Title: Amendments to bus and coach licensing restrictions **IA No:** DfT00463 **RPC Reference No:** N/A **Lead department or agency:** Department for Transport **Other departments or agencies:** DVLA, DVSA, OTC	**Impact Assessment (IA)** **Date:** 17/08/2023 **Stage: Consultation** **Source of intervention: Domestic** **Type of measure: Secondary Legislation** **Contact for enquiries:** busandcoachdrivershortages@dft.gov.uk

Summary: Intervention and Options

RPC Opinion: Not applicable

Cost of Preferred (or more likely) Option (in 2019 prices)			
Total Net Present Social Value	**Business Net Present Value**	**Net cost to business per year**	**Business Impact Target Status**
Not quantified (NQ)	NQ	NQ	Qualifying Provision

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

The bus and coach sector have, since summer 2021, been experiencing a driver shortage. The principal cause for the shortage appears to have been the impact of the Covid-19 pandemic, for example the role being considered dangerous due to the high amount of face-to-face interaction with members of the public. A number of underlying factors have also likely contributed to causing the shortage and the slow recovery including the rate of pay and an ageing workforce. A driver shortage summit was held by DfT and the Confederation of Passenger Transport (CPT - the bus and coach sector's main representative body) on 29 November 2022. This identified 32 actions to take which might help address the driver shortage. Many of the actions identified are owned by industry who are responsible for recruiting and retaining drivers, however actions for the Government included options identified below.

What are the policy objectives and the intended effects?

To increase the number of 18-20 year old bus and coach drivers.
To reduce the number of potential bus, coach and HGV drivers, who obtain alternative employment before they obtain a provisional vocational licence.

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

Option 0: Do Nothing – a) Maintain the current restriction that 18-20 year old bus and coach drivers are unable to drive a bus or coach carrying passengers further than 50km. b) A person is still required to hold the appropriate provisional entitlement before being able to undertake the Driver Certificate of Professional Competency (DCPC) Test.
Option 1: Do minimum – A person is able to undertake all three elements of the DCPC test where the vehicle does not move.
Option 2: Remove the 50km restriction on 18-20 year old bus and coach drivers.
Option 3 (Preferred Option): As Option 2 but with the addition of allowing a person to undertake the off-road manoeuvre element of the DCPC test as well.

Will the policy be reviewed? It will be reviewed. **If applicable, set review date:** 09/2029

Does implementation go beyond minimum EU requirements?		Yes		
Is this measure likely to impact on international trade and investment?		No		
Are any of these organisations in scope?	**Micro** Yes	**Small** Yes	**Medium** Yes	**Large** Yes
What is the CO_2 equivalent change in greenhouse gas emissions? (Million tonnes CO_2 equivalent)		**Traded:** NQ	**Non-traded:** NQ	

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits, and impact of the leading options.

Signed by the responsible Minister
SELECT SIGNATORY: ..... Date: 01 March 2024

Summary: Analysis & Evidence

Policy Option 3

Description:

FULL ECONOMIC ASSESSMENT

Price Base Year 2019	**PV Base Year** 2019	**Time Period Years** N/A	**Net Benefit (Present Value (PV)) (£m)**		
			Low: NQ	**High:** NQ	**Best Estimate:** NQ

COSTS (£m)	**Total Transition** (Constant Price)	Years	**Average Annual** (excl. Transition) (Constant Price)	**Total Cost** (Present Value)
Low	NQ		NQ	**NQ**
High	NQ		NQ	**NQ**
Best Estimate	NQ		NQ	**NQ**

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

It has not been possible to monetise costs due to uncertainty about the increase in the volume of bus and coach drivers. Unit cost or per annum cost estimates have been provided where possible. The familiarisation cost per staff member (DVLA, DVSA and bus/coach operators) is estimated to range between £8.09 - £24.28. Potential additional collisions from younger bus/coach drivers are estimated to have a societal cost of £0.3m - £4.8m per annum. Insurance excesses for operators may increase by £2,500 - £5,000 per year.

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

Revoking the 50km restriction on 18-20 year old bus and coach drivers is expected to generate costs in the form of familiarisation costs (to DVLA, DVSA and bus/coach operators), potential increased road safety risks to society and increased insurance costs (to operators and other motorists). Changes to requirements for the DCPC test are expected to result in costs incurred from: updating DVSA IT systems, familiarisation costs and potentially increased insurance costs to training providers.

BENEFITS (£m)	**Total Transition** (Constant Price)	Years	**Average Annual** (excl. Transition) (Constant Price)	**Total Benefit** (Present Value)
Low	NQ		NQ	**NQ**
High	NQ		NQ	**NQ**
Best Estimate	NQ		NQ	**NQ**

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

At this stage it has not been possible to monetise benefits due to uncertainty about the magnitude of impact these proposals could have on increasing the volume of bus and coach drivers. Where possible, an estimate of unit benefits has been provided.

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

Benefits may potentially be realised through a younger and healthier workforce, reduced operating costs for bus/coach operators, fare reductions for passengers and increased service provision.

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

Sensitivity analysis has been applied mainly in the form of ranges for unit costs i.e. varying the cost per hour worked or cost per application/test. It will take staff 0.5 - 1.5 hours to familiarise themselves with updated guidance. The number of fatal or serious collisions involving young bus/coach drivers is assumed to increase by 25% or 50% from the average number of collisions over the last 10 years. To estimate increased insurance excesses, it is assumed the annual average collisions involving young bus/coach drivers doubles.

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			**Score for Business Impact Target (qualifying provisions only) £m:**
Costs: **NQ**	**Benefits:** **NQ**	**Net:** **NQ**	N/A

1.0 Policy Rationale

Policy background

1. Prior to the Covid-19 pandemic, the sector estimated that bus and coach driver vacancies typically sat at between 1-2% of the total driver compliment operators required. In 2019 there were 1.4 billion miles[1] covered by 38,400 buses[2] and 94,000 bus drivers[3]. However, in 2021, the Confederation of Passenger Transport (CPT - the main industry body which represents the bus and coach sector) estimated that there were at least a shortage of 4,000 bus and coach drivers across the UK[4].

2. Following concerns of a bus and coach driver shortage raised in July and August 2021 by operators, CPT in September 2021 began to undertake quarterly driver shortage surveys to monitor the issue[5]. Surveys undertaken over the course of the next twelve months indicated a continuing increase in the bus driver shortage, and a slight fall in the coach driver shortage. This data indicated that the bus driver shortage peaked at around 9.5% in mid-2022.

3. CPT have advised that the cause of the shortage was down to a number of factors relating to Covid which caused members of the industry to leave. For example, the role was seen as dangerous due to very high face to face interaction with the public and Covid causing many drivers, particularly older drivers to review whether they still wanted to continue to work in the sector. A number of factors including pay, shift patterns, behaviour by members of the public being carried and driver break and rest facilities (particularly access to toilets) may have also contributed to drivers leaving. Several underlying factors are also likely to be contributing to the continuing driver shortage such as an ageing workforce, issues with retention and recruitment and legacy effects of the pandemic on the labour market in general.

4. There is uncertainty over the net overall driver shortage; although CPT survey data indicates that bus and coach driver shortages have decreased from September 2022 to September 2023. Bus driver shortages decreased from 9.3% to 6.6% whilst coach driver shortages decreased from 16% to 13.6%. CPT have stated that the main factors behind this were due to improved employment terms and conditions and reduction in services and service frequency, although intelligence from the sector indicates that bus service levels have remained broadly similar since autumn 2022. Similarly, CPT have stated that the reduction in coach driver shortages was due to improved driver employment terms and conditions and a reduction in vehicle availability. Whilst it appears to have reduced by around 3.5 percentage points, if decreased vehicle availability has led to a reduced service level compared to pre-pandemic, then this fall may not be a true reflection of underlying trends.

5. There are some regional differences in driver shortages. For instance, according to CPT estimates from September 2023, the regions with the greatest bus driver shortages are the East

[1] Bus statistics data tables - GOV.UK (www.gov.uk) BUS06a

[2] Bus statistics data tables - GOV.UK (www.gov.uk) BUS02_mi

[3] Bus statistics data tables - GOV.UK (www.gov.uk) BUS07a – This figure included also includes bus conductors.

[4] https://www.cpt-uk.org/blogs/it-is-still-a-challenging-time-for-operators/ - This figure includes shortages across the UK.

[5] The CPT data is regularly provided to DfT on a quarterly basis but is unpublished and only represents those operators who responded to the survey. Coverage for earlier surveys was less complete than for more recent surveys, with around 40% of bus drivers in Great Britain covered by earlier surveys, while the most recent survey in September 2023 covered around 63%% of all drivers. As a result, comparisons over time should be made with caution, particularly when looking at data below national level.

of England, South West/West of England , Wales and London/South England, with shortages varying between 6-14%. Whereas the regions most affected by coach driver shortages are the North East, North West, London/South England and Scotland 15-23%). Bus driver shortages are lowest in the North East and North West of England (1-2-%) whilst coach driver shortages are lowest in the East of England and West of England (7-11%). It has not been possible to ascertain the underlying reasons for these regional differences, but they may relate to local labour market factors. It is expected that the consultation will help to fill this evidence gap.

6. Following a request by CPT, the Department for Transport (DfT) co-chaired a bus and coach driver shortage summit on 29 November 2022. The summit aimed to identify factors which were contributing to causing the shortage and actions that could be taken to addressing the shortage.

7. Whilst recruitment and retention of drivers is the responsibility of the industry, two possible actions were identified that government could consider:

    a. Removing the restriction on 18 to 20 year old bus and coach drivers which prevents them driving a bus or coach carrying passengers further than 50kms on a single route on a regular service

    b. That a person be able to undertake the following elements of the Driver Certificate of Professional Competence (DCPC) test ahead of being granted a provisional bus and coach driver licence:
        i. Test 1 – Theory test
        ii. Test 2 – Case study
        iii. Test 3a – Off-road exercises
        iv. Test 4 – Practical demonstration

8. The requirement for a person to be 21 or over to drive a bus or coach is set out in s.101 Road Traffic Act 1988[6]. Those aged 18 to 20 may drive a passenger carrying vehicle or coach under regulation 9 of The Motor Vehicles (Driving Licences) Regulations 1999 under certain conditions. They are that the person is not engaged in the carriage of passengers, or engaged in the carriage of passengers on a regular service over a route which does not exceed 50 kilometres or are driving a vehicle of a class included in sub-category D1, as well as further exemptions for vehicle type and the armed forces[7].

9. The Vehicle Drivers (Certificates of Professional Competence) Regulations 2007[8] (Regulation 15(4)) makes it a requirement that in order to drive a Cat D passenger carrying vehicle (bus or coach) professionally, a person requires a Certificate of Professional Competence (CPC).

10. The requirement that a person demonstrate that they hold the appropriate provisional licence before they are able to undertake any element of the DCPC test process is set down in regulation 38 of The Motor Vehicle (Driving Licences) Regulations 1999[9].

11. Amending regulation 38 of The Motor Vehicle (Driving Licences) Regulations 1999 would also automatically allow those qualifying as HGV drivers to undertake theory tests and off-road

[6] https://www.legislation.gov.uk/ukpga/1988/52/section/101

[7] https://www.legislation.gov.uk/uksi/1999/2864

[8] https://www.legislation.gov.uk/uksi/2007/605/contents

[9] https://www.legislation.gov.uk/uksi/1999/2864/regulation/38

manoeuvres tests required to gain their DCPC before being granted a provisional HGV driver entitlement and an updated provisional driving licence. As the road freight sector has for some time been experiencing a driver shortage, albeit this is now stabilising, it is not proposed that this regulation is amended in a way which restricts its application to just a person seeking to obtain their bus or coach driving licence.

12. We do not expect removing the requirement to hold a provisional licence to be able to undertake the theory, case study, practical demonstration and off-road manoeuvre elements of the DCPC test to have a significant impact on road safety. This is because these elements do not require a candidate to drive a vehicle on public highways.

13. However, permitting a person to undertake the off-road manoeuvre test ahead of being granted the appropriate provisional entitlement could result in an increased health and safety risk to the person undertaking the test and people where the off-road test is being held. This is because a person with an unassessed health condition, who would have been prevented from being able to complete any training in the first place, under current rules, may be unfit to drive large vehicles while undertaking the off-road element of the test.

14. As the test is conducted while the driver is unaccompanied and in a publicly accessible area, the test may be carried out by a person who may not be medically fit to operate large vehicles. This remains true for HGV tests which involve coupling and uncoupling exercises. This could put examiners, the public and natural and man-made objects at risk.

15. In the interests of road safety, all vocational drivers must provide details of findings of guilt, fixed penalties and cautions relating to all driving offences including drivers' hours or records, roadworthiness or loading vehicles. Where a driver is applying for a bus entitlement, they should also declare any findings of guilt, fixed penalties and cautions for offences not relating to driving offences. This is to ensure that applicants are fit to hold a licence in regard to conduct. Issues around conduct will be referred to the Traffic Commissioner to consider whether the driver is fit to hold a large goods vehicle licence (a licence including entitlement to drive goods vehicles over 7.5 tonnes) or a passenger carrying vehicle (PCV) licence.

Problem under consideration

16. The bus and coach industry put forward that the 50km restriction on 18 to 20 year old bus and coach drivers makes it difficult to employ a person of this age. This is particularly the case for coach drivers as, due to not having, or not knowing they are going to have a sufficient amount of work below 50km, it is challenging to employ a person full time or even part time who is of this age. The result is that a person of this age who aspires to be a bus or coach driver is "lost" to the industry, as when they reach the age of 21 they do not seek to join the industry because they have already begun a career in an alternative industry or do not wish to begin their career journey again. This will be explored further during the consultation.

17. By removing the restriction that 18 to 20 year old bus and coach drivers are not able to carry passengers further than 50km, it is anticipated that this will allow, in particular coach operators, to recruit individuals of this age before they are lost to the industry as a result of embarking on an alternative career path. It is anticipated that removing this restriction will have relatively little immediate benefits for bus operators in respect to being able to recruit drivers who are 18 to 20 years old. This is because many longer routes are split into smaller routes, where passengers are provided guaranteed transfers to the next service in order to be able to continue their journey.

18. There is a lack of data on the average distance of a rural or urban bus route since bus routes often overlap between rural and urban areas. However, 2019/20 statistics[10] on mileage in metropolitan and non-metropolitan areas shows that the average bus in a metropolitan area covers a shorter distance than a non-metropolitan bus. The average metropolitan bus, a proxy for an urban bus route, covers 51,000km per year whereas the average non-metropolitan bus, a proxy for a rural bus route, covers 64,000km per year, an increase of around 25%.

19. It should be noted that bus service frequency is expected to be higher in a metropolitan area, which is likely overstating the total distance and may be converging the averages. Though these statistics do not show that all urban bus routes are below 50km, it indicates that buses in urban areas are likely to travel shorter distances in total, which suggests that an urban bus route is less likely to exceed 50km.

20. Furthermore, the workforce is ageing; the average age of bus and coach drivers is currently 52 and has increased since 2009. Official statistics indicate that only around 10% of bus and coach drivers are under 36, and therefore it is likely that an even smaller proportion will be under 21[11]. Data from the ONS 3-year Annual Population Survey, covering 2020-2022[12], suggests that 18 to 20 year olds are likely to represent less than 1% of all bus/coach drivers (although this is based on a small sample size and should be treated with caution).

21. The bus and coach sectors put forward that they are losing potentially 1,600 bus and coach drivers annually[13] before a decision has been made on their provisional entitlement. The Driver and Vehicle Licensing Agency (DVLA) aims to process all standard vocational licence applications in 5 working days; any COVID-19 backlog has been cleared since February 2022. More complex cases due to medical or driver conduct investigations, may take longer. CPT accept that a proportion of the 1,600 people who cannot meet the medical or conduct standards leave the industry before a licensing decision is made. However, CPT argue that those applicants who would eventually be granted an entitlement after investigations, would not be lost if DCPC tests were able to be undertaken without requiring a provisional entitlement in the first instance.

22. Since February 2022 DVLA have been processing most standard vocational applications within 5 days.

23. By removing the restriction that a person be required to present their provisional licence to undertake the theory, case study, off-road exercises and practical demonstration elements of the DCPC test this will allow a person to begin their journey to obtaining their DCPC ahead of a decision being made by the DVLA as to whether they will be granted the appropriate provisional entitlement. By permitting this, it is anticipated this will contribute to preventing a person accepting a competing offer of employment or seeking alternative employment opportunities whilst they await a decision on their application to be granted a provisional bus/coach/HGV entitlement.

24. However, there may also be other reasons why bus and coach services may be reduced in future, for reasons excluding driver shortages (i.e. passenger demand is yet to fully recover from the Covid-19 pandemic, with published statistics showing that bus patronage in Great Britain in June/July 2023 was around 85-90% of pre-pandemic levels). This is different to the HGV sector,

[10] https://www.gov.uk/government/statistics/annual-bus-statistics-year-ending-march-2020

[11] https://www.gov.uk/government/statistics/annual-bus-statistics-year-ending-march-2022/annual-bus-statistics-year-ending-march-2022#bus-and-coach-staff-and-drivers

[12] Based on bespoke analysis of ONS Annual Population Survey 3 year dataset, 2020-2022: Employment and labour market - Office for National Statistics (ons.gov.uk)

[13] This is an industry estimate and at this stage it has not been possible to independently verify this claim, due to uncertainty about the likely counterfactual.

where the same statistics show that HGV traffic has consistently exceeded pre-pandemic levels. Conversely, the aim of the National Bus Strategy is to increase both bus demand and service levels, and having a larger potential pool of drivers to recruit from could help realise those ambitions.

25. DVLA and the Driver and Vehicle Standards Agency (DVSA) have worked with the Department extensively to manage the post pandemic HGV driver shortage and the restart of testing. The road haulage sector has welcomed their work to speed up licence processing and increasing testing capacity.

26. DVLA processing time is currently 5 working days for 90% of cases. Where the information on the medical report is not sufficient to determine whether medical standards are met, DVLA will carry out an investigation involving gathering further information from the applicant or medical professionals involved in their care.

27. The length of time taken to deal with an application that requires more investigation depends on the medical condition and if further information is required from medical professionals. Most licensing decisions are made by the DVLA without the need for an examination, however, in some circumstances, eyesight tests, medical examinations, or driving assessments are required as part of an investigation into whether a driver can meet the appropriate health standards for driving.

28. In the vast majority of cases therefore, training for theory testing and hazard perception can take place in those 5 days even if testing cannot.

Table 1: Number of provisional vocational licences applied for per annum for the last 5 years[14].

2018	2019	2020	2021	2022	2023	Total
77,455	79,759	56,509	91,166	105,692	54,253	464,834

29. It is not possible to split these figures into passenger carrying vehicles (PCV) and large goods vehicles (LGV). These figures include vocational first applications and vocational exchanges.

30. Vocational exchanges may contain transactions adding subsequent LGV/PCV Provisional Vocational Entitlement or claiming a test, it is not possible split these figures. The table below is the total number of vocational exchanges over the last 5 years.

Table 2: Number of Vocational Exchanges per annum for the last 5 years[15]

2018	2019	2020	2021	2022	2023	Total
15,640	16,493	9,332	12,538	18,738	9,513	82,254

[14] Internal DVSA data.

[15] Internal DVSA Data

Rationale for intervention

31. The bus and coach industry put forward that the 50km restriction on 18 to 20 year old bus and coach drivers makes it difficult to employ a person of this age, particularly as a coach driver due to not having, or not knowing they are going to have a sufficient amount of work on routes below 50km to employ a person full time or even part time who is of this age.

32. By removing the restriction it is anticipated that this will allow, in particular coach operators, to recruit individuals of this age before they are lost to industry as a result of embarking on an alternative career path.

33. As 18 to 20 year old HGV drivers are not subject to the 50km restriction, the proportion of drivers in this age group can be used as the nearest similar proxy to estimate the number of potential additional bus/coach drivers as a result of removing the restriction. ONS data for 2022[16] indicates that around 2.7% of HGV drivers were aged between 16 and 25[17]. Based on this, it is assumed that the proportion of 18 to 20 year old bus/coach drivers could increase from around less than 1% to around 2% (accounting for fewer than 2.7% of HGV drivers being aged 18 to20).

34. The government failure these proposals seek to overcome relates to removal of barriers to entry for potential bus and coach drivers under the age of 21. This can be perceived to have arisen from the unintended consequences of initial and subsequently amended government legislation. Presumably the original intent was to balance safety considerations with service provision, but this may not have fully accounted for the later effects on driver recruitment, and potentially on services and fares in the longer term.

35. The removal of this barrier is only possible through government removing its own regulation, with alternatives unable to achieve this. By removing this barrier, it is hoped that those of this age who wish to become bus and in particular coach drivers are able to be offered employment by operators. It is also anticipated that operators will be more able to actively seek to recruit people of this age, for example by attending college recruitment fares.

36. There is a potential equity argument as the removal of this restriction could increase the diversity of the driver workforce pool and would specifically provide a greater opportunity for younger drivers to be recruited. It would also put the bus and coach sectors on an equal footing with the road freight sector, as no such restrictions are in place for 18 to 20 year old HGV drivers.

37. If this leads to a greater number of younger people training to become bus and coach drivers, this could facilitate wider, longer-term benefits in the form of additional, and potentially, cheaper bus/coach services for passengers. Due to driver shortages, it can be assumed that the current level of bus, and in particular, coach service provision is not at the socially optimal level. Widening the pool of labour could potentially increase service provision, subject to sufficient passenger demand, and result in a better outcome for society. Anecdotal evidence suggests that post-pandemic, in general demand for leisure travel has recovered at a greater rate than commuting. Given that driver shortages in the coach sector appear to be greater than shortages in the bus sector, this could suggest that there may be suppressed demand for coach travel that is not being met. If coach operators can recruit more drivers, then they can provide a greater number of services to a more diverse range of areas, benefitting passengers. The running of additional

16 https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/adhocs/14398hgvdriversbynationalityand10yearagegroup

17 To note this is based on a small sample size and figures should be treated with caution.

coach services could also support the Government's 2050 Net Zero aim[18] as this could support mode shift from car. Widening the pool of labour also has the potential to reduce operating costs for bus and coach operators in the long-term, which may be passed onto passengers in the form of lower fares.

38. Finally, the running of additional coach services could have a number of small social benefits such as allowing a person to access alternative employment opportunities and permitting a person to undertake travel more often than they would have previously so enabling a person to feel more included and connected to society.

39. The benefit this policy proposal seeks to achieve is to prevent a person who has an existing medical condition or driver conduct matter which requires further consideration from unnecessarily not taking up a bus or coach driver role where following consideration of these matters they would be granted a provisional entitlement.

Policy objective

40. The objective of removing the 50km restriction on 18 to 20 year old bus and coach drivers is to increase the number of drivers of this age and therefore contribute to the easing of the bus and coach driver shortage.

41. The objective of removing the requirement to hold a provisional licence to be able to undertake the theory, case study, practical demonstration and off-road manoeuvre elements of the DCPC test is to enable a person to begin to acquire their DCPC licence whilst they are waiting for a decision on a medical or driver conduct matter. This may reduce the pool of prospective drivers taking up an alternative employment opportunity whilst they wait. It is anticipated that by doing this, this measure will also contribute to addressing the bus, coach and HGV driver shortage.

Options considered

42. **Option 0 – Do Nothing**
    a) 18 to 20 year old bus and coach drivers would still be restricted to driving a bus and coach carrying passengers no further than 50kms. Coach operators in particular would continue to find it difficult to employ a person of this age due to the uncertainty of the amount of work they would regularly have which a person of this age would be able to undertake.
    b) A person wishing to gain their DCPC would be required to hold the appropriate provisional licence before they are able to undertake any of the tests required to be passed in order to gain their DCPC. This could result in individuals who wish to be a bus, coach, or HGV driver still being lost to the sector due to taking up an alternative employment opportunity before a decision has been made on their provisional entitlement. Typically, 5 days in most cases.

43. **Option 1 – Do Minimum. Allow a person to undertake the theory, case study and practical demonstration elements of the CPC test without being required to hold the appropriate provisional bus, coach or HGV entitlement**
    a) 18 to 20 year old bus and coach drivers would still be restricted to driving a bus and coach carrying passengers no further than 50kms.
    b) An individual would be permitted to undertake the theory, case study and practical demonstration elements of the DCPC test without being required to hold the appropriate provisional bus, coach or HGV entitlement.

[18] https://www.gov.uk/government/publications/net-zero-strategy

44. Whilst it is accepted that implementing this measure could potentially only have a relatively small impact on addressing driver shortages, given it will allow drivers to undergo training whilst awaiting a decision on their provisional entitlement, rather than widening the pool of drivers like removing the under-21 50km driving restriction would, it is seen as part of a package of actions which need to be taken to attempt to address the bus and coach driver shortage challenge. The Department anticipates this measure would have no impact on road safety or health and safety as none of the tests involve a candidate driving the vehicle. The cost to DVSA of implementing this measure could, however, far outweigh any benefits achieved.

45. **Option 2 – Revoke the 50km restriction on 18 to 20 year old bus and coach drivers.**18 to 20 year old bus and coach drivers would be able to drive a bus or coach carrying passengers an unlimited distance in the same way a person aged 21 years or older is currently able to do. Whilst it is accepted that implementing this measure could potentially only have a small impact on addressing driver shortages, it is seen as part of a package of actions which need to be taken to attempt to address the driver shortage challenge. It would also address a perceived discrepancy between the age at which a person can drive an HGV (18 with no restrictions) and a bus and coach. It could also have a longer-term benefit of lowering the average age of bus and coach drivers which is currently 52 and has increased since 2009.

46. **Option 3 (Preferred Option) – Revoke the 50km restriction and allow a person to undertake the theory, case study, practical demonstration and off-road exercise elements of the DCPC test without being required to hold the appropriate provisional bus, coach or HGV entitlement.**

a) 18 to 20 year old bus and coach drivers would be able to drive a bus or coach carrying passengers an unlimited distance in the same way a person aged 21 years or older is currently able to do.
b) An individual would be permitted to undertake the theory, case study, practical demonstration and off-road exercise elements of the DCPC test without being required to hold the appropriate provisional bus, coach of HGV entitlement.

47. Whilst it is accepted that implementing this measure could potentially only have a relatively small impact on addressing driver shortages, given it may only expedite the application and test process rather than widening the pool of drivers like removing the under-21 50km driving restriction would, it is seen as part of a package of actions which need to be taken to attempt to address the driver shortage challenge. The Department anticipates this measure would have no impact on road safety as none of the tests involve a candidate driving the vehicle on a public highway.

48. However, there could be an increased health and safety risk to the person undertaking the test and people where the off-road test is being held. This is because a person with an unassessed health condition, who would have been prevented from being able to complete any training in the first place, under current rules, maybe unfit to drive large vehicles while undertaking the off-road element of the test. As the test is conducted while the driver is unaccompanied and in a publicly accessible area, the test may be carried out by a person who may not be medically fit to operate large vehicles. This remains true for HGV tests which involve coupling and uncoupling exercises. This could put examiners, the public and natural and man-made objects at risk.

49. The cost to implement both options requires further consideration by DVSA in order to be monetised. It is expected that these costs would include changes required to the theory test booking system to remove the licence entitlement check for the tests in scope of the proposal. There will also be costs associated with ensuring that candidates follow the correct process and only book and take the tests they are entitled to when the check is removed; and to address any

errors, should they occur. The cost to the DVSA of implementing either of the options proposed could far outweigh any benefits achieved.

2.0 Costs and Benefits

Option 0 – Do Nothing

50. If there is no government intervention, it is possible that existing trends could continue i.e. the average age of bus and coach drivers would steadily increase. This could mean that in the medium to long-term, there may be more drivers retiring each year than joining the industry. This could mean that operators find it harder to recruit and retain drivers.

51. Operators may start planning these factors into service provision decisions and subsequently cut the frequencies of routes or remove them altogether, which would have a negative impact on passengers in terms of longer waiting times. It is also possible that fares would have to increase by more than expected if these trends led to upwards pressure on real driver wages. This would also adversely affect passengers. Both of these effects could make it more challenging to encourage people to shift from travelling by car to bus/coach, which may then make it harder to meet the Government's 2050 Net Zero aim.

52. However, due to uncertainty about the magnitude of impact these proposals could have on increasing the volume of bus and coach drivers, these impacts have not been quantified at this stage. This will be explored further during the consultation.

Option 1 – Do Minimum. Allow a person to undertake the theory, case study and practical demonstration elements of the DCPC test without being required to hold the appropriate provisional bus, coach or HGV entitlement.

53. This option may potentially only have a small impact on addressing driver shortages, given it may only expedite the application and test process rather than widening the pool of drivers.

54. As outlined above under option 0, maintaining the 50km restriction for 18 to 20 year old bus and coach drivers is likely to result in existing trends continuing, which may have adverse impacts such as reduced service provision or higher fares for passengers.

Option 2 – Revoke the 50km restriction on 18 to 20 year old bus and coach drivers.

55. Revoking the 50km restriction on 18 to 20 year old bus and coach drivers is expected to generate costs in the form of: familiarisation costs, potential increased road safety risks and increased insurance costs. Benefits may potentially be realised through a younger and healthier workforce, reduced operating costs for operators, fare reductions for passengers and increased service provision. These are outlined in further detail under option 3, in conjunction with a proposal to allow a person to undertake the theory, case study, practical demonstration and off-road exercises elements of the DCPC test without holding the required entitlement.

Option 3 - Revoke the 50km restriction and allow a person to undertake the theory, case study, practical demonstration and off-road exercise elements of the DCPC test without being required to hold the appropriate provisional bus, coach or HGV entitlement.

56. As outlined under option 2, revoking the 50km restriction on 18 to 20 year old bus and coach drivers may generate costs in the form of: familiarisation costs, potential increased road safety risks and increased insurance costs. Benefits may potentially be realised through a younger and healthier workforce, reduced operating costs for operators, fare reductions for passengers and increased service provision. Allowing a person to undertake the theory, case study, practical demonstration and off-road exercise elements of the DCPC test without being required to hold the required entitlement is expected to result in costs incurred from: updating DVSA IT systems, familiarisation costs and potentially increased insurance costs to training providers. It is expected that the majority of the costs and benefits of this option will arise from removing the 50km restriction for 18 to 20 year old bus/coach drivers, with changes to the DCPC test requirements expected to have a smaller impact.

Summary

Unmonetised Costs

- Increased road safety risk (direct)
- Increase in applications to DVLA (direct)
- Familiarisation costs to DVLA, DVSA and bus & coach operators (direct)
- Updating DVSA IT systems (direct)
- Increased driver wage costs for operators (indirect)
- Increased insurance costs for operators (indirect)
- Increased insurance costs for training providers (indirect)
- Increased insurance cost for other motorists (indirect)
- Increased number of tests required to be provided by DVSA (direct)
- Additional costs incurred by new applicants from tests (indirect)
- Impact on the Office of the Traffic Commissioner (direct)
- Indirect tax impact (fuel duty impacts) (indirect)

Unmonetised Benefits

- Reduction in operating costs for bus and coach operators (indirect)
- Reduction in bus and coach fares for passengers (indirect)
- Increased service provision for passengers (indirect)
- Environmental benefits from mode shift (indirect)
- Reduction in number of sickness absences from average age of workforce falling (direct)

Methodology summary

57. Given this is a pre-consultation stage IA, and there is limited data on the potential impacts before going out to consult with stakeholders in the sector, it has been decided to take a rigorous but proportionate approach to monetising impacts. In general, the analysis has involved attempting to estimate a range of unit costs where published data exists but has largely not estimated total costs for different impacts.

58. This is because at this stage there is a substantial amount of uncertainty over how many additional people may apply to become bus, coach or HGV drivers as a result of these proposals. However, for certain impacts such as accidents, a “what if” analytical approach has been used to illustrate the potential magnitude of impacts, and where possible these have been monetised.

Transition costs

59. For most transition costs, the analysis has used an opportunity cost (i.e. the value of the next highest valued alternative use of those resources, expressed in market prices) approach (although other estimates were derived direct from stakeholders i.e. upgrades to IT systems):

- This has largely been done by either obtaining the estimated hourly wage direct from stakeholders (DVLA/DVSA/bus operators etc) or from published Office for National Statistics (ONS) Annual Survey of Hours and Earnings (ASHE) data on the most relevant profession.
- Applied the standard non-wage labour cost uplift factor of 1.265 to account for the full opportunity cost to the employer i.e. non-wage costs are approximately 21% of total labour costs.
- Applied high level estimates on the amount of time required per staff member to familiarise themselves with the updated guidance, which has itself been based on a recent IA conducted by DfT, to arrive at an estimated cost per staff member to familiarise themselves with the updated guidance.
- However, given it is not yet possible to know the number of staff that will be required to familiarise themselves with the updated guidance, a total cost is unable to be estimated. The aim is to fill this evidence gap via further evidence derived from tailored stakeholder engagement and consultation questions relating to estimates of the number of staff that will be required to familiarise themselves with the updated guidance. Specific consultation questions are outlined under the relevant cost impact sections.

On-going costs

60. For on-ongoing costs, the analysis has attempted to quantify and monetise impacts where possible i.e. where there is published data:

- DfT Transport Analysis Guidance (TAG) estimates have been used for accident impacts (i.e. cost to society of each person who is seriously injured or killed as a result of a collision), supplemented by DfT published statistics on the likelihood that each age group is to be involved in a collision.
- As above, because at this stage there is a substantial amount of uncertainty over how many additional people may apply to become bus, coach or HGV drivers as a result of these proposals, the analysis has not attempted to estimate total costs. This evidence gap is likely to be filled via further evidence derived from the consultation questions.
- Instead, unit costs have been shown, presented in a range. For example, for costs to the bus, coach and HGV sector the analysis assumes the unit cost difference, in terms of wage costs and insurance premiums/excesses, of employing under-21 drivers instead of those aged 21 and over. These have been derived from ONS ASHE data, based on the most relevant professions and age bands, and also from engagement with operators and insurers in the sector.
- For potential costs to DVLA, DVSA and the Office of the Traffic Commissioner (OTC) arising from an increase in driver license applications and tests, the analysis uses a similar opportunity cost approach as outlined above for familiarisation costs. The analysis has not attempted to estimate total costs given the substantial amount of uncertainty over how many

additional people may apply to become bus, coach or HGV drivers as a result of these proposals. This evidence gap is likely to be filled via further evidence derived from the consultation questions. For DVSA costs it is assumed there are no net additional costs as they operate on a cost recovery basis i.e. the additional costs associated with an increase in volumes will be recovered via fees charged to applicants. DVLA do not charge for provisional vocational applications, therefore any increases in volumes will result in a net cost to DVLA, which has not been possible to monetise at this stage.

- For other costs such as the indirect tax impacts (fuel duty), a proportionate approach has been taken, and the analysis has not attempted to monetise them at this stage due to a) the lack of certainty on additional volumes and b) existing evidence suggesting that there is likely to be a fairly low degree of modal shift away from cars and onto buses and coaches as a result of these proposals.

Benefits

61. For the benefits section, a generally more qualitative approach has been adopted at this stage, but the analysis has attempted to outline which groups (mainly bus/coach operators and passengers) would see the greatest impacts and why. This approach can be justified on the following grounds:

- There is substantial uncertainty over both the short and long-term benefits of these proposals; for example, there may be a lag between implementation and the sector seeing a substantial increase in the number of people applying to become professional bus, coach or HGV drivers.
- Furthermore, these proposals should be seen as part of a package of actions which need to be taken to attempt to address the driver shortage challenge in the round. Therefore, it is hard to be certain that potential benefits to operators and passengers can be solely attributed to these proposals in isolation.
- These evidence gaps are likely to be filled via further evidence derived from the consultation.

62. The analysis has used relevant published data and evidence to justify assumptions and likely magnitude of impacts:

- For example, the analysis presents ONS ASHE data on gross median bus and coach driver wages, broken down by age bands, to illustrate the potential costs to operators of employing additional drivers and the possible impacts on average pay in the longer term.
- In terms of second-order impacts to passengers arising from a potential fall in fares and increase in services, available data and evidence from TAG and wider academia has been utilised. This includes key factors such as how price sensitive passengers are to changes in fares and the value that individuals and society place on greater access to bus and coach services.
- In terms of the potential wider societal and environmental benefits, more detailed appraisal has not been attempted at this stage. This is viewed as proportionate given the substantial degree of uncertainty. However, this has been supplemented using additional evidence from the National Travel Survey (NTS) and TAG data book to illustrate potential distributional impacts to passengers and propensity for modal shift.

Costs

Transition Costs

Familiarisation costs to DVLA, DVSA and bus & coach operators

63. The removal of these restrictions will result in a one-off familiarisation cost to DVLA, DVSA and bus & coach operators due to the time required for staff to familiarise themselves with updated guidance outlining the removal of licensing restrictions for 18 to 20-year old bus and coach drivers.

64. 2022 ONS ASHE data[19] suggests that the gross median hourly wage for administrative staff in the public sector is £13.92, which is considered to represent a suitable proxy for administrative staff in DVLA and DVSA. For bus and coach operators, the gross median hourly wage for 'other drivers and transport operatives' of £11.91 has been used as a proxy for the hourly wage of bus and coach administrative staff. These costs are then adjusted to account for recent wage inflation in the economy since 2019 by adjusting the wage by the cumulative increase in average weekly earnings for the public sector (8.8%) and private sector (12.4%) respectively[20]. These wages have then been uprated by the relevant non-wage labour cost uplift factor as recommended by TAG (1.265)[21], resulting in an hourly wage of £16.19 for administrative staff in the public sector and £13.40 for administrative staff in the bus and coach sector.

65. It is estimated that administrative staff will spend approximately 0.5-1.5 hours familiarising themselves with the updated guidance. This range is based on a recent IA conducted by DfT (0.5-1 hours)[22]; however, this range was only for vehicle owners and vehicle retailers, given this a wider range has been assumed for this IA. This results in a cost per staff member of £8.09-£24.28 for DVSA/DVLA and £6.70-£20.11 for bus and coach administrative staff (2019 prices) as seen in Table 3. Wages have also been presented in 2023 prices below in Table 4 to reflect the latest changes in inflation. This is an initial estimate and may be revised at a later stage once the proposals have been consulted on.

Table 3: Familiarisation Cost Calculations in 2019 Prices

Staff	Median Hourly Gross Wage (2022)	Wage Deflation 2019 (%)	Uplifted Wage with non-Wage Labour Cost Factor	Adjusted Wage	Cost Per Worker (0.5 Hours)	Cost Per Worker (1.5 Hours)
DVLA DVSA Admin Staff	£13.92	8.767	x1.265	£16.19	£8.09	£24.28
Bus and Coach Admin Staff	£11.91	12.405	x1.265	£13.40	£6.70	£20.11

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

[20] https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/averageweeklyearningsbysectorearn02

[21] TAG Unit A4.1, Section 2.2.4

[22] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1130666/221130_MOT_Impact_Assessment_Consultation.pdf, page 13

Table 4: Familiarisation Cost Calculations in 2023 Prices

Staff	Median Hourly Gross Wage (2022)	Wage Inflation 2023 (%)	Uplifted Wage with non-Wage Labour Cost Factor	Adjusted Wage	Cost Per Worker (0.5 Hours)	Cost Per Worker (1.5 Hours)
DVLA DVSA Admin Staff	£13.92	6.132	x1.265	£18.68	£9.34	£28.02
Bus and Coach Admin Staff	£11.91	8.073	x1.265	£16.29	£8.14	£24.43

Q 56. Compared to now, can you provide an estimate of how many additional staff members in your organisation will need to familiarise themselves with the proposed changes on the removal of the 50km restriction on 18 to 20 year olds, and the removal of the requirement to hold a DCPC before undertaking theory, case study, practical demonstration (option 1) and off road manoeuvres (option 2)?

66. The number of staff that will be required to familiarise with the updated guidance is not known, therefore the scale of magnitude cannot be monetised. However, costs are expected to be minimal as the policy intervention represents an extension to well-established and existing processes, rather than establishing a new process.

Q57. What evidence, if any do you have that shows how much time it will take for administrative staff to familiarise themselves with the updated guidance on the removal of the 50kn regular service restriction on people aged 18 to 20 years?

Q58. What evidence, if any, do you have that demonstrates how much time it will take for administrative staff to familiarise themselves with the updated test requirements, (the removal of the requirement to hold a provisional licence before undertaking the modules, option 1 or option 2)?

Updating DVSA IT systems

67. DVSA are expected to incur a one-off implementation cost of updating their IT systems including changes required to the theory test booking system to remove the licence entitlement check for the tests in scope of the proposal. There will also be costs associated with ensuring that candidates follow the correct process and only book and take the tests they are entitled to when the check is removed; and to address any errors, should they occur. At this stage, detailed discovery and assessment of the likely cost impacts has not been conducted, however DVSA suggests[23] that IT upgrades would cost at a minimum, **£0.21m** (2019 prices), excluding contingency, optimism bias, supplier management overhead or the costs releasing the changes into production. This will be explored further and updated in the final impact assessment.

[23] Indicative estimate derived from engagement with DVSA officials.

On-going Costs

Increased road safety risk

68. The removal of licensing restrictions for 18 to 20 year old bus and coach drivers may result in an increased road safety risk, particularly if there is an increase in the number of new drivers in this age cohort.

69. In Great Britain, young drivers between 17 to 24 accounted for 6% of driving licence holders but were involved in 22%[24] of fatal and serious collisions in 2021. Evidence suggests a number of different factors which may help to explain the increased risk from young male drivers including:

- Overconfidence (which comprises both an underestimation of the difficulties of a task, and an overestimation of their capabilities);
- Inexperience, and an inability to regulate their own behaviour – the prefrontal cortex, which plays a role in regulating behaviour, doesn't finish developing until around the age of 25[25];
- Optimism bias can prevent processing messaging on risk; either believing they wouldn't make the same mistake, or underestimating the risks, believing that if a collision happened, they would 'get away with it' and that death/ serious injury is something which happens to other people;
- Risky behaviours are greater when the driver perceives peer norms favour these.

70. It is estimated that the total cost to society of a fatality as a result of a road traffic crash is around £1.6m (2010 prices and values)[26]. The estimate for someone seriously injured is over £180,000 and the majority of these costs are estimated based on an individual's willingness to pay to avoid being seriously injured or killed in an accident. It should, however, be noted the number of young car driver fatalities on Britain's roads is falling: 78 young car drivers were killed in 2021, a 51% drop from 2010 (158) and an 83% drop from 1990 (448)[27]. Whilst the 2021 figure may have been affected by reduced travel, as a result of lockdowns and other pandemic-related restrictions, it is not substantially lower than 2019 when 88 young car drivers were killed.

71. However, age does not directly correlate with years of driving experience i.e. a 40 year-old driver with two years of driving experience may have the same level of risk of having an accident as a 20 year-old driver also with two years of driving experience. Around 10-20% of new drivers report at least one collision in their first six months of driving[28] [29]. However, the Department has no information on the risk posed based on either the length of time a person has held a licence and the age of a person and the length of time they have held a licence.

72. It is also uncertain whether there is a direct link between general accident rate statistics for younger drivers and those younger drivers acting in a professional capacity. DfT publishes statistics on accident rates for bus, coach and HGV drivers, broken down by age bands, but these are subject to several caveats as set out below.

[24] STATS19 data (collisions), DVLA data (driving licences)
[25] The Role of Prefrontal Cortex in Normal and Disordered Cognitive Control: A Cognitive Neuroscience Perspective | Principles of Frontal Lobe Function | Oxford Academic (oup.com)
[26] TAG data book - GOV.UK (www.gov.uk) Tab COBALT 1
[27] Reported road collisions, vehicles and casualties tables for Great Britain - GOV.UK (www.gov.uk), Table: RAS0202
[28] Driving test changes in 2017: impact evaluation research findings (publishing.service.gov.uk)
[29] [ARCHIVED CONTENT] (nationalarchives.gov.uk)

73. Table 5 below, which is based on a subset of the latest published (2021) statistics[30] on injury collisions reported by police, shows that on average around 0.5% of the fatal or serious collisions involving a bus or coach were cases where a driver was aged 17 to 20. Data from the ONS 3-year Annual Population Survey, covering 2020-2022[31], suggests that 17 to 20 year olds are likely to represent less than 1% of all bus/coach drivers (although this is based on a small sample size and should be treated with caution). While the small sample sizes involved mean that it is not possible to establish with confidence whether drivers aged under 21 are responsible for a disproportionate number of collisions, the proportion of drivers that are in this age group appears to be broadly similar to the proportion of collisions involving this age group. However, this could also reflect the fact that bus or coach drivers of that age are limited to routes of less than 50kms, rather than this demographic being more or less likely to be involved in road traffic accidents.

Table 5: Number of fatal or serious collisions (FSC) involving a Bus, Coach or HGV Young Driver

	Number of FSC collisions involving a bus or coach		**Number of FSC collisions involving an HGV**	
Year	**Bus/coach driver aged 17 to 20**	**Bus/coach driver of any age**	**HGV driver aged 17 to 20**	**HGV driver of any age**
2011	4	1,275	13	1,534
2012	6	1,230	8	1,529
2013	4	1,101	13	1,495
2014	5	1,126	6	1,491
2015	3	1,011	9	1,467
2016	5	885	11	1,311
2017	5	894	5	1,254
2018	6	893	11	1,241
2019	7	825	3	1,130
2020	3	470	6	905
2021	3	581	8	964
Average over 10 years	5	902	8	1,279
% of average which were 17 to 20 year old drivers	0.5%		0.6%	

74. In the latest year there were 3 fatal or serious collisions in 2021 which involved a bus or coach driven by someone aged 17 to 20, out of a total of 581 fatal or serious collisions involving a bus or coach (figures adjusted for changes in severity reporting by police but this is unlikely to substantially change overall trends)[32].

75. Given that the number of fatal or serious collisions involving young drivers is very small, patterns could be just fluctuations arising from this rather than a meaningful difference relative to overall bus or coach collisions.

[30] Adjusted based on STATS19 data.

[31] Employment and labour market - Office for National Statistics (ons.gov.uk), Based on bespoke analysis of ONS Annual Population Survey 3 year dataset, 2020-2022

[32] Note that in these statistics, bus or coach is any vehicle of that type, not necessarily a scheduled service. Also, whilst bus service levels remained relatively high throughout 2021, coach services and other road traffic were significantly lower during the early part of 2021 (due to lockdown and remaining pandemic restrictions lasting into summer 2021), and this may mean that accident data for this year may not be indicative of future years with no travel restrictions.

76. Furthermore, whilst TAG gives estimates for the unit cost of each additional accident in terms of each person seriously injured/fatality, there is significant uncertainty around additional volumes of road traffic accidents that may arise from these proposals. To mitigate this, the analysis has presented a range below, based on some indicative assumptions on volumes. These are partly informed by the statistics above on the number of bus and coach young driver accidents per year, as well as the fact that this increase in professional bus, coach and HGV young drivers will likely only be a small proportion of drivers overall.

Table 6: Estimated annual impact of increased fatal/serious collisions involving young bus or coach drivers, 2019 prices

	Average annual fatal or serious collisions involving a young bus or coach driver from 2011 - 2021	Number of fatal or serious collisions with a 25% increase	Number of fatal or serious collisions with a 50% increase	Additional impact from 25% increase in fatal or serious collisions	Additional impact from 50% increase in fatal or serious collisions
Volume of fatal or serious collisions involving a young bus or coach driver	5	6	8	-	-
Cost if fatal collision	£9.6m	£12.0m	£14.4m	**£2.4m**	**£4.8m**
Cost if serious collision	£1.1m	£1.3m	£1.6m	**£0.3m**	**£0.5m**

77. The impacts presented in Table 6 are based on the reported number of fatal or serious collisions involving a young bus or coach driver (aged 17 to 21) in 2021. To illustrate the potential impact of an increased road safety risk, it is assumed that annual collisions involving this age group increase by 25% or 50% from the average number of annual collisions over a 10-year period (2011-2021) and all result in either a fatality or a serious injury to inform a range. The average over a 10-year period has been used as data for the latest available year (2021) may report fewer collisions compared to previous years due to lockdowns and other pandemic-related restrictions. A 25% or 50% uplift from current collisions is considered to provide a reasonable maximum range, at this stage, due to the lack of evidence to suggest that there will be a vast increase in collisions involving professional younger bus/coach drivers.

78. If all additional collisions result in a fatality, this is estimated to cost an additional **£2.4m - £4.8m** (2019 prices) per annum. If all additional collisions result in a serious injury, this is estimated to cost an additional **£0.3m - £0.5m** (2019 prices) per annum. This range assumes service levels remain constant and the additional accidents arise from new younger drivers entering the workforce. These additional costs could be an overestimate, and this will be explored further during the consultation.

79. It should also be noted that there may be an increased road safety risk not only from the age of drivers, but also due to the size of the vehicles (buses and coaches) affected by the proposals. Larger vehicles inherently pose a greater risk to road safety (i.e. other road users) compared to smaller sized vehicles such as cars, therefore the potential risk may be greater than if the same age cohort were to drive a car. This is exacerbated by the fact that a bus/coach can carry up to approximately 80 passengers, although in reality the average bus occupancy in 2021/22 for England outside London tends to be slightly above 8 passengers at any one time, rising to 13 in

London[33]. The trend since 2021/22 has been towards rising bus occupancy levels due to a mixture of increased patronage and slightly reduced service levels.

Q19. Do you believe removing this restriction for bus/coach drivers could have a negative impact for overall road safety?

Q20. Do you believe bus and coach drivers aged 18 to 20 would have an increased or decreased risk of being involved in a road traffic accident due to driving a route above 50km?

Q23. Do you believe that a bus or coach driver, aged 18 to 20 years old, has the same level of risk of being involved in an accident compared to the same age group driving another vehicle (for example a car or motorbike)? Please explain your reasoning.

Q24. Do you believe that removing the 50km restriction on a bus or coach driver, aged 18 to 20 years old, will alter the likelihood of a person of that age being involved in an accident? Please explain your reasoning.

Q25. Do you believe that removing the 50km restriction on a bus or a coach driver, aged 18 to 20 years old, will alter the likelihood of a person of that age being involved in an accident compared to the same age group driving another vehicle (for example a car or motorbike)? Please explain your reasoning.

Q26. Do you believe that a bus or coach driver, aged 18 to 20 years old, with the same amount of driving experience as a driver aged 21+, has the same level of risk of being involved in an accident? Please explain your reasoning.

Increase in applications to DVLA

80. If there is an uplift in the number of new drivers, then there will an increase in applications to DVLA. Following engagement with DVLA, it is anticipated that it is unlikely that there will be a substantial increase in the number of applications. Provisional vocational applications are not charged a fee, therefore any increase in volumes will result in a net cost to DVLA, which has not been possible to monetise at this stage. It is possible there could be an increase in processing times, but this would likely only occur if the increase in application volumes is large and the majority of the additional applications are submitted at a similar time. This appears unlikely at this stage. DVLA have indicated that if there is a significant increase in applications, then consideration will be given to dealing with these so as to minimise any potential increase in total processing times.

81. The unit cost per additional application would be estimated based on a) an assumption on the length of time to process each application and b) the hourly wage for the staff processing the applications, derived from the most relevant proxy from ONS ASHE data.

82. The hourly wage for administrative clerks in the public sector is estimated to be approximately £13.92 per hour and is the gross median hourly wage in 2022[34]. This is also adjusted by the same methodology set out for familiarisation costs. The wage is adjusted to account for recent wage

[33] https://www.gov.uk/government/statistical-data-sets/bus-statistics-data-tables#passenger-distance-travelled-bus03 Table BUS03b

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

inflation and is also uprated by the relevant non-wage labour cost uplift factor as recommended by TAG (1.265)[35], resulting in an hourly wage of £16.19 (2019 prices).

83. At this stage, it is not possible to estimate the number of additional applications that may be received by DVLA due to the proposals. Therefore, the impact on increased applications to DVLA has not been monetised. This will be explored further through tailored stakeholder engagement.

Increased driver wage costs for operators

84. Operators may face an increase in operating costs in the form of increased total driver wage costs once the barrier to entry is removed. If people successfully apply to become drivers, this may increase the overall number of drivers employed and therefore increase total wage costs, provided positions are available.

85. Rational bus and coach operators will likely only employ additional drivers if they assess there is a high enough degree of sustained, suppressed passenger demand to justify it i.e. laying on additional bus/coach services is likely to be profitable. If this is not the case or operators are risk averse, then instead it is more likely that service levels will remain constant.

86. The extent of an increase in wage costs may be expected to be smaller if younger drivers attract a lower wage. However, ASHE data from 2021[36] suggests that there is little difference across age bands for coach and bus drivers as seen in Table 7.

Table 7: Median Annual Gross Driver Wage Across Age Bands in 2019 and 2023 Prices

Wage	Age 20 to 24	Age 25 to 29	Age 30 to 34	Age 35 to 39	Age 40 to 44	Age 45 to 49	Age 50 to 54	Age 55 to 59	Age 60 to 64
Median Annual Gross Wage (2021)	£21,804	£22,564	£24,124	£26,467	£25,404	£25,304	£24,569	£24,535	£22,171
Wage (2023 Prices)	£24,914	£25,782	£27,564	£30,242	£29,027	£28,913	£28,073	£28,034	£25,333
Wage (2019 Prices)	£19,398	£20,074	£21,462	£23,546	£22,600	£22,511	£21,858	£21,827	£19,724

[35] TAG Unit A4.1, Section 2.2.4

[36] Annual Survey of Hours and Earnings (ASHE) – estimates of annual earnings by four-digit occupation and by age group, April 2021 - Office for National Statistics (ons.gov.uk) – These wages have been multiplied by the average weekly earnings year on year increase in the private sector to account for wage inflation.

87. It should be noted that since the annual wage does not account for differences in hours worked, it is difficult to understand whether any differences are due to an "age/experience premium". However, if hours worked are similar between different age bands, this may suggest there is only a weak relationship between age/experience and wage rates in the bus and coach sector. It is not clear why this relationship is not stronger like in some other professions such as teaching[37] and it is expected the consultation can provide further evidence.

88. Table 8 shows the national minimum wage for 18 year olds and above which has been multiplied by the median number of paid hours worked (39) for bus and coach drivers. The median annual wage (in 2019 prices) for 20 to 24 year olds is £19,398, which is above the national minimum annual wage (assuming a 39 hour work week in 2019 prices) of £18,800 (£13,513 for 18 to 20 year olds and £18,367 for 21 to 22 year olds). This could suggest that operators are employing young drivers above the national minimum wage due to supply and demand dictating wages but it is possible there could be other factors affecting this. I.e. drivers "topping up" their standard wages by working additional overtime shifts, which may attract an hourly premium in order to make these shifts more attractive to staff.

Table 8: National Minimum Wage for 18 Year Olds and Above in 2019 Prices[38]

	23 and over	21 to 22	18 to 20	Under 18	Apprentice
National Minimum Wage Apr 2023	£10.42	£10.18	£7.49	£5.28	£5.28
Annual Wage (39 hour work week – 2023 prices)	£21,132	£20,645	£15,190	£10,708	£10,708
National Minimum Wage in 2019 Prices	£9.27	£9.06	£6.66	£4.70	£4.70
Annual Wage (39 hour work week - 2019 Prices)	£18,800	£18,367	£13,513	£9,526	£9,526

89. However, as stated above, a rational bus/coach operator would only employ extra drivers if it were commercially viable for them to do so i.e. it is likely that the additional passenger fare revenue from the new routes would more than offset the marginal costs incurred (including additional driver wages). Therefore, although there could be a total increase in driver wages, it is also likely that this will be offset by an increase in fare revenue for operators.

Q50. Do you agree or disagree that the:
- **50km proposal will increase operating costs for the bus/coach/HGV sectors**
- **test requirements proposal will increase operating costs for the bus/coach/HGV sectors?**

Please explain your reasoning.

Increased insurance costs for operators

[37] https://explore-education-statistics.service.gov.uk/data-tables/permalink/db57626b-ae1c-4ccc-cd6f-08db9969b0eb

[38] https://www.gov.uk/national-minimum-wage-rates

90. Recent engagement with bus/coach operators and insurance brokers has informed an assumption that substantially higher insurance premiums may not apply to younger bus/coach drivers. Instead, the higher risk is likely to be managed through higher excesses for younger drivers if they were involved in a collision compared to an older driver. As an example provided by the sector, older bus/coach drivers have been subject to a £500 excess whereas younger drivers were subject to a £1,000 excess. Given the uncertainty, we have used a range of additional excess costs between £500 to £1,000 per younger driver.

91. Based on ONS 3-year Annual Population Survey data covering 2020-22, 17 to 20 year olds likely represent less than 1% of all bus/coach drivers. As 18 to 20 year old HGV drivers are not subject to the 50km restriction, the proportion of drivers in this age group can be used as the nearest similar proxy to estimate the number of potentially additional bus/coach drivers as a result of removing the restriction. ONS data for 2022[39] indicates that around 2.7% of HGV drivers were aged between 16 and 25[40]. Based on this, it is assumed that the proportion of 18 to 20 year old bus/coach drivers could increase from around less than 1% to around 2% (assuming fewer than 2.7% HGV drivers are aged 18 to 20).

92. As referenced in Table 5, younger drivers accounted for less than 1% of total fatal or serious collisions involving a bus or coach and also likely account for less than 1% of total drivers in the sector at present. The average number of annual collisions involving younger drivers aged 17 to 20 between 2011 – 2021 is estimated to be 5. Assuming that the percentage of collisions involving younger bus/coach drivers also roughly doubles in line with the estimated number of new bus/coach drivers, it is estimated that on average there will be 10 serious or fatal collisions involving younger bus/coach drivers per year. This represents an additional 5 collisions per annum from the current average. To note, this figure may be higher if the current 50km restriction on 18 to 20 year olds is preventing accidents from occurring, however this cannot be estimated. This includes all collisions, not just those that are serious or fatal. Therefore, the estimated percentage increase in collisions for estimating the impact on insurance excesses is greater than those estimated to assess the impact of the proposals on road safety risks.

93. If the insurance excess for younger drivers is £500 - £1,000 more than the excess for a collision involving an older driver, then it is estimated that the cost impact to operators from insurance excesses would be in the region of **£2,500 - £5,000 per year.**

Q22. If the proposal to remove the 50km restriction on 18 to 20 year old bus and coach drivers was implemented, do you believe this would have a negative impact on insurance premiums for:

- **bus operators?**
- **coach operators?**
- **all drivers?**

Please explain your reasoning.

94. Furthermore, there may be barriers that would make it more difficult for younger bus/coach drivers to obtain insurance. For example, the sector has indicated cases where younger drivers were only eligible for third party insurance or could not be insured on newer vehicles i.e. where the vehicle was less than three years old. These barriers could make younger drivers less attractive to employ as the operator would have to take on the additional financial risk if a younger driver only

39 https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/adhocs/14398hgvdriversbynationalityand10yearagegroup

40 To note this is based on a small sample size and figures should be treated with caution.

covered by third party insurance was involved in a collision resulting in an injury to the driver/passengers and/or damage to the bus/coach. Also, if there is a limited range of vehicles that younger drivers can be insured on (i.e. dependent on the age of the vehicle), then this may also limit how they are operationally deployed. This potential lack of flexibility could also make younger drivers less attractive to employers.

95. Rational bus and coach operators would need to decide whether the potential additional costs of insurance excesses (and perhaps premiums) for younger drivers, plus the potential reduced flexibility of where they are deployed, would more than offset the potential additional fare revenue generated by the new services operated by these younger drivers.

Increased insurance costs for training providers

96. The proposal for including off-road testing could present a heightened health and safety risk and potentially have a disproportionate impact on smaller training providers/operators through increased insurance costs, reducing the benefits they may derive overall from the changes. However, at this stage it has not been possible to draw up estimates for these potential impacts due to a lack of data.

Q48. [In relation to the proposal to remove the requirement to hold the appropriate provisional entitlement to undertake at least some of the elements of the DCPC test] Which option in your view would have the greatest negative impact on insurance premiums? Please explain your reasoning.

Increase insurance cost for other motorists

97. An increase in younger professional drivers may potentially increase the number of drivers with limited driving experience which in turn could increase the likelihood of accidents or claims. Consequently, insurance providers may adjust their premium rates for all motorists to cover the increased risk.

Q22. If the proposal to remove the 50km restriction on 18 to 20 year old bus and coach drivers was implemented, do you believe this would have a negative impact on insurance premiums for:

- **bus operators?**
- **coach operators?**
- **all drivers?**

Please explain your reasoning.

Increased number of tests required to be provided by DVSA

98. There may be an increased cost to DVSA as a result of having to provide an increased number of theory, case study and practical demonstrations under options 1 and 3. Under option 3 there may also be costs to DVSA for an increase in the number of off-road exercise tests where these are not undertaken by delegated examiners. Whilst some of these costs would likely be recovered from drivers in the form of application/test fees, it could take longer to recover the costs from recruiting, hiring and training more examiners. DVSA have indicated it is not possible to robustly estimate these costs until more work is undertaken to understand the impact on DVSA of implementing these proposals. This may mean there is a risk that DVSA incurs additional costs in the short term.

Additional costs incurred by new applicants

99. If a greater number of people applied to become bus/coach/HGV drivers as a result of the proposals, then they would incur a cost from the fee required to undertake a test. However, it is likely that rational individuals would only apply if they perceived their chances of passing and embarking on a successful career as a bus/coach/HGV driver as being fairly high.

100. The cost to new applicants is considered to be a transfer from individuals to DVSA, where the latter would receive additional fee income. This impact has not been monetised as it has not been possible to determine the number of new applicants who would apply as a result of the proposals relative to the counterfactual.

Q15. In your view, would the proposed removal of this restriction increase or decrease the number of bus and coach driver applicants aged 18 to 20 years old?

Impact on the Office of the Traffic Commissioner

101. The proposals could also potentially impact how the Office of the Traffic Commissioner (OTC) supports Traffic Commissioners. As this stage it is not known if the proposals will impact the OTC and therefore this has not been monetised. This will be explored further through stakeholder engagement.

Indirect tax impact

102. This is an economic transfer[41] and as such would not affect the Net Social Present Value (NSPV) of these proposals.

103. This has not been monetised at this stage and is not expected to change the relative scale of impacts due to low modal shift expected from car to bus/coach. This is based on evidence highlighted further below in the benefits section, such as TAG diversion factors[42] suggesting less than a quarter of additional bus/coach trips would come from cars. Furthermore, even if there was a large absolute increase in under-21 bus and coach drivers, this would still be from a relatively low base (only around 10% of these drivers are currently under-36).

104. Lastly, it is possible that if these proposals led to an increase in bus and coach services, this would likely result in more fuel being consumed by operators (assuming they are diesel buses/coaches and not electric etc) and this may offset any reduction in fuel used as a result of fewer car trips. However, at this stage it is not possible to give estimates of the likely overall net impact, but it is possible that responses to the consultation may enable a more informed view.

Benefits

Reduction in operating costs for bus and coach operators

105. In the first instance, these proposals are expected to help address the shortage of drivers by widening the pool of prospective applicants. If the proposals incentivise additional take up of new

[41] HMT Green Book definition: Transfers (i.e. taxes/subsidies etc) pass purchasing power from one person to another and do not involve the consumption of resources. Transfers benefit the recipient and are a cost to the donor and therefore do not make society as a whole better or worse off.

[42] TAG data book - GOV.UK (www.gov.uk) Tab A1.3.3

bus/coach drivers and widens the pool of labour, then this may have a medium to longer-term impact on driver wages, which will consequently affect operating costs for bus/coach operators. Analysis based on the Bus Industry Monitoring database estimated that for a typical bus company in 2019, driver costs accounted for 41.8% of total costs[43].

106. In the short-term however it is expected that there will be no or little impact on nominal/cash driver wages due to wage rigidity. Wage rigidity is when wages are relatively insensitive to changes in supply or demand in the labour market. Wage rigidity can be due to factors such as existing employment contracts, collective bargaining with trade unions or legally binding minimum wages, rendering employers unable to cut wages in response to changes in the labour supply.

Q51. What impact would you expect that the:
- **50k proposal for bus/coach/HGV drivers would have on driver wages in the short term?**
- **test requirements proposal for bus/coach/HGV drivers would have on driver wages in the short term?**

107. Furthermore, current trends show that the average age of bus and coach drivers is increasing, and it would require a substantial inflow of younger drivers over many years to change this. It is therefore possible that there will be a significant time lag until there is a substantial widening of the pool of labour. If this were to occur, real wages of bus/coach drivers may then grow at a slower rate.

Q52. What impact would you expect that the:
- **50km proposal for bus/coach/HGV drivers would have on driver wages in the long term?**
- **test requirements proposal for bus/coach/HGV drivers would have on driver wages in the long term?**

Please explain your reasoning.

108. Benefits are likely to be higher for the bus and coach sector than the HGV sector as more training for bus is carried out by employers including at their premises. There are also more delegated test examiners for buses, which may make the off-road manoeuvres more important for the bus sector than HGVs. Many bus operators also have the ability to put candidates through the theory and case study tests due to having their own In House Theory Test Centres (IHTTCs) as well as having delegated authority to test the practical demonstration module. In addition, there are bootcamps for lorry driving, which enable licence acquisition to be planned.

Reduction in bus and coach fares for passengers

109. If operating costs fall, operators may pass some of these cost savings on to passengers in the form of lower fares. This may be separate to potential savings from lower real driver wages as outlined above. However, there are other factors that are more likely to influence changes in fares, such as the passenger demand for services and the degree of local competition.

[43] Bus Industry Performance 2020 (PDF Version) (passtrans.co.uk)

110. Consumer surplus occurs when the price a consumer pays for a good/service is less than the amount an individual is willing and able to pay. This may arise if bus/coach fares fall in real terms as then consumers may be able to take more bus/coach services with the same budget, therefore increasing their purchasing power.

111. Bus fares in England outside London, pre-pandemic (2010 to 2020), increased by around 4% per year in cash terms, and around 2% per year in real terms i.e. after accounting for general inflation in the economy[44]. ONS data suggests that coach fares have also increased in real terms since 2005, given that the data shows they have increased at a faster rate of inflation than the Consumer Price Index measure over that same period[45]. However, most of the increase in coach fares has been since 2017.

112. Some operators may not pass on operating cost savings to passengers in the form of lower fares, leading to an increase in profits. A rational operator would assess whether maintaining their current prices would outweigh the profits from reducing fares to increase consumer demand. Coach operators are less likely to maintain their fares given that passengers are often more price sensitive and coach operators may face more direct competition at route level, unlike for buses. Empirical evidence suggests that passengers are more price sensitive for longer distance rural journeys and for leisure journeys in general (for example some estimates from academic literature[46] suggest that the price elasticity of demand for leisure services tends to be nearer 1 i.e. if a real fare reduced by 10%, it might be expected that demand may increase by 5-10%). People also tend to be more price sensitive in the long-term than the short-term. This would suggest that easing the 50km restriction could have a bigger impact than other measures (if it results in a reduction in fares). However, emerging data from £2 fare cap evaluation suggests that increases in demand have been greater in urban areas even though baseline fares are lower there[47].

113. At this stage it has not been possible to quantify the total consumer surplus/savings to bus/coach passengers due to uncertainty relating to the increase in the number of bus/coach drivers and second-order impacts. This will be explored further in the consultation.

Q53. Do you agree or disagree with the statement that the:
- **50km proposal will decrease bus/coach fares?**
- **test requirements proposal will decrease bus/coach fares?**

Please explain your reasoning.

Increased service provision for passengers

114. If the supply of drivers increases then so may service provision over time, however there is not likely to be a substantial impact for buses. This is because many longer routes are split into smaller routes as described earlier in the impact assessment, where passengers have a guaranteed transfer to another route. Internal analysis suggests that a 1% increase in the level of bus service provision could generate a societal benefit of approximately £75m (2019 prices) from journey time savings for existing passengers. It is assumed in the counterfactual that bus and coach operators will continue to "fill the gaps" through a mix of overtime undertaken from existing drivers and reducing service frequencies.

[44] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1165446/bus0415.ods
[45] https://www.ons.gov.uk/economy/inflationandpriceindices/adhocs/1379consumerpriceinflationcpiandretailpriceindexrpicoachfaredata
[46] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/719278/bus-fare-journey-time-elasticities.pdf
[47] £2 bus fare cap evaluation: interim report January 2023 - GOV.UK (www.gov.uk)

115. On coaches, these proposals may increase supply for routes with excess demand or offer lower cost alternatives to rail. Coaches are also a key part of the UK's tourism economy and enable long-distance transport connectivity across the UK. Unpublished NTS data indicates that around 80% of all coach trips, across scheduled services, commercial leisure services and private hire, are taken for leisure and education purposes. As set out in the consultation document, pre-pandemic, British people made an estimated 500 million passenger journeys by coach in the UK each year[48]. This includes all coach services (scheduled services, commercial leisure services and private hire).

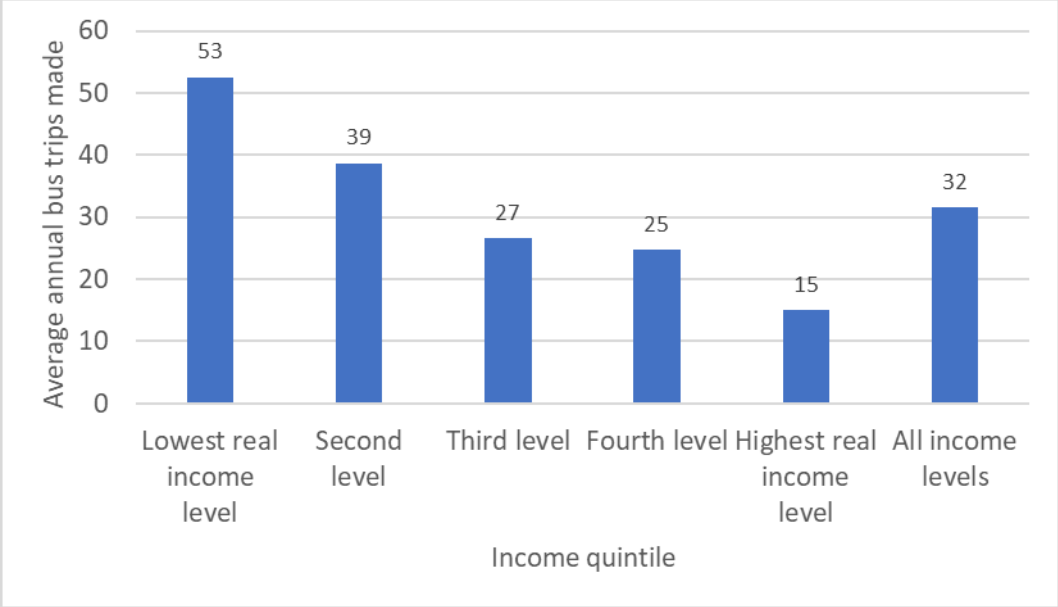
Q54. Do you agree or disagree with the service provision statement that the:
- **50km proposal will increase bus/coach service provision?**
- **test requirements proposal will increase bus/coach service provision?**

Please explain your reasoning.

116. This would likely have strong positive distributional impacts given that, according to pre-pandemic NTS published data, people from lower income households are less likely to own a car and be more frequent bus passengers[49]. It is likely that similar trends would apply for coach passengers given that average fares tend to be cheaper than rail fares and journey times are longer.

117. Evidence shows that pre-pandemic, in 2019, people from lower income households used the bus around 3 times more than the highest income users[50], with this trend continuing post-pandemic.

Figure 1: Bus trips in 2019 split by income quintiles



Environmental benefits from mode shift

[48] https://www.cpt-uk.org/media/5qiagic1/coach-strategy-full-strategy-document.pdf

[49] https://www.gov.uk/government/statistical-data-sets/nts07-car-ownership-and-access. Whilst there are lower sample sizes since 2020, and the sample size for the category of 'non-local bus' (which includes coach travel) is too small for robust analysis, table 0705 shows that prior to the pandemic, people in lower income quintiles were more likely to use all kinds of bus.

[50] Travel by vehicle availability, income, ethnic group, household type, mobility status and NS-SEC - GOV.UK (www.gov.uk). Table: NTS0705

118. Modal shift from cars to buses/coaches is expected to be small and will be dependent on other factors such as removing barriers to entry to the industry, which could reduce real driver wages and lower fares/increase service provision in the medium to long-term – these are expected to have marginal impacts. Evidence from the £2 Bus Fare Cap scheme evaluation found that 10% of survey respondents reported using the bus more since the scheme was introduced, however those making additional bus journeys were likely to be existing bus users and making a small number of additional trips[51]. Recent NTS data shows that the lowest income households are the most likely group to not own a car at 38%[52]. Similar data shows that coach passengers are also less likely to own a car. Therefore, if a large proportion of bus and coach passengers are from the lowest income group (as seen in Figure 1 above) and are the least likely group to own a car, it seems unlikely that there will be a substantial modal shift from cars.

Q55. Overall, do you think that the impacts of these proposals would encourage or discourage people to switch from cars to:

- **Bus?**
- **Coaches?**

Please explain your reasoning.

119. Furthermore, evidence from the TAG Databook suggests that only a small proportion of additional bus and coach trips are derived from modal shift from cars (approximately 24 out of every 100 additional bus trips generated)[53]. Given average car occupancy is above 1.5[54], this further reduces the potential for substantial modal shift.

Table 9: Bus Diversion Factors by Recipient/Source Mode (TAG Data Book)

Recipient/source mode	National weighted mean	Metropolitan	Metropolitan (no light rail)	Metropolitan commute	Urban-conurbation
car	0.24	0.25	0.3	0.3	0.29
rail	0.11	0.11	0.14	0.07	0.1
light rail	0.16	0.18		0.25	
cycle	0.04	0.06	0.07	0.07	0.04
walk	0.14	0.18	0.22	0.14	0.26
taxi	0.12	0.1	0.12	0.07	0.13
no travel	0.19	0.12	0.15	0.1	0.17
N		94	86	19	25

Reduction in number of sickness absences from younger workforce

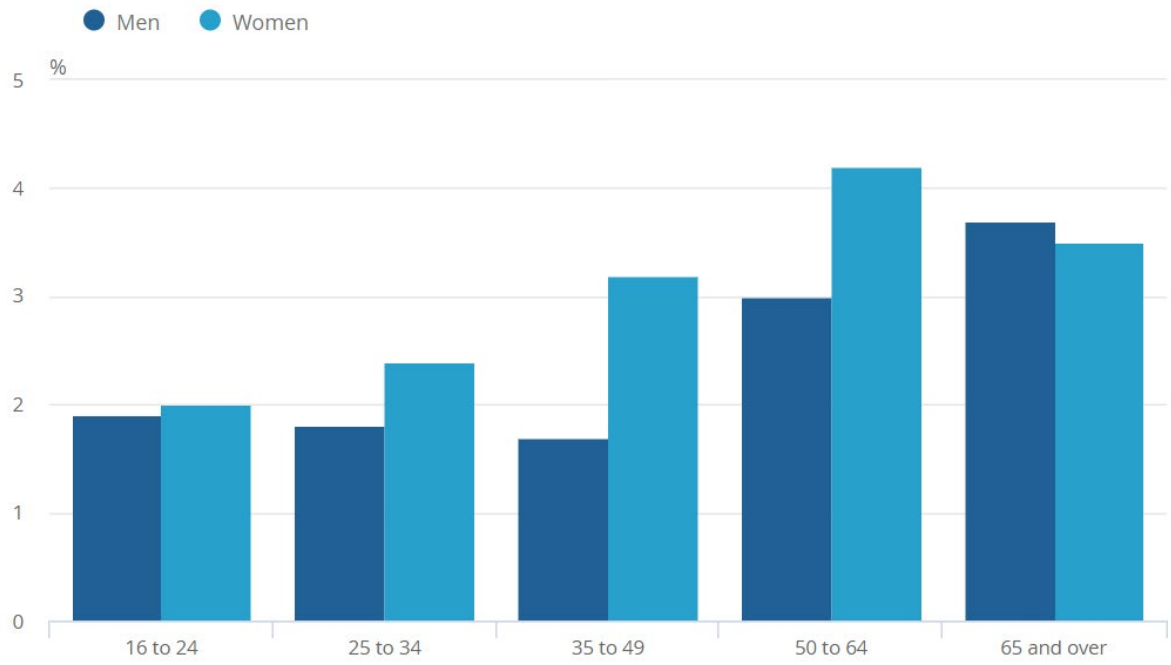
120. The proposals could also have a longer-term benefit of lowering the average age of bus and coach drivers which is currently 52 (based on 2022 data[55]) and has increased since 2009. Whilst this in itself may not have immediate benefits, a reversal of this process could have longer term benefits in terms of the diversity and resilience of workforce i.e. potentially fewer days lost to

[51] Report of 'Evaluation of the £2 bus fare cap'.
[52] Travel by vehicle availability, income, ethnic group, household type, mobility status and NS-SEC - GOV.UK (www.gov.uk) NTS0703
[53] TAG data book - GOV.UK (www.gov.uk) Tab A5.4.6
[54] TAG data book - GOV.UK (www.gov.uk) Tab A1.3.3
[55] Annual bus statistics: year ending March 2022 (revised) - GOV.UK (www.gov.uk)

sickness. This is supported by Figure 2 which shows that for the general workforce (i.e. not bus/coach sector specific), 50 to 64 year olds have a have a higher sickness absence rate than 16 to 24 year olds on average[56]. Therefore, a younger workforce may lead to a reduction in days of sickness absence and an increase in the number of services and/or an increase in the reliability of existing services.

[56] https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/labourproductivity/articles/sicknessabsenceinthelabourmarket/2022

Figure 2: Sickness absence rate by age group and sex, UK 2022



Sensitivity Analysis

121. The costs and benefits section above includes sensitivity analysis for key impacts. These have been applied mainly in the form of ranges for unit costs i.e., varying the cost per hour worked or cost per application/test. At this stage, ranges for total costs have largely not been estimated; this is due to the high level of uncertainty regarding the change in volumes of under-21 drivers as a result of these proposals.

122. The analysis includes accompanying narrative to justify the ranges applied, supplemented with relevant evidence where appropriate. In general, where there is more uncertainty and/or less evidence to justify assumptions, the low-mid-high range has been widened to illustrate this uncertainty.

3.0 Risks and unintended consequences

Revoking the 50km restriction on 18 to 20 year old bus and coach drivers

123. In Great Britain, young drivers between 17 to 24 account for 6% of driving licence holders but were involved in 22% of fatal and serious collisions (2021 figures). Evidence suggests a number of different factors which may help to explain the increased risk for young men including:

- Overconfidence (which comprises both an underestimation of the difficulties of a task, and an overestimation of their capabilities).

- Inexperience, and an inability to regulate their own behaviour – the prefrontal cortex, which plays a role in regulating behaviour, does not finish developing until around the age of 25[57];
- Optimism bias can prevent our audience from processing messaging on risk; either believing they wouldn't make the same mistake, or underestimating the risks, believing that if a collision happened, they would 'get away with it' and that death/serious injury is something which happens to other people; and
- Risky behaviours are greater when the driver perceives peer norms favour these.

124. It is uncertain whether there is a direct link between general accident rate statistics for younger drivers and those younger drivers acting in a professional capacity. DfT publishes statistics on accident rates for bus, coach and HGV drivers, broken down by age bands, but these are subject to several caveats as have been set out below.

125. A subset of the latest published (2021) statistics on injury collisions reported by police, shows that on average around 0.5% of the fatal or serious collisions involving a bus or coach were cases where a driver was aged 17 to 20. Data from the ONS 3-year Annual Population Survey, covering 2020-2022, suggests that 17 to 20 year olds are likely to represent less than 1% of all bus/coach drivers (although this is based on a small sample size and should be treated with caution). While the small sample sizes involved mean that it is not possible to establish with confidence whether drivers aged under 21 are responsible for a disproportionate number of collisions, the proportion of drivers that are in this age group appears to be broadly similar to the proportion of collisions involving this age group. However, this could also reflect the fact that bus or coach drivers of that age are limited to routes of less than 50kms, rather than this demographic being more or less likely to be involved in road traffic accidents.

126. It should, however, be noted the number of young car driver fatalities on Britain's roads is falling: 78 young car drivers were killed in 2021, a 51% drop from 2010 (158) and an 83% drop from 1990 (448).

127. However, age does not directly correlate with years of driving experience i.e. a 40 year-old driver with two years of driving experience may have the same level of risk of having an accident as a 20 year-old driver also with two years of driving experience. Around 10 to 20% of new drivers report at least one collision in their first six months of driving. However, the Department has no information on the risk posed based on either the length of time a person has held a licence and the age of a person and the length of time they have held a licence.

128. In the latest year there were 3 fatal or serious collisions in 2021 which involved a bus or coach driven by someone aged 17 to 20, out of a total of 581 fatal or serious collisions involving a bus or coach (figures adjusted for changes in severity reporting by police but this is unlikely to substantially change overall trends). However, this may be lower than other years due to lockdown and other travel restrictions suppressing travel.

129. Given that the number of fatal or serious collisions involving young drivers is very small, patterns could be just fluctuations arising from this rather than a meaningful difference relative to overall bus or coach collisions.

[57] The Role of Prefrontal Cortex in Normal and Disordered Cognitive Control: A Cognitive Neuroscience Perspective | Principles of Frontal Lobe Function | Oxford Academic (oup.com)

Allowing a person to undertake the theory, case study, practical demonstration and off-road exercise elements of the DCPC test without being required to hold the appropriate provisional bus, coach or HGV entitlement.

130. To implement such a change would require DVSA processes and IT systems to be revised. Whilst an initial estimate has been given, a fuller, more robust cost estimate needs to be explored further through the consultation.

131. Implementing this proposal would no doubt result in at least some individuals undertaking training and testing who would subsequently be refused a provisional bus, coach or HGV entitlement. This would have two impacts. Firstly, where bus operators provide training to employees in order to pass the tests required to obtain their DCPC such resource would be wasted. Where a person self-funds their driver training (which is particularly the case in relation to coach and HGV drivers) personal resources would have been wasted. Secondly where such tests are undertaken by DVSA rather than by delegated examiners this would result in DVSA resource and test slots being wasted and could contribute to waiting times to undertake such tests being longer than necessary.

132. A person with an unassessed health condition, who following consideration by DVLA would be refused the right to hold a provisional vocational licence, would have an increased risk of an accident whilst undertaking the off-road manoeuvre test and therefore could pose an increased risk to the health and safety of those at the site the test was taking place at and causing damage to buildings, wildlife and the vehicle being used to undertake the test.

133. Implementing this proposal would no doubt result in some individuals undertaking training and testing who would subsequently be refused a provisional bus, coach or HGV entitlement. This would have two impacts. Firstly, where bus operators provide training to employees in order to pass the tests required to obtain their DCPC such resource would be wasted. Industry, however, have indicated that they are prepared to accept this risk. Where a person self-funds their driver training (which is particularly the case in relation to coach and HGV drivers), personal resources would have been wasted.

134. Secondly where such tests are undertaken by DVSA this could impact DVSA as the proposal could result in an increase in resource needed to meet demand for more theory and off-road test slots, where bus, coach, HGV operators and training schools do not have their own delegated authority to conduct these tests on behalf of the DVSA. Should resource need to be diverted to address an increased demand for off-road tests, this may impact the DVSA's ability to meet obligations to wider schemes, for example, on road tests for HGV Bootcamp candidates. 83% of the off-road manoeuvres tests are assessed by delegated examiners or testers that are authorised by DVSA. The remaining tests are assessed by DVSA. The vast majority of bus and coach theory tests are conducted by operators with delegated authority; however, this is not the case for HGVs where operators and training schools are heavily reliant on DVSA services.

4.0 Wider impacts

135. The removal of the 50km restriction on 18 to 20 year old bus and coach drivers would have the potential to achieve a number of wider benefits. Firstly, the removal of this restriction could increase the diversity of the driver work pool and would specifically provide a greater opportunity for younger drivers to be recruited.

136. Secondly, it would put the bus and coach sectors on an equal footing with the road freight sector, as no such restrictions are in place for 18 to 20 year old HGV drivers.

137. Thirdly, the running of additional coach services could support the Government's 2050 Net Zero aim as this could support mode shift.

138. Fourthly, it could also have a longer-term benefit of lowering the average age of bus and coach drivers which is currently 52 and has increased since 2009. Whilst this in itself may not have immediate benefits, a reversal of this process could have longer term benefits in terms of the diversity and resilience of workforce i.e. potentially fewer days lost to sickness.

139. Finally, the running of additional bus and coach services may have a number of small social benefits such as allowing a person to access alternative employment opportunities. It may also allow a person to travel more frequently, thus enabling them to feel more included and connected to society.

140. Coaches are also a key part of the UK's tourism economy and enable long-distance transport connectivity across the UK. As set out in the consultation document, pre-pandemic, British people made an estimated 500 million passenger journeys by coach in the UK each year[58]. This includes all coach services (scheduled services, commercial leisure services and private hire). If the proposals put forward resulted in an increase in the number of coach drivers this could enable the industry to better meet demand. Where such demand was in relation to day trips to tourist attractions or holiday tours by coach within the UK this could result in local economies receiving a boost.

Innovation Test

141. Not applicable in this case.

Small and Micro Business Assessment

142. Around 80% of the English regional bus market is made up of 5 large operators, with the remaining 20% being SMEs[59]. The scheduled coach market is also dominated by two large companies (National Express and Stagecoach Megabus) although the private hire coach market is more diverse. There is less data available on the relative market share of HGV haulage operators in the UK[60].

143. It is possible that there may be an increased burden on small and medium-sized enterprises (SME) training centres if their insurance premiums were to rise. As set out above, this may occur if there is an increase in prospective drivers taking off-road training elements without having received their provisional entitlement. It would not make sense to exempt SMEs from this change, as this measure is intended to benefit these firms, so excluding them would leave them at a disadvantage.

144. The positive benefits for small and micro business are the same as for larger businesses. The potential drawbacks are also the same. However, if the proposals lead to greater benefits for bus and scheduled coach operators, this would be less likely to benefit SMEs due to the nature of

[58] https://www.cpt-uk.org/media/5qiagic1/coach-strategy-full-strategy-document.pdf

[59] https://www.stagecoachgroup.com/who-we-are/our-companies/market-share.aspx

[60] https://www.gov.uk/government/statistics/domestic-road-freight-statistics-july-2021-to-june-2022/domestic-road-freight-statistics-july-2021-to-june-2022#headline-figures

these markets. However, as an operator will still remain free to choose to employ a person aged 18 to20 and will remain free to decide as to whether to employ a person before they know whether DVLA will grant them a provisional entitlement, the level of indirect risk remains the same as it did previously.

145. Removing the 50km restriction on 18 to 20 year old bus and coach drivers could, due to the potential greater positive impact for the coach sector of this measure, result in bus drivers of this age being drawn to the coach sector. This is due to the type of vehicle being driven and the nature of the work making the role of a coach driver seem more attractive than being a bus driver.

146. Allowing a person to undertake some elements of the DCPC test prior to gaining a provisional bus, coach or HGV licence could also potentially widen the gap between those operators (in particular bus operators) who have their own training school and have delegated authority to test elements of the DCPC test and those smaller operators who do not have this capacity. This could widen the gap as smaller operators would be placed at a further disadvantage compared to large operators in this respect.

147. This assessment will be built upon through further evidence derived from the consultation.

Equalities Impact Assessment

148. At the moment this regulation directly discriminates against age (by restricting under-21 bus/coach drivers to routes less than 50km), which is a protected characteristic. If this increases service provision and/or provides lower cost alternatives for passengers, then this will likely have a disproportionate positive impact on those that rely on buses and coaches more, such as those from lower income groups, women and young people[61].

Justice Impact Test

149. Not applicable in this case.

Trade Impact

150. Not applicable in this case.

Family Test

151. The running of additional bus and/or coach services could have several small social benefits such as allowing a person to visit family or friends more frequently. This may enable them to feel more included and connected to society.

Health Impact Assessment

152. Given the average age of bus and coach drivers is currently 52 and has increased since 2009, and the role of a bus and coach driver is largely a sedentary one, any measure which results in additional younger drivers joining the profession could result in a reduction in days lost to sickness.

[61] Travel by vehicle availability, income, ethnic group, household type, mobility status and NS-SEC - GOV.UK (www.gov.uk)

Human Rights Impact

153. Not applicable in this case.

Rural Proofing

154. If these proposals led to an increase in the supply of bus and coach drivers, then this could have the potential to facilitate additional services operated in rural and less urban areas. This would likely be of particular benefit to those people without access to a car as it could make it easier for them to access an increased range of employment, educational and leisure facilities/opportunities.

Sustainable Development

155. Not applicable in this case.

Competition Assessment

156. It is unlikely that these proposals on their own will lead to a substantial increase in the supply of bus and coach drivers. Other factors such as relative wages and employee benefits are likely to be more significant factors in increasing the supply of bus and coach drivers.

157. If these proposals lead to an increase in supply of bus and coach drivers, it may put downward pressure on wages, which may remove potential barriers to entry for new operators and particularly benefit SMEs in terms of reduced operating costs. Alternatively, given that the bus and scheduled coach sector are dominated by a few large firms, it is possible that incumbent firms may engage in predatory wage setting to attract young drivers. However, since bus and especially coach passengers are price sensitive, this is unlikely to occur. Instead, competition is expected to increase with these proposals, albeit only to a limited extent.

Greenhouse Gases Impact Test/Wider Environmental

158. As set out in the cost benefit analysis section above, it is not yet possible to know the likely net effect on greenhouse gas emissions arising from these proposals. This is because there is substantial uncertainty around a) the potential magnitude of increase in bus and coach drivers and b) what may happen in terms of service levels and modal shift.

159. If these proposals led to an increase in the supply of bus and coach drivers, and operators ran additional services as a result, this could increase emissions generated from bus and coach vehicles (most likely from the latter). However, if these new services attracted modal shift from cars, this could reduce emissions. The net effect will depend on the proportion of these “new” passenger journeys that come from cars relative to those that would not have been made in the counterfactual. There is not yet enough evidence to estimate what will likely be the dominant effect but this will be explored further through the consultation.

5.0 Post implementation review

It is proposed that these regulations would be reviewed.

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

	Sunset clause		Other review clause	X	Political commitment		Other reason		No plan to review

Regulations to be reviewed every five years to ensure continued suitability.

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

0	9	/	2	9

Five years from when the Regulations come into force

3. **Rationale for PIR approach:**

- **Will the level of evidence and resourcing be low, medium or high? (See Guidance for Conducting PIRs)**

Low – the changes are expected to be low impact and low risk. A light touch, low-resource review would be proportionate to determine whether the measure meets its objectives and whether unintended effects are observed. It is expected that this can be mainly conducted using existing data sources and stakeholder engagement.

- **What forms of monitoring data will be collected?**

The following monitoring data should be collected:

- Bus and coach driver vacancies – baseline data to be collected through an ongoing driver shortages survey followed by a post-implementation survey
- Bus and coach driver vacancies – monthly snapshot data followed by a post-implementation survey
- Bus and coach driver applications by age – baseline data to be collected through an ongoing driver shortages survey followed by a post-implementation survey
- Age range of bus and coach drivers via the Labour Force Survey
- Volume of fatal or serious collisions involving a bus or coach overall and proportion by age band via DfT road safety statistics
- Bus service provision – currently monitored through Ticketer data
- Stakeholder opinion and experience of recruiting and employing drivers aged 18 to 20 and impact on insurance premiums/excesses and safety
- Stakeholder opinion and experience of the recruitment process with additional testing elements being conducted without being required to hold the appropriate provisional bus, coach or HGV license

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

A mixed approach is proposed, including process and impact evaluation.

The process evaluation will consist of stakeholder engagement to understand how the policy is implemented, what works well and any lessons learnt.

The impact evaluation will intend to understand whether any changes in the volume of driver applications, vacancies and average ages occur as a result of the policy implementation. The evaluation will also consider whether longer term changes in service provision, collisions and insurance premiums/excesses are observed and can be attributed to the policy.

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

Where possible, stakeholder views will be collected through existing mechanisms including regular meetings with bus and coach operators and their representative bodies. Where additional engagement is required, a variety of research activities should be considered including interviews, focus groups and surveys with relevant stakeholders.

Rationale for not conducting a PIR:

N/A.

Key Objectives, Research Questions and Evidence collection plans			
Key objectives of the regulation(s)	**Key research questions to measure success of objective**	**Existing evidence/data**	**Any plans to collect primary data to answer questions?**
Reduction in driver shortages through enabling higher numbers of 18 to 20 year olds to be employed as drivers and reducing the application time to become a driver	Is there an increase in 18 to 20 year old applicants and drivers?	Age range of bus and coach drivers via the Labour Force Survey	Bus and coach driver applications by age – baseline data to be collected through an ongoing driver shortages survey followed by a post-implementation survey, stakeholder engagement
	Is there a reduction in driver shortages?	Volume of fatal or serious collisions involving a bus or coach overall and proportion by age band via DfT road statistics	Bus and coach driver vacancies – baseline data to be collected through an ongoing driver shortages survey followed by a post-implementation survey; stakeholder engagement
	Are there unintended impacts of the policy, including increased collisions and/or insurance premiums/excesses?		Stakeholder engagement