

Title: Impact Assessment for Blue Badge Regulations Lead department or agency: Department for Transport Other departments or agencies:	Impact Assessment (IA)
	IA No: DfT00114
	Date: 29/06/2011
	Stage: Final
	Source of intervention: Domestic
	Type of measure: Secondary legislation
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Summary: Intervention and Options

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

The Blue Badge (Disabled Parking) scheme has been in place since 1971, and enables over 2.5 million disabled people to retain their independence by allowing them to park close to where they need to go. In February 2011, the Department for Transport announced a programme of reforms to modernise the scheme. This IA describes regulatory measures designed to address problems associated with a number of the issues set out in the reform programme IA (DfT 00060) including - increasing demand for badges, inconsistent assessment, inefficient service delivery, and high levels of abuse and misuse of badges. Government intervention is necessary to lead the reforms and implement the necessary legislative changes. This will enable more effective delivery by local authorities and improve the service for disabled people.

What are the policy objectives and the intended effects?

The measures support the Government's agenda for supporting freedom and fairness and on meeting the needs of older and disabled people, and is targeted at addressing the mobility needs of those disabled people who need the most help to travel. The objective of these measures is to reduce current problems, for example, operational and service delivery issues, and ensure the scheme is able to deal with future pressures and demands. These changes will help local authorities to improve operational efficiency, reduce public sector costs and improve customer services. They will also help to prevent abuse of the scheme and ensure that the concession is more fairly targeted and protected for those that most need it.

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

Do nothing - not to implement the measures
 Option 1 (preferred option) - To implement the measures developed through close working and consultation with local authorities and disabled people. These measures consist of changes to secondary legislation that will deliver the policy aims mentioned above. The projects include measures to require the use of independent mobility assessments to determine eligibility in certain circumstances, establish a common service delivery project, implement a new badge design and amend legislation to improve enforcement. The maximum fee that local authorities can charge for a badge will be raised from £2 to £10 to cover costs more appropriately.

Will the policy be reviewed? It will be reviewed. **If applicable, set review date:** 01/2015

What is the basis for this review? PIR. **If applicable, set sunset clause date:** Month/Year

Are there arrangements in place that will allow a systematic collection of monitoring information for future policy review?	Yes
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SELECT SIGNATORY Sign-off For consultation stage Impact Assessments:

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: _____ Norman Baker _____ Date: _____ 03/11/2011 _____

Summary: Analysis and Evidence

Policy Option 1

Description:

Price Base Year 2010	PV Base Year 2010	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: 60	High: 175	Best Estimate: 120

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low		15	100
High		25	195
Best Estimate		20	155

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

Blue Badge applicants may have to pay a higher fee for a badge (from £2 to £10). The cost of the badge itself will increase as a result of making it harder to copy and to forge. Local authorities will need to pay approximately £5 per badge to the supplier of the common service improvement project.

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

Potential one-off change management costs for local authorities, for example, in implementing a business change, training, and updating information for badge holders and applicants.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low		20	160
High		45	370
Best Estimate		35	275

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

Local authorities will benefit from being able to charge a higher fee for a badge that more appropriately covers costs. Greater uptake of independent mobility assessments could result in assessment cost savings to local authorities. The common service improvement project could deliver efficiency savings to local authorities of between £6mn and £20mn p.a. Improvements to the enforcement regime and the badge could deliver benefits to local authorities of between £3mn and £7mn p.a.

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

Potential welfare, health and well-being gains for badge holders resulting from a greater availability of parking spaces due to reduced levels of fraud and abuse. Potential benefits to parking and toll operators from reduced levels of abuse.

Key assumptions/sensitivities/risks

Discount rate (%) 3.5%

Whilst our judgement (informed by a number of consultations) is that most local authorities will make use of these new measures, there is a risk that some would not make full use of the new provisions which would mean that benefits and costs would be lower than presented here. The NPV is also sensitive to estimates of the reduction in fraud/misuse as a result of enhanced enforcement measures and the impact of changes in use of the concession on traffic levels, both of which are difficult to forecast.

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

Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?		England			
From what date will the policy be implemented?		01/10/2011			
Which organisation(s) will enforce the policy?		Local Authorities			
What is the annual change in enforcement cost (£m)?					
Does enforcement comply with Hampton principles?		Yes			
Does implementation go beyond minimum EU requirements?		N/A			
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)		Traded: N/A		Non-traded: N/A	
Does the proposal have an impact on competition?		No			
What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?		Costs:		Benefits:	
Distribution of annual cost (%) by organisation size (excl. Transition) (Constant Price)	Micro	< 20	Small	Medium	Large
Are any of these organisations exempt?	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No

Specific Impact Tests: Checklist

Set out in the table below where information on any SITs undertaken as part of the analysis of the policy options can be found in the evidence base. For guidance on how to complete each test, double-click on the link for the guidance provided by the relevant department.

Please note this checklist is not intended to list each and every statutory consideration that departments should take into account when deciding which policy option to follow. It is the responsibility of departments to make sure that their duties are complied with.

Does your policy option/proposal have an impact on...?	Impact	Page ref within IA
Statutory equality duties¹ Statutory Equality Duties Impact Test guidance	Yes	EqlA completed for Programme
Economic impacts		
Competition Competition Assessment Impact Test guidance	No	
Small firms Small Firms Impact Test guidance	No	
Environmental impacts		
Greenhouse gas assessment Greenhouse Gas Assessment Impact Test guidance	No	
Wider environmental issues Wider Environmental Issues Impact Test guidance	No	
Social impacts		
Health and well-being Health and Well-being Impact Test guidance	No	
Human rights Human Rights Impact Test guidance	No	
Justice system Justice Impact Test guidance	Yes	17
Rural proofing Rural Proofing Impact Test guidance	No	
Sustainable development Sustainable Development Impact Test guidance	No	

¹ Public bodies including Whitehall departments are required to consider the impact of their policies and measures on race, disability and gender. It is intended to extend this consideration requirement under the Equality Act 2010 to cover age, sexual orientation, religion or belief and gender reassignment from April 2011 (to Great Britain only). The Toolkit provides advice on statutory equality duties for public authorities with a remit in Northern Ireland.

Evidence Base (for summary sheets) – Notes

Use this space to set out the relevant references, evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Please fill in **References** section.

References

Include the links to relevant legislation and publications, such as public impact assessments of earlier stages (e.g. Consultation, Final, Enactment) and those of the matching IN or OUTs measures.

No	Legislation or publication
1.	Reform of the Blue Badge Scheme Announcement http://www2.dft.gov.uk/transportforyou/access/bluebadge/reform/index.html
2.	Blue Badge Programme Impact Assessment http://www2.dft.gov.uk/adobepdf/259428/281009/bluebadgereformia.pdf
3.	Blue Badge Reform Programme Impact Assessment (Final) – DfT 00060 (7 December 2010) http://assets.dft.gov.uk/publications/topics/access/blue-badge-7/bluebadgereformia.pdf
4.	Legislation: The Chronically Sick and Disabled Persons Act 1970. http://www.legislation.gov.uk/ukpga/1970/44 The Disabled Persons (Badges for Motor Vehicles) (England) Regulations 2000 http://www.legislation.gov.uk/uksi/2000/682/made and the Disabled Persons (Badges for Motor Vehicles) (England) (Amendment) Regulations 2007 http://www.legislation.gov.uk/uksi/2007/2531/made
5.	Consultation: Consultation on Developing a Comprehensive Blue Badge (Disabled Parking) Reform Strategy. DfT, January 2008 http://www.itpnetwork.gov.uk/Documents/bluebadgeconsult.pdf
6.	Research reports: Faber Maunsell: Blue Badge research with LAs, 2008; AECOM research with LAs 2010, unpublished. Research with Blue Badge Holders: Final Report, DfT, October 2008; ITP research on Improving Blue Badge administration and assessment (ongoing) http://webarchive.nationalarchives.gov.uk/+http://dft.gov.uk/adobepdf/259428/281009/holdersreport.pdf
7.	Previous Government strategy, including Impact Assessment: Comprehensive Blue Badge (Disabled Parking) Reform Strategy (England), DfT, October 2008 http://webarchive.nationalarchives.gov.uk/+http://www.dft.gov.uk/transportforyou/access/bluebadge/reform/reformstrategy/bbreformstrategy.pdf
8.	Research report: Blue Badge Reform Strategy: Enforcement Evidence Base, DfT, March 2010 http://webarchive.nationalarchives.gov.uk/+http://dft.gov.uk/adobepdf/259428/281009/enforcementevidence.pdf
9.	Consultation, including public Impact Assessment: Blue Badge Reform Programme: A consultation document, DfT, March 2010 http://www.dft.gov.uk/consultations/closed/2010-20/
10.	Statistics: Parking badges for disabled people, DfT, published annually http://www.dft.gov.uk/pgr/statistics/datatablespublications/public/parkingbadges/
11.	Blue Badge Reform Programme Impact Assessment (Final) – DfT 00060 (7 December 2010) http://assets.dft.gov.uk/publications/topics/access/blue-badge-7/bluebadgereformia.pdf
12.	Legislation: The Chronically Sick and Disabled Persons Act 1970. http://www.legislation.gov.uk/ukpga/1970/44 The Disabled Persons (Badges for Motor Vehicles) (England) Regulations 2000 http://www.legislation.gov.uk/uksi/2000/682/made and the Disabled Persons (Badges for Motor Vehicles) (England) (Amendment) Regulations 2007 http://www.legislation.gov.uk/uksi/2007/2531/made

Evidence Base

Ensure that the information in this section provides clear evidence of the information provided in the summary pages of this form (recommended maximum of 30 pages). Complete the **Annual profile of monetised costs and benefits** (transition and recurring) below over the life of the preferred policy (use the spreadsheet attached if the period is longer than 10 years).

The spreadsheet also contains an emission changes table that you will need to fill in if your measure has an impact on greenhouse gas emissions.

Annual profile of monetised costs and benefits* - (£m) constant prices

	Y ₀	Y ₁	Y ₂	Y ₃	Y ₄	Y ₅	Y ₆	Y ₇	Y ₈	Y ₉
Transition costs	0	0	0	0	0	0	0	0	0	0
Annual recurring cost	10.3	18.1	18.6	19.0	19.5	20.0	20.4	20.9	21.4	22.0
Total annual costs	10.3	18.1	18.6	19.0	19.5	20.0	20.4	20.9	21.4	22.0
Transition benefits	0	0	0	0	0	0	0	0	0	0
Annual recurring benefits	19.9	32.6	33.1	33.6	34.1	34.6	35.1	35.6	36.1	36.7
Total annual benefits	19.9	32.6	33.1	33.6	34.1	34.6	35.1	35.6	36.1	36.7

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



Microsoft Office
Excel Worksheet

Evidence Base (for summary sheets)

Section 1: Background

1. The Blue Badge scheme was introduced in 1971. It provides parking concessions for severely disabled people to enable them to park without charge on single or double yellow lines for up to 3 hours and in on-street parking bays. Badge holders are also able to access other concessions. For example, most local authorities automatically issue badge holders with a concessionary bus pass in line with statutory DfT guidance on that scheme, and badge holders are exempt from the congestion charge in London if they register their details in advance with the operator. 75% of Blue Badge holders have said that they would go out less often if they did not have a Badge and 64% would be more reliant on friends and family members¹. Demand for badges has increased significantly – trebling in the last 20 years - and there are 2.5 million badges on issue at present².
2. The scheme began as a way of improving accessibility for disabled people but it is increasingly about affordability as badge holders do not have to pay charges when they park on-street and they receive other benefits, as indicated above. It is estimated that the annual benefit of the scheme to disabled people is around £250mn or nearly £100 per annum on average for each badge holder. The benefit per person ranges from £35 for people living in rural areas who make one trip per week, to nearly £5,000 for those who use a badge to travel to work to London every day³.
3. In England, badges are issued by top-tier local authorities to individuals and organisations who meet the eligibility criteria set out in legislation. Enforcement of the scheme is largely carried out by second tier local authorities. Unitary authorities perform both functions. The Government is responsible for the legislation that sets out eligibility criteria, the terms of the concession itself, the period of issue, fee and design of the badge and the enforcement framework. Most badges are valid for three years and the badge is for the holder's use and benefit only, either as a driver or a passenger. The fee which local authorities can charge for a badge has been £2 since 1983.
4. A person is eligible for a badge if they meet one of the criteria set out in secondary legislation. They can be eligible either 'without further assessment' or 'subject to further assessment' by the local authority. People are eligible 'without further assessment' if they are over the age of two and:
 - receive the Higher Rate of the Mobility Component of Disability Living Allowance (HRMCDLA);
 - are registered blind;
 - receives a War Pensioner's Mobility Supplement;
 - receives a lump sum benefit at tariffs 1-8 (inclusive) of the Armed Forces Compensation Scheme and certified as having a permanent and substantial disability which causes in ability to walk or very considerable difficulty in walking.
5. People are eligible 'subject to further assessment' if they:
 - are over the age of two and are unable to walk or have very considerable difficulty in walking because of a permanent and substantial disability;
 - regularly drive a car but are unable to operate, or have considerable difficulty in operating, a parking meter on account of a severe disability in both arms;
 - are under the age of three and have a condition that requires that they be always accompanied by bulky medical equipment or requires that they be kept near a motor vehicle in case of need for emergency medical treatment.
6. Few changes have been made to the Blue Badge scheme since it was established in the 1970s. It was evident that the scheme needed to be reformed to reduce current problems and deal with future challenges. To take this forward the government engaged in a process of stakeholder engagement and formal consultation.
7. On the 14th of February 2011, the DfT announced a programme of measures to modernise the Blue Badge scheme. The measures are designed so that the scheme focuses better on those whom it was intended to benefit. In particular, this means targeting those people who misuse and abuse it to the disadvantage of genuine badge holders. Secondly, this means ensuring that people have fair access to the concession and the benefits it offers, regardless of where they live.

¹ Research with Blue Badge holders: Final Report, DfT, October 2008

² Statistics: Parking badges for disabled people, DfT, March 2009

³ DfT updated estimates based on Blue Badge Reform Strategy: Enforcement Evidence Base, DfT, March 2010

8. In June 2011, we brought regulations into force to extend Blue Badge eligibility to more disabled children between the ages of 2-3 and provided continuous automatic entitlement to severely injured service personnel and veterans. This impact assessment focuses on some of the remaining regulations to be delivered under the reform programme.

Section 2: Problem under consideration

Ensuring those most in need receive a badge

9. About 40% of badges are issued to people who meet one of the eligible 'without further assessment' criteria and 60% are issued after having been assessed by local authorities as being eligible. It is this latter category that has seen the real growth in issue-rate in recent years.
10. Badge issue rates vary significantly between local authorities (from less than 1% of the population to over 10% of the population)⁴. Analysis has shown that this cannot be fully explained by population characteristics⁵. Assessment procedures also vary. Around 70% of local authorities use an applicant's GP when a medical opinion is needed to determine eligibility.⁶ Yet a GP is often not best placed to assess mobility or eligibility and it is one of their roles to act as a patient's advocate. In 2008, the Transport Select Committee reported that using an applicant's own GP to assess mobility is likely to produce a bias in favour of approving the application. They, and disabled people's groups such as the Disabled Persons Transport Advisory Committee, have agreed that greater use of independent mobility assessments is needed to determine eligibility fairly and robustly (Chapter 1, below, refers). Ensuring that only those genuinely eligible to receive a badge do so will help to safeguard the availability of parking spaces for those who most need them. Whilst the prescribed definition of a disabled person are set out in the current legislation, there are no specific requirements as to how the assessment of eligibility should be undertaken

High levels of abuse and misuse

11. The substantial value of a badge in some areas is contributing to both increasing demand and the incentive to commit fraud and abuse the scheme. Research undertaken for the DfT⁷ suggests the extent to which fraud/misuse of badges is perceived to be a problem varies throughout the country, along with the number of offences detected. Fraud and misuse of badges results in a cost to local authorities, primarily in terms of lost parking revenue. Based on this research it is estimated that fraud is running at between 2% and 4% (ie. between 2%-4% of all badges on issue are being used fraudulently) a year and could currently cost between £3mn and £7mn per year. However, this is based on current levels of detection which are low and so is likely to be a significant underestimate. Earlier this year, the National Fraud Authority estimated abuse of the scheme to be costing an estimated £46mn per annum⁸. Respondents to the two Blue Badge consultations that were carried out in 2008 and 2010 have agreed that changes to tackle abuse and misuse of the scheme are needed.
12. The administration of Blue Badges is undertaken primarily by 152 of the larger upper tier authorities. Enforcement can then be delegated to second tier local authorities and is carried out by civil enforcement officers (in areas where parking enforcement has been decriminalised) or by local authority traffic wardens (in areas where parking enforcement remains in the criminal penalty regime).
13. Offences for misusing badges are set out in legislation. Most local authorities will deal with the parking contravention caused by the misuse of badges by issuing parking fines. This is clearly not deterring misuse, based on the estimated cost of abuse mentioned above. We do not have exact figures for the number of authorities that go further by prosecuting offenders and/or withdrawing badges. However, based on DfT research⁹ it is estimated that only around 11% (35) of the enforcing authorities currently have dedicated fraud teams for enforcing the Blue Badge and we can assume that these would undertake prosecutions. Local authorities have stated that part of the reason they are not more pro-active in addressing Blue Badge fraud is that the relevant legislation is complex and restricts their ability to act, for example 3 convictions are required before a badge can be withdrawn for misuse. The regulatory changes described in Chapter 4 below are designed to address this problem.

⁴ Statistics: Parking badges for disabled people, DfT, March 2009

⁵ Faber Maunsell (2008): Blue Badge Scheme Financial Evaluation Report (unpublished)

⁶ Faber Maunsell (2008): Blue Badge Scheme Financial Evaluation Report (unpublished)

⁷ Blue Badge Reform Strategy: Enforcement Evidence Base, DfT, March 2010

⁸ National Fraud Authority, Annual Fraud Indicator, January 2011

⁹ Blue Badge System Mapping Final Report, DfT, October 2009

14. The current design of the badge is low cost and basic and it is very easy to alter details like expiry dates, to copy and to forge. Local authorities have many examples of badges that have been faked and copied on home scanning machines and more professionally on a larger scale. The DfT specifies the design of a badge in regulations. This is based on a European recommendation that sets out a voluntary specification so that badges can be recognised and used by disabled people across the European Union. Replacement badges are often requested as details can fade in the sun. There is little security in the distribution and supply of blank badges. At present, the DfT has a contract with The Stationery Office (TSO) to supply local authorities with stocks of blank Blue Badges which ends on 31 December 2011. Local authorities individually personalise them with holders' details, which is a time-consuming, labour intensive task.
15. The fact that each local authority collects and stores different information on badge holders in local registers means that there is no quick and easy way for local authorities to check details of badges issued in different areas. Many local authorities cite these difficulties as a reason why they do not actively enforce the scheme. Without a common system, local authorities are also unable to cross-check their own and other authorities' records to verify details and prevent badges being issued to people who make multiple or fraudulent applications (Chapter 2, below, refers).

Section 3: Rationale for intervention

16. The rationale for government intervention is to amend the legislation to help reduce the number of people who abuse and misuse the scheme and ensure that the concession is more fairly protected for those who most need it the most. Only Government can make these changes and that is the purpose of the regulatory changes being addressed in this impact assessment.
17. In particular, this means ensuring implementation of a new badge design (which is specified in regulations) that is harder to forge, alter or copy, providing local authorities with improved powers to target those people who misuse and abuse the scheme to the disadvantage of genuine badge holders and ensuring that decisions on badge eligibility are made more fairly and consistently through greater use of independent mobility assessments. There was strong support (84% in favour) from respondents to the 2010 Blue Badge consultation for greater prescription from central Government on eligibility assessments. Support was particularly strong from respondents from local government (93% in favour) and representative organisations (87% in favour).
18. To ensure that badges are issued more fairly and consistently across the country, we are requiring that local authorities take up the wider use of independent mobility assessments to determine eligibility, including where previously that assessment was carried out by a GP. This will mean that for applicants applying under the 'subject to further assessment' walking criterion (having a permanent and substantial disability which causes inability to walk or very considerable difficulty in walking), eligibility will need to be confirmed through an independent assessment of mobility unless it is evident to the issuing local authority that the applicant is clearly ineligible or clearly ineligible.
19. We are establishing, with local authorities, a common service delivery project which could deliver operational efficiency savings of up to £20m per year, help to reduce and prevent abuse and improve customer services. The project will also make available an on-line application facility which should result in faster, more automatic renewals for people whose circumstances do not change between renewal periods. Central Government intervention is needed to encourage local authority participation and consistency, which will result in economies of scale benefits.
20. To prevent abuse from happening in the first place and to deal with rising levels of fraud and abuse, we are implementing a new badge design that is harder to copy, forge and alter. Arrangements for printing, personalising and distributing the badge are also being changed and will enable more effective monitoring of cancelled lost and stolen badges. A consultation in 2008 demonstrated a high level of support for a new badge design that was harder to alter, copy and to forge¹⁰ (Chapter 3, below, refers).
21. To help cover costs more appropriately and to enable the delivery of a new badge design and service delivery project the Government is proposing to raise the maximum fee for a badge that local authorities can charge from £2 to £10.
22. We want to extend the grounds available to local authorities to refuse to issue and to withdraw badges. The regulatory changes described in Chapter 4 below are designed to address this problem by making badge withdrawal easier, thus removing barriers and improving operational efficiency.

¹⁰ Consultation on Developing a Comprehensive Blue Badge Reform Strategy, DfT, January 2008

23. Government intervention is necessary to resolve these issues as amendments need to be made to the legislation which governs the Blue Badge Scheme. This is the Disabled Persons (Badges for Motor Vehicles) (England) Regulations 2000, as amended by the Disabled Persons (Badges for Motor Vehicles) (England) (Amendment) Regulations 2007 and the Disabled Persons (Badges for Motor Vehicles) (England) (Amendment) Regulations 2011.
24. This IA has been prepared to highlight the costs and benefits that would be expected to result from implementation of these measures. It builds on evidence and analysis that has been produced through research reports, surveys with disabled people, informal consultations with local authorities and formal consultations with all interested groups. An Impact Assessment on the full programme of reforms - of which these are part - was produced and cleared by the Regulatory Policy Committee and the policy intent within received RRC and Cabinet clearance prior to our announcement on the reforms in February 2011.

Section 4: Policy objectives

- To improve the prevention of badge abuse and enforcement of scheme rules;
- To deliver efficiency savings and improving customer services; and
- To ensure that badges are issued more fairly and that the scheme remains sustainable in the long term for those disabled people who rely on it the most.

Section 5: Description of options

Option A - Do Nothing

25. This would involve maintaining the status quo. On the basis of extensive consultation, this is not considered to be a realistic policy option given that maintaining the status quo would not address any of the problems currently facing the scheme (including fraud estimated at £46m pa) and that these problems would worsen. It has been noted above that demand for badges is increasing in line with forecasts of an ageing population. There are currently over 2.55m badges on issue and assuming an annual growth rate of 2.42%, there would be a further 688,000 badges on issue in 10 years time. This is a 27% increase (which could increase the fraud estimate by £12m pa, based on the above figure).

Option B - Full implementation of proposals

26. The measures detailed below have been developed through close working and consultation with local authorities and disabled people. They represent a part of the Blue Badge reform programme to be delivered in a statutory instrument to be laid in autumn 2011.

Costs and Benefits

To clearly understand how each of the measures will impact on local authorities and badge holders, specific costs and benefits have been provided in the chapters below.

Chapter 1: Provide that a local authority should carry out an Independent Mobility Assessment (IMA) when an applicant's eligibility is in doubt.

Chapter 2: The Blue Badge Improvement Service, the badge design and the fee.

Chapter 3: Improved and effective prevention of abuse and enforcement.

(A summary of the overall costs and benefits are presented in a single table on page 22.)

Chapter 1: Provide that a local authority should carry out an Independent Mobility Assessment (IMA) when an applicant's eligibility is in doubt.

27. Eligibility for a Blue Badge is defined in legislation, but the administrative and assessment procedures adopted by local authorities are a matter for them to decide upon. Around 70% of local authorities still use GP assessments to help determine eligibility, but there is a perception that assessment by an applicant's own GP creates a bias in favour of applicants. We therefore propose to amend legislation to prescribe that eligibility be confirmed through use of an independent mobility assessment unless the authority is satisfied in a particular case that it would not assist it in deciding whether the applicant was eligible (i.e. it is self-evident that the applicant is eligible or ineligible).
28. Regulation 4 of the Disabled Persons (Badges for Motor Vehicles) (England) (Regulations) 2000 specifies the prescribed descriptions of disabled persons to whom a badge may be issued. The regulations do not currently specify the assessment procedures to be adopted.
29. Some people have automatic entitlement to a Blue Badge, such as those in receipt of the Higher Rate Mobility Component of Disability Living Allowance, and do not need to be assessed further by issuing local authorities. The main assessed criterion is specified at paragraph 4(2)(f) which covers people with a permanent and substantial disability that causes inability to walk or very considerable difficulty in walking. This criterion covers over 99% of assessed applicants. We suggest that the other assessed criteria, which cover drivers with severe upper limb disabilities and children with specific conditions, do not need to be amended as we understand from local authorities that it is relatively easy for them to reach a decision on the small number of applicants applying under these criteria without recourse to a face-to-face assessment.
30. We would not recommend requiring an independent mobility assessment in all cases as this would be overly burdensome for both local authorities and applicants in cases where an applicant's disability and impairment meant that they were clearly eligible or ineligible. Similarly, we would not recommend simply requiring that personal GPs should not be used as some local authorities would then make all of their eligibility decisions without any recourse to expert medical or mobility opinion.
31. As with the existing eligibility criteria, it would be up to local authorities to interpret this prescription, to determine the circumstances in which an independent mobility assessment should be used and to determine the procedures used for that assessment. We propose that we assist them in this interpretation through our non statutory guidance on scheme administration and enforcement and that this interpretation be based on evidence derived from recently completed research and pilot studies with local authorities and disabled volunteers.
32. The DfT commissioned Integrated Transport Planning (ITP) Ltd and TAS to undertake a review of current assessment practices and to undertake pilots with 4 local authorities and 67 disabled volunteers to test and compare the accuracy of different assessment approaches¹¹.
33. During the work, a team of researchers and mobility experts developed 'core principles' for both desk-based assessments (when an administrator or mobility assessor uses a well-defined decision matrix) and in-person independent mobility assessments, together with other assessment tools and a revised model application form. DfT intends to make these resources available to local authorities, either through revised scheme guidance or through the local authority on-line community that we have established in order to help them to develop appropriate assessment procedures. We will not be mandating their use through legislation.
34. This work indicates that, if local authorities use a well designed application form and well designed screening assessment, they are able to 'filter out' those new applicants who are clearly eligible or clearly ineligible without the need for an independent mobility assessor to see them in person. The remainder would require an independent mobility assessment. Also, the work has indicated that at the point of badge renewal a significant proportion of successful applicants who have already undergone an independent mobility assessment, such as those with conditions unlikely to change, would not require a further in-person independent mobility assessment.
35. As mentioned, the Government does not intend to mandate the administrative processes to be adopted by local authorities in implementing independent mobility assessments. As the nature of these processes will vary from authority to authority it is not possible to accurately determine the likely costs and benefits.
36. Based on the findings of this research, we will be recommending in non-statutory guidance that local authorities adopt assessment practices which involve the following:

¹¹ Based on ITP research - ongoing

a) A desk-based assessment using a quantitative scoring matrix (administered either by phone, or based on the completed application form questions) that has been design with significant input from a appropriately qualified mobility expert and is conducted by those professionals or administrative staff members to filter out applicants who are clearly eligible or clearly ineligible for a Blue Badge and refer the remainder for an in-person independent mobility assessment. Where possible, the decision may draw on mobility assessments previously conducted by the local authority for other services or benefits.

b) An in-person mobility assessment conducted by an appropriately qualified health professional, such as an occupational therapist or physiotherapist, using a proforma to record the outcome and recommendation from the assessment.

c) A mechanism which allows the independent mobility assessor to recommend to the decision maker whether or not a successful applicant requires re-assessment if they choose to renew the Blue Badge upon expiry. This should ease the renewal process for applicants with conditions that are unlikely to change, as well as reducing the costs associated with unnecessary assessments.

37. The research has demonstrated that an intelligent combination of well-designed desk based and mobility assessment approaches can improve the accuracy and consistency of Blue Badge issuing. This should reduce the number of Blue Badges issued to people who do not meet the 'subject to further assessment' walking criterion.
38. In addition, the research has demonstrated that assessment costs to local authorities associated with using a combined desk-based and independent mobility assessment approach would be lower than use of applicants' personal GP's to advise on eligibility and would be lower than the estimated cost of current assessment practices.
39. Table 1 shows how the average cost of the approach adopted in the research compares to the current average cost to local authorities in determining eligibility of 'subject to further assessment' applicants.

Table 1 Eligibility assessments			
	Current Approach		
Method	IMA	Desk based	GP
Estimated weighted average cost per assessment ¹²	£19.10	£12.50 ¹³	£30.30
Estimated assessment split by type ¹⁴	8%	58%	34%
Average estimated cost	£19.08		
	Research Approach		
Method	Core Principles IMA	Core principles Desk scoring matrix	
Estimated average cost per assessment ¹⁵	£19.85 ¹⁶	£3.27 ¹⁷	
Estimated assessment by type ¹⁸	43%	100%	
Average estimated cost	£11.80		
Estimated average unit cost saving to local authorities	£7.28		

40. The £3.27¹⁹ cost for a core principles desk assessment was calculated using the time taken for an administrative member of staff to complete the scoring matrix against their average hourly rate. Using the

¹² Source: based on ITP case study research - ongoing

¹³ Calculated by ITP. The cost was previously estimated as £17.30 in our Programme IA, but included a timing for general office duties such as answering telephone and attending meetings. As the core principals desk based scoring matrix was conducted in isolation of those duties, the cost of the standard desk based has been adjusted to £12.50 to account for this.

¹⁴ Statistics: Parking badges for disabled people, DfT, March 2009

¹⁵ Based on ITP research - ongoing

¹⁶ Based on ITP case study research. Using the average hourly rate for an OT assessor of £30.75 (including overheads and oncosts) derived from the case studies developed through the Blue Badge good practice review, and with each core principles mobility assessment typically lasting 39 minutes, it is possible to calculate the average cost of each core principles mobility assessment at £19.85.

¹⁷ Calculated by ITP without a timing for general office duties such as answering telephone and attending meetings.

¹⁸ Based on ITP research - ongoing

¹⁹ Based on ITP case study research.

same parameters for each there is a £7.28 difference between the desk based assessment estimates used for the current approach and the approach adopted in the research. This represents a time cost saving to local authority staff through use of the approach in the research which is well designed and easy to use and which negates the need to cross reference guidance material or seek opinions from other colleagues on such a regular basis.

41. Using this approach, the total savings to local authorities could be £4.96mn in the first year. This was calculated by multiplying the £7.28 saving against an estimated 681,195 applications for a Blue Badge under the subject to further assessment criterion in 2012. This estimated number of 2012 'subject to further assessment' applications has been derived from the 2009 'subject to further assessment' applicants (of 63% of all badges issued to individuals) and an estimated annual growth rate in badge applications of 2.4%.

Table 2 Assessment savings	2012-2013
Number of applications	681, 195
Average cost saving per application	£7.28
Annual savings for local authorities	£5 million
PV Savings (over 10 years) @ 3.5%	£40

Note: annual savings increase by 2.4% per year; ten year PV period is between 2011-12 and 2020-21

42. The figures in Table 1 draw on those calculated through pilot studies. However, the sample of volunteer 'applicants' selected for the pilots consisted of an unusually high number of people who had previously been refused a badge. It is possible that it was easier to determine the eligibility of this cohort at the scoring matrix stage than it would be for a more representative sample of applicants. This would mean that the number of applicants for whom a clear decision could be made at the desk assessment stage would, in reality be lower, and that the proportion needing to be referred for an IMA could be higher (than the 43% in the pilots).
43. To demonstrate the level of savings generated by this approach we can raise the percentage of IMA's required (currently estimated in research as 43%) to 83% before the recommended approach becomes more expensive to local authorities. It is however unlikely that the number of applicants forwarded for an IMA after undergoing the scoring matrix will be anywhere near this high.
44. In practice, the cost savings would increase after year 1 if local authorities adopt the practice of allowing independent mobility assessors to make recommendations on the need for a successful applicant's re-assessment on renewal, as described above.
45. Table 2 shows the potential cost savings over 10 years.
46. The research also indicates that the greater use of independent mobility assessments is likely to result in some people no longer receiving a badge. This is not because of a change to prescribed descriptions of disabled person to whom a badge may be issued, but because of a more robust assessment of eligibility. Assuming that all current GP assessments were replaced with independent mobility assessments, this rejection rate is estimated to increase from the current 14.5% to between 21% and 33% a year (see table 3).

Table 3 Rejection rates²⁰	IMA		Desk based	
	Greater London	Outside London	Greater London	Outside London
Source: Based on ITP research	35%	22%	29%	26%
Weighted average	23.1%		16.7% ²¹	
Applications ²²	42.86%		100 %	
Weighted average	26.6%			
Because of uncertainty about the change in rejections a margin of error of $\pm 50\%$ is applied to the difference (19.5% - 14.5%) give a high and low range				
Range	High		Low	
Margin of error	+50%		-50.0%	
Difference from 2008/9 (14.5%)	18.1%		6.1%	

47. This is based on the difference between rejection rates for the current assessment regime and that for greater uptake of independent mobility assessments. The current rejection rate is taken from the DfT Blue Badge statistics²³ and assumes that all of the rejections relate to applications under the 'subject to further assessment' criteria. The rejection rate using independent assessments and desk-based only is the weighted average of independent assessment rates taken from the ITP research and a desk-based rate derived using the total number of rejections.
48. It is also assumed that there is no increase in appeals²⁴ and reassessment costs; that the use of IMAs does not deter people from applying for the badge; and that the administrative cost (excluding the actual assessment cost) incurred by the local authority is the same for an applicant undergoing GP assessment as for an applicant undergoing an independent mobility assessment.
49. This reduction in badges would result in a potential recovery of lost parking revenue and allied charges amounting to between £3.8mn and £11.5mn per annum (see table 4). This is based on the difference in the level of rejections multiplied by the average parking revenue per year that would have been paid by Blue Badge holders (see Annex 2). The parking revenue is in relation to the price of parking a vehicle as opposed to any fine receipts.

Table 4 Parking charge recovery	Low	Central	High
Rejections (do nothing) 2012/13	98,600		
Rejections (do something) 2012/13	115,600	180,880	220,020
Increase in the number of rejections (=reduction in the number of badges on issue)	17,000	82,280	121,420
Average loss in parking revenue per badge p.a.	£92.80		
Annual saving to local authorities from a reduction in parking revenue losses	£3.8mn	£7.6	£11.5mn
PV over 10 years @ 3.5%	£13mn	£62mn	£92mn

Note: annual savings increase by 2.4% per year; ten year PV period is between 2011-12 and 2020-21

²⁰ Source: based on ITP research - ongoing

²¹ Adjusted by DfT (see below in risks and assumptions - use of IMA)

²² Statistics: Parking badges for disabled people, DfT, March 2009

²³ Statistics: Parking badges for disabled people, DfT, March 2009

²⁴ DfT Local Authority guidance sourced by ITP Research: Despite their high rates of refusal, these authorities demonstrated a rate of appeal that was similar to the average (2.5% of all subject to further assessment applicants) Further investigation of how this had been achieved revealed that: Applicants are generally less likely to appeal, because they feel the authority has given their application due consideration. Detailed feedback letters explain to unsuccessful applicants why they had fallen short of the eligibility criteria, thereby making the decision-making process more transparent.

50. The parking charge recovery is based on one year's worth of benefits. The total overall benefits to local authorities in are shown in Table 5 below:

Table 5 Summary of benefits to Local Authorities				£mn		
	Annual			PV over 10 years @3.5%		
	Low	Central	High	Low	Mid-point	High
Lower assessment costs from move from GP to IMA	5.0	5.0	5.0	40	40	40
Higher parking revenues from increase in rejections	3.8	7.6	11.5	13	62	92
Total	8.8	12.6	16.5	53	102	132

Note: annual savings increase by 2.4% per year; ten year PV period is between 2011-12 and 2020-21

51. There will be a loss of benefits for those Blue Badge holders whose renewal application is refused because of a move to more robust assessments. This has been estimated as the increase in parking charges they will face as a result of no longer having the badge - this will be equal to the increase in parking charges received by local authorities (calculated in table 4).

Table 6 Loss of benefits for Blue Badge applicants				£mn		
	Annual			PV over 10 years @3.5%		
	Low	Mid-point	High	Low	Mid-point	High
Parking revenue from increase in rejections	3.8	7.6	11.5	13	62	92

Chapter 2: The Blue Badge Improvement Service, the badge design and the fee

52. The Government has been developing the Blue Badge Improvement Service (BBIS) with local authorities and, following a competitive procurement process, signed a contract in May 2011 with Northgate Information Solutions and Payne Security who will deliver the service. BBIS will provide several key services. It will enable secure printing and distribution of a new, high specification badge that will be harder to copy and forge. It will establish a common database of badges and key details on badge holders to enable verification checks by enforcement officers from anywhere in Great Britain and automated checks at application stage to reduce and prevent fraud. It will establish a national on-line application system through Directgov and improve many other aspects of customer services. It should also deliver operational efficiency savings, and help to reduce and prevent abuse.
53. BBIS will improve the operation of the Blue Badge scheme from both an enforcement and administrative efficiency perspective, using an efficient commercial model that does not require capital funding from central Government. A competitive procurement exercise has just been completed and a contract is now in place with a private sector supplier (Northgate Information Solutions in partnership with Payne Security). The suppliers are investing the capital needed to establish the system, in return for a charge per badge that local authorities will pay directly to the supplier for each badge issued. The price has been fixed for the life of the five-year contract at £4.60 per badge issued (plus VAT). All local authorities will pay the same unit price. This project negates the need for Local Authorities to invest in any development of their own systems, many of which are still heavily paper-based and inefficient. Full details of the contractual arrangements are commercially confidential.
54. The DfT has developed the high-level requirements for BBIS in liaison with other Government Departments, the devolved administrations and local authorities. It is not possible to separately identify the admin costs incurred by central Government in preparing the Statement of Requirement and in carrying out the procurement exercise as time recording is not in place. However, in line with guidance from the Efficiency and Reform Group, use was made of contracts available under Buying Solutions as this is estimated to be a more efficient procurement route than, for example, a full OJEU procurement exercise.
55. As noted above, the funding model adopted in BBIS is based on an innovative 'transactional self-funding' option. This negated the need for an estimated £10 million capital spend by the DfT. The charge per badge of £4.60 (ex VAT) includes the cost of printing and supplying the new, higher specification badge design (see below), the parking clock that needs to be displayed with the badge, an information leaflet, second class postage, and access to all the BBIS managed services. The supplier will also offer a range of 'opt-in' additional services to local authorities, for example, sending out application forms and updating a person's details. Badges can also be 'fast tracked' in some cases, and local authorities can request additional security in postage for additional, optional charges (£2.45 for a fast tracked badge – a range of secure postage options are available). The £4.60 will not cover all the admin costs involved in processing applications and issuing badges. Local authorities will still incur some additional costs, for example, carrying out residency and identity checks and dealing with follow-up enquiries.
56. As noted above, the fee for a badge has been set in regulations at a maximum of £2 since 1983. In considering the fee that local authorities should be able to charge, the Government has agreed that legislation should be amended to allow local authorities to charge a badge fee of up to a maximum of £10. £10 will cover the costs of BBIS, the new badge design, and the additional admin costs. It is currently estimated that the average admin costs of processing applications is approximately £14.42. The fee of £10 should therefore also drive efficiencies at the local level. Local authorities are only able to charge the fee of successful applicants in line with primary legislation. It should also be noted that the average cost of applications was developed using a different methodology that did not include, for example, the costs involved in carrying out enforcement checks. It is therefore likely to be a low estimate of actual application process costs.
57. Local authorities have discretion over whether or not to charge the fee. Those local authorities who do not choose to raise the fee will need to cover any costs associated with BBIS themselves. In 2008, survey evidence suggested that 68% of badge holders supported an increase in the current £2 fee, although there was no known evidence of the actual willingness to pay. When asked how much they thought would be a fair price, 25% thought that it would be fair to charge more than £10 and 59% thought that it should be between £3 and £10²⁵.
58. An increase in the maximum fee chargeable for the issue of Blue Badges from £2 to £10 will represent a cost to applicants but for the purposes of this IA this is considered to be a transfer from the badge holder to local authorities (to cover the processing and issuing costs incurred) which results in no net impact.

²⁵ Research with Blue Badge holders: Final Report, DfT, October 2008

For illustration, if all local authorities impose a £10 fee, this would result in annual costs to applicants increasing by up to £7.4 million and a revenue stream for local authorities of the same amount. This therefore represents a cost transfer to applicants, with local authorities receiving a financial benefit equal to the sum paid by badge holders (towards the processing and issue costs incurred), which results in no net impact. In addition, the benefits to badge holders in terms of avoidance of parking charges is around an average of £93 per badge holder²⁶. The benefits therefore greatly exceed the proposed higher fee.

Table 7 Raising maximum fee	Annual 2011/12	PV over 10 years @ 3.5%
Number of Blue Badge Passes Issued	925,684	
Blue Badge Pass Fee (low) - £8	£5.6mn	£51mn
Blue Badge Pass Fee (central) - £9	£6.5mn	£60mn
Blue Badge Pass Fee (high) - £10	£7.4mn	£68

Note: annual fee increase by 2.4% per year; ten year PV period is between 2011-12 and 2020-21

59. The new badge design that the Government intends to introduce will make it harder to copy, forge and alter. At present, the DfT has a contract with The Stationery Office who supply blank badges to local authorities at a cost of 27.5 pence for a badge, 9 pence for a laminate and 15.5 pence is charged for the clock that needs to be displayed with a badge - so a total of 52 pence. The current design of the badge is set out in regulations and it is very easy to copy and to forge. The new design will use more secure printing and production technologies. A single supplier enables anti-fraud technologies to be introduced at the lowest cost as it maximises economies of scale. It also enables a secure distribution facility to be utilised which should also help to prevent fraud.
60. Table 8 below shows the estimated additional cost to local authorities of the new badge design through BBIS. The additional cost is estimated to be £4.60 less the current 52 pence that local authorities currently pay for a blank badge, laminates and clock - so a unit cost of £4.08.

Table 8 Badge costs to Local Authorities	
Badges issued 2011/12	925,684
Additional cost per unit	£4.08
Annual costs to LA	£3.8mn
PV over 10 years @ 3.5%	£35mn

Note: annual cost to LA increases by 2.4% per year; ten year PV period is between 2011-12 and 2020-21

61. Delivery of BBIS is dependent on the associated amendments to secondary legislation that are being proposed to raise the badge fee and to implement the new badge design. The system needs to 'go live' on 1 January 2012, on the expiry of the current badge supply contract with The Stationery Office.
62. It is estimated that the Blue Badge Improvement Service would save local authorities money in administering the scheme. The project will also allow fraudulent applications to be cut out at the source and enable much more effective on-road enforcement of the scheme (£6m to £20m per year shown below in Table 9). Table 9 also provides estimates of the benefits (excluding costs) that could result from this project.

²⁶ DfT updated estimates based on research: Blue Badge Reform Strategy, Enforcement Evidence Base, DfT, March 2010

Table 9 Benefits to Local Authorities (excluding costs) ²⁷				£mn
	Key benefit drivers	Low	Mid-point	High
Applications efficiency	Operational efficiencies from online applications; reduced cost of multiple applications; reduced cost of validation with external systems	3.5	5.6	8.4
Printing and distribution	Avoided badge physical manual production	1.7	3.1	4.5
Enforcement support	Reduced cost of servicing enforcement requests.	0.2	1.0	1.8
Outsourced administrative functions	Consolidated services for data entry, call centre and payment handling	1.1	3.3	5.5
Total p.a.		6.5	13.4	20.2
PV over 10 years @ 3.5%		54.1	111.4	168.0

63. The values are based on an assumed local authority adoption rate of the system, ranging from 70% of local authorities for the 'low' estimate and 100% of local authorities for the 'high' estimate. We expect there to be high levels of adoption because of the significant local authority support which has been demonstrated so far; on the basis of the existing situation whereby 100% of local authorities source their supply of the current badge design from the supplier established by way of a framework contract by the DfT (which ends on 31 December 2011); and the fact that local authorities will need to comply with new regulations for the badge design which will mean they will only legally be able to issue a badge that complies with the new, high spec design from 01 January 2012. BBIS will provide the easiest, simplest and most effective way for them to comply at the lowest cost. Due to the nature of the badge design and the specialist equipment and inks needed to produce it, one prospective tenderer for BBIS declined to tender as they were unable to source the printing of the badge for less than £10 per badge.
64. The benefits have been estimated by focusing on specific service areas, for example, manually producing the badge as necessitated by the current design, dealing with multiple or fraudulent applications made to several local authorities and time-consuming enforcement checks that are currently carried out by telephone, email or letter. Via engagement with local authorities, detailed, bottom-up, estimates of current costs were developed and then potential efficiencies were estimated in terms of, for example, time savings using average salary costs and costs avoided by removing the potential for multiple and fraudulent applications. The potential for time savings, in particular, are high given the current situation, local variations, different systems and technologies, local manual production of the badge and the difficulties enforcement officers experience in checking the validity of badges issued elsewhere.
65. In addition, the Blue Badge Improvement Service will create a number of intangible and qualitative benefits. These are likely to include customer service improvements and improved efficiency and effectiveness of other areas of the reform programme. It will help local authorities to make the operational changes needed to achieve a greater level of benefit from the reform programme as a whole and enable other non-monetised savings, for example, more efficient administration of enforcement queries and incident reporting.
66. Some local authorities may incur change management costs but it is not possible to quantify these as each local authority circumstance will be different. Training will be provided by the BBIS supplier so there will be no additional costs in that respect. Those who do not currently have an ICT system for administering Blue Badge will simply be able to start requesting badges through BBIS and to build up a database of badge holders in their area over time (new badges will be issued to new applicants, those replacing and those renewing badges) – so there will be no new costs to these local authorities, only savings. There will be no mass migration of historic records as that would have involved cost. Those currently using a CRM system to manage Blue Badge applications will be able to interface their systems with BBIS. Northgate will not charge their customers for this interface. It is not known what other CRM suppliers will do as this will be the subject of commercial arrangements and will vary. Any change management costs that are incurred will be offset by the efficiency savings that have been identified and by the estimated reductions in fraud. The benefits in terms of fraud reduction and enforcement are estimated as part of the section on new enforcement powers mentioned below.

²⁷ Source: DfT estimates developed from project business case

67. The Blue Badge Improvement Service will use infrastructure that has already been put in place by the Department for Work and Pensions (entitled Government Connect) and will therefore enable local authorities to reap an additional benefit from the investment they have already made in establishing connectivity to Government Connect, although this cannot be estimated or monetised.

Chapter 3: Improved and effective prevention of abuse and enforcement

68. To help local authorities enforce abuse of the scheme, the Government will amend legislation to provide improved powers for local authorities to tackle abuse and fraud and address other issues. As described in paragraph 13 above, the regulatory changes to be implemented in the proposed Statutory Instrument are designed to address the problem of restrictive legislation by making badge withdrawal easier, thus removing barriers to enforcement and improving operational efficiency.
69. In more detail, proposals are to:
- Reduce the number of relevant convictions required in order for local authorities be able to withdraw badges (or refuse to reissue to offenders);
 - Provide that badges that have been tampered with should be returned immediately to the issuing authority (for possible replacement)
 - Provide that a badge should be returned to the issuing authority if the authority becomes satisfied that the individual is already in possession of a valid badge
 - Provide that a local authority may refuse to issue a badge if the applicant does not provide reasonable evidence of residency
 - Provide that a local authority may refuse to issue a badge to an individual on the grounds that the applicant already holds a valid badge
70. It will not be compulsory for local authorities to prosecute offenders or withdraw badges. Rather, where the authority has evidence that the badge holder is allowing another party to use the badge for their own purposes, it will be easier to withdraw the badge by obtaining a conviction. We expect a number of authorities to take advantage of this less restrictive regime. Nor will they be required to recover badges that have been tampered with or inadvertently issued. However we expect that many authorities will choose to do so. The intention is that the new powers will give local authorities the ability to undertake enforcement activity more easily and that, as a result, they will elect to do so. In response to consultations, local authorities have indicated that removing current barriers would enable their existing enforcement teams to undertake more enforcement activity and/or to carry it out more effectively.
71. The costs and benefits section below outlines the potential impacts of the proposals in paragraph 75 on local authorities. It is assumed that each local authority would only take up the new powers if they felt that the benefits of doing so would outweigh the costs. As a result, it can be argued that no additional burdens are being imposed on local authorities by Government, as an authority would be able to continue current operations at no increased cost. However, there would also be an option to use the new powers either because it is thought that the reduction in parking losses would outweigh any costs of additional enforcement or because local priorities for reducing fraud and/or increasing the welfare of vulnerable groups are felt to outweigh any costs incurred.
72. In terms of other costs, the additional costs to Government associated with preparing the required amendments and new legislation are considered to be relatively small. It is considered that there would be no additional costs to the police as, if local authorities are not currently using police to recover tampered-with badges where currently possible, we do not consider this change to the regulations will prompt it. Enforcement resulting in badge recovery of an authority's own badges would be expected to be undertaken as part of routine local authority patrols, and so no additional resources will be required. There are no costs to business.
73. It was assumed in the Blue Badge Programme Impact Assessment that the combined impact of the new enforcement powers, along with the new badge design and the common service improvement project would lead to more effective detection and prevention of fraud, and the reduction to 0% of the costs associated with the 2-4% estimate of *detected* fraud contained therein (this is a conservative assumption, given that actual fraud is estimated by the NFA to be around 20%). This equated to £7m in respect of parking charges avoided by offenders, which were claimed as a benefit. Consequently the benefits described in the Costs and Benefits section below represent a contribution to the £7m Programme benefits. There are a few new costs described below that were not included in the Programme Impact Assessment.

Reduce the number of relevant convictions required in order for local authorities be able to withdraw badges (or refuse to reissue to offenders)

74. The most significant change proposed to the current regulations is in respect of badge withdrawal. Currently, local authorities are empowered to withdraw, or refuse to issue, a badge in cases where the holder has been convicted of 3 relevant offences. A badge can also be withdrawn in cases where 3 convictions have been secured against a third party for misusing a badge that is not theirs, and where use of the badge was with consent of the holder.

75. We are amending the regulations so that local authorities can seek to withdraw a badge on the basis of:
- one criminal conviction by a Magistrate’s court for third party misuse of a badge, provided that the local authority has evidence that the holder consented to the badge being used; and
 - one conviction of a badge holder for a serious offence (for example, making copies of a badge, altering a badge or otherwise using it in a seriously fraudulent manner).
76. There are currently 326 local authorities that enforce the Blue Badge scheme. Not all of them actively prosecute offenders (choosing simply to issue PCNs or FPNs) and those that do, do not necessarily withdraw badges. This may be a local policy decision or because the withdrawal of a badge due to abuse by third parties (the most common abuse) requires 3 convictions and evidence that the badge holder consented to the badge being used. This is difficult to achieve.
77. The regulatory changes proposed here will make it easier for local authorities to withdraw badges, by reducing the requirement for 3 relevant convictions to one (a Justice Impact Test will be produced separately from this Impact Assessment). This will potentially reduce the level of Blue Badge fraud by making it easier to withdraw badges that are being misused and, consequently, deterring others from misuse badges given the increased threat of badge withdrawal.
78. However it is impossible to estimate the impact of this regulatory change on current enforcement patterns, in monetary terms. This is because we do not know how many current prosecutions involve a ‘relevant’ conviction that could lead to badge withdrawal, so we cannot estimate future trends. We also cannot know the degree to which these new powers will encourage those authorities that do not currently prosecute, to do so, given that only one relevant conviction will be required to withdraw the badge. What we do know, however, from DfT statistics collected annually - Blue Badge Scheme Statistical Release 2010 (see DfT website) - that around 38 authorities currently withdraw badges. These authorities will now only require one relevant conviction to withdraw a badge, saving on the need for prosecutions (local authorities report an average of £245 in unrecovered costs per prosecution).
79. Similarly, it is not possible to put a monetary figure on future enforcement patterns resulting from these changes. However, we know that 125 enforcing authorities are unitary authorities, metropolitan districts and London boroughs. The remainder are smaller, district authorities. On the basis that the larger conurbations experience most parking abuse (and the smaller authorities often lack the resources to prosecute and withdraw badges) we could assume that a further 87 authorities (i.e. 125 minus the 38 authorities currently withdrawing badges) will become more active in withdrawing badges when it is made easier. Although this may mean an increase in prosecutions for local authorities (costing £245 each time), there will be a saving in terms of the parking charges avoided by offenders. Indeed, the average badge value (in terms of parking charges avoided) is assumed to be £2388 per annum. This is based on the average value of a highly used badge in London/Metropolitan/Unitary authorities, taken from the Blue Badge Programme Impact Assessment (published 14 February 2011). We have assumed high-use badges, as authorities are more likely to prosecute repeat offenders.
80. A consequential amendment will be made to regulation 8, for purposes of consistency, such that a local authority may refuse to issue a badge to someone on the basis of previous misuse having led to one relevant conviction, rather than three. This has no additional impact to what is described above, but has the effect of allowing the above benefits to be realised. It means that a badge can be withdrawn and not reissued. If the authority was obliged to reissue the badge the savings in abuse described above would not be obtained if offenders could successfully reapply for badges.
81. The Programme Impact Assessment also claimed gains to society of up to £6m in decongestion and CO₂ reduction benefits from improved enforcement resulting in a reduction in trips. An element of those would relate to the regulatory change described here but it is not possible to quantify how much.
82. There are also potential welfare benefits to be gained by Blue Badge holders in terms of increased availability of spaces close to their destination, etc, as a result of reduced fraud/misuse, but these are not possible to quantify.

Provide that badges that have been tampered with should be returned immediately to the issuing authority (for possible replacement)

83. We intend to include in the reasons that a badge should be returned to the issuing authority, when it has been “tampered with”, and to provide that an authority may issue a replacement if desired. In practice, some local authorities will already take action to recover such badges issued by their own authority, to ensure they are not used fraudulently, but we want the remainder to do likewise.

84. Local authorities indicate an average of 0.15% badges per year are identified tampered with. Of the total 2.5m badges this would mean 3750. Theoretically, if the total were being misused and the new powers allowed them all to be recovered and reissued, there would be a saving of $3750 \times \text{£}93^{28}$ (the average annual value of a badge in parking charges) = $\text{£}348750$, less $3750 \times \text{£}15$ (the average cost of re-issuing a badge) = $\text{£}56250$, meaning a net saving of up to $\text{£}292,500$ per annum. However it is likely to be less than this in practice because, as explained above, some authorities will already be recovering such badges. Furthermore, even after the regulatory change, authorities will only be able to recover their own badges (not those issued by other authorities until primary legislation is put in place). Having said that, if the badge is not to be reissued, because a relevant conviction has been obtained, there would be no reissue cost. We also need to bear in mind that a badge that is reissued could also be abused without being tampered with, but it would be more detectable. We can therefore say that the proposed change could prevent abuse leading to a saving to local authorities of up to $\text{£}293,000$.

Provide that a badge should be returned to the issuing authority if the individual is already in possession of a valid badge

85. We intend to state in regulation 9 that a badge should be returned to the issuing authority if the authority becomes satisfied that the individual is already in possession of a valid badge. We do not believe it is a common problem for more than one badge to be issued to an individual, but in such cases the individual should not be allowed to retain the second badge. It is implicit in the scheme that an individual may only hold one badge. As explained above, there is currently significant abuse of the scheme and allowing additional badges to stay in circulation would increase the likelihood of abuse still further. This change would give local authorities the *legal authority* to demand return of the second badge. The onus would be on the individual to return the badge. If the local authority chose to recover such a badge on the street, it would be done by existing enforcement patrols, so we do not anticipate any increase in costs from this measure.

Provide that a local authority may refuse to issue a badge if the applicant does not provide reasonable evidence of residency

86. We propose to amend regulation 8 to make it clear that a local authority may refuse to issue a badge if the applicant does not provide reasonable evidence of residency. This change will provide consistency with the primary powers and will strengthen the hand of local authorities in preventing potential abuse at the outset. It will not have a cost as there will be no change to administrative processes.

Provide that a local authority may refuse to issue a badge to an individual on the grounds that the applicant already holds a valid badge

87. We propose to amend regulation 8 to the effect that an authority may refuse to issue a badge to an individual on the grounds that the applicant already holds a valid badge issued in the UK. It is implicit in the scheme that an individual may only hold one badge. However this will make it explicitly clear that a local authority does not have to issue a further badge if an individual already holds one. This will prevent people passing additional badges to friends or family and help design abuse out of the scheme at the outset. It will not have a cost as there will be no change to administrative processes.

Loading Bay Amendment

88. In addition to the measures mentioned in this Impact Assessment we also aim to amend regulation 8 of the Local Authorities' Traffic Orders (Exemptions for Disabled Persons) (England) Regulations 2000 to make it clear that local authorities should not allow Blue Badge holders to park in loading bays or on yellow lines when a ban on loading and unloading is in force.
89. Some local authorities have interpreted this regulation to mean that they must allow badge holders to park in these areas. This is contrary to our policy intention. The misunderstanding has resulted in lengthy correspondence and FOI cases which have been time consuming and we wish to take this opportunity to tighten up this piece of legislation to put its meaning beyond doubt.
90. No impact to local authorities is expected.

²⁸ Blue Badge Reform Strategy: Enforcement Evidence Base, DfT, March 2010

Section 6: Summary of Costs and Benefits

91. Table 10 summarises the monetised costs and benefits that have been presented in this section. The tables from which the figures have been taken are sourced. These are the figures presented in the summary sheet at the beginning of the impact assessment.

Table 10 Summary of Costs and Benefits				
	Evidence Base	Low	Best Estimate	High
PV Costs				
Parking charges from more rejected applicants	Table 6 (page 14)	13	62	92
Increase in Badge fees for public	Table 7 (page 16)	51	60	68
Increase in Badge Costs to Local Authorities	Table 8 (page 16)	35	35	35
Total		99	157	195
PV Benefits				
Lower assessment cost from use of IMA	Table 5 (page 14)	40	40	40
Increase in parking revenues for Local Authorities	Table 5 (page 14)	13	62	92
Increase in revenue from Badge Fees to Local Authorities	Table 7 (page 16)	51	60	68
Administrative savings to Local Authorities from new process	Table 9 (page 17)	54	111	168
Total		158	273	368
NPV		79	114	149

Notes

(i) Increases in parking revenue and badges fee revenue appear as both benefits and costs and thus net off zero; this is because they are a transfer of payment from one group to another.

(ii) Totals are rounded to nearest five million pounds and therefore figures may differ from simply totalling relevant rows

Section 7: Direct Cost and Benefits to business calculations – One in One Out (OIOO)

92. There are no costs to business associated with this IA which is also out of for scope for OIOO review purposes.

Section 8: Wider Impacts

93. The measures highlighted would be expected to generate positive social impacts by helping to ensure that the Blue Badge concessions are available for use by those who need them the most and by preventing and reducing current levels of abuse. Improvements to the administration and enforcement of the scheme ought to lead to improvements in accessibility for disabled people. This will in turn help to improve the welfare, health and wellbeing of badge holders.

Section 9: Summary and preferred option with description of implementation plan

94. The preferred option is to bring the measures within this statutory instrument into force on specific dates for each project as this will deliver maximum benefits for disabled people and local authorities. The public sector as a whole will benefit from reduced levels of abuse and fraud and from efficiency improvements. Local authorities will also be better equipped to deal with the forecasts in demand as a result of the ageing population.

95. The expected implementation dates are as follows:

End of 2011

- Specific improvements made to the enforcement regime.

1 January 2012

- A new badge design issued and the fee raised to more appropriately cover costs.
- Go live of the Blue Badge Improvement Service.
- Local authorities begin to quickly and easily check details of badges issued anywhere in England and key information on badge holders.
- Applicants for badges able to apply on-line.

April 2012:

- Requirement, through secondary legislation, for independent assessments of eligibility in more cases.

Section 10: Risks and assumptions

96. Key risks and assumptions are as follows:

- For the purposes of calculation of application rejection rates, the proportion of 'subject to further assessment' applicants undergoing independent mobility assessment is assumed to rise from 8% to 42% as GP assessment falls from 34% to 0%: the percentage of desk-based assessment is assumed to be more or less unchanged. The actual percentage of 'subject to further assessment' applicants undergoing independent mobility assessment will depend on how local authorities interpret the new requirement in regulations for use of IMAs in more cases when eligibility is in doubt. We expect that this may result in more new 'subject to further assessment' applicants being sent for an IMA than the 42% used in the calculations which would, in turn increase the number of rejection and the cost savings to local authorities through recovered parking charges. In the analysis, all of the current rejected applications are assumed to be from the 'subject to further assessment' applications, which is reasonable. The ITP research, based on a number of local authority case studies, gives weighted average rejection rates for IMA and desk-based of 23% and 26% respectively. This combined with a GP rejection rate of 9% (from the DfT Blue Badge statistics²⁹) gives a total number of rejections of 124,000 compared a DfT Blue Badge survey number of 90,000. As there is reasonable confidence in the IMA rejection rate from the ITP case study research, the desk-based rejection rate has been amended to 17% to give a total number of rejections of 90,000 as in the survey. A higher desk-based assessment rate would increase the rejection benefits.
- Benefits from the common service improvement project will depend on extent of uptake and use of all services by local authorities. The commercial funding model for that system assumes no capital investment by central government. Central government will need to pay for the administration costs involved in developing a specification and procuring the supplier of the system but these are minimal. Local authorities may incur some change management costs initially but it is assumed that these will be offset by the efficiency savings that have been identified. Private sector investment will be recovered over the lifetime of the contract.
- The changes to the enforcement regime might have an impact on the Courts Service which is responsible for processing and sentencing those who commit offences, including those charged with mis-use of badges. The proposed changes may result on more offenders being caught and prosecuted and this might have implications for the workload of the Courts Service. However, it has not been possible to estimate the potential impact, particularly given that other measures in the reform programme should prevent and reduce current levels of fraud and abuse. The net impact of the programme could therefore be positive.
- There is uncertainty about the number of local authorities who will choose to actively make use of the new powers and this will be dependent on a number of factors which are largely unknown and use of the new powers would be voluntary. Therefore the approach taken has been to present an estimate of potential benefits based on a conservative assumption of detection levels, and assuming implementation of the common service improvement project and badge redesign alongside the proposals set out here. With respect to training, it is assumed that there is no significant additional cost to local authorities associated with training existing staff as information about the new/amended

²⁹ Statistics: Parking badges for disabled people, DfT, March 2009

legislation (and the implications of this) could be incorporated into existing staff training/development activity.

- In relation to a higher badge fee, It is assumed that the new charge would be paid by all Blue Badge holders given the size of average benefits though not all local authorities are expected to charge the full amount as some do not charge the existing £2 fee, and that a higher fee will not significantly reduce the number of applicants. However, for some a one-off fee of £10 could be a deterrent if there are alternatives such as free bus travel, free on-street parking or some of the trips made using local authority parking bays are purely discretionary. It is not known what response there would be to an increase in charge but, based on a survey of badge holders in 2008³⁰, we expect this to be insignificant because the benefits of having a Blue Badge are significant in terms of enabling accessibility and savings with respect to parking charges.

³⁰ Research with Blue Badge holders: Final Report, DfT, October 2008

Annexes

Annex 1 should be used to set out the Post Implementation Review Plan as detailed below. Further annexes may be added where the Specific Impact Tests yield information relevant to an overall understanding of policy options.

Annex 1: Post Implementation Review (PIR) Plan

A PIR should be undertaken, usually three to five years after implementation of the policy, but exceptionally a longer period may be more appropriate. If the policy is subject to a sunset clause, the review should be carried out sufficiently early that any renewal or amendment to legislation can be enacted before the expiry date. A PIR should examine the extent to which the implemented regulations have achieved their objectives, assess their costs and benefits and identify whether they are having any unintended consequences. Please set out the PIR Plan as detailed below. If there is no plan to do a PIR please provide reasons below.

Basis of the review: [The basis of the review could be statutory (forming part of the legislation), i.e. a sunset clause or a duty to review, or there could be a political commitment to review (PIR)];

The Blue Badge reform programme will be reviewed in 2015 to ensure that improvements have been delivered by local authorities and that disabled people are benefitting from the changes.

Review objective: [Is it intended as a proportionate check that regulation is operating as expected to tackle the problem of concern?; or as a wider exploration of the policy approach taken?; or as a link from policy objective to outcome?]

Each of the measures will be reviewed to check that they are operating as expected, that new or amended powers are being used and that the operational improvements have been made.

Review approach and rationale: [e.g. describe here the review approach (in-depth evaluation, scope review of monitoring data, scan of stakeholder views, etc.) and the rationale that made choosing such an approach]

A range of approaches will be taken including:

- The Blue Badge Improvement Service will be monitored through the Service Level Agreements that will be established as part of the contract with the supplier. The DfT will also seek customer/client feedback;
- Research based on the methodology used to estimate the current costs of fraud and abuse will be repeated using the same local authority sample to compare the current baseline with the future situation; in terms of number of offences being committed and operational efficiencies.
- Local authorities submit an annual statistical return to the DfT. This will be maintained to monitor trends, including in the number of badges on issue and the number of independent mobility assessments being undertaken;
- A survey of disabled people and local authorities will be carried out to canvas opinions and views on the improvements and impacts on the ground.

Baseline: [The current (baseline) position against which the change introduced by the legislation can be measured]

The figures used in this Impact Assessment to estimate the costs and benefits of the measures will form the baseline for the PIR.

Success criteria: [Criteria showing achievement of the policy objectives as set out in the final impact assessment; criteria for modifying or replacing the policy if it does not achieve its objectives]

Whether or not the measures are successful will be decided by the local authorities who operate the scheme, based on whether or not they have achieved the operational savings they seek, and by disabled people, based on whether or not there is less abuse of parking spaces and better customer services.

The Blue Badge Improvement Service will be tendered as a five year contract, with an option to extend for a further two years. Effective contract management arrangements will be put in place to ensure system is operating effectively. The design of the badge and the badge fee will also be reviewed at the same time as the contract for this system is re-tendered to check that they remain fit for purpose.

Monitoring information arrangements: [Provide further details of the planned/existing arrangements in place that will allow a systematic collection systematic collection of monitoring information for future policy review]

- Reports from the Blue Badge Improvement Service on, for example, turnaround times, use of on-line versus paper applications, and levels of enforcement activity;
- The DfT's annual statistical return from local authorities will identify numbers of badges issued, rejection rates, numbers of badges reported as lost or stolen and use of GP versus independent mobility assessments, numbers of prosecutions taken and numbers of badges withdrawn by local authorities for mis-use;
- Subject to resources, periodic surveys of local authorities and badge holders;
- Reports from other organisations. Eg. the Audit Commission compare every two years details of badges on issue with the death register to estimate levels of fraud from this activity. The National Fraud Authority also estimates periodically the current costs of fraud from abuse of blue badges.

Reasons for not planning a review: [If there is no plan to do a PIR please provide reasons here]

Annex 2: Parking charges and demand response

The average parking charges that Blue Badge holders would have paid has been calculated by WSP¹ as follows:

Table 1 Avoided parking charges	Usage	Heavy	Medium	Light
	Trips/week	10	5	1
	% by area			
London	10.0%	£4,748.0	£777.0	£315.0
MET	6.6%	£2,174.0	£449.0	£175.0
City	34.0%	£1,136.5	£274.0	£87.5
Rural	49.4%	£453.0	£118.0	£35.0
% by usage		1%	20%	79%
Weighted average	£135.2			
Change in demand to reflect that in the absence of a scheme fewer trips would have been made (see Table 2 below)	-31.4%			
Parking revenue that would have been paid in the absence of a scheme	£92.79			

The average parking charge per annum is given as £135.20. This is a weighted average by usages and by area. However, in the absence of a scheme the number of trips made that incurred parking charges would be reduced and the revenue that would be received by the LA would be less as a result. Based on an analysis of average car trip costs and the impact of facing a parking charge (shown in Table 11 of the evidence summary) the average charge per annum has been reduced by 31%.

This demand response is estimated by calculating the change in generalised costs (a measure of the cost of travel measured in time units where monetary cost converted into units of time using the value of travel time savings).

The generalised cost of an average car trip using National Travel Survey results for 2009 is 32 minutes with free parking. With paid parking this would rise to 43 minutes which would result in a 31% reduction in demand assuming a generalised cost elasticity of -0.9 which has been assumed as it consistent with the fare and time elasticities reported in DfT appraisal guidance (webTAG).

Table 2 Demand response to parking charge	
Trip length miles	8.4
Duration minutes	20.9
Value of Travel Time Savings p/min ²	7.9
Operating cost p/mile ³	10.209
Generalised cost (minutes) – free parking	31.77
Parking [what is the source of this?]	£1.75
Parking in minutes (one way)	11.1
Generalised costs (minutes) – paid parking	42.8
Change in generalised costs	34.8%
Generalised cost elasticity	-0.9
Change in demand	-31.4%

¹ Blue Badge Reform Strategy: Enforcement Evidence Base. DfT, March 2010

² Source: WebTAG

³ Source: WebTAG