN levels by 66.6%, (the penalty amounts have been rounded to nearest pound in order to provide a rounded fixed penalty level). The principle reason for offering this option is that this would effectively provide built in cover and remove the need to review penalty levels in the longer term;
8. The financial deposits for drivers without a satisfactory UK address 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

### Process for Motoring FPNs and Remedial training

9. The Magistrates Courts consider slightly more than a million summary motoring offences per year. Fixed penalties are designed to provide a straightforward, efficient method to dispose of many road traffic offences. A fixed penalty notice is a conditional offer, where the recipient can accept the offer (i.e. pay the penalty amount and accept endorsements, if applicable to the offence committed) or reject the offer and be summoned to court. 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 conditional offer to a motorist's vehicle in their absence.
10. There are two types of FPNs: non-endorsable offences, which do not result in penalty points on a licence and 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<sup>2</sup>. Also, failure to accept a conditional offer detected by an automatic camera within 28 days will result in prosecution.
11. 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. However, it should be noted that an endorsable FPN cannot be issued if it would mean the recipient builds up 12 or more penalty points hence leading to disqualification.
12. For speeding offences, police forces often offer offenders detected travelling not far in excess of the limit the alternative of attending a remedial education course<sup>3</sup> 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).
13. For those offenders<sup>4</sup> offered a speeding course, there are three options, shown in the table below. 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.

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<sup>2</sup> This only applies to England and Wales, in Scotland non compliance with a fixed penalty would result in a Standard Police Report being required to be submitted to the Procurator Fiscal.

<sup>3</sup> 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)

<sup>4</sup> 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.

	Take training	Decline training, accept FPN	Decline training, not accept FPN, go to Magistrates' Court
<b>Criminal Record?</b>	No	No, but could receive endorsements on driving licence	Yes, if convicted
<b>Costs</b>	Usually about £90	£60 now	Variable but may be higher due to fine, Victim Surcharge and possible court costs
<b>Personal Time</b>	One session several hours in duration	Limited	Variable

14. In 2010 there were over 1.8 m FPNs issued for road traffic offences, a fall from over 2 million a year earlier. The distribution of FPN issued across offence types for 2010 is shown below<sup>5</sup>.

Offence Type	Number (thousands) England and Wales 2010
Speed Limit Offences	987
Obstruction, Waiting and Parking Offences	199
Seat Belt Offences	176
Neglect of Traffic Signs and Directions and of Pedestrian Rights	160
Use of Hand Held Mobile Phone while Driving	125
Licensing, Insurance and Record Keeping Offences	76
Vehicle Test and Condition Offences	77
Lighting and Noise Offences	19
Miscellaneous	6
Total	1,839

### Problem under Consideration and rationale for intervention

15. The levels associated with most motoring FPNs have been the same since 2000 and subsequent price inflation has reduced their real value. The current value of the £60 FPN is £81<sup>6</sup> if the penalty level had kept with inflation.
16. 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.	£50

<sup>5</sup> <http://www.homeoffice.gov.uk/publications/science-research-statistics/research-statistics/police-research/immigration-tabs-q4-2011/fixed-penalty-notice-1011-tabs?view=Binary>

<sup>6</sup> Inflation between 2000 and this year has been 35% cumulatively (as measured by the GDP deflator [http://www.hm-treasury.gov.uk/d/gdp\\_deflators.xls](http://www.hm-treasury.gov.uk/d/gdp_deflators.xls)).

17. Remedial training is increasingly being offered by police forces in England and Wales to offenders as an alternative to a fixed penalty notice or prosecution<sup>7</sup>. The table<sup>8</sup> 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 (for motorcyclists)
2010	447,000	19,400	450
2011	772,000	20,400	650

18. The reasons why there has been a very large increase in the number of people taking up remedial training is due to the availability of these courses. 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, enabling many more people to attend the training being offered.

19. 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. This will in turn sustain the increased use and facilitate possible further expansion of courses.

20. It is projected that the number of people detected for speeding offences and then diverted into remedial education schemes will increase to approximately one million per year towards the end of 2013. These courses are designed not to punish or deter, but to reduce the likelihood that those taking them will re-offend in the future.

21. There are studies<sup>9</sup> indicating that there are improvements in attitudes, self-reported behaviour and lower recidivism rates. For example:

- DfT commissioned research *Effective Interventions for Speeding Motorists (Road Safety Research Report No. 66)* evaluated speed awareness courses for different groups across different areas and found statistically significant support that those who attended the courses had lower re-offending rates than those who did not attend<sup>10</sup>. For example, re-offending rates in Lincolnshire were compared for drivers who attended the speed awareness course and those who received the fixed penalty. Of those who attended, 5% were detected speeding again, compared with 10% of those who did not attend. In Humberside, re-offending data from 500 drivers who attended the course were compared with 500 drivers who were travelling at a

<sup>7</sup> The option of remedial training is currently not offered by the Police in Scotland as an alternative to FPNs.

<sup>8</sup> 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

<sup>9</sup> "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)

<sup>10</sup> The data had very different baseline re-offending rates, and therefore it would not be appropriate to compare the results directly.

slightly higher speed and were therefore not eligible to attend. The data indicated that 8% of drivers who attended the course and 25% of those who did not attend the course received a further speeding offence. In Northamptonshire, 1,201 drivers attending the course were tracked by the Driver and Vehicle Licensing Agency to see if they had re-offended in the following year. They were compared with 1,365 drivers who declined the course. Of the attenders, 84 (7%) were detected speeding again, and a further five (0.4%) committed separate offences. Of the non-course attenders, 125 (9%) re-offended, and a further 24 (1.8%) committed separate offences. The results indicate a 23% reduction in committing a further speeding offence and a 32% reduction in committing any driving offence.

- There is also 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 lot<sup>11</sup>. This change in attitude has also been reported in drivers who convicted of dangerous or careless driving where over half of respondents said they now drove more carefully, safely and responsibly since before their accidents. Nearly 20% were less confident than they had been. This suggests there might be some road safety benefit<sup>12</sup>.

22. Although the above pieces of research highlight some improvements to attitudes and reducing recidivism for those who have attended educational courses, there is, however, currently no specific quantitative evidence regarding the effectiveness of the NDORS courses on reducing reoffending. Therefore, we are unable to assess the road safety benefit of remedial training courses in this IA. ACPO have indicated that there are plans to evaluate the effectiveness of NDORS courses across all areas of traffic offences in reducing recidivism and the prevalence of poor driving. However, this will take some time as ACPO have indicated there are some issues around obtaining data which need to be resolved beforehand.
23. There is some 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.<sup>13</sup> In addition, the number of FPNs issued following the penalty increase, decreased by more than a third in 2008. Another example, includes when the driving whilst not wearing a seat belt FPN offence was increase from £30 to £60 in 2009. The number of FPNs issued for the offence reduced from 203,400 to 176,400 in 2010. This only provides an indication of the potential deterrent in reducing driving behaviours associated with fixed penalty offences. Apart from these examples, no other evidence has been found on the deterrent effect increased penalties would have in reducing the prevalence of such behaviours. There are likely to be other factors that would contribute to these reductions, including police priorities and resources.
24. Research about driver improvement courses (for drivers involved in collisions where they had some suspected culpability) costing £60 looked at how much participants would be prepared to pay for a course. This indicated that approximately equal numbers of participants would be prepared to pay between £60 to £90 for a course (22%), between £90 to £120 (21%), and between £120 to £150 (21%) in preference to a fixed penalty notice. The most common amount that participants were prepared to pay more as an alternative to a court appearance, ranged between £150 to £180 at 21%.<sup>14</sup> This provides an indication of the payment range that some people are prepared to pay for remedial courses, as an alternative to a fixed penalty notice.
25. 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.

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<sup>11</sup> Comparison of Driver Alertness and the National, Driver Improvement Scheme, F Fylan, Brainbox Research; S Stradling, Edinburgh Napier University, June 2010

<sup>12</sup> Drivers of dangerous or careless driving and victims: what they think of driving offences and penalties (Road Safety Research Report No.46).

<sup>13</sup> Seatbelt and mobile phone usage surveys: England and Scotland 2009, Louise Walter, TRL (March 2010)

<sup>14</sup> Fylan and Stradling 'Comparison of Driver Alertness and the National Driver Improvement Scheme' (2010)



26. The financial amounts for fixed penalty notices cannot easily be increased automatically to reflect inflation, unless amended by a legislative order. This would require Government intervention. In contrast, the cost of remedial training is likely to increase in line with general inflation (which would be passed through to the offender) and with real growth wages (wages of those organising the courses will increase, thus putting pressure on the cost of remedial training, which would also be passed to the offender).
27. The penalty levels have not been increased since 2000. 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. Also, the cost differential may hinder the introduction of further remedial courses. The current planned expansion of courses to address lower level careless driving, which there are plans to make an FPN offence, is premised on an FPN increase and may be compromised by that not taking place. It is likely in the longer-term, the Government will need to review penalty levels in ensure they represent their real value and remain at similar to the cost of remedial training.
28. The £60 FPN offences are associated with behaviours which contribute to large numbers of deaths and serious injuries. For example excess speeds contributed to 213<sup>15</sup> deaths in 2011, 200<sup>16</sup> people died but need not have had they been wearing a seat belt and in 2011 the illegal use of mobile phones whilst driving contributed to 374 road casualties. 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**

29. The primary policy objective is to make FPN levels consistent with other penalty notices of a similar severity to avoid trivialising these offences. The secondary policy objective is to encourage offenders to opt for remedial training courses where they are offered as an alternative, by making penalty levels for safety-critical FPN offences (i.e. speeding), similar to the cost of remedial courses.
30. Raising revenue itself is not a policy objective of this measure, but it is a consequence of this measure that extra revenue will accrue to the Government. Up to £30m of this additional revenue will be used to contribute to support services for victims of crime<sup>17</sup> and the Ministry of Justice has already set out its plan for the future commissioning of victim support services.<sup>18</sup> The benefits of these changes have not been included in this impact assessment.
31. Intended effects of the policy include the continued use of remedial training for lower level offenders and setting 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.
32. 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 changes of the commissioning of 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 is not included in the impact assessment, as it is difficult to disaggregate from other factors).

<sup>15</sup> 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.

<sup>16</sup> 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

<sup>17</sup> Getting it right for victims and witnesses consultation paper, Ministry of Justice, January 2012

<sup>18</sup> Getting it right for victims and witnesses: the Government response, Ministry of Justice, July 2012

## Description of all options

33. The table below summarises the Options under consideration in this impact assessment.

Measures	Option 0 (maintain existing FPN levels)	Option 1 (50% increase)	Option 2 (66.6% increase & 50% for measure c)
(a) Endorsable FPNs (including seat belt offences)	£60	£90	£100
(b) Non-endorsable FPNs (excluding parking, waiting & obstruction offences)	£30	£45	£50
(c) Driving with no insurance FPN	£200	£300	£300
(d) Graduated FPNs/Deposits	£30-£200	£45-£300	£50-£300

### Option 0: Do nothing

34. This would involve maintaining the existing position and would not address the problem that the real value of these penalties have decreased. There is a risk that these offences will be seen as trivial and inconsequential, when compared to other offences such as penalty notices for disorder (PND), which are being increased by £10 (currently £50 and £80). Also remedial training is increasingly being offered by the Police as an alternative to the FPN to improve driver behaviour. Hence, the declining real value of FPNs is likely to reduce the incentive to attend these courses, as the cost would be higher than the FPN.

### Option 1: Increasing the FPNs by 50%

#### **Measure (a) - Increasing the penalty level associated with all of these motoring FPNs by 50% from £60 to £90.**

35. The FPN offences affected in this measure include (a) speeding, seat belt offences, pedestrian crossing offences, passing red traffic lights and the use of a handheld mobile phone whilst driving. These are endorsable offences and therefore attract penalty points on the driving licence; the exception is for seat belt offences, which are non-endorsable (i.e. no penalty points). This offence has been considered as part of this measure because it is set at the same level as other endorsable offences. Overall, together these offences constitute about three quarters of all motoring FPNs (i.e. about 1.4m FPNs<sup>19</sup>).
36. 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.
37. Measure (a) would involve 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). This would:
- bring these penalty levels in line with inflation. If the £60 level of FPN set in 2000 had been increased in line with inflation to 2013 it would now be £80, and would be expected to reach £90 before the end of this decade.
  - be consistent with the current prices of speed awareness courses (offered as alternatives to fixed penalty notices); and

<sup>19</sup> Source: Police Powers and Procedures 2010/2011, England and Wales, Home Office

- be consistent with 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 higher tier £80 Penalty Notice for Disorder to £90<sup>20</sup>.

**Measure (b) - Increasing levels associated with certain non-endorsable FPNs (which do not attract penalty points on a licence) from £30 to £45,**

38. The FPN offences affected in this measure related to the negligent use of motor vehicles; vehicle registration and excise licence offences; some vehicle test offences; some vehicle construction and use offences; some infringements of traffic regulations; lighting offences; noise offences; load offences; and pedal cycle offences. Together, these non-endorsable offences constitute 200,000 motoring FPNs issued in 2010.<sup>21</sup> Obstruction, waiting and parking FPN offences 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 measure (a) to increase the level for them from £60 to £90.
39. The penalty level would remain half of those for most endorsable motoring FPNs. As explained in measure (a), the principle reasoning for proposing £45 would be to bring these FPN levels in line with inflation (if the £30 level of FPN set in 2000 had been increased by inflation it would now be £40 and would be expected to reach £45 by the end of this decade).
40. There are no remedial courses related to these offences.

**Measure (c) - Increasing level for driving without a minimum of third party insurance FPNs by 50% from £200 to £300.**

41. The driving without insurance fixed penalty offence was introduced in 2003 and attracts 6 penalty points and £200 fine. The penalty level is more substantial than for other FPNs because of the seriousness of the offence. The motivation of driving without insurance is usually financial (unlike most other road traffic FPNs).
42. In 2010, there were 75,700 FPNs issued per year 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 the figure into constituent offences. However, FPNs for driving without insurance were introduced in 2003, thus we can make a notional estimate of the number of FPNs issued for this offence using historical figures for 2002 and 2005. This shows that 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.
43. The increase proposed of £300 follows the same principle as for measures (a) and (b), which is to take into account inflation since the penalty was introduced (£200 in 2003 would be worth £251 today). Its worth noting that the average increase in insurance premiums was 7% in 2010, which is higher than inflation (Source: ABI).
44. Those who the police prosecute in court or those offenders 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. The national average for court fines applied by the courts in England & Wales in 2011 is £280.34<sup>22</sup> However, the court fine varies around the country for example from £358 by the Warwickshire Police at the highest end to £225 in Humberside<sup>23</sup> at the lower end.

<sup>20</sup> Source: 'Getting it right for victims and witnesses: the Government response, Ministry of Justice, July 2012

<sup>21</sup> Source: Police Powers and Procedures 2010/2011, England and Wales, Home Office

<sup>22</sup> PQ reply of Crispin Blunt to Karl McCartney on 5 September 2012

<sup>23</sup> Justice Statistics Analytical Services - Ministry of Justice

45. There are no alternatives, such as the provision of remedial courses, for this offence. However, the police have powers to seize and impound vehicles being driven without insurance (around 150,000 are seized annually) and the offender incurs the cost of release fees.

**Measure (d) - Increasing Graduated Fixed Penalty/Deposits by 50% (four levels range from £30 to £200) to £45, £90, £180 and £300)**

46. The Graduated Fixed Penalty and Deposit Scheme (GFPDS) was introduced in 2009. It gives roadside enforcement officers the power to issue fixed penalty notices and take a financial penalty deposit (similar to an on-the-spot fine) to drivers who do not comply with road traffic laws. Deposits are only taken from drivers who are unable to provide a UK address, and so in almost all cases are taken from foreign drivers. The amount taken as a deposit is equal to the FPN amount for that offence. The GFPDS is used by the police and Vehicle and Operator Services Agency (VOSA)<sup>24</sup> and they use it mainly when dealing with commercial goods and passenger carrying vehicles as the offences covered by the GFPDS are mainly only relevant to those types of vehicle. In 2011/2012, there were about 6,600 fixed penalty notices to UK operators.

47. The principle for increasing these penalties is to ensure consistency with the levels proposed for measures (a) to (c), as different levels would be confusing. In addition, too many levels would require significant IT changes with associated costs for VOSA.

48. There are no remedial courses related to these offences.

**Option 2: Increase some of the FPNs levels by 66.6% (preferred option)**

**Measure (a) - Increasing the penalty level associated with all of these motoring FPN offences, plus seat belt offences, from £60 to £100;**

49. This would involve increasing the penalty level to the upper limit announced in the Government's Strategic Framework of £100. The principle reasoning for increasing the level by two thirds is that it would provide built in to cover for a few more years of inflation, removing the need to review penalty levels in the short to medium term. In addition, the cost of the FPN would be higher than the cost of remedial training (average £90), which should more encourage offenders to opt for remedial training courses where they are offered as an alternative.

**Measure (b) Increasing levels associated with certain non-endorsable FPNs (which do not attract penalty points on a licence) from £30 to £50**

50. As explained for measure (a), increasing the penalty to the proposed level would remove the need review penalties for a while, as levels would be above inflation.

**Measure (c) - Increasing level for driving without a minimum of third party insurance FPNs by 50% from £200 to £300**

51. As explained in Option 1 (c), the proposed increase already accounts for an above inflation increase. In addition, we believe that if the level is set any higher, it may have impact on those who accept and pay the fixed penalty, which could result in offenders opting to go to the courts. This is because the motivation of driving without insurance is usually financial (unlike most other road traffic FPNs)

**Measure (d) - Increasing Graduated Fixed Penalty/Deposits from £30 to £50, £60 to £100 and £120 to £200, but continue with the 50% increase for the £200 level to £300**

52. The principle for increasing these penalties is to ensure consistency with the levels proposed for measures (a) to (c), as different levels would be confusing and could cause problems in enforcement.

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<sup>24</sup> In Scotland, only VOSA can issue graduated fixed penalties in Scotland.

## **Costs and Benefits of all Options**

53. The measures under consideration in this impact assessment for Option 1 and 2, include most endorsable and non endorsable FPNs, driving without insurance FPN and Graduated Fixed Penalties and Financial Deposit scheme. These measures have been appraised separately, although they are not mutually exclusive, or dependent on each other. Therefore measures (a) to (d) could be implemented separately from each other as raising one penalty level, would not require another to be increased. However, the reason for proposing that measures (a) to (d) are all implemented at the same time is to ensure consistency and to maintain a similar financial differential (in proportional terms) between the penalty levels.
54. This section sets out the assessment of the additional costs and benefits of increasing motoring fixed penalty notice offences in Option 1 and 2. We have described the impact each measure for both Option 1 and 2 would have per year, and have extended the appraisal to a 10 year period.
55. We have monetised the increase in exchequer revenue due to the fine increase, and with measure (a) of Option 1 and Option 2 we have accounted for diversion to remedial training courses. Offenders will incur costs either through higher fines or paying for remedial training but these are not included in the monetised costs as they represent sanctions against illegal activity.
56. The cost to the Police to issue a FPN and for VOSA enforcement officers to issue graduated FPNs and deposits has not been included in the analysis as these costs are considered to be business as usual. Hence, we have assumed there will be no additional burden to both.
57. Also, with those FPNs accepted and then subsequently not paid, resulting in the Police registering the unpaid FPN with the Courts, the enforcement costs have not been quantified. This is because there are a variety of ways in which this fine can be collected by the Courts which makes it difficult to calculate the exact costs of recovering these registered fines. However, the scenario testing does consider an increase in the number of unregistered fines, but as mentioned we are unable to account for this cost and therefore this has not been included in the analysis.
58. A key assumption is the expectation that there will be no significant change in future levels of enforcement if penalty levels are increased. With a fixed penalty, the offender can opt to go to court should they wish to challenge the offence. Official statistics on proceedings at the Magistrates courts for offences such as, speeding, neglect of traffic signs and directions, using a motor vehicle uninsured against 3<sup>rd</sup> party risks, lighting and noise, and vehicle test and condition offences, shows a downward trend in the number of prosecutions for these offences<sup>25</sup>. In addition, currently police policy is to develop and expand remedial training as an alternative to the FPN. Hence, we would anticipate no additional impacts to the Police and Courts of the policy, because any potential increases in prosecutions would be counter balanced by the increased expansion and availability of courses made possible by increasing numbers of offenders being diverted into remedial training.
59. FPNs and remedial training are expected to have beneficial impacts on road safety. Both remedial training and FPNs are expected to reduce the incidence of poor driving behaviours on the roads through improving driver skills and deterring poor driving, respectively. Due to a lack of empirical evidence, it has not been possible to quantify the road the safety impacts from increasing the FPNs and remedial training. For this reason road safety impacts (and related reductions in offences) are not quantified.

### **Option 1 - Increasing the FPNs by 50%:**

#### **Measure (a) - Increasing the penalty level associated with all of these motoring FPNs by 50% from £60 to £90**

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<sup>25</sup> Criminal Justice Statistics for England and Wales 2011

60. We have used a range of scenarios to test the forecast outcomes as we have no way of formally forecasting the levels of FPNs. We have forecast the same level of FPNs in future years as we have no reason to forecast an increasing or decreasing trend, but the forecast range will also give an indication of the costs and benefits under different future trends. The following table sets out the scenarios, and they are explained in detail below:

<b>Endorsable FPNs (including seat belt offences)</b>	<b>Number of FPNs</b>	<b>Average Payment rates</b>	<b>Registered unpaid FPNs</b>
Low	1.0m (assumes decline of 200,000 in FPNs issued for speeding offences, plus 100,000 being diverted to speed awareness courses and 100,000 to seat belt courses)	95.5%	4.5%
Central	1.1 (assumes decline of 200,000 in FPNs issued for speeding offences, plus 50,000 being diverted to speed awareness courses and 50,000 to seat belt courses)	97%	3%
High	1.2m (assumes decline of 200,000 in FPNs issued for speeding offences and no transfer from FPN to speed/seat belt courses)	97%	3%

61. The number of FPNs issued for offences in measure (a) in 2010 is 1.4m. The number of motoring FPNs has been falling for the past several years from 2005 to 2010<sup>26</sup>. For endorsable FPNs, speeding offences (which represent the largest proportion of all FPNs issued) falling by an average of 200,000 per year in that same period, thus in total declining by 1 million. This downward trend is due to the reduced use of safety enforcement cameras and the increase of remedial training. Therefore, we have assumed a 200,000 fall for speeding FPN offences for all the scenarios

62. The payment rate for endorsable FPNs (those which attract penalty points on the licence) has remained the same since 2000 at around 97% (with 3% registered as unpaid) and there is little evidence of price affecting payment rates in the range of £60-£100 because FPNs are more likely to be paid for endorsable offences due to the threat of penalty points. Seat belt offences are non-endorsable (no penalty points) and the average payment rate for such offences is 72%. For the calculations about the likely fine revenue, the same payment rate has been assumed for this offence as the cost of the FPN offence is the same as price of an endorsable FPN. Official statistics on the payment rate for individual FPN offences is not available, but when the seat belt FPN was raised from £30 to £60 in 2009, there is no evidence of any significant change in payment rates for all non-endorsable FPNs.

63. Increased FPN levels could lead to an increase in non-payment of endorsable FPNs, but we would expect with the payment rate will continue to remain at a high level because of the threat of endorsements on a licence. However, for the low scenario we have assumed non payment increases in proportion to the increase in the fine level; i.e. 50% increase in non payment, which is 1.5 percentage points. Hence the number of FPNs registered with the courts for non-payment could increase from 3% to 4.5%. We have assumed for the central and high scenario, that the non-payment rate will remain at 3%.

64. It is expected that measure (a) would make FPNs relatively less attractive than remedial courses, as the cost of the FPN would be higher than the course. In 2011, 772,000 people attended speed awareness courses, and this has reached 1 million in 2011/2012. Official statistics show that since 2005, the number of FPNs issued for speeding offences has decline by 1 million (200,000 per year)<sup>27</sup>. This is due to the increased use of remedial training (average cost is £90) and reduced use of safety enforcement cameras.

<sup>26</sup> Source: Police Powers and Procedures 2010/2011, England and Wales, Home Office

<sup>27</sup> Source: Police Powers and Procedures 2010/2011, England and Wales, Home Office

65. It would be reasonable to assume that a smaller proportion of 50,000 out of the 900,000<sup>28</sup> FPNs issued in 2010, could be transferred into remedial training without policy intervention. This is because the financial costs of endorsements (e.g. increased insurance premiums) would be a lot more than £60, some offenders may not be offered a choice to attend the course (e.g. have already attended course within 3 year period), or will not have the time and therefore accept the FPN. If penalty level is increased as it could be reasonable to assume that this number could double to 100,000. This is because the cost of the course will around the same as the cost of the FPN.
66. Remedial training for seat belt offences (average cost £37) has been offered to over 6000 people following its introduction in October 2012, as an alternative to the FPN. Because the seat belt FPN does not involve the licence being endorsed with penalty points, this reduces the overall incentive for offenders to invest time in remedial training instead of accepting the FPN. It is estimated that number of attending seat belt courses is projected to increase to an average of 160,000 a year from 2014, as more police forces offer these courses.
67. On average 200,000 FPNs have been issued for seat belt offences per year. We have assumed a higher proportion of 50,000 FPNs issued would be transferred into remedial training if penalty levels remain the same due to the expansion of these courses. The real cost of the seat belt courses, plus time worth on average £10 to £30) would be lower (£67 in total) than the cost of the proposed £90 FPN level, therefore we have assumed that 100,000 could be transferred from the FPN to remedial training. Again, there will be reasons why people will not attend courses, such as availability, work commitments preventing someone from not taking the time off, or that others may prefer to pay the FPN and deal with the matter immediately.
68. Using the above assumptions, measure (a) of Option 1 would result in the penalty fines paid from the offenders to the Government increase a further £13m to £31m per year to Government (best estimate £21m). These estimates have been made by combining the expected number of FPNs with the increase in charge, and where applicable taking into account the potential fall in payment rates. They are quoted in 2013 prices.

**Measure (b) - Increasing levels associated with certain non-endorsable FPNs (which do not attract penalty points on a licence) from £30 to £45,**

69. As with measure (a), we have used a range of scenarios to test the forecast outcomes, with the same values applied to future years. The forecast range takes into account any changes that may occur in the future. The following table sets out the scenarios, which are explained in detail below:

<b>Endorsable FPNs (including seat belt offences)</b>	<b>Number of FPNs</b>	<b>Average Payment rates</b>	<b>Registered unpaid FPNs</b>
Low	160,000 (20% decrease in number FPNs issued)	70.5%	29.5%
Central	200,000	72%	28%
High	240,000 (20% increase in number FPNs issued)	72%	28%

70. The number of FPNs issued for offences in measure (b) for 2010 is 200,000. Unlike endorsable FPNs, there is no strong trend in the number of FPNs issued for non-endorsable FPNs. Hence, we have assumed the number will stay the same in the central scenario, with a high scenario 20% increase in the number of FPNs issued and a low scenario 20% reduction.
71. The average payment rate for non-endorsable FPNs is 72% and has remained at around this level since 2000. The non-payment rate is higher than endorsable FPNs, at 28% but this is because these FPNs do not result in endorsements on the driving licence.

<sup>28</sup> Source: Police Powers and Procedures 2010/2011, England and Wales, Home Office

72. Increased FPN levels could lead to an increase in non-payment of non-endorsable FPNs. We have used the same percentage increase of 1.5% as for measure (a). This is because it would be unrealistic to apply the same proportional increase to non-endorsable offences as the motivations behind non-payment are unlikely to be strongly related to cost of the FPN. We have estimated the impact on non-payment to increase from 28% to 29.5%. For the higher scenario we have assumed the higher non-payment rate.
73. There are no remedial courses related to these offences.
74. Using the above assumptions, measure (b) of Option 1 would result in the penalty fines paid from the offenders to the Government increase a further £1.5m to £2.4m per year to Government (best estimate £2.0m). These estimates have been made by combining the expected number of FPNs with the increase in charge, and where applicable taking into account the potential fall in payment rates. They are quoted in 2013 prices.

**Measure (c) - Increasing level for driving without a minimum of third party insurance FPNs by 50% from £200 to £300.**

75. We estimate that 30,000 FPNs for driving without insurance have been issued per year. However we have no trend data for this offence, as the data is not collected for this offence alone. Hence we have assumed a continuation of this figures of 30,000 FPNs.
76. Disaggregate information on the payment rates for individual FPN offences is not available. The driving without insurance FPN is an endorsable offence and payment rates for these offences generally are 97%. Recent data obtained from the Greater Manchester Police<sup>29</sup>, shows the average payment rate for this offence is 41%, with the remainder dealt with through the courts. There are uncertainties with this data as it is not a representative sample and only covers a one year period, and does not take into account variations in payment levels for previous years. In the absence of other data we have used this 41% figure for payment.
77. An increased FPN could lead to an increased in non-payment but it would be reasonable to assume that those who can afford to pay the current £200 fixed penalty would be able to afford an increase and be willing to pay to avoid having to go to court (and risk a higher fine or maximum penalty points). There is a risk that offenders may perceive that they would be fined less if they went to court and therefore fewer would opt for the fixed penalty route. However, the average court fine in 2011 was £280, which is close to the proposed £300. If this upward trend continues the risk or non payment would therefore be less. We have therefore assumed the payment rate would stay at 41% if the penalty is increased.
78. Under these assumptions measure (c) of Option 1 would result in the penalty fines paid from the offenders to the Government increase by £1.1m per year, assuming the number of penalties issued and payment rates remain similar to current levels. These estimates have been made by combining the expected number of FPNs with the increase in charge, and where applicable taking into account the potential fall in payment rates. They are quoted in 2013 prices.

**Measure (d) - Increasing Graduated Fixed Penalty/Deposits (four levels range from £30 to £200) to £45, £90, £120 and £300)**

79. In 2011/12 about 6,600 fixed penalty notices were issued to UK operators, so this measure affects a relatively low volume of operators. There are four levels of Graduated Fixed Penalty. The fixed penalty system before the introduction in 2009 of the graduated approach was relatively inflexible: each offence had a single fixed penalty amount, irrespective of the severity of the offence. The graduated system allows the amount of the fixed penalty to be determined on the circumstances or the severity of the offence. The table below shows the data on penalties issues in 2011/12 (source: VOSA) and the payment rate. As the offence was only introduced in

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<sup>29</sup> Greater Manchester Police Central Ticketing Office - data based on 11 Police forces from England and Wales from October 2011 to October 2012



2009 we do not have evidence on which to base a judgement about future penalty numbers; hence we have assumed this volume continues in the future.

	Current penalty level	Option 1 penalty level	Number of penalties issued (2011/12)	Number unpaid	Payment Rate
<b>Level 1</b>	£30	£45	914	126	86.2%
<b>Level 2</b>	£60	£90	1737	244	86.0%
<b>Level 3</b>	£120	£180	1040	148	85.8%
<b>Level 4</b>	£200	£300	2649	450	83.0%

80. The average payment rate for these penalties was approximately 85%<sup>30</sup>. However for non-UK operators who had to pay fixed penalty deposits at the roadside the payment rate was almost 100%. This is because payment of a deposit must take place before the driver is allowed to continue his or her journey. However we do not have a breakdown between UK and foreign operators, so we have assumed a penalty rate of around 85%, and kept this the same if penalty levels are increased.

81. There is however an offence that can be committed by a non-UK lorry for which the driver of the vehicle cannot be legally responsible. That offence is operating a vehicle that is neither complying with European rules on undertaking work outside of their 'home' Member State ('cabotage'), nor having that vehicle specified on a UK road haulage operator's licence. For such offences VOSA issue a fixed penalty notice to the vehicle operator's registered address. The payment rate is however much lower with about 40% of such deposits remaining unpaid in 2011/12. However it should be noted that such penalty notices only made up about 1% of all penalties issued by VOSA in 2011/12.

82. Under these assumptions measure (d) of Option 1 would result in the penalty fines paid from the offenders to the Government increasing by £0.3m per year, assuming the number of penalties/deposits issued and payment rates remain similar to current levels. These estimates have been made by combining the expected number of FPNs with the increase in charge, and where applicable taking into account the potential fall in payment rates. They are quoted in 2013 prices.

## **Option 2: Increase some of the FPNs levels by 66.6%**

### **Measure (a) - Increasing the penalty level associated with all of these motoring FPN offences, plus seat belt offences, from £60 to £100;**

83. We have applied the same scenarios as for Option 1 (a) to this measure, whilst using the new fine level of £100. As the increase in fine is larger we have increased the non-payment rate in the low scenario to reflect the risk of increase in non-payment; again we have done this in proportion to the increase in fine level. This gives a non payment rate in the low scenario of 5%, as opposed to the 3% currently estimated.

84. We estimate that measure (a) of Option 2 would result in the penalty fines paid from the offenders to the Government increase a further £18m to £41m per year to Government (best estimate £30m). These estimates have been made by combining the expected number of FPNs with the increase in charge, and where applicable taking into account the potential fall in payment rates. They are quoted in 2013 prices.

### **Measure (b) Increasing levels associated with certain non-endorsable FPNs (which do not attract penalty points on a licence) from £30 to £50**

<sup>30</sup> Of the approximately 15% classified as unpaid notices there are 3 sub-categories – notices referred for non-payment, notices withdrawn where the operator licence has not been surrendered (endorsable offences) or the recipient has opted for a court process.

85. We have applied the same scenarios as for Option 1 (b) to this measure, whilst using the new fine level of £50. Again the non-payment rate could increase; we have reflected this risk in the low scenario with a non payment rate increasing in line with option 2(a) from 28% to 30%.
86. We estimate that measure (b) of Option 2 would result in the penalty fines paid from the offenders to the Government increase a further £2.0m to £3.2m per year to Government (best estimate £2.7m). These estimates have been made by combining the expected number of FPNs with the increase in charge, and where applicable taking into account the potential fall in payment rates. They are quoted in 2013 prices.

**Measure (c) - Increasing level for driving without a minimum of third party insurance FPNs by 50% from £200 to £300**

87. This option is identical to option 1(c) so as explained for that option we estimate this would result in the penalty fines paid from the offenders to the Government increasing by £1.1m per year, assuming the number of penalties issued and payment rates remain similar to current levels. These estimates have been made by combining the expected number of FPNs with the increase in charge, and where applicable taking into account the potential fall in payment rates. They are quoted in 2013 prices.

**Measure (d) - Increasing Graduated Fixed Penalty/Deposits from £30 to £50, £60 to £100 and £120 to £200, but continue with the 50% increase for the £200 level to £300**

88. We have applied the same assumptions as for Option 1(d), whilst using the new fine levels. We estimate this would result in the penalty fines paid from the offenders to the Government increasing by £0.3m per year to Government, assuming the number of penalties issued and payment rates remain similar to current levels. These estimates have been made by combining the expected number of FPNs with the increase in charge, and where applicable taking into account the potential fall in payment rates. They are quoted in 2013 prices.

## **All Options**

89. We have appraised all options over a 10 year appraisal period starting from 2013, as the policy is expected to be implemented this year. The fine levels will remain constant in nominal terms, so are expected to decrease in real terms. The results of the 10 year appraisals are reported in the summary sheets.

## **Direct costs and benefits to business calculations**

90. 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 indirect impact on businesses providing the courses.
91. The proposals therefore considered in this impact assessment do not fall within the scope of the one-in-two-out rule.

## **Wider impacts**

92. We do not expect any impact on small firms, competition, the environment or any other social impacts. The measures concern changes related to sanctions for illegal activity, therefore the impact will fall on anyone who has broken the law.

## Summary of preferred option with description of implementation plan

93. The preferred option is Option 2 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.
94. A consultation was carried out on 14 June 2012 for a 12 week period. The Department published a summary of consultation responses along with the Government's decision, which is available on GOV.uk.
95. Increasing FPN levels for motoring offences requires a Statutory Instrument. We would expect this to come into force in July this year. The measure may be associated with publicity to alert motorists about the new FPN levels, before or when the measure is introduced.
96. The policy will be reviewed using a full year's data following implementation to evaluate the effects, in particular, offenders diverted into remedial training and changes in payments rates and whether the proportions estimated in the analysis is reflected in the data collated.
97. We will use statistical 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 and payment rates, which the figures for 2014 are likely to be published in 2016. The Ministry of Justice capture data on court proceedings for motoring offences which will be available in 2014. Data collected by the police, through the NDORS, record information on volumes of drivers on remedial training courses will be available in 2014. The impacts of the new measure will be monitored over the period between 2014 to 2016.
98. 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/Police Service, Home Office and Ministry of Justice's statistical data.