

EXPLANATORY MEMORANDUM TO
THE MOTOR VEHICLES (DRIVING LICENCES) (AMENDMENT) No. 4) REGULATIONS
2008

2008 No. 1435

1. This explanatory memorandum has been prepared by the Department for Transport and is laid before Parliament by Command of Her Majesty.

This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Description

This instrument further amends the Motor Vehicles (Driving Licences) Regulations 1999 (SI 1999/2864) (the “1999 Regulations”) by introducing a split theory test for lorry and bus drivers and expanding the scope and length of the multiple choice part of that test. It introduces new charging arrangements in respect of delegated driving examiners. It also rectifies an unintended consequence of a previous amendment so as to regularise the charging of higher fees for practical or unitary tests taken on a Saturday.

3. Matters of Special Interest to the Joint Committee on Statutory Instruments

3.1 The new fee for the new split theory test taken by learner lorry and bus drivers totals £50 (£35 for the multiple choice part and £15 for the hazard perception part). The current fee for the combined theory test is £32. This represents a percentage increase of 56% .

3.2 As part of the ongoing commitment to raise standards and improve road safety, the regulations increase the number of multiple choice questions from 60 to 100 and the duration of this part of the test from 70 to 115 minutes. The number of hazard perception clips are also separately being increased from 14 to 19. The increased charges introduced by this instrument reflect these changes

4. Legislative Background

4.1 This instrument, which further amends the 1999 Regulations, makes changes to theory tests in respect of lorries, buses and coaches (including minibuses). It increases the number of multiple choice questions from 60 to 100 and the duration of this part of the test from 70 to 115 minutes. The number of film clips to be viewed in the hazard perception test are also being separately increased. As the overall length of the theory test event increases significantly, the instrument uncouples the hazard perception and multiple choice parts into two separate test events and allows them to be passed in either order.

4.2 This instrument also prescribes the fee for the multiple choice part of the test at £35 and for the hazard perception part at £15 for tests conducted by Driving Standards Agency (“DSA”) examiners for learner lorry, bus and coach drivers.

4.3 This instrument also introduces new charging arrangements for delegated driving examiners employed by police forces, fire brigades and some bus and freight logistics companies. For practical driving tests the new arrangements introduce a new annual flat-rate fee of £950 for each delegated examiner appointed by a particular organisation in place of the existing arrangements where delegated examining organisations are charged a fee of £15 for the supply of individual practical test pass certificates . The fee of £2.75 payable for certificates provided to Ministry of Defence examiners is also revoked although the £950 annual fee will not apply to MOD examiners.

4.4 For theory tests, the current provisions under which delegated examiners are charged for the supply of individual theory test pass certificates (at £21 per certificate for lorry, coach and bus tests or £18.50 for motor bicycle, car or moped tests) are revoked and replaced by a charge to be levied in respect of each candidate set of theory test questions or hazard perception film clips supplied. In relation to motor bicycle, car and moped tests the charge will be £18.50 per set of combined theory test questions and hazard perception clips. In relation to bus, coach and lorry tests, the charge will be £20 for each set of theory questions and £9 for each set of hazard perception film clips.

4.5 This instrument also amends the definition of “working day” for the purpose of fees charged for tests conducted by the DSA. The effect is that Saturday ceases to be a “working day” for those purposes. Higher test fees are charged for tests taking place other than during normal hours on a “working day so the Instrument will regularise the charging of the higher fees for tests taking place at any time on a Saturday

The Motor Vehicles (Driving Licences) (Amendment No. 2) Regulations 2005 (SI 2005/2717) amended the definition of “working day” in Part III (driving tests) of the 1999 Regulations. The effect of that amendment was that Saturday became a “working day” for various purposes (the minimum wait before unsuccessful candidates may re-attempt the test, the minimum period of notice for a candidate to cancel or re-arrange a test without fee forfeiture and the notification period for supplying candidate/vehicles in the Trainer Booking Facility). An unintended consequence of this amendment, which has only very recently been appreciated, is that Saturday also became a “working day” for driving test fees purposes. This instrument will reverse that unintended consequence and authorise the charging of higher fees for tests conducted on a Saturday (along with other non-working days). The Department is currently giving urgent consideration to the position of those who will, by the time this instrument comes into effect, have paid fees at the higher level for Saturday tests since the 2005 Regulations came into force.

4.6 These changes also take account of Directive 2003/59/EC (the “CPC Directive”) which introduces a Certificate of Professional Competence for professional drivers of lorries and buses. The CPC Directive was implemented by the Vehicle Drivers (Certificates of Professional Competence) Regulations 2007 (S.I. 2007/605) (the “2007 Regulations”). Among other things, the CPC Directive and the 2007 Regulations require new bus and coach drivers (from 10 September this year) and new lorry drivers (from 10 September next year) to pass an “initial CPC” test, the theoretical part of which covers a range of driving, regulatory and safety matters additional to the requirements of the normal vocational driving test. The CPC theory test is further split into a question and answer section (which can be multiple choice) and a case study section.

4.7 The 2007 Regulations allow for the UK’s competent authorities (in Great Britain the Secretary of State) to arrange for the initial CPC test either to be taken as a free standing test in addition to the normal vocational driving test or for it to be taken at the same time as part or all of the driving test (see regulation 5(5) of the 2007 Regulations). The purpose of the changes to the theory test for lorries, buses and coaches in this instrument is therefore to enable the question and answer section of the initial CPC theory test prescribed under the CPC Directive to be met by those taking the normal vocational bus, coach and lorry multiple choice theory tests. In this respect as well as increasing the numbers of questions and length of the multiple choice part of the vocational theory test the Instrument also provides for the questions to cover subjects required to be covered under the initial CPC test. The CPC case study section will still have to be taken as an additional, separate test event.

4.8 DSA operates as a Trading Fund under the Driving Standards Agency Trading Fund Order 1997 (SI 1997/873). The Agency is required to set fees and charges for its activities at levels that generate sufficient revenue so that the costs of its operations are recovered from users and are not a burden on the general taxpayer. Fees are reviewed annually in the context of each year’s planning cycle. Plans for service improvement, performance targets and fees are published in the Agency’s Business Plan for that year.

4.9 The fees prescribed by this instrument in respect of driving licence acquisition theoretical and practical tests conducted by DSA have been set further to the Department of Transport (Fees) Order 1988 (SI 1988/643), which established a common pool for costs incurred in respect of the functions of the Secretary of State in relation to tests of competence to drive motor vehicles. In accordance with the terms of the Order, in setting the levels of fees further to the Order, the Secretary of State has taken into account the costs within those common pools.

4.10 This instrument also changes the arrangements for non-DSA examiners (i.e. delegated examiners). It introduces a new annual flat rate fee of £950 for delegated examiners employed by Police forces, Fire brigades and some bus and freight logistics companies to conduct practical driving tests. Currently, the Driving Standards Agency seeks to recover its costs of supervising and quality assuring the delegated examiner scheme, from the supply of practical test pass certificates provided to delegated examiners for issue on each successful test pass. These are currently charged at £15 per certificate.

4.11 For theory tests, the existing system of charging delegated examiners for the supply of individual theory test pass certificates (at £21 per form for lorry and bus tests and £18.50 per form for motor bicycle, car and moped tests) is replaced by a charge to be levied in respect of each candidate set of theory test questions or hazard perception film clips supplied. In relation to motor bicycle, car and moped tests, the charge will be £18.50 per set of combined theory test questions and hazard perception clips. In relation to bus, coach and lorry tests, the charge will be £20 for each set of theory questions and £9 for each set of hazard perception film clips.

4.12 The fees payable by delegated examiner organisations are not subject to the pooling arrangements referred to above and are set solely so as to recover direct costs in relation to service provision for delegated examiner arrangements.

5. Territorial Extent and Application

This instrument applies to Great Britain.

6. European Convention on Human Rights

As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy Background

Stakeholder Engagement

7.1 DSA has maintained a dialogue with key stakeholders on the Driver CPC since 2001. The relevant Sector Skills Councils (Go Skills and Skills for Logistics), Trade Associations (Freight Transport Association, Confederation of Passenger Transport, Road Haulage Association) and others have been actively engaged with DSA in formulating Driver CPC policy. Consultation was undertaken on all these issues between August and October 2007. The Driving Standards Agency issued two consultation papers:

(a) *Driver Certificate of Professional Competence – Further Implementation Arrangements*. This included theory test fee and content changes and the final staging element increasing the length of the test (the first stage took place in April 2007 when the length of the test was increased to 70 minutes and the number of questions was increased to 60). There were 57 responses to this consultation paper, the majority of which (over 50% in all cases) were supportive. This was expected as some of the changes were proposed at the request of stakeholders. Some concern was expressed that increasing the length of

the test might make it harder and that the cost was higher than necessary - the Agency considered that splitting the test into separate modules would address concerns that the longer test would be over-burdensome and that development costs for splitting the test (to accommodate a stakeholder request) needed to be recovered to balance the Agency's books. Responses included comments from trainers, the road haulage and passenger transport industries, road safety officers and the emergency services.

(b) Improved Services for Customers and General Fee Increases for 2008. This included delegated examiner changes. There were 67 responses to the proposal to modernise the delegated examiner arrangements, the majority of which (62%) were supportive. Stakeholders were not concerned with the change in fee collection for this service. They were, however, concerned about the change in administrative arrangements that required a minimum number of tests to be delivered each year by each delegated examiner in order to maintain standards on a par with DSA examiners. This part of the proposal has been deferred for a year to facilitate further discussions with stakeholders regarding minimum numbers of tests delivered.

7.2 The proposals were well supported by those who commented. In line with the move towards conducting government interaction electronically, the consultations were made available online. The consultation papers were posted on the Driving Standards Agency's website and the Agency wrote to some 3,000 individuals advising them of the papers.

More information on the consultation and an analysis of the responses can be found on the DSA website: www.dsa.gov.uk

The Policy Objectives

7.3 Directive 2003/59 EC introduces a Certificate of Professional Competence (CPC) for professional drivers of buses and lorries, obtained via an initial qualification and maintained by 5-yearly periodic training. The CPC Directive was implemented in domestic legislation by the 2007 Regulations. The CPC Directive requires that the test undertaken for the initial qualification must be a minimum of 6 hours in length (4 hours of theory and 2 hours of practical examinations) and the content must, to a large extent (80%) cover the requirements of the driving test. As the Agency was already intending to review the length and content of the driving test it viewed this as an opportunity to combine the two requirements, thereby saving the driver the expense of two separate, but almost identical tests. Stakeholders welcomed this approach but also expressed concern that 4 hours of theory tests would be too much for a driver to sit in one session and requested that the test be split into separate modules. This was thought sensible and a "stepped" increase in the length of the test was considered prudent to enable trainers and the public at large to prepare for the changes.

7.4 This instrument introduces the final increase in the length of the test (the length of the test and number of questions having previously been increased in April 2007 as noted above). In addition to the increased length of the theory test in the vocational tests, drivers needing to obtain an initial CPC will also have to pass a separate CPC case study test. Taken together the combined vocational/CPC multiple choice theory test and the separately taken CPC case study test will meet the 4 hour theory initial CPC requirement. Drivers needing an initial CPC will also need to do an additional CPC practical test as well as the normal vocational licence acquisition practical test.

7.5 The elements of the instrument regarding higher standards of theory tests for professional drivers of lorries, buses and coaches wishing to obtain a Driver CPC will apply to all drivers taking tests in vehicles of these categories for licence acquisition even those who are otherwise exempt from the CPC requirements. (The principal categories of lorry, coach and bus driver exempt from the CPC requirements are those not carrying goods or passengers for commercial purposes and those who only use goods vehicles to move goods and equipment in the course of their own work where haulage is not their principal activity.) The changes are being extended across the board however as part of wider moves to raise driver standards and consequentially road safety as given originally in the Government's Road Safety Strategy published in 2000 – where a commitment was made to keep the driving test up to date by review of the content of all parts of the test, as well as meeting our European obligations regarding the

test. Changes were made to the content and length of driving theory tests for car drivers and motorcycle riders in September 2007 as well as the first change to tests for lorry and bus drivers as a part of the stepped increase proposal which this instrument now completes.

7.6 An annual flat-rate fee of £950 for each delegated examiner conducting practical tests is more equitable and offers savings to those delegated examiners conducting the most tests. This replaces the system of using income received from the supply of practical test pass certificates (currently charged at £15 per certificate) to support the quality assurance arrangements for those examiners. The cost of those arrangements is largely the same for each examiner, irrespective of the number of tests they conduct. The current arrangements place the heaviest financial burden upon those examiners who deliver the most successful tests. The charge would need to increase to £31.50 per certificate to cover the Agency's costs of administering the scheme. Delegated examiner organisations conducting in excess of 31 successful tests per year will benefit from the introduction of the flat-rate fee. There have been no objections to this proposal from stakeholders.

7.7 As regards the new charging arrangements in relation to delegated examiners for theory tests (replacing the charge per pass certificate issued with a charge for each theory test set supplied), this is a more equitable cost recovery arrangement as DSA currently incurs a cost for each set of theory test questions supplied to delegated examiners whether or not the candidate passes or fails the test.

7.8 As noted above the Regulations regularise the levying of existing higher charges for tests taken on a Saturday. The power to do this was unintentionally removed from the 1999 Regulations as an unintended consequence of other changes were made in 2005. As noted, the Department and the Agency are considering further the position of those who have paid the higher charges since 2005.

7.9 The Driving Standards Agency is publicising the changes via its website and in its regular communications with stakeholders (sent electronically to some 16,500 and via newsletter to some 100,000) involved in all aspects of the driver training industry.

7.10 The Regulations come into effect on 7 July 2008. They apply to tests taken on or after 4 August 2008. The changes made to the format of the tests do not apply to tests taken before 4 August 2008 or to any tests booked before 7 July 2008. This approach enables tests in the new format to be booked from 7 July.

Consolidation

7.11 This instrument further amends the 1999 Regulations. The Department has no current plans to undertake a consolidation, which in the case of the 1999 Regulations would be a very significant exercise.

8. Impact

8.1 Final Impact Assessments are attached to this memorandum.

8.2 Driving test fees and fees for the acquisition of a Driver CPC do not directly impact on the public sector generally. The Ministry of Defence however, will pay a fee for each theory test but this is offset by the fact that they will not be required to pay an annual fee in respect of their Driving Examiners as will be the case for other non-DSA examiners. Candidates are responsible for paying their own test fees, either personally or through trainers approved by DSA to book tests on behalf of their customers.

9. Contact

The official at the Department for Transport who can answer any queries regarding this instrument is Robin Massey, Driving Standards Agency, Policy Branch, The Axis, Upper Parliament Street, Nottingham, NG1 6LP. Telephone: 0115 936 6098; e-mail robin.massey@dsa.gsi.gov.uk

22 May 2008

Department for Transport

Summary: Intervention & Options

Department /Agency: DSA	Title: Impact Assessment of Amendments to The Motor Vehicles (Driving Licences) Regulations 1999	
Stage: Final	Version: Final	Date: 22 May 2008
Related Publications: Driver Certificate of Professional Competence Further Implementation Arrangements - DSA Consultation Paper 2007, .		

Available to view or download at:

<http://www.>

Contact for enquiries: Robin Massey

Telephone: 0115 936 6098

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

The regulations introduce improvements to licence acquisition testing arrangements for lorry and bus drivers. Those arrangements also form an integral part of the qualifying process for the Driver Certificate of Professional Competence (CPC) Initial Qualification. The changes support the implementation of Directive 2003/59/EC of the European Parliament and of the Council which introduces the Driver Certificate of Professional Competence (CPC). In addition, the increase in the number of multiple choice questions was previously provided for in the regulations (due to be implemented in April 2008) but was delayed pending the introduction of other changes.

What are the policy objectives and the intended effects?

To amend the licence acquisition test so that it is in line with the higher standards required for Driver CPC, leading to better qualified drivers and improved road safety. The changes address stakeholder concerns, are cost effective and customer friendly, and facilitate the continued supply of new drivers into the industry. Key stakeholders believe that the existing legislation should be amended so as to improve the current testing and training arrangements and introduce higher standards for vocational drivers.

What policy options have been considered? Please justify any preferred option.

Two options have been considered:

1. maintain the status quo
2. amend existing legislation to add the necessary detail and identify improvements - increase the Hazard Perception Test (HPT) and multiple choice content, uncouple the two into separate test events, amend the fee and introduce a staging requirement.

In line with the views of stakeholders, DSA is taking forward the second of these two items.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects? There will be an initial review of wider testing standards in 2012.

Ministerial Sign-off For final proposal/implementation 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:

Jim Fitzpatrick

.....Date: 28th May 2008

Summary: Analysis & Evidence

Policy Option:	Description:
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COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups' Average annual costs comprise increases to test fees - to cover system changes and longer, higher standard, theory tests.
	One-off (Transition)	Yrs	
	£ Nil	5	
	Average Annual Cost (excluding one-off)		
	£ 470,745		Total Cost (PV) £ 2,199,829
Other key non-monetised costs by 'main affected groups' Candidates will need to pass a more demanding HPT. Also to pass MCQ and HPT elements and the practical licence acquisition test within 24 months.			

BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups' There will be annual benefits to customers from lower cost of re-tests by separating Module 1.
	One-off	Yrs	
	£ Nil	5	
	Average Annual Benefit (excluding one-off)		
	£ 116,148		Total Benefit (PV) £ 542,769
Other key non-monetised benefits by 'main affected groups' Customer service for drivers from "banking" passes when Module 1 uncoupled and ability to take separately overcoming fatigue from longer test, road safety from higher standards of test, time limits to testing to keep standards achieved within 24 months.			

Key Assumptions/Sensitivities/Risks As the changes complement the higher standards from CPC, it is sensible to estimate the costs/benefits on the same timescale.

Price Base Year 2008	Time Period Years 5	Net Benefit Range (NPV) £ -1,657,060	NET BENEFIT (NPV Best estimate) £ -1,657,060
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What is the geographic coverage of the policy/option?	UK-wide								
On what date will the policy be implemented?	August 2008								
Which organisation(s) will enforce the policy?	VOSA and police								
What is the total annual cost of enforcement for these organisations?	£ 300,000								
Does enforcement comply with Hampton principles?	Yes/No								
Will implementation go beyond minimum EU requirements?	No								
What is the value of the proposed offsetting measure per year?	£ N/A								
What is the value of changes in greenhouse gas emissions?	£ N/A								
Will the proposal have a significant impact on competition?	No								
Annual cost (£-£) per organisation (excluding one-off)	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%;">Micro</td> <td style="width: 25%;">Small</td> <td style="width: 25%;">Medium</td> <td style="width: 25%;">Large</td> </tr> <tr> <td style="text-align: center;">No</td> <td style="text-align: center;">No</td> <td style="text-align: center;">N/A</td> <td style="text-align: center;">N/A</td> </tr> </table>	Micro	Small	Medium	Large	No	No	N/A	N/A
Micro	Small	Medium	Large						
No	No	N/A	N/A						
Are any of these organisations exempt?	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%;">No</td> <td style="width: 25%;">No</td> <td style="width: 25%;">N/A</td> <td style="width: 25%;">N/A</td> </tr> </table>	No	No	N/A	N/A				
No	No	N/A	N/A						

Impact on Admin Burdens Baseline (2005 Prices)		(Increase - Decrease)
Increase of £ 499,700	Decrease of £ 86,831	Net Impact £ 412,869

Key: Annual costs and benefits: Constant Prices (Net) Present Value

Evidence Base (for summary sheets)

[Use this space (with a recommended maximum of 30 pages) to set out the evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Ensure that the information is organised in such a way as to explain clearly the summary information on the preceding pages of this form.]

This set of regulations puts in place higher standards for licence acquisition driving tests for lorry and bus drivers - tests in categories C and D. They complement changes being introduced as a result of the EU Directive 2003/59 which introduces a Driver Certificate of Professional Competence (CPC) for these drivers. This will become effective for professional bus/coach drivers from 2008 and for lorry drivers from 2009. They also re-introduce increased multiple choice questions, which were already in regulations and due to be in place in April 2008, but which were delayed so they are introduced alongside other changes.

As a result of the CPC Directive, new bus and lorry drivers entering the industries after the respective dates will need to obtain an initial qualification before being able to drive professionally. Drivers with a licence in the relevant categories on the implementation dates will receive acquired rights. This will enable them to drive for five years without the need to obtain a CPC.

In addition, all drivers will need to take 35 hours periodic training every 5 years, to update their skills in light of new and emerging technologies and legislation. Those with acquired rights will need to undertake the training in the five years following the implementation of CPC for their respective industry sectors.

Objective

The CPC Implementation Project is continuing with input from the road freight and passenger transport sectors, the enforcement agencies and the DVA. As part of the ongoing drive to improve road safety, we identified a number of areas where improvements can be made to the licence acquisition arrangements.

Components in the Regulations

We consulted in August 2007 about improvements to both CPC and licence acquisition tests in a consultation entitled "Driver Certificate of Professional Competence – Further Implementation Arrangements". The increase in MCQs from 60 to 100 was already established.

Net Benefits

The net benefits in this IA are based on the annual costs compared with benefits to industry and individuals from these components.

Initial CPC Tests

Component 1:

1.1 The number of HPT clips will increase to 19 from 4 August 2008 for LGV and PCV theory tests, with a corresponding increase to 20 scorable hazards¹. This will apply to tests provided to the public by DSA and for those organisations² allowed an in-house theory testing facility for their staff.

1.2 The government is committed to raising the standards of all bus, coach and lorry drivers. Enhancing HPT within the licence acquisition theory test will assist with this. This also supports the cost-effective implementation of the CPC Directive, which requires a longer, and more demanding, theory test in the Initial Qualification for professional drivers.

¹ as now, one clip in each test will contain 2 scorable hazards.

² MOD, certain police and fire brigades, some bus and coach operators.

Costs

1.1 The cost to industry and drivers is estimated at **£114,000**. This is made up of the £2 proportion of the overall £5 increase to candidates for a theory test (see Component 4):

Increase HPT clips to 19	
£ per test	£2.00
Tests	57,000
Total annual cost	£114,000.00

1.2 There will also be an estimated cost to the public sector of £75,000 in development of the system supporting the change.

Component 2:

2.1 Separate the MCQ (multiple choice questions) and HPT elements in the theory test into two distinct Modules.

Impetus for change

2.2 Regulations were introduced in 2007 (SI 698/2007) that stated that from 1 April 2008, the number of MCQs would increase to 100 in the theory test taken by bus, coach and lorry drivers. This will now come into effect from 4 August 2008.

2.3 Component 1 increases the number of HPT clips to 19 from the same date. Representatives of the road freight and passenger transport sectors expressed concern that the test duration (around 2 hours 30 minutes permitted time) will be too long as a single test event, and might discourage people from considering bus, coach and lorry driving as potential careers. Stakeholders indicated that they wish this change also to be available to in house theory test centres (IHTTCs).

2.4 We commissioned research on the effects of separating the MCQ and HPT elements and offering them as separate tests. The research identified that splitting Module 1 will not undermine the psychometric validity of the test and we will present the MCQ and HPT elements as separate tests [i.e. Modules 1a (MCQs) and 1b (HPT)] with separate fees from 4 August 2008. If a candidate wishes, the tests can be booked, and taken, together. A candidate who takes Module 1b immediately after Module 1a, passing Module 1a but not Module 1b, will need to reattempt only Module 1b.

Costs

2.5 Splitting Module 1 into Modules 1a and 1b for tests delivered by DSA will generate development costs of around £650,000 plus additional running costs (extra bookings, etc) operating 2 tests where previously there had been one. We anticipate some 57,000 annual LGV and PCV theory tests.

2.6 The cost is estimated at **£171,000**. This is made up of the £3 proportion of the overall £5 increase to candidates for a theory test (see Component 4). It also includes the change needed for Component 3 – a requirement to pass module 1b with 24 months of 1a, or vice versa.

Separate MCQ and HPT into Module 1 and Module 2	
£ per test	£3.00
Tests	57,000
Total annual cost	£171,000.00

2.7 There will, however, be a saving to candidates from a lower cost of re-tests from uncoupling module 1. We estimate the saving, based on demand in a typical month, is **£116,148** per annum as shown below.

LGV – uncoupled	
Module 1a	
First time tests	4049
Cost per test	£35.00

Cost - first time	£141,715.00
% fail	15.95%
Second time tests	646
Cost per test	£35.00
Cost - second time	£22,610.00
Total monthly cost	£164,325.00
Module 1b	
First time tests	4049
Cost per test	£15.00
Cost - first time	£60,735.00
% fail	14.47%
Second time tests	586
Cost per test	£15.00
Cost - second time	£8,790.00
Total monthly cost	£69,525.00
Total LGV uncoupled monthly cost	£233,850.00
PCV – uncoupled	
Module 1a	
First time tests	871
Cost per test	£35.00
Cost - first time	£30,485.00
% fail	21.01%
Second time tests	183
Cost per test	£35.00
Cost - second time	£6,405.00
Total monthly cost	£36,890.00
Module 1b	
First time tests	871
Cost per test	£15.00
Cost - first time	£13,065.00
% fail	13.55%
Second time tests	118
Cost per test	£15.00
Cost - second time	£1,770.00
Total monthly cost	£14,835.00
Total PCV uncoupled monthly cost	£51,725.00
OVERALL UNCOUPLED MONTHLY TOTAL	£285,575.00
LGV - coupled	
First time tests	4049
Cost per test	£47.00
Cost - first time	£190,303.00
% fail	27.12%
Second time tests	1098
Cost per test	£47.00
Cost - second time	£51,606.00
Total LGV coupled monthly cost	£241,909.00
PCV - coupled	
First time tests	871
Cost per test	£47.00
Cost - first time	£40,937.00
% fail	30.31%
Second time tests	264
Cost per test	£47.00
Cost - second time	£12,408.00
Total PCV coupled monthly cost	£53,345.00
OVERALL COUPLED MONTHLY COST	£295,254.00
SAVING IF UNCOUPLED PER MONTH	£9,679.00
SAVING IF UNCOUPLED - PER ANNUM	£116,148.00

2.8 There will also be compliance costs for two separate appointments – transport, time off work etc – unless the candidate chooses to book Modules 1a and 1b back-to-back. Stakeholders have advised DSA that they regard the extra benefit of the flexibility brought by splitting Module 1 as outweighing these extra costs.

2.9 Although they will benefit from the flexibility offered by splitting Module 1, as well as the improved HPT, it is not proposed to increase the £29 fee for tests supplied to IHTTCs – this is already specified in regulations. As previously announced, fees will be charged in respect of unsuccessful tests as well as successful ones. The fee for tests supplied to IHTTCs from 4 August 2008 will be £20 for Module 1a and £9 for Module 1b.

Component 3:

3.1 When the separate MCQ and HPT tests are introduced, a candidate, on passing Module 1a, will be allowed up to 24 months to pass Module 3 (driving licence acquisition practical test). Candidates must pass Module 1b during the 24 months. They will not be able to book a practical (Module 3) test until they have passed Module 1b.

Impetus for change

3.2 This is an adjustment linked to splitting Module 1. We are proposing that a candidate should be required to demonstrate practical driving competence within a reasonable period of having demonstrated theoretical knowledge. We believe that 24 months from the first theoretical test pass represents such a period and it is the current practice.

3.3 It will be implemented at the same time as separating the Module 1 test into Modules 1(a) and 1(b).

Costs

3.4 The cost is incorporated in the amount shown for Component 2.

Private Sector savings/costs

3.5 There are no additional costs from the 24 month maximum period.

Component 4:

4.1 The planned fee for a LGV or PCV theory test from 1 April 2008 was £45. This was contained in regulations which had already been made. In view of the extra costs of separating the two Modules and increasing the number of HPT clips, the overall fee will have to rise by £5. The relevant fees will be:

- Module 1a - £35
- Module 1b - £15

4.2 In House Theory Test Centres (IHTTCs) will be charged fees of £20 (Module 1a) and £9 (Module 1b).

Impetus for change

4.3 The fee was specified in regulation at £45 for LGV and PCV theory tests for vocational licence acquisition (Module 1) from 1 April 2008 (SI 698/2007). This provision was subsequently revoked (SI 508/2008) to align its introduction with the other changes taking effect by virtue of these regulations.

4.4 The £45 needed in any case to be amended to take account of the longer HPT, which requires a proportionate increase of £2 per test to cover the costs and will now come into effect on 4 August. We anticipate some 57,000 LGV and PCV theory tests.

4.5 Although IHTTCs will benefit from the improved HPT, the fee of £29 specified in regulations will not increase. As previously announced³, fees will be charged in respect of unsuccessful tests as well as successful tests.

4.6 These fees will be introduced with the service changes to which they relate on 4 August 2008.

Costs

4.7 The cost to candidates of the £5 increase for tests delivered by DSA (£2 for the extra HPT clips and £3 for splitting the test) is included in the figures in Components 1 and 2.

4.8 This cost of the increases is **£285,000**:

Tests	57,000
Increase	£5.00
Cost	£285,000.00

4.9 There were 25,618 in-house LGV and PCV theory tests in 2006/07 and the pass rate was 75%. Assuming the same volume and pass rate, the additional cost incurred by IHTTCs in paying £29 for unsuccessful tests will be some **£185,745** per annum:

£ per test	£29.00
Tests	25,618
Fails	6,405
Total	£185,745.00

Consultation

Public consultation

5.1 When conducting consultations we aim to consult as wide a range of stakeholders as possible. We post consultation papers on our website. For those particularly affected by the changes, we place articles in our bi-monthly magazine Despatch, which has a circulation of some 60,000 driver trainers. We have also established an electronic notification system whereby interested parties can register with us to receive weekly updates via email. To date we have some 3,000 individuals registered for this service.

Within Government

5.2 The Welsh Assembly, Scottish Executive and the Department for Environment Northern Ireland are routinely consulted concerning regulatory changes. We have also consulted with sister Agencies and interested parties from amongst the Department for Transport, such as the Road User Safety Division and the Transport, Technology and Standards Division.

Small firms impact test

6.1 A small business is defined⁴ as one with:

- Fewer than 50 employees;
- No more than 25% of the business owned by another enterprise (which is not a small business);
- Less than £4.44 million annual turnover;
- Less than £3.18 million annual balance sheet total;

6.2 Most lorry and bus training organisations are small businesses. Similarly, in addition to a number of high profile vehicle operators, there are a large number of small companies running buses and lorries. It is not considered that this package of changes will negatively impact on these sectors.

³ Response To Consultation - Service Improvements, Safety Related Measures and General Fee Increases and Recording and Monitoring Periodic Training for The Driver CPC, February 2007

⁴ Better Policy Making: A Guide to Regulatory Impact Assessments. Cabinet Office January 2003

Legal Aid

7.1 The current set of changes will not adversely affect legal aid. When we made the regulations implementing CPC, we liaised with the Department For Constitutional Affairs, whose assessment was that the cost of the entire set of changes to regulations to their Department (including legal aid) would be £124,140. These changes do not have any impact on that estimate – they are not sufficient to lead to non-compliance.

Competition assessment

8.1 The proposed new regulations will apply equally to all affected parties. We therefore do not consider that they will have any adverse effect on competition.

Social Exclusion Issues

9.1 We do not believe that any social exclusion issues are likely to arise from these changes.

9.2 Splitting Module 1 will reduce the length of time an individual has to attend test and thereby reduce the pressure on those who are exam averse. This will be beneficial in reducing fatigue and how long an individual has to commit to the test.-

Race Equality

10.1 The measures will affect all individuals in the same way. We have been unable to identify any negative impact on any group of people based on religious beliefs, ethnicity, colour nationality and ethnic origin. Neither have we identified any such indirect impact, for example as a result of fee increases disproportionately affecting a particular ethnic group.

Disability Equality

11.1 We have been unable to identify any negative impact on any group of people based on disability. It could be argued that splitting the theory test requires an individual to take an extra journey to a theory test centre to take the second module, which could have a disproportionate effect on those whose disability causes them to experience difficulties when engaging in driving. However, as the purpose of the journey is to obtain a qualification enabling the person to drive long distances, this would be a spurious argument. Also, candidates may book the two parts of the theory test immediately after each other and avoid the need for two journeys to the test centre.

Gender Equality

12.1 We have been unable to identify any negative impact on any group of people based on gender (including gender reassigned people) or sexual orientation. All individuals will be affected in the same way by the changes. Splitting the theory test could be seen as disproportionately affecting those with caring responsibilities as this may require attendance at two appointments. However, we are retaining the option for the two modules to be taken consecutively in one appointment which overcomes this problem.

Human Rights

13.1 We have been unable to identify any negative impact on any group of people based on religious or personal beliefs, age, social status or marital status.

Sustainable Development

14.1 We have been unable to identify a negative impact with regard to sustainable development.

Carbon Assessment

15.1 Splitting the theory test may result in some candidates making two journeys to a test centre to take each module. However, if we did not split the test, the numbers failing the longer test may be

greater, which in itself would require a second journey to be made for a retest. Some candidates may opt to take tests consecutively to reduce journeys and thereby limit the carbon footprint from the change.

Other Environment

16.1 We do not consider that the changes will have any other significant environmental impact.

Health Impact Assessment

17.1 The aim of the more demanding theory test is to raise driving standards and thereby reduce the number of casualties on roads across the EU. We are taking steps to minimise the fatigue and associated stress which may result from taking a longer theory test in one sitting by splitting the test.

Rural Proofing

18.1 Splitting the theory test could be seen as adding disproportionate travelling time to residents of rural areas, who travel longer distances to theory test centres. However, as indicated against other changes, the option remains to take the tests as one appointment. Our April 2006 Customer Satisfaction Survey showed 97.35% of candidates were either 'satisfied' or 'very satisfied', with the overall service they had been provided. This included distances to theory test centres,

Application within the United Kingdom

19.1 These regulations apply to Great Britain and Northern Ireland.

Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

Type of testing undertaken	<i>Results in Evidence Base?</i>	<i>Results annexed?</i>
Competition Assessment	Yes	No
Small Firms Impact Test	Yes	No
Legal Aid	Yes	No
Sustainable Development	Yes	No
Carbon Assessment	Yes	No
Other Environment	Yes	No
Health Impact Assessment	Yes	No
Race Equality	Yes	No
Disability Equality	Yes	No
Gender Equality	Yes	No
Human Rights	Yes	No
Rural Proofing	Yes	No

Summary of Costs to customers

Component	One off cost	Annual cost	Total cost	One off benefit	Annual benefit	Total benefit	Overall cost
Increase HPT clips to 19	£0.00	£114,000.00	£114,000.00	£0.00	£0.00	£0.00	£114,000.00
Separate MCQ and HPT into Module 1a and Module 1b	£0.00	£171,000.00	£171,000.00	£0.00	£116,148.00	£116,148.00	£54,852.00
Pass Module 1a before Module 1b	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
24 months to pass Module 3	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Pass Module 1a before booking Module 3	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Increase Module 1 fee - IH TTCs	£0.00	£185,745.00	£185,745.00	£0.00	£0.00	£0.00	£185,745.00
Total	£0.00	£470,745.00	£470,745.00	£0.00	£116,148.00	£116,148.00	£354,597.00
Annual cost (one off cost covering 5 years)	£0.00	£470,745.00	£470,745.00	£0.00	£116,148.00	£116,148.00	£354,597.00

Summary Of Costs To The Public Sector

Component – administrative costs	One off cost
Increase HPT clips to 19	£75,000.00
Separate MCQ and HPT into Module 1a and Module 1b Pass Module 1a before Module 1b 24 months to pass Module 3 Pass Module 1a before booking Module 3	£650,000.00
Total	£725,000
Annual cost	£145,000

Admin Burden

Cost

Item	Activity	Estimated amount	Unit	£ per hour	£ per minute	£ per activity	Number	Unit	Estimated £
Increase HPT clips	Candidate spends longer taking test	20	minutes	£8.42	£0.14	£2.81	57,000	test	£159,980.00
Separate MCQ and HPT	Time to take 2 appointments	30	minutes travelling time per test	£8.42	£0.14	£4.21	57,000	test	£239,970.00
Pass Module 3 in 24 months	Need to re-take Module 1a if do not pass Module 3 in 24 months	57,000	tests - total number conducted	N/A	N/A	£35.00	2850	tests - assume 5% will not pass Module 3 in 24 months	£99,750.00
Total									£499,700.00

Saving

Item	Activity	Estimated amount	Unit	£ per hour	£ per minute	£ per activity	Number	Unit	Estimated £
Separate MCQ and HPT	Saving if do not have to re-take Module 1a	90	minutes	£8.42	£0.14	£12.63	5625	tests at 7.5% fail	£71,043.75
Separate MCQ and HPT	Saving if do not have to re-take Module 1b	20	minutes	£8.42	£0.14	£2.81	5625	tests at 7.5% fail	£15,787.50
Total									£86,831.25

Cost	£585,200.00
Saving	£86,831.25
Balance	£498,368.75

Summary: Intervention & Options

Department /Agency: Driving Standards Agency	Title: Delegated Examiners - Modernising the standards assurance arrangements for delegated examiners including introducing fairer cost recovery arrangements	
Stage: Final	Version: Version 6	Date: 6 February 2008
Related Publications: Consultation Paper: Improved Services for Customers and General Fee Increases for 2008		

Available to view or download at:

<http://www.dsa.gov.uk>

Contact for enquiries: Rick Annable

Telephone: 0115 901 5914

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

- The costs of improving the existing arrangements for administering and quality assuring the delegated examiner scheme will exceed the income received from the supply of test pass certificates to delegated examiners (@£15 per certificate)
- The current methods of cost recovery are:
 - cumbersome
 - expensive to operate and
 - do not offer value for money
- They are not equitable as the greatest burden falls on those delegated examiners who have the highest number of successful candidates.
- A lack of understanding exists amongst participating organisations employing delegated examiners as to the terms and conditions of their authorisation
- Government intervention is necessary as the appointment and supervision of delegated examiners are functions undertaken by, or on behalf of, the Secretary of State
- To ensure that GB practice complies with forthcoming EU legislation

What are the policy objectives and the intended effects?

- To modernise the standards assurance arrangements for delegated examiners including introducing fairer cost-recovery arrangements
- To provide sufficient revenue for DSA to cover the costs of administering the delegated examiner scheme
- To provide a more equitable scheme for all participants of the scheme
- To provide greater clarity for participating delegated examiners and their employers
- To provide an attractive and flexible customer service to meet the operational needs of business.

What policy options have been considered? Please justify any preferred option.

Two options have been considered:

- Option 1 Increase the cost of the pass certificates supplied to delegated examiners to £31.50
- Option 2 Introduce a flat rate annual registration fee of £950.00

The preferred option [Option 2] provides:

- A simple and effective method for DSA to recover the costs of administering delegated examiner arrangements.
- A more equitable scheme for all participants
- Greater clarity for participating delegated examiners and their employers

- An attractive and flexible customer service to meet the operational needs of business

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?

The flat rate registration fee will be reviewed annually as part of the Agency's Business Planning procedures.

The enhanced supervision arrangements for the participating delegated examiners will be reviewed within three years of their introduction to ensure that they are "fit for purpose".

Ministerial Sign-off For final 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:

Jim FitzpatrickDate: 8 February 2008

Summary: Analysis & Evidence

Policy Option: 1

Description: Delegated Examiners - Increase the cost of test pass certificates supplied to delegated examiners to £31.50 per certificate

COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups'
	One-off (Transition)	Yrs	
	£ NIL	0	
	Average Annual Cost (excluding one-off)		
£ 131,370	0	Total Cost (PV)	£ 262,740
Other key non-monetised costs by 'main affected groups'			
NIL			

BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups'
	One-off	Yrs	
	£ NIL	0	
	Average Annual Benefit (excluding one-off)		
£ NIL	0	Total Benefit (PV)	£ 131,370
Other key non-monetised benefits by 'main affected groups'			
The main non-monetised benefits are:			
<ul style="list-style-type: none"> Retains existing cost recovery system Low volume testers continue to receive greatest benefits 			

Key Assumptions/Sensitivities/Risks

- Test demand and pass rates will remain constant
- The greatest burden will continue to fall on those examiners conducting the highest number of successful tests.

Price Base Year 2008	Time Period Years one	Net Benefit Range (NPV) £ NIL	NET BENEFIT (NPV Best estimate) £ -131,370
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What is the geographic coverage of the policy/option?				GB
On what date will the policy be implemented?				1 July 2008
Which organisation(s) will enforce the policy?				DSA
What is the total annual cost of enforcement for these organisations?				£ 0
Does enforcement comply with Hampton principles?				YES
Will implementation go beyond minimum EU requirements?				N/A
What is the value of the proposed offsetting measure per year?				£ N/A
What is the value of changes in greenhouse gas emissions?				£ N/A
Will the proposal have a significant impact on competition?				N/A
Annual cost (£-£) per organisation (excluding one-off)	Micro Nil	Small Nil	Medium Nil	Large Nil
Are any of these organisations exempt?	N/A	N/A	N/A	N/A
Impact on Admin Burdens Baseline (2005 Prices)				(Increase - Decrease)
Increase of	£ N/A	Decrease of	£ N/A	Net Impact £ N/A
Key:		Annual costs and benefits: Constant Prices	(Net) Present Value	

Summary: Analysis & Evidence

Policy Option: 2

Description: Delegated Examiners - Introduce a flat-rate annual registration fee of £950.00 per examiner

COSTS	ANNUAL COSTS		<p>Description and scale of key monetised costs by 'main affected groups'</p> <ul style="list-style-type: none"> Police authorities, Fire brigades, and some bus and freight logistics companies who employ delegated examiners 266 delegated examiners employed by the above organisations <p>The additional cost of introducing a flat rate annual registration fee will be £132,700 [266 examiners x £950.00 per annum = £252,700 – existing income £120,000 = £132,700]</p> <p>Those delegated examiners who conduct less than 31 successful tests per year will face additional costs of at least £5.00 [30 tests pa x £31.50 per certificate = £ 945 pa]</p> <p>Costs to DSA of continuing to administer and supervise delegated scheme – compared to baseline decline = £132,700</p>
	One-off (Transition)	Yrs	
	£ NIL		
	Average Annual Cost (excluding one-off)		
	£ 132,700		
		<p>Total Cost (PV) £ 265,400</p>	
<p>Other key non-monetised costs by 'main affected groups'</p> <p>NIL</p>			

BENEFITS	ANNUAL BENEFITS		<p>Description and scale of key monetised benefits by 'main affected groups'</p> <ul style="list-style-type: none"> Those delegated examiners who conduct more than 31 successful tests per year will save at least £26.50 [31 tests pa x £31.50 per certificate = £ 976.50 pa.]
	One-off	Yrs	
	£ NIL		
	Average Annual Benefit (excluding one-off)		
	£ 132,700		
		<p>Total Benefit (PV) £ 132,700</p>	
<p>Other key non-monetised benefits by 'main affected groups'</p> <p>The key non-monetised benefits are:</p> <ul style="list-style-type: none"> Simple method of fee collection Only one charging point per year Fairer system, based on 'user pays' principle 			

Key Assumptions/Sensitivities/Risks

Assumptions

- Test demand (8,000) and pass rates (60%) will remain constant

Risks

- A slight risk of increased pressure on DSA to deliver tests for those organisations who are no longer able to justify employing their own delegated examiners.

Price Base Year 2008	Time Period Years one	Net Benefit Range (NPV) £ NIL	NET BENEFIT (NPV Best estimate) £ -132,700
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What is the geographic coverage of the policy/option?	GB			
On what date will the policy be implemented?	1 July 2008			
Which organisation(s) will enforce the policy?	DSA			
What is the total annual cost of enforcement for these organisations?	£ 0			
Does enforcement comply with Hampton principles?	YES			
Will implementation go beyond minimum EU requirements?	N/A			
What is the value of the proposed offsetting measure per year?	£ N/A			
What is the value of changes in greenhouse gas emissions?	£ N/A			
Will the proposal have a significant impact on competition?	N/A			
Annual cost (£-£) per organisation (excluding one-off)	Micro Nil	Small Nil	Medium Nil	Large Nil
Are any of these organisations exempt?	N/A	N/A	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)			(Increase - Decrease)		
Increase of	£ N/A	Decrease of	£ N/A	Net Impact	£ N/A

Key:	Annual costs and benefits: Constant Prices	(Net) Present Value
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Evidence Base (for summary sheets)

Introduction

Introduce enhanced arrangements to modernise the administration and quality assurance, including the cost-recovery arrangements, for non-DSA driving test examiners (known as 'delegated' examiners) employed by fire brigades, police forces, bus companies and freight logistics companies. These enhancements build upon the changes to the cost recovery arrangements for those delegated examiners conducting "in house" driving theory tests announced in the *Response to Consultation Report*⁵ issued earlier this year.

Modernisation of the process will also ensure compliance with EU legislation (Directive 2006/126/EC) that introduces mandatory Initial Qualification and Periodic Training for driving examiners and mandatory quality assurance of such qualification and training.

What is the existing situation?

For many years Regulations⁶ have provided that fire brigades, police forces and bus (PCV) companies can, subject to them meeting approval criteria set by the Secretary of State, employ delegated examiners to conduct theory and practical driving tests on their staff. This arrangement allows such organisations to meet operational needs by training and testing vocational drivers within a specified timescale. Following a public consultation in 2006, the Regulations were broadened to allow freight logistics companies⁷ to employ delegated examiners, mirroring the arrangements enjoyed by bus companies.

Why are we proposing to change it?

The current arrangements for approving and supervising delegated examiners have remained largely unchanged for many years. They do not take account of new technology, are cumbersome and expensive to administer and do not offer value for money. However, the following events have provided the impetus to review all aspects of the scheme.

- introduction of facilities for freight logistics companies to employ delegated examiners
- new cost recovery powers obtained in the Road Safety Act 2006 and
- EU legislative requirements for all driving examiners

We have to ensure that the Scheme is "fit for purpose" and offers the greatest opportunity to modernise the processes and maximise the efficiencies for both DSA and the delegated examiner organisations. Existing legislation⁸ requires that DSA recovers its costs in administering and supervising the delegated examiner arrangements.

Currently, DSA recovers its costs through the supply of test pass certificates @ £15.00 each. This arrangement places the heaviest financial burden on those examiners who conduct most successful tests. However, many of the costs involved with the administration and supervision of delegated examiners are not volume related. This is, therefore, a blunt and inequitable charging arrangement as DSA's costs are not directly linked to the number of test pass certificates issued by each delegated examiner.

We took powers in the Road Safety Act 2006 to provide for alternative cost recovery arrangements.

⁵ *A Response to Consultation Report: Service Improvements, Safety Related Measures & General Fee Increases and Recording and Monitoring Periodic Training for Driver CPC*. DSA February 2006

⁶ Regulations 23 and 24 of The Motor Vehicles (Driving Licences) Regulations 1999 SI No.2864 [as amended]

⁷ With effect from 2 April 2007. The Motor Vehicles (Driving Licences) (Amendment) Regulations 2007 SI No. 698.

⁸ The Driving Standards Agency Trading Fund Order 1997 SI No.873 [as amended]

Options

We have identified two options:

- **Option 1** – Increase the cost of test pass certificates supplied to delegated examiners to £31.50 per certificate
- **Option 2** - Introduce a flat-rate annual registration fee of £950.00

Option 1 - Increase the cost of test pass certificates supplied to delegated examiners to £31.50 per certificate.

For:

- minimal charging points
- simple to administer
- recover DSA's cost of administering the delegated examiner scheme

Against:

- blunt and inequitable method of cost recovery
- lays greatest burden on those delegated examiners conducting most tests
- requires pre-payment of test pass certificates by delegated examiners

Option 2 - Introduce a flat-rate annual registration fee of £950.00.

For:

- recovers DSA's cost of administering the delegated examiner scheme
- reduces overall costs for those delegated examiners conducting over 31 successful tests per annum
- simple method of fee collection
- only one charging point per year
- fairer system, based on 'user pays' principle

Against:

- increases costs for examiners conducting fewest tests

Costs and Benefits

Sectors and groups affected

There are currently 266 delegated examiners authorised to conduct tests:

organisation	Total
fire brigades	116
police forces	77
bus companies	73
freight companies	0
Total	266

In 2006/07, delegated examiners conducted 12,817 tests of which only 7,980 were passes:

DSA recovers its costs from the supply of test pass certificates to delegated examiners to award to successful candidates. Maintaining the fee of £15 per certificate will deliver an income of approximately £120,000: [7980 certificates @ £15 per certificate = £119,700]

It follows that those examiners who deliver the highest number of passes are contributing the greatest amount to the cost of supervising the scheme. We believe this is an inequitable charging mechanism as

DSA's costs for administering and supervising delegated examiners are not directly proportional to the number of candidates they test.

The projected cost of supervising the practical test delegated examiner scheme is £250,000 based on:

- Direct costs - such as the salary of an examiner conducting the test
- Indirect costs - such as the accommodation, training and supervision of the examiner conducting the test
- Direct Overheads - such as operational support activities
- Indirect Overheads - such as Finance, Human Resources, Information Communications & Technology, Executive and Policy costs
- Return on Capital - nominal charging of 3.5% cost of investment

Assuming the number of delegated examiners remains at 266 this means that the cost of supervising each delegated examiner is approximately £950 as follows:

$$\text{Cost of supervision per delegated examiner: } \frac{\pounds 250,000}{266 \text{ delegated examiners}} = \text{approx } \pounds 950.00$$

Maintaining the existing system of cost recovery would mean that the cost of each pass certificate would need to increase to £31.50 as follows:

$$\text{Cost per certificate} = \frac{\text{Cost of supervision } [\pounds 250,000]}{7,980 \text{ test passes}} = \text{approximately } \pounds 31.50 \text{ per certificate}$$

Our proposal to replace the existing arrangements with an annual registration fee of £950.00 will deliver sufficient income to meet that cost. We shall be able to more closely align income and expenditure in this area once the new arrangements, including the extension of the scheme to the freight logistics sector, have bedded in.

We will require each delegated examiner to conduct a minimum of 75 tests per year in order to maintain standards and be comparable with DSA Examiner standards.

Any delegated examiner conducting more than 31 successful tests per year will benefit financially under the new arrangements:

No. of passes	Current cost @ £15 per certificate	Shortfall or excess on DSA costs @ £950	Cost @ £31.50 per certificate	Additional cost to examiner	Shortfall or excess on DSA costs @ £950
1	£15.00	-£935.00	£31.50	£16.50	-£918.50
10	£150.00	-£800.00	£315.00	£165.00	-£635.00
25	£375.00	-£575.00	£787.50	£412.50	-£162.50
31	£465.00	-£485.00	£976.50	£511.50	£26.50
50	£750.00	-£200.00	£1,575.00	£825.00	£625.00
75	£1,125.00	£175.00	£2,362.50	£1,237.50	£1,412.50
100	£1,500.00	£550.00	£3,150.00	£1,650.00	£2,200.00
150	£2,250.00	£1,300.00	£4,725.00	£2,475.00	£3,775.00
200	£3,000.00	£2,050.00	£6,300.00	£3,300.00	£5,350.00

Assuming a pass rate of 60%, those examiners conducting 75 tests [45 passes] will show a benefit of £467.50 when comparing the cost of a certificate at £31.50 to the flat rate registration of £950.

If our assumption that approximately 266 delegated examiners will be registered at any one time is correct, then the overall cost of supervising the scheme equates to approximately £950.00 per examiner. However, should numbers reduce, revenue will fall but so will DSA's costs.

Policy Objectives

The preferred option (Option 2) will:

- modernise the standards assurance arrangements for delegated examiners including introducing fairer cost-recovery arrangements
- provide sufficient revenue for DSA to cover the costs of administering the delegated examiner scheme
- provide a more equitable scheme for all participants
- provide greater clarity for participating delegated examiners and their employers
- provide an attractive and flexible customer service to meet the operational needs of business

Equality, Environmental and Social (Health) Impacts

We have conducted initial screening tests on the grounds of:

- Competition Assessment
- Small Firms Impact Test
- Legal Aid
- Sustainable Development
- Carbon Assessment
- Other Environment
- Health Impact Assessment
- Race Equality
- Disability Equality
- Gender Equality
- Human Rights, and
- Rural Proofing

If an organisation employing a low volume delegated examiner decides that the new arrangements do not represent good value for money, they may withdraw from the scheme. In such circumstances, the candidate would be required to travel to a DSA test centre to take their test. This will increase, albeit very minimally, the number of journeys undertaken. However, we believe there could be positive road safety benefits delivered by the enhanced quality assurance arrangements – better quality assurance ensures better delivery of driver testing leading to safer drivers – this, in turn, could improve accident rates easing the burden on the Health Service. In addition, better trained drivers can generate at least a 5% saving in fuel consumption⁹. This not only has benefits for the employer but less fuel is better for the environment.

We have not identified any significant impacts in relation to the other categories mentioned above in respect of these options

Further, we believe that Option 2 will deliver more equitable cost recovery arrangements for those delegated examiners delivering in excess of the minimum number of tests per year.

Risks and Unintended Consequences

We have identified the following risks associated with the proposal to modernise the delegated examiners arrangements:

- There is a slight risk of increased pressure on DSA to deliver tests for those organisations who are no longer able to justify employing their own delegated examiners. However, the number involved is small when compared with overall test demand

There are no unintended consequences as a result of the proposal to modernise the delegated examiner arrangements.

⁹ *Momenta* report for DfT on the *Safe and Fuel Efficient Driver Training Programme SAFED* Autumn 2005

Monitoring and Evaluation

The flat rate registration fee will be reviewed annually as part of the Agency's Business Planning procedures.

The enhanced supervision arrangements for the participating delegated examiners will commence immediately the new arrangements are introduced. The results will be reviewed within three years of the new arrangements being implemented to ensure they are "fit for purpose".

Specific Impact Tests: Checklist

Type of testing undertaken	<i>Results in Evidence Base?</i>	<i>Results annexed?</i>
Competition Assessment	No	No
Small Firms Impact Test	No	No
Legal Aid	No	No
Sustainable Development	No	No
Carbon Assessment	No	No
Other Environment	No	No
Health Impact Assessment	No	No
Race Equality	Yes	No
Disability Equality	Yes	No
Gender Equality	Yes	No
Human Rights	No	No
Rural Proofing	No	No