

Comprehensive Blue Badge (Disabled Parking) Reform Strategy (England)



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October 2008

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Foreword



The Blue Badge Scheme plays a key role in promoting the mobility of disabled people. As such, it gives me great pleasure to announce the most significant reforms to the disabled parking regime since the introduction of the Scheme in 1971.

I would like to take this opportunity to thank all the stakeholders who advised on the Strategy. They are too numerous to list, but I would like to reserve special mention for those who chaired working groups – Graham Lawson of the Disabled Persons Transport Advisory Committee and Neil Scales of Liverpool Passenger Transport Executive – as well as the Transport Select Committee headed by the late Gwyneth Dunwoody, who acted as critical friends during the development process.

Finally, I would like to recognise the vital contribution of my predecessor, the Rt Hon Rosie Winterton MP, who drove forward the Strategy with her passion for improving accessibility. I hope to build on her achievements as we implement the Strategy with pace and direction in the months ahead.

A handwritten signature in black ink, appearing to read 'Paul Clark', with a horizontal line underneath.

Rt Hon Paul Clark MP

Parliamentary Under Secretary of State for Transport

1. Executive summary

- 1.1** The Blue Badge Scheme currently enables severely disabled people to park without charge or time limit in the on-street parking environment, and for up to three hours on yellow lines, unless a loading ban is in place.
- 1.2** Recognising the significant changes that have taken place since the Scheme was introduced in the early 1970s, the Government decided in February 2007 to undertake a review of the Scheme. The resulting Strategy contains a suite of Government commitments designed to ensure that it stays fit for purpose in the 21st century, and to improve the lives of more disabled people. Over the next five years, we are planning to take the following actions forward (through legislative measures where appropriate):
- extend the Scheme to:
 - people with certain temporary mobility problems (lasting at least one year);
 - individuals with severe mental impairments;
 - seriously disabled service personnel/veterans; and
 - more children, under three, with specific medical conditions.
 - make the assessment process fairer and more consistent across England, by providing local authorities with up to £15 million per year, to conduct improved independent medical assessments;

- work with local authorities, the Department for Work and Pensions and Service Personnel and Veterans Agency to make the Badge renewal process as streamlined and customer friendly as possible;
- create local authority 'Centres of Excellence' to share good practice and improve the management of the Scheme (supported by £0.5 million of funds);
- enable local authorities to charge a Badge application fee (which has remained unchanged at £2 since 1983) that more appropriately covers costs;
- reduce Blue Badge abuse by:
 - providing local authorities with up to £10 million, over the next three years, so that they can establish a system of data-sharing to reduce fraudulent misuse of Badges;
 - examining the scope for on-the-spot seizure of Badges being used unlawfully by non-Badge holders;
 - improving Badge security features;
 - raising awareness of the negative consequences that misuse of the Scheme can have for severely disabled people (as part of a wider range of communications activities relating to the Reform Strategy).
- support the British Retail Consortium to do more to tackle disabled parking abuse in their members' off-street car parks;
- ask relevant authorities in London to gather evidence to determine whether parking restrictions currently placed on Badge holders visiting Central London should be relaxed;
- explore greater foreign reciprocity once the domestic reforms are complete.

2. Context

- 2.1** The Blue Badge (Disabled Parking) Scheme provides a vital lifeline to disabled people in England. Approximately two-thirds of Badge holders are over the age of 65 and 55 per cent do not use public transport. The value of the Badge in terms of independence cannot be understated, as 75 per cent of Badge holders say that they would go out less often without a Badge.
- 2.2** However, the world has changed since the Blue Badge (originally called the Orange Badge) Scheme was created in 1971. Over the past fifty years, there has been a marked growth in the percentage of older people in the population, many of whom may be frail and in need of a Blue Badge. Car use has increased significantly, as has corresponding congestion. As a result of these changes, the number of Badge holders has grown from 673,000 in 1987 to over 2.3 million in 2007.
- 2.3** Furthermore, over half of local authorities believe that a significant number of Badges are issued to people who do not need them. Although some local authorities have introduced excellent independent medical assessments, over two-thirds of local authorities have not. With Badge issue rates varying widely among local authorities (between 15 and 123 per thousand of the population), we believe that there should be greater consistency, fairness and transparency in the assessment process. Our Strategy seeks to deliver improvements in this area.

2.4 Our vision is to create a fair, well administered Scheme that provides improved equality of opportunity and access for the most severely disabled people, in a manner that respects the needs of others. The Government has therefore spent the last 18 months talking to Badge holders, the general public and stakeholders about how the Scheme can be improved. Having listened to these views, we are planning to introduce a comprehensive package of reforms. This Strategy is the culmination of:

- a major strategic review of the Scheme between May and September 2007;
- public consultation conducted between January and April 2008;
- extensive engagement with disability charities, local government, retailers, and the parking sector between January and September 2008;
- a significant programme of independent research, including market research with Badge holders, public focus groups, technological options appraisals and economic research; and
- a full impact assessment of our proposals.

2.5 The research findings are being published separately along with this Strategy. Evidence has been gathered together about how the Scheme is operating now and the likely impacts of our policy proposals. The key findings from this research underpin our Strategy. The impact assessment is annexed at the end of this document.

3. Helping more people to get around

- 3.1** The Blue Badge Scheme provides essential support to disabled people. We want to ensure that the maximum number of people who have a genuinely severe disability can benefit from the Scheme.
- 3.2** To maximise accessibility, we want to continue to provide preferential disabled parking to people who are unable (or virtually unable) to walk because of a permanent and enduring disability. Likewise, we agree that drivers who are physically unable to operate parking machinery should continue to receive a Badge.
- 3.3** For some time, we have provided Blue Badges to registered blind people because of the difficulties that they can face crossing the road safely. However, we recognise that there are other groups of individuals who can experience similar difficulties, even with physical help from their carers. For this reason, we want to extend the Scheme to include people who have very severe mental impairments and disorders. This will include people who have very advanced forms of dementia and severe forms of autistic spectrum disorder.
- 3.4** In October 2007, we extended the Scheme to children under the age of two who were dependent upon bulky medical equipment or required access to medical care. This was because of the very real difficulty that their parents faced transporting them safely from their homes. After listening to parents, we have decided that this benefit should be extended to more children, under the age of three, with specific medical conditions. Once these children reach the age of three, they will be able to apply for a Badge under the other categories of eligibility described in this Strategy.

- 3.5** We have also been listening to people who experience major traumas, strokes or require joint replacements. Many people with these conditions make a full recovery within one to three years. However, during their treatment, they may be just as immobile as permanently disabled people who already benefit from a Blue Badge. We think it is only fair to provide this group of people with temporary Blue Badges until they make a recovery.
- 3.6** We have traditionally provided disabled veterans in receipt of War Pensioners' Mobility Supplement (WPMS) with an automatic entitlement to a Blue Badge. Now that seriously injured service personnel/veterans will receive payment under the new Armed Forces Compensation Scheme, rather than the WPMS, automatic entitlement to a Blue Badge will be extended to recipients of the new benefit.
- 3.7** In summary, the Government is planning to extend the Blue Badge Scheme to the following groups:
- people with the most severe mental impairments/extremely disruptive behavioural problems;
 - specific individuals with temporary mobility problems lasting a minimum of one year;
 - more children, under the age of three, with specific medical conditions; and
 - injured active/ex-service personnel in receipt of specific tariffs of award under the Armed Forces Compensation Scheme.

4. A better service for disabled people

- 4.1** Responsibility for administering the Scheme currently lies with local authorities. We want to continue to support local government to provide disabled people with a fair and customer focused service.
- 4.2** Our research suggests that there is a much fairer and consistent allocation of Badges where independent medical assessors (rather than applicants' personal GPs) advise on who should get a Badge. This is because personal GPs have a role in acting as an advocate for their patients and there is a potential conflict of interest.
- 4.3** To help improve the Scheme, we will provide local authorities with up to £15 million per year to help establish independent medical assessments across England. This will involve the transfer of existing National Health Service budgets that are currently being used to determine eligibility for the Scheme. The sole use of independent medical assessors will help to ensure that Badges are only issued to people who genuinely need them. It will also help to end fears of a 'postcode lottery' of Badge distribution.
- 4.4** Blue Badges are issued to people with a permanent disability, for a maximum period of three years at a time. This is important for preventing fraudulent use of the Badge. At the same time, we do not want to make people have to pass through unnecessary administrative hoops every three years (when they need to renew their Badge). We therefore want to work with the Department for Work and Pensions and Service Personnel and Veterans Agency to see if local authorities can share data with them that would

improve the automatic renewal of Badges in certain instances, with the minimum fuss and effort for the recipients.

- 4.5** Although 84 per cent of existing Badge holders surveyed by independent researchers describe the process by which they are granted a Badge as easy or relatively easy, we want to further improve the customer experience for all current and future Badge holders. Many local authorities already issue Badges extremely quickly and fairly, but we want to make sure that more do so. That is why we are giving £0.5 million to nine local authorities to act as Centres of Excellence in administering and enforcing the Blue Badge Scheme. We want these authorities to act as beacons to other local authorities and share their good practice across England.
- 4.6** We want to make sure that local authorities are able to devote the appropriate resources to provide a quality service to Badge holders. Since 1983, local authorities have been restricted to charging a £2 fee to each Badge applicant. We plan to put in place legislation that will enable local authorities to charge a Badge application fee more appropriate to their costs. This proposal received significant support in our public consultation.

5. Dealing with abuse of the system

- 5.1** As the value of the Badge has increased, it has become the subject of abuse. We know that Badge holders and motorists are particularly concerned about abuse of the Scheme, through theft, forgery or borrowing of disabled Badges by non-disabled people. We are committed to preventing this.
- 5.2** During our public consultation, many people told us that they were concerned about misuse of the Badge by friends and family members. Sometimes this type of misuse is unintentional and due to unawareness of the rules of the Scheme. At other times, this form of misuse may be calculated and deliberate in order to evade congestion charging or other parking costs.
- 5.3** From our consultation, local authorities rank misuse of the Badge by a friend or family member as the most prevalent form of abuse, followed by the use of forged or stolen Badges (involving theft from vehicles).
- 5.4** The market in stolen Badges exposes Badge holders to vehicle crime and reduces the availability of disabled bays for those who genuinely need them.
- 5.5** In order to make the Badge harder to copy and forge, we intend to continue to improve and enhance the physical security features of the Badge itself, for example by using barcodes and anti-fraud ink. This will build on existing changes that we introduced between October 2007 and April 2008, which included a new hologram, gender specific serial numbers and a tamper proof laminate.
- 5.6** There is also a case for improving enforcement. We will therefore support local authorities in taking forward proposals to share data across England on all Blue Badge holders. This will assist

parking enforcement officers in identifying Badges that are forged or reported as lost/stolen and Badges that are being misused. To help with this, the Department for Transport will provide local authorities with up to £10 million to establish a secure data-sharing system over the next three years.

- 5.7** Once parking enforcement officers have identified a forged Badge, a Badge reported as lost or stolen, or a Badge being misused by a third party, we want to ensure that they have adequate powers to deal with the situation. That is why we are working towards a new statutory power to allow parking enforcement officers to seize such Badges on the spot (in order to prevent their further misuse).
- 5.8** Since October 2007, we have issued a leaflet describing the rights and responsibilities of Badge holders with all new and replacement Badges. This contains key messages about how the Badge should not be used by non-Badge holders for their own personal benefit. We also intend to raise awareness of the negative consequences that misuse of the Scheme can have for severely disabled people (as part of a wider range of communications activities explaining the Reform Strategy).
- 5.9** The proposed Centres of Excellence will also help to share good practice in relation to on-street enforcement at a local level.
- 5.10** We expect these measures to make it much harder to forge, steal or borrow a Badge. In turn, this should help to free up parking spaces for disabled people, reduce vehicle crime, restore lost parking revenue and ensure public confidence and support for the Scheme.
- 5.11** The original Scheme was only ever intended to apply to the on-street parking environment. However, over time, private car park operators and road use chargers have come to use the Blue Badge as a passport to their own parking and toll concessions for disabled people.
- 5.12** We have received complaints about non-Badge holders parking in disabled bays in private car parks, such as supermarkets. The Blue Badge Scheme does not apply to private land, but we will be working with the British Retail Consortium to encourage them to address how best to tackle disabled parking abuse in their car parks.

6. Improving accessibility

- 6.1** We would like to establish formal reciprocal arrangements with countries outside the UK to allow our disabled parking Badge to be recognised and used abroad, and vice versa. However, we are keen to improve our domestic Scheme first. This means that formal foreign reciprocity will be considered once we have made key domestic improvements. We are also keen to work with other countries on improving Badge security.
- 6.2** The Blue Badge Scheme has never applied in four central London boroughs (Kensington and Chelsea, Westminster, City of London and parts of Camden). This restriction, known as the London Concession, was created because of the specific traffic management concerns that the centre of London was seen to face. Our consultation revealed that many Badge holders would like to park in central London. We are therefore asking the four central London boroughs, Metropolitan Police and Transport for London to gather further evidence, including the impact on congestion, to enable a decision to be made as to whether it is needed in the future.
- 6.3** The Blue Badge Scheme is just one initiative for improving accessibility and equality for disabled people. The Department is increasing choice by taking forward a wider range of initiatives, such as free off-peak bus travel for older and disabled people, and improving the accessibility of public transport. There has also been an improvement in the range of personal mobility options that can provide an alternative to the car for neighbourhood journeys (for example, community transport).

7. What needs to stay the same?

- 7.1** The Blue Badge Scheme has traditionally been operated at a local authority level and this will continue. The use of independent medical assessors and a national framework of data-sharing can realise the benefits of a centrally managed system, whilst maintaining all of the positives of local administration. For example, many older and disabled people undergo other benefit and mobility assessments at a local level, such as concessionary fares assessments. By retaining the existing governance arrangements, local authorities have the opportunity to streamline these various assessments and provide an improved service to their disabled customers. Some local authorities have also been extremely innovative at running the Scheme. We want to continue to promote and share innovation rather than providing a ‘one size fits all’ solution, through the Centres of Excellence initiative mentioned earlier.
- 7.2** The Scheme also enables parking on yellow lines for up to three hours, provided that loading restrictions are not in place. Some disability groups have argued that the three-hour time limit should be extended to improve accessibility further. However, with 65 per cent of local authorities responding to the consultation raising concerns regarding the safety and congestion implications of yellow line parking, and 75 per cent of Badge holders responding to the consultation claiming to use the yellow line for an average of one hour at a time or less, we will retain this restriction as it is. Furthermore, local authorities already possess the power to put loading bans in place if they want to limit all parking on yellow lines on safety grounds.

8. Delivering on our commitments

- 8.1** We will develop a five-year project implementation plan, which will set out our key commitments for delivery. Our progress in implementing these commitments will be monitored and supported by a high-level steering group, drawn from disability organisations and our public and private delivery partners, such as local authorities, the police and retailers. We will also use the research that we conducted over the past year to benchmark our improvements.
- 8.2** The implementation plan will be underpinned by appropriate financial resources, including:
- up to £10 million capital funding to help local authorities enhance their sharing of critical data on Badge holders (to be delivered over three years);
 - up to £15 million of funding per year for independent medical assessments;
 - at least £0.5 million to share existing local authority good practice; and
 - more appropriate local authority Badge application fees.

9. Other publications and resources

- 9.1** A suite of reports are published as separate documents to accompany the Strategy, including:
- a report on the responses to the January 2008 consultation document (a summary of the responses is available on the DfT website);
 - Research with Blue Badge Holders;
 - Research with the Wider Public; and
 - Blue Badge Scheme Economic Evaluation Report.
- 9.2** The Government's formal response to the Transport Select Committee's report into the Blue Badge Scheme has now been sent to the Committee and will be available on their website in due course.

Annex: Impact Assessment

Summary: Intervention and Options

Department /Agency: Department for Transport	Title: Impact Assessment of Blue Badge Strategy	
Stage:	Version: 1	Date: September 2008
Contact for enquiries: Keith Hughes		Telephone: 020 7944 3968

What is the problem under consideration? Why is Government intervention necessary?
 Since the Scheme's introduction in 1971 there have been many social, demographic and economic changes. The number of Badge holders has grown significantly and issue rates vary widely between different local authorities, suggesting inconsistencies in the way that discretionary eligibility criteria are applied. The Badge has become a passport to access a range of other benefits (in addition to the standard concessions), which has increased demand for the Scheme and levels of theft, fraud and misuse. The emergence of these issues has highlighted a clear need for review.

What are the policy objectives and the intended effects?
 The Government remains committed to ensuring that severely disabled people continue to have the opportunity to park close to their destination without charge. The Comprehensive Reform Strategy is intended to maintain these principles, whilst ensuring that the Scheme remains fit for the 21st Century. The proposals have taken due account of the priority attached to meeting the mobility needs of people who need the most help.

What policy options have been considered? Please justify any preferred option.
 Option A is to maintain the current Scheme. However, this would not address the problem highlighted above. The preferred option is Option B, this involves the introduction of new discretionary eligibility criteria, increased use of independent medical assessments (instead of applicant GPs) and support for better administration and enforcement (including the introduction of national data sharing). There would be no change to the existing national concessions afforded by the Scheme (in the future some changes may be made to the existing 'London concession' but these are yet to be determined).

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?
 The Strategy is intended to drive forward improvements over the next five years and will be evaluated for its success once implementation has been completed.

Ministerial Sign-off For final proposal/implementation stage impact assessments:
I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) the benefits justify the costs.

Signed by the responsible Minister:

..... Date:

Summary: Analysis and Evidence

Policy Option: B		Description: Full Implementation of Current Proposals	
COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups' An increase in applications will result in an increase in administration costs for local authorities as well as losses in parking revenue. Blue Badge holders may have to pay a higher fee for their application. Government and local authorities will incur costs for development of a national data sharing system.
	One-off (Transition)	Yrs	
	£11 million	3	
	Average Annual Cost (excluding one-off)		
	£29–52 million		
		Total Cost (PV)	£172-422 million
Other key non-monetised costs by 'main affected groups'			
BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups' Benefits to enforcement authorities would result from the improved security features and data sharing would ramp up from year 1 to 3 (once new enforcement measures are in place and existing good practice has been promulgated). New Blue Badge holders would benefit from lower parking charges. Local authorities can also benefit from higher application fees.
	One-off	Yrs	
	£ NIL		
	Average Annual Benefit (excluding one-off)		
	£40–56 million		
		Total Benefit (PV)	£242–432 million
Other key non-monetised benefits by 'main affected groups' The welfare benefits for those who obtain a Badge as a result of the extended eligibility criteria. This is additional to the financial savings resulting from the Badge and are expected to be significantly positive.			
Key Assumptions/Sensitivities/Risks Reduction in car park/toll revenue treated as a transfer to Badge holders resulting in zero net impact overall. It is assumed that higher Badge fees would not significantly reduce the number of applications. The number of Badges issued (and costs) will depend on how the new eligibility criteria are interpreted and applied.			
Price Base Year 2007	Time Period Years 10	Net Benefit Range (NPV) £10–70 million	NET BENEFIT (NPV Best estimate) £50 million

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What is the geographic coverage of the policy/option?		England		
On what date will the policy be implemented?		tbc		
Which organisation(s) will enforce the policy?		Local authorities		
What is the total annual cost of enforcement for these organisations?		£ tbc		
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?		£ 0		
What is the value of changes in greenhouse gas emissions?		£ 0		
Will the proposal have a significant impact on competition?		No		
Annual cost (£–£) per organisation (excluding one-off)	Micro	Small	Medium	Large
Are any of these organisations exempt?	No	No	N/A	N/A
Impact on Admin Burdens Baseline (2005 Prices)		(Increase – Decrease)		
Increase of £ 0	Decrease of £ 0	Net Impact £ 0		

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

Background

This Impact Assessment (IA) relates to the Government's review of the existing Blue Badge Scheme to ensure that it stays fit for purpose in the 21st century.

The Scheme was introduced in the early 1970s to enable permanently disabled people (who were unable to walk or virtually unable to walk) to park close to their destination for free in order to access employment, education, health and other essential services.

The Scheme offers a range of formal concessions:

- Free unlimited parking at on-street parking meters, disabled bays and pay-and-display machines (unless there are time restrictions in force).
- The ability to park for up to three hours on single or double yellow lines (unless loading restrictions are in place).
- The ability to be picked up and to alight in locations where access is restricted.

There are two main eligibility routes for the Scheme:

- Automatic without further assessment – people over the age of two who meet at least one of the following criteria may be issued a Badge without further assessment providing they provide the necessary supporting evidence:
 - Receive the Higher Rate Mobility Component of the Disability Living Allowance (HRMCDLA) except where the award is for a period of less than 12 months.
 - Are registered blind.
 - Receive a War Pensioner's Mobility Supplement (WPMS).
- Eligibility subject to further assessment (still commonly referred to as the 'discretionary criteria') – local authorities can award Badges to people after further assessment if they:
 - Drive a vehicle regularly, have severe disability in both arms and are unable to operate, or have considerable difficulty in operating, all or some types of parking meter; or

- Are over the age of two and unable to walk or have considerable difficulty in walking because of a permanent and substantial disability.

In addition, more recently legislation was amended so that children under the age of two who, due to a specific medical condition, need to travel with bulky medical equipment, or be close to a vehicle for emergency medical treatment, may also be eligible for a Badge under the discretionary criteria.

The Government remains committed to ensuring that people who are severely disabled continue to be helped by the opportunity to park close to their destination. However, since the Scheme was introduced there have been significant demographic and economic changes. In addition, the Blue Badge has become a passport to access a range of other vehicle-related exemptions, including discounts from certain congestion and toll Schemes (notably the London Congestion Charge) and the ability to park in disabled bays in privately owned car parks, such as those at supermarkets and other retail outlets. The number of Badge holders has grown significantly and issue rates vary widely between different local authorities suggesting inconsistencies in the way that discretionary eligibility criteria are applied across the country. In addition, as a result of the financial benefits provided by the Scheme abuse has increased with the current Scheme offering significant opportunities for theft, fraud and misuse. ***The emergence of these issues has highlighted a clear need for reform of the current Scheme.***

Demand for Badges has increased from 673,000 in 1987 (the first year in which annual statistics of this type were collected) to 1.64 million in 1997 and further to over 2.3 million in 2007; suggesting an average increase of 6 per cent per year (source: DfT). This increased demand is thought to have been driven by a range of social, demographic and economic factors (although it should also be noted that over time eligibility has also been extended to include blind people, drivers with certain upper arm disabilities and children who are dependent on bulky medical equipment).

Badge issue rates vary significantly between different local authorities (between 15 and 123 per thousand of the population). The North West has more Badges per head of population than any other region with an average of 60 Badges per 1,000 people compared to a national

(England) average of 46 per 1,000 people. London is the region which issues fewest Badges per head of population – 31 per 1,000 people – but this is likely to be due to demographic trends which see London having the lowest rate of car ownership and a slightly younger age profile. In addition, the Scheme does not operate in parts of Central London – the ‘London Concession’ allows for special regimes to apply in Westminster, the City of London, Kensington and Chelsea and parts of Camden in recognition of the unique circumstances which apply in the city relating to congestion and security issues. Analysis shows that the varying issue rates cannot be fully explained by population characteristics (Blue Badge Scheme Financial Evaluation Report, Faber Maunsell October 2008) suggesting that the assessment of eligibility for discretionary Badges may not be consistently applied across the country.

In 2007, the Government commissioned a consultant to undertake an independent strategic review of the Scheme (The Strategic Review of the Blue Badge Scheme, Rob Smith 2007). The review was designed to make the Scheme: tougher on fraud, easier to understand, fairer and more consistently administered.

The Department for Transport responded to the review and subsequently consulted on its response. It also took on board the views of the Transport Select Committee and the findings of several stakeholder working groups. In order to develop a Strategy, further supporting research followed, including a number of assignments undertaken by Faber Maunsell. Research with Blue Badge holders and local authorities revealed a consensus that the Scheme is undermined by high and continuing levels of abuse. It is estimated that of the estimated 770,000 Blue Badges issued by local authorities per annum, up to 22,000 of these relate to lost Badges (almost 3 per cent); use of Badges by family and friends (both with and without the Badge holders permission) is also a problem (Faber Maunsell, 2008a).

All of the above research and consultation work has been brought together to shape the subsequent Comprehensive Blue Badge Reform Strategy.

Preparation of the IA

This IA has been prepared to highlight the costs and benefits which would be expected to result from the introduction of the proposed Blue Badge Strategy 2008. It builds upon the consultation stage IAs which were produced by the Department in January 2008. At the consultation stage, three IAs were produced, each relating to a different element of the reform (e.g. enforcement). However, it has been decided to combine these into one IA in order to reflect that the different elements are all part of a complementary package of measures which form the new Blue Badge Strategy.

The IA also draws heavily upon the considerable body of research which has been produced for the Department in order to inform the development of the strategy.

Options

Option A: Do Nothing – this would involve maintaining the status quo. This is not considered to be a realistic policy option given that maintaining the status quo would not address any of the problems associated with the current Scheme, such as increasing abuse and inconsistency of application of eligibility criteria, which mean that reform is necessary. However, for the purposes of the IA, all ‘do something’ options will be assessed against this baseline.

Option B: Full Implementation of Current Proposals – the key changes can be summarised as follows:

1. Eligibility

- Extend the Scheme to:
 - people with certain temporary mobility problems (lasting at least one year);
 - individuals with severe mental impairments;
 - seriously disabled veterans; and
 - more children, under 3, with specific medical conditions.

2. Administration

Make the assessment process fairer and more consistent across England, by providing local authorities with up to £15 million per year, to conduct improved independent medical assessments;

- Work with local authorities, the Department for Work and Pensions and Service Personnel and Veterans Agency to make the Badge Renewal process as streamlined and customer friendly as possible;
- Create local authority ‘Centres of Excellence’ to share good practice and improve the management of the Scheme (supported by £0.5 million of funds);
- Enable local authorities to charge a Badge application fee (which has remained unchanged at £2 since 1983) that more appropriately covers costs;

3. Enforcement

- Reduce Blue Badge abuse by:
 - Providing local authorities with up to £10 million, over the next three years, so that they can establish a system of data-sharing to reduce fraudulent misuse of Badges;
 - Examining the scope for on the spot seizure of Badges being used unlawfully by non Badge holders;
 - Improving Badge security features;
 - raising awareness of the negative consequences that misuse of the Scheme can have for severely disabled people (as part of a wider range of communications activities relating to the Reform Strategy).
- Support the British Retail Consortium to do more to tackle disabled parking abuse in their members off-street car parks;

4. Improved access

- Ask relevant authorities in London to gather evidence to determine whether parking restrictions currently placed on Badge holders visiting Central London should be relaxed;

- Explore greater foreign reciprocity once the domestic reforms are complete

Further options which were considered at an earlier stage but subsequently rejected included:

- Increasing the length of time that Badge holders are permitted to park on yellow lines – this option was rejected due to concerns about vehicles being allowed to park on yellow lines for a longer period of time and, in doing so, potentially causing road safety issues and obstruction to traffic flows thereby impacting on congestion.
- Further extending eligibility, for example to include those with colitis, Crohn's disease or similar conditions – this option was rejected following previous research, which recommended that eligibility for the Scheme should be extended to those who 'require help, in the form of physical contact, from another person in order to cross a road safely, making due allowance for the normal range of development of road safety skills in children.' This is consistent with the concept of 'attention' developed by the Department for Work and Pensions and would restrict new eligibility to those with a fairly high severity of condition (Eligibility for the Blue Badge Scheme, TTR, November 2007).
- Introduction of a national application processing system – maintaining local administration fits with the Government's local devolution agenda which promotes greater local control and accountability for service delivery.
- Means testing – ownership of a Blue Badge provides both financial and accessibility benefits as a result of the free parking allowances. There are concerns that increasing levels of abuse are linked to the presence of these financial benefits. Means testing was considered as a way of discouraging inappropriate demand for the Scheme and misuse of its financial concessions. However, the option to include a means testing element was rejected on the basis that one of the identified drawbacks of means testing is that not all of those who are eligible for a benefit will come forward to claim it, particularly if the application process is complicated and cumbersome. This is supported by evidence relating to the introduction of means tested pensioner benefits in 2003 which is

believed to have caused a significant degree of non-take up (as referenced in Blue Badge Scheme Financial Evaluation Report, Faber Maunsell September 2008).

Sectors and groups affected

The proposals would affect the following groups:

Current Blue Badge holders

There are just over 2.3 million Blue Badges on issue in England (as at 31st March 2007); an increase of around 4 per cent on the previous year. Approximately 36 per cent (838,000) of these Badges were issued to those who meet the automatic eligibility criteria while 63 per cent (1.45million) were issued subject to further assessment (previously known as discretionary Badges). The remaining one per cent was issued to organisations (such as care homes for the elderly). As noted, there is an upward trend in the number of Badges issued (source: DfT).

Research with Badge holders (Faber Maunsell, 2008a) found that over 90 per cent of those surveyed were aged 45 or over, while two-thirds of respondents were over 65 years of age. The survey also found that 31 per cent of respondents were classified in the ABC1 socio-economic group (with the remaining 69 per cent being C2DE).

Badge holders experience both accessibility and financial benefits as a result of the Scheme. Research with Badge holders suggested that the main benefits come from the use of off-street disabled persons' parking bays, followed by on-street disabled bays. Badge holders identified the main benefit as being independence, followed by being able to park close to destinations. Being able to park for free was rated slightly less highly. Without a Badge, 75 per cent stated that they would go out less often and 64 per cent said they would be more reliant on friends/family, illustrating the mobility benefit which the Badge provides. The main concern was levels of abuse. The research also found that only a small proportion of Badge holders make intensive use of the Scheme while the majority use it only occasionally (e.g. over half of Blue Badge holders surveyed reported not making use of the on-street concessions in the last two weeks).

Faber Maunsell's research found that 75 per cent of responding discretionary Badge holders were assessed by their GP while 68 per

cent of local authorities stated that they used the applicant's GP to assess discretionary applications. Research indicates that the proposal to encourage the use of Independent Health Assessors rather than GPs to determine eligibility for discretionary Badges is likely to result in some people no longer receiving Blue Badges under the new system. This could result in a reduction in the number of discretionary Badges issued of around 36,600 per year. This is based on the difference between rejection rates for applicant GPs and independent assessors which indicates that potentially 15 per cent of discretionary Badges are incorrectly issued but the calculation conservatively assumes that a 50 per cent margin of error will still apply (Faber Maunsell, 2008b).

Proposals to remove the maximum amount local authorities are allowed to charge applicants for Blue Badges may lead to increased costs for Blue Badge holders, although this will depend on whether (and by how much) local authorities charge for the Badge. Finally, improved enforcement of the Scheme may reduce car crime and parking charge evasion if it becomes harder to use stolen, forged or misused Blue Badges without detection.

Potential Blue Badge holders

Extending eligibility as proposed would be expected to lead to an increase in applications, and ultimately the number of Badge holders. There are a number of challenges to estimating precise figures for the increase in the number of Badges issued as a result of implementing these changes. A key issue will be how the new criteria are described in regulations and how local authorities interpret them. Our best estimates of the potential increase in Badge holders are as follows:

- The number of people with the most severe mental impairments/ extremely disruptive behavioural problems that require physical contact ('attention') to cross the road has been estimated in research undertaken by TRL (2007).

	First year	Subsequent years
Dementia	30,000–40,000	25,000–30,000
Autism	6,000	4,000
Other conditions	57,000–67,000	36,000–51,000
Total	93,000–113,000	65,000–85,000

- These figures have been derived based on estimates relating to the most severe forms of the conditions shown and have also taken account of a likely take-up rate of around 50 per cent. It is noted that there is a wide margin of error associated with these assessments but they provide the most robust estimate available at this time. Figures in the first year are higher on the basis that there will be a stock of people in the population who become eligible as a result of the change while the figure in subsequent years is lower as it will relate mainly to new diagnosis and renewals.
- In the absence of more robust data we have assumed that this change in the eligibility criteria would increase the number of discretionary Blue Badges issued by around 5-10 per cent per annum – equivalent to 24,000-48,000 additional Badges. The actual increase will depend on the wording of the regulations and their interpretation by local authorities. It is further assumed that each new Blue Badge holder will have the Badge for an average of two years.
- The number of children under the age of three with specific medical conditions has been estimated by Faber Maunsell (2008b) using data on the number of children aged between 3 and 5 claiming DLA. The potential increase is estimated at around 16,000 per annum. There is no need to take account of renewals in this category given that eligibility is limited by age.
- It is considered that the number of individuals who are eligible as a result of being injured active/ex-service personnel in receipt of specific tariffs of award under the Armed Forces Compensation Scheme will be negligible (barring a major unforeseen increase in international conflict).

It is estimated that as a result of these changes in eligibility 114,000 to 134,000 additional people will receive a Badge each year (including those who are eligible on a temporary basis), with a slightly higher figure of 142,000 to 162,000 in year 1. We have assumed that only people who are eligible will receive a Badge as a result of the change. The estimate also takes account of the fact that not all of those who become eligible as a result of these changes would take up the opportunity maybe because they are already eligible through another route or because they feel they would not get any benefit out of, or do not need, a Badge – the estimated take-up rate is around 50 per cent.

Local authorities

Local authorities are responsible for the administration and enforcement of the Blue Badge Scheme in England. It is estimated that local authorities currently issue around 770,000 Blue Badges per year, of which 488,000 are through the discretionary route. Any increase in applicants would generate an increase in administration and medical assessment costs for local authorities. It should be noted that, at present, in an estimated 70 per cent of cases, the costs of medical assessments are reimbursed to the local authority by Primary Care Trusts. As part of the review it is likely that the responsibility for payment of medical assessments will be formally transferred to local authorities. Funding will be transferred from the Department of Health to local authorities as a result of this change. This change would be expected to increase the incentives for local authorities to apply the most cost effective means of assessing eligibility.

Greater use of Independent Health Assessors, rather than an applicant's GP, to assess eligibility will result in a unit cost saving which will offset some of the increase resulting from the rise in applications.

The addition of new security features to Badges and the introduction of new data sharing systems will facilitate more effective enforcement (while also acting as a deterrent to abuse). However, we have assumed that there will be no increase in Blue Badge specific enforcement activity as a direct result of the proposals and so local authorities will not incur any additional costs in relation to proactive enforcement. The enhanced security features and the new database should increase the effectiveness of existing enforcement activity

and we would expect some reduction in revenue losses from abuse/misuse of parking concessions.

The Blue Badge Scheme also impacts on the amount of parking revenue generated by local authorities, although this is a distributional impact (i.e. the Blue Badge changes the incidence of the parking fee from Badge holders to the local authority in the form of lost revenue).

Private parking/toll operators

Badge holders are able to use disabled parking bays in car parks owned by private operators. Research suggests that in most cases a charge for parking is still levied on Badge holders. However, the provision of disabled persons' parking bays (which are larger than standard bays) could still be seen as resulting in a loss of revenue to private operators because of the reduction in the total number of spaces which results. However, private operators provide disabled bays voluntarily as part of the service they provide to their customers and there is no requirement for them to provide further bays as a result of changes to the Scheme.

Changes to the Scheme could potentially impact on the revenue generated by private parking operators if new Badge holders divert from using private car parks to using bays/spaces provided by local authorities which they can park in for free. However, there is no available evidence to suggest the scale of this and so it has been assumed that this potential behavioural change would not have a significant impact on the revenue of private operators.

Blue Badge holders are also able to access a range of other concessions such as free use of toll bridges and exemption from the London Congestion Charge. Changes to the Scheme will impact on the revenue generated by these operators. However, as in the case of parking revenue, this is a distributional impact.

Government

Government will incur costs relating to the development of a centralised system which allows sharing of data and the introduction of new Badge security features. Costs would also be incurred for promoting existing local authority good practice and innovation in enforcing and administering the Scheme.

Other groups

It can be argued that extension of eligibility for the Scheme will have a positive impact on employers and service providers due to the fact that newly eligible Badge holders may be potential employees/ customers who will benefit from the greater accessibility provided by the Badge.

Other road users may suffer a disbenefit if the expected increase in the number of Badge holders increases congestion (due to increased use of the yellow line concession) and increases scarcity of on-street parking spaces. However, we have not considered these groups in detail because it is assumed that the impacts experienced will be relatively small in aggregate.

Summary

The following table provides a summary of the groups affected by the proposals and the nature of the expected impact on each.

Groups affected	Potential impact
Current Badge holders	Reduced number of successful renewals/applications Lower car crime and misuse of their parking spaces Higher Badge fees
Potential Badge holders	Increased mobility for successful applicants Reduced parking costs

Groups affected	Potential impact
Local authorities	<p>Increased administration resulting from increase in applications</p> <p>Reduced costs from greater use of Independent Medical Assessors</p> <p>Impact on revenue generated – transfer impact</p> <p>Reduction in revenue loss through abuse/misuse</p>
Private operators	Impact on revenue generated – transfer impact
Government	Cost of data sharing system, security improvements and promoting good practice.
Other groups	Range of possible benefits and costs – assumed to be relatively small.

Option B – Analysis of Impacts

Costs

This section sets out the expected costs of the proposal for each of the affected groups in turn.

Local authorities

Applications:

Changes in eligibility criteria would be expected to result in an increase in the number of people applying under the eligible subject to further assessment criteria of between 142,000 and 162,000 in the first year and between 114,000 and 134,000 in subsequent years. There would only be a negligible change to applications under the automatic

eligibility criteria on account of enhanced eligibility for severely disabled veterans.

The increase in applications will result in increased administration costs for local authorities plus an increase in the costs of medical assessments – at present this is usually obtained from the applicant’s GP although the proposals recommend the use of an independent health assessor which is expected to lead to a unit cost reduction as shown below.

Based on research undertaken by Faber Maunsell (2008b) the average direct cost incurred by local authorities per Badge issued is £12.06. This includes staff costs plus other direct costs such as purchase of the Badges. A range constructed based on 25 and 75 percentile values gives a direct cost estimate of between £7.09 and £16.94. Including a 20 per cent allowance for staff-related overheads (such as National Insurance Contributions) gives a range of £8.51 to £20.33 with a medium value of £14.47. Total administration costs for Badges are summarised in the table below.

Low	Medium	High
£8.51	£14.47	£20.33

Faber Maunsell (2008b) also estimates that the average cost of a medical assessment for a discretionary Badge application is £20 when an Independent Health Assessor is used. Therefore the total average cost to local authorities for discretionary Badges can be calculated as the administration cost plus the medical assessment cost as shown below.

Low	Medium	High
£28.51	£34.47	£40.33

The ongoing cost increase can therefore be estimated as follows:

Expected increase in Badges issued *multiplied by* total unit cost experienced by local authorities.

	Low	Medium	High
Unit cost per Badge	£28.51	£34.47	£40.33
New Badges – Year 1	142,000	152,000	162,000
Total cost – Year 1	£4.0m	£5.2m	£6.5m
New Badges – ongoing	114,000	124,000	134,000
Total cost – ongoing	£3.3m	£4.3m	£5.4m

The ongoing cost increase refers to year 2 onwards. The costs of medical assessments are further uplifted by 14 per cent to take account of rejected applications. As local authority average costs include an allowance for rejected applications no such adjustment is required for administration costs. The net impact is to increase ongoing costs by a further £0.3m per annum.

As noted, the proposals recommend that assessment of discretionary eligibility should no longer be undertaken by an applicant's GP. Use of an independent medical assessor would be expected to result in cost savings as survey evidence suggests that this form of assessment is less expensive.

Parking revenues:

Local authorities will also experience a loss in parking revenue as a result of the increase in the number of Blue Badge holders. This should be seen as a transfer between Badge holders and the local authority and so results in zero net impact. However, an indication of the financial transfer resulting from the extension in eligibility can be estimated by multiplying the net increase in Badge holders (taking account of the increase resulting from the new eligibility criteria plus the reduction in successful applications caused by the use of independent medical assessors) by the estimated financial benefit per Badge holder per year as a result of the concessions.

The net annual increase in the number of Blue Badges issued is estimated to be between 80,000 and 100,000 (this is calculated as the

difference between the estimated ranges for ongoing new applications and rejected renewals – it conservatively assumes, given the uncertainty in the data, that the estimated number of new applications are all accepted, in reality this may not be the case). Therefore the expected increase in the stock of Badges would be between 170,000 and 230,000 over a three year period (the lifetime of a Badge).

Faber Maunsell (2008b) estimate that the weighted average number of times that a Badge holder uses the parking concessions provided is 15 per year (range 10-20) plus an estimated further 50 instances of parking in on-street disabled bays. Survey evidence also suggests that the majority use the parking concession for less than one hour at a time and that the average parking charge is £1 per hour (ranging from £0.50 to £1.50). This suggests an average financial cost to the local authority of £65 per Badge holder per annum – a net annual loss in parking revenue of **£11 million to £15 million**. This is a significant impact and has been estimated based on the best available data. However, it assumes that new Badge holders use the concessions in the same way as existing Badge holders; there is no change in behaviour with regards to the choice of parking location. This estimate is likely to be an overestimate of the impact on local authorities as it assumes no reduction in operating costs as well as assuming all on-street disabled parking bays are in areas subject to car parking charges. This impact is also likely to be partially offset as a result of reducing abuse (this is dealt with separately in the benefit section of this assessment).

Blue Badge holders

The maximum fee which local authorities can currently charge applicants is £2. Proposals to remove this cap would result in local authorities potentially being able to recover the administration costs which they incur in relation to Blue Badge applications. Survey evidence suggests that 68 per cent of Badge holders would support an increase in the current £2 fee. When asked how much they thought would be a fair price to pay for the Blue Badge administration charge, 25 per cent thought that it would be fair to charge more than £10 and an additional 59 per cent between £3 and £10.

Research indicates that, assuming full cost recovery and that the Department of Health make provision to fund the costs of health

assessments, the fee would increase to somewhere between £8.51 to £20.33, with an average of £14.47 (assuming that by increasing fees local authorities do not incur any change in the costs associated with processing payments).

This would represent a transfer of costs from local authorities to Badge holders with some implications on affordability for individuals on low incomes. The extent of this transfer would depend on decisions by local authorities. If significant changes in the charge are introduced then it could impact on the number of applicants (for new Badges and renewals). Assuming that there was no change in the level of applications as a result of higher fees, we estimate that this could cost Blue Badge holders up to **£16 million per annum**.

Private parking providers/tool operators

Private parking providers and toll operators also provide concessions for Badge holders. For example, Transport for London report that there are approximately 140,000 registered Blue Badge exemptions for the London Congestion Charge but only one third of this number are regular travellers within the charging area. Again this is a distributional impact between Badge holders and operators and so results in no net impact.

In addition, Blue Badge holders are able to park in disabled bays in car parks owned by private operators although research suggests that private operators adopt a standard charging policy regardless of Blue Badge ownership therefore the revenue loss is negligible.

Government costs

Research has shown a high level of support for the creation of national system of data-sharing of all English Badge holders. The preferred option going forward is to create a system which allows sharing of data through the linking of existing local authority databases. DfT will provide local authorities with up to £10m in funding over the next three years to establish a system of data-sharing. It is assumed that local authorities will not incur any additional costs in inputting existing records as this will be done as existing Badges are renewed although they may incur some staff costs in helping to design and implement the new database – it has not been possible to estimate the cost of

this. It is also intended that a relatively low cost security feature will be applied to new Badges, e.g. barcodes.

The Department would also incur a further cost of £0.5 million for the launch of a national suite of local authority 'Centres of Excellence', which will promote local authority good practice, with the aim of improving administrative efficiency and enforcement. Although there are plans to raise awareness of the Strategy and the impact that abuse of the Scheme has on disabled people, the cost of this activity would be met from within existing DfT resources.

Benefits

This section sets out the expected benefits of the proposal for each of the affected groups in turn.

Local authorities

Medical Assessments:

The current average cost of medical assessments is £29 when using the applicant's GP and £20 when an Independent Health Assessor is used (based on research by Faber Maunsell). This suggests that a saving of £9 can be made on application/renewals assessed by the applicant's GP. Faber Maunsell report that local authorities currently issue 488,000 discretionary Badges per year with between 68 and 75 per cent of these currently assessed by the applicant's GP. On this basis the potential cost savings are **around £3 million per annum**. This is a conservative estimate as some authorities may be able to use trained administration staff to assess a proportion of discretionary applications therefore removing the cost of assessment by a third party in some cases. This estimate has assumed that the use of independent medical assessments will not significantly increase the number of appeals and repeat applications from rejected applicants.

The use of independent medical assessors is likely to increase the number of rejections. Research indicates a refusal rate of around 22 per cent in cases where independent assessors are used compared to a rate of around 6 per cent for cases where an applicant's GP is asked to make an assessment. However, we have assumed that this increased likelihood of rejection as a result of independent assessment would not reduce the application rate, at least in the short term,

meaning that the baseline administration costs incurred by local authorities would be expected to remain the same.

Local authorities are also responsible for enforcement. However, although the proposals include elements which will facilitate more effective enforcement, they do not mandate an increase or change in enforcement activity. Therefore we have assumed that, in the short-term, no additional costs will be incurred by local authorities relating to enforcement staff and equipment.

Fees:

The maximum fee which local authorities can currently charge applicants is £2. Proposals to remove this cap would result in local authorities potentially being able to recover the administration costs which they incur in relation to Blue Badge applications. Research indicates that, assuming full cost recovery and that the Department of Health make provision to fund the costs of health assessments, the fee would increase to somewhere between £8.51 to £20.33, with an average of £14.47 (assuming that by increasing fees local authorities do not incur any change in the costs associated with processing payments).

This would represent a transfer of costs from local authorities to Badge holders. The extent of this transfer would depend on what local authorities decide to charge in order to appropriately recover costs. If significant increases in charges are introduced then it could reduce the number of applicants. Assuming that there was no change in the level of applications as a result of higher fees, we estimate that this could increase income to local authorities by up to **£16 million per annum**.

Reduced fraud and misuse:

Abuse of the Scheme falls into two main categories: theft of Badges from parked cars and misuse of Badges by family and friends of Badge holders (both with and without the Badge holder's knowledge). There are a number of policies proposed as part of the strategy which would act to reduce fraud and abuse. This includes: better data sharing, new security features on the Badge and sharing of best practise.

Estimating the benefit of these policies is challenging. There is very limited data on levels of abuse and the effectiveness of specific measures is unknown. More effective enforcement would be expected

to act as a deterrent to theft and fraudulent activity. It would also be expected to generate an increase in the number of people caught committing parking offences.

Faber Maunsell (2008b) estimated that the net impact of more effective enforcement policies could deliver savings of **£4.9m to £7.9 per annum**. This estimate was based on judgements about the level of abuse (informed by the level of fare evasion on public transport) and the effectiveness of new enforcement measures in reducing the incidence of abuse. This range represents only 1 to 1.5 per cent of local authority revenue from on-street parking and can be deemed as a conservative estimate based on reported anecdotal levels of abuse. For the purposes of calculating a present value figure it has been assumed that these benefits will begin to be realised from 2010/11. Initial benefits will begin as a result of sharing good practice on enforcing the Scheme. Full benefits of the enforcement measures would then build up over 3 years as a result of better data sharing and the roll-out of new security features on Badges. These estimates will be subject to review as proposals on enforcement are developed and put out to consultation.

It is also possible that local authorities will realise efficiency gains as a result of the data sharing system (which potentially means that less time will need to be spent dealing with enquiries from other agencies). However, this has not been quantified at this stage.

Blue Badge holders

The proposals would result in benefits to those who become eligible as a result of the changes and equally result in disbenefits to those whose application is rejected. As noted, the financial benefit to Badge holders would be equal to the lost revenue experienced by parking and toll operators (including local authorities) resulting in zero net impact overall.

New Badge holders will also benefit from significant non-financial benefits. They will be able to park closer to their destination which may help to reduce the pain and anxiety experienced by individuals, and reduce social exclusion. Whilst we have been unable to value these additional benefits they are expected to be significant and would apply to the net increase in Blue Badge holders – 170,000 to 230,000 people.

If there is no change to the number of disabled parking bays it is possible that the extended eligibility criteria may increase the scarcity of available parking bays. It has been assumed that there will be no significant dis-benefits associated with scarcity of disabled bays as a result of the strategy but this represents a risk and should be monitored as part of the evaluation of the strategy.

Environmental and social impacts

No significant environmental impacts are expected to result from the proposed Blue Badge Strategy. In the absence of further evidence, we have assumed that changes to the Scheme will not create a significant increase in car use and therefore there will be no associated impact on air quality and carbon emissions.

The Strategy is designed to improve social and welfare benefits for the most disabled people by ensuring that the Blue Badge is consistently and fairly allocated to those who need it most. This will enhance the mobility of those who are eligible, leading to improvements in access to services, social inclusion and wellbeing which will improve people's quality of life.

Risks and uncertainty

A key area of uncertainty is the level of take-up of the Scheme by those who become newly eligible as a result of the changes, and the change in the level of fraudulent use which will occur as a result of the planned new enforcement measures and promotion of good practice. This uncertainty around key assumptions is reflected in the ranges which have been produced and presented above.

There is also significant uncertainty around the fee which will be charged by local authorities when the current £2 maximum limit is removed to more appropriately cover costs. Any increase in the fee charged will represent a transfer in the incidence of cost from local authorities to Badge holders. However, since this cannot be predicted in advance of decisions by individual local authorities, we have assumed that this payment would not be so high as to reduce the number of applications (i.e. the new fee would not exceed the willingness to pay of applicants). The distribution of net benefits between local authorities and Badge holders will be sensitive to the actual fee charged – this is illustrated below.

The key driver of costs and benefits presented in this Impact Assessment is the net increase in Blue Badge holders resulting from the changes in the strategy. For the purposes of producing this Impact Assessment we have had to make a number of assumptions about what kind of conditions might be covered by the criteria. In practice the net increase in Blue Badges will depend on how the new criteria are drafted and their subsequent interpretation by local authorities. These estimates will need to be reviewed when the regulations and guidance are available.

Impact Tests

Race and Gender Equality

There are no race or gender impacts to these proposals. Recent research with a representative sample of Badge Holders (Faber Maunsell 2008a) found that 6 per cent of Badge holders are of an ethnic minority. This is slightly less than the 7.9 per cent national average. In the same report, Faber Maunsell found that 55 per cent of Badge holders were women. This rate is slightly higher than would be suggested by the 2001 census data which indicates that 52 per cent of the UK population is female. However, this may be accounted for by the fact that two thirds of Badge holders are over the age of 65 and that women over 72 tend to live longer than men (ONS, 2001). Despite the existing demographic profile of Blue Badge holders, the current Government proposals are not expected to have any additional distributional impact upon race or gender equality.

Disability Equality

There is a positive impact with respect to disability equality.

Competition Assessment

The proposal does not directly affect the private sector therefore is unlikely to raise any competition concerns.

Small Firms Impact Test

The proposal does not directly affect on the private sector therefore a small firms impact test is not required.

Legal Aid

There are no legal aid implications.

Sustainable Development

The proposal does not conflict with any of the five principles of sustainable development.

Carbon Assessment

It is considered that there will be no significant impact on carbon emissions. As noted above, we have assumed that the changes to the Scheme will not significantly increase car use, and resulting carbon emissions.

Other Environment

It is considered that there will be no significant other environmental implications.

Health Impact Assessment

It is considered that the proposals will not impact significantly on health and wellbeing, or health inequalities, as defined by the screening criteria for this test; therefore a full assessment is not necessary.

Human Rights

There are no human rights implications.

Rural Proofing

A survey of local authorities undertaken by Faber Maunsell (2008b) found that there was no significant difference between urban and rural areas in the administration of the Scheme. In addition, the proposed strategy is designed to encourage greater consistency of Badge issue between local authorities. Urban areas are likely to benefit more from better enforcement of the Scheme as misuse is seen as a bigger problem in these areas.

Summary

The proposed Blue Badge Strategy aims to make sure that the Scheme continues to be made available to those who need it most; that it is fairly and consistently administered; and that abuse of the Scheme is reduced.

The estimated impacts of the proposed changes are summarised in the following table (note transfer impacts are excluded from this summary table).

Area of Impact	Size of Impact (2007 prices)	Notes
Increase in number of applications as a result of new eligibility criteria	<p>Cost of £4.1m to £6.2m – year 1 only</p> <p>Cost of £3.6m to £5.8m p.a. from year 2 onwards</p>	<p>Cost to local authorities as administrators of the Scheme. Higher in year 1 as a result of the stock of people within the population who meet the criteria.</p>
Saving in costs resulting from the use of independent medical assessors	<p>Saving of £3.0m to £3.3m p.a.</p>	<p>Saving is based on the lower unit costs of IMAs.</p>
Data sharing system and improved security features	<p>Up to £10m cost to Central Government – one-off cost.</p>	<p>Cost incurred by government over 3 year period.</p>
Sharing of good practice	<p>£0.5m – one-off cost</p>	<p>Cost incurred by Government.</p>
Welfare benefits to Badge holders	<p>Not quantified</p>	<p>Benefit received by Badge holders. Assumed that in aggregate these welfare benefits are over and above the financial value.</p>

Area of Impact	Size of Impact (2007 prices)	Notes
Reduced abuse and misuse of Badges*	Net savings of £4.5–£7.9m p.a. from year 4 onwards.	Given time taken to introduce new enforcement measures it is assumed that this benefit will be more fully realised from year 3 onwards.
<p>*Increases in parking costs paid by individuals who had previously abused/misused the Scheme are not counted as a cost and hence not treated as a transfer.</p>		

The net impact on different groups is summarised below (2007 prices and volumes). The costs and savings shown in this table represent the annual impact once the Strategy has been fully implemented.

Groups Affected	Potential Impact
Existing and future Blue Badge holders	<p>Badge Fees: cost of £0–£16 million per annum depending on local authority policies</p> <p>Reduction in parking charges: saving of £11–£15 million per annum</p> <p>Increased mobility for new Blue Badge holders: not quantified but likely to be significant benefits for the 170,000–230,000 new Badge holders (net)</p>

Groups Affected	Potential Impact
Local authorities	<p>Increased administration and medical costs resulting from increase in applications: cost of £4–£6 million per annum</p> <p>Reduction in parking charges: cost of £11–£15 million per annum</p> <p>Reduction in revenue loss through abuse/misuse: saving of £5–£8 million per annum</p> <p>Reduction in medical costs: saving of £3 million per annum</p> <p>Badge Fees: saving of £0–£16 million per annum depending on local authority policies</p>
Private operators	Reduction in parking charges: not quantified, likely to be small
Government	Cost of data sharing system, security improvements and promoting good practice: one-off cost of up to £10.5 million
Other groups	Range of possible benefits and costs – assumed to be relatively small.

Present value calculations, based on a standard 3.5 per cent discount rate over a 10 year period, have been undertaken and are summarised below for our best estimates of the impact. The ranges shown for Blue Badge holders and local authorities reflect the level of uncertainty surrounding changes in fees applied at application. In producing these calculations we have assumed that the number of Blue Badge holders increases by 4 per cent per annum (in addition to the Blue Badges issued as a result of changes in the eligibility criteria).

	Badge holders	Local authorities	Central government	Total
Total Present Value – Costs	£0–125m	£194m	£10.5m	£204–328m
Total Present Value – Benefits	£142m	£120–245m	NIL	£262–387m
Net Present Value	+£17m to +£142m	-£74m to +£51m	-£10.5m	+£59m

References

DfT (2007) *Parking Badge for Disabled People* (available at: www.dft.gov.uk/pgr/statistics/datatablespublications/public/parkingbadges/parkingbadgesdisabled07.pdf)

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Specific Impact Tests: Checklist

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

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

Type of testing undertaken	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

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