EXPLANATORY MEMORANDUM TO

THE MOTOR VEHICLES (INSURANCE REQUIREMENTS) (IMMOBILISATION, REMOVAL AND DISPOSAL) REGULATIONS 2011

2011 No. 1120

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

2. Purpose of the instrument

2.1 The purpose of the Statutory Instrument covered by the Memorandum is to establish an enforcement regime for the new offence, committed by a registered keeper, of failing to maintain continuous insurance for a vehicle. The regulations enable an authorised person to immobilise, remove and in some cases, destroy the vehicle in respect of which the offence is committed, when that vehicle is on a road or any other public place. These regulations make it an offence to interfere with or remove an immobilisation device, unless under the direction of an authorised person.

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None.

4. Legislative Context

4.1 Section 144A of the Road Traffic Act 1988 makes it an offence for a registered keeper of a vehicle to keep that vehicle without meeting the insurance requirements of the 1988 Act. The section 144A offence is one of a number of new provisions inserted into the 1988 Act by section 22 of the Road Safety Act 2006.

4.2 These regulations introduce an enforcement regime whereby authorised persons will have the power to immobilise, remove and, in some cases, dispose of vehicles in cases where that person has a reasonable belief that the registered keeper is committing an offence under section 144A of the 1988 Act. They are made in exercise of powers in Schedule 2A of the 1988 Act.

4.3 Three new offences are created. It is an offence to interfere with or remove an immobilisation notice, or to remove or attempt to remove and immobilisation device (regulation 7). It is also an offence to obtain possession of a removed vehicle by falsely claiming that it is exempt from continuous insurance enforcement by virtue of displaying a disabled person badge (regulation 8).

5. Territorial Extent and Application

5.1 These regulations apply to Great Britain

6. European Convention on Human Rights

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

7. Policy background

- **What is being done and why**

7.1 The scheme, known as "Continuous Insurance Enforcement" ("CIE"), will identify offenders by regularly comparing the Driver and Vehicle Licensing Agency's (DVLA) record of vehicle keepers with the database of all motor insurance polices managed by the Motor Insurers Bureau (MIB). Keepers of apparently uninsured vehicles will be sent an advisory letter by the MIB asking them to insure their vehicle or to check that their insurance company has correctly entered their insurance policy details on the motor insurance database. The scheme is being established to enforce the offence of being a registered keeper of a vehicle with no insurance. If vehicle keepers take no action within a specified period, their details will be handed to the DVLA, who will issue a fixed penalty notice (£100 fine reduced to £50 if paid promptly). Thereafter, if the vehicle remains uninsured, the DVLA may clamp, impound and dispose of the vehicle, and ultimately prosecute the registered keeper of the vehicle in court.

7.2 All motorists are legally obliged to be insured against third party risk. The level of uninsured driving in the UK is estimated to be at least four per cent. Claims arising from accidents involving uninsured or untraceable drivers imposes an inequitable financial burden on honest motorists; around £30 per year per policy is levied in premiums to cover the cost of meeting claims arising from accidents caused by the uninsured.

7.3 Under the CIE scheme persons authorised by the Secretary of State for Transport will have powers to fix an immobilisation devise (clamp) to vehicles where it is believed that an offence has been committed. Currently, the DVLA contract the work to an independent company. The vehicle will not be removed to the pound until 24 hours has elapsed from the time the clamp was fixed. The vehicle may be released where the prescribed release fee (£100) is paid and evidence is provided to demonstrate that the registered keeper is not committing a section 144A offence and the person proposing to drive the vehicle away is insured to do so. Evidence of insurance must be demonstrated to the authorised person through a paper or electronically delivered motor insurance certificate or security equivalent.

8. Consultation outcome

8.1 Between January and April 2009, the Department consulted publically on the regulations needed and the detail of the CIE scheme. In September 2009 the Department published its response outlining how it intended to proceed. The consultation showed general support for CIE.

9. Guidance

9.1 The Department intends to publicise the change in legislation by including information in the tax renewal reminder (V11) and relevant PR events. Information will also be available on the Directgov website. The insurance industry is also planning its own TV campaign to raise awareness of the change with motorists.

10. Impact

10.1 There is no impact on business, charities or voluntary bodies who are already compliant with existing motor insurance law and insure their vehicles. These regulations provide an enforcement regime for those who fail to comply with the law.

10.2 The impact on the public sector is upon the courts of hearing cases for keepers prosecuted for the offences of interfering with an immobilisation device and falsely displaying a blue badge. There will be few cases for the offence of tampering with/removing a wheel clamp. A Legal Aid and Justice Impact Test has been completed and is attached together with the Impact Assessment.

10.3 An Impact Assessment is attached to this memorandum and will be published alongside the Explanatory Memorandum on the OPSI website.

11. Regulating small business

11.1 The legislation applies to small businesses. There is no need to minimise the impact because they are already required to comply with existing legislation and insure their vehicles against third party risk. As the CIE scheme enforces this requirement for statutory third party motor insurance the scheme is out of scope of the current exemption from regulation for micro businesses and start up businesses.

12. Monitoring and review

12.1 The Department plans to review to ensure effective implementation of the CIE and to establish what impact the measure is having on reducing uninsured driving. Information will be collected and monitored by the MIB and the DVLA through purpose built systems. The collection of management information includes the number of advisory letters issued by the MIB, the number of fixed penalty notices issued, monthly scans of the vehicle register database to identify number of people insuring their vehicle following enforcement action, measurement of calls to contact centres, measurement of customer awareness and the number of cases taken to court.

13. Contact

13.1 Pauline Morgan at the Department for Transport Tel: 0207 944 2461 or e-mail: Pauline.morgan@dft.gsi.gov.uk can answer any queries regarding the instrument.

Title:	Impact Assessment (IA)
Impact Assessment of CONTINUOUS INSURANCE ENFORCEMENT (CIE)	**IA No:**
Lead department or agency: Department for Transport	**Date:**
Other departments or agencies: DVLA	**Stage:** Final
	Source of intervention: Domestic
	Type of measure: Secondary legislation
	Contact for enquiries: Pauline Morgan@dft.gsi.gov.uk

Summary: Intervention and Options

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

All motorists are legally obliged to be insured against third party risk. Estimates are that at least 4% (around 1.4 million) of GB motorists drive uninsured. This is relatively high in comparison with some other EU Member States. Uninsured drivers are more likely to be involved in accidents, road traffic offences and other criminal activity. They also impose an inequitable financial burden on honest motorists; an estimated £30 per year per policy is levied in additional premiums to cover the uninsured.

What are the policy objectives and the intended effects?

The main objective is to reduce levels of uninsured motoring. The intended effect is to encourage responsible behaviour by motorists through targeting evaders by record-based compliance activities leaving a smaller hard core of persistent offenders for the police to deal with on the road.

What policy options have been considered? Please justify preferred option (further details in Evidence Base)

The DfT-commissioned Greenaway Report comprehensively reviewed options to reduce uninsured driving and made 20 recommendations; "enforcement from the record" was one. Complementary measures for government and industry have since been developed. Continuous Insurance Enforcement, CIE, is a key component of this comprehensive package and the last major element to be implemented. It is designed to enhance the effectiveness of existing post-Greenaway measures, notably police powers to seize vehicles and improvements in the accuracy of the Motor Insurance Database.

Option 1: Do nothing

Option 2: To identify and warn motorists detected as a keeper of a vehicle registered on the DVLA vehicle database but not covered by valid insurance.

Option 3: As option 2, but having warned the keeper, increasingly stringent enforcement measures will be taken against those that do not heed the warning.

When will the policy be reviewed to establish its impact and the extent to which the policy objectives have been achieved?	It will be reviewed in 2011
Are there arrangements in place that will allow a systematic collection of monitoring information for future policy review?	Yes

SELECT SIGNATORY Sign-off For final proposal stage Impact Assessments:

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)the benefits justify the costs.

Signed by the responsible Minister: Mike Penning. Date: 20th October 2010.

Summary: Analysis and Evidence

Policy Option 2

Description:

Identification of offenders with no enforcement activity

Price Base Year 2010	PV Base Year 2010	Time Period Years 9	Net Benefit (Present Value (PV)) (£m)		
			Low: -15	**High:** 2	**Best Estimate: --7**

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Optional	2008-2012	Optional	**Optional**
High	Optional		Optional	**Optional**
Best Estimate	13		0.2	**15**

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

For DVLA – one off systems development costs of £12 million. Annual running costs to maintain the system of around £1 million to provide information to the Motor Insurers' Bureau (MIB).

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

The Motor Insurers' Bureau (MIB) will send an advisory letter warning motorists who appear uninsured at its own cost. This will reduce the load on DVLA from telephone enquires from motorists.

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	None		0	**0**
High	None		2	**17**
Best Estimate	None		0.9	**8**

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

Reduction in the MIB's levy to cover uninsured driving but only likely to be sustained in the first few years before situation reverts to previous status quo within about 1 – 2 years.

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

Identification of offenders may have a deterrent effect and effect behaviour of those that drive uninsured. Improved database quality. Additional insurance premium tax as evaders take out insurance to become compliant.

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

A greater number of offenders could be identified than relying on existing police on the road detection. However, with no follow up CIE enforcement activity there is a risk that offenders will perceive the chances of being seen and stopped by the police as low and will continue to drive uninsured.

Impact on admin burden (AB) (£m):			Impact on policy cost savings (£m):	In scope
New AB:	**AB savings:**	**Net:**	**Policy cost savings:**	Yes/No

Summary: Analysis and Evidence

Policy Option 3

Description: An integrated compliance and enforcement system

Price Base Year 2010	PV Base Year 2010	Time Period Years 9	Net Benefit (Present Value (PV)) (£m)		
			Low: -78	**High:** 682	**Best Estimate: 302**

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	13	2008-2012	3	**36**
High	13		8	**78**
Best Estimate	13		8	**78**

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

For DVLA - one off systems development costs. Annual running costs include funding an education and awareness campaign, and enforcement costs (sending a fixed penalty letter, potential wheel clamping and court prosecutions (all are subject to the Comprehensive Spending Review, we present the original plan as the best estimate).

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

The Motor Insurers' Bureau (MIB) will send an advisory letter warning motorists who appear uninsured before DVLA send the fixed penalty notice at its own cost. This will reduce the load on DVLA from telephone enquires from motorists. The courts will be used to prosecute offending motorists (at most 140,000 cases per year).

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	None		0	**0**
High	None		97	**760**
Best Estimate	None		49	**380**

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

The main impact is a reduction in the MIB's levy to cover uninsured driving. This is a financial burden responsible motorists currently bear through insurance premiums. There is also an expected increase in vehicle excise duty to DVLA and courts will receive income from court fines.

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

An improved road safety through improved focus of police on-road enforcement, possible reduction in KSIs and improved awareness and attitudes. Less pressure on the courts. Improved database quality. Individual insurance premiums lower than otherwise due to spreading risk over more drivers, and potential increased incentive for newly insured drivers to drive safely. Additional insurance premium tax to HMT as evaders take out insurance in order to become compliant.

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

A key assumption is that existing measures are effective to some extent but are insufficient to control insurance evasion levels. The CIE scheme allows a greater number of offenders to be identified than relying on police detecting vehicles in use on the road. The scheme relies on the accuracy of information held in two large databases and there is risk of fixed penalty notices issued or vehicles clamped in error if information is inaccurate.

Impact on admin burden (AB) (£m): N/A			Impact on policy cost savings (£m):	In scope
New AB:	**AB savings:**	**Net:**	**Policy cost savings:**	No

Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?			GB		
From what date will the policy be implemented?			31/01/2011		
Which organisation(s) will enforce the policy?			DVLA		
What is the annual change in enforcement cost (£m)?			At most £12 million		
Does enforcement comply with Hampton principles?			Yes		
Does implementation go beyond minimum EU requirements?			N/A		
What is the CO_2 equivalent change in greenhouse gas emissions? (Million tonnes CO_2 equivalent)			**Traded:** N/A	**Non-traded:** N/A	
Does the proposal have an impact on competition?			No		
What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?			**Costs:** N/A	**Benefits:** N/A	
Annual cost (£m) per organisation (excl. Transition) (Constant Price)	**Micro**	**< 20**	**Small**	**Medium**	**Large**
Are any of these organisations exempt?	No	No	No	No	No

Specific Impact Tests: Checklist

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

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

Does your policy option/proposal have an impact on…?	**Impact**	**Page ref within IA**
Statutory equality duties[1] Statutory Equality Duties Impact Test guidance	No	
Economic impacts		
Competition Competition Assessment Impact Test guidance	No	
Small firms Small Firms Impact Test guidance	No	
Environmental impacts		
Greenhouse gas assessment Greenhouse Gas Assessment Impact Test guidance	No	
Wider environmental issues Wider Environmental Issues Impact Test guidance	No	
Social impacts		
Health and well-being Health and Well-being Impact Test guidance	No	
Human rights Human Rights Impact Test guidance	No	
Justice system Justice Impact Test guidance	Yes	30
Rural proofing Rural Proofing Impact Test guidance	No	
Sustainable development Sustainable Development Impact Test guidance	No	

[1] Race, disability and gender Impact assessments are statutory requirements for relevant policies. Equality statutory requirements will be expanded 2011, once the Equality Bill comes into force. Statutory equality duties part of the Equality Bill apply to GB only. The Toolkit provides advice on statutory equality duties for public authorities with a remit in Northern Ireland.

Evidence Base (for summary sheets) – Notes

References

No.	Legislation or publication
1	Consultation http://webarchive.nationalarchives.gov.uk/+/http://www.dft.gov.uk/consultations/archive/2009/motor/
2	Road Safety Act 2006 http://www.legislation.gov.uk/ukpga/2006/49/pdfs/ukpga_20060049_en.pdf
3	Uninsured Driving in the United Kingdom – Professor David Greenaway http://www.dft.gov.uk/pgr/roads/miud/uninsureddrivingintheuka.pdf
4	

Evidence Base

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

Best estimate	Y_0	Y_1	Y_2	Y_3	Y_4	Y_5	Y_6	Y_7	Y_8	Y_9
Transition costs	0.9	3.0	8.7	0.2	0	0	0	0	0	N/A
Annual recurring cost	0	0	0.3	11.3	12.9	12.7	12.2	12.0	11.7	N
Total annual costs	0.9	3.0	9.0	11.5	12.9	12.7	12.2	12.0	11.7	N
Transition benefits	0	0	0	0	0	0	0	0	0	N
Annual recurring benefits	0	0	0	37.7	50.9	64.3	81.3	95.4	107.0	N
Total annual benefits	0	0	0	37.7	50.9	64.3	81.3	95.4	107.0	N

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



Microsoft Office
Excel Worksheet

Evidence Base

Problem under consideration and rationale for intervention

Statutory Obligation

1. The UK requires all motorists to have a valid policy of third party insurance cover for use of any vehicle on the road or in a public place. This statutory requirement reflects an international obligation arising from a series of six European Union Directives on motor insurance. Rates of uninsured driving in the UK are high compared with those given for elsewhere in Europe (for example in 2004, 0.1% and 0.2% in Sweden and Germany, and 5 - 10% in Spain). We need to strengthen compliance with and enforcement of this obligation, so as to meet international obligations and to reduce the extent to which UK law is flouted.

Burden on responsible motorists

2. We also need to strengthen compliance so as to reduce an unfair financial burden on responsible motorists who do insure. The Motor Insurers Bureau (MIB) is the UK's compensation body for victims from uninsured/untraced drivers. The compensation fund is funded by a levy applied on motor insurers. In 2008, the Motor Insurers' Bureau (MIB) paid out approximately £400 million to the victims of uninsured or untraced drivers. This figure does not include a further very large sum paid out directly by insurance companies to the victims of accidents who breach their policy terms and are therefore technically uninsured. The insurers choose to make these payments rather than pay for them via a higher MIB levy; articles of Association between insurers and the MIB determine where these are paid. Altogether these payments result in a charge of about £30 on the insurance premium of every responsible motorist. The MIB also estimates that if current levels of uninsured driving continue it will require around £696 million to cover claims by 2014.

Road Safety Case

3. There is an underlying road safety case in terms of:

- the desirability of focussing on-road enforcement by the police on determined offenders (who may well be committing other offences);
- the possibility of a reduction in those killed and seriously injured in road accidents; and
- the need to complement on-road enforcement with more "preventative" measures in order to achieve long-term improvement through changed attitudes.

4. Research conducted outside the UK suggests that the uninsured are at least 5 times more likely to be involved in road collisions. MIB figures based on claims for compensation received by accident victims suggest uninsured or untraced drivers kill 160 people and injure 23,000 each year. It would be reasonable to assume that a reduction in those killed and seriously injured could result through better detection of offenders and its deterrent effect even though insurance on its own will not directly make previously uninsured drivers safer. Holding insurance may have an effect on drivers' incentives to drive safely – however we do not have evidence for this group of drivers as they are by their nature hard to observe. This is discussed further in the analysis of costs and benefits.

Background

5. In July 2004 the Government published "Uninsured Driving in the United Kingdom" a report to the Secretary of State for Transport by Professor David Greenaway of the University of Nottingham. Following wide consultation by the author and consideration of a broad range of options, the report concluded that there is no single cause of uninsured driving nor is there a single solution. Greenaway recommended that the problem of uninsured driving, to be dealt

with effectively, needed to be tackled by a variety of measures. He recommended 20 complementary actions.

6. Action has been taken to address those of Greenaway's recommendations which were accepted as feasible. For example, the Police and Serious Crime Act 2005 strengthened police access to data held by the Motor Insurers' Bureau (MIB) and police powers to seize, and ultimately destroy, a vehicle caught being used without insurance on the road.

7. Continuous Insurance Enforcement from the record (CIE) arises from Greenaway's Recommendation 17, *"Every motor insurance policy which is issued should contain information on both the insured driver(s) and the vehicle(s) they are insured to drive, in order to ensure that the relevant agencies can confidently use the MID to enforce insurance from the record".* The motor insurance industry has already invested around £60 million in improving the timeliness and data quality of the motor insurance database (the "MID"). Powers in the Road Safety Act 2006 create a new offence of being the registered keeper of a vehicle for which no valid policy of insurance is in effect. A vehicle for which there is a current Statutory Off Road Notice (SORN) is excepted from this offence.

***Current uninsured driving levels and enforcement activity*.**

8. In March 2009, an on road survey of vehicles showed that 1.6% of vehicles were being driven uninsured. Based on a comparison of the DVLA database of registered vehicles and the motor insurance industry database of insurance polices we estimate that around 4% of registered keepers are uninsured. In reality the figure is likely to be higher; there will be offenders that are neither registered nor insured and so are simply "off the radar". For modelling purposes the industry uses around 6%. The magnitude of the problem and the effectiveness of police powers to seize are indicated by the number of vehicles seized in 2007 of around 150,000, 180,000 in 2008, and again 180,000 in 2009. We believe police powers to seize a vehicle is having some impact; the MIB has seen a reduction in claims made to it of around 20% over the last 5 years. However, these figures must be seen in the context that we estimate that at least 1.4 million (4%) are potentially uninsured.

Policy Objective for enforcement from the record

9. The aim of the policy is to identify the uninsured by comparing existing information held on the DVLA database of registered vehicles and the MID which holds all policies and take follow up action. The options for follow up action taken against those deemed to be committing an offence is covered in more detail below. The policy intends to:-

- Complement the existing police powers to seize an uninsured vehicle. In 2009, around 180,000 uninsured vehicles were seized. There is every reason to believe that police on-road enforcement will continue at similar levels in future. In 2006 (latest figures) court findings of guilt for no insurance numbered 267,700. However, when these are set against the level of uninsured drivers (between 1.5 to 2 million) there remains around 1 million not being tackled. A complementary method such as enforcing from the record is needed on a scale sufficient to tackle those not detected on-road by the police and/or prosecuted under current arrangements.
- Target offenders and deter motorists from offending. Enforcement from the record means that a much higher volume of offenders can be identified from the record than can be spotted on road, and encouraged to become compliant. This means that the "soft" evader is stripped out leaving a smaller group of persistent evaders to be more effectively tackled by the same level of police resources as is currently available for on-road enforcement. The intention is also to deter motorists from becoming persistent offenders; and to deter all motorists from believing that they can avoid having valid statutory motor insurance even for a short period.

An overview of how a scheme for CIE will work

10. It is proposed that the scheme will work in practice as follows:

- A publicity and education campaign will run to raise awareness and deter motorists from driving uninsured.

- Frequent checks will be made between the DVLA's vehicles' register and the Motor Insurance Database (MID) to identify those who appear from the record to have no statutory insurance in place and for which there is no Statutory Off Road Notice in force.

- (*under option 2 the "limited" approach below*) The registered keeper will receive an advisory letter from the MIB alerting them that they appear to be uninsured and reminding them of the consequences of that.

- (*under option 3 the "full" approach below*) If no appropriate action is taken by the keeper within a given period of time, the advisory letter will be followed by enforcement action taken by the DVLA on behalf of the Secretary of State for Transport. This would involve a series of escalating enforcement action: a fixed penalty notice and fine, potentially clamping, removal and destruction of the vehicle. The ultimate sanction would be prosecution in court, but only for persistent offenders and/or those who show no clear intent to comply with this or other statutory road traffic requirements.

11. CIE builds on substantial improvements and investment made in recent years to the quality of the DVLA vehicles' register and of the MID. It also builds on recent experience of implementing Continuous Registration (CR), which has tightened the enforcement of Vehicle Excise Duty (VED) from the improved DVLA vehicle record. As an example DVLA estimates that under the CR scheme around 50% of "soft evaders" responded to the initial education and awareness campaign. In terms of revenue the CR scheme has encouraged additional revenue to the Exchequer of an extra £2.5 million per month in VED.

12. CIE differs from CR in that:

- the main beneficiaries from CIE will be the responsible motorist and (to the extent that unquantified road safety benefits accrue) all road users;
- the statutory basis differs from that for VED enforcement;
- under CR (VED enforcement) there is no initial warning letter; and
- the average insurance premium that will require to be paid in order to achieve compliance is some three times more expensive than average VED levels. It will be important to ensure that offenders are not simply encouraged to complete SORNs in order to avoid detection. This highlights the need for both preventative measures "from the record" and effective on-road enforcement.

<u>Options considered</u>

13. The following three options demonstrate the case for tackling insurance evasion through some form of enforcement from the record. Comparison figures for options 2 and 3 are contained in the section on quantified costs and benefits. Key assumptions are inevitably influenced by a number of variables such as the economic climate, or the willingness of the non compliant to comply. Assumptions made are based on best available data to date and work continues to refine figures.

Option 1 Do Nothing

14. We could continue to rely on existing measures and do nothing further – this is the base case option against which the other two options explained below are assessed. As a result of this option there would be no new implementation or running costs on the public sector. However:

- There would be no benefit in helping to meet international obligations or in improved compliance with domestic statute.
- Existing police powers to seize uninsured vehicles have an impact but rely on the vehicle being caught whilst in use on the road. With no further intervention through CIE, levels of uninsured driving would potentially rise if the vehicle park rises.
- There would be no beneficial impact on the financial demand made upon responsible motorists. The MIB estimate that with no further intervention the growth in the levy which covers uninsured claims could rise to £696 million by 2014 (see MIB levy model in Annex C) assuming no change in insurance evasion levels but an increase in the vehicle park and more drivers.
- There would be no road safety benefit, nor any help to ensure that police “on-road” activity would be focussed on the most serious offenders, and nothing would be done to alleviate any tendency for those relatively casual offenders caught by the police to drift into a "motoring underclass".
- There would be no consequential improvement in the quality/reliability of data held on the DVLA and MIB's databases, and a risk of actual deterioration (see "Risks" below).

15. In summary, if nothing is done we will have more uninsured drivers on the road, with the consequent risk to road safety and continued burden on responsible motorists.

Option 2 Identification of offenders (with no enforcement activity) - A limited approach

16. There are several ways in which a limited approach to enforcing from the record could be done.

- *Education and awareness campaign only*. This approach relies on the goodwill of offenders to comply. Continuous Registration (VED enforcement) experience suggests a short-term impact is likely to be overtaken by backsliding and a reversion to the status quo within about 1 to 2 years.
- *Education, plus identification of offenders*. Incorporates all of the above, but the approach is bolstered by checking procedures between the DVLA vehicles register and the Motor Insurance Database, the checks followed up only by informing the police of the identified offenders, and no other action. This would continue to throw the full burden of enforcement action on the police, who are already fully occupied.
- *“Compliance only” system*. Incorporates all of the above. The approach would be supported by reminders to the identified offenders, but no enforcement action by or on behalf of DVLA is taken. The same comments as above apply: the reversion to the status quo would take longer – perhaps 2 to 3 years – but at all times the full burden of enforcement would fall on the police.

17. A limited approach could have some impact on evasion levels; it could be expected that in the main some “soft evaders” may seek to become compliant. However it is difficult to quantify what the impact would be. Optimistically we may expect a similar level of compliance as if there was a “full” approach (see below) but we could not expect that to be sustained in the long term. Therefore at best we may expect some net benefit in the short term which could

cover costs. At worst, we would see no impact on evasion levels in spite of government investment in publicity and systems to identify potential offenders

18. In summary, our experience with Continuous Registration (VED enforcement) suggests that anything short of an integrated, well-publicised, and demonstrably determined approach will have only temporary effects on levels of compliance. In addition, we must be careful not to assume that the pattern of compliance under VED enforcement under the Continuous Registration scheme will be borne out in insurance evasion. A limited, single dimension approach may have minimal if any impact at all.

Option 3 An integrated compliance and enforcement system - a full approach

19. This approach would incorporate all of the features from Option 2 but bring the additional deterrent of fixed penalty fines, wheelclamping, removal and disposal of the vehicle and ultimately court prosecution. It enables strong action to be taken (from a fixed penalty to impounding and/or disposal of the vehicle) without necessarily imposing an additional burden on the courts. It delivers a strong message to motorists and it is likely to achieve greater compliance at the stage of warning motorists by letter. Experience from Continuous Registration (VED enforcement) suggests that this could be in the order of 60% of those warned but as already highlighted that are distinct differences between CR and CIE. It also shifts the focus of police attention on road to the most determined offenders.

20. Whilst this approach represents the highest cost, it delivers the greatest benefits:

- It is the only approach which is likely to improve compliance over a sustained period of time.
- It achieves the greatest benefit to the responsible motorist in redistributing their financial burden (at least £305.6 million less on the MIB levy over a 6 year period of the scheme).
- It achieves the greatest overall excess of benefit over cost (see Table 1) of the options considered. The greatest proportion of this is the value of the impact on the MIB levy.
- the cumulative benefit can be expected to cover cumulative costs within four years of commencement (see Annex A Table 1). This is even without taking account of any peak in insurance premium tax which may accrue as the uninsured seek to comply and take out motor insurance policies.
- Putting aside the potential benefit to motorists from a saving in the MIB levy, income from potential revenue from fines covers running costs by year 4 (see Annex A Table 1).

Costs and Quantified Benefits of Each Option

Incidence of costs and benefits

21. This section explains the framework for considering the costs and benefits of this policy. Under Option 2 and Option 3 there are the following impacts:

- Operating costs from exchanging information between the DVLA and the MIB
- Increased costs of enforcement
- Greater fine income is received as a result of identifying a greater number of offenders
- Some proportion of previously uninsured drivers taking out insurance policies as a result of increased enforcement, decreasing the levy that insured drivers have to cover

- Unquantifiable impacts including potential road safety benefits, more effective police enforcement, and an increase in the accuracy of the two databases being compared (these are discussed separately following the quantified impacts).

22. The policy is aimed at encouraging/getting people who are currently acting illegally to pay to act legally instead, by taking out insurance cover when previously they did not. This reduces the burden to others in society. There are several issues to consider when assessing which groups accrue the costs and benefits of such a policy and therefore how to account for the impact.

23. The increased costs of enforcement fall to the DVLA. The increase in fine income is received by government and on its own is expected to pay for the increased costs of enforcement, as tables 2 and 3 shows. This fine income is paid by uninsured drivers who do not respond to the initial warning letter. In line with Impact Assessment guidance the fines have not been counted as a benefit or cost[2] but are included in the discounted cash flow analysis showing that the enforcement schemes costs are covered by fine income alone.

24. It is expected that a proportion of drivers receiving warning letters or targeted by further enforcement action will choose to take out insurance at their own cost. For simplicity we assume:

- this insurance will cover third party risk as this is the cheapest option individuals can take to comply and,
- the insurance is actuarially fair so that the cost of all insurance policies taken out equals the expected cost of the accidents they cover[3].

The level of this predicted increase in compliance is discussed below and will reduce the MIB levy; instead of all insured drivers paying for these individuals' third party risk, the burden has now shifted to the previously uninsured drivers who have chosen to take out insurance.

25. All things being equal, the benefit of reducing the MIB levy will be matched by the cost of third party insurance to the previously uninsured. However, even if the monetary values are the same, the redistribution of the impact is expected to have some positive value insofar as legal drivers dislike bearing a burden for those illegal drivers avoiding insurance. We do not have evidence on how much this is valued. However, it is reasonable to assume that the value is no greater than the original reduction in the MIB levy itself. At the other extreme it can be argued this is just a transfer from one group of drivers to another, and hence no extra value should be placed on the redistribution of the impact. We use these two extremes as our low and high estimates, and present our central estimate as the midpoint of these two estimates.

26. Also there may be an incentive affect which causes the overall accident risk and associated costs to fall. Insurance premiums are calculated on the likelihood of accidents, including evidence on previous accidents, and hence individuals with third party insurance have a greater incentive to drive safely. If they do not their future premiums would increase following any accident claims made. This means that the overall cost of the insurance ought to be ***lower*** than the reduction in the MIB levy. Important to this assumption is that the insurance is third party; this avoids the moral hazard that individuals become more likely to suffer a loss because they are insured against it. We cannot quantify this reduction as we do not know the incentives the currently uninsured drivers face and how they would respond to the greater enforcement (by their nature this is a group which is hard to observe). This has therefore been included as a non-monetised benefit.

[2] Page 62 footnote 13, http://www.bis.gov.uk/assets/BISCore/better-regulation/docs/10-901-impact-assessment-toolkit.pdf

[3] The analysis should remain similar if some individuals choose to take out full insurance, covering their own accident costs, as the individuals expected value following insurance cover should be the same as without insurance – hence there would be no net cost or benefit. The only difference would be in the incentives newly insured drivers face to drive safely.

Cost and Quantified Benefit Summary

27. The costs and quantified benefits of options two and three are covered in the tables below. A full discounted cash flow analysis has been undertaken for options 2 and 3 and is included at Annex A. For option 3, this analysis shows that the full integrated system could be expected to break even after a 3 year period.

28. A list of assumptions is contained in Annex B. Two main assumptions to note are

- Development of systems to exchange information between the DVLA and MIB for comparison and for the MIB to issue an advisory letter has started. One off development costs so far incurred cannot be recovered. For the purposes of this impact assessment we have continued to show development costs. The underlying road safety case is set out separately because it entails unquantifiable benefits.
- We estimate that uninsured driving would reduce by around 40% from a combined police on road activity and CIE enforcement activity. The estimate is based on experience from the Continuous Registration scheme on enforcement of VED and from the impact on the reduction of claims made to the MIB since the introduction of police powers to seize vehicles with no insurance. It is difficult to be precise on the exact contribution the CIE scheme would make to the 40% reduction but it is likely to be significant given the volumes of potentially uninsured drivers the scheme can identify and its deterrent effect. For the purposes of estimating costs and benefits to the government from operating the scheme we have assumed a base level of 4% uninsured driving with a reduction over 6 years of 20% attributable to CIE for option 3.

29. We can use this financial analysis to consider the societal benefit from the policy. As discussed above the revenue from fines is not considered a cost or benefit, and the value of the reduction in the MIB levy is shown as a range. Table 1 compares the discounted costs and quantified benefits arising from the two policy options against the baseline option of do-nothing[4]. This table summarises the figures available but the full assessment must also take account of the non-quantified impacts discussed below.

Table 1: Comparative Cost/Quantified Benefit Summary of scenarios – best estimates

	Options (£million, discounted)	
	Option 2	Option 3
	Limited scope scheme (compliance only, no enforcement)	Full record-based compliance and enforcement
Reduction in MIB levy	17	760
TOTAL BENEFITS (best estimate[5])	**8**	**380**
One off development costs	13	13
Operating costs	2	65
TOTAL COSTS	**15**	**78**
NET BENEFIT	**-7**	**302**
Range of quantified impacts	-15 to 2	**-78 to 683**

Assumptions

- *Revenue from penalties and other enforcement activities is not included*

[4] See Annex A for the annual figures which underlie these totals

[5] As explained above, the reduction in the MIB levy is expected to have a value to legal motorists, but it is unknown what value. The midpoint of the full reduction and zero value has been taken as the central estimate.

- *Option 2 assumes 2% contribution from CIE in reducing the MIB levy over two years and no further costs or benefits for the 9 year appraisal period.*
- *Option 3 assumes 20% contribution which continues for the duration of the 9 year appraisal period (further details of CIE contribution to MIB levy saving in table 4).*
- *Operating costs occur over a six year period from the time the scheme goes live in 2011/12*
- *A 3.5% societal discount rate has been used*

Sensitivity analyses for option 2 and 3

30. Annual running costs are sensitive to the enforcement activity levels undertaken. Table 2 below shows the potential impact on costs from a low, medium or high level of enforcement activity.

Table 2 Sensitivity analysis for different levels of enforcement activity

	No Enforcement Activity Option 2	**Low level Enforcement activity Option 3**	**Medium level Enforcement activity Option 3**	**High level Enforcement activity Option 3**
Annual Running Costs	£1m	£4 m	£7m	£12 m
Estimated Annual Reduction in Claims	2%	7%	14%	20%
Annual fine income	£0m	£7m	£15m	£27m
Advisory Letters	1,000,000	1,000,000	1,000,000	1,000,000
Fixed Penalty Letters	×	700,000	700,000	700,000
Wheel Clamping	×	×	6,000	24,000
Court Prosecutions	×	35,000	60,000	140,000

31. The best estimate figures in this impact assessment have assumed a high level of enforcement activity and with annual running costs of £12 million per annum from year 3 onwards in the appraisal period. A lower level of enforcement activity would reduce annual running costs but we would expect the impact on reducing uninsured driving to be less. As a consequence, the benefit to motorists from the saving in the MIB levy would be less. The impact on the MIB levy is shown in Table 3.

Table 3 Potential contribution to saving in MIB levy (£ millions)

	Total	Year 1 (2011)	Year 2 (2012)	Year 3 (2013)	Year 4 (2014)	Year 5 (2015)	Year 6 (2016)
40% MIB figures for combined police and CIE enforcement	1,747.3	150.8	203.8	257.4	325.4	381.7	428.2
CIE enforcement activity scenarios							
20% (high)	873.2	75.4	101.8	128.6	162.6	190.8	214
14% (medium)	611.3	52.8	71.3	90.0	113.8	133.6	149.8
7% (low)	305.6	26.4	35.6	45.0	56.9	66.8	74.9

32. The table below compares different levels of enforcement activity and the possible impact on costs over benefits to the MIB/DVLA per annum. The analysis does not tell us there is a net benefit to the policy for the issues discussed above, but we can use this to suggest where the optimum level of enforcement activity might lie. It shows that the greatest benefit is predicted to occur with a high level of enforcement, tackling 20% of the uninsured drivers. The order of the options would stay the same when analysing the societal benefit whatever value is placed on the reduction in the MIB levy.

Table 4 enforcement activity and the possible impact on costs over benefits for first full year of operation

	7% scenario (£ millions)	14 % scenario (£ millions)	20% scenario (£ millions)
Development cost	12.0	12.0	12.0
Running costs	4.0	7.0	12.0
Total costs	16.0	19.0	24.0
Revenue	7.0	15.0	27.0
MIB levy saving	26.4	52.8	75.4
Total benefit	33.4	67.8	102.4
Net benefit	17.4	48.8	78.4

Summary of the quantified costs/benefits

33. Assuming some form of action is taken in preference to "do nothing", a limited “compliance only” approach represents least cost on financial grounds alone. However, it is unlikely to offer net benefits to society. This approach is expected to achieve a transfer benefit of £18m from individuals acting illegally to the honest motorist for a cost of £13m (table 2). It is unlikely to cause a reduction in overall accident risk as this approach has been seen in other areas to lead only to short-term changes in individual behaviour. Hence for this option to offer net benefits we would have to believe that society values the redistribution of the burden from legal to illegal motorists at almost the same value as the transfer. This is plausible; however, even in this case the benefit is only small as the impacts are not expected to continue for more than 2 years.

34. Full implementation delivers the most benefit over a sustained period of time and is therefore the preferred approach. In terms of quantified costs and benefits:

- A less rapid growth in the size of the MIB levy. The growth of the levy is subject to a number of factors other than insurance evasion levels. On best available figures, and all factors being constant, it would be reasonable to assume that the reduction would be between £266m and £760m over 6 years of the scheme. The value of this reduction is unknown, but it is reasonable to assume it has significant value. A range from £0 to £760m has been shown to illustrate this unknown, with our best estimate of £380m.
- Increased costs of enforcement of £77m, including set up costs (already incurred) of £12m and operating costs of £65m incurred over 6 years of the scheme.

35. Option 3 is also expected to have significant non-quantified benefits due to the sustained impact on compliance levels it is predicted to have. These are discussed below. As there are no

non-monetised costs we can conclude that option 3 is highly likely to be net beneficial to society, with a central quantified estimate of £302m benefits over a 9 year appraisal period. For the policy not to be beneficial we would have to believe that individuals value the redistribution of the impact from legal to illegal motorists at less than 11% of the reduction in the MIB levy. This would imply that individuals do not care much about paying an extra £30 on top of their premium to pay for uninsured drivers.

36. While insurance premium are subject to a number of variables which affect the overall cost, it would be reasonable to assume that the proportion which contributes towards uninsured driving (£30) could fall. Of those that comply, it could be expected that a proportion may SORN the vehicle and not require insurance. It is difficult to estimate what this proportion will be or indeed those that may SORN and yet continue to drive uninsured. However, we can estimate that a 40% success rate in compliance could achieve a comparable reduction in the figure of £30 to £18.

37. All details in the quantified case assume delivery of the process through DVLA for Great Britain. Northern Ireland is out of scope; vehicle registration details for Northern Ireland are currently held separately and separate regulations would be needed in Northern Ireland to bring any arrangements into effect.

38. We are currently in discussion with the insurance industry to establish the level of contribution it is willing to fund for raising awareness with the motoring public and publicity. The MIB has already committed funding at its own costs for developing systems to send an advisory letter and of its on going running costs.

The non-quantified benefits of option 2 and 3

39. In terms of non quantified benefits:

- The accuracy of the MID and DVLA databases should improve as information is compared. This will improve quality of data and better target police resources. Both MIB and DVLA have made efforts in recent years to improve the quality of data stored. The CIE process will necessarily weed out inaccurate data, and it can be tailored so that it does so without penalty to the public. Naturally, the greater the quality of data the better the success of any additional detection and enforcement activity. Better database quality will also help focus police on-road enforcement, since this is ultimately based on the same data.

Additionally for option 3

- we would expect improvements in road safety in several respects. These are set out at greater length below.
- We would expect less pressure on the workload of the courts, as cases which may currently appear before them can be tackled through the fixed penalty route.

Road safety

40. Road safety benefits, though difficult to quantify in their own right, can be foreseen under three headings.

- Focussing police on-road enforcement efforts.
- Possible reduction in those killed and seriously injured on the roads (KSIs). Any quantified benefit achieved through reduced KSIs would be additional to the benefits quantified in paragraphs 20 and 25 above.
- Complementary measures/ changed attitudes/ better education and awareness.

41. *Improved focus of police on-road enforcement.* There are two considerations:

- a method is needed to tackle the vast majority of uninsured motorists not detected on-road by the police
- current police on-road detection is relatively unfocussed. It is just as likely to bear upon the relatively casual motor insurance offender as upon the determined offender. To the extent that CIE is effective in encouraging those uninsured to comply with statutory motor insurance requirements, the focus of police activity will automatically come to be upon the relatively determined offender, who is known to be likely to be committing other offences at the same time. So CIE will lead to a more effective use of police resources.

42. *Possible reduction in KSIs.* Although reductions in road casualties in recent years are the outcome of a wide range of different factors, many of which cannot be quantified from available evidence, the Association of British Insurers (ABI) has produced evidence from members' data suggesting that the relative crash liability of uninsured drivers is high. MIB figures for 2007 based on claims for compensation received by accident victims suggest that uninsured and untraced drivers kill 160 people and injure 23,000 every year.

43. There is also evidence, for example from an Australian study using data from the Auckland Car Crash Injury Study, which indicates that uninsured drivers have significantly greater odds of a car crash injury compared to insured drivers (see Stephanie Blows et al "Car insurance and the risk of car crash injury", *Accident Analysis and Prevention,* Vol 35 (2003) pp 987-990).

44. Uninsured driving is known to be a significant problem in relation to road safety. Research shows that uninsured drivers are at least 5 times more likely to be involved in road collisions, to fail to comply with other road traffic requirements, and to be engaged in other criminal activity (see for example, Guy Holland “Uninsured drivers – A Danger on the Roads? *Insurance Trends*, Edition 41 (2004); Stephanie Blows et al article cited above). This is increasingly borne out by the practical experience of police forces.

45. There are road safety benefits if high risk people are taken out of the driving population. The estimated disbenefit to the economy of one person killed in a motoring accident is £1.6 million and of one person seriously injured is £185.2k (based on latest DfT estimates for 2007 of the value of preventing fatalities and serious injuries on the roads). On this basis, some 9 or 10 fatal casualties or 80 serious injuries would need to be prevented each year to cover estimated running costs of £15.5m per year for the CIE scheme. However, there is no evidence that CIE will have this effect - compelling somebody to drive with insurance cover does not of itself make them safer.

46. *Complementary measures, changed attitudes, better education and awareness.* There are indications in support of a strong "preventative" component to the strategy for tackling uninsured driving. Greenaway majored on the need for a programme of mutually supportive initiatives.

47. Better education and awareness should also act as a deterrent and encourage responsible behaviour by motorists and “would be” motorists. CIE will inevitably raise awareness, and it provides an opportunity for supporting activity to be undertaken through advertising and other channels. To the extent that CIE effects a change in attitudes, if only through a widespread understanding that miscreants are likely to be caught, we could reasonably hope that this might rub off in improved compliance with other motoring regulations (eg vehicle roadworthiness, driver licensing, speeding).

Assumptions and Risks for options 2 and 3

48. Annex B lists the assumptions underlying the figures presented in this document. In summary, the risks associated with the options are:

- *Correspondence* may be wrongly addressed.
- *Database inaccuracies.* No database is perfect. CIE relies on cross-checking between two very large databases, both of which are in a constant state of update.
    - Accuracy criteria in the DVLA vehicles register have been substantially improved in recent years, enabling its effective use in Vehicle Excise Duty enforcement.
    - Warning letters may be issued to keepers who do have a valid policy of insurance for the vehicle in question. The number of incorrect reminders which may be sent is determined in part by the accuracy of information held in the MID, although the process will be designed to minimise the risk of this occurring.
    - In the Motor Insurance Database, standards of accuracy and of update have been dramatically improved and are undergoing constant improvement. Any such problem should be revealed at the initial "reminder" stage when a warning letter is sent, and usually the recipient's recourse will be to the insurance company to ensure that it updates the MID rapidly and correctly.
    - Use of the database comparison to issue reminders and as a basis for enforcement action will elicit corrections, raise database quality, and thereby tighten the focus on persistent offenders.

Additionally for option 3:-

- *Displacement of evasion.* Uninsured drivers may seek to conceal their offence, for example: by taking out a Statutory Off Road Notice (SORN) and continuing to drive; by neither taxing nor SORN-ing the vehicle; by not providing DVLA with information on the current keeper. The details of the CIE process, and its integration with other enforcement activities, will need to be kept under review to help to discourage such tendencies or to adapt to them. This also highlights the complementary nature of continued police on-road enforcement.
- *Lack of adequate commitment by DVLA or by the insurance industry.* There is common interest here. The Government is committed to action to encourage safe and responsible driving and compliance with statutory requirements. The insurance industry has a similar interest in safe and responsible driving, and a commercial interest in maximising the coverage of motor insurance. The significant investment (around £50 million) already made by the insurance industry in the provision of a "fit for purpose" MID has been made on the assumption that enforcement from the record will be introduced. Any departure from that strategy runs the risk of a reduction in the level of commitment, unravelling the current process and reversing the reductions in the levels of uninsured driving already achieved.
- *Lack of credibility.* There will be a need to ensure adequate publicity (including of successful prosecutions in vexed cases). Education and awareness are a part of the overall post-Greenaway strategy, CIE is one of the "teeth" to complement such activities, and experience of continuous VED enforcement from the record emphasises the importance of complementary publicity and enforcement action. The bottom line will be that, if motorists do not comply with CIE, they incur a significant probability of being caught on the road by the police and penalised.

Review and monitoring

49. Four methods of monitoring are foreseen:

- *Changes in levels of uninsured keepership*. This can be established by running the DVLA vehicles register against the Motor Insurance Database. It should be done at least quarterly.
- *Changes in levels of uninsured driving.* This can be monitored on a statistical basis using the V79 roadside survey conducted every two years.
- *Numbers of court convictions for uninsured driving*. This can be monitored on an annual basis using Home Office statistics. But there will be roughly a two-year lag before such information becomes available because of the process of collation by the Home Office of information from police forces.
- *Changes in levels of claims by the victims.* The Motor Insurers' Bureau can supply this. It should be done on at least an annual basis. Two measures can be provided:
    - Numbers of claims. This is an absolute and accurate record of claims which will ultimately result in cost to the insurance levy. It is therefore probably the most accurate measure of the success of any campaign to reduce the level and impact of uninsured driving.
    - Amounts of money claimed or disbursed. Some caution is needed in interpreting the amounts of money, because any downward tendency resulting from the new measures may be masked by inflation. Figures will need to be compared in constant prices, stripping out the affect of inflation.

Administrative burden baseline and policy savings calculations

50. The administrative burden cost is neutral. There already exists a legal requirement for all insurers to update the MID. The additional work to the industry as evaders take out insurance to become compliant will be offset by the additional revenue the industry will receive from issuing those policies.

51. There is an impact on lease vehicle companies who decide to retain registered keepership of the vehicle but require customers to take out insurance. In the future they will be responsible for ensuring that the customer maintains insurance and are likely to want to make checks (over and above the initial check when the contract is let). We do not know how many vehicles of the 1.4 million uninsured are leased. We are currently discussing with the lease vehicle industry what their estimate for costs would be and how we can minimise that cost. The MIB plan to provide better access to the MID to allow them to check their own vehicles; based on current discussions checks would cost across the industry in the order of £200,000 per annum. However, there is a benefit to the industry in checking that customers are insured. The cost of making a MID enquiry (around £2 plus some minutes of staff time) allows the company to protect its asset (the value of the vehicle for example around £10,000) in the event of damage incurred in an accident. Therefore we consider the impact on the businesses is likely to be cost neutral, shifting the burden to those customers who previously were illegally uninsured.

Wider Impact

Specific Impact Tests

52. **Competition.** The proposed measure will have no effect on competition.

53. **Small firms impact.** The proposed measure will have no effect on small firms, unless these depend upon drivers who unlawfully are the users and/or keepers of uninsured vehicles.

54. **Court costs and legal aid.** Under present arrangements, the police prosecute drivers for using a vehicle for which there is no statutory minimum third party motor insurance in force

and around 242,000 offenders are convicted per year. CIE provides an alternative to police prosecution and court action and a complement to police on-road enforcement. Therefore CIE does not add any burden on these existing channels. Under CIE the DVLA would be responsible for all enforcement action against registered keepers for having no insurance; offenders will receive a fixed penalty notice from the DVLA. The fine is not registered with the courts and there in no burden on courts to pursue offenders for non payment of a fixed penalty. Court action would remain for the most serious of offenders where proceedings are needed and will be brought by the DVLA. When possible the DVLA will link with other road traffic offences to minimise any impact on cost and time for the courts.

55. There will be cases where the registered keeper has not paid the fixed penalty fine and on which the DVLA will wish to take court action. Assuming a high level of enforcement activity, we estimate that around 140,000 cases will be prosecuted per year. A Justice Impact Test form was provided for Ministry of Justice in 2009 (attached at page 29). Following subsequent discussions with the Ministry of Justice we would expect the cost of bringing proceedings to be around £19 per case (including legal aid).

56. Longer term, CIE places an emphasis on deterrence rather than on enforcement, so it is possible that "on the road" cases detected by the police will increasingly be for the prosecution of individuals who would in any case be prosecuted for other offences.

57. **Sustainable development.** The proposed measure will have no effect on development, sustainable or otherwise.

58. **Carbon assessment.** The proposed measure is in principle carbon neutral. A reduction in road traffic collisions could have an indirect effect through reducing congestion caused by delays

59. **Other environment.** There is no environmental impact.

60. **Health impact assessment.** The health impact, if any, would be to effect a reduction in the numbers killed or seriously injured on the roads, by encouraging an awareness of the motorist's responsibility and the need (as well as the obligation) to carry third party insurance.

61. **Equality Impact .** This proposal has been screened for its likely impact (positive or adverse) on the equality groups. An Equality Impact Assessment is not considered necessary; the CIE scheme affect all motorists equally without exception. Provision is made in legislation to that an immobilisation device may not be fitted to a vehicle where a current, valid disabled person's badge is displayed. **.**

62. **Human rights.** The necessary Regulations and the procedures to implement the proposed measures will fully respect human rights.

63. **Rural proofing.** The deterrent effect on uninsured driving will apply equally in urban and in rural areas.

Annexes

Annex A

Estimated discounted cash flow for identification of offenders with no enforcement activity (option 2)

DISCOUNTED CASHFLOW STATEMENT

Option 2 **DVLA/MIB Partnership Delivery of Compliance and Enforcement**

	Total	Year 0 2008/09	Year 1 2009/10	Year 2 2010/11	Year 3 2011/12	Year 4 2012/13	Year 5 2013/14	Year 6 2014/15	Year 7 2015/16	Year 8 2016/17
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Revenue										
MIB Levy Savings	17,720	0	0	0	7,540	10,180	0	0	0	0
Total Revenue	17,720	0	0	0	7,540	10,180	0	0	0	0
DVLA Development Costs										
Exploratory work	(905)	(905)	0	0	0	0	0	0	0	0
DVLA project staff	(806)	0	(335)	(369)	(102)	0	0	0	0	0
IBM Development- CIE	(8,118)	0	(2,706)	(5,295)	(118)	0	0	0	0	0
Initial Publicity	(3,000)	0	0	(3,000)	0	0	0	0	0	0
Total DVLA Development Costs	(12,829)	(905)	(3,041)	(8,663)	(220)	0	0	0	0	0
Total DVLA Operating Costs	(2,000)	0	0	0	(1,000)	(1,000)	0	0	0	0
Total Costs	(14,829)	(905)	(3,041)	(8,663)	(1,220)	(1,000)	0	0	0	0
Income Less Costs	2,891	(905)	(3,041)	(8,663)	6,320	9,180	0	0	0	0
Discount Factor 3.5%		1.00	1.00	1.00	0.97	0.93	0.90	0.87	0.84	0.81
Discounted revenues										
MIB Levy Savings	16,788	0	0	0	7,285	9,503	0	0	0	0
Total	**16,788**	**0**	**0**	**0**	**7,285**	**9,503**	**0**	**0**	**0**	**0**
Discounted costs										
Development costs	(12,822)	(905)	(3,041)	(8,663)	(212)	0	0	0	0	0
Operating costs		0	0	0	(966)	(934)	0	0	0	0
Total	(14,721)	**(905)**	**(3,041)**	**(8,663)**	**(1,178)**	**(934)**	**0**	**0**	**0**	**0**
Net Present Value - per year		(905)	(3,041)	(8,663)	6,107	8,570	0	0	0	0
Net Present Value - cumulative	**2,067**	(905)	(3,946)	(12,610)	(6,503)	2,067	2,067	2,067	2,067	2,067

Estimated discounted cash flow for full integrated and enforcement CIE scheme (option 3)

DVLA Continuous Insurance Enforcement Business Case
DISCOUNTED CASHFLOW STATEMENT

Option 3 **DVLA/MIB Partnership Delivery of Compliance and Enforcement**

	Total	Year 0 2008/09	Year 1 2009/10	Year 2 2010/11	Year 3 2011/12	Year 4 2012/13	Year 5 2013/14	Year 6 2014/15	Year 7 2015/16	Year 8 2016/17
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Revenue										
MIB Levy Savings	873,200	0	0	0	75,400	101,800	128,600	162,600	190,800	214,000
Fixed Penalty Revenue	84,363	0	0	0	12,128	16,170	15,445	14,240	13,528	12,852
Revenue from Prosecutions	51,896	0	0	0	7,460	9,947	9,501	8,760	8,322	7,906
Wheelclamping Fees	12,417	0	0	0	1,785	2,380	2,273	2,096	1,991	1,892
Total Revenue	1,021,876	0	0	0	96,773	130,297	155,820	187,696	214,641	236,649
DVLA Development Costs										
Exploratory work	(905)	(905)	0	0	0	0	0	0	0	0
DVLA project staff	(806)	0	(335)	(369)	(102)	0	0	0	0	0
IBM Development- CIE	(8,118)	0	(2,706)	(5,295)	(118)	0	0	0	0	0
Initial Publicity	(3,000)	0	0	(3,000)	0	0	0	0	0	0
Total DVLA Development Costs	(12,829)	(905)	(3,041)	(8,663)	(220)	0	0	0	0	0
DVLA Operating Costs										
DVLA Staff Costs	(22,511)	0	0	(252)	(3,172)	(4,019)	(3,990)	(3,768)	(3,705)	(3,606)
Stationery and Postage	(1,845)	0	0	0	(269)	(350)	(335)	(311)	(297)	(283)
Court Costs	(14,530)	0	0	0	(2,016)	(2,688)	(2,568)	(2,545)	(2,418)	(2,297)
Publicity	(13,000)	0	0	0	(3,000)	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
IT Costs (Scans)	(786)	0	0	0	(123)	(126)	(129)	(132)	(136)	(139)
System Maintenance	(1,294)	0	0	0	(200)	(206)	(212)	(219)	(225)	(232)
Wheelclamping	(19,113)	0	0	0	(2,583)	(3,530)	(3,456)	(3,266)	(3,180)	(3,097)
Total DVLA Operating Costs	(73,079)	0	0	(252)	(11,362)	(12,919)	(12,690)	(12,241)	(11,960)	(11,654)
Total Costs	(85,908)	(905)	(3,041)	(8,916)	(11,582)	(12,919)	(12,690)	(12,241)	(11,960)	(11,654)
Income Less Costs	935,968	(905)	(3,041)	(8,916)	85,191	117,378	143,130	175,455	202,681	224,995
Discount Factor 3.5%	1.00	1.00	1.00	1.00	0.97	0.93	0.90	0.87	0.84	0.81
Discounted benefits										
MIB Levy Savings	760,306	0	0	0	72,850	95,031	115,990	141,697	160,648	174,089
Total	**760,306**	**0**	**0**	**0**	**72,850**	**95,031**	**115,990**	**141,697**	**160,648**	**174,089**
Discounted costs										
Development costs	(12,822)	(905)	(3,041)	(8,663)	(212)	0	0	0	0	0
Operating costs	(64,954)	0	0	(252)	(10,978)	(12,060)	(11,446)	(10,667)	(10,070)	(9,480)
Total	**(77,776)**	**(905)**	**(3,041)**	**(8,916)**	**(11,190)**	**(12,060)**	**(11,446)**	**(10,667)**	**(10,070)**	**(9,480)**
Net Present Value	682,530	(905)	(3,041)	(8,916)	61,660	82,971	104,544	131,029	150,578	164,609

Assumptions

- *CIE contributes towards 20% reduction in uninsured driving*
- *A high level of enforcement activity (140,000 prosecution cases per year)*

Cost breakeven analysis based on full implementation of CIE (Option 3)

The table below presents the estimated monetary impacts of option 3. This analysis is a cash flow analysis for the organisations affected and allows us to consider whether the new system of enforcement is effective by looking at how long it would take to 'break-even' from the perspective of the enforcement authorities and the MIB. As explained above this does not imply a societal benefit, but does tell us that individuals acting illegally should end up paying for the increased costs of enforcement, even before assuming any benefit from the reduction in honest motorists premiums (as can be seen from the revenue line exceeding the costs line). Table 2 shows the potential for a full integrated and compliance and enforcement system to break even within a 3 year period.

Table 1: Full CIE: Costs and quantified benefits to Year 4, undiscounted

(Excluding estimated peak in insurance premium tax*)

	Year 0 (£million)	Year 1 (£million)	Year 2 (£million)	Year 3 (£million)	Year 4 (£million)
Development costs	0.9	3.0	8.6	0.2	0
Running costs	0	0	0.2	11.3	12.9
Total costs	**0.9**	**3.0**	**8.8**	**11.5**	**12.9**
Revenue	0	0	0	21.4	28.5
MIB levy saving	0	0	0	75.4	101.8
Total benefits to DVLA/MIB	**0**	**0**	**0**	**96.8**	**130.3**
Net benefit to DVLA/MIB	-0.9	-3.0	-8.8	85.3	117.4
Cumulative net benefit	**-0.9**	**-3.9**	**-12.7**	**72.6**	**189.7**

Assumptions

- *Figures based on table in Annex A £12 million annual running costs and 20% contribution to MIB levy saving*
- *MIB levy figures based on MIB estimates in Annex C*
- *Total revenue includes revenue from fixed penalties, prosecutions and wheelclamping fees. Insurance premium tax not included*
- ** As the non complaint motorists sought to become compliant and more insurance policies issued, we would expect an initial peak in insurance tax premium. However, as the tax is a percentage of the cost of the policy, once the market had adjusted to a reduction in uninsured driving, and the proportion uninsured driving contributes within the cost of the policy adjusts, the impact is likely to be neutral.*

Assumptions

Reduction in uninsured driving

1. We estimate that uninsured driving would reduce by around 40% from a combined police on road activity and CIE enforcement activity. The estimate is based on experience from the Continuous Registration scheme on enforcement of VED and from the impact on the reduction of claims made to the MIB since the introduction of police powers to seize vehicles with no insurance. It is difficult to be precise on the exact contribution the CIE scheme would make to the 40% reduction but is likely to be significant given the volumes of potentially uninsured drivers the scheme can identify and its deterrent effect. For the purposes of estimating costs and benefits to the government from operating the scheme under option 3 we have assumed a base level of 4% uninsured driving with a reduction over 6 years of 20% attributable to CIE.

Advisory letter

2. We have assumed that we will send out warning letters to 100% of the non compliant population.

Increase in compliance

3 . Of those that become compliant under the CIE scheme it has been assumed that :

- 75% will become compliant by declaring SORN, Change of Keeper of Disposal
- 20% will take out motor insurance
- 5 % will be insured but not correctly represented in the record

VED and SORN

4. 3. We have assumed that 80% of drivers who take out insurance polices as a result of CIE will purchase VED for their vehicle. This is based on our understanding that individuals who are in the licensed but uninsured category have residual VED only. We have assumed that 12 months VED will be purchased.

5. We have assumed that 60% of those declaring SORN will be entitled to a refund of 1 month's VED.

Fixed Penalty Notices

6. . We have assumed that 80% of the uninsured population will be issued with Fixed Penalty notices.

7. We have assumed that 100% of that population less those that paid the Fixed Penalty within 30 days will receive reminder letters after 56 days.

8. We have assumed that returned mail will amount to 8%.

9. Based on experience in the Continuous Registration (VED enforcement) scheme, we have assumed that 40% will pay the Fixed Penalty with 80% paying the reduced early payment of £50 and the remaining 20% paying £100.

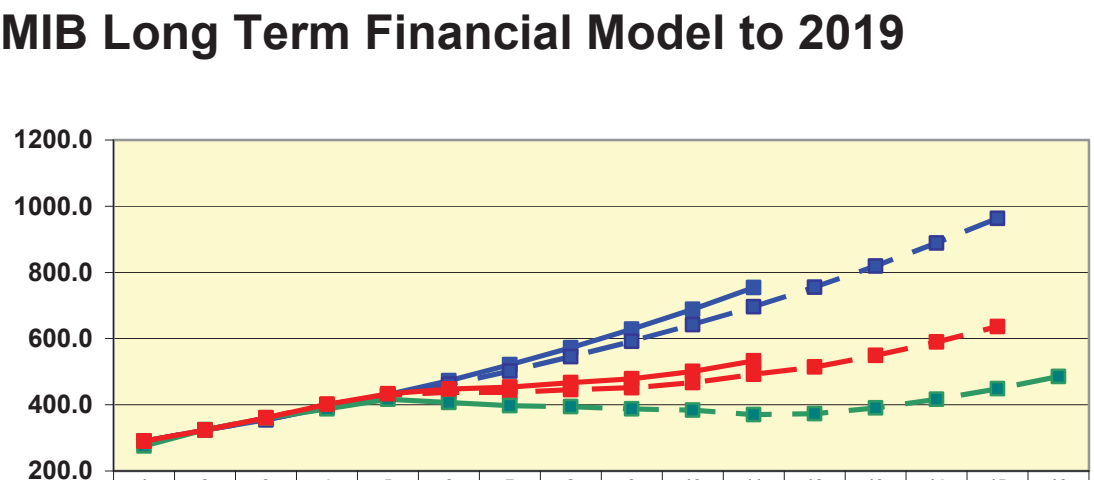
Other assumptions

10. Development costs assumptions are consistent with other PACT DVLA delivered projects.

11. We have assumed that there is an inherent latency factor (a delay between real time changes and databases being updated to reflect those changes) between databases and that it will remain unchanged.

12. Insurance premium tax at 5%. It could be expected that there would be an initial peak in insurance tax premium as the non complaint sought to become compliant and more insurance policies issued. However, as the tax is a percentage of the cost of the policy, once the market had adjusted to a reduction in uninsured driving, and the proportion uninsured driving contributes within the cost of the policy, the impact is likely to be neutral.

Reduction of burden on the responsible motorist (£'millions)



	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
2005 Original "Do Nothing"	290.3	323.6	354.6	391.4	431.3	472.9	520.9	572.4	628.0	688.4	754.3					
2005 "Do Nothing" updated 2009 with Extenal Factors change	290.3	323.6	355.2	391.3	427.0	461.7	501.9	544.9	591.3	641.5	696.0	754.9	818.9	888.3	963.5	
2005 "Realistic" updated 2009 with External Factors change	290.3	323.6	360.8	401.4	428.6	437.6	438.2	445.4	451.7	467.2	491.8	514.7	548.7	589.8	636.4	
Actual to 2010 and latest projection	275.0	325.0	360.0	388.0	417.0	407.0	397.0	394.1	387.5	384.1	370.6	373.2	390.7	416.7	448.9	485.3
2005 Original "Realistic Improvements"	290.3	323.6	360.1	401.5	432.7	447.5	453.8	466.8	478.8	500.9	533.1					

1 Long Term Financial Model – Key Variable Inputs

1.1 External Variables

The following external key variables are built into the Long Term Financial Model

- UK Vehicle Park
- Claim Frequency
- Claims Inflation
- Proportion of Uninsured vehicles
- Claim reporting patterns

The model makes original estimation of these variables and how they are likely to change over a long term horizon.

1.2 Internal Variables

The following internal key variables are built into the Long Term Financial Model

- MIB management expenses
- Claim lifecycle
- Claim leakage
- Claim settlement patterns

2 Key Outputs

The key outputs of the model are:-

- Volumes of claims
- Value of claims paid (£)
- Value of claims reserves/IBNR (£)
- Projected accounts
- Projected Levy
- Key Ratios

3 Assumptions made

Below are the key assumptions that were made at time of constructing original models in 2005:

3.1 Original 2005 "Do nothing" Model (scenario 1A)

- Vehicle Park growth of 2.5% per annum
- Level of Uninsured Motoring remains constant at 6.33%
- Administration expenses inflation remain constant a 4% per annum
- No reduction in claim lifecycle
- Claims inflation remains constant at 7% per annum
- Reduction in claims leakage from 10.6% in 2004 to a low of 6% in 2009

3.2 Original 2005 "Realistic improvements" Model (Scenario 2A)

- Vehicle Park growth of 2.5% per annum
- Level of Uninsured Motoring remains constant at 6.33% until 2007 and reduces as follows:-
    - 2008 = 5.33%
    - 2009 = 4.83%
    - 2010 = 4.33%
    - 2011 = 3.83%
- Administration expenses inflation remain constant a 4% per annum
- Claim lifecycle reduces by 3% per annum until 2010 and 7% per annum thereafter
- Claims inflation remains constant at 7% per annum
- Reduction in claims leakage from 10.6% in 2004 to a low of 5% in 2010

3.3 Original 2005 "Do nothing" Model – Updated 2009 (Scenario 1B)

Both the original "Do Nothing" and "Realistic improvements" models have been revisited in 2009 and extended from the original 2014 to 2018.

The MIB wanted to ensured that should any "External" factors have altered significantly since 2005 the original models should be updated to reflect this in order a true realistic picture of potential future Levy Savings should be shown.

The factors amended in original 2005 "Do nothing" Model in 2009 were

- Updated Vehicle park actual.
- Reduced vehicle growth from 2.55 to 1.5% per annum.

3.4 Original 2005 "Realistic improvements" Model – Updated 2009 (Scenario 2B)

As per 3.3 above the factors that were updated in 2009 in this model were:-

- Updated Vehicle Park actual.
- Reduced vehicle growth from 2.5% to 1.5% per annum.

In the last 4 years of the model no reduction in Uninsured Claims life cycle has been made to keep in line with our current projection.

3.5 Current 2010 Projection Model (Scenario 3)

In 2010 the actual performance of the last 6 years has been incorporated into the model and changes to both external and internal factors have been made to reflect at current Long term financial position,

The following factors have been updated to reflect this accordingly:-

- Vehicle Park updated to 34.5M in 2010
- Vehicle Park growth at 1.5%.
- Level of Uninsured Motoring as follows:
    - 2010 = 4.8%
    - 2011 = 4.3%
    - 2012 = 3.8%
    - 2013 = 3.4%
    - 2014 and onwards = 3.1%

  This assumes a start point as at end of 2009 of 5.1% reflecting a 20% reduction from the 6.33% start point as agreed with the DfT
- Fixed Administration expenses will remain at 4% in 2010, reducing to 0% in 2011. The rate then return to 4% in 2012 and thereafter.
- Investment income including potential recoveries from Icelandic banks will accrue as follows:-
    - 2010 = £6M
    - 2011 = £5M
    - 2012 and onwards = £2M
- Long Term claims inflation remains in model at 7%
- Claims reporting patterns altered slightly to reflect reporting patterns in last 5 years.
- Lifecycle updated to reflect current position and the following going forward
    - Uninsured and Untraced claims
        - 2010 – reduce 7.5%
        - 2011– reduce 10%
        - 2012 – reduce 5%
        - 2013 – recue 7.5%
        - 2014 onwards - 0% reduction
- Claims leakage updated with actual results and following improvement modelled:-
    - 2010 = 4.0%
    - 2011 = 3.75%
    - 2012 and onwards = 3.5%

The following table provides the number relevant to the model in £ millions

Scenario	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1a	290.3	323.6	354.6	391.4	431.3	472.9	590.9	572.4	628.0	688.4	754.3			
1b	290.3	323.6	355.2	391.3	427.0	461.7	501.9	544.9	591.3	641.5	696.0	754.9	818.9	888.3
2a	290.3	323.6	360.1	401.5	432.7	447.5	453.8	466.8	478.8	500.9	533.1			
2b	290.3	323.6	360.8	401.4	428.6	437.6	438.2	445.4	451.7	467.2	491.8	514.7	584.7	589.8
3	275.0	325.0	360.0	388.0	417.0	407.0	397.0	394.1	387.5	384.1	370.6	373.2	390.7	416.7
Saving for 3 minus 1b	15.3	-1.4	-4.8	3.3	10.0	54.7	104.9	150.8	203.8	257.4	325.4	381.7	428.2	471.5
Saving for 3 minus 2b	15.3	-1.4	0.8	13.4	11.6	30.6	41.2	51.3	64.2	83.1	121.2	141.5	158.0	173.0

Annexes

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

Annex 1: Post Implementation Review (PIR) Plan

A PIR should be undertaken, usually three to five years after implementation of the policy, but exceptionally a longer period may be more appropriate. A PIR should examine the extent to which the implemented regulations have achieved their objectives, assess their costs and benefits and identify whether they are having any unintended consequences. Please set out the PIR Plan as detailed below. If there is no plan to do a PIR please provide reasons below.

Basis of the review: The policy will be reviewed to ensure effective implementation and to establish what impact the measure is having on reducing uninsured driving.
Review objective: The purpose of the review is to identify if changes are required in operating the scheme and if so what those changes should be, and whether benefits based on current assumptions are being realised.
Review approach and rationale: In depth evaluation will be undertaken based on management information collected by the MIB and the DVLA to assess benefits realised. Discussion with relevant stakeholders will be held to identify any ropoblems in practice which require improvement or change..
Baseline: The impact of the measure will be assessed against a 4% baseline of uninsured vehicles.
Success criteria: The success criteria will be changes in the levels of uninsured keepership, changes in levels of uninsured driving on the road, changes in the levels of claims from victims from uninsured drivers, and changes in the number of court convictions for no insurance
Monitoring information arrangements: Information will be collected and monitored by the MIB and the DVLA through purpose built systems. The collection of management information includes the number of advisory letters issues by the MIB, the number of fixed penalty notices issued, monthly scans of the vehicle register database to identify number of people insuring their vehicle following enforcement action, measurement of calls to contact centres, and measurement of customer awareness.
Reasons for not planning a PIR: We will conduct a full post implementation review.

Legal Aid and Justice Impact Test

Please answer as many questions as possible on this form before you contact the Ministry of Justice (MOJ). It covers possible impacts on courts and/or Tribunals, the judiciary and legal aid. Please provide best estimates where exact figures are not yet known. Forward the completed questionnaire to the Better Regulation Unit in the Ministry of Justice using the email address: *consultation@justice.gsi.gov.uk*

If you have any queries about this form, please e-mail or telephone:
Julia Bradford: 020 7210 0669 julia.bradford@justice.gsi.gov.uk;
Gabrielle Kann: 020 7210 1326 gabrielle.kann@justice.gsi.gov.uk:

Section One – General Information

In brief, what is your proposal?

A new offence was introduced in the Road Safety Act 2006 of being a registered keeper of a vehicle with no motor insurance. Further regulations are required to bring it into force. The scheme that will support the offence, Continuous Insurance Enforcement or "CIE", will identify those uninsured by comparing the DVLA vehicle register against the motor insurance database. The DVLA will be responsible for taking enforcement action against those that do not heed warning letters sent from the insurance industry that they appear uninsured. The enforcement action they may take is a fixed penalty notice and fine of £100, wheelclamping, impounding and /or disposal of the vehicle.

What is your proposal intended to achieve, over what geographical area (e.g. England, England and Wales) and in what timescale?

CIE enables large scale detection, and subsequent enforcement, of uninsured driving from data held in existing databases. This complements current police on road detection and enforcement which relies on spotting uninsured vehicles in use. The intention is also to deter motorists from becoming persistent offenders who with CIE in place are more likely to be detected and leaving police resources to concentrate on the most serious of offenders. The regulations will cover England, Wales and Scotland. The proposed timescale is for an initial publicity campaign will commence in summer 2010 with first warning letters from the industry being sent at the beginning of 2011 and enforcement action commencing by the end of 2011.

What public commitments have been made and to whom?

The proposal for a scheme such as CIE was first made in a Government commissioned report to tackle uninsured driving in 2004 (the "Greenaway" Report). Ministerial support was given for the primary legislation to be laid in 2006 which gives powers for an offence of being a registered keeper with no motor insurance. Answers to parliamentary questions and press notices from ministers has reiterated the commitment to tackling uninsured driving through the scheme of CIE subject to consideration of a full business case.

How does the proposal change what happens now?

The police currently have powers to bring court prosecutions for no insurance for drivers they see using the vehicle on the road. They also have powers to

seize and dispose of the vehicle, or apply a fixed penalty notice. CIE identify uninsured drivers from a database comparison and will give powers to DVLA to apply a fixed penalty of £100 on the vehicle keeper, and/or wheelclamp, impound and/or dispose of the vehicle. It will also allow the DVLA to bring proceedings in court for the offence of being a registered keeper with no motor insurance if the fixed penalty is not paid . The offence of being a keeper with no motor insurance if taken to court attracts a level 3 fine; the offence does not attract penalty points on the driving licence.
Who will be affected and in what numbers?
Those that are uninsured will be affected. For details on how this will impact on courts see attached annexe A
Section Two – The impact of the proposal on the courts and/or Tribunals
Do you expect there to be an impact on the Courts Service or on the Tribunals Service (or both)? Are those impacts likely to require new IT systems and/or new forms, training or guidance for court or tribunal staff?
There will be an impact on the Courts Service and which is likely to require some guidance as the proposal involves a new offence. The process does not require new IT systems and does not change any existing forms. Based on experience of bringing cases to court under the Continuous Registration (enforcement of VED) regime we would estimate that each case, if uncontested, would take at most 5 minutes.
Do you expect more or fewer cases to come to the Courts Service or Tribunals Service as a result of the proposal?
As a result of the CIE proposals, we expect 140,000 cases per year to be heard in court diminishing over time as the measures take effect to around 120,000 cases per year. We also expect as a consequence the number of current court prosecutions brought by the police for the existing offence of the use of a vehicle on a road or public place with no insurance. However it is difficult to be precise at this stage on numbers.
Does your proposal create a new right of appeal or route to judicial review? If yes, how will these be handled? Has the use of alternative dispute resolution (ADR) procedures (including mediation, conciliation and ombudsman schemes) been considered?
The proposal does not create a new right of appeal. There will be an internal disputes procedure handled by DVLA in the case of vehicles incorrectly wheelclamped.
Section Three - The Impact of the proposal on Judges
Are you able to estimate whether your proposal will lead to a change in the number or type of judges required? If yes, please explain these changes.
There will be no need for a change in the type of judges required. DVLA will prosecute offenders in the Magistrates Courts (Sheriff Court in Scotland). Cases will be batched to ensure most effective use of court time as is already the case under the present enforcement regime for prosecutions under the Continuous Registration scheme (enforcement of no vehicle excise duty). Based on experience on prosecutions under Continuous Registration, we would expect each case under CIE would take no more than 5 minutes to hear. We do not foresee the need for additional numbers of judges.
If more judges need to be appointed, when will they be needed?
Not applicable
Are there likely to be new judicial training requirements as a result of the proposals?

Minimal training requirements may be needed so that court officials understand the nature of the new offence and when it comes into force.
Section Four – The Impact of the proposal on Legal Aid
Is your proposal likely to have an impact on Legal Aid?
The proposal may have Legal Aid implications in so far as some individuals may choose to defend themselves in court. It is difficult to be precise on numbers but again experience from Continuous Registration would suggest that numbers would be low. Individuals would have already had been warned that if they were uninsured enforcement action would be taken, and already would have received a fixed penalty notice from DVLA.
If yes, which type of legal aid is likely to be affected: i) criminal or ii) civil and family or iii) asylum?
Criminal
If yes, do you expect Legal Aid costs to increase or reduce as a result?
There may be a small increase when the scheme is initially introduced but we would expect case numbers to fall over time.

Your completed questionnaire will be considered by relevant MOJ officials to establish whether your proposals will have an impact on legal aid or other aspects of the administration of justice. If no impacts are identified this should be agreed with MOJ and then recorded on the "Complementary Impact Test" sheet of the Impact Assessment. However, if a potential impact is identified you will need agree an estimate of costs with MOJ and agree arrangements for the costs to be met.

Your contact details	
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Department	Department for Transport

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Telephone number	0207 944 8871
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