

Title: Extension to the period of time during which Ukrainian Driving Licences can be used in GB IA No: DfT00462 RPC Reference No: Lead department or agency: Department for Transport Other departments or agencies: DVLA & DVSA	Impact Assessment (IA)
	Date: 14/06/2023
	Stage: Final
	Source of intervention: Domestic
	Type of measure: Secondary Legislation
	Contact for enquiries: Ukraine.Licences@dft.gov.uk

Summary: Intervention and Options	RPC Opinion: Not Applicable
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Cost of Preferred (or more likely) Option 2 (in 2019 prices)

Total Net Present Social Value	Business Net Present Value	Net cost to business per year	Business Impact Target Status
£21.2m	-£0.3m	£0.0m	Non-qualifying provision

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

For the first 12 months of being resident in Great Britain (GB), Ukrainians are able to use their Ukrainian licence in GB to drive all classes of small vehicles authorised by that licence, both automatic and/or manual vehicles (car), unless the licence shows a restriction. Legislation in 2021 allowed Ukrainian car licences to be exchanged for an equivalent GB licence without the need to take an additional GB driving test. However, the law only allows drivers who took a test in Ukraine before 28 December 2021 to be issued with a GB licence to drive vehicles with automatic transmission when their Ukrainian licence is exchanged. This is because the Ukrainian driver licencing authority does not retain information to confirm whether a test was taken in a manual or automatic before this date.

A Ukrainian licence holder who exchanges their licence in GB and can only receive one with automatic entitlement, can upgrade their licence by taking a manual practical test (for which they would not be required to pass a GB theory test). The requirements to exchange after 12 months, has specific impacts on Ukrainian licence holders who have arrived as part of schemes to provide refuge from the current conflict with Russia; their visas are three-years in length. Many of the Ukrainian licence holders own a car with manual transmission, and to continue driving they would need to take a test at a cost of £62-75 in addition to paying £43 to exchange their licence.

The circumstances of Ukrainians in GB as a result of the conflict may be distinct. They may have arrived with their own cars, and having fled the conflict are unlikely to have had the opportunity to plan for the driving licence issues they now face. They are presented with a potentially large administrative and financial hurdle to be able to drive their own vehicles, get to work, school and settle into GB life; especially when many intend to only be in the country for a temporary period. The 12-month exchange period also does not match up with the three-year visas they have received.

What are the policy objectives and the intended effects?

Given the temporary and exceptional nature of Ukrainians residence, we are proposing to extend the requirement for Ukrainian driving licence holders to exchange their driving licences, beyond the twelve-month requirement so that it matches the visa length they have been given (Family, Sponsor and Extension visa schemes) - 36 months in total. The effect of this will be to: (i) Alleviate the administrative and financial burden placed on Ukrainians to exchange their licence and/or have to undertake a manual test; and (ii) make it easier for Ukrainians to continue to drive and therefore access amenities i.e., work/schools/health/leisure for the duration of their stay in GB.

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

Other policy options considered include: enhanced guidance for Ukrainian drivers and possible financial assistance for Ukrainians for the costs of exchange and manual tests. However, these were not deemed to satisfy the policy objective, of alleviating the administrative burden on Ukrainians, and would still result in a significant portion of time for which some Ukrainian drivers may not be able to drive manual cars or potentially their own vehicles (particularly where a manual test must be booked and undertaken, where there are currently longer than usual waiting times currently of around 14 weeks). These options would also come with more administration costs and time to implement a system to cover costs for specific groups, which could undermine policy effectiveness as we approach the 12 months mark for many of the first arriving Ukrainians - as opposed to removing the requirement to register entirely. As such, the option to amend legislation was deemed to be the best option to achieve policy objectives, removing both administrative and financial burdens.

Will the policy be reviewed? It will be reviewed. **If applicable, set review date:** Three years from coming into force. 2026

Does implementation go beyond minimum EU requirements?	N/A			
Is this measure likely to impact on international trade and investment?	No			
Are any of these organisations in scope?	Micro Yes	Small Yes	Medium Yes	Large Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)	Traded: N/A		Non-traded: N/A	

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

Richard Holden Date:

16 June 2023

Summary: Analysis & Evidence - Policy Option 2

Description: Extending the period of time which Ukrainian Driving Licences can be used in GB
FULL ECONOMIC ASSESSMENT

Price Base Year 2022	PV Base Year 2023	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: -487.7	High: 642.3	Best Estimate: 26.0

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant	Total Cost (Present Value)
Low	0.3	0.0	0.3
High	1.0	49.9	492.7
Best Estimate	0.6	6.3	62.7

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

Direct costs include the familiarisation costs for Ukrainian driving licence holders (£0.26m) and approved driving instructors (ADIs) (£0.33m), lost fees to HMG from fewer automatic licence exchanges and fewer manual exchanges and tests. There are also lost potential revenues to ADIs for Ukrainians who decide to not exchange and not take any lessons as a result of this intervention which are classed as indirect. Options 3 also has the same monetised costs and only the time for which impacts are felt and the magnitude of the impacts differ. Option 1 only includes familiarisation costs.

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

All the non-monetised costs are indirect. The key non-monetised costs are potentially higher insurance costs for Ukrainians without a GB licence, familiarisation costs for employers who potentially employ Ukrainians, as well as potential road safety costs that arise from allowing Ukrainians to drive in GB without a GB driving licence. These have been left unmonetised due to the lack of data available for insurance costs and employers, and because collisions involving Ukrainians who drive using their Ukrainian licences cannot be proved.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. In May 2021, legislation was put in place to allow Ukraine car licences to be exchanged for a GB licence without a Transition) (Constant Price)	Total Benefit (Present Value)
Low	0.0	0.5	5.0
High	0.0	65.3	642.6
Best Estimate	0.0	9.0	88.8

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

The only direct monetised benefits are reduced cost burdens to Ukrainians from automatic licence exchange avoidance (£0.01m) and manual exchange and test avoidance (£1.29m) as well as cost savings to HMG from not having to process exchanges and tests. Indirect monetised benefits include practical driving classes avoidance (£6.21m) and time savings from not having to travel to test facilities or take any tests or lessons. Option 3 also has the same monetised benefits and only the time for which impacts are felt and the magnitude of the impacts differ given the different lengths of time considered.

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

The main unmonetised benefits are a better quality of life for Ukrainian refugees, lower barriers to entry into jobs that require a full driving licence and reduced time burden to Ukrainians of exchanging their licences and potentially taking any driving classes or tests.

Key assumptions/sensitivities/risks

Where there are data gaps about Ukrainian licence holders, it has been assumed that the numbers/percentages are equivalent to GB licence holders. To account for likely differences, a 25% sensitivity is used around the central scenario unless a different percentage is deemed more appropriate. Other assumptions have been made throughout such as the number of Ukrainians entering GB in the future and the number of driving lessons that Ukrainians would take before a test, which are explained in more detail in the relevant sections.

Discount rate

3.5

BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m: Costs: 0.0 Benefits: 0.0 Net: 0.0	Score for Business Impact Target (qualifying provisions only) £m: 0.2
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1.0 Policy Rationale

1. Given the temporary and exceptional nature of Ukrainians residence in GB, we are proposing to extend the requirement for Ukrainian driving licence holders to exchange their driving licence, beyond the current 12-month requirement so that it matches the visa length they have been given (Family, Sponsor and Extension visa schemes) - 36 months in total. The effect of this will be to: (i) alleviate the administrative and financial burden placed on Ukrainians to exchange their licence and/or have to undertake a manual test; and (ii) make it easier for Ukrainians to continue to drive and therefore access amenities i.e., work/schools/leisure/health for the duration of their stay in GB.

Policy background

2. For the first 12¹ months of being resident in GB, Ukrainians can use their Ukraine-issued licences in GB to drive vehicles up to 3,500kg indicated on that licence, both automatic and/or manual vehicles (car), unless the licence shows a restriction, in the same way as they would in Ukraine. This is in line with the treatment of those residing with other foreign licences and this legislation is in place to balance the need for flexibility upon entry, whilst ensuring that longer term drivers on UK roads can adhere to UK standards.
3. In May 2021², legislation was put in place to allow Ukraine car licences to be exchanged for a GB licence without the need to take a GB driving test. This followed Ukraine testing standards being assessed as equivalent to those in GB by the Driver and Vehicle Standards Agency (DVSA). However, the 1988 Road Traffic Act restricts drivers who took a test in Ukraine prior to 28 December 2021, to only drive vehicles with automatic transmission when the GB replacement licence is issued. This is because the Ukrainian driver licensing authority does not retain information to confirm whether a test was taken in a manual or automatic vehicle prior to this date. The Act says that only like-for-like licences can be exchanged and the default position would be an automatic licence.
4. A Ukraine licence holder who exchanges their licence for a GB licence but is restricted to driving automatic vehicles, can upgrade this to include the allowance to drive manual vehicles by taking a GB manual practical test; they would not be required to pass a GB theory test. The current requirement for holders of a Ukraine driving licence who are resident in GB to exchange it for a GB licence after 12 months to continue driving, has specific impacts on Ukraine licence holders who have arrived as part of schemes to provide refuge from the current conflict.

Problem under consideration

5. The restriction to entitlement to drive vehicles with an automatic transmission is not unique to the exchange arrangement for Ukraine licence holders. It is also applied to driving licence exchange arrangements with other countries that do not hold information to confirm the type of vehicle in which a driving test was taken by an individual. However, evidence from representations received by the Department for Transport (DfT) and its Motoring Agencies suggests that a number of those arriving here because of the conflict have fled with their own car. As the Ukraine licensing authority does not retain information on the test vehicles used for tests conducted prior to 28 December 2021, it does not apply a relevant restriction to licences issued before this date.
6. In these circumstances, the requirement to exchange and the issue of a GB licence restricted to vehicles with automatic transmission, means individuals can no longer legally drive their manual vehicle in GB. To continue driving, they would need to either dispose of their existing car (which could be difficult given it has Ukrainian number plates and would be left-hand drive) and incur the cost of acquiring a new vehicle with automatic transmission or incur the £62-75³ cost of a GB manual driving test; which could be a higher cost if they require more than one test, or need any driving lessons for example. This would be in addition to the £43 cost of exchanging their Ukraine licence and assumes a first-time pass. Evidence from representations also suggests that even

¹ <https://www.legislation.gov.uk/uksi/1975/1208/crossheading/visitors-driving-permits>

² [The Driving Licences \(Exchangeable Licences\) Order 2021 \(legislation.gov.uk\)](https://www.legislation.gov.uk/uksi/2021/1208/crossheading/exchangeable-licences)

³ Driving test costs - GOV.UK (www.gov.uk)

those without their own car may on exchange lose the ability to drive cars they have been given use of by their hosts.

7. These costs and administrative steps are potentially more acute for those with their own vehicles, as they will have also had to register their vehicles with the Driver and Vehicle Licensing Agency (DVLA) and be issued UK licence plates. In some cases where vehicles have required modifications to be brought up to UK standards to register, this may have incurred additional costs. The additional costs and administrative steps involved in maintaining the ability to drive a manual vehicle under the current terms of the driving licence exchange agreement, in the context of an uncertain term of stay in GB, may therefore equate to an impediment to Ukrainians being able to drive for the duration of their stay. This is important, because many Ukrainians will rely on vehicles to access work, school and social opportunities, particularly where they may have been placed in more rural areas under the Homes for Ukraine Scheme⁴.
8. Many of these issues are of course, faced by other holders of foreign licences living in GB, including other refugee groups. However, it is less likely that significant numbers from other refugee groups will have arrived in GB with their own car (i.e., under the Afghan Citizens Resettlement Scheme or the British National (Overseas) Visa Scheme for those from Hong Kong) and, unlike those who have come to live in GB for other reasons (e.g., to take up employment or join family). Since its launch in 2021, the British National (Overseas) visa scheme has seen nearly 154,000 BN(O)s⁵ and their dependents granted a visa, likewise up to December 2022 there were approximately 24,500 arrivals⁶ under the Afghan Resettlement Programme. The Driver and Vehicle Licensing Agency (DVLA) do not record registration data by vehicle origin, however, according to DVLA anecdotal observations, there were very few registrations of either Hong Kong plated or Afghanistan plated vehicles since 2019, over which time these corresponding visa schemes were launched.
9. Also, those typically arriving under the Ukraine schemes (Family, Sponsor and Extension) are allowed to stay for up to three years, with the understanding that they return to Ukraine as soon as circumstances allow. Other schemes such as the Afghan Citizens Resettlement Scheme and the British National Overseas Visa Scheme for those from Hong Kong, provide for the applicant to remain permanently. In this context, the requirement to exchange a Ukraine licence and then apply for its reinstatement on return to Ukraine (exchangeable driving licences have to be surrendered on application for a GB licence and, if exchanged, are returned to the issuing authority) represents a potentially unnecessary burden. Any Ukrainian staying in GB beyond the time period of their Ukraine scheme visa would be expected to then undergo a manual practical test, should they want a manual entitlement licence if they passed their test in Ukraine prior to 28 December 2021. Home office statistics estimate that c.75% of total Ukrainian visa scheme applications up to November 2022 were submitted by adults (age 18+)⁷.
10. The proposed intervention would address both the administrative and financial costs of driving licence exchange, as well as potentially mitigating the risk of Ukrainians losing the right to drive their own vehicles or access driving opportunities whilst residing temporarily in GB. This would be achieved by extending the initial amount of time that a Ukrainian licence can be used after entry to GB, before requiring exchange to a GB licence, from 12 months to (under the preferred option) 3 years (36 months) in line with the current length of the Ukraine Visa Schemes. This change would only apply to GB as Driving Licensing in Northern Ireland is a transferred matter.

Rationale for intervention

11. In 2021, legislation was introduced to allow Ukrainians to exchange their Ukrainian driving licences in GB without the need to take a driving test. DVSA and DVLA had assessed that the Ukrainian licensing and testing standards are equivalent to those in GB. We typically allow those eligible for licence exchange, up to twelve months to do so (otherwise they are driving illegally). However, with

⁴ <https://www.gov.uk/guidance/ukraine-sponsorship-scheme-visa-data-by-country-upper-and-lower-tier-local-authority>

⁵ [Government announces a third year of support to help Hong Kongers settle into life in the UK - GOV.UK \(www.gov.uk\)](#)

⁶ [Afghan Resettlement Programme: operational data - GOV.UK \(www.gov.uk\)](#)

⁷ Home Office Insight & Analysis: Ukraine Visa Schemes as at end of 01/11/2022 for applications/issued ([internal use only](#))

the invasion of Ukraine and the sudden displacement of millions of refugees, the normal twelve month period is not deemed sufficient given the unique status of these individuals. By extending this twelve months to three years and tying it directly to possession of the refugees visas, we can mitigate the consequences of this challenge.

12. As Ukrainian refugees are only intended to be here for up to three years and they do not qualify as students or workers on fixed term contracts, the current 12-month duration does not work and could also lead to additional bureaucracy and unintended consequences such as higher cost and time burdens for those wanting and needing to drive in GB and more challenges when it comes to accessing employment and social opportunities, schools and healthcare. The current 12 month grace period only delays the time when Ukrainians will need to exchange their licences but they would still be forced to do so in the duration of their 3 year long stay, therefore not presenting any real benefit in terms of reduced cost burden to Ukrainian refugees.
13. The problem would not resolve itself and the government is best placed to intervene because it is the only way the licence exchange programme can be extended (via secondary legislation) to allow Ukrainian refugees to continue driving in GB for a few more years on a temporary basis, without having to pay for a GB licence exchange, and in some cases a manual test and lessons.
14. The policy aims to remove burdens from Ukrainians who already have a driving licence and may lose the ability to drive their vehicle after 12 months of being resident in GB. By allowing Ukrainian refugees to continue using their Ukrainian licence in GB, without the need for exchanging to a GB driving licence, Ukrainian refugees will not need to incur the cost of exchanging their licence or the additional time, effort and cost of taking extra lessons and a manual test(s).
15. The current requirement can also potentially make it more challenging for Ukrainians who have a driving related job or who need to drive for their commute, from working. This could also potentially lead to Ukrainians illegally driving in GB if they are unaware of this requirement.
16. The current licence exchange agreements are not the best fit for the unique circumstances of Ukrainians fleeing the current conflict. Obtaining a GB driving licence is potentially unnecessary for Ukrainians in the short term, given their expected stay in GB is supposed to be temporary. By extending the licence exchange period to a longer period of time (preferably matching the visas), we aim to simplify the requirements for this cohort of refugees and offer them the choice to continue driving in GB without having to obtain a GB licence, if they wish to do so.

Policy objective

17. The policy objective is to address both the administrative and financial costs of driving licence exchange, as well as mitigate the risk of Ukrainians losing the ability to drive their own vehicles or access driving opportunities whilst residing under refugee status temporarily in GB. This would be achieved by extending the initial amount of time that a Ukrainian licence can be used after entry to GB, before requiring exchange to a GB licence, from 12 months to (under the preferred option) 3 years (36 months) in line with the current length of the Ukraine Visa Schemes.
18. The risks and limitations in achieving the policy intervention would be from communication and/or timing of the policy itself. A clear communications strategy is necessary to alert Ukrainians to the change in policy and the parameters for use of the Ukrainian licences. Likewise, as more Ukrainian arrivals come to the 12-month residence mark, this could result in Ukrainians needing to exchange their licence before the policy takes effect so as not to lose the right to drive. As it stands when exchanging a licence, the DVLA receives the original foreign licence and returns this to the original issuing authority. As such, any Ukrainian exchanging their licence prior to the policy change, will be unable to benefit from an extension of the validity of the Ukrainian licence.
19. There is also a risk that by extending the licence exchange requirement, UK motor insurers may not wish to offer motor insurance or perhaps charge higher premiums to Ukrainian drivers who do not exchange their licence, which could impact the policy objective relating to financial costs. However, this may not necessarily be the case because the insurance industry may be more sympathetic, but

for this assessment we are looking at the most likely outcome. Of course, allowing Ukrainians a longer period within which to exchange their licences would not preclude them choosing to do so earlier.

20. Motor insurers use a wide range of criteria to assess the potential risk a driver poses, and we do not currently have an indication on how the Insurance Industry will view the potential extension for Ukrainian Drivers. They may focus on the potential road safety risk by increasing the cost of the premiums for available insurance products. The setting of insurance premiums is a commercial decision for individual insurers based on their underwriting experience and it is for them to decide the level of risk that they take in issuing any policy to a given applicant. The Government does not intervene or seek to control the market.

Options considered

21. The lead option being considered to achieve the policy objective, is to extend the length of time that Ukrainian driving licences are valid for use in GB, past the current 12 months to 3 years (36 months), in line with the (original) specified length of the Ukrainian Visa scheme visas.
22. **Option 0 – Do Nothing** – This option would entail leaving legislation unchanged and requiring Ukrainians to exchange their Ukrainian licence after 12 months residence in GB, in line with the current exchange agreement. This entails an administrative burden and financial cost for all Ukrainians who need to exchange and will require many of these to convert to an automatic only GB licence. Of these, many who either need to drive a manual vehicle for work or because their own vehicle is manual, will face an additional administrative and cost burden to book and pass a manual test in GB. Additionally, there is a risk and opportunity cost of potentially being unable to drive a manual vehicle for any period between exchange of the Ukrainian licence and being able to take a GB manual test.
23. **Option 1 Extend the period before which the Ukrainian licence must be exchanged from 12 months to 24 months.** This would provide additional time for Ukrainians to exchange their licence, and in theory lessen the administrative burden on Ukrainians by providing more time to understand the process, spread costs, organise a manual test, or make alternative arrangements to driving a manual vehicle. However, because this timeframe is still within the initial length of time specified in the original Ukrainian Visa it can be argued that Ukrainians will still be temporary residents in a unique and uncertain situation. Therefore, still requiring exchange at this point, may mean adding a burden on Ukrainians just a year before the end of their temporary visa which is expected to have the same effect on them as the do nothing option.
24. **Option 2 (preferred) Extend the period before which the Ukrainian licence must be exchanged from 12 months to 36 months.** This would put the extension in line with the Ukrainian Visa Scheme duration, and therefore in line with the initial temporary period set out for Ukrainian residence in GB. This extension would therefore be intended to cover the unique and exceptional period for which Ukrainians are currently resident in GB. However, any extension to the visa scheme duration made under Home Office discretion, would not mean a further extension of this policy on licence exchange, because it would be assumed that at this point a more definitive and longer term stance on the nature of Ukrainians residence in GB will have been deduced, and regular residence procedures could be resumed. Any Ukrainian staying in GB beyond the time period of their Ukraine scheme visa, would then be expected to undergo a manual practical test as necessary, and exchange their licence for a GB one.
25. **Option 3 Extend the period before which the Ukrainian licence must be exchanged by a longer period than 36 months.** This would allow for a longer timeframe, in the event of a drawn-out conflict, or an extension of the visa schemes. This has not been considered as a policy option, on the grounds that this longer timeframe can be argued to be less temporary in nature and will entail longer road safety risks outside of the initially specified temporary visa period. A maximum appraisal period of 10 years is used to indicatively assess the costs and benefits considered.

Other Options Considered

26. Other options to those above were considered and presented to Secretary of State including non-legislative options such as an extended communications campaign to advise and prepare Ukrainians for steps that would need to be undertaken to comply with the current rules surrounding Vehicle Registration, as well as dedicated support from agencies to help Ukrainians navigate the process. This was not selected because it would still not remove either the administrative burden itself, nor the risk that Ukrainians arriving with manual vehicles may lose the right to drive them or other manual vehicles.
27. Likewise, a separate option considered was to provide funding to cover some aspect of the costs of exchanging a licence. This would not require legislative change, and may help with any financial burden, however it was not deemed to deal with the burden of administration and risks of losing the right to drive a manual vehicle (or indeed for at least in any period between exchange and taking a GB manual test).

2.0 Costs and Benefits

28. This section provides a summary of the economic assessment undertaken, providing an explanation of the methodology adopted together with the key assumptions applied and data sources utilised where appropriate. The overall aim of the economic assessment is to estimate the likely cost savings (or increased costs) that would accrue to Ukrainian refugees, Approved Driving Instructors (ADIs), other businesses and the government, following an introduction of an extension in the licence exchange agreement by varied lengths of time.
29. Throughout this section, unless otherwise stated, all figures are presented in 2022 prices with a 2023 present value year. Monetised impacts have been appraised over a 10 year appraisal period but for the purpose of the cost-benefit analysis, the monetary impacts last for a different number of years for each option considered. That is 5 years for option 1, 6 years for option 2 and 10 years for option 3.
30. Where specific low and high values for sensitivities do not exist for inputs, unless otherwise stated, a sensitivity of 25% is used throughout this section to reflect the uncertainty behind the data and assumptions made.

Option 0 – Do Nothing

31. There are no direct costs or benefits associated with this option because this is the counterfactual and will be used to compare further options against. This is the baseline scenario that occurs if no further action is taken to extend the licence exchange agreement. For the first 12 months of being resident in GB, Ukrainians will be able to use their Ukraine issued licences to drive an automatic and/or manual vehicle (car and motorcycle), regardless of whether their licence was issued prior to 28 December 2021 (when Ukrainian authorities started recording whether Ukrainian licence holders passed in an automatic or manual vehicle).
32. If the Ukrainian driving licence exchange is not extended, Ukrainian drivers will be forced to either stop driving or to exchange their Ukraine licence for a GB one and only drive an automatic vehicle (car) if their licence was issued prior to 28 December 2021.
33. If they exchange their licence, they can then undertake a GB practical driving licence test (at a cost of £62/75) to gain manual entitlement. However, if resident in GB for at least one year, which would likely be the case for most people exchanging, they are eligible to apply for a provisional licence and take a theory and practical test in order to be able to drive a manual car. The cost of exchanging a Ukrainian licence to its GB equivalent (automatic) is £43.
34. Those who decide to exchange their licences to a manual GB one may decide to take a few practical driving classes to prepare for the test and ensure they do not fail and therefore have to

retake the test, especially given that driving in GB is on the opposite side of the road and is therefore quite different.

Option 1- Extending licence exchange by 1 year to 24 months (2 years) from when Ukrainians become GB residents

35. Option 1 proposes to extend the licence exchange agreement by 1 year to 2 years. In this case, the costs and benefits outlined in this IA are not actually realised and they are simply delayed by an extra year. This is based on the assumption that Ukrainians would stay in the UK for the whole duration of their visas (3 years). Only familiarisation costs are realised within the appraisal period.
36. Based on current visa policy, it is fairly reasonable to assume that Ukrainians would only be able to acquire a UK visa up to the end of 2025, given that would be 3 years since the scheme was created. This is subject to change and is at the discretion of the Home Office. Any future legislative changes to time periods would be subject to their own Impact Assessments.
37. Assuming Ukrainians would only be able to acquire a UK visa up to the end of 2025, and considering they would be able to use their Ukrainian licences to drive in GB for 2 years from when they become resident in GB, the costs and benefits of this option would only be felt up until the end of the year 2027, hence the 5 year appraisal period.
38. Under this option, Ukrainians may be forced to take a manual test/exchange their licence before their visa expires.

Option 2 (Preferred)- Extending licence exchange by two years to 36 months (3 years) from when Ukrainians become GB residents

39. The costs and benefits are identical for options 2 and 3, differentiating only in the time period of the extension. This is based on the assumption that Ukrainians would stay in the UK for the whole duration of their visas (3 years). Both options 2 and 3 propose to extend the licence exchange by 3 years or more, which is why the costs and benefits outlines apply to both options.
40. Option 2 proposes to extend the licence exchange agreement by two years to three years. It is assumed that Ukrainians can only acquire a UK visa up to the end of 2025. Considering they would be able to use their Ukrainian licences to drive in GB for three years from when they become resident in GB, the costs and benefits of this option would only be felt up until the end of the year 2028, meaning that the impacts will only be felt for six years.
41. This is the preferred option because the exemption period would match the length of the visas (3 years). Relative to option 1, Ukrainians would not be forced to take a manual test/exchange before their visa expires.

Option 3- Extending licence exchange by a longer period than 36 months from when Ukrainians become GB residents

42. Option 3 proposes to extend the licence exchange agreement by a longer period of time up until 10 years. Assuming Ukrainians can only acquire a GB visa up to the end of 2025, and assuming a maximum appraisal period of 10 years, where impacts of this option would be felt up until the end of the year 2032, they would be able to use their Ukrainian licences to drive in GB for seven years from when they become resident in GB.

43. Relative to option 2, the impacts under this option would be felt for longer. Relative to option 1, Ukrainians would not be forced to take a manual test/ exchange before their visa expires.

Costs and Benefits for all options (1, 2 & 3)

Table 1- Summary of Costs & Benefits

	All 3 Options
Costs	<p>Monetised costs</p> <p>Transitional:</p> <ul style="list-style-type: none"> - Familiarisation costs for Ukrainian Driving licence holders (direct- public) - Familiarisation costs for Approved Driving Instructors ADIs (direct- business) <p>On going:</p> <ul style="list-style-type: none"> - Lost revenue to HMG from no automatic exchanges (direct- government) - Lost revenues to HMG from no manual exchanges & tests (direct- government) - Lost revenues to ADIs from no practical lessons (indirect- business) <p>Unmonetised costs</p> <p>Transitional:</p> <ul style="list-style-type: none"> - Familiarisation costs to employers (indirect- business) <p>On going:</p> <ul style="list-style-type: none"> - Higher Insurance costs for Ukrainians without a GB licence (indirect- public) - Road Safety cost (indirect- public)
Benefits	<p>Monetised benefits</p> <p>Transitional:</p> <ul style="list-style-type: none"> - None <p>On going:</p> <ul style="list-style-type: none"> - Reduced cost burden to Ukrainians from automatic exchange avoidance (direct- public) - Reduced cost burden to Ukrainians from manual exchange and test avoidance (direct- public) - Reduced cost burden to Ukrainians from manual driving classes avoidance (indirect- public) - Cost savings to HMG offsetting the lost revenues from no automatic exchanges (direct- government) - Cost savings to HMG offsetting the lost revenues from no manual exchanges & tests (direct- government) - Time savings from not travelling to and from test facilities (indirect-public) - Time savings from not taking a test (indirect-public) - Time savings from not taking lessons (indirect- public) <p>Unmonetised benefits</p> <p>Transitional:</p> <ul style="list-style-type: none"> - None <p>On going:</p> <ul style="list-style-type: none"> - Better quality of life for Ukrainian refugees (indirect- public) - Lower Barriers to entry into jobs that require a full driving licence (indirect- public)

	- Reduced time and cost burden to Ukrainians of exchanging their licence and potentially taking classes or tests (indirect- public)
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44. This regulation is permissive in nature, and therefore Ukrainians can decide whether to exchange their Ukrainian licences to GB ones or not, and people are not forced to exchange their licence unless they wish to do so. The lost revenue to the government and reduced cost burdens to Ukrainians from exchanging to an automatic or manual licence are considered direct because they do not rely on any behaviour change to happen. Most other impacts for this policy are classified as indirect, apart from familiarisation costs, which are considered direct. There would be no other immediate and unavoidable (direct) costs or benefits to businesses/individuals or government resulting from this policy.

Calculation for Number of Ukrainians in scope (Ukrainians with visas in GB who would be exchanging their Ukrainian licences) (Annex Figure 1)

45. In order to assess the scale of the impacts of this intervention, the number of Ukrainians that this intervention would affect and that the costs and benefits would be felt by, was calculated using the steps described below for the Ukrainians who have entered GB to date (as of Dec 2022).

Step 1: There are two main visa schemes that Ukrainian refugees can apply to enter the UK; those are the Ukraine family scheme and the Homes for Ukraine/Ukraine sponsorship scheme. The Ukraine Extension scheme also allows Ukrainian nationals and their immediate family members to apply to extend their stay if they held permission to be in GB between a certain time period. To get the total number of Ukrainians entering the UK with visas, the numbers from those three schemes were added.

Step 2: Using demographic data on the percentage of over 18s (at the time of submitting the application) who had applied, the total numbers of Ukrainians with visas over 18 in the UK was calculated. To note, the legal driving age in Ukraine is 18, not 17 like in the UK.⁸

Step 3: To get the approximate number of Ukrainians who would have a Ukrainian driving licence out of those who are over 18, an assumption was made that the proportion of over 18s with a Ukrainian driving licence is equivalent to the percentage of over 18s in the UK with a GB driving licence (74%). There was no data available on the percentage of Ukrainians with a driving licence and therefore this assumption was not based on any data. To capture the uncertainty around this assumption, a sensitivity of 25% was used to capture potential differences.

Step 4: To get the number of Ukrainians with a Ukrainian driving licence who have not yet exchanged to a GB licence, the number of Ukrainians who have already exchanged (8,335 as of Dec 2022) were subtracted from the number of Ukrainians with a Ukrainian driving licence from step 3.

Step 5: Assumptions were made about the percentage of Ukrainians who would want to and therefore would exchange their Ukrainian licence to a GB one at some point during the appraisal period. Some people may not want/need to drive in GB and would therefore not exchange their licence. Sensitivity analysis was used to account for the most likely possibilities. It was assumed that 50%, 75% and 100% of Ukrainians in scope would be exchanging their licences in the low, central and high scenarios respectively. Those

⁸ <https://internationaldriversassociation.com/ukraine-driving-guide/>

assumptions are not based on any figures and were just logical assumptions made to account for the most likely outcomes.

Step 6: The total costs of exchanging to an automatic licence vs a manual licence are different, which is why assumptions were needed about the percentage of Ukrainians who would exchange for an automatic licence vs a manual licence. It was assumed that the proportion of Ukrainians who would exchange to an automatic/manual licence was equivalent to the percentage of drivers with an automatic/manual car licence in GB.⁹ There was no data on this split for Ukrainian drivers, which is why GB data was used. Sensitivity analysis (25%) is used to capture potential differences.

Step 7: It is assumed that for those who would take a practical driving test to get a GB manual licence, drivers pass the test on the first try in the low and central scenarios and drivers pass the test on their second try in the high scenario. These are assumptions made based on actual practical driving test pass rates data in GB, which are explained in more detail further down in this section.

Note: Given that only Ukrainians with valid Ukrainian driving licences (not expired) would be allowed to exchange, it has also been assumed that all those in scope had valid Ukrainian licences at the time of exchange.

Calculation for Number of Ukrainians in Scope over the 10 year appraisal period

46. It is complicated to predict how the flow of Ukrainians applying for UK visas and thereafter arriving in the UK will change over time. As the war continues, certain events may trigger more applications and arrivals over certain time periods. Naturally, when the Ukrainian visas were first introduced and given out around April 2022, there was a large inflow of Ukrainians arriving in the UK in the first couple of months. As time went on, the number of applications and arrivals decreased quite significantly. As of December 2022, the number of arrivals were much lower than they were to begin with.
47. Assumptions have been made to simplify and model the potential inflow of Ukrainians into the UK and therefore calculate the number of Ukrainians in scope who would be affected by this legislation and its impacts every year. As the model is overly simplified and is only intended to show the trend of arrivals rather than specific numbers, and does not take into account any shocks which may trigger a larger inflow of Ukrainians into the UK, a 25% sensitivity has been used around the arrival numbers. In the low scenario, the central number is multiplied by 0.75 and in the high scenario, the central number is multiplied by 1.25.
48. Assumptions and predictions were made about the flow of Ukrainians with Ukrainian driving licences in GB in the future throughout the appraisal period. These predictions were based on the flow of Ukrainians entering the UK with visas between March 2022 and December 2022. Based on the data, the growth was exponential and this is what has been modelled for Ukrainians entering the UK throughout the appraisal period. It was assumed that every year the inflow of Ukrainians was reduced by 50% when compared to the previous year.
49. Using cumulative arrival numbers under the Ukraine family scheme and the Ukraine Sponsorship scheme on the 19th of December 2022 and the 6th of March 2023, an additional 13.5 thousand¹⁰ Ukrainians had entered the UK between those 11 weeks. Assuming that the rate of inflow of

⁹ <https://www.data.gov.uk/dataset/d0be1ed2-9907-4ec4-b552-c048f6aec16a/gb-driving-licence-data>

¹⁰ Internal Home Office data

Ukrainians is constant throughout the year, and scaling this inflow up to one year (52 weeks) to get the total number of Ukrainians that would be entering the UK, that would be an inflow of around 63 thousand people in 2023.

50. The total number of people in scope for an exchange in the first year is 120 thousand (as calculated in step 4 above). 50% of that is 60 thousand, which is approximately what was predicted for the inflow of Ukrainians in 2023 (as explained above). This is why it has been assumed that every year the inflow of Ukrainians is reduced by 50% compared to the previous year.
51. To give an idea of the number of Ukrainians in Scope used for different costs and benefit calculations in this IA, the table below shows the numbers that are used based on the population of Ukrainian refugees that the impacts focus on and whether the calculation considers 2022 numbers only or 2022 and 2023 numbers combined. Explanations for how these specific numbers are derived are in the Annex.

Table 2: Number of Ukrainians in Scope- Central Scenario

Number of Ukrainians in Scope	2022 only	2022+ 2023
Total Ukrainians in UK with Visas	165,919	-
Total Ukrainians over 18 in UK with Visas	120,308	180,461
Number of Ukrainians with Ukrainian driving licence	89,028	133,542
Number of Ukrainians with a Ukrainian driving licence who have not yet exchanged	80,693	-
Number of Ukrainians who would exchange their licence to a GB one (other than the 8335 who have already exchanged)	60,519	93,904
Number of Ukrainians in the UK who would exchange for a GB automatic licence	1,197	1,857
Number of Ukrainians in the UK who would exchange for a GB manual licence	59,322	92,047

Switching Analysis

52. At present, it is not known how long Ukrainians will stay in the UK and whether individuals would exceed their 3 year visas in the UK. The policy is not tied specifically to the length of the visa, and DfT cannot speculate on whether visas under the Ukrainian schemes may be extended for individuals in the future. Even if a visa was extended, they would no longer benefit from not having to exchange their Ukrainians licences to GB ones - the timeframe for licence validity would still be set at (under the preferred option) 36 months. Anyone who stays beyond their visa (or if this visa were extended) would then be considered a longer term resident with regards to driving and would have to exchange their licence and possibly take a practical driving test to get a GB manual licence. In this case, some of the costs and benefits mentioned in this section would not be realised and would simply be delayed until further down in the appraisal period. The only impact would be one

based on discounting as money now is worth more than money received in the future. For example, £1 received/ saved now is worth more than £1 received/ saved in three years time.

53. For all costs and benefits in this section, it is assumed that Ukrainians are only temporary residents in the UK which means that the costs and benefits mentioned for options 2 and 3 would actually be realised and would not be delayed until further down in the appraisal period. For option 1, the costs and benefits mentioned would be delayed for an extra year and would be realised after 2 years, except for familiarisation costs, which would be realised immediately.
54. In reality, a proportion of Ukrainians would be leaving the UK once the visa period ends and the rest would be staying under other schemes. It is not currently known what this proportion would be. Switching analysis is used to demonstrate what this would look like in terms of the number of Ukrainians in scope. In the costs and benefits mentioned below that use the total number of Ukrainians who would exchange their driving licence, it is assumed that 100% of them would leave the UK after their visa expiration and there would therefore be 60,519 people in scope for the first year (total for 2022 only). As an example, if the number of Ukrainians in scope for a particular cost/ benefit was 60,519, and 100% of them left the UK after 3 years, the cost/ benefit would be realised for all 60,519 people during the appraisal period. If only 50% of them left the UK after 3 years, the number of Ukrainians in scope to fully realise the cost/ benefit would be 30,260. The other 50% who stay in the UK would only feel the benefits (of delaying their licence exchange) for the first 3 years in total and would eventually have to exchange their licences beyond the 3 years.
55. In this IA, it is assumed that 100% of people in scope for each cost/ benefit would leave the UK after the likely expiration of their visa in 3 years from when they become residents. In general, as the number of Ukrainians in scope decreases, so do the overall total benefits of this regulation.

Table 3: Switching analysis for Ukrainians in scope

Total number of Ukrainians in the UK who would exchange their driving licence (Central)	Percentage of Ukrainians that stay in the UK after visa expiration	Percentage of Ukrainians that leave the UK after visa expiration	Number of Ukrainians in scope
60,519 ¹¹	100%	0%	0
	90%	10%	6,052
	80%	20%	12,104
	70%	30%	18,156
	60%	40%	24,208
	50%	50%	30,260
	40%	60%	36,312
	30%	70%	42,364
	20%	80%	48,416
	10%	90%	54,468
0%	100%	60,519	

¹¹ Appendix

Costs

Transition Costs

Familiarisation costs for Ukrainian Driving licence holders (direct- individuals)

56. It is assumed that all Ukrainian driving licence holders with visas in the UK will review the regulation changes to understand what has changed and how the changes affect them and their decision to exchange for a GB licence. All these people therefore face a familiarisation cost. This only applies to the number of Ukrainians who have already settled to date (as of 19 Dec 2022). Those who apply for visas in the future and decide to settle in the UK are not captured here as it should only apply to current UK residents, based on Green Book guidance on standing¹².
57. Given the simplicity of the regulation, it is assumed that operators will take up to 30 minutes/0.5 hours to familiarise with the intervention in the central scenario, given the time needed to read and interpret the changes and potential impacts on life decisions. This is assumed to be 22.8 minutes/0.38 hours in the low scenario and 37.5 minutes/0.63 hours in the high scenario. This is an unevicenced assumption and is an estimation for how long people would take to interpret this regulation given the complexity level.
58. The average hourly value of leisure time (2022 prices, 2023 PV), has an hourly cost of £6.48 for interpreting the new regulation. This hourly cost is multiplied by the time required to interpret the regulation, equalling a per person cost of £3.24 for familiarisation in the central scenario. This is then multiplied by the number of people needing to familiarise (number of Ukrainians in the UK assumed to have a Ukrainian driving licence in 2022 only subtracting those who have already exchanged- 80,693) to give a total familiarisation cost of £0.26m in the central scenario. This is a direct cost to those in scope as it is unavoidable and immediate and would be affecting all Ukrainians in scope.

Table 4: Total Familiarisation Costs for Ukrainians in scope (2022 prices)

	(1)	(2)	(3)	(5) = (1) * (2) * (3)
Estimate	Total Number of Ukrainians in scope (2022 only)	Hours taken	Value of leisure time (2022 prices)	Total costs, one-off, £m
Low	58,436	0.38	£6.48	£0.14m
Central	80,693	0.50		£0.26m
High	102,950	0.63		£0.42m

Familiarisation costs for Approved Driving Instructors (ADIs) (direct- business)

59. ADIs are captured as they are likely to provide some tuition to Ukrainians if they are unfamiliar with driving on the left side of the road, if they are unfamiliar with roads in GB in general or even if they want to refresh their manual driving skills. It is assumed that all ADIs will review the regulation changes to understand what has changed and how the changes affect their business, particularly if

¹² <https://www.gov.uk/government/publications/the-green-book-appraisal-and-evaluation-in-central-government> - Green book- paragraph 5.8

they are currently tutoring Ukrainians or have done so in the past for those who have already exchanged. All these ADIs therefore face a familiarisation cost. In reality, it is likely that only a proportion of ADIs would familiarise with the intervention but it has been assumed that all of them would for simplicity.

60. As with Ukrainian individuals, ADIs are assumed to take up to 0.5 hours to familiarise with the intervention in the central scenario. 25 % sensitivity is used for the low and high scenarios.
61. The average hourly earnings of ADIs is £13.25¹³ (2022 prices), which is uplifted by the non-wage cost uplift factor of 26.5%¹⁴ to give an hourly cost of £16.76 for interpreting the new regulation. This hourly cost is multiplied by the number of hours required (0.5) to interpret the regulation, equalling a per person cost of £8.38 for familiarisation in the central scenario. This is a direct impact to business as it is immediate and unavoidable.

Table 5: Total Familiarisation Costs for ADIs (2022 prices)

	(1)	(2)	(3)	(4)	(5) = (1) * (2) * (3) * (4)
Estimate	Total Number of ADIs	Hours taken	Hourly Wage of ADIs (2022 prices)	NWLU	Total costs, one-off, £m
Low	37,478	0.38	£9.94	1.265	£0.18m
Central	39,450	0.5	£13.25		£0.33m
High	41,423	0.63	£16.56		£0.54m

On-going Costs

Lost Fees to HMG from no automatic exchanges (direct- government)

62. If no extensions to the exchange scheme were to take place, every Ukrainian who wanted to drive an automatic car legally in GB would have to exchange their Ukrainian licence to a GB one after being resident in GB for a year. Exchanging their Ukrainian licences to a GB automatic licence would not require any additional tests.
63. For each fee loss there is likely to be a cost saving for DVLA, and subsequently for the tax payer, of not having to do the processing work to exchange someone's licence, in which case this cost would likely cancel out or the cost per person in scope would decrease to some extent. In this IA, it is assumed that the cost savings would cancel out the lost fees for DVLA, using the assumption that HMG charges at cost. As a result, these lost fees are not included in the NPV calculations. They have been monetised below to show a scale of the impacts.
64. This exchange would cost each person £43. Multiplying that by the number of Ukrainians in scope (Number of Ukrainians in the UK who would exchange for a GB automatic licence) gives a total of £79,871 in revenue lost in the first year alone.

¹³ ASHE table 14.5a-

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupation4digitsoc2010ashtable14>

¹⁴ TAG unit A4.1- <https://www.gov.uk/government/publications/tag-unit-a4-1-social-impact-appraisal>

65. This is a representation of what this revenue loss would look like over the appraisal years in all scenarios:

Table 6: Fees lost from no automatic exchanges (£) (discounted)

Appraisal Years	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Central	79,871	13,718	6,627	3,201	1,547	747	361	174	84	41
Low	21,301	3,858	1,864	900	435	210	102	49	24	11
High	212,982	35,724	17,258	8,337	4,028	1,946	940	454	219	106

66. The number for 2023 includes fees lost from the Ukrainians in scope to date from 2022 as well as those in scope for 2023. That is why there is a steep decline in numbers from 2023 to 2024. This applies to all monetised costs and benefits in this IA.

67. All options have an appraisal period of 10 years; however, impacts are only felt between 2023-2028 for option 2 and between 2023-2032 for option 3. This applies to all monetised costs and benefits in this IA.

Lost Fees to HMG from no manual exchanges & tests (direct- government)

68. If no extensions to the exchange scheme were to take place, every Ukrainian who wanted to drive a manual car legally in GB would have to exchange their Ukrainian licence to a GB one after being resident in the UK for a year. Exchanging their Ukrainian licences to a GB manual licence would require them to pay the exchange fee of £43 as well as take a practical driving test and pass it. The cost of the test is £62 on weekdays and £75 on weekends/bank holidays/evenings and some may need to retake it a few times before they pass given the different roads and systems in place. There are also additional costs to ADIs from the lack of practical driving classes taken but this is captured in the next cost mentioned.

69. An assumption has been made that in the low and central scenarios those Ukrainians who take the test pass it on the first attempt and in the high scenario, those who take the test pass it in their second attempt. These assumptions are based on DfT internal analysis using actual testing data¹⁵ in GB.¹⁶

70. Given those individuals would already have a Ukrainian licence and therefore already know how to drive, it is assumed that individuals would not take more than two attempts to pass a test. However, given the fact that there is no data to indicate whether Ukrainians had an automatic or manual licence for those who got their licences before 28 December 2021, there is the possibility that those with a Ukrainian automatic licence may attempt to get a GB manual licence and may therefore need more attempts to pass the test. However, this is expected to be a very small percentage of people in scope and is therefore not considered in the assumptions made.

71. Based on data for the current financial year for when people in GB took their practical driving tests, it is assumed that 9%¹⁷ take their tests on an evening/ bank holiday/ weekend and therefore pay £75 and 91% take their tests on weekdays and pay £62. This gives an average cost of around £63 for a driving test. Multiplying the average cost of the test by the number of Ukrainians in scope who would exchange for a GB manual licence and adding that to the exchange fee gives a total of £9,772,667 in revenue lost in the first year alone. This is a representation of what this revenue loss would look like over the appraisal years in all scenarios:

¹⁵ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/994503/drt0202.ods

¹⁶ 47.75% of candidates pass on their first attempt, 73% pass within 2 attempts, 85.8% of candidates pass within 3 attempts, 92.3% pass within 4 attempts and 2.62% don't pass their driving test.

¹⁷ Internal DVLA data

Table 7: Revenue lost from no manual exchanges & tests (£) (discounted)

Appraisal Years	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Central	9,772,667	1,678,460	810,850	391,715	189,234	91,418	44,163	21,335	10,307	4,979
Low	3,492,532	632,598	305,603	147,634	71,321	34,455	16,645	8,041	3,885	1,877
High	33,084,024	5,549,207	2,680,776	1,295,061	625,633	302,238	146,009	70,536	34,075	16,461

72. For each fee loss there is likely to be a cost saving for DVLA, and subsequently for the tax payer, of not having to do the processing work to exchange someone's licence, in which case this cost would likely cancel out or the cost per person in scope would decrease to some extent. In this IA, it is assumed that the cost savings would cancel out the lost fees for DVLA, using the assumption that the HMG charges at cost. As a result, these lost fees are not included in the NPV calculations. They have been indicatively monetised above to show a scale of the impacts.

Lost revenues to ADIs from no practical classes (indirect- business)

73. Some individuals may prefer to take some driving lessons before they take the practical driving test to ensure that they pass it on their first attempt and not endure any further costs associated with (re)taking the test. Some may choose to voluntarily take a test to obtain a full (manual) GB driving licence and these people are not accounted for in the assumptions above.

74. Some people are not comfortable with driving manual cars on GB roads. This could be because they did not have a manual licence in Ukraine, because they have not driven a manual vehicle in a long time or simply because they are not used to GB roads or driving on the left side of the road and are likely to take some driving lessons before driving a manual car in the UK, whether they are exchanging their licence or not. The more uncomfortable they are with driving manual cars, the more lessons they are likely to take before attempting a driving test.

75. Extending the exchange period means that fewer Ukrainians may take practical driving tests. This would mean fewer ADIs taking on Ukrainian learner drivers. The average cost of a driving lesson is currently £34¹⁸. 25% sensitivity was used for the low and high scenarios. There is no data available on how many lessons are taken before a test. The more lessons a learner takes, naturally the higher the cost. An assumption has been made that Ukrainians in scope (those who would exchange for a manual licence) would take 15 lessons before doing the test in the central scenario, zero lessons in the low scenario and 45 lessons in the high scenario. This is zero for the low scenario because some people would not take any lessons. The high 45 lesson scenario is based on the average number of lessons new learners take¹⁹. People who already have a different manual driving licence are expected to take fewer lessons than new learners, which is why 15 lessons is used for the central scenario.

76. Multiplying those amounts with the number of Ukrainians in scope results in ADIs potentially missing out on revenue equating to £46,944,150 in the central scenario in the first year alone.

77. This is a representation of what this would represent to ADIs over the appraisal years in all scenarios:

Table 8: Lost Revenues to ADIs from no practical classes (£) (discounted)

Appraisal Years	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Central	46,944,150	8,062,677	3,895,013	1,881,649	909,009	439,135	212,142	102,484	49,509	23,918
Low	0	0	0	0	0	0	0	0	0	0
High	373,645,895	62,671,891	30,276,276	14,626,220	7,065,807	3,413,433	1,649,002	796,619	384,840	185,913

¹⁸ Internal DfT data

¹⁹ <https://www.moneyexpert.com/car-insurance/how-long-does-it-take-to-learn-to-drive/>

78. The lost revenues mentioned here are the maximum lost revenues, as these are likely to be offset by some cost savings to ADIs from not having to deliver those lessons. The lost revenues may also not be realised if ADIs were not delivering any lessons to Ukrainian refugees or if ADIs are able to replace those lessons with other students.
79. Although it is assumed that Ukrainians would leave the UK after the expiration of their visas in 3 years, in reality, the lost revenues could still be recovered to an extent if a proportion of Ukrainians are able to stay and then have to exchange their licences, which could mean they would take up some driving lessons.

Unmonetised Costs

Familiarisation costs for employers of Ukrainian drivers (direct-business)

80. Familiarisation time has also been considered for the businesses that potentially employ Ukrainians who require a driving licence for their employment e.g. delivery drivers. Given the extension proposed, Ukrainian drivers who were planning on exchanging to a GB licence may not need to do so and this may therefore lower costs. As there is no data available on the occupations of the Ukrainian refugees, this has not been monetised and is expected to be a relatively small impact since it is likely that only a small percentage of Ukrainians in scope will be employed as drivers, and would therefore not cause a breach in the £5m threshold.
81. The total number of Ukrainians in scope (residing in GB and assumed to have a valid Ukrainian driving licence) is approximately 89 thousand. Even if each of them were employed by a different employer and there were 89 thousand employers in scope for familiarisation costs, it would still not be enough to breach the £5m threshold. This is demonstrated in the table below.

Table 9: Hypothetical familiarisation costs for employers

	(1)	(2)	(3)	(4)	(5) = (1) * (2) * (3) * (4)
Estimate	Total Number of Employers	Hours taken	Hourly Wage of transport & distribution clerks and assistants (2022 prices)	NWLU	Total costs, one-off, £m
Low	89,000	0.38	£13.71	1.265	£0.59m
Central	89,000	0.5	£13.71		£0.77m
High	89,000	0.63	£13.71		£0.97m

82. The likelihood of breaching the £5m threshold as a result of high employer familiarisation costs is therefore minimal to none.

Higher Insurance costs for Ukrainians without a GB licence (indirect- individuals)

83. There is a lack of data when it comes to getting accurate quotes for car insurance premiums within the market, which is why this cost has not been monetised and has therefore not been included in

the Business Impact Target (BIT) calculations. Anecdotal evidence²⁰ was used to get estimates for car insurance premiums for different licence holders in GB to indicatively monetise this cost.

84. Full UK car licence holders are charged lower premiums compared to full European (Non-EU) licence holders, which is the category Ukrainian drivers would be placed in. This suggests that on average full UK car licence holders are charged £626 per year whilst European non-EU licence holders are charged £1,683 per year for their insurance premiums. 25% sensitivity has been used for the low and high scenarios. The difference in insurance costs for Ukrainian vs GB licence holders is £1,057 in the central scenario, which is the additional cost introduced when Ukrainians use their Ukrainian driving licence to drive in GB, which is what this extension aims to encourage/achieve. Multiplying this by the number of Ukrainians in scope would give an increased cost of £99m in the first year, assuming all Ukrainians in scope would buy a car and therefore pay for car insurance, which is unlikely to be the case.
85. No assumptions have been made about any potential difference in insurance premium costs due to various factors such as the type of licence held, the type of car insured, the number of years that the driver has held a licence for etc.
86. Given the extent of the difference in costs associated with Ukrainian vs GB licence holders, it would seem unreasonable for Ukrainians wanting to buy their own cars to not exchange their licence to a GB one. Exchanging a licence is a one-time cost smaller than the yearly costs associated with driving with a Ukrainian licence in GB. This higher cost may diffuse the aim of this intervention and Ukrainians in the UK may choose to exchange their licences anyway to avoid higher insurance costs.

Table 10: Anecdotal Insurance costs for all scenarios

Insurance cost (to the nearest £100)	Low	Central	High
Full UK Car Licence	500	600	800
Full European (Non- EU licence)	1,300	1,700	2,100
Difference between the two	800	1,100	1,300

87. This is a representation of what these higher insurance costs would look like over the appraisal years in all scenarios:

Table 11: Yearly cumulative insurance cost premium (£ millions, discounted)

Appraisal Years	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Central	99	113	25	12	6	3	1	1	0	0
Low	26	30	7	3	2	1	0	0	0	0
High	265	300	64	31	15	7	4	2	1	0

Road Safety cost (indirect- wider society)

88. There is no way of verifying whether a Ukrainian driver who had a licence issued prior to 28 December 2021 passed a test in a manual or automatic vehicle. Under the current rules, a Ukrainian licence issued prior to 28 December 2021 can already be used in the UK to drive automatic or manual vehicles, which can be considered a current risk in terms of road safety. Drivers who lack experience of manual vehicles but with a valid licence, could end up driving unfamiliar vehicles, not least as they're driving on the other side of the road in right-hand drive vehicles and are more likely to make mistakes, particularly when sudden and immediate action is required. If we assume that most people act rationally and wouldn't intentionally put themselves and

²⁰ <https://www.moneysupermarket.com/car-insurance/non-uk-residents/>

others at risk, only a very small percentage of people are likely to drive a manual car if they don't have experience of driving said vehicles.

89. For the reasons mentioned above, delaying or removing the requirement for Ukrainians to exchange their Ukrainian driving licences to GB ones (especially for manual car drivers), is an extension of the current level of risk under the 12 month allowance, and could lead to more accidents and casualties on the road. Since causality cannot be proved, this cost has not been monetised.

Benefits

Reduced cost burden to Ukrainians from automatic exchange avoidance (indirect- individuals)

90. For the duration that this exchange programme lasts, Ukrainians would be able to avoid the cost associated with exchanging their Ukrainian driving licence to a GB automatic driving licence, which is a cost of £43 per person. Multiplying that by the number of Ukrainians in scope gives a total of £79,871 in cost savings in the first year alone.
91. The reduced cost burden over the appraisal years is identical to table 6.

Reduced cost burden to Ukrainians from avoiding a manual licence exchange & test (indirect- individuals)

92. For the duration that this exchange programme lasts, Ukrainians would be able to avoid the cost associated with exchanging their Ukrainian driving licence to a GB manual driving licence. Exchanging their Ukrainian licences to a GB manual licence would require them to pay the exchange fee (£43) as well as take a practical driving test and pass it. The cost of the test is £62-75 (depending on when it is taken) and some may need to take it a few times before they pass given the different roads and systems in place. An assumption has been made that in the low and central scenarios, those who take the test, pass it on the first attempt and in the high scenario, those who take the test, pass it on their second attempt. These assumptions are based on DfT internal analysis using actual testing data in GB, as explained in the costs section under lost revenues to HMG from no manual exchanges and tests.
93. Multiplying the cost of the test by the number of Ukrainians in scope gives a total of £9,772,667 in reduced costs in the first year alone. The reduced cost burden over the appraisal years is identical to table 7.

Reduced cost burden to Ukrainians from not having lessons in a manual vehicle (indirect- individuals)

94. Some individuals may prefer to take driving lessons before they take their test to ensure that they pass it on their first try. The same assumptions are used as in the costs section under 'lost revenues to ADIs from no practical classes'.
95. Multiplying the costs of practical classes with the number of Ukrainians in scope results in reduced costs equating to £46,521,762 in the central scenario in the first year alone. The fee loss over the appraisal years is identical to table 8.

Cost savings to HMG offsetting the lost revenues from no automatic exchanges (direct- government)

96. Assuming HMG charges at cost, cost savings for DVLA not having to conduct automatic exchanges cancel out with the lost revenues from no automatic exchanges, meaning that the overall impact nets out to zero. This cost saving is therefore not included in NPV calculations. The scale of those lost revenues and therefore cost savings are indicatively calculated in the on-going costs section

under 'lost revenues to HMG from no automatic exchanges'.

Cost savings to HMG offsetting the lost revenues from no manual exchanges & tests (direct-government)

97. Assuming HMG charges at cost, cost savings for DVLA not having to conduct manual exchanges and tests cancel out with the lost revenues from no manual exchanges and tests, meaning that the overall impact nets out to zero. This cost saving is therefore not included in NPV calculations. The scale of those lost revenues and therefore cost savings are indicatively calculated in the on-going costs section under 'lost revenues to HMG from no manual exchanges & tests'.

Time savings to Ukrainians from not having to exchange their licence and from not having to take lessons and a driving test (indirect- individuals)

98. Exchanging an automatic licence, taking practical lessons and taking manual driving tests takes time and effort. Apart from the costs of the exchange and the cost of the classes and tests, there are also time burdens and other costs associated with exchanging to a GB licence, including time and money lost to travel to and from class and test locations. If the exemptions were extended and Ukrainians were simply able to use their Ukrainians licences for a longer period of time, there would be a reduced time and cost burden to Ukrainians wanting to drive.
99. Time savings have been split into three categories and indicatively monetised: times savings from not travelling to and from test facilities, time savings from not having to take a test and not taking driving lessons. It is assumed that all of the above activities would be done during leisure time so the value of those time savings is measured using the value of non-work time.²¹ These time savings have been calculated as shown in the tables below. There are also additional time savings that have not been monetised for proportionality reasons, e.g. time taken to actually exchange the licence.
100. Assumptions on time needed to travel to test facilities have been derived using data on the road distance from test facilities according to population densities of different areas²² and using the average speed travelled on GB roads by road and vehicle type²³. The low scenario is based on an individual who would get to a test facility the fastest logical way possible. It is assumed that the individual would be located 7 miles from a test facility (shortest distance) and use a car ride (fastest mode) on a motorway at an average speed of 68 miles per hour (mph) (fastest speed) to get there. Similarly, the high scenario is based on an individual who would get to a test facility the slowest logical way possible. It is assumed that the individual would be located 30 miles from a test facility (longest distance) and use a bus (slowest mode) on a 30mph road at an average speed of 27mph (slowest speed) to get there. The low and high scenarios are both extremes and are calculated to purely demonstrate the slowest and fastest way possible to get to the test facility. In reality, it is quite common for instructors to pick up their students in a car and let them drive to the test facility. The central scenario takes the average of the low and high scenarios to give an average time of 0.61 hours needed to travel to a test facility.
101. Table 15 below shows the impacts this would have on total value of travel time savings if it is assumed that people travel an average of 0.10 hours (6.18 minutes) in the low scenario, 0.61 hours (36.30 minutes) in the central scenario and 1.11 hours (66.67 minutes) in the high scenario.

²¹ TAG data book - GOV.UK (www.gov.uk)

²² DVSA

²³ <https://www.statista.com/statistics/303443/average-speed-on-different-roads-in-great-britain-by-vehicle-type/>

Table 12: Time needed to travel to test facility

Estimate	Average population for a local authority	Road distance from test facility (1)	Vehicle type	Road Type	Average speed (2)	Time needed to travel to test facility (one way, hours) (3)= (1)/(2)
Low	1,250 or more people per square kilometre	7 miles	Car	Motorways	68 mph	0.10
Central	-	-	-	-	-	-
High	Fewer than 100 people per square kilometre	30 miles	Bus	30 mph built-up roads	27 mph	1.11

Table 13: Time savings from not travelling to and from test facilities

	(1)	(2)	(3)	(4)	(5) = (1) * (2) * (3) * (4)
Estimate	Ukrainians in scope (Number who would exchange for a GB manual licence-2022 only)	Number of journeys (based on number of test attempts)	Average time travelled to test locations (assumption, hours)	Value of non-work time, £ per hour	Total value of time saving during leisure hours, £
Low	24,679	2	0.10	£4.86	£24,693
Central	59,322	2	0.61	£6.48	£466,693
High	100,404	4	1.11	£8.10	£3,614,546

Table 14: Time savings from not taking a driving test(s)

	(1)	(2)	(3)	(4)	(5) = (1) * (2) * (3) * (4)
Estimate	Ukrainians in scope (Number who would exchange for a GB manual licence-2022 only)	Number of test attempts before passing	Average length of a test, hours	Value of non-work time, £ per hour	Total value of time saving during leisure hours, £
Low	24,679	1	1	£4.86	£119,939
Central	59,322	1	1	£6.48	£384,409
High	100,404	2	1	£8.10	£1,626,546

Table 15: Time savings from not taking driving lessons

	(1)	(2)	(3)	(4)	(5) = (1) * (2) * (3) * (4)
Estimate	Ukrainians in scope (Number who would exchange for a GB manual licence-2022 only)	Number of lessons taken (assumption)	Average length of a lesson, hours	Value of non-work time, £ per hour	Total value of time saving during leisure hours, £
Low	24,679	0	1	£4.86	£0
Central	59,322	15	1	£6.48	£5,766,134
High	100,404	45	1	£8.10	£36,597,278

102. This is a representation of what these time savings would look like over the appraisal years in all scenarios:

Table 16: Time savings from not travelling to and from test facilities (£) (discounted)

Appraisal Years	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Central	724,142	124,372	60,083	29,026	14,022	6,774	3,272	1,581	764	369
Low	32,915	5,962	2,880	1,391	672	325	157	76	37	18
High	7,033,334	1,179,706	569,906	275,317	133,003	64,253	31,040	14,995	7,244	3,500

Table 17: Time savings from not taking a test(s) (£) (discounted)

Appraisal Years	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Central	596,467	102,443	49,490	23,908	11,550	5,580	2,695	1,302	629	304
Low	159,873	28,958	13,989	6,758	3,265	1,577	762	368	178	86
High	3,165,001	530,868	256,458	123,893	59,852	28,914	13,968	6,748	3,260	1,575

Table 18: Time savings from not taking lessons (£) (discounted)

Appraisal Years	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
Central	8,947,003	1,536,651	742,344	358,620	173,246	83,694	40,432	19,532	9,436	4,558
Low	0	0	0	0	0	0	0	0	0	0
High	71,212,512	11,944,525	5,770,302	2,787,585	1,346,660	650,560	314,280	151,826	73,346	35,433

Unmonetised Benefits

Better quality of life for Ukrainian refugees (indirect- individuals)

103. Removing or delaying the requirement for Ukrainians to exchange their driving licences to GB ones can make integration and life in GB easier for Ukrainian refugees. Because of the additional costs and burdens involved in exchanging their licences, some Ukrainians may choose to not exchange and this may have negative effects on themselves and their families. By removing or delaying this requirement, Ukrainians are more likely to have a better quality of life in GB, in some regard. This is likely to be a benefit only for those that stop driving because they cannot afford

exchanging their licence and/ or taking lessons and sitting a practical driving test. The welfare gain described here is equivalent to the welfare loss from not being able to drive anymore.

104. In addition, some people, especially those living in rural areas, with less access to public transport, may need to drive their cars to get to and from work. If they are able to use their Ukrainian licences to do this, there are less disruptions and delays associated with people getting to work and/or other commitments.
105. This benefit has not been monetised as it is not possible to measure as there are so many different factors that can affect quality of life and the extent of the benefit would vary from person to person.

Lower Barriers to entry into jobs that require a full driving licence (indirect- individuals)

106. Some jobs require employees to have a full driving licence. By allowing Ukrainians to use their Ukrainian driving licences for longer or potentially for the whole duration of their (short) stay in GB, this lowers barriers to entry for those types of jobs. The time commitment associated with exchanging to a GB driving licence and potentially having to take lessons and test(s) may lead to Ukrainians having a disadvantage compared to other individuals when looking for employment. Most time savings benefits identified have been monetised above, but some such as the time taken to actually exchange a licence have not been monetised for proportionality reasons.
107. This benefit has not been monetised as it is not possible to measure and the extent of the benefit would vary from person to person. This would also only apply to a small percentage of individuals out of those in scope for exchanging their licence.

Business Impact Target Calculations

108. The only direct cost to business is the familiarisation cost to ADIs. The other monetised impacts included in the BIT calculations are the familiarisation cost to drivers (direct), lost revenues to ADIs from no practical lessons (indirect), reduced cost burden to Ukrainians from automatic/manual exchange/ test avoidance (direct), practical driving lesson avoidance (indirect) and time savings from not having to travel to test facilities, take a test or lessons (indirect).
109. These impacts have been included in the BIT score, the EANDCB, the Total Net Present Social Value and the Business Net Present Value shown in the tables below.

Table 19: Cost of option 1, 2019 prices, 2020 present value, £ millions

Total Net Present Social Value	Business Net Present Value	Net direct cost to business per year	BIT Score	Appraisal Period (Years)
-0.5	-0.3	0.0	0.2	10

Table 20: Cost of option 2, 2019 prices, 2020 present value, £ millions

Total Net Present Social Value	Business Net Present Value	Net direct cost to business per year	BIT Score	Appraisal Period (Years)
21.2	-0.3	0.0	0.2	10

Table 21: Cost of option 2, 2019 prices, 2020 present value, £ millions

Total Net Present Social Value	Business Net Present Value	Net direct cost to business per year	BIT Score	Appraisal Period (Years)
21.4	-0.3	0.0	0.2	10

110. Other indirect costs mentioned earlier have not been monetised for the reasons mentioned above and are therefore not included in the BIT calculations. This may lead to skewed final numbers as their potential monetary impacts are not considered in the BIT calculations.
111. The EANDCB is less than £5m across all options and is unlikely to breach the threshold given that most of the costs and benefits are indirect and it is unlikely that the number of Ukrainians in scope would change dramatically to what is currently predicted. The reason why this has been drafted as an Impact Assessment rather than a De-Minimis assessment (DMA) is because it is a non-qualifying DMA due to the contentious nature of this policy.

3.0 Risks and unintended consequences

112. One unintended consequence, highlighted in the PSED assessment, is the potential for a judicial review on this policy change which forces either the cancellation of the scheme or its widening to either (a) all those in the UK on refugee visas or (b) all foreign drivers in GB, whether they are eligible to exchange their licences or not. It is not known how many people this would affect, as this information is not collected unless an individual does exchange their licence where eligible.
113. Another unintended consequence might be an increase in driving licence fraud. Possession of a Ukrainian driving licence which is not administered by the DVLA, might mean more forgeries may enter into circulation so that drivers using these licences can avoid proper sanction. If a foreign licence holder receives penalty points on a driving licence, a driver record is created for them by DVLA so that they can have these points held against them for the relevant validity period. If they get up to 12 points, their right to drive in the UK is rescinded but this does not prevent them from being able to drive back in the state where the licence is issued, or in any other state/territory. Having a Ukrainian licence valid for longer may mean less scrutiny and enforcement against Ukrainian licence holders, and greater desire for fraudulent documents to avoid sanction in the UK. For example, someone in the UK may be able to illegally obtain a Ukrainian driving licence on which they would accumulate points whilst keeping a clean GB licence.

Insurance risk

114. Car insurance is mandatory for all vehicles on UK roads, and it is possible that there will be an impact on how UK insurers treat Ukrainian nationals, by extending the validity of Ukrainian driving licences beyond the current 12 months. The insurance industry could view this as a negative impact on road safety, and if so, we would expect that this could lower the number of available insurance products and increase the costs of the premiums for products that are available.
115. Based on anecdotal evidence from correspondence, insurance costs for Ukrainians so far seem to be much higher than insurance costs for regular GB licence holders and these higher insurance costs would exceed the costs of exchanging a Ukrainian licence to a GB licence. It cannot be said for sure that this is due to having a Ukrainian licence, however if this is indeed a factor, then a lower cost option would be for Ukrainian refugees to exchange their Ukrainian licence to a GB one. This in a way defeats the purpose of this extension given one of the main objectives is to reduce the cost burdens placed on Ukrainians when having to exchange their licence.

Road Safety Risk

116. In terms of insurance and road safety, there could be some risk if extending driving licence requirements results in some vehicles being driven without insurance, as drivers struggle to

obtain/cannot afford it. It is not possible to be more precise, because motor insurers use a wide range of criteria to assess the potential risk a driver poses including the age of the applicant, the type of vehicle being insured, the postal area where the applicant lives, the driving experience and driving record of the applicant, and whether the licence was first issued in GB/UK or was exchanged.

117. Separately, for the duration of the exchange agreement, Ukrainians will be able to use their Ukrainian driving licences to drive any type of automatic/manual vehicle. During the first 12 months of residence for Ukrainians under the current exchange agreement, Ukrainians can drive on their Ukrainian licence in the UK as they would in Ukraine. This means that for this initial 12 months Ukrainians who passed a test in an automatic can in theory legally drive a manual vehicle. This risk will have been considered when applying the original 12 month use limit for foreign licences, and extending the period of time for which Ukrainians can use their Ukrainian licences in the UK extends this risk also.
118. Although testing standards in Ukraine are considered to be high since there are exchange arrangements in place, this does not necessarily reflect the quality of driving for Ukrainians. For example, once a driver passes their test in Ukraine, there may be factors for driving there that are different to those in the UK. This could potentially be different road surfaces/markings, specific highway features, vehicle standards and enforcement presence.
119. There are statistics that indicate that there are more road fatalities that occur in Ukraine compared to the UK. According to the World Health Organisation, there have been reports of 13.7 road fatalities in Ukraine compared to 2.9 road fatalities in the UK per 100,000 inhabitants per year.²⁴This could be an indication of poorer driving standards in Ukraine, which would make it riskier to allow those with Ukrainian driving licences to continue driving in the UK for a longer period of time without taking a driving test (for manual licence holders) and could potentially pose an increased risk to UK drivers. However, it could also be the case that the higher death toll is related to factors other than the quality of driving such as the quality of roads and infrastructure, in which case there would not be an increased risk to UK drivers and road users.

Consultation

120. The proposals for extending driving licence exchange requirements for Ukrainians, arriving in Great Britain (GB) from the conflict with Russia was launched 04 April 2023 and closed 02 May 2023. Overall, 3,021 responses were received via the online survey, and via emailed responses.
121. 2,993 consultation responses were received via the online survey: 2,966 individuals and 27 from organisations. 28 emailed responses were received which could be put into the online survey format: 28 individuals and, 0 organisations. The responses overwhelmingly supported the proposal to extend the exchange period and support the government proposal for this to be 36 months (3-years).
122. The consultation asked do those responding to the consultation agree with the government's proposal of extending the eligibility period of time for which Ukrainian licence holders, arriving from the Russian conflict may drive cars within GB. Overall, 99% (2,990) responded yes, less than 1% (25) responded no, 3 responded don't know, and 2 skipped this question. Of the 25 who did not agree with the proposal, 17 cited safety issues, 4 discrimination, 3 fell into 'other', and 1 was left blank.

²⁴ [https://www.who.int/data/gho/data/indicators/indicator-details/GHO/estimated-road-traffic-death-rate-\(per-100-000-population\)](https://www.who.int/data/gho/data/indicators/indicator-details/GHO/estimated-road-traffic-death-rate-(per-100-000-population))

123. The consultation then asked, beyond the existing 12-month entitlement, what length of time is appropriate for the extension. In response, the majority, 89% (2,687 responses) responded that the extension should be 36-months; that is the full Ukrainian scheme visa period, so that it matches the period of time granted for the Family, Sponsorship and Extension via schemes. The second most popular option was another time period greater than 36 months at 6.26% (188 responses) and the third most popular option was greater than 24 months but no more than 36 months at 2.6% (78 responses). The other two options received 0.53% (16 responses) for up to 12 months, and 1.10% (33 responses) for greater than 12 months but no more than 24 months.

Views on road safety

124. The consultation asked what comments, if any, do those responding have on our suggested road safety considerations as well as if there are any other road safety considerations those responding would like to raise. Most open text comments relating to our road safety considerations, were that 157 (25%) thought that Ukrainian Drivers would be able to adjust to driving beyond the current 12 months and that the greater risk would be when then first enter GB whilst adapting. 188 (30%) believed that extending a Ukrainian Licence would be fine.

125. The consultation also asked if there are any other road safety considerations those responding would like to see included, and 144 (5%) agreed there should be. Fifteen (19%) felt that there should be some practical lessons offered, some kind of exam to test competency or at the very least clear road safety information when they first arrive. There were four (0.6%) comments about potential fraud relating to Ukrainian licences, but not supported by evidence.

4.0 Wider impacts

Innovation Test

126. The sign-off guidance also contains additional information on this.[if required] It would not be expected that this policy would have an impact on innovation. This policy aims to make it easier for Ukrainians to access driving opportunities whilst they reside in GB. It could be seen that in making it easier to access employment opportunities and school, that this may benefit innovation, however there is limited evidence to expand on this further than speculation.

Small and Micro Business Assessment

127. The main impacts of this policy are expected to fall to the public (Ukrainians) (non-businesses) and the government/DVLA with some impacts falling on ADIs and businesses that potentially employ Ukrainian drivers. This section is mostly focused on ADIs as there is no data available on businesses that potentially employ Ukrainian drivers and this is expected to be a small percentage of Ukrainians in scope.

128. The driving school industry is a highly competitive market, the number of year-to-date approved driving instructors on DVSA's register is 38,842²⁵, there is no data available which disaggregates these businesses by size although, there is some internal data identifying the disaggregation of business type. This data has been obtained through DVSA's research; November 2019 findings indicated the types of businesses as detailed in table 16. Of the 40,000 ADIs invited to complete the survey, only 7.6% took part, indicating that the results aren't representative of the wider population of ADIs.

Table 22: Breakdown of business type in the ADI industry²⁶

²⁵ [Driver and Vehicle Standards Agency, Approved driving instructor \(ADI\) register statistics: from April 2011 to June 2022, latest update 9 November 2022, Gov.uk](#)

²⁶ Some respondents chose not to give a response, hence results do not add up to 100%.

Independent	57%
Local driving school	16%
National driving school	4%
Franchise	21%

129. Whilst the data in table 16 is not a reliable representation of the industry, it suggests that at least half of ADIs are independent, implying them to be a small business. Despite the uncertainty of the composition of the driver training industry, it is not expected that this intervention will disproportionately affect small and micro businesses, since the impacts are minor. The only costs to business are expected to be familiarisation and lack of revenue if Ukrainians decide to not take any driving lessons. It is not a necessity or requirement for Ukrainians to take any formal lessons and some will likely not do so as they would already know how to drive a manual vehicle. In addition, businesses would not have planned for this revenue stream given that Ukrainians on visas are supposed to have a temporary stay in GB, which means any impact and loss of revenue would be minimal.

Equalities Impact Assessment

130. An Equalities Impact Assessment is being prepared simultaneously to consider the effects of policies on those with protected characteristics²⁷ under the Public Sector Equality Duty set out in the Equality Act 2010. [This will be attached to this assessment as an annex and summary provided here.]

Justice Impact Test

131. This is typically a separate document and often not considered until the final stage when a policy's impacts on the justice system become much clearer.

Family Test

132. We anticipate that this policy could have some effects on family life, in that it should make access to continued driving opportunities easier for Ukrainians. As such, the ability of Ukrainians to be able to get to work, childcare and schools should be made easier, and examples of this have been flagged to DfT in correspondence. Under the visa schemes many Ukrainians have stayed with host families spread throughout the country, of those in the most rural areas, access to driving can be seen to be even more important to ensuring access to family affecting amenities like schools, work and social life.

133. 5.0 Post implementation review

1. Review status: Please classify with an 'x' and provide any explanations below.									
<input type="checkbox"/>	Sunset clause	<input checked="" type="checkbox"/>	Other review clause	<input type="checkbox"/>	Political commitment	<input type="checkbox"/>	Other reason	<input type="checkbox"/>	No plan to review
Regulations to be reviewed every three years to ensure continued suitability.									

²⁷ Age, disability, sex, gender reassignment, pregnancy and maternity, race, religion or belief and sexual orientation

2. Expected review date (month and year, xx/xx):

		/		
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Five years from when the Regulations come into force

3. Rationale for PIR approach:

- **Will the level of evidence and resourcing be low, medium or high? (See Guidance for Conducting PIRs)**

DfT intends to conduct a review of this policy, examining its reach, and perceptions of its impact amongst stakeholders. The level of evidence and resourcing for this PIR has been assessed to be low. This measure falls beneath the de minimis threshold as most of the impacts are indirect.

We recommend that the policy is reviewed within three years after coming into force.

- **What forms of monitoring data will be collected?**

DVLA supplied data will be used to determine the number of Ukrainians applying for exchanges of their Ukrainian driving licence to a GB licence for both manual & automatic car licences (Category B). We would expect the proportion of Ukrainians exchanging their Ukrainian licences to GB ones to fall given the extension in the period of time that Ukrainians can use their Ukrainian licences in GB.

Publicly available Home Office data²⁸ will be used to retrieve the number of Ukrainian refugees entering the UK who are awarded the relevant visas and therefore the scale of the impact of this intervention. It will be used to determine the number of licence exchanges relative to Ukrainian migration levels and the proportion of Ukrainians in the UK exchanging their licences every year.

Data in the form of primary evidence gathering Ukrainian support/ representative group views and perceptions will also be collected to monitor and evaluate whether the time and cost burden of exchanging licences for Ukrainians has reduced after making use of this policy.

- **What evaluation approaches will be used? (e.g. impact, process, economic)**

The evaluation approach will be monitoring data with some secondary analysis, looking at the proportion of Ukrainians residing in the UK exchanging their licences over time since the introduction of this extension to determine the scale of the impact of this extension and the extent of time and money saved. The main objective of this policy is to reduce monetary and time pressures for Ukrainian refugees that are associated with exchanging a Ukrainian licence with a GB licence in order to be able to drive in GB.

- **How will stakeholder views be collected? (e.g. feedback mechanisms, consultations, research)**

Stakeholder views will be collected through informal consultations and short surveys with Ukrainian support groups, ADIs and the insurance industry.

A review could reach out stakeholder groups such as Ukrainian Support Groups and those with a road safety interest to ensure that the policy was effective and safe. Statistical data could be extracted from the Crash incident reporting database and the insurance industry to see if any collisions involved Ukrainian Licence holders.

A more detailed description of the specific research question, possible approaches, and the policy objectives they relate to, are outlined in the table below. It is important to note that all plans as outlined here are subject to change, in scope and in method. This plan should be interpreted as recommendations at this stage.

²⁸ Statistics on Ukrainians in the UK - GOV.UK (www.gov.uk)

Key Objectives, Research Questions and Evidence collection plans

Key objectives of the regulation(s)	Key research questions to measure success of objective	Existing evidence/data	Any plans to collect primary data to answer questions?
<p>To reduce time and monetary cost burdens that would be incurred if Ukrainians temporarily residing in the UK who want to drive would have to exchange to a GB driving licence.</p>	<ul style="list-style-type: none"> - To what extent has this extension reduced the time and monetary cost burdens that would usually be expected from having to exchange licences for Ukrainian refugees residing in the UK? 	<ul style="list-style-type: none"> - Number of Ukrainians exchanging their Ukrainian licence to a GB one – automatic & manual- (DVSA) - Number of Ukrainians entering the UK with visas (HO)¹ 	<ul style="list-style-type: none"> - Informal consultation/ surveys or interviews with Ukrainian support/ representative groups, I to determine whether this policy has eased time/ cost and other pressures for them.
<p>To make integration and life in the UK easier for Ukrainian refugees for the duration of their stay.</p>	<ul style="list-style-type: none"> - To what extent has integration and life in the UK become easier for Ukrainians as a result of this intervention? - Have the number/ proportion of Ukrainians exchanging their Ukrainian licence to a GB one fallen relative to the number of Ukrainian refugees entering the UK? 	<ul style="list-style-type: none"> - Number of Ukrainians exchanging their Ukrainian licence to a GB one – automatic & manual- (DVSA) - Number of Ukrainians entering the UK with visas (HO) 	<ul style="list-style-type: none"> - Informal consultation/ survey with Ukrainian refugees or support/representative groups to ask about whether life and integration in the UK has improved as a result of this intervention
<p>To reduce barriers to acquiring/ keeping driving related jobs for Ukrainian refugees residing in the UK.</p>	<ul style="list-style-type: none"> - To what extent has it become easier for Ukrainian refugees to acquire/ keep driving related jobs? 	<p>NA</p>	<ul style="list-style-type: none"> - Informal consultation/ survey/interviews with Ukrainian refugees or support/representative groups, to determine to what extent not having a valid driving licence is a factor when it

¹ Statistics on Ukrainians in the UK - GOV.UK (www.gov.uk)

<p>Maintain road safety levels in GB and ensure that this policy is safe (Risk)</p>	<ul style="list-style-type: none"> - Have the number of traffic collisions involving Ukrainian refugees increased, decreased or remained the same since the introduction of this policy?? 	<ul style="list-style-type: none"> - Number of collisions involving Ukrainian licence holders from the crash incident reporting database 	<p>comes to finding/ keeping a driving related job.</p> <ul style="list-style-type: none"> - NA
<p>Ensure that disproportional insurance costs for Ukrainian licence holders do not outweigh the benefits of not exchanging to a GB licence.</p>	<ul style="list-style-type: none"> - To what extent are insurance costs for Ukrainian licence holders higher than insurance costs for GB licence holders? 	<ul style="list-style-type: none"> - Existing anecdotal evidence of insurance costs² 	<ul style="list-style-type: none"> - If available - any data on insurance costs from the insurance industry for GB licence holders vs Ukrainian licence holders- baselined against the difference in costs in years pre-policy.

² <https://www.moneysupermarket.com/car-insurance/non-uk-residents/>

Annex:

Figure 1: Calculation for Number of Ukrainians in scope (Ukrainians with visas in the UK who would be exchanging their Ukrainian licences)

Numbers given are for the central scenario for Ukrainians who entered the UK in 2022.

Green- Given percentages

Orange- Assumptions

