

Trial of Smart Card Provisional Driving Licences **Public Consultation**

October 2007





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1 Scope And Purpose Of The Consultation

- 1.1 This consultation seeks your views on proposals to carry out a twelve-month trial of a microchip¹-enabled (smart) Provisional Driving Licence² to applicants for Welsh bilingual provisional driving licences. The trial will assess the costs and benefits of using smart card driving licences before we begin to consider the way forward. We are consulting now to scope and begin the trial in 2008.
- 1.2 This consultation paper is intended to provide the Driver and Vehicle Licensing Agency (DVLA) with answers to a number of key questions and provide stakeholders and the public with a full explanation of the objectives for the trial and details in terms of its proposed scope. These questions are not asked in terms of whether we should undertake the trial, but there are a number of options about both the scope and potential improvements in usefulness to the public (especially additional data handling) on which we seek opinions. We welcome comments from all stakeholders and interested parties, including members of the general public, on both the questions and overall proposals.
- 1.3 When responding please bear in mind that this consultation is purely in respect of the smart card trial and does not cover specific issues of IT or card standard setting, microchip-security or any procurement issues.
- 1.4 DVLA already has the technical capability to deliver the trial and there is no impact on fees to be charged, since the costs have been covered by feasibility funding made available by the Department for Transport (DfT).
- 1.5 **The consultation period ends on 11 January 2008 so please ensure that your responses reach us before that date.**

2 Executive Summary

- 2.1 There is growing concern about the increased circulation of good quality forged driving licences and the number of experienced drivers presenting themselves fraudulently to take driving tests for learner drivers. In addition, the Third Directive³ provides member states of the European Community with the option of placing a microchip on the full driving licence. DVLA may wish to exercise this option in the future in terms of smart card driving licences to improve security and reduce the licence misuse.
- 2.2 A full implementation would involve over 40 million licences currently in circulation so the risks involved in a national roll out are significant. While no decision has been made to introduce smart card licences, DVLA needs to carry out a trial to assess the costs and benefits that would be involved before we consider the way forward. The trial needs to manage the numbers of cards used and the geographical area affected in order to minimise the risks. Unlike the full licence, which is governed by European Union Directive, the format of the provisional licence can be determined by the Secretary of State. While ensuring there are no legal issues involved this also provides a restricted number of licences for any trial. The Welsh bilingual provisional licence is produced to comply with the Welsh Language Act. As it is a different format to the general British licence it is ideal for use in a trial as the numbers issued in twelve months are around 30,000 and the geographical scope is clearly defined.

¹ An electronic microprocessor embedded in the driving licence card, to form a 'smart card'

² In the UK, before you can learn to drive a car, moped or motorcycle on the road you must apply for a provisional driving licence. The provisional driving licence issued by DVLA looks the same as the full driving licence but is green in colour and shows the letter "L" in red in the top left-hand corner

³ Directive 2006/126/EC of the European Parliament and of the Council of 20 December 2006 on Driving Licences

2.3 Subject to views of consultees, DVLA proposes that smart card provisional driving licences will be trialled in Wales for twelve months beginning in the first quarter of 2008. The cards will be in the same format as the current Welsh bilingual provisional driving licence with the addition of a microchip⁴ positioned on the rear of the card. The microchip will contain only the details printed on the card and these details will be accessed by readers⁵ made available in Wales, initially only to the Police, DSA and DVLA local offices. The police and DSA will be able to access large colour photos of the driver from the microchip to enable identification checks. At a later stage we may extend this so that we can test access through Post Office® counters to help inform future licence renewal process changes. At the end of the trial period DVLA will produce an analysis report which will examine the overall practical case for smart card driving licences.

3 Background

Drivers for change

Misuse of driving licences

3.1 There is growing concern about the misuse of driving licences, particularly in respect of the number of driving test candidates that are represented fraudulently. Two reasons are given for this:

- the increasing number of good quality forged/counterfeit provisional driving licences, and
- the quality and size of the driving licence photographs used to verify candidate identity.

3.2 DVLA are doing two very positive things to address this situation directly:

- from 18 June 2007 we have been producing a new more secure provisional and full driving licence, which will significantly reduce risks of forgery or counterfeiting, and
- we shall be introducing tighter standards that will improve the quality of photographs that we will accept as part of the application process.

3.3 While these problems are not significant at the moment, the wider availability of affordable technology means they are likely to increase in the future and DVLA would like to take a proactive approach to combat the problem.

Third Directive

3.4 The Third Directive provides member states of the European Community with the option of placing a microchip on the full driving licence. The specification for the microchip must be formally agreed and published by the European Union (EU) Commission before countries could take up this option. DVLA has several years to implement most of its provisions into UK law and practice, but may wish to exercise this option in terms of smart card driving licences to improve security and reduce the misuse of its licences as indicated above.

⁴ Once data is transferred onto a microchip it cannot be modified on the microchip unless the security provides access to do so. In this trial, we will not allow for any modification of data on the card once issued.

⁵ To access the information from the smartcard, a reader is needed. There are two ways for a reader to communicate with a smartcard—either by inserting it in the reader (contact card) or by communicating with the reader by radio frequencies (contactless card). It is proposed that cards used in this trial will allow both types of readers to be tested.

Trial of the smart card driving licence

- 3.5** We are still in the feasibility and assessment phase of our work on smart card driving licences, but now need to test out our proposals to a low cost trial in order to gain understanding to consider the costs and benefits of a smart licence. We have exchanged views and lessons learned with countries that are already pursuing this route (e.g. Japan and Australia) but now need practical data from a UK perspective on which to base our estimates and forecasts of the business impacts. Any decisions will have a significant impact as it will have an application to more than 40million driver licences currently in circulation. In addition, once Ten Year Renewal⁶ reaches steady volumes, DVLA will be issuing around 11 million licences a year. This exercise is focused on establishing feasibility and exploring the practicalities of the overall proposition.
- 3.6** DVLA is also keen to undertake a trial to explore and evidence the benefits that a smart card driving licence could bring and to establish whether the imminent ISO⁷ standard for driving licence microchip definition and security is fit for purpose.

Question 1: Do you understand and agree with the trial approach?

Restriction of trial to manageable size and scope

- 3.7** The full driving licence does not lend itself to such a trial because it is governed by EU legislation, where the common microchip specification and common data dictionaries have yet to be agreed. However, the provisional driving licence is not covered by EU legislation and its format is determined by the Secretary of State. There might also be questions of how to control full driving licences issued in a trial and how to recall them at the end of the exercise if necessary.
- 3.8** The volumes of provisional driving licences in circulation are a lot smaller in comparison to the full driving licence and the nature of the provisional driving licence means that it has a relatively short life span, having to be exchanged when the driving test is successfully undertaken. Restricting the trial to the bilingual provisional driving licence issued in Wales means the numbers become smaller still (less than 30,000 for a whole year) and the geographical boundaries make the logistics and infrastructure development easier and cheaper to manage. This combination of circumstances make using the Welsh provisional driving licence a low risk and cost effective trial.
- 3.9** One of the test applications (the first objective) is specifically to provide readers for DSA so they can pull up life size colour images of good quality for comparison with applicants who present themselves for driving tests. This would remove reliance on the small images on the card to overcome the problems of impersonation. In addition, DVLA is already working with Gwent and North Wales constabularies (soon to be extended to Dyfed Powys and South Wales) on pilots involving new technology to check driver details online at the roadside and readers will be issued to them for the trial.

Question 2: Do you agree with the reasons for restricting the trial to Welsh Provisional Driving Licences?

- 3.10** In addition to the international standards group that is developing the ISO proposals for microchip standards, a number of EU member states are developing initial thoughts in collaboration with the Commission for data definitions. Conclusions from workshops are currently being pulled together in a DVLA review underway to develop a microchip specification for the provisional driving licence trial. Discussions are ongoing with Identity

⁶ Photocard licences are valid for ten years after which time they must be renewed to update the photograph

⁷ DVLA are active participants in the International Standards Organisation JTC1 SC17 Working Group 10 (ISO WG10) committee engaged in developing an international standard for the smart card driving licence.

and Passport Service who are also developing smart card applications, to ensure that the cards can be interoperable in respect of readers and security standards.

Legislative Cover

- 3.11** In UK law, the format of driving licences is determinable by the Secretary of State (Sections 97 and 98 of the Road Traffic Act 1988) and hence the trial does not require statutory change. We already have two parallel formats in use for the provisional driving licence – one purely in English and another in bilingual format to comply with the Welsh Language Act for driving licence applicants with Welsh postcodes or those who reside outside Wales but who request a bilingual licence. The intention for this trial is to put a microchip on those issued in a bilingual format so that we retain only the two parallel formats.
- 3.12** Because the provisional driving licence is not affected by EU law ratification of microchip specification through the EU is not needed.
- 3.13** The microchip will hold only the same data as is printed on the face of the card, with read only security. There may be opportunities later to put additional driver data on the microchip on a voluntary basis (election into this would be by each individual). Examples could include blood group or organ donation consent. Indeed, such data could be placed on an area of the microchip not covered by the same security functions and maintained by the individual. These potential opportunities are covered later in this consultation, but it is not the intention to pursue these at the start of the trial. If there were significant interest, potentially emerging from this consultation, in providing this sort of flexibility on a voluntary basis, DVLA would consider extending the microchip functions later in the trial. The key data (printed on the face of the card) will always remain “read only” and any changes would require the return of the driving licence to DVLA for re-issue with the change of details on both face and microchip to ensure they remain synchronised.
- 3.14** Hence, it is purely the storage medium that changes rather than adding any additional data. Drivers will still control access to the data on the microchip in the same way as they control sight of the printed data, so no data protection issues are raised.

Question 3: Do you agree that only the information printed on the face of the card should be written to the microchip?

Question 4: Do you agree that the ‘microchip’ should be rendered read-only?

Financial Impacts

- 3.15** The financial impacts of undertaking the pilot are well contained and closely predictable since the numbers (less than 30,000) are relatively low and the process of producing the cards with the new DVLA technology is almost exactly the same whether there is a microchip on the card or not.
- 3.16** There is very little additional cost of personalisation for each card since the whole process is automated. There will be a marginal decrease in the card throughput because of the extra microchip encoding stage. However, DVLA’s upgraded card issuing facility produces around 700 to 800 cards per hour and so the whole production timing should only be around 40 hours (needed anyway for the normal provisional driving licences) and the marginal addition should be counted in terms of minutes.

- 3.17** The baseline cost is within the £200,000 that has been budgeted for some time for this exercise and the funding provided directly by DfT, so there is no impact on fee charges. There may be, in addition, some functional development within the new Drivers systems to support some of the trial objectives (e.g. the testing of remote card authentication) but these are already included in the Drivers Re-engineering Project (DRP).
- 3.18** There will be no additional charge to the public for this trial. The fee for the provisional driving licence will not be affected and those involved in the trial will not incur any additional cost.
- 3.19** Any problems with the microchip on any provisional driving licence during the course of the trial will not impact on the individual drivers (e.g. any requirement to apply for a duplicate licence), since the smart card handling will be on a test basis rather than built into any administrative processes.

Question 5: Do you think the Departmental route for funding is most appropriate?

Risks

- 3.20** The trial is itself a major risk mitigation action. It is evident that we need to understand the practical aspects of smart card driving licences, remote reading, operational potential and robustness of the technology before we take decisions on what will be a very large scale implementation for full driving licences.
- 3.21** We can learn from (and have interaction planned already with) countries who have implemented such driving licence schemes and will build these lessons into our trial. However, we need practical experience to understand fully our own environment.
- 3.22** The financial risks are small, both because of the scope and the controlled scale of issuing. Even if we should change tack completely at the end of the trial, the nature of the provisional driving licence (its average life span and small initial volumes) mean that these will work through our systems relatively quickly. The microchip could be subsequently ignored and the remainder of the card format will be identical to the non-microchipped versions, so we lose little but learn a great deal. Indeed, our planning assumption is that the initial data definitions and microchip specification will not be those with which we will address any major rollout.
- 3.23** If the trial is unsuccessful or if any individual microchips fail for any technical reason the validity of the cards issued would not be affected.
- 3.24** An Impact Assessment is attached at Annex A.

Question 6: Do you consider that the risks identified have been assessed correctly?

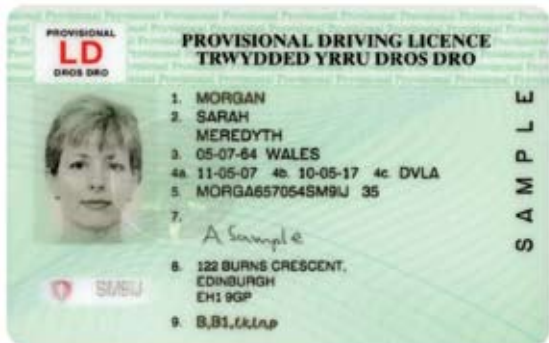
Question 7: Do you think there are risks that we have not identified?

4 The Proposals

- 4.1** DVLA intend to carry out a provisional driving licence trial for twelve months during which a read-only microchip will be introduced into (up to) 30,000 Welsh bilingual provisional driving licences. Once data has been written to the microchip, it will both mirror the printed data on the card and be secured against modification-improving the security of the card.
- 4.2** The cards will be supplied to applicants for provisional licences who have a Welsh

postcode address during the twelve month period of the trial. Information on the trial licence and instructions for use will be provided with the card when it is issued.

4.3 The new card format issued since June 2007 has already been defined through the work to develop our new secure driving licence – with the colour transient steering wheel logo on the back of the card acting as a “place marker” for the microchip itself (see below).



4.4 Around 200 readers will be provided to DSA, the Police and DVLA local offices in Wales. Selected Crown Post Offices based in Wales may be added to the reader users later in the trial to allow drivers to view the contents and, potentially, to authenticate themselves remotely to process changes in details through the Post Office®. The latter proposals are still in discussion and yet to be finalised.

4.5 The organisations involved will be able to access the details contained on the microchip, which will be the same data as printed on the face of the card itself. The only exception will be that while the photograph on the card will be black and white, the microchip will contain a higher quality colour photograph. The reason the photograph on the face of the card is black and white is that the card is no longer “printed” but is laser engraved. This process etches the details into the card itself and means that the details can never be removed or altered without destroying the card. This process cannot reproduce a colour photograph.

4.6 Currently the details shown on the provisional driving licence are:

- Front:**
- Photograph of driver**
- Surname**
- Other names**
- Date and place of birth**
- Licence valid from and to dates**
- Issuing authority (i.e. DVLA)**
- Licence number (i.e. the DVLA produced Driver Number)**
- Signature**
- Address**
- Category of vehicles and from and to dates licensed to drive**
- Back:**
- Information/Restriction Codes**

4.7 If drivers wish to check what data is included on the microchip they will be able to do so through readers at DVLA local offices or DSA Offices in Wales. Later, this may be extended to selected Crown Post Offices®.

The objectives and benefits of the trial

4.8 *Driver Authentication.*

To test the use that can be made by DSA through card readers to provide a life-size colour image on screen from the photograph held on the microchip. This will help confirm that the person presenting themselves for the test is the real licence holder, this will discourage fraudsters and reduce the number of substitute drivers being used to take tests. It will be used to test enforcement benefits, although in practice these may be applicable across a far wider scope.

4.9 *Card Security.*

To test the effectiveness of smart card technology in improving the physical security of the driving licence and the data held on the microchip would assist DSA and the police by reducing the number of forged and counterfeit licences being presented.

4.10 *Interoperability.*

To confirm interoperability standards and provision of a “workbench” for testing with IPS to confirm interoperability (this will allow UK driving licence to be used in the same ways as in Europe), ITS0⁸, interaction with banking systems (this would potentially be merely an additional capability that may be of use to individuals)—and with a range of readers to maximise the available infrastructure.

4.11 *Standard Adequacy.*

To inform the International Standard setting and the specification that would be drafted at an EU level and inform future thinking that will benefit other smart card developers such as IPS.

4.12 *Analysis Report.*

The final outcome will be an Analysis report that pulls all the learning together to examine whether smart card driving licences are a practical proposition.

4.13 DVLA would appreciate consultees suggestions on possible use for wider applications in the future (subject to legal and technical constraints), for example:

4.14 *Remote Authentication.*

Confirmation of the identity of users granted electronic access to the drivers’ record, undertaking e-driver licence transactions and, possibly, in conjunction with fee paying enquiries to evidence driver consent. For example, potential use by a driver to allow access to endorsement or entitlement data to car hire or insurance companies by “chip and pin” use - similar to bank card technology that has become commonplace. (Car hire is of limited use for provisional drivers, but provides DVLA with a platform for trialling). This will reduce the need for obtaining paper mandates and remove the storage and audit requirements that are involved. It will assist in the achievement of e-government targets and deliver improved customer service benefits. Clearly, usage of such interaction will be controlled by the individuals in exactly the same way as they currently use credit or debit cards.

4.15 It will be the criteria above which will be used to assess the costs and benefits of the scheme when the pilot is complete.

Question 8: Do you think remote authentication will be of benefit to drivers and / or to the commercial companies with whom they interact? What uses would be most beneficial?

4.16 *Data Capture.*

Use of microchip based data by DVLA, Police, and Courts to populate their systems

⁸ More information can be found at www.itso.org.uk.

transactions. Electronic transfer of data will speed up interactions saving resource and avoid transcription or input errors to increase accuracy. Again, this is similar in nature to the use of credit cards—under the control of the individuals but speeds up the interactions and avoids incorrect data being entered or errors being introduced.

Question 9: Do you think electronic transfer of microchip data under the control of individual drivers would be beneficial?

4.17 Multi-Applications.

Additional voluntary data could be stored on a secure but re-writeable zone on the microchip (currently being discussed at EU level). This facility would be optional for each driver. Data such as National Insurance Number, medical donor information, NHS number etc. could be included – data that would be of use to the individual in other day to day situations. Data shown on the face of the licence would be held on the microchip in another read-only zone. Indeed, it would potentially be possible to load separate applications in a “non-DVLA zone”. For example, the ITSO application could be loaded and this would provide proof of entitlement to local discount schemes for transport.

4.18 At this stage, inclusion in any trial would be exploratory and used to research the potential and implications. No decisions have been taken on the desirability of pursuing this route. Indeed, the only conclusion reached by DVLA in this respect currently is that we would not see any “electronic purse” transactions included in scope. The new secure driving licence, with its laser engraving and security features, is of little use to anyone but the genuine holder and we would not wish it to include an intrinsic value through providing e-cash applications.

Question 10: Would you like to see a facility to record optional (non-driver related) data on the microchip if the cardholder had a choice on what data they wanted included and the data was held in a separate, secure, re-writeable area on the microchip?

Question 11: What data do you think would be useful?

4.19 Address

Discussions continue around the printing of the address on driving licences. The UK is one of the EU member states that includes it but there is no intrinsic reason to do so. The driving licence is intended only to provide a visible authenticated link between a person’s identity and related driving entitlement. The driving licence is increasingly used to provide evidence of identity apart from driving entitlement, but the address is required by DVLA for tracing drivers rather than as proof of address on the card.

4.20 Previous market research has shown a significant majority of the public against including address on the face of the card. Two main concerns are usually expressed:

- the ability for the address to be read from the document/card and used inappropriately e.g. if the card is lost along with house keys or car keys;
- address changes necessitate a card renewal that is time consuming, and results in temporary unavailability of the card.

4.21 With the Police and other DVLA enforcement partners now having increased direct access to DVLA data, the enforcement imperative for keeping the address on the card is reduced.

4.22 From DVLA’s perspective, not having to re-issue cards on the free notification of change of address (still a statutory duty for drivers and with the database updated) would decrease costs and allow moderation of fee levels for transactions that are charged for.

Question 12: Do you think the address should be on the card and the microchip, the microchip only or stored only by DVLA on the main database?

4.23 A final option would be to allow individuals to choose whether or not to have the address on the card. Those who choose not to would not require a new card if they moved address and simply notify DVLA in order to update their electronic record. Those who perceive additional value in having their address on the card would pay for a card renewal when advising DVLA of a change of address.

Question 13: Would you see this optional (but chargeable) retention of address on the Driving Licence as an attractive or viable option to pursue?

4.24 If the consultation response is positive to this last question, we could potentially pursue this during the latter stages of the pilot to assess take-up and to inform the practical implications in use.

5 How And When To Respond

5.1 Responses to this consultation should be recorded on the response sheet (enclosed) and returned to:

**PDL Consultation
Policy Research and Development, D16
DVLA
Longview Road
Morriston
SWANSEA
SA6 7JL
Email: pdl.consultation@dvla.gsi.gov.uk**

5.2 The consultation period began on 22 October 2007 and will run until 11 January 2008. Please ensure that your response reaches us by that date. Any responses received after this date will only be taken into consideration in exceptional circumstances. If you would like further copies of this consultation document it can be found on our website at www.dvla.gov.uk/consultations or you can contact DVLA using the details above.

5.3 When responding, please state whether you are responding as an individual or representing the views of an organisation. If responding on behalf of a larger organisation please make it clear who the organisation represents, and, where applicable, how the views of members were assembled.

5.4 A list of those consulted is attached at the end of this paper. If you have any suggestions of others who may wish to be involved in this process please contact us.

5.5 The information you send us may need to be passed to colleagues within the DVLA and/or published in a summary of responses received to this consultation.

5.6 According to the requirements of the Freedom of Information Act (2000), all information contained in your response to this consultation may be subject to publication or disclosure. This may include personal information such as your name and address. If you want your response or your name and address to remain confidential, you should explain why confidentiality is necessary. Your request will be granted only if it is consistent with Freedom of Information obligations. An automatic confidentiality disclaimer generated by your e-mail system will not be regarded as binding on DVLA.

5.7 Please ensure that, if you want your name or response to be kept confidential, you state this clearly in your response.

- 5.8** A summary of responses, including the next steps will be published by February 2008 on www.dvla.gov.uk; paper copies will be available on request. The Impact Assessment can be found at Annex A.
- 5.9** We do not believe the trial will have any impact on the specific areas listed in the Impact Assessment (e.g. small firms, competition, sustainable development, etc). However, businesses or organisations that consider they will be affected by the proposals for the trial are invited to describe briefly the activities they undertake, explain how they will be affected and highlight what change in costs and/or benefits they anticipate would arise.
- 5.10** When responding to the consultation please comment on the analysis of costs and benefits, giving supporting evidence wherever possible.
- 5.11** Please also suggest any alternative methods for reaching the objective and highlight any possible unintended consequences of the policy, and practical enforcement or implementation issues.

Table of Abbreviations	
Abbreviation	Definition
DfT	Department for Transport
DRP	Drivers Re-engineering Project
DSA	Driving Standards Agency
DVLA	Driver and Vehicle Licensing Agency
EU	European Union
IPS	Identity and Passport Service
ISO	International Standards Organisation

Annex A – Partial Impact Assessment

Summary: Intervention & Options		
Department/Agency: Driver and Vehicle Licensing Agency	Title: Impact Assessment of trial of smart card provisional licences in Wales	
Stage: Consultation	Version: 0.1	Date: 17 July 2007
Related Publications:		

Available to view or download at: <http://www.dvla.gov.uk/consultations>

Contact for enquiries:

Telephone:

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

Growing misuse of driving licences, particularly in respect of the increasing number of driving test candidates that are represented fraudulently as a result of the number of forged/counterfeit provisional driving licences and the poor quality (and small size) of the driving licence (DL) photographs used to verify candidate identity.

Third EU Directive on Driver Licensing allows for the voluntary introduction of a smart card driving licence. DVLA need to carry out a low cost trial in order to gain understanding and produce an analysis report to examine smart card licences as a practical proposition.

What are the policy objectives and the intended effects?

Confirmation of suitability for driver identity authentication. Testing the effectiveness of smart card technology in improving the physical security of the DL and the data held on the chip. More information about standards for the chip and interoperability including the fitness of the International Standards Organisation (ISO) standard for EU purposes. Identification of the issues surrounding the use of chip based data to electronically populate stakeholder system transactions. A business case that examines the overall case for driving licences as a strategic and practical proposition.

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

A fixed term trial of smart card DLs is necessary but using Welsh bilingual provisional DLs means they are not covered by EU legislation, geographical distribution is controlled and numbers are comparatively low (approx. 30,000 during the 12 months). The nature of the Provisional Driving Licence (PDL) means that once the trial is over, they will soon pass out of circulation and, if necessary, recalls will be easy to control.

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

At the end of the trial DVLA will produce an analysis report that will examine the overall case for smart card licences as a practical proposition.

Ministerial Sign-off

For Consultation Stage Impact Assessments:

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

Signed by the responsible Minister:

Date:

Summary: Analysis & Evidence

Policy Option:	Description:
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COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups' These costs will be borne by DVLA for production and circulation of the card, information material and the supply of microchip readers.
	One-off (Transition)	Yrs	
	£ 200,000	1	
	Average Annual Cost (excluding one-off)		
	£		
Total Cost (PV)			£ 200,000
Other key non-monetised costs by 'main affected groups'			

BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups'
	One-off	Yrs	
	£		
	Average Annual Benefit (excluding one-off)		
	£		
Total Benefit (PV)			£
Other key non-monetised benefits by 'main affected groups' Better driver authentication, improved card security, greater understanding of wider applications (e.g remote authentication and data capture), interoperability issues and standard adequacy. Report that examines all issues for smart card driving licences.			

Key Assumptions/Sensitivities/Risks Exercise is a risk mitigation to enable understanding of practical aspects of smart card driving licences. May be sensitivities around perceived links to identity card and associated issues. Financial and operational risks are small as nature of PDL and numbers involved will soon work through the system if trial fails.

Price Base Year 2008	Time Period Years 1	Net Benefit Range (NPV) £	NET BENEFIT (NPV Best estimate) £
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What is the geographic coverage of the policy/option?	Wales			
On what date will the policy be implemented?	January 2008			
Which organisation(s) will enforce the policy?	DVLA, DSA, Police			
What is the total annual cost of enforcement for these organisations?	£ 0			
Does enforcement comply with Hampton principles?	Yes			
Will implementation go beyond minimum EU requirements?	N/A			
What is the value of the proposed offsetting measure per year?	£ N/A			
What is the value of changes in greenhouse gas emissions?	£ N/A			
Will the proposal have a significant impact on competition?	No			
Annual cost (£-£) per organisation (excluding one-off)	Micro 0	Small 0	Medium 0	Large 0
Are any of these organisations exempt?	Yes	Yes	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)				(Increase - Decrease)
Increase	£ 0	Decrease	£ 0	Net £ 0

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

Evidence Base (for summary sheets)

Background

There is growing concern about the increased circulation of good quality forged driving licences and the number of experienced drivers fraudulently presenting themselves to take driving tests for learner drivers. In addition, the Third Directive⁹ provides member states of the European Community with the option of placing a microchip on the full driving licence. DVLA may wish to exercise this option in the future in terms of smart card driving licences to improve security and reduce the misuse of its licences.

A full implementation would involve over 40 million licences currently in circulation so the risks involved in a national roll out are significant. While no decision has been made to introduce smart card licences, DVLA needs to carry out a trial in order to assess the costs and benefits that would be involved before we consider the way forward. The trial needs to manage the numbers of cards used and the geographical area affected in order to minimise the risks. Unlike the full licence, which is governed by European Union Directive, the format of the provisional licence can be determined by the Secretary of State. While ensuring there are no legal issues involved this also provides a restricted number of licences for any trial. The Welsh bilingual provisional licence is produced to comply with the Welsh Language Act. As it is a different format to the general British licence it is ideal for use in a trial as the numbers issued in twelve months are around 30,000 and the geographical scope is clearly defined.

Subject to views of consultees, DVLA proposes that smart card provisional driving licences will be trialled in Wales for twelve months beginning in the first quarter of 2008. The cards will be in the same format as the current Welsh bilingual provisional driving licence with the addition of a microchip¹⁰ positioned on the rear of the card. The microchip will contain only the details printed on the card and these details will be accessed by readers¹¹ made available in Wales initially only to the Police, DSA and DVLA Local Offices. The police and DSA will be able to access large colour photos of the driver from the microchip to enable identification checks. At a later stage we may extend this so that we can test access through Post Office® counters. At the end of the trial period DVLA will produce an analysis report which will examine the overall case for smart card driving licences as a practical proposition.

There may be opportunities later to put additional driver data on the microchip on a voluntary basis (election into this would be by each individual). Examples could include blood group or organ donation consent. Indeed, such data could be placed on an area of the microchip not covered by the same security functions and maintained by the individual. If there were significant interest, potentially emerging from the consultation, in providing this sort of flexibility on a voluntary basis, DVLA would consider extending the microchip functions later in the trial. The key data (printed on the face of the card) will always remain “read only” and any changes would require the return of the driving licence to DVLA for re-issue with the change of details on both face and microchip to ensure they remain synchronised.

Hence, it is purely the storage medium that changes rather than adding any additional data. Drivers will still control access to the data on the microchip in the same way as they control sight of the printed data, so no data protection issues are raised.

⁹ Directive 2006/126/EC of the European Parliament and of the Council of 20 December 2006 on Driving Licences

¹⁰ Once data is transferred onto a microchip it cannot be modified on the microchip unless the security provides access to do so. In this trial, we will not allow for any modification of data on the card once issued.

¹¹ To access the information from the smartcard, a reader is needed. There are two ways for a reader to communicate with a smartcard—either by inserting it in the reader (contact card) or by communicating with the reader by radio frequencies (contactless card). It is proposed that cards used in this trial will allow both types of readers to be tested.

Financial Impacts

The financial impacts of undertaking the pilot are well contained and closely predictable since the numbers (less than 30,000) are relatively low and the process of producing the cards with the new DVLA technology is almost exactly the same whether there is a microchip on the card or not.

There is very little additional cost of personalisation for each card since the whole process is automated. There will be a marginal decrease in the card throughput because of the extra microchip encoding stage. However, DVLA's upgraded card issuing facility produces around 700 to 800 cards per hour and so the whole production timing should only be around 40 hours (needed anyway for the normal provisional driving licences) and the marginal addition should be counted in terms of minutes.

The baseline cost is within the £200,000 that has been budgeted for some time for this exercise and the funding provided directly by DfT, so there is no impact on fee charges. There may be, in addition, some functional development within the new Drivers systems to support some of the trial objectives (e.g. the testing of remote card authentication) but these are already included in the Drivers Re-engineering Project (DRP).

There is no intention to make any additional charge to the public for this trial. The fee for the provisional driving licence will not be affected and those involved in the trial will not incur any additional cost.

Any problems with the microchip on any provisional driving licence during the course of the trial will not impact on the individual drivers (e.g. any requirement to apply for a duplicate licence), since the smart card handling will be on a test basis rather than built into any administrative processes.

Risks

The trial is itself a major risk mitigation action. It is evident that we need to understand the practical aspects of smart card driving licences, remote reading, operational potential and robustness of the technology before we take decisions on what will be a very large scale implementation for the full driving licence scope.

We can learn from (and have interaction already planned with) countries who have already implemented such driving licence schemes and will build these lessons into our trial. However, we need practical experience to understand fully our own environment.

The financial risks are small, both because of the scope and the controlled scale of issuing. Even if we should change tack completely at the end of the trial, the nature of the provisional driving licence (its average life span and small initial volumes) mean that these will work through our systems relatively quickly. The microchip could be subsequently ignored and the remainder of the card format will be identical to the non-microchipped versions, so we lose little but learn a great deal. Indeed, our planning assumption is that the initial data definitions and microchip specification will not be those with which we will address any major rollout.

If the trial is unsuccessful or if any individual microchips fail for any technical reason the validity of the cards issued would not be affected.

Small Firms Impact Test

There appears to be no impact from these proposals.

Competition Assessment

There appears to be no impact from these proposals.

Enforcement And Sanctions

There appears to be no impact from these proposals.

Monitoring And Review

DVLA monitors its own financial position continuously. Its fee structure is formally reviewed on an annual basis. Interested parties are consulted as part of this review process.

Specific Impact Tests: Checklist

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

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

Annex B – Code of Practice on Consultation

The consultation is being conducted according to the principles of the Government's Code of Practice on Consultation, which applies to all UK public sector consultations, by government departments and agencies, including consultations on EU directives.

Though the code does not have legal force, and cannot prevail over statutory or other mandatory external requirements (e.g. under European Community Law), it should otherwise generally be regarded as binding unless Ministers conclude that exceptional circumstances require a departure.

The following six criteria must be reproduced within all consultation documents.

Consultation Criteria

- Consult widely throughout the process, allowing a minimum of 12 weeks for written consultation at least once during the development of the policy.
- Be clear about what your proposals are, who may be affected, what questions are being asked and the time-scale for responses.
- Ensure that your consultation is clear, concise and widely accessible.
- Give feedback regarding the responses received and how the consultation process influenced the policy.
- Monitor your Department's effectiveness at consultation, including through the use of a designated consultation co-ordinator.
- Ensure your consultation follows better regulation best practice, including carrying out an Impact Assessment if appropriate.

A full version of the code of practice is available on the Cabinet Office web-site at:
<http://www.cabinet-office.gov.uk/regulation/consultation/code.asp>

If you consider that this consultation does not comply with the criteria or have comments about the consultation process please contact:

Lynette Rose
Consultation Co-ordinator
Policy and External Communications Directorate
DVLA
Longview Road
Swansea
SA6 7JL

Annex C - List of Those Consulted

3Ms	CBI
Age Concern Cymru	CBI Scotland
Age Concern England	CBI Wales
Age Concern Scotland	Central Scotland Roads AIU
Alliance of Small Firms & Self Employed People	Chairman Transport Committee
Amateur Motor Cycle Association Ltd	Cherished Number Dealers Association
Ambulance Service Association	Citizens Advice (Scotland)
Ambulance Service Institution	Civil Service Motoring Association
Approved Driving Instructors	Civil Service Pensioners Alliance
Approved Driving Instructors of Scotland	Commercial Motor Magazine
Association of British Chambers of Commerce	Commission for Racial Equality
Association of British Drivers	Community Development Foundation
Association of Car Fleet Operators	Community Transport Association
Association of Chief Police Officers Scotland	Confederation of British Road Passenger Transport UK
Association of Independent Road Safety Officers	Confederation of Passenger Transport UK
Association of Loading & Elevation Equipment Manufacturers	Construction Plant Hire Association
Association of Local Bus Managers	Consumer Congress
Association of Local Governments	Consumer's Association
Association of London Authorities	Contractors & Mechanical Plant Engineers
Association of London Boroughs Road Safety Officers	Convention of Scottish Local Authorities
Association of London Government	Co-operative UK
Association of National MOT Testers	Countryside Agency
Association of Retired and Persons Over 50	County Road Safety Officers Association
Association of Street Lighting Engineers	County Trading Standards
Association of Tanker Container Operators	Credit Industry Fraud Avoidance System
Association of Vehicle Recovery Operators	Croners Coach and Bus Operators
Athritis Care	Dairy Trade Federation
Auto Economics Salvage	Dale Farm Dairy Group
Benefits Agency	Department for Transport
BMI Health Services Ltd	Department of Culture, Media and Sport
Bradford Transport Training	Department of Education and Skills
BRAKE	Department of Health
British Association for Service to the Elderly	Department of International Development
British Association of Amusement Catering	Department of Trade and Industry
British Association of Removers	Department of Work and Pensions
British Chambers of Commerce	Direct Line Group
British Deaf Association	DPTAC
British Historical Vehicle Club Federation	Drivers Action Movement
British Institution of Traffic & Education Research	Driving Instructors Association
British Numberplate Manufacturers Association	Driving Instructors Scottish Council
British Safety Council	DVLNI
British School of Motoring	DVO Group
BSI	e-Government Unit
BT Safety Unit	Environmental Transport Association
Building Employers Federation	Equal Opportunities Commission

Building Merchants Federation	European Secure Vehicle Alliance
Bus & Coach Council	Exel Ltd
Business in the Community	Federation of British Historic Vehicle Clubs
Campaign Against Drink Driving	Federation of Manufacturers
Campaign for Homosexual Equality	Federation of Public Passenger Transport Employers
Federation of Small Businesses	Motor Insurers Bureau
Film & TV Lighting Contractors	Motor Schools Association of GB Ltd
Fire Brigades Union	Motor Vehicle Dismantlers Association of GB
Fire Fighting Vehicles Manufacturers Association	Motor Vehicles Repairers Association
Fire Services Unit	National Advisory Unit for Community Transport
First European Numberplates (UK) Ltd	National Alliance of Womens Organisations
Fleet & Leasing Association	National Association of Agricultural Contractors
Foreign & Commonwealth Office	National Association of Citizens Advice Bureaux
Forum of Private Businesses	National Association of Driving Instructors
General Consumer Council for NI	National Association of Funeral Directors
Glass' Information Services Ltd	National Association of Local Government Officers
Green Flag Motoring Assistance	National Association of Street Clubs
Guild of Experienced Motorists	National Association of Vintage Tractor & Engine Club Archivists
Halfords Ltd	National Association of Waste Disposal Contractors
Health & Safety Commission	National Chamber of Commerce and Industry
Health & Safety Executive	National Consumer Council
Heavy Transport Association	National Consumer Federation
Historic Commercial Vehicle Society	National Council on Inland Transport
HM Customs & Excise	National Federation of Post Office and BT Pensioners
HM Treasury	National Federation of Self Employed Business
Home Office	National Freight Consortium (Now Exel)
INF	National Guild of American Vehicle Clubs & Traders
Information Commissioner	National Joint Committee for Young HGV Drivers
Inland Revenue	National Outdoor Events Association
Innovative Training Concepts	National Owner Drivers Association UK
Institute of Advanced Motorists	National Pensioners Convention
Institute of Directors	National Playbus Association
Institute of HGV Driving Instructors	National Salvage Group Ltd
Institute of Race Relations	National Street Rod Association
Institute of Registration Agents and Dealers (MIRAD)	National Union of General & Municipal Workers
Institute of Road Safety Officers	National Union of Road Transport Operatives
Institute of Road Transport Engineers	Nationwide Auto Salvage Amalgamation
Institute of Transport Administration	Newport Transport Ltd
Institution of Highways & Transportation	NHS Supplies
Institution of Municipal Transport	North East Vocational
Institution of Trading Standards	North Lancs Training School
International Powered Access Federation	Northern Ireland Office
Joint Committee on Mobility for the Disabled	Norwich Union
Justices' Clerks' Society Wrexham	Office of Fair Trading
Keep Deaths Off Our Roads	Office of Paymaster General
LACORS	Police Federation of England and Wales
LIBERTY	Police Science & Technology

Lifting Equipment Engineers Association	Police Service NI
Local Authority Road Safety Officers Association	Post Office Ltd
Local Government Association	RADAR
Local Government Information Unit	Register of Private Ambulances
London Association of Independent Businesses	Retired Persons Action Group
MD Autoglass	Road Haulage & Distribution
Ministry of Agriculture	Road Rescue Recovery Association
Ministry of Defence	Truck & Driver
Motability	Union of Independent Companies
Road Safety Council in Wales	UNISON Convenor
Road Safety Markings Association	United Road Transport Union
Road Transport (Industry)	Universal Salvage
Road Transport Association	Vehicle Certification Agency
Royal National Institute for Deaf People	Vehicle Industry Consultants
Royal Scottish Automobile Club(Motor Sport) Ltd	Veteran Car Club
Royal Society for the Prevention of Accidents	Wales Community Transport
Safety Standards Commission Inst	Wales Community Transport Consultative Committee
Scotland Office	Water Jetting Association
Scottish Consumer Council	Welsh Consumer Council
Scottish Executive Development Dept	Welsh Counties Committee
Showman's Guild of Great Britain	Welsh Local Government Association
Smartex	Welsh Office
Society of Allied & Independent Funeral Directors	Welsh Office Library
Society of Independent Roundabout Proprietors	Agricultural Engineers Association
Society of Motor Auctions	Association of British Insurers
St Ivel Westway Ltd	Automobile Association
St John's Ambulance	British Car Auctions Ltd
Standing Conference of Fixed Penalty Clerks	British Industry Motor Trade Association
Sun Alliance	British Vehicle Rental and Leasing Association
TGWU	British Vehicle Salvage Federation
The Approved Driving Instructors	Finance & Leasing Association
The British Agricultural & Garden Machinery Association	Fleet Audits Ltd
The British Ambulance Association	Freight Transport Association
The British Chambers of Commerce	Manheim Auctions
The British Motorcyclists Federation	Motorcycle Industry Federation Ltd
The British Retailers Consortium	National Farmers Union
The British Road Federation	Retail Motor Industry Federation
The Camping and Caravanning Club	Scottish Motor Trade Association
The Caravan Club	Society of Motor Manufacturers & Traders
The Chartered Institute of Logistics & Transport	The Road Haulage Association Ltd
The Chief and Assistant Chief Fire Officers Association	Vehicle Builders & Repairers Association
The Coach Operators Federation	City and Council of Swansea
The Disabled Drivers Association	Consumer Association
The Disabled Drivers Motor Club	RAC Foundation
The Disabled Motorists Federation	RAC Motoring Services
The Environment Agency	Race Equality
The Federation of British Vehicles Club	Trading Standards

The Jill Dando Institute of Crime Science	Barnstaple Magistrates Court
The Motorcycle Action Group	Courts Service HQ
The National Council for Voluntary Organisations	Crown Office
The Trading Standards Institute	Crown Prosecution Service
The Transport Association	Department for Constitutional Affairs
The Vintage Motorcycle Club Ltd	District Courts Association
Trade Union Congress	District Judges (Magistrates Court)
Transport 2000	Driving Standards Agency
Transport Policy Division	Justices' Clerks' Society
Transport Registration Branch	MCC Management & Training Centre
Transport Research Laboratory	Dungannon District Council
Transport Week Magazine	DVLNI
Newcastle Magistrates Court	Equality Commission for NI
Scottish Courts Service	Equality Forum NI
Scottish Executive	Federation of Small Businesses
Scottish Executive (Justice Department)	Fermanagh District Council
The Districts Courts Association	Fire Authority of NI
The Magistrates Association	General Consumer Council for NI
Vehicle and Operator Services Agency	Health Promotion Agency for NI
Association of Chief Police Officers	Institute of Directors
Avon and Somerset Police	Larne Borough Council
Derbyshire Constabulary	Law Reform Committee
Durham Constabulary	Limavady Borough Council
Lancashire Constabulary	Lisburn City Council
Metropolitan Police	Magherafelt District Council
Metropolitan Police	Management Institute
National Criminal Intelligence Service	Motorcycling Union of Ireland (MCUI)
Norfolk Constabulary	Motorcyclist Action Group
Police Information Technology Organisation	Moyle District Council
South Wales Police	Newry & Mourne District Council
Staffordshire Police	Newtonabbey Borough Council
Strathclyde Police	NI Association of Citizens Advice Bureaux
Tayside Police	NI Chamber of Commerce and Industry
Antrim Borough Council	NI Chamber of Trade
Ards Borough Council	NI Committee of the Irish Congress of Trade Unions
Armagh City & District Council	NI Court Service
Association of Local Authorities NI	NI Human Rights Commission
Ballymena Borough Council	NI Private Coach Operators Association
Ballymoney Borough Council	NI Resident Magistrates Association
Banbridge Borough Council	NI Rider Training Scheme
Omagh District Council	NI Transport Holding Co. Ltd
Pedestrian Association	NISPA
Police Federation for Northern Ireland	North Down Borough Council
Road Safety Council of NI	North Eastern Education & Library Board
RoSPA (NI)	Northern Ireland Council on Disability
Rural Community Network	Northern Ireland Office
Belfast City Council	Office of the Director of Public Prosecutions

Belfast Education & Library Board	Cookstown District Council
Belfast Solicitors Association	Council of HM County Court Judges in NI
British Motorcyclists Federation	South Eastern Education & Library Board
Campaign Against Drink Driving	Southern Education & Library Board
Carrickfergus Borough Council	Strabane District Council
Castlereagh Borough Council	The Bar Council
Child Accident Prevention Trust	The Law Society of NI
Christian Road Safety League	Translink
Clerk of Petty Sessions	Transport Registration Branch
Coleraine Borough Council	Western Education & Library Board