

Title: Measures to address shortage of lorry drivers – staging of C and CE tests Date: 17-02-2022 DMA No: DfTDMA235 Lead department or agency: Department for Transport Other departments or agencies: Driver and Vehicle Standards Agency		De Minimis Assessment (DMA)	
		Stage: Final	
		Source of intervention: Domestic	
		Type of measure: Secondary	
Summary: Rationale and Options		Contact for enquiries: lianne.parkinson@dvs.gov.uk	
Total Net Present Value £3.09m	Business Net Present Value £5.4m	Net cost to business per year <small>(EANDCB in 2021 prices)</small> £-0.53m	

<p>Rationale for intervention and intended outcomes</p> <p>At present, the UK is experiencing a chronic shortage of lorry drivers. Various issues have been developing over a number of years, which have contributed to the current shortage, for example long and anti-social working hours, relatively low pay and poor facilities available to lorry drivers when travelling. This longer-term shortage has been exacerbated by the suspension of driving tests during the Covid-19 pandemic which has led to drivers waiting to take a test and from European drivers leaving Britain following the departure from the EU. This driver shortage has had, and continues to have, an impact on the supply chain for delivery of products, impacting on many industries, in particular, the fresh foods industry, medical supplies and fuel. Without government intervention, the shortage is likely to remain in place and therefore has the potential to prevent the public from accessing necessities. Government intervention will only help in part to address this shortfall; wider measures from both government and industry to deal with ongoing recruitment and retention are underway.</p> <p>The outcomes of this intervention include the ability to conduct more tests for larger vehicles, thereby meeting the demand that has built up over recent months, along with streamlining the process for obtaining a licence to drive the largest vehicles. With this in place, it is expected that prospective lorry drivers will be able to become qualified more quickly and economically. In addition to this, as many lorry drivers will no longer need to pass a Category C test prior to taking their CE test, DVSA will conduct fewer tests. With fewer tests being taken, and additional testing, more tests slots will open up to help the DVSA conduct tests at a faster rate.</p> <p>This measure forms one of 32 interventions¹ the government is taking to address the driver shortage. Along with increasing tests available, these range from relaxation of rules regarding drivers hours and transporting goods, investing in support and training for new drivers, seeking to attract drivers back to the sector, improving conditions, ensuring the stability of the fuel supply chain and other economic measures to support the industry.</p>			
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¹ [UK government action to reduce the lorry driver shortage - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/uk-government-action-to-reduce-the-lorry-driver-shortage)

The policy options considered

Option 0: Do nothing: This option takes into account the operational measures DVSA has implemented to increase their capacity but are insufficient to clear the backlog in the short-term. The operational measures implemented include:

- Employing additional examiners
- Restricting access to non-vocational tests to enable additional lorry tests to be conducted
- Buying back annual leave
- Increasing overtime pay until the backlog is cleared
- Increasing examiner vocational training by stopping delegated training from July 2021 to March 2022.

If action is not taken, alongside additional measures DVSA has implemented, it is unlikely that the current demand for tests will be addressed within a socially acceptable period of time.

Option 1: The removal of 'staging' for lorry and bus tests. This option would remove the requirement for a driver to hold a category C licence before taking a category CE test; the same applies to categories C1, D1 and D. The removal of this staging process would reduce the number of tests needed to acquire a CE licence and thereby become a driver of the largest articulated vehicles. This will open up testing capacity for the DVSA by clearing the backlog within 2 months (aided by other measures). The policy will also reduce the barriers for entry into the profession through time saved as well as the reduction in fees. This policy is expected to have negligible impacts on road safety.

Rationale for DMA rating

New lorry drivers will need to have, and demonstrate, sufficient skills training to pass tests in the category of vehicle they wish to drive professionally, either C or CE. There should therefore be minimal impact on safety. With removing the £115 cost of category C tests for prospective drivers, the policy should reduce costs associated with becoming fully qualified as a CE driver by skipping a testing stage. There will also be savings from no longer needing to travel to and from the test centre for two tests, along with associated savings in fuel and candidate time, the latter being likely to amount to half a day of time and associated costs. Similarly, based on assumptions, around 44% of test fee savings will reflect onto businesses as they pay for their prospective employees' tests. This equates to around £534,000 per year. There are likely to be other benefits in terms of the ability for a driver to earn money sooner. Additionally, there is likely to be the indirect benefit of the reduction the UK driver shortage. In terms of costs, there are likely to be small familiarisation costs which are insignificant and non-monetised. As well as this impact having minimal road safety impacts, the EANDCB is below the £5 million threshold therefore, a De Minimis Assessment is applicable in this instance.

Will the policy be reviewed? Yes

If applicable, set review date: Oct/Nov 2024 and 2026

Are these organisations in scope?	Micro Yes	Small Yes	Medium Yes	Large Yes
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Senior Policy Sign-off: ✓ Date: 24/02/2022

Peer Review Sign-off: ✓ Date: 25/02/2022

Better Regulation Unit Sign-off: ✓ Date: 10/01/2022

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: _____ Vere _____ Date: _____ 06/04/2022 _____

1.0 Policy Rationale

Policy background

1. The Driver and Vehicle Standards Agency (DVSA) is responsible for carrying out driving tests, including for people who want to drive cars, lorries, buses and coaches. The legislation defining those tests is contained in Part III of The Motor Vehicles (Driving Licences) Regulations 1999, which is underpinned by Part III of Road Traffic Act 1988. Directive 2000/56 EC informed the content and conduct of the tests and is still relevant in terms of mutual recognition of driving licences for drivers travelling in Europe.
2. At present, learner drivers seeking to drive the largest, articulated lorries (category CE being goods vehicles over 3.5t with a trailer over) and buses (category D+E vehicles with more than 8 passenger seats with a trailer over 750kg) must first pass a test in an intermediate category of medium sized lorries (category C) and buses (category D). This is known as “staging”.
3. Training for these tests is usually taken with an approved trainer, with practical driving tests undertaken by DVSA. During the three years from 2017/18 to 2019/20, on average, there were some 44,500 category C and 21,200 CE tests per year and, with pass rates being, for CE tests, 58% and 76% for D+E tests¹. It is important to note that the proportion of D (some 4,300) and D+E tests (some 56) out of all vocational tests is significantly small. In the final pre-pandemic year, 2019-20, DVSA conducted some 1.8 million practical driving tests² covering all categories, including cars. The proportion of C, D, CE and D+E tests out of all practical test is relatively small at around 4% of the total.

The current shortage of drivers is exacerbated by issues such as the number of drivers retiring or those leaving and not returning to the industry. This is partly owing to demographic issues, with the average age of lorry drivers being in their fifties³ and the suspension of testing as a consequence of the Covid-19 pandemic has led to a high level of current demand.

Problem under consideration

4. The haulage sector has been experiencing a chronic shortage of lorry drivers worldwide for some time, which is now considered an acute shortage within the UK, where the industry was estimated to be at around 39,000 drivers short of lorry drivers⁴ in the year ending June 2021 (ONS report “Fall in lorry drivers largest among middle-aged workers” published on 19 October 2021⁵, compared to the year ending June 2019 although wider industry representatives have estimated this is higher).
5. The lorry driver shortage has been a long running issue but has reached a critical point owing to several factors that have exacerbated the issue within the last couple of years. There are unsatisfactory working conditions including antisocial hours and inadequate facilities for drivers when travelling. Following from EU exit, many European lorry drivers have also left the UK. In addition, the Covid-19 pandemic led to the temporary suspension of all testing at DVSA for six months⁶. This has led to a high demand for tests and as a result, prospective vocational drivers have had to wait on

¹ Please see the Annex for the full breakdown of DVSA’s vocational testing

² [DVSA annual report and accounts, 2020 to 2021 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/94421/dvsa-annual-report-and-accounts-2020-to-2021.pdf)

³ [Fall in lorry drivers largest among middle-aged workers - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/peopleinwork/employmentandearnings/articles/fallinlorrydriverslargestamongmiddleagedworkers)

⁴ This compares employment in the year up to Q2 2021 compared to Q2 2019. This is DfT’s definition of the acute driver shortage as 2017 saw limited supply chain issues

⁵ [Fall in lorry drivers largest among middle-aged workers - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/peopleinwork/employmentandearnings/articles/fallinlorrydriverslargestamongmiddleagedworkers)

⁶ [UK government action to reduce the lorry driver shortage - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/uk-government-action-to-reduce-the-lorry-driver-shortage), Why there’s a shortage of lorry drivers

average 9 weeks for their test – the DVSA has an average target of a 3 week wait time for vocational driving tests. Moreover, there are lower numbers of new drivers entering the industry than are required. Contributory factors may include high barriers to entry and difficulties in meeting current high levels of demand for tests.

6. The aim of the change in regulation is to reduce elements in the driver testing process in becoming an lorry driver. DVSA's modelling predicted that allowing the staging section of the test to be removed from November 2021, along with other measures such as manoeuvres being conducted by third parties from November 2021 and removing the requirement for B+E testing from September 2021, it would likely be able to clear the backlog of vocational tests by December 2021. This would ease the pressures caused by driver shortages by allowing a larger inflow of new drivers with vocational licences (which are the licences needed to drive lorries) into the industry.
7. It is important to note that these statutory instruments impact different licences and individuals. The removal of staging and the manoeuvres measure relate to vocational licences which will benefit businesses and vocational drivers whereas the removal B+E testing is more likely to benefit individuals who wish to tow a trailer. Additionally, the manoeuvres measure will also directly impact training schools. Although all three measures aim to clear the backlog in DVSA testing for prospective lorry drivers, other types of licencing will also be affected by the changes, for example, licences that will now allow car drivers to tow a trailer without taking a further test.
8. A number of areas of the economy have reported a struggle to secure drivers, but it has been felt most acutely in fresh food delivery which operates on tight timings and margins which represented around 19%⁷ of all goods lifted during 2020. Securing supply is more difficult for smaller and rural retailers and businesses who rely on regular deliveries in order to offer their services, which can be an issue owing, in part, to such factors as access to distribution hubs. If not addressed, the industry states that the shortage of drivers has the potential to affect the delivery of goods within the UK and increase both the costs of transporting these goods and those paid by the final consumer.
9. It is anticipated that this would help improve the flow of lorry drivers joining the industry in both the short and longer term to lessen the driver shortage and its associated negative economic impact. It is possible that the removal of the staging requirement could have a negative impact on road safety but the intention is to avoid this and the new arrangements will initially be reviewed after three years to assess their effect.
10. DVSA consulted on the proposals, along with others aimed at reducing the lorry driver shortage, between 10 August and 7 September 2021. A summary of the feedback received was published on gov.uk on 10 September 2021⁸. 3,158 (42.43%) of the 7,442 who responded to the question "have you encountered any problems in driver recruitment in the past 24 months?" said that they had. 2,604 (34.99%) respondents said that they had not and 1,680 (22.57%) responded "don't know."

Rationale for intervention

11. Government intervention may be required within the current climate where there is high demand for vocational tests owing to testing being suspended during the Covid-19 pandemic and the acute shortage in lorry drivers. The rationale in doing so is to strike the right balance between the externalities associated with road safety and giving more flexibility to deal with the excess demand

⁷ Domestic Road Freight Statistics, United Kingdom 2020 (publishing.service.gov.uk)

⁸ [Summary of public feedback on proposals to change lorry and bus driving tests and allow car drivers to tow trailers without a test - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

for testing to avoid the wider negative economic impacts from the lorry driver shortage. The current two-stage process, leading to acquisition of a licence to drive the largest vehicle, means the testing regime lacks flexibility in adapting to the need for large numbers of new drivers to become qualified quickly. This has a knock-on effect on other sectors of the economy and society from the inability to transport goods. The intervention's aim is to increase flexibility and testing capacity so that DVSA's examiner resource can deal more readily with a high demand for tests.

12. The removal of the staging of tests is expected to have an impact on demand for those wishing to become lorry drivers. The requirement to pass two practical tests in order to eventually obtain a CE licence has added to both the cost and time associated with qualifying as such a driver. In reality, the training undertaken will be likely to have the same effect as "staging", with drivers starting to learn in smaller, category C, vehicles before moving onto CE. By removing part of this process, and reducing the time and cost involved, the change is hoped to encourage new drivers into the industry.
13. It is anticipated that the removal of staging will therefore improve the flow of lorry drivers joining the industry and help to reduce the shortage of such drivers. This will, however, only be achieved if churn rates remain the same and the demand for vocational tests matches the increased testing capacity. If these elements apply, the removal of staging is expected to help address the negative externalities associated with the lorry driver shortage.
14. The changes will therefore make it more straightforward for new prospective drivers to obtain their vocational licences and, by reducing the number of tests that need to be undertaken, increase the availability of DVSA examiner resources. However, this is dependent on demand - which is currently unknown given the characteristics of the sector - matching the extra testing capacity, that is made available. It is not straightforward to forecast exact demand figures but it is likely that some of this has built up during the lockdowns. Recruitment of new drivers by industry may increase demand further

Policy objective

15. The aim of the policy is to increase lorry driver testing capacity and thereby improve the availability of driving test appointments in an attempt to help alleviate the shortage of lorry drivers particularly of the largest, category CE, vehicles. It is also intended to help reduce the barriers to becoming a lorry driver, making the sector more resilient and attractive, by streamlining the qualification process. Whilst the problem is not entirely one for the government to solve, and accepting the difficulty in assessing the impact of a policy change before it has taken place, it is intended that simplifying the testing process should contribute to these aims. By making the licence acquisition process less onerous, the aim is to enable drivers who are keen to enter the profession to acquire the qualifications to drive these vehicles more quickly. At the same time, it is important that driving standards are not compromised – the tests must continue to be delivered to the same standards and drivers must continue to demonstrate the same level of competence to pass the test.
16. In the consultation conducted by DVSA, when asked:
 - if they agreed with the proposal to remove staging, 70.56% of respondents were in favour, with 25% disagreeing and 4.44% saying they didn't know.
 - if they agreed that a driver who successfully passes a category CE or D+E test should also be granted entitlement to drive a vehicle in sub-categories of those vehicles, 77.72% were in favour, 17.05% opposed and 5.22% didn't know.

- as an employer, if drivers should continue to demonstrate competence by taking a category C or D test before a CE or D+E tests, respondents were fairly evenly split, with 39.15% in agreement, 40.16 disagreeing and 20.69% saying they didn't know.
 - if they considered there to be road safety concerns as a result of this measure, 55.20% of responders did not, with 32.13% saying there were such concerns and 12.67% indicating that they didn't know.
 - if removing staging would impact trainers, in terms of their existing fleet of training vehicles and costs, 40.76% felt that it would, 35.08% felt that it would not and 24.16% said that they did not know.
17. Work has been undertaken on further analysis of the consultation. The views expressed give an indication that there is public acceptance and support for the changes, whilst acknowledging that there are road safety risks that need to be kept under consideration.

Options considered

Option 0 – Do Nothing –

18. Under this option, no regulations are changed and DVSA deal with the backlog in tests for vocational licences through the current testing requirements, with the only mitigations being the internal operational measures DVSA has implemented to help increase their capacity.
19. This backlog is expected, from DVSA's modelling, to be cleared by June 2022 at the current rate of testing without any further mitigating measures. While some re-distribution of testers within DVSA could allow for a short-term increase in testing capacity, this alone will not clear the backlog in a suitable time period. This option would do nothing additional to help ease the current acute lorry driver shortage, particularly in the short-medium term when the impacts will be highest and is therefore not recommended.

Option 1 – Change in Regulation

20. With the changing in this staging, drivers wishing to get a CE or D+E licence will now only need to take a CE or D+E test. This change will amend processes that were previously implemented under obligations as a member of the European Union, it is possible that there could be an impact on mutual recognition of driving licences in Northern Ireland and the wider EU.
21. This is the preferred option.

2.0 Rationale for De Minimis Rating

22. These are regulatory provisions and the Equivalent Annual Net Direct Costs to Business (EANDCB) are estimated to be more than zero. As detailed further in the supporting evidence, the EANDCB falls well below the overall impacts of £5m per year threshold which justifies the De Minimis rating.
23. The only significant cost or benefit to businesses from the removal of staging relates to the test fees. As C and D tests are removed, prospective drivers will no longer pay for the £115 C/D test fee and in some circumstances, haulage companies pay for their drivers' testing fees leading to a cost reduction for businesses. The main benefit of this policy is the reduction in the lorry driver shortage which is an indirect benefit and is not included in the EANDCB calculation. The reasoning as to why this is indirect is explained in '3.0 Costs and Benefits' section.

24. The benefit of the removal of fees is a benefit that may be distributed between individuals, large and medium businesses. We cannot conclude for certain that large/medium businesses pay for the training and testing of their (future) employees. Information on who pays for testing remain confidential and therefore we cannot say for certain who pays for these tests. With vocational licencing being a transferable skill, small haulage companies may find it costly as drivers find it easy to switch between hauliers. As larger (including medium) businesses have greater resources, they may find it more economically feasible to pay for vocational testing. Therefore, if businesses are to pay for their future employees' testing, we would assume they would be large or medium businesses.
25. The net direct costs to businesses per year using this assumption is approximately £0.3m. Therefore, the EANDCB is below the £5 million threshold. There is anecdotal evidence from industry professionals suggesting that smaller businesses would not be able to afford to pay for their employees' driving qualification⁹. Currently, the ONS states that the proportion of employees hired by large and medium sized haulage companies is 44% of total employees hired in the sector¹⁰. This represents the business impact of £534,000 per year. Assuming the proportions hired remains the same in the following years, it can be predicted that the number of category C tests that can be paid by haulage businesses is approximately 44% of the number of vocational tests that will not be taken owing to the removal of staging. With this being the only monetised factor, this value was used to calculate the EANDCB which used the Business Impact Target Assessment Calculator. The same principle is used for D and D+E tests.
26. This assumption may still be a relatively large assumption as large and medium businesses may also not find it economically feasible to pay for their future employees testing. Having said this, using larger estimates provide evidence on the EANDCB being well below the £5 million threshold.
27. Using the highest estimate, if all tests were to be paid by businesses, the net direct cost to businesses would be £1.2m which is still below the £5 million threshold. This is highly unlikely as many businesses will not be able to feasibly cover the costs of this as described above.
28. Calculations of the average number CE/D+E candidates come from the 4-year average of vocational tests between the years 2015/16 2018/19 (DVSA data). Pre-Covid data is used to capture a more accurate average.
- 29.

Number of D+E & CE test taken (4-year average)	21,089
Cost of C test (£)	£115.00
If all tests were paid by businesses (highest estimate)	£1,212,560
if only a portion of tests were paid by medium and large businesses	£533,545.38

30. There may be familiarisation costs to businesses to adapt to the new regulations. As this aims to remove regulation, costs are low and difficult to predict therefore, it is not proportional to monetise. Using the lower estimate scenario (benefit of £0.3m), if familiarisation costs were to be monetised, the costs would have to be add up to at least £4.7m per year for the threshold to be breached.
31. Alongside the EANDCB being below the threshold, this policy is not considered to be controversial based on its impacts. Prospective drivers will be expected to complete a satisfactory level of training and therefore will not impact road safety. As this regulation will have both a low impact to businesses and no controversial impacts, the regulation is assessed using a De Minimis assessment.

3.0 Costs and Benefits

⁹ Anecdotal evidence from DVSA

¹⁰ [BPE 2021 detailed tables.xlsx](#), Table 7, 494

Option 0 – Do Nothing

32. There are no costs or benefits associated with this option as this is the counterfactual and will be used to compare option 1 of regulatory change. In the scenario of 'Do Nothing', no regulatory change is made and DVSA has to deal with the backlog in tests for vocational licences through the current testing regime with no additional mitigations. It will not be able to help ease the lorry driver shortage within a reasonable time frame, nor the negative economic impact associated with it.
33. This option already includes the operational changes the DVSA has implemented themselves. The measures implemented include, employing additional examiners, restricting access to non-vocational tests to enable additional lorry tests to be conducted, buying back annual leave, increased overtime pay until the backlog is cleared, and increasing examiner vocational training by stopping delegated training from July 2021 to March 2022. Within this scenario, it is expected for the backlog to clear by June 2022. It is important to note that the addition any other measures are likely to reduce the effectiveness of this legislation.

Option 1 - Regulatory changes: Ceasing of staging for vocational tests

34. This section presents the analysis undertaken in the first option, whereby regulatory changes are made to DVSA's testing requirements, thereby removing the staging for vocational tests, or in other words removing the C tests for potential drivers trying to get their CE licence. Vocational testing also includes D and D+E tests. This would increase DVSA's capacity to carry out tests relative to Option 0 and help to quicker clear the backlog of driver tests that had built up owing to the lockdowns that were put in place to deal with the pandemic. In turn, this should help ease the current shortage in lorry drivers and lessen the associated negative economic impact.
35. The impact of this measure on the backlog is assessed with the combined measures from other SIs which adds the measure of outsourcing. Outsourcing the manoeuvres part of vocational tests involve third parties conducting the manoeuvres assessments to shorten the time taken by DVSA to conduct the test. The removal of B+E testing involves prospective drivers no longer needing to take a B+E test to drive a car and heavy trailer combination. As these measures are being put in place at similar times, it may be difficult to measure the impact each measure has separately. With these measures as well as the removal of staging, the backlog is expected to be cleared by December 2021.
36. The main objective of this legislation is to help deal with the UK lorry driver shortage. To do so, the regulation allows for DVSA to clear their backlog at a quicker rate as well as removing bureaucracy for prospective lorry drivers. As C/D tests are removed for CE and D+E test requirements, the DVSA's testing capacity will increase and therefore help tackle the backlog. Similarly, prospective drivers will receive their licences at faster rate. As a result of the two, there would be an increased supply of lorry drivers.
37. Removing the staging from vocational tests (removing category C tests from CE licences as well as D and D+E) is not expected to have an impact on road safety, as prospective drivers will still have to be able to prove they can drive to the required standard to get their CE licence. Assuming compliance, prospective drivers will undergo sufficient training before their vocational test, as is often the case at present. Within option 1 it is assumed the process of staging will be conducted within training. Meaning a prospective driver will train using a rigid lorry before moving onto an articulated lorry.
38. These measures will free up DVSA's examiners resources which will help to tackle the backlog in tests. Staging represents around 13% of DVSA's testing capacity¹¹ DVSA modelling suggests that the removal of staging will reduce the demand of category C/D tests taken by 50% of those who

¹¹ DVSA's testing data

currently take two tests¹². Meaning that the capacity freed will be 50% of current CE test. As stated before, this equates to the 13% overall increase the DVSA's additional capacity compared to pre-pandemic levels. This assumption captures uncertainties such as drivers who do not wish to take a CE test as well as drivers who have already obtained a C licence previous to this regulation. However, some uncertainties do remain in these calculations.

Summary

Summary of Impacts	Costs	Benefits
Monetised		<ul style="list-style-type: none"> Fewer testing fees for drivers and businesses (direct) £1,212,560 Reduced administrative burden on prospective drivers (direct) £933,551
Non-monetised	<ul style="list-style-type: none"> Familiarisation costs for prospective drivers and trainers (direct) 	<ul style="list-style-type: none"> Faster clearing of DVSA backlog (direct) Improvement in the lorry driver shortage (indirect)

Unmonetised Costs

- Familiarisation costs for prospective drivers (direct)**
- Familiarisation costs for trainers (direct)**

Monetised Benefits

- Fewer testing fees for drivers and businesses wishing to pay for these tests (direct)**
- Reduced administrative burden on prospective drivers (direct)**

Unmonetised Benefits

- Faster clearing of DVSA backlog (direct)**
- Improvement in the lorry driver shortage through increased DVSA testing capacity (indirect)**

Costs

Unmonetised Costs

39. Familiarisation costs (direct) – potential new drivers: Prospective drivers will have to familiarise themselves with the regulation changes and the new approach to testing, whereby certain tests have been removed. These costs are expected to be very low and are therefore non-monetised. Familiarisation costs towards drivers is considered as a cost to individuals and will not impact BIT calculations. Additionally, this familiarisation cost is rather insignificant as the only change to drivers is the removal of the test part of staging. It is assumed that drivers will still undergo staging in their training. Given most prospective drivers are familiar with the existing regime and a series of public announcements of the attention have been made will limit this.

¹² Assumption used in DVSA's modelling

40. **Familiarisation costs (direct) – trainers:** Trainers will have to familiarise themselves with the new regulation changes of removing the staging for CE tests. There are around 800 training schools that operate within the industry. It is expected that the process of staging will still be conducted in training. Meaning that trainers will first train drivers in a rigid lorry before moving onto an articulated lorry as it slowly builds the prospective driver's experience towards the bigger lorry types. For trainers to familiarise themselves with this change, a relatively short amount of time is needed for trainers to understand that staging tests will be removed. It is important to note that the removal of staging is not to change training structure and content in any form. This option intends to remove regulation rather than add any, therefore it should be a relatively straightforward adaptation for trainers.

Benefits

Monetised Benefits

41. **Reduced administrative burden to become an lorry driver (direct) – prospective lorry drivers:**

The removal of the staging for vocational tests will reduce the administrative burden to getting a licence. It currently takes around a week to take C training and the same for CE. The on-road element of the C and D tests are 60 minutes. As a result, prospective lorry drivers who would not have to take the category C or D staging tests for their CE/D+E licence and would save at least 60 minutes of their time. In general, prospective drivers save around half a working day through the removal of staging, as estimated by the DVSA. This could have a further positive impact on demand for becoming an lorry driver, making the process quicker and more straightforward.

42. Before taking a vocational test, prospective drivers are not likely to be an lorry driver. Assuming individuals are rational, it is likely that people are on lower paying jobs before training to be an lorry driver. To monetise the benefits in terms of the value of time of prospective drivers, hourly wages from ASHE¹³ (2021 prices) are used to estimate the average time saved by prospective drivers. It is likely that a prospective driver will be shifting up in terms of jobs and therefore the entry level of these wages are used. This is seen as an upper estimate.

43. In the calculations below, the average wage of the 10th percentile is used (£10 per hour as recorded in the ASHE). Although the hourly wage of an lorry driver is used, it is unlikely that prospective lorry drivers are employed as an lorry driver whilst taking their vocational test therefore, this value may be somewhat inaccurate. Additional costs such as fuel are not monetised in this as they are seen as minimal.

44. When calculating the average wage of lorry and bus drivers, the non-wage uplift of 26.5%¹⁴ is used to capture total savings to include in the net present value. It is important to note that the benefits received by individuals do not include the non-wage uplift as this is reflected onto businesses.

45. As the time it takes to complete a test (including time taken to travel to the test centre) can be inaccurate, sensitivities are used to estimate possible ranges of this impact. It is expected that prospective drivers will undergo the same amount of training, therefore the value of time saved is only the time it takes to undergo a test (including the commute to and from the test centre). The sensitivities include the lowest being 2 hours which only include the hour test and one hour of preparation/travel time. The highest estimate is 5 hours which represent the longer end of half a working day. The best estimate of 3.5 hours takes into account both the low and high assumption.

46. It is important to note that calculating this per driver may be difficult as some individuals will be taking multiple tests owing to previous test failures. The hourly wages displayed below include the non-wage uplift.

¹³ [Earnings and hours worked, occupation by four-digit SOC: ASHE Table 14 - Office for National Statistics \(ons.gov.uk\)](#)

¹⁴ [TAG unit A4-1 social impact appraisal - GOV.UK \(www.gov.uk\)](#)

47.

Average number of CE/D+E tests taken per year (4-year pre-covid average)	21,089
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	Without non-wage uplift	With non-wage uplift
Hourly wage of lorry driver	£10.00	£12.65
Hourly wage of Bus driver	£9.28	£11.74

48. **Reduction in fees from not having to do the ‘staging’ section for vocational tests (direct):** This benefit is in addition to the time saved from not taking the C/D test. Prospective drivers and/or businesses sending their employees to get their licences will not have to pay fees for the staging of the vocational tests, which should further ease entry into the logistics industry for prospective lorry drivers. The cost of a category C/D test is £115 during DVSA working hours; weekend and evening tests are charged at £141. The calculations assume that all tests are conducted during DVSA weekday working hours. As mentioned before, it is likely that only medium and large businesses are to benefit from this as they are more likely to pay for their future employee’s training and testing. Other individuals are likely to pay for their own test. With medium and large haulage businesses employing 44% of the haulage workforce¹⁵, it is likely that the remaining 56% of tests are to be paid by individuals. Having said this, not all medium and large business may adopt this and drivers working for medium and large businesses may cover the costs for their own vocational tests.

49. Individual drivers will no longer be required to pay for category C tests in advance of taking category CE tests. Neither will they need to take bespoke category C training courses. Having said this, it is expected that prospective drivers are trained in both C and CE. therefore, it is not assumed that drivers will save from lower training fees.

50. This benefit tends to fall onto individuals rather than businesses. In addition to the reduced administrative burden for prospective drivers, a large majority of individuals pay for their own testing. It is assumed that only around 44% of prospective drivers have their testing fees paid by their prospective employer¹⁶. This is based on the assumption that medium and large businesses may pay for their prospective employees’ testing. Therefore, this benefit is split between individuals and businesses in a 3:1 ratio (average).

51. It is important to note that DVSA has no evidence on medium and large businesses paying for tests. As a conservative assumption, we assume this to be a higher estimate on the number of tests that are paid by businesses. From industry we can infer that smaller hauliers are less likely to pay for vocational testing owing to the haulage industry being competitive.

52. DVSA conducts, on average 21,089 C/D+E tests each year; this is calculated by using the 4-year average of CE and D+E tests pre-covid. It is important to note that the total number of tests taken is not the total number of new drivers. Within the 21,089 tests, some will be repeat tests by the same driver as well as failed tests.

53. Assuming compliance, trainers are expected to deliver both category C and CE training for drivers wishing to only take a CE test. The figures below represent the ongoing annual benefits to future prospective drivers and businesses from the removal of fees for the C and D tests (Annual benefit, 2021 prices):

Cost of C/D test - practical test (part 3 - driving ability)	£115
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¹⁵ <https://www.gov.uk/government/statistics/business-population-estimates-2021>, table 7, 494

¹⁶ <https://www.gov.uk/government/statistics/business-population-estimates-2021>, table 7, 494

Number of +E tests (who will no longer need to take C/D first) (4-year average, pre-covid)	10,544
Vocational test fees no longer paid for	£1,212,560

Proportion of employees held by medium and large haulage businesses	25.5%
Number of CE tests businesses are predicted to pay for	2,689
C test fees no longer paid by businesses	£533,545.38

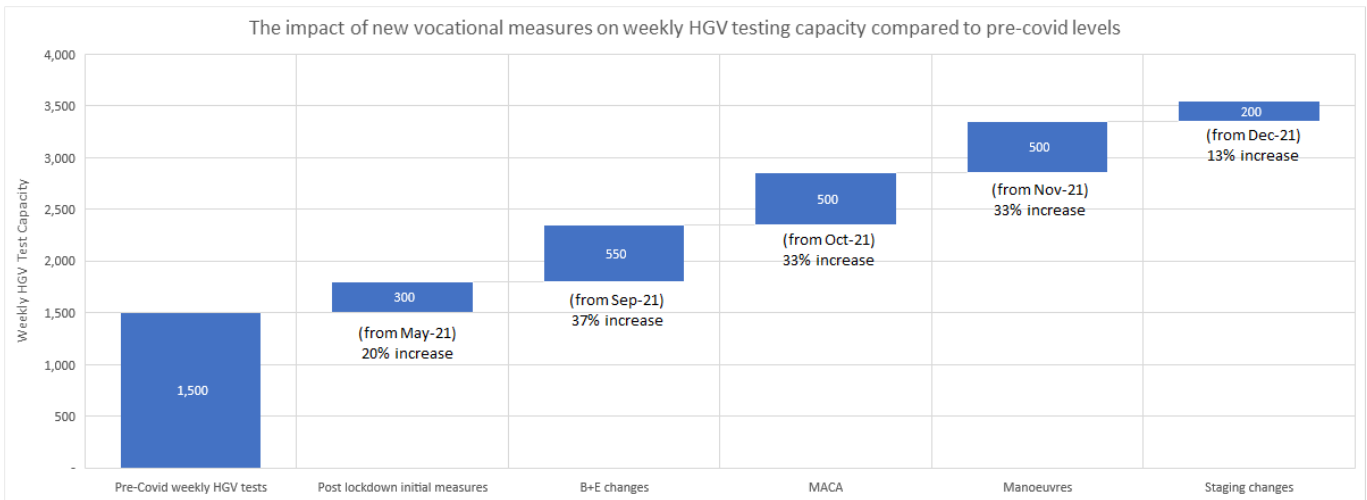
54. The values calculated assumed that all tests are taken at the price of £115; some tests are taken on the weekend and evenings which are priced at £141. As there is no data available on test timings, there may be uncertainties in these values. Further time would be needed to look into test timings. The analysis used takes the price of a test to be £115 as this is the more common fee. DVSA has mentioned that an only an insignificant portion of vocational tests are taken outside weekday working hours.

Non-monetised Benefits

55. **Increased testing capacity for DVSA to help clear the backlog in driver tests (direct):** As explained further above, the removal of staging for vocational tests is expected to increase DVSA examiner's testing capacity by 13%. This calculation uses a DVSA model that predicts the capacity freed to be 50% of current CE tests. The assumption behind this estimate from DVSA is that not all drivers will want to take up this option. Prospective CE drivers come from different backgrounds, with many already working in the industry and holding a category C licence and are to add to the licences they hold. Some prospective drivers may not have the intention of getting a CE licence and would want to get a C licence. means that 50% of current CE tests equate to a 13% increase in DVSA's overall testing capacity.
56. In addition to this, haulage companies will be able to fill lorry driver vacancies quicker than without this measure. This will relieve some of the search costs associated with filling a vacancy and will be able to mitigate lost revenues as it will be less likely that there are unfilled lorry driver posts. Similar to the benefit of the reduction in the lorry driver shortage, the numerous chains and steps needed to achieve this makes this benefit indirect. Therefore, this is not monetised.
57. This will enable DVSA to clear the backlog in driver tests quicker and focus on vocational training to help ease the current issue of lorry driver shortages. DVSA examiners would need to be trained on the changes in staging which will take up some of DVSA's capacity.
58. Currently, the average wait time in early September 2021 to take a vocational test is 8 weeks. When only looking at the impacts from this specific measure, of removing the staging for CE tests, the removal of category C tests will allow for the DVSA to clear their backlog and function on an average 3 week wait time by April 2022 whereas the backlog would only naturally clear by June 2022¹⁷.
59. In addition to the staging of vocational tests, other measures such as the removal of B+E testing as well as the removal of manoeuvres in test are being implemented. With all three measured being put in place, the backlog in DVSA's backlog is predicted to be cleared by December 2021.

¹⁷ DVSA modelling of vocational testing

60. Alongside other regulations implemented, the staging of vocational tests alone can increase testing capacity by 13%. With the removal of staging put in place as well as other policy changes, the backlog in tests is expected to be cleared by December 2021. The graph below presents the impact each policy change has on the DVSA testing capacity.



61.

62. The DVSA modelling forecasts the supply of tests from DVSA, which considers the availability and usage of their examiners and the demand for tests, which uses a mixture of published and internal historical data¹⁸. This set of measures would ease the pressures caused by driver shortages by allowing a larger inflow of new drivers with ‘vocational’ licences (which are the licences needed to drive lorries) into the industry.

63. **Improvement in the lorry driver shortage situation through increased DVSA testing capacity (indirect):** As explained by the increase in testing capacity, the DVSA will be able to conduct more tests per day which will help tackle the backlog in vocational tests and help ease the lorry driver shortage situation. Therefore, the supply of lorry drivers will increase at a faster rate. Looking at the backlog it can be assumed that there is demand for there to be an lorry driver (assuming all taking category C tests will want to pursue a career as an lorry driver). If demand is met with the testing capacity, the supply of lorry drivers will increase and therefore help address the lorry driver shortage. Having said this, this benefit will accrue for only around 2 months as the back log is estimated to be cleared by June 2022.

31. This additional testing capacity will allow more prospective lorry drivers to get their licence should they choose to do so, and should therefore increase the pool of lorry drivers in the UK and further increase the number of lorry driver hours available for businesses to use. This will have wider benefits to the economy through reduced disruption owing to lorry driver shortages. This logic chain is dependent on how the DVSA reallocate their spare capacity. As there are numerous decisions and entities needed to achieve this outcome, this benefit is considered as indirect.

Sensitivity Analysis

¹⁸ Although the model is based on the best evidence-available, such as a mixture of published and internal historical data, there remains underlying uncertainty in these forecasts as these trends might not be as applicable to the current climate with the pandemic. Any further unforeseen events, for example from further pandemic lockdowns or restrictions, could impact on demand forecasts and predicted timelines for clearing the driver testing backlog. Furthermore the driver shortage situation is changing at a fast pace and additional measures implemented to tackle the lorry testing backlog will impact on the modelling’s precision and also likely lower the impact of these regulatory measures towards tackling the backlog.

64. With uncertainties in both value of time as well as cost to businesses, sensitivity analysis has been carried out for these calculations. The table below shows the sensitivity used for the value of time saved by prospective drivers from the removal of staging. Using ASHE data alongside assumptions were used to calculate the average value of time saved.
65. The average wage of an lorry driver or bus driver can heavily vary based on their experience and field of work. Therefore, sensitivity is used to adjust to the uncertainty and to show how this uncertainty translates to the overall impacts. The sensitivity scenarios used includes the minimum time needed to take a vocational test (hour long test and 1 hour to prep/travel). Additionally, to calculate the average time saved by not taking a vocational test the time needed to take the test as well as the commute to and from the test centre and the waiting time.
66. The tables below present the figures used to calculate the value of time saved by prospective drivers. Sensitivity is added to capture uncertainties. As explained before, the hourly wages of drivers were used with the estimated of time saved to calculate the value if time saved owing to the removal of staging. This includes the non-wage uplift to capture the whole benefit.

Hourly wage of LGV driver – Including non-wage uplift (ASHE- 10 th percentile)	£12.65
Hourly wage of bus driver – including non-wage uplift (ASHE- 10 th percentile)	£11.74
Time taken for C test (Hours)	1

Price year: 2021 (with non-wage uplift)	Central estimate	High estimate	Low estimate
Value to time (£) (LGV driver)	£44.28	£63.25	£25.30
Value to time (£) (Bus driver)	£41.09	£58.70	£23.48

67. When calculating the EANDCB, two different scenarios were used to help capture uncertainty. Only anecdotal evidence is available to calculate the proportion of tests paid by businesses. This is owing to the payments of tests being confidential. It is assumed that only medium and large businesses pay for vocational tests. This is considered to be a loose assumption as DVSA has no data on who pays for vocational testing. To capture the uncertainty of this, scenarios including, medium and large businesses paying for tests and all businesses paying for tests were used. From anecdotal evidence from the Road to Logistics charity, it can be seen that businesses in haulage are primarily SMEs (99.7%) and based on engagement with stakeholders they do not tend to pay for the training and testing of their employees as the driver qualifications are sent to the drivers' address and carries with them should they move, and the qualification is a transferrable skill within a homogenous workforce. As this is a large and risky cost for SMEs, we assume that only medium and large businesses have the capacity to pay for vocational tests. The second assumption was used to calculate the greatest benefit to business to confirm the rationale for De Minimis.
68. As a highest possible scenario, the greatest numbers of tests being paid by businesses were used. Through this, the highest scenario was calculated to be under the £5 million threshold. The highest possible scenario confirmed that this regulation will not pass the EANDCB threshold (Equivalent Annual Net Direct Cost to Business). Although this assumption may be too high, it was only used to confirm the rationale for a De Minimis assessment. The assumption of only the larger businesses paying for testing gives a more realistic estimate of the beneficial impacts towards businesses from this regulation.

Risks and unintended consequences

69. There is a risk owing to how fast moving the lorry driver shortage situation is. This De Minimis Assessment uses the latest evidence on the lorry driver shortage to advise, however, the situation is constantly changing at pace. The latest evidence and latest updates from official statistics such as ONS have a time-lag of several months, meaning the best evidence is usually always catching up to any of the news or latest updates arising from the driver shortage situation. As the lorry driver situation has been evolving, there have been additional measures put in place, the latest being the use of the Ministry of Defence's examiners to help DVSA tackle their driver testing backlog. Any further such measures would have an impact on both the 'Do Minimum' and 'Do Something' scenarios and the size of the backlog, which would therefore have further effects on the assessment of the impacts of this B+E measure. Any additional measures to increase DVSA testing capacity or attract more drivers to the industry will lessen the effect, and possibly the need, of these regulatory measures.
70. During 2019, 66% of reported accidents for lorries were attributed to driver error/reaction¹⁹ and the current pass rate is some 57.2% and evidence suggests that less driving experience could pose greater road safety impacts²⁰. Whilst we cannot say for certain, it seems likely that less time spent driving could have an impact on road safety, as less time is spent before obtaining a license during the staging part of the test. This regulatory change directly removes an hour worth of driving experience and examination, which alone could be considered negligible compared to overall training hours and not materially impact road safety.
71. However, the indirect impact could be considered larger, as less time may be spent learning to drive prior to a single test as opposed to two separate tests. This indirect effect is what could be considered to have a larger impact to road safety through fewer hours of driving experience, prior to taking a test for the largest vehicle combinations. Based on engagement with industry, we expect that this indirect effect would be mitigated as the process of staging often occurs during the training process which will remain the same. Therefore, we do not expect that the indirect effects will significantly reduce driving experience, however this could still be lower than the counterfactual and therefore maintained as a risk.
72. The effectiveness of this regulation change to help tackle the driver testing backlog and further help with the current lorry driver shortage depends on the underlying demand from those within society who have the ambition to become professional drivers of these vehicles. If the potential demand of becoming an lorry driver is small, no steps that government can take in making the process easier will encourage a greater number to seek to become drivers of these vehicles, which is why it is important that the government and haulage industry work together to solve the driver shortage issue. Waiting times for lorry tests are currently around eight weeks (September 2021), which indicates a demand to qualify as a lorry driver, government has no way of knowing how many would seek a career in the haulage sector in the longer term if the qualification process was more straightforward and faster. Only by taking this action, will clarity on this point emerge.
73. GB licences are currently recognised in Northern Ireland and this will continue under the new rules. Internationally, road traffic conventions cover licencing arrangements when drivers travel abroad. Some countries may feel concerned that there is a road safety impact from visiting drivers the further we move from the current licencing regime, particularly so in EU countries. We are in discussion at an international level to help mitigate this risk so that countries understand the changes being made and the implications for mutual recognition or exchange of licences.

Wider impacts

Equalities Impact Assessment

¹⁹ RAS50 - [Reported road accidents, vehicles and casualties tables for Great Britain](https://www.gov.uk/government/statistics/ras50-reported-road-accidents-vehicles-and-casualties-tables-for-great-britain) - GOV.UK (www.gov.uk)

²⁰ https://www.road-safety-dss.eu/assets/data/pdf/synopses/Lack_of_driving_experience_032018.pdf (synthesis of evidence on relationship between lack of driving experience and road safety risk;

74. These are enabling proposals and we have not identified a negative effect on those with protected characteristics. None of the proposals will result in discrimination of any kind, unlawful or otherwise, in terms of age, disability, sex, gender reassignment, marriage or civil partnership, pregnancy and maternity, race, religion or belief, or sexual orientation.

Small and Micro Business Assessment

75. The regulation does not intentionally target micro and small businesses; however, it is assumed that only medium and large businesses may pay for their employees' tests. Therefore, the benefit of the removal of C tests is generally only advantageous to medium and large businesses. This may imply that this regulation does not benefit small and micro businesses.

76. As this a type of regulatory easement that does not require any action other than familiarisation costs, we do not believe there are specific barriers for small and micro businesses to take advantage of the regulatory easement.

77. One potential impact that could disproportionately affect Small and Micro Businesses (SMBs) would be if SMBs are now less easily able to determine the relative quality of drivers who need to operate heavy trailers, as they won't need to hold a C license. Having said this, it is assumed that the staging process of this licence will be conducted during training. Additionally, the C test will still be optional, and business can require a C licence upon employment should they choose to do so.

78. The table below represents the size of training organisations that responded to the consultation. It includes the numbers of organisations that responded as well as the proportions. As seen, around 85% of respondents were from small and micro businesses²¹. It is important to note that large businesses are more likely to respond and small businesses may be less likely to respond therefore, the table may not give an accurate representation of the split between the company sizes of training organisations.

	Small 10 – 49 employees	Micro – 1-9 employees	Medium 50 – 249 employees	Large – 250+ employees	-	Total
Numbers	66	381	31	42	3	523
Percentage	12.62%	72.85%	5.93%	8.03%	0.57%	100.00%

79. Overall, small, and micro businesses are not directly impacted by this regulation. Their costs are benefits and minimal and generally not monetised.

Justice Impact Test

80. The proposals will remove regulation. They will make it more straightforward for drivers to acquire a licence and they will continue to need to comply with the law. There will no change in the offences of driving without the necessary licence and therefore the numbers of prosecutions will not increase. As such, it is not considered that they will have a negative effect judicially.

Trade Impact

81. There is a risk that the removal of staging may be seen in the EU and elsewhere as a degradation of testing standards and therefore reduce confidence in GB testing integrity.

²¹ Size of businesses from consultation respondents who were 'A training organisation or a trainer'

3.0 Post implementation review

1. **Review status:** Please classify with an 'x' and provide any explanations below.

<input type="checkbox"/>	Sunset clause	<input type="checkbox"/>	Other review clause	<input type="checkbox"/>	Political commitment	<input type="checkbox"/>	Other reason	<input type="checkbox"/>	No plan to review
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Regulations to be reviewed every five years to ensure continued suitability.

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

<input type="text"/>	<input type="text"/>	/	<input type="text"/>	<input type="text"/>	Three and five years from when the Regulations come into force
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3. **Rationale for PIR approach:**

The regulation will be reviewed at 3 and 5 years post implementation owing to potential impacts on safety. Reviewing at 3 years would enable us to get an early indication of emerging safety issues, which can inform policy interventions to respond. The reviews will also consider the impact of the policy on its key objective, to increase DVSA lorry testing capacity in order to reduce the lorry driver shortage

For the first review at the 3 year point, this should be kept proportional and focus on any potential safety impact observed in the data, and immediate concerns on the implementation of the measure. A fuller review should be undertaken at the 5 year point when the impacts would be more measurable.

Due to the similarities, we advise that this policy's road safety impacts are evaluated together with the Outsourcing of manoeuvre testing policy and the removal of B+E testing policy.

What forms of monitoring data will be collected?

The following existing sources of data will be explored for the PIR

- DVSA vocational testing data
- STATS19 reported road casualty data

We will also consider new data collection, likely through:

- Surveys and interviews with examiners, trainers and employers
- Stakeholder consultation
- Surveys or interviews with lorry drivers

Further scoping will inform whether these projects are feasible (e.g. whether there are data protection issues), whether they will provide suitable sample sizes and comparator groups for analysis, and whether the cost to achieve results is proportionate.

More information about the rationale for the use of these sources is outlined below:

For **safety impacts**,

- the STATS19 reported road casualty data should be explored when conducting the PIR, to see whether there has been an increment of accidents involving lorry following this measure.
- Records of drivers completing the new streamlined test, comparing with records from previous staged test, should be explored including reasons for failure
- Potentially, investigatory data from the existing RAIDs study, current ongoing Road Collision Investigation Project and the potential new collision investigation branch could also be used to examine safety impacts.

- We will also explore undertaking new data collection, namely surveys with drivers, examiners and employers/ trainers to understand drivers' knowledge and behaviour which can be an indicator of potential safety issues, but as flagged above this is subject to further scoping work.

To explore **impact on DVSA testing capacity**, the PIR should consider DVSA data on number of tests available and waiting times for tests. Though additional data from the Annual Population Survey on the current numbers of working lorry drivers could in theory be used to consider impacts on the numbers of working lorry drivers, to assess whether the policy contributed to reducing the lorry driver shortage, we do not recommend this is part of the PIR. Lorry driver numbers shortages will be influenced by other external factors and other policies so it will not be possible to attribute the impact of this specific measure alone on numbers of lorry drivers. Therefore, to assess whether the policy contributed to this we will focus on the key aspect of this it is seeking to influence – DVSA vocational testing capacity – however we will also explore the feasibility of conducting surveys with stakeholders, employers, trainers and drivers in order to consider the influence of the increased testing capacity on entry to the lorry driver profession.

To monitor whether this measure has had an impact on mutual recognition of GB licenses internationally, we will explore industry stakeholders' opinion and feedback through surveys.

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

Impact evaluation, considering observed safety data, potential safety impacts and impacts on vocational testing capacity.

New primary data sources will be necessary to understand impact on some interim outcomes, i.e. indications of driver behaviour, volume of training conducted. We will explore conducting surveys and interviews with drivers, employers and examiners to investigate this.

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

DVSA examiners, wider industry stakeholders and potentially drivers, employers and trainers consulted via surveyed and interviews.

Rationale for not conducting a PIR:

N/A

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?
Contribution to reducing driver shortage	Has the DVSA backlog in driver tests been reduced?	Backlog in tests (DVSA vocational test data)	(subject to feasibility) Wider industry stakeholder consultation Survey / interviews with drivers and employers

Maintain Road Safety	Are drivers who undertook the streamlined test more likely to have accidents	<p>STATS19 casualty data</p> <p>Records of drivers completing the streamlined test and records of drivers completing older staged test prior to regulation change (including information on reasons for failure) (DVSA vocational test data)</p>	(subject to feasibility) survey / interviews with drivers and examiners, including to collect data on behaviour and understanding of key road safety risks
Maintain mutual recognition of GB licenses internationally	Has this measure had an an impact on mutual recognition of GB licenses internationally?_	n/a	<p>Wider industry stakeholder consultation</p> <p>(subject to feasibility) Survey / interviews with drivers ,trainers and employers</p>