Title: Impact Assessment of Real Total Mass (RTM) Implementation **IA No:** DfT00072 **Lead department or agency:** DSA **Other departments or agencies:** DfT	**Impact Assessment (IA)** **Date:** 29/02/2012 **Stage:** Final **Source of intervention:** EU **Type of measure:** Primary legislation **Contact for enquiries**: Steve Nelson (steve.nelson@dsa.gsi.gov.uk, 0115 936 6100)

Summary: Intervention and Options

RPC: RPC Opinion Status

Cost of Preferred (or more likely) Option				
Total Net Present Value	**Business Net Present Value**	**Net cost to business per year** (EANCB on 2009 prices)	**In scope of One-In, One-Out?**	**Measure qualifies as**
£-6.4m	£-1.36m	£-0.15m	Yes	Zero Net Cost

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

At present, vehicles presented for practical tests do not have to carry a load. Directive 2000/56/EC seeks to harmonise the standards for driving tests across Member States and ensure that vehicles presented for practical test should carry a load to reflect to a greater extent the handling characteristics of the vehicles concerned and the skills needed to drive such a vehicle. Although the UK abstained from the vote on the original proposal and has no robust evidence to show that loaded vehicles and vehicle trailer combinations on test will have any practical affect on road safety, we must now implement the measure in a practical and cost effective manner.

What are the policy objectives and the intended effects?

1.) Improve road safety by making drivers better prepared for actual driving conditions after they have passed their practical test.

2.) Avoid the consequences of non implementation. If the UK was not to implement this EU legislation, then there is the risk that drivers passing their test after the implementation date (30th September 2013) would find that their driving licences would not be recognised by other Member States and would be prevented from driving in those States. Failure to implement would also risk infraction proceedings against the UK.

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

Doing nothing is not considered to be a viable option due to infraction.

Four policy options have been considered. a) Policy Option 1. Introduce legislation specifiying that vehicles / trailers presented for a test must carry a standard load of either inert, non toxic material or a number of Intermediate Bulk Containers (IBCs) filled with water - an IBC is a plastic recyclable container commonly used in the haulage industry for transporting bulk loads of liquids, grains and foodstuffs. b) Policy Option 2. Introduce legislation that duplicates the wording of the Directive - any load on a vehicle/trailer could be presented for test. c) Policy Option 3. As per (2) but DSA would hold a stock of IBCs to load onto vehicles presenting for test. d) Policy Option 4. As per (2) but DSA would weigh vehicles/trailers presenting for test to ensure the RTM requirement is met.

Option 1 is the preferred option as this is the most cost effective.

Will the policy be reviewed? It will be reviewed. **If applicable, set review date:** 09/2016

Does implementation go beyond minimum EU requirements?			Yes		
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.	**Micro** Yes	**< 20** Yes	**Small** Yes	**Medium** Yes	**Large** Yes
What is the CO_2 equivalent change in greenhouse gas emissions? (Million tonnes CO_2 equivalent)			**Traded:**	**Non-traded:** 0.000002	

I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) that the benefits justify the costs.

Signed by the responsible Minister: Stephen Hammond Date: 11/07/2013

Summary: Analysis & Evidence

Policy Option 1

Description: Introduce legislation specifying that vehicles / trailers presented for a test must carry a standard load of either inert, non toxic material or a number of Intermediate Bulk Containers (IBCs) filled with water

FULL ECONOMIC ASSESSMENT

Price Base Year 2011	PV Base Year 2013	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: -7.4m	**High:** -5.3	**Best Estimate:** -6.4

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	0.38		0.65	**6.0**
High	0.96		0.77	**7.6**
Best Estimate	0.67		0.71	**6.8**

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

Purchase of IBCs for businesses - £0.14 - 0.69m, Best estimate of £0.41m (transition, 2013)

Purchase of sand by individuals - £0.59m per year (annual, 2013 - 2022)

DSA training costs - £230k (transition, 2013) and £0.1m per year (annual, 2014 - 2022)

Additional fuel costs for businesses - £0.05 - 0.15m per year, Best estimate of £0.1m (annual, 2013 - 2022)

Carbon impacts - £0.006 - 0.02m per year, Best estimate of £0.01m (annual, 2013 - 2022)

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

Additional fuel costs for individuals with vehicle/vehicle trailer combinations

Additional fuel costs for vehicles going to and from test centres

Additional fuel costs for vehicles laden for training

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	0		0.03	**0.2**
High	0		0.08	**0.7**
Best Estimate	0		0.05	**0.5**

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

Fuel duty transfers from business to government

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

Potential road safety benefits from better training and testing offering more realistic driving conditions

Key assumptions/sensitivities/risks **Discount rate (%)** 3.5

The key assumptions are that a) the number of tests remains constant over the appraisal period; b) the proportion of tests in each category remains constant over the appraisal period; and c) specifying a standard load in legislation enables DSA to provide an exemption for trainers from having to hold an Operator licence. This policy option is in scope of OIOO but is considered to have a Zero net cost to business because it implements the EU directive at a lower net cost than transposing it

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: 0.2	**Benefits:** 0	**Net:** -0.2	Yes	Zero net cost

Summary: Analysis & Evidence — Policy Option 2

Description: Introduce legislation that duplicates the wording of the Directive - any load on a vehicle/trailer could be presented for test.

FULL ECONOMIC ASSESSMENT

Price Base Year 2011	PV Base Year 2013	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: -15.0	**High:** -13.0	**Best Estimate:** -13.9

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	0.38		1.5	**13.6**
High	0.96		1.6	**15.2**
Best Estimate	0.67		1.5	**14.4**

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

Same as Option 1, plus:

Cost of Operator Licences for businesses - £4.1m in 2013 and £4.1m in 2018 (operator licenses are valid for 5 years, so they would need to be renewed every 5 years)

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

Risk that non-compliance with RTM requirements would prevent candiates from taking the test. This would lead to candidates forfitting the test fees, and having to schedule another test, incurring additional costs to take the test plus opportunity costs of not passing the test (see section 8.2.2)

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	0		0.03	**0.2**
High	0		0.08	**0.7**
Best Estimate	0		0.05	**0.5**

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

Same as Option 1

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

Same as Option 1

Key assumptions/sensitivities/risks — **Discount rate (%)** 3.5

The key assumptions are the same as for Option 1 except that it is assumed that DSA cannot provide an exemption to the Operator licence requirements.

BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: 1.0	**Benefits:** 0	**Net:** -1.0	No	NA

Summary: Analysis & Evidence

Policy Option 3

Description: Implement as per (2), with DSA holding a stock of IBCs and loading vehicles before test

FULL ECONOMIC ASSESSMENT

Price Base Year 2011	PV Base Year 2013	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: -36.0	**High:** -33.4	**Best Estimate:** -34.7

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	0.38		3.8	**34.0**
High	0.96		4.0	**36.2**
Best Estimate	0.67		3.9	**35.1**

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

Same as Option 2, except: Cost of purchasing IBCs for use on tests are a cost to government, not a cost to businesses and the following additional costs to government:

Additional staff to load and unload test vehicles - £1.9m per year (annual, 2013 - 2022)

Additional examiners required to maintain testing capacity - £0.47m per year (annual, 2013 - 2022)

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

Potential purchase of IBCs by trainers to match learning conditions to test conditions

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	0		0.03	**0.2**
High	0		0.08	**0.7**
Best Estimate	0		0.05	**0.5**

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

Same as Option 1

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

Same as Option 1

Key assumptions/sensitivities/risks **Discount rate (%)** 3.5

The key assumptions are the same as for Option 2

BUSINESS ASSESSMENT (Option 3)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: 0.95	**Benefits:** 0	**Net:** -0.95	No	NA

Summary: Analysis & Evidence

Policy Option 4

Description: Implement as per (2), with DSA weighing and checking RTM compliance before test

FULL ECONOMIC ASSESSMENT

Price Base Year 2011	PV Base Year 2013	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: -37.0	**High:** -35.0	**Best Estimate:** -36.0

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	2.1		3.8	**35.7**
High	2.7		4.0	**37.3**
Best Estimate	2.4		3.9	**36.5**

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

Same as Option 2, plus:

Extra DSA staff needed to check compliance and weigh vehicles - £1.9m per year (annual, 2013 - 2022)

Additional examiners to maintain test capacity - £0.47m per year (annual, 2013 - 2022)

Additional transition costs to purchase weighing equipment at DSA test centres - £1.75m (transition, 2013)

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

Risk that non-compliance with RTM requirements would prevent candiates from taking the test. This would lead to candidates forfitting the test fees, and having to schedule another test, incurring additional costs to take the test plus opportunity costs of not passing the test (see section 8.2.2)

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	0		0.03	**0.2**
High	0		0.08	**0.7**
Best Estimate	0		0.05	**0.5**

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

Same as Option 1

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

Same as Option 1

Key assumptions/sensitivities/risks **Discount rate (%)** 3.5

The key assumptions are the same as for Option 2.

BUSINESS ASSESSMENT (Option 4)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: 1.0	**Benefits:** 0	**Net:** -1.0	No	NA

Evidence Base (for summary sheets)

1. BACKGROUND

1.1. Existing legislation on Practical Driving Tests

Practical driving tests in the UK are carried out by the Driving Standards Agency (DSA), which is an executive agency within the Department for Transport. The nature of the practical driving test taken by candidates seeking to obtain a full driving licence is largely dictated by European legislation. Directive 2000/56/EC (the "Second Directive") was transposed into domestic legislation by the Motor Vehicles (Driving Licences) Regulations 1999 (as amended).

This legislation specifies much of the content of the current practical tests. This includes a requirement for the vehicles used in the tests to meet a Minimum Test Vehicle (MTV) specification, generally ensuring that the test vehicle is representative of the class which the candidate will be authorised to drive if they pass the test.

1.2. Directive 2000/56/EC

The MTV specification in Directive 2000/56/EC also imposes an additional requirement on most of the vehicles used for vocational practical tests whereby they must meet a minimum Real Total Mass (RTM) and to do so by carrying a load and that this requirement would be introduced by Member States by September 2010. However, Directive 2000/56/EC does not specify the type of load that must be carried. Directive 2008/65/EC amended the Second Directive extending the implementation period until September 2013.

Vocational licences are basically those covering the categories of vehicles driven by professional drivers such as buses, coaches and lorries. Between January 2009 and December 2010, in addition to car tests, DSA carried out 116,797 vocational tests. These were split into the following categories:

Car + Trailer tests (B + E)	= 21,870
Large Goods Vehicle (LGV) and LGV + Trailer tests (C, C + E, C1 + E)	= 94,641
Passenger Carrying Vehicle (PCV) + Trailer tests (D + E, D1 + E)	= 286

(source DSA data base)

The RTM requirements for each type of vehicle are described in the table below;

VEHICLE CATEGORY	REAL TOTAL MASS REQUIREMENT	
	Vehicle/Trailer Affected	Minimum Weight
B+E (Car plus trailer)	**Trailer**	**800 kgs**
C (Lorry)	**Vehicle**	**10,000 kgs**
C+E (Articulated lorry)	**Tractor vehicle & Trailer**	**15,000 kgs for the combination**
C1+E (Small lorry plus trailer)	**Trailer**	**800 kgs**
D+E (Bus plus trailer)	**Trailer**	**800 kgs**

D1+E (Mini bus plus trailer)	**Trailer**	**800 kgs**

Directive 2008/65/EC requires that "the requirements related to the load to be carried by these vehicles may be implemented by Member States up to 30 September 2013". Therefore, from September 2013, test vehicles and vehicle plus trailer combinations must meet the RTM requirement and the Agency must be able to easily authenticate that they are compliant, so that driving tests are not delayed or cancelled. Tests that are delayed or cancelled will have a "knock-on" effect on individuals as the DSA is a Trading Fund and is obligated in accordance with Treasury rules to recover the cost of its services from those persons using those services.

Vehicles and vehicle trailer combinations meeting the new RTM requirements that more closely reflect actual road handling conditions should lead to better prepared drivers with a consequent positive effect on road safety and training.

However, as vehicles will only satisfy the RTM requirement if they are laden, this raises the following issues:

- The nature and security of loads that may be carried on a test or training vehicle being driven by novice drivers - the safety of the Driving Examiner, the candidate and other road users are a key concern.
- It is a legal requirement that a goods vehicle Operator's (O) Licence is required to carry goods (or burden) connected with any trade or business if a motor vehicle or vehicle/trailer combination is used on the road with:
  A gross plated weight of more than 3.5 tonnes; or
  if it has no gross plated weight, an unladen weight of more than 1525kg

This means that under current UK and EU legislation, goods vehicles used for training on the road or presenting for a practical test with a load would require an Operator's licence.

The UK abstained from the vote on the 2nd Directive which introduced the RTM requirement. DSA are attempting to implement these provisions in the most cost effective way even though there is no robust evidence that the laden vehicle requirement will deliver benefits to outweigh the costs.

1.3. Interaction with Directive 2003/59/EC

A further Directive, Directive 2003/59/EC, also introduced some requirements that affect vocational drivers. Directive 2003/59/EC requires that bus, coach and lorry drivers must also hold a Certificate of Professional Competence (CPC) in addition to their driving licence, and that they must also renew the CPC every five years by undertaking 35 hours of periodic training.

The relevance of CPC to the introduction of the RTM requirement for licence acquisition tests is that vehicles used for CPC practical tests and Periodic Training must meet the same MTV specification as applies to the corresponding licence acquisition test. The new RTM requirements contained in Directive 2008/65/EC therefore applies for training and testing for the CPC qualification.

Although the additional costs of RTM requirements have the potential to adversely affect new suppliers wishing to offer driver CPC periodic training in reality the impact would be negligible, as any business that was not already providing training for vocational driving tests would face the far more significant start up costs of acquiring, insuring and maintaining suitable vehicles etc. For example, the market value of a used articulated lorry would begin at around £150,000 (Source DSA research).

1.4. Stakeholder Consultation

Informal consultation and discussions was undertaken with key stakeholders, including a workshop on the 9th October 2007. DSA subsequently developed an option for implementing Directive 2000/56/EC that closely met the needs and concerns of stakeholders and DSA policy objectives (Option 1), which was consulted on during a formal written Consultation undertaken in mid 2009. **The result of this**

consultation was that Option 1 was chosen as the preferred option, supported by industry, as it imposed the lowest administrative costs and burdens on both businesses and government whilst providing the same level of road safety impact as the more costly options.

2. PROBLEM UNDER CONSIDERATION

Directive 2000/56/EC seeks to harmonise road safety standards across all Member States and bring driver testing requirements into line with the demands of modern daily traffic. One of the measures is to introduce loads on some vehicles/vehicle trailer combinations when they present for a practical driving test.

The scale of the problem is thus: in total there were 828 casualties in Great Britain in 2009 in reported accidents that could be categorised as a result of deficient LGV driver training[1] – 10 killed, 70 seriously injured and 748 slight injuries (DfT Road Safety Statistics). This probably overstates the possible benefits from better quality training as not all of these accidents could have been avoided just by providing laden training, on the other hand, however, there may be some accidents in other categories that may have been preventable by laden training, or accidents that were not serious enough to be reported.

3. RATIONALE FOR GOVERNMENT INTERVENTION

The UK has no robust evidence to show that loaded vehicles and vehicle trailer combinations on test will have any effect on road safety and abstained from the vote on the original proposal but our main issue now is how this measure can be implemented in a practical and cost effective manner. Failure to implement could result in infraction proceedings being commenced against the UK and the risk that driving licence entitlements gained by candidates after the implementation date of 30th September 2013 will not be recognised in other Member States.

4. POLICY OBJECTIVES

The policy objectives of Directive 2000/56/EC are to harmonise the standards for driving tests across Member States and that vehicles presented for practical tests should reflect to a greater extent the handling characteristics of the vehicles concerned and the skills needed to drive such a vehicle.

The policy objectives of UK implementation of Directive 2000/56/EC are to avoid infraction proceedings for non implementation being initiated by the Commission, to avoid the financial burden of holding an Operators licence being placed on trainers and to implement the requirement at a minimum cost whilst also:
(a) Following the Hampton Better Regulation principles
(b) Retaining stakeholder support
(c) Facilitating compliance

5. DESCRIPTION OF OPTIONS

Three policy options were originally considered at the consultation stage. These policy options are described below, and the detailed assessments of the costs and benefits to the two discounted options can be found in the consultation stage Impact Assessment[2]. In this Final stage Impact Assessment, the proposed option (Option 1) is assessed relative to a hypothetical 'Do Nothing' scenario, and the appraisal of costs and benefits has been refined since the consultation.

An additional option (Option 2) has also been added on the recommendation of the DfT Better Regulation Unit to display the potential impacts of simply transposing the EU legislation without regard to burden on business. This has been done on the basis of transparency, so that it can be shown that the preferred option (Option 1), which technically goes beyond minimum EU requirements, is not more burdensome.

[1] These accident categories are as follows: UK LGV drivers with 'overloaded or poorly loaded vehicle or trailer', UK LGV drivers 'following too close', UK LGV drivers 'travelling too fast for the conditions' or 'exceeding the speed limit' reported while going around a bend or at a junction.

[2] http://tna.europarchive.org/20091013175647/http://www.dsa.gov.uk/Consultation.asp?id=SXA32E-A78319C0&cat=418

This process is informed by the BIS IA guidance which states that the Final stage IA "*should focus on the costs and benefits of the preferred option (the "proposal"). Salient responses to the consultation should be used to inform the proposal*." DfT Better Regulation Unit has agreed to this proportionate approach.

5.1. 'Do Nothing' Scenario

The UK is required to implement the RTM proposal as part of our European obligations. Doing nothing, which would involve test standards remaining unchanged and imposing no additional costs and bringing no additional benefits, is understood not to be a viable option. It is the UK Government's policy to implement EU Directives in a timely and efficient way, but not before the required transposition date.

Not to implement the requirements of the Directive would risk of UK drivers who passed their test in certain categories of vehicles after the implementation date not being allowed to drive in Member States as their driving entitlement would not be recognised.

Non implementation could also result in infraction procedures being taken by the European Commission, another significant risk. Infraction would result in significant financial penalties and embarrassment for the UK government. The European Court of Justice may impose financial penalties on non compliant Member States. It is not possible to accurately forecast the exact level of fines that might be levied but in one example of infraction proceedings the Court imposed a lump sum fine of 9,666,000 Euros (Source: SEC 2010 923/3) – the amount levied is dependant upon the size of the State and the Gross Domestic Product (GDP). We consider that there are significant political and financial risks associated with non implementation and therefore it is not considered that doing nothing would be a viable option.

5.1. Option 1: Introduce Legislation which specifies that vehicles/trailers presented for a test must have a standard load of either inert, non toxic material or a number of IBCs filled with water

Summary
Amendments would be made to current regulations stipulating the exact type and size of load that would be accepted on vehicles/trailers that are presented for practical driving tests.

Technical Detail
Practical research conducted by DSA (Source DSA Real Total Mass Project Final Report) showed that (on average) vehicles/trailers which will meet the current MTV requirements, e.g. a closed box body trailer, for a practical test have the minimum unladen weight (empty) shown in the table below;

Category	Minimum Unladen Weight
B + E	200kg (trailer)
D + E D1 + E	200kg (trailer)
C1 + E	200kg (trailer)
C	5,000kg (lorry)
C+ E (lorry plus trailer	5000kg lorry, 3000kg trailer
C + E (articulated lorry)	11,000kg for the combination

Under this option we therefore propose to legislate that vehicles in the categories affected that are presented for a test must have a minimum load of either non toxic, inert material such as sand in sealed bags or one or more water filled Intermediate Bulk Containers (IBCs) which will ensure that they meet the RTM requirements.

By specifying the load that these vehicles must have, we will be able to provide for an exemption for driver trainers from having to hold an Operators licence for the driving of laden vehicles for driver training

and testing purposes. Holding an Operators licence is required to carry any goods or burden connected to any trade or business on the road within the UK and EU.

The Agency held a workshop on 9th October 2007 on the best methods of implementing the RTM requirements, amongst other stakeholders the Road Haulage Association (RHA) and Freight Transport Association (FTA) were invited to this meeting which are two of the largest trade associations in the haulage business, representing between them businesses who operate over 50% of the lorries in the UK. Attendee's were asked to list the top five objectives that they considered necessary when deciding how the weight requirement could be met. These were:

(1) Safety of vehicle load (including passenger safety etc)
(2) Cost – to candidate and DSA
(3) Ease of compliance and administration
(4) Fair/uniform and consistent driving test
(5) Minimum disruption for those involved

The stakeholders who attended then scored seven options for implementation against these factors. The only option that scored highly against every objective in the stakeholders estimation was the preferred option in this impact assessment, Option 1, a vehicle being presented for test with a load of inert, non toxic material such as bags of sand or water filled IBCs. This option would also allow DSA to legislate for an exemption from Operators licensing for trainers. We consider therefore that this option is the most likely to minimise the costs to businesses of implementation.

For all practical driving tests in the affected categories, vehicles/trailers would need to carry the load specified in the table below;

VEHICLE CATEGORY	**PROPOSED REAL TOTAL MASS REQUIREMENT**		**PROPOSED LOAD**	**FORM OF LOAD**
	Vehicle/Trailer Affected	**Minimum Real Weight**		
B+E	**Trailer**	**800 kgs**	**600kgs**	**Sealed bags of sand or one IBC filled with water**
C	**Vehicle**	**10,000 kgs**	**5,000kgs**	**Five IBCs filled with water**
C+E (articulated lorry)	**Tractor vehicle & Trailer**	**15,000 kgs for the combination**	**8,000kgs**	**Eight IBCs filled with water**
C+E (category C lorry plus trailer)	**Tractor vehicle & Trailer**	**10,000 kgs for lorry**	**5,000kgs**	**Five IBCs filled with water**
		5,000 kgs for trailer	**3,000kgs**	**Three IBCs filled with water**
C1+E	**Trailer**	**800 kgs**	**600kgs**	**Sealed bags of sand or one IBC filled with water**
D+E	**Trailer**	**800 kgs**	**600kgs**	**Sealed bags of sand or one IBC filled with**

				water
D1+E	**Trailer**	**800 kgs**	**600kgs**	**Sealed bags of sand or one IBC filled with water**

The examiner will only make a visual check of the load. By specifying the type of ballast to be carried on the vehicle, the examiner will be able to see at a glance that it is sufficient to enable the combination to meet the RTM requirements.

The Agency will issue instructions on load safety and security for Health & Safety (H & S) purposes. These instructions will be made available online and in routine communications with stakeholders prior to implementation.

Sensitivities/Risks

We do not envisage any significant political or financial risks associated with implementing this option.

5.2. Option 2: Duplicate Wording Of Directive In UK Legislation.

Summary
Current legislation would be amended by inserting the relevant parts of Directive 2000/56/EC.
No load would be specified and it would be up to the examiner to decide whether the vehicle and its contents meet the requirements and were acceptable for a practical driving test.

Technical Detail
Under this option the legislation would not specify what type or size of load is acceptable for practical driving tests. DSA would issue guidance on suitable loads and accepts written declarations from the candidate that the vehicle meets RTM requirements and any ballast is safely secured. The examiner would make a visual check of the vehicle and contents only. If they cannot be certain that the load and vehicle are compliant then the test would not go ahead.

Sensitivities/Risks

- As a load is not specified, DSA could not legislate for an exemption for trainers from Operator licensing
- Trainers would also face the potential risk that they could no longer provide practical LGV driver training because they were unable to meet the requirements for obtaining such an Operators licence
- Increase in complaints and possible extra staff to deal with the same makes this a financially and politically sensitive issue.

This option, the ‘do minimum’ for EU transposition, was not taken forward because of the increased costs that it would have imposed over Option 1, which technically would be classified as ‘gold plating’ even though costs to businesses would be lower on aggregate. Applying for Operators licences would have imposed costs of £3,500 for each trainer every five years, which would be avoided by Option 1.

5.3. Option 3: Duplicate wording of Directive in UK legislation, and DSA loads IBCs onto vehicles and vehicle trailer combinations when they are presented at the test centre

Summary
Current legislation would be amended by inserting the relevant parts of Directive 2000/56/EC.
Trainers would not be required to bring a loaded vehicle/trailer to the test. DSA would provide and load the necessary ballast in the form of water filled IBCs at each test centre.

Technical Detail
Under this option, DSA could reduce the trainer's costs by providing and loading IBCs when vehicles and vehicle/trailer combinations are presented for a test at the test centre. The Agency would hold a stock of IBC containers filled with water at each test centre that can be fixed on the vehicle/trailer when it is presented for test to enable it to reach the minimum required weight.

Although DSA would be providing IBCs for test, it is logical to assume that most trainees would wish to train in a vehicle that would reflect the conditions of a practical test and informal consultation with industry representatives supports this reasoning. Most trainers would be likely to purchase IBCs in accordance with DSA guidance as formal consultation showed that the majority of stakeholders were in favour of using such containers, in order to provide laden training. Such containers are also easily available, recyclable and low cost compared to other alternatives.

If vehicles were presented for a test with a suitable number of IBCs then there would be no requirement for DSA to load the vehicle/trailer. However, DSA would still need to have the equipment and staff at each test centre in case candidates did not follow guidance or interpreted that guidance differently and presented the vehicle for a test with no load or one that was not suitable.

To avoid any reduction in the number of tests delivered per day, the IBCs would need to be kept filled with water for quick loading/unloading and handover to the next test vehicle. This might require extra staff, and additional examiners would be required to maintain test throughput given the possible additional time taken to load and unload vehicles.

As only guidance would be issued by the DSA and a standard load would not be specified in legislation, then it would not be possible to legislate for an exemption from Operator licensing for trainers. Trainers would therefore require an Operators licence during training and when presenting for test, if carrying their own IBCs or other load because the vehicles and vehicle/trailer combinations would be deemed to be carrying goods or burden.

Sensitivities/Risks

- Lack of permanent storage facilities for IBCs at DSA test centres. Where the Agency is not the main occupier or owner, the landlord will not necessarily renew at end of lease as they may wish to utilise the land and buildings for other purposes. It has become increasingly difficult to obtain land with sufficient space to accommodate the driving tests requirements, extra storage would exacerbate the issue
- Increase in time for stakeholders on test and number of government employees makes this option a politically sensitive issue
- Cost of Operators licence for trainers as DSA would not be able to legislate for an exemption for them.

This option was discarded for similar reasons to Option 2. Operators licence requirements would add to burdens for trainers, and there would also be significant additional costs for government over and above Option 2. Consultation responses (68%) agreed with the government's view that the responsibility for satisfying the examiner that vehicle/trailer met RTM requirements should fall on the candidate.

5.4. Option 4. Duplicate wording of Directive in UK legislation, and DSA weighs vehicles and vehicle trailer combinations when they present for test.

Summary
Current legislation would be amended by inserting the relevant parts of Directive 2000/56/EC.
DSA would not issue detailed guidance on loads, but the Agency would weigh the vehicle at the test centre and the examiner would decide whether the vehicle met the requirements and the test could go ahead.

Technical Detail
Under this option, to provide maximum flexibility for trainers DSA would not issue detailed guidance on the type of load suitable, and trainers could decide which loads would be most appropriate for them. To ensure the vehicles presented for test met the RTM requirements, DSA would purchase weighing equipment for each LGV location and weigh the vehicle presented for test. Research by DSA shows that

costs range from £7,000 - £40,000 per item depending on the type of equipment used. After vehicle weighing, the examiner would make a visual inspection to decide whether the load was suitable and safely secured and the test could proceed. The time required to weigh vehicles would require additional examiners to maintain overall test throughput.

This option could reduce the burden on trainers by giving them freedom of choice concerning the appropriate ballast. However as the majority of stakeholders were in favour of using IBCs as the preferred load to achieve the RTM requirement as they are recyclable and readily available, then it would be logical to assume that most trainers would purchase IBCs in any case, to use as ballast for training and when presenting for test.

As DSA would not be specifying a standard load in regulation and only minimal guidance (Health and Safety) would be issued, it would not be possible to legislate for an exemption from Operator licensing for trainers. Trainers would therefore require an Operators licence during training and when presenting for test because the vehicles and vehicle/trailer combinations would be carrying goods or burden.

If the load on the vehicle or vehicle/trailer appeared to the examiner to be unsafe or unsuitable then the test would not go ahead. In addition, if the vehicle or vehicle/trailer failed to meet the RTM requirement after weighing then the test would not go ahead. Responsibility for weighing the vehicle and checking the security of any load before the test would fall on the Agency.

Sensitivities/Risks

Increase in time for stakeholders on test and number of government employees makes this option a politically sensitive issue.

Option 4 was also not taken forward for reasons of cost and burden on business. Similarly to Options 2 and 3, Operator licences would have to be obtained by trainers at a cost of £3,500 every five years, whilst significant costs would also be imposed on government for weighing and checking. Consultation responses (68%) agreed with the government's view that the responsibility for satisfying the examiner that vehicle/trailer met RTM requirements should fall on the candidate.

6. OVERALL APPROACH TO COSTS AND BENEFITS

6.1. Overview of Approach

For the purposes of this impact assessment, the costs and benefits of Option 1 and Option 2 have been monetised to the extent that is possible. Given the limitations of the available evidence base, it has not been possible to monetise some of the costs and benefits that have been identified. Where it has not been possible to monetise a cost or benefit, a full qualitative description of the cost or benefit has been provided. Options 3 and 4 have summary sheets presented to display the costs and benefits of those options, and for a detailed description of the costs and benefits please consult the Consultation stage IA.

For the avoidance of doubt, all figures quoted in the following sections are estimates, and are intended to be indicative of the possible consequences of each option, even when the word estimate is not used to describe a cost or benefit figure. These should not be taken as precise forecasts of the costs and benefits of implementing the Directive.

6.2. Assumptions

Due to the limitations of the available evidence base, the following key assumptions underpin the assessment of the costs and benefits of each option that is presented below.

- The DSA cannot be certain of the exact number of test centres available in 2013 and future years that will carry out vocational and CPC practical tests. For the purposes of this impact assessment, it is assumed that the number of test centres will remain at current levels (70 test centres). Some tests will also be carried out by delegated (i.e. non-DSA) examiners.

- Approx. 500 examiners currently conduct practical tests in the (vocational) licence categories that are affected by the RTM requirement but they are also involved in conducting other types of tests. To maintain the operational flexibility and skills that are required in order to continue to

deliver the level of service that customers expect, it is assumed that the same number of examiners will be retained in the future

- It is assumed that each of the affected examiners will require one day's pre-implementation in house training at an opportunity cost of £460 per day. Examiners usually carry out 4 vocational (LGV/PCV) tests per day at a cost of £115 per test. £460 is the cost of lost production for that day of training

- For Options 1 and 2, it is assumed that enforcement will be minimal as examiners will only be expected to ensure the RTM requirement is met as part of the existing visual check of the vehicle. Vehicles/trailers that do not meet the requirements will not be allowed on test and the customer will forfeit the fee paid

- Owing to staff turnover, it is assumed that DSA ongoing training costs would be equal to 5% of the initial training costs per year (Historical average staff turnover based on estimates from DSA Human Resources.)

- Due to the high capital cost and insurance premiums, it is assumed that all LGV vehicles/trailers presented for a test will be owned by professional training organisations rather than private individuals.

- Most vocational driver training particularly in LGVs and LGVs with trailers is undertaken via intensive courses with a ratio of trainees to trainers of 2:1, with a trainee typically undergoing training from Monday to Thursday before taking a practical test on Friday or Saturday. Therefore, it is assumed that training vehicles will be presented for a practical test on average twice a week

- It is assumed that each training vehicle, discounting down time for holidays and maintenance, will be utilised for 40 weeks each calendar year, for a total of 80 practical driving tests per annum (figures based on informal consultation with key stakeholders.)

- It is assumed that the volume of practical tests carried out in the affected categories would not be significantly different post – RTM implementation to that for 2009/2010 (i.e. 116,797 per year). We assume that over 10 years (or over 1 million tests) the additional cost per candidate (if indeed costs are passed on by testing companies) will not be significant enough to deter people from training and testing for licences. For Option 1 (the preferred option) the net cost to business is £0.15m per year – or roughly £1-2 per candidate.

- With the DSA conducting 94,000 LGV practical tests last year (source DSA data base), it is assumed that approximately 1,175 training vehicles will be affected by the implementation of RTM (80 tests per vehicle divided by the 94,000 tests per annum carried out by DSA). It is assumed that these training vehicles are also used for in vehicle driver CPC training.

- The mix of training vehicles is assumed to follow the mix of test types. DSA data shows that 71% of tests are Category C (5 IBCs), 28.75% Category C+E (8 IBCs) and 0.25% are Category C1+E (1 IBC).

- The cost of a used IBC ranges between £20 - £100 (DSA research). This range has been used to produce the cost estimates, and a central case will use the midpoint of the range (£60). Used IBCs rather than new IBCs have been used for the basis of cost estimates after consultation with stakeholders revealed a preference for purchasing used IBCs as the most cost-effective way of complying with RTM regulations.

- The remainder of tests in the affected categories carried out by the DSA, approximately 22,000, are 99% car plus trailer tests (B+E) (source DSA data base). These are mainly one off tests taken by members of the public, who for example, wish to drive a car plus caravan or car plus horsebox combination for leisure purposes. Informal consultation with bodies such as the Caravan Club and Royal Yachting Association did not reveal that this would be a particular burden or barrier to those wishing to take up such leisure activities. It is assumed therefore that the impact on members of the public instigated by these measures would be low.

7.COSTS AND BENEFITS OF OPTION 1

7.1. Impacts Of Option 1

- The impacts on business will fall on owners of LGVs presented for testing. It is assumed that LGV vehicles/trailers presented for a test will be owned by professional training organisations, so the costs would fall on trainers that operate such vehicles/trailers. These would be:
    - The purchase of sandbags or purchase of an appropriate number of IBCs. It is assumed that trainers would purchase IBCs as the most cost-effective option.
    - Trainers would need to load vehicles with IBCs. As it is likely that training vehicles will be run with a permanent load, this is assumed to be a one-off process.
    - Running with additional laden mass would be expected to increase fuel costs. This would also have an environmental impact.
- Impacts on government will be in the form of additional training for examiners.
- Impacts on individuals would fall on those drivers presenting their vehicles for category B+E tests. These costs would be the purchase of sand to reach the real total mass requirements.

7.2. Costs Of Option 1

7.2.1 Assumptions

- Because we are specifying a standard load in legislation, an exemption from Operator Licensing can be granted as the “specified load” for test/training purposes and will not be deemed to be goods or burden in a commercial sense.
- IBCs would not need to be replaced during the appraisal period as the average life span is over ten years (source DSA research). They are also recyclable and are readily available second hand.
- Most training vehicles will be run with a permanent load. The test must be taken on a laden vehicle and it is logical to assume that trainees will be taught on such a vehicle. IBCs once attached will be filled with water and emptied without having to be removed from the vehicle.

7.2.2 Costs To Business

Costs of trainers of purchasing IBCs

It is assumed that 1,175 vehicle/vehicle trailer combinations are used for training and testing purposes. Using the assumption above for the proportion of tests and the IBCs required, and the assumption above about the cost of IBCs, we obtain the following transition costs in 2013 (these estimates are approximate – and the number of vehicles affected is rounded to the nearest whole vehicle).

Category	IBCs required	Proportion of tests	Number of vehicles	Low (£20)	Central (£60)	High (£100)
C	5	71%	834	£83,425	**£250,275**	£417,125
C+E	8	28.75%	338	£54,050	**£162,150**	£270,250
C1+E	1	0.25%	3	£59	**£176**	£294
Total			**1175**	**£137,534**	**£412,601**	**£687,669**

Costs of trainers of loading IBCs onto vehicles and trailers, and filling IBCs

DSA practical trials have shown that it would take two people no more than half an hour to load the required empty IBCs onto a vehicle/trailer. Using the DfT Webtag recommended value of time for an

LGV driver/passenger[3], this would cost £14.07 per vehicle in 2013, as a one off cost. As it is assumed that 1,175 training vehicles would be affected, **the total cost of loading is therefore estimated at £16,532 (in 2013 prices).**

The intention is that the empty container is loaded onto the vehicle and then filled with water from a hosepipe. From DSA trials, it takes 1½ hours to fill the IBC, but this does not have to be continuously monitored.

A range has been used to monetise this cost, ranging from no supervision (taking 0 hours of trainers' time) to full supervision for the full 1½ hours (taking 1.5 hours of trainers' time). **Using the same assumptions for value of time as above, it is estimated that the time opportunity costs for filling the IBCs on a one-off basis would range from £0 - £24,798 (2013 prices)**. As recommended in the IA guidance, the midpoint has been used for the central case as no better estimate of the true amount of supervision is available.

Although emptying of containers is not thought to be necessary, for the sake of clarity, it is noted that should the trainer wish, one would also be able to empty the container whilst it was permanently fixed to the vehicle, so costs associated with this should be negligible.

We do not foresee any additional training costs for trainers/businesses associated with this option. In addition, stakeholders expressed no concerns that extra training would be required for their staff to implement this option at the October 2007 workshop or in the subsequent public consultation.

Additional fuel costs

There are concerns from business that compliance may push up fuel consumption thereby increasing costs. Research has established that the average impact on fuel consumption per tonne of increased payload is 0.112 miles per gallon (Effects Of Payload On The Fuel Consumption Of Trucks, DfT 2007). The average fuel consumption of LGVs is around 8.5mpg, which we have used to estimate our additional fuel costs[4]. For the avoidance of doubt, the assumption used in the model is that the effect of an additional tonne of payload is to reduce the fuel efficiency of test vehicles from 8mpg to 7.888mpg. For a payload of 5.85 tonnes (the average payload on test) the effect is to reduce fuel efficiency to 7.3448mpg.

It is not possible to quantify exactly the distance driven per vehicle on test. Conditions differ on each test, and depending on the roads around each test centre. However, DSA estimate that a test should last for 50 minutes, and be based on single and dual carriageway roads (tests do not go on motorways). Therefore, based on this, a range of 10 – 30 miles has been used to estimate distance travelled, with a best estimate of 20 miles (using the IA guidance recommended midpoint for the range). This distance would be the same for all options.

The average payload (based on the mix of tests in the assumptions above) is 5.85 tonnes. DSA conduct 94,000 LGV tests per year and this is assumed to remain constant. Using the latest DECC fuel (diesel) price forecasts[5], the following table gives us the estimates of the additional fuel used when vehicles move from a fuel efficiency average of 8.5mpg to 7.8448mpg whilst on a driving test:

Year	Fuel cost p/litre (2011, ex VAT)	Cost 10 miles	Cost 20 miles	Cost 30 miles
Litres used		42000	84000	126000
2013	123	£51,553	£103,107	£154,660
2014	124	£51,967	£103,935	£155,902
2015	125	£52,430	£104,859	£157,289
2016	126	£52,866	£105,732	£158,598
2017	127	£53,250	£106,499	£159,749
2018	128	£53,579	£107,158	£160,736

[3] DfT WebTAG 3.5.6 http://www.dft.gov.uk/webtag/documents/expert/unit3.5.6.php

[4] See for example Freight Best Practice, sponsored by DfT: www.freightbestpractice.org.uk/SAFED-for-hgvs

[5] http://www.decc.gov.uk/en/content/cms/about/ec_social_res/iag_guidance/iag_guidance.aspx

2019	128	£53,853	£107,706	£161,559
2020	129	£54,071	£108,142	£162,214
2021	129	£54,277	£108,555	£162,832
2022	130	£54,485	£108,970	£163,455

In the central case therefore, we assume that on each test a vehicle drives 20 miles, which it is estimated would impose **total additional fuel costs per annum for trainers of approximately £106,000** (across 94,000 tests with an average payload of 5.85 tonnes).

This estimate does not include the additional fuel costs involved with training, nor of travelling to and from test centres. These have not been monetised because no estimates of the distances involved travelling to and from test centres are available, nor does RTM legislation mandate the use of a payload in training. Neither have the additional fuel costs for private individuals been assessed for their vehicle/vehicle and trailer combinations, due to a lack of data on the effect on fuel consumption. However, the additional fuel costs for private individuals will be less substantial as their required load is 600kg and there are fewer of these tests per year.

It should be noted that the additional fuel requirements would be the same for all options, as it is a result of RTM implementation and therefore is not material to the decision on which option is preferred.

7.2.3 Costs to Government

Training Costs

There would be a cost to the Agency as it would be necessary for each examiner to attend a one day training session on the new test.

The cost per examiner is assumed to be £460 in lost fees while training is carried out. We have calculated this figure using the number of LGV tests that would normally be conducted by an examiner in a day (4) at 2009 prices of £115 for each test.

As it is assumed that 500 examiners would need to undertake this training, the total cost of training existing examiners has been estimated at **£230,000 in 2013**.

However, due to staff turnover per annum, there would also be additional training costs in future years. It is assumed that this will equal 5% of the original training costs based on historical staff turnover. Therefore, ongoing training costs have been estimated at £11,500 per year from 2014-2023.

7.2.4 Costs to Individuals

Cost of purchasing sand

Informal consultation with stakeholders indicated that for individuals, the purchase of bags of sand would be more likely than the purchase of IBCs. Assuming no change in the number of drivers pursuing car plus trailer tests, the annual number of tests affected would be 22,000. The number of individuals affected would be lower than this, as the pass rate for this class of test is 54.8% (DSA database). As the DSA does not hold data on how many attempts individuals take, we will use the assumption that the remaining individuals pass on their second attempt. This gives a total of 12,188 individuals per year taking the test.

The cost of a bag of sand has been estimated at £45 in 2011 prices[6] and assuming that individuals do not return the sand for a refund after the test and that they have no other use for the sand, this is estimated to lead to an annual cost of £584,460 (2011 prices) from 2013 – 2023.

This cost will be the same for all options.

[6] For example, a 850kg bag of Wickes building sand was available for £41.42 on 07/11/11 from http://www.wickes.co.uk/invt/220080

7.2.5 Environmental costs

Using the same assumptions as for fuel costs (see 7.2.2, Fuel costs), the greenhouse gas impacts can be assessed for LGVs on test. Using the Defra company reporting guidelines (August 2010) figure of 2.64 $kgCO_2$ per litre of diesel fuel and DECC's latest carbon values[7], we obtain a central case estimate of **approximately £0.01m in GHG costs per year** (0.000002 tonnes CO_2 per year).

Year	Carbon price £/tCO2	Carbon cost 10 miles	Carbon cost 20 miles	Carbon cost 30 miles
Litres of fuel used		42000	84000	126000
tCO2		0.1	0.2	0.3
2013	54	£6,027	£12,053	£18,080
2014	55	£6,120	£12,240	£18,360
2015	56	£6,213	£12,427	£18,640
2016	57	£6,307	£12,613	£18,920
2017	58	£6,400	£12,800	£19,199
2018	59	£6,493	£12,986	£19,479
2019	59	£6,586	£13,173	£19,759
2020	60	£6,691	£13,382	£20,074
2021	61	£6,784	£13,569	£20,353
2022	62	£6,889	£13,779	£20,668

7.3. Benefits of Option 1

The intent of the proposal is to offer a more realistic driving test that better reflects the types of vehicles that candidates will be allowed to drive post-test pass. In principle this could mean better prepared drivers, who are more able to handle larger vehicles and would provide benefits for employers as better trained and prepared drivers should see lower accident rates and increased road safety.

However there is no supporting data that this proposal would result in any benefits to road safety. No academic studies have been carried out on this subject and therefore there is no objective evidence of casualty reduction or other road safety benefits. In the absence of this data, it has not been able to quantify (and therefore monetise) the benefits of this proposal.

Whilst we have no quantitative data to evidence any road safety benefits that would result from implementation of the RTM proposals, Box 1 provides an illustration of the scale of changes in accident rates amongst new LGV drivers that would be required to make this proposal net beneficial.

Box 1. Illustrative example of the potential impact on accident rates

Even a modest reduction in casualty levels, assumed for the purposes of illustration at an average 1% each year, would still generate significant economic, social and health benefits.

Separate casualty statistics are not generally available for sub categories of vehicles. We accordingly asked DfT Road Safety Statistics Section if they could identify accidents from the information available in which a LGV driver not driving appropriately for the weight of the vehicle may have been a factor.

This isn't a group that can be identified directly from the data, but there are three contributory factors that the police can report that could indicate accidents where a better trained driver may have avoided the accident.

These are as follows:

UK LGV drivers with 'overloaded or poorly loaded vehicle or trailer' reported.

UK LGV drivers with 'following too close' reported.

UK LGV drivers with 'travelling too fast for the conditions' or 'exceeding the speed limit' reported while going

[7] http://www.decc.gov.uk/en/content/cms/emissions/valuation/valuation.aspx

around a bend or at a junction.

Clearly there would be some overlap between these groups. We have excluded drivers of foreign registered vehicles, making the assumption that drivers of UK LGVs will be likely to have this training while non UK drivers may not. In total there were 828 casualties in Great Britain in 2009 in reported accidents involving at least one of the three groups of drivers shown above – 10 killed, 70 seriously injured and 748 slight injuries. (Source DfT Road Safety Statistics Section.)

It should be noted that contributory factors reflect the police officer's opinion at the time of reporting and are not necessarily the result of extensive investigation. Where a factor has contributed to the cause of an accident it may be difficult for a police officer attending the scene after the accident has occurred to identify it so factors may be underreported. Not all reported road accidents are included in contributory factor analysis, only those where a police officer attended the scene and at least one contributory factor was reported. This means that the figures above may be underestimates as they won't include casualties in accidents where the police didn't attend the scene or where one of the above factors did contribute to the accident but the police weren't able to identify it or didn't have sufficient evidence to report it.

It would seem logical to assume that at least a small proportion of these accidents could have been prevented by better driver training. It would also then seem logical to assume that a more realistic test should give drivers a better idea of how vehicles will handle when driven on a regular basis and therefore should result in safer driving.

The cost of a fatality is £1,585,510, a serious injury £178,160 and a slight injury £13,740 (Source Dept for Transport WEB TAG Unit 3.4.1. Table 1)

Even a modest reduction in casualties in a year (1%) would result in the following benefits (please note that casualty figures have been rounded up to the nearest whole number)

1% effect		
1 less seriously injured	=	£178,160
8 less slight injuries	=	£109,920
Total	=	£288,080

Even if the introduction of the preferred option only resulted in the saving of only one seriously injured person each year this would equate to a benefit of £1,781,600, over ten years. To achieve break-even (a NPV of £0) would require a substantial change in casualties from implementation – around 30 fatalities over ten years, for example. There is no evidence that benefits on this scale will arise, which is why the UK abstained from the vote on the proposal at the EU.

7.3.1. Benefits to Government

As described in section 7.2.2, there will be fuel costs to businesses from RTM implementation. Some of these costs will be transfers from business to government in the form of fuel duty. In this IA, they are presented as a cost to business and a benefit to government in line with IA guidance. As the table below shows, in the central case, **benefits to government are estimated at approximately £0.05m per year**, assuming no change in fuel duty plans.

Year	Tax element p/litre (2011)	Tax benefit 10 miles	Tax benefit 20 miles	Tax benefit 30 miles
Litres used		42000	84000	126000
2013	62	£25,832	£51,664	£77,496
2014	62	£26,052	£52,105	£78,157
2015	63	£26,319	£52,638	£78,957
2016	63	£26,558	£53,116	£79,675
2017	64	£26,743	£53,485	£80,228

2018	64	£26,871	£53,743	£80,614
2019	64	£26,943	£53,886	£80,829
2020	64	£26,957	£53,914	£80,871
2021	64	£26,957	£53,914	£80,871
2022	64	£26,957	£53,914	£80,871

8. COSTS AND BENEFITS OF OPTION 2

8.1. Impacts of Option 2

- Current UK legislation would be amended to include the exact wording of the EU Directive
- Impacts on government:
  - DSA staff would require training regarding the new requirements
- Impacts on business:
  - Trainers would have to purchase some type of load in order to fulfil the new test requirements, most probably an IBC as stakeholders when consulted were in favour of this type of ballast
  - Trainers would have to obtain an Operators Licence.
  - Running with additional laden mass would be expected to increase fuel costs. This would also have an environmental impact.
- Impacts on individuals:
  - There will be additional costs to those individuals presenting for a B+E test (same as Option 1)

8.2. Costs of Option 2

8.2.1 Assumptions

- Trainers would require an Operators licence for each vehicle at approximately £3,500/vehicle. Licences have a validity of 5 years
- DSA would issue guidance on loads based on the preferences expressed by stakeholders in informal and formal consultation (bags of inert, non toxic material – sand, or water filled IBCs)
- The burden of satisfying the examiner that the load was compliant would be upon the candidate. This is supported by consultation responses where 68% of respondents agreed that it should be the candidate's responsibility.
- IBCs would not need to be replaced during the appraisal period as the average life span is over ten years (source DSA research). They are also recyclable and are readily available second hand.
- Most training vehicles will be run with a permanent load. The test must be taken on a laden vehicle and it is logical to assume that trainees will be taught on such a vehicle. IBCs once attached will be filled with water and emptied without having to be removed from the vehicle.

8.2.2 Costs To Businesses

These costs are the same as Option 1, with one exception, as we assume that the all trainers would comply with DSA guidance and purchase IBCs, given the knowledge that without the standard load the examiner would have no means of being satisfied that the load was compliant with RTM regulation. We discuss below the risk that guidance is not followed and describe the costs that would be incurred in such a case.

Costs of trainers of purchasing IBCs

These would be the same as Option 1, as informal consultation with stakeholders indicated that the most cost-effective method of complying with RTM regulation would be to purchase used IBCs. It is estimated this would result in costs of £137k - £688k in 2013 (see 7.2.2 above for a fuller breakdown of IBC costs).

Costs of trainers of loading IBCs onto vehicles and trailers, and filling IBCs

These costs would be the same as Option 1. Please refer to section 7.2.2 above for a full description of the costs of loading IBCs.

The monetised costs would amount to £16.5k – £41.5k in 2013.

Additional fuel costs

These fuel costs would be the same as Option 1. Please see 7.2.2 above for a full description. The monetised costs would be the same as Option 1 at approximately £0.1 million per year.

Cost of Operators Licences

The cost of Operators Licences is additional to Option 1, as the direct transposition of the RTM legislation does not prescribe a standard load. This means that exemptions from O licensing requirements could not be obtained by trainers, adding an additional cost to businesses.

O licences are valid for a period of 5 years, and cost £3,500 per vehicle. Therefore, for the duration of the appraisal period (2013 – 2022) two licences would be required for each of the 1,175 vehicles that are used for testing purposes.

Assuming that licence costs remain constant over the whole appraisal period, this is estimated to lead to additional **costs of £4,112,500 for businesses in 2013 and the same amount again in 2018.**

Risks and non-monetised costs to business

No information is available on compliance rate for an as yet unimplemented regulation, therefore it has been assumed for the sake of clarity in this Impact Assessment that compliance rates are 100%.

Because a standard load is only contained in guidance and not in legislation, it is possible that other means of achieving the RTM regulation are used by candidates presenting their vehicles for tests. As discussed in the description of Option 2 above, examiners will accept written declarations of compliance and conduct a visual check. There is a risk that examiners are not satisfied that the vehicle is compliant, and the examiner can refuse to conduct the test.

This would impose costs on business. Fees are paid in advance and would be forfeited in the case of non-compliance. DSA estimate that an additional 3 hours would be spent retaking the test, and there would also be opportunity costs in lost income between cancellation of the first test and eventually passing the test.

These are presented as a risk, rather than a cost as is it not clear to what extent non-compliance would occur. DSA, and industry during informal and formal consultation, believe that the most cost-effective way of satisfying RTM requirements is via the use of IBCs, as recommended in guidance. Therefore the central estimate for non-compliance is 0%.

8.2.3 Costs To Government

Training costs

These have not changed materially to Option 1. Because a standard load is not specified, training may differ slightly in content, but DSA estimates that training will be one day for each examiner.

This cost has been estimated at **£230,000 in 2013**. Staff turnover is also assessed using the same assumptions as Option 1 so ongoing training costs have been estimated at £11,500 per year from 2014-2023.

8.3. Benefits Of Option 2.

Please see section 7.3 for a discussion on the possible benefits to road safety and government.

9. COSTS AND BENEFITS OF OPTIONS 3 & 4

Options 3 and 4, described above, were considered to have similar impacts on road safety, as the method of testing would remain the same, although the burden of ensuring compliance with RTM legislation would fall on government instead.

Consultation showed that there was a preference for it to be the candidate's responsibility to convince the examiner that the RTM regulations had been followed, therefore Options 3 and 4 were discounted.

Options 3 and 4 both assumed that IBCs would be used as ballast – but additional costs (compared to Option 1) would fall on government to ensure compliance. A brief description of the changes (compared to Option 1) of Options 3 and 4 are given below, with a summary of some key additional costs.

9.1 Impacts of Option 3

- DSA would load IBCs onto test vehicles if required, but we assume, after consultation, that trainers would also buy IBCs themselves – **the costs of purchasing IBCs for use in tests would therefore fall on both DSA and industry, so the one-off transition costs would be double compared to Option 1 (and 2)**
- Trainers would require an Operator's licence as they are loaded for the test – the **costs would be the same as for Option 2**
- DSA could have loading and unloading costs. To ensure that staff would be in place if needed, this cost has been estimated at two additional staff at each of 70 test centres – the resulting costs are estimated at around **£1.9m per annum from 2013 – 2022**
- The two additional staff would be civil service Administrative Assistant grades the average salary of such an employee is £13,379 per annum
- DSA research indicates that the time taken to load and unload pre water filled IBCs onto test vehicles would be between ten and forty minutes, depending on the type of vehicle/trailer presented for test
- To ensure that DSA could maintain the number of tests offered would require an increase in examiners due to the potential additional time required to load and unload test vehicles. DSA research indicates that this could lead to each examiner performing fewer tests each day – 3 instead of 4 daily – the resulting costs are **estimated at around £0.5m per annum from 2013 – 2022.**
- We estimate that approximately 17.5 new examiner posts would be required at an average salary of £27,822 per annum for each examiner.

9.2 Impacts of Option 4

- No standard load would be specified, but DSA would weigh each vehicle before the test to ensure compliance with RTM requirements – the cost of weighing equipment at 70 test centres has been estimated by DSA at around **£1,750,000 in 2013 (transition cost)**
- Trainers would require an Operator's licence as they are loaded for the test – the **costs would be the same as for Option 2**
- DSA would have weighing costs, estimated by DSA at two additional staff at each of 70 tests centres – the resulting costs are estimated at around **£1.9m per annum from 2013 – 2022**
- The two additional staff would be civil service Administrative Assistant grades the average salary of such an employee is £13,379 per annum
- We have estimated that between five to fifteen minutes would be required to weigh each vehicle
- To maintain the number of tests offered would require an increase in examiners due to the additional time required to weigh and check test vehicles. DSA research indicates that this would lead to each examiner performing fewer tests each day – 3 instead of 4 daily – the resulting costs are **estimated at around £0.5m per annum from 2013 – 2022**
- We estimate that approximately 17.5 new examiner posts would be required at an average salary of £27,822 per annum for each examiner.
- Option 4 would also impose similar risks to Option 2. Should loads not meet requirements, test fees would be forfeited and candidates would be required to schedule another test (See 8.2.2 for a fuller description of the risks)

The calculations and breakdown of costs and benefits in the summary sheets and described above can be found in the attached embedded spreadsheet below (it should be noted that the estimates presented in the spreadsheets are in £'s rather than in millions of £'s):

IA Calculator - up to
10 years appraisal pe

10. Proportionality

Proportionality has been considered to mean the estimation of costs and benefits according to the relevance of the scale of the impacts. It is acknowledged that not all costs have been estimated, however it is hoped that both i) significant benefits or costs on either government or business and ii) benefits or costs that distinguish between the desirability of the options have been accounted for.

Other benefits or costs that are considered insignificant to the overall costs and also insignificant to the desirability of any of the options include (as they apply equally to all options), for example: the cost of the water used to fill IBCs, any communications costs to government to inform stakeholders of the change, any familiarisation costs that firms incur in understanding the new regulations.

11. Specific Impact Tests

11.1 Equalities Assessment

An initial screening document was completed (see below) which showed that a full equalities impact assessment did not have to be carried out.

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11.2 Competition Assessment

It is considered that the implementation of Real Total Mass will overall have no impact on competition in the affected sectors. Although the additional requirement to have IBCs filled with water would impose additional costs, compared to the overall cost of entry into the market (for example purchasing a truck) these would be minor. Trainers would probably recoup any additional costs from the customer. As this is an EU requirement it applies equally to all those who wish to present certain types of vehicles for practical test as detailed in the main body of the impact assessment.

11.3 Small Firms Impact Test

The Small Firms Impact Test flowchart has been followed[8] and impacts on small firms have been considered. This policy would affect small firms, of which there may be a substantial number (98% of

[8] http://www.bis.gov.uk/files/file46943.doc

firms in the 'Other Education' sector within which driving instruction falls[9] are small firms under 50 employees). There is no potential to exempt small firms as this policy is transposing an EU Directive into UK legislation. We would expect the costs to be passed through to customers, but as customers are also mainly small firms[10], this will still have a disproportionate impact on small firms.

11.4 Greenhouse Gas Assessment

Please see Option 1, section 7.2.5 for a description of the greenhouse gas emissions from the implementation. The costs will be the same for all options, estimated at approximately 0.2 tonnes CO_2 per year from 2013 – 2022, at a cost to society of approximately £0.01m per year.

11.5 Other Specific Impact Tests

No impacts on health, human rights, the justice system, rural proofing or sustainable development have been identified.

12. Risks

If requirements are perceived to be unreasonably onerous, there is a high risk of non compliance. However, this risk should be mitigated by the incentive for customers not to forfeit the test fee.

Options 3 and 4 would mean that the Agency test sites must have sufficient storage space for loads and loading or weighing equipment. Where existing landlords have not renewed the lease on a test centre, it has become increasingly difficult to find alternative test sites with sufficient space to satisfy the current EU driving test obligations, without taking into account extra storage space.

13. One-In, One-Out

The requirements relating to RTM i.e. laden vehicle testing and training, bring driver trainers within scope of other UK and European legislation (the Operator Licensing Scheme). This is a regulatory regime that applies within the UK and across the EU for professional operators of buses, coaches and lorries and was never intended to include owners of such vehicles that are used solely for training and testing purposes. Under the Operator Licensing regime it is a legal requirement that a goods vehicle Operator's Licence (known as an 'O' Licence), is required to carry goods (or burden) connected with any trade or business on road.

This means that under current UK and EU legislation, vehicles used for training on the road or presenting for a practical test with a load would require an O licence. The cost of an O Licence for one vehicle is £3,500 for a 5 year period, after which it must be renewed on a 5 yearly basis.

If the wording of the Directive was duplicated in UK law then by allowing vehicles to undergo training or present for a test with any load, trainers would require an O Licence and would incur associated costs of obtaining and maintaining that licence. Options 2, 3 and 4 show the cost of an Operators licence to trainers for affected vehicles.

To enable training companies to avoid the application of this financial burden, we need to provide an exemption from the O Licensing regime (i.e. to use regulation to reduce the burden). This can only be done in certain circumstances in order not to breach O licensing legislation. In particular we must prove that training companies are not carrying "goods or burden" in the commercial sense.

We propose to do this by specifying a standard load (Option 1) that must be carried (i.e. IBCs or bags of sand would not then be considered to be viable as a commercial load) and thereby being able to provide an exemption from the O Licensing regime.

Specifying a standard load that must be carried is considered to be going beyond what is required by the Directive. However, without this we cannot provide for the exemption from the O licensing regime and reduce the burden that would otherwise be imposed by the application of the Directive.

[9] BIS Business Population Estimates Group 855, http://www.bis.gov.uk/analysis/statistics/business-population-estimates

[10] BIS Business Population Estimates, 'Transportation and Storage' sector – 99% of firms are small firms, comprising 35% of the workforce

Direct transposition of the Directive (Option 2) would be out of scope of OIOO – however it would impose greater net costs on businesses than Option 1, while providing no additional benefits. Although Option 1 is technically an ‘In’ with a net cost to business, this cost is less than Option 2, which would be ‘out of scope’. We therefore consider that in terms of One In One Out (OIOO) this constitutes an ‘In’ with zero net cost to business and therefore an offsetting Out is not required.