



Department  
for Transport

# Safe, Secure, Sustainable

## The motoring services agencies

**Moving Britain Ahead**



April 2016

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# Contents

Foreword	4
Executive summary: commitments by agency	5
1. Introduction	7
The Motoring Agencies	7
The future of motoring	9
2. Safe driving for life	11
Introduction	11
Learning to drive	11
Providing an effective test regime	14
Road safety and driving standards	15
Driving, age and health	15
3. Relationship with commercial clients	17
Introduction	17
LGV training and licence acquisition	18
Vehicle testing	19
Digital services and accessing data	19
'Earned recognition' concept	20
4. Modern, efficient agencies	21
Introduction	21
Efficient use of the agency's estate	21
Agency support functions	22
Digital	22
Refocussing the VCA's operations	23
Governance	24
One motoring services agency?	25
5. Fees	26
Introduction	26
Public service standards	26
Ensuring equity and balance	27

# Foreword



Transport is vital to the economy; and ensuring that Britain has the right transport infrastructure is central to the Department for Transport's role. That is why the Department's investment programme is one of the most ambitious in government. Yet ensuring that people can use our transport networks, safely and efficiently, is just as important. Our three motoring agencies lie at the heart of helping our transport system to work for its users.

As this strategy explains, the way in which we drive is changing. The agencies must adapt to the way we live now. They have seen considerable change over the past few years, and this strategy sets out how some of those changes have laid a foundation for today's commitments. Our goal is more responsive, more flexible services delivered in ways that better meet customers' needs.

At the same time, the Government's commitment to road safety has not changed. In December last year, we published our road safety statement, *Working Together to Build a Safer Road System*. This made a commitment to build on our excellent national road safety record; and our agencies have a role in delivering this. In particular, we made a pledge to work with commercial fleets, employers' organisations and drivers to identify and promote good practice in work-related road safety.

Each of our motoring agencies delivers, every day, a range of services to help keep traffic flowing safely. I am grateful to the staff for their dedication; but the changes set out in this strategy will need the commitment of all interested in the sector. The strategy will engage driving instructors, fleet operators and garages as well as the general public, and set out how we will reform the motoring agencies to the benefit of all their users.

**Lord Tariq Ahmad of Wimbledon**

# Executive summary: commitments by agency



Driver & Vehicle  
Licensing  
Agency

DVLA maintains registers of drivers and vehicles, and collects vehicle excise duty on behalf of HM Treasury. Over the remainder of this Parliament, DVLA will begin to move its registers to a new IT platform, and build on that to expand the range of services it provides digitally. It will also:

- reform the operation of its Drivers Medical Group;
- simplify the way motorists update their driving record;
- develop its relationships with commercial users, introducing new or enhanced digital services,
- streamline the LGV driver licensing process in collaboration with DVSA;
- examine the business case for merging its contact centre with DVSA's;
- prepare for the VED changes announced in the 2015 Budget and implement them by March 2017.



Driver & Vehicle  
Standards  
Agency

The DVSA monitors and tests against road safety standards for both drivers and vehicles. Over the remainder of this Parliament, it will examine the business case for how more of its services (large vehicle MOT testing, for example) might be delivered by partner organisations. In parallel, it will review its estate holdings and ensure that they meet the agency's current and future needs. It will also:

- change the content and delivery of the driving test to reflect modern experience, including reducing waiting times for practical driving tests and the rate of cancellations, while establishing the requirements/demand across different regional locations for greater flexibility in test times and locations;
- streamline the LGV driver licensing process in conjunction with DVLA;
- move LGV testing to a mixed economy of public/private provision, and encourage development of the Authorised Test Facility (ATF) network;
- improve its relationship with Approved Driving Instructors (ADIs), working towards publishing pass rates by ADI to enhance learner choice;
- develop its relationships with commercial users, introducing new or enhanced digital services, roll out of its DVSA Operator Excellence scheme for trusted fleet operators;
- examine the business case for merging its contact centre with DVLA's.



VCA is the UK's vehicle type approval authority. Over the lifetime of this strategy, the agency will review the extent to which its current portfolio of activities and its overseas office network sit well together and meet its strategic aims. It will review its technical services designation policy. The VCA will also take forward recommendations on emissions testing procedures arising from the VW emissions investigations.

All three agencies will, together and individually, identify efficiencies that improve user services or provide savings that can be passed to users through fee reductions. The agencies will push for digital developments, and support for their use. Where a business case can be made, the agencies will look to integrate their back office functions.



Department  
for Transport

The Department for Transport is the parent body of the three agencies. It provides the overall policy and governance frameworks within which the agencies operate, and monitors their performance on behalf of Ministers and the public, including delivery of the commitments in this strategy. Over the lifetime of this strategy, DfT will commission and complete research into the potential effectiveness of cashback and other mechanisms to encourage driving test candidate readiness. It will develop the business case for different delivery channels for the practical driving test. The Department will also coordinate the process of realigning and reviewing fees and costs.

# 1. Introduction

## The Motoring Agencies

- 1.1 Motorised road transport dominates travel in Great Britain. Almost two thirds of passenger journeys are undertaken by car; and around three quarters of domestic freight is hauled by road.<sup>1</sup> To help ensure that those journeys are safe and economic, the Department for Transport (DfT) provides services to drivers, vehicle keepers and the automotive industry through three of its executive agencies:
- **The Driver and Vehicle Licensing Agency (DVLA)** maintains registers of drivers in Great Britain and vehicles in the United Kingdom, and collects vehicle excise duty (VED, more commonly known as road tax) on behalf of HM Treasury;
  - **The Driver and Vehicle Standards Agency (DVSA)** works to improve road safety in Great Britain, by setting standards for driving and motorcycling and ensuring drivers, vehicle operators and MOT garages follow roadworthiness standards;
  - **The Vehicle Certification Agency (VCA)** is the UK's designated Vehicle Type Approval authority, ensuring vehicles, systems and component parts comply with internationally agreed safety and environmental standards.
- 1.2 The agencies hold records on 44 million drivers and 36 million licensed vehicles, collect £6 billion in VED and £0.9 billion in fees for other services, ensure delivery of 1.6 million practical driving tests and two million theory tests, conduct 137,000 roadside inspections and 900,000 commercial tests and inspections, and regulate 28 million MOTs delivered by the private sector. In addition, they provide many other services to industry and individuals. In any given year, seven out of ten adults will interact with one or more of the agencies.<sup>2</sup>



Seven out of ten adults will use the motoring agencies' services each year.

- 1.3 Our motoring agencies need to be both efficient and flexible to deal with customers and their transactions. This strategy covers the remainder of this Parliament, and commits the agencies to keeping customer service at the forefront of what they do.

<sup>1</sup> *Transport Statistics Great Britain*, as measured in tonne-kilometres.

<sup>2</sup> Data from the National Travel Survey were used to ascertain the proportion of people in the adult population (18+) in 2014 who: (a) are the main driver of company or household car, or secondary driver of car (CarAccess): 54%; (b) are currently learning to drive (PDrivSt): 9%; or (c) own a motorcycle/scooter/moped or 'other' vehicle (VehType): 3%. Whilst the first two indicators are almost certainly mutually exclusive the third one is not, and it may be that some people who own a motorcycle also own a car

- 1.4 In its inquiry on the motoring agencies, the Transport Select Committee (TSC) recommended that the Government make clear its long term agenda for change, and monitor that change.<sup>3</sup> This strategy responds to that challenge. We monitor reform of the agencies through meetings of the Motoring Services Board and performance reviews with each agency, to ensure targets are met and objectives are delivered.
- 1.5 At the same time, we reaffirm our commitment to ever improving road safety, as set out in our road safety statement published in December 2015.<sup>4</sup> Britain has some of the lowest road casualty rates in the world; rates which have improved by almost half in the past decade. Only Sweden is a safer place to travel by road. The motoring agencies have a central role in delivering the aims of the statement, in maintaining and enforcing driving standards or identifying improper vehicle use or condition. A commitment to improve road safety underpins all that we propose in this strategy.
- 1.6 The Motoring Services Strategy published in 2013<sup>5</sup> set out the then government's vision for motoring services with customers and businesses at their heart. It explained how government would rationalise the number of agencies, work with a wider range of partners, and embed a digital approach in the agencies' services. As a result, the Driving Standards Agency and Vehicle and Operator Services Agency merged to become the Driver and Vehicle Standards Agency in April 2014.
- 1.7 Some examples of progress under the previous Government are:
- DVLA exceeded the £100m efficiency target (against a 2010-11 baseline) it set itself and in 2014 published its strategic plan<sup>6</sup> to achieve efficiency savings of 30% by 2016-17 as a percentage reduction against the 2013-14 inflated baseline. Fees for all DVSA services have been held at 2009 levels or reduced as a result of efficiency improvements (such as the fee for the driving theory test, which was reduced by £6 to £25 in 2014 and reduced by a further £2 to £23 in 2015 to reflect improvements to the way services are delivered). Recently the DVLA has abolished both the paper tax disc and the paper counterpart to the driving licence. Direct debit payments for vehicle excise duty have been introduced, as have automatic refunds.
  - The DVLA has introduced enhanced digital services, including an online facility to notify disposal of a vehicle. Electronic services have been introduced to ensure that drivers can see the information previously shown on the driving licence counterpart. There is also an electronic facility which allows drivers to share this information with third parties should they wish to do so (for example, to hire a vehicle). Take up of DVSA's digital services has grown to over 95% and the modernisation of the MOT service is set to deliver more than £100m savings over ten years, using modern cloud-based infrastructure and agile development methodology, ongoing replacement of old end-user devices, and development of a new mobile compliance system.
  - The DVLA has taken its IT functions in-house, exiting its previous contract with a third party supplier. This will allow the agency to take control of modernising its IT estate and take far more control over the services it provides, moving away from “big IT” contracts in accordance with government strategy. DVSA is also moving

<sup>3</sup> Transport Select Committee (2014), *Government Motoring Agencies - The User Perspective*, recommendations 1 and 2, downloaded from <http://www.parliament.uk/documents/commons-committees/transport/Report%20-%20GMA%20-%20the%20user%20perspective.pdf>

<sup>4</sup> *Road safety statement: working together to build a safer road system*, downloaded from <https://www.gov.uk/government/publications/road-safety-statement-working-together-to-build-a-safer-road-system>

<sup>5</sup> *Motoring Services Strategy Consultation*, downloaded from <https://www.gov.uk/government/consultations/motoring-services-strategy>

<sup>6</sup> DVLA (2014), *The Strategic Plan for 2014 / 15 – 2016 / 17*, downloaded from [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/418809/DOM3805\\_270315.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/418809/DOM3805_270315.pdf)



away from "big IT" contracts to take full ownership of its IT estate and continue its technology modernisation. It is removing the technical debt built up over the outsourcing period, and is making savings of £10m a year from this change in its IT sourcing.

- In 2013, the DVLA closed its network of local offices in Great Britain and centralised services at its headquarters in Swansea. The following year, Northern Ireland vehicle services were also successfully centralised in Swansea, providing motorists in Northern Ireland with access to the same level of service as those in the rest of the UK for the first time. A network of around 4,500 Post Offices now provides a wider range of vehicle licensing services than ever before.
  - DVSA and its predecessors have also been at the forefront of transforming services, as part of the Civil Service Reform (CSR) agenda. Vehicle testing, for example, can now be carried out closer to the customer, leading to a reduction in vehicle, driver and technician downtime and contributing to some £330m in savings for industry over ten years. This was made possible through the introduction of new, privately owned Authorised Testing Facilities (ATFs). The first of these opened in 2010, but industry appetite and capability have meant that there are now more than 500 ATFs nationwide. This transformation has also helped DVSA to meet another key CSR commitment: to reduce the overall government estate (by 14,000 square feet in accommodation and at least 28 acres) through disposal of vehicle testing sites and on-going rationalisation of the wider agency estate.
- 1.8 In the immediate future, DVLA will concentrate on improving the service it provides to drivers with medical conditions, concentrating on improving waiting times and introducing electronic services where possible. The DVLA will continue to look to simplify services for motorists and introduce the changes to vehicle excise duty announced by the Chancellor in 2015. DVSA is also exploring further transformation, in part through increased partnership working with third parties to deliver some services. For example, DVSA is working with partners in the education sector to transform the way that MOT Authorised Examiners and Testers are trained and supported, which will lead to an improved, more professional approach to career development in the industry.
- 1.9 There is considerable closer working with colleagues in Highways England, UK Visas and Immigration, the Police and other enforcement bodies to share data and support joint operations. Exploratory work is also underway in liaison with industry colleagues to develop the concept of 'earned recognition' for exemplar haulage and public transport operators, who are actively sharing their vehicle and maintenance data with DVSA. DVSA plans to start discovery for driving and commercial vehicle testing systems early in 2016/17 year. DVLA and DVSA are collaborating digitally on GOV.UK, and plans are in hand to move VCA's web presence to the site.

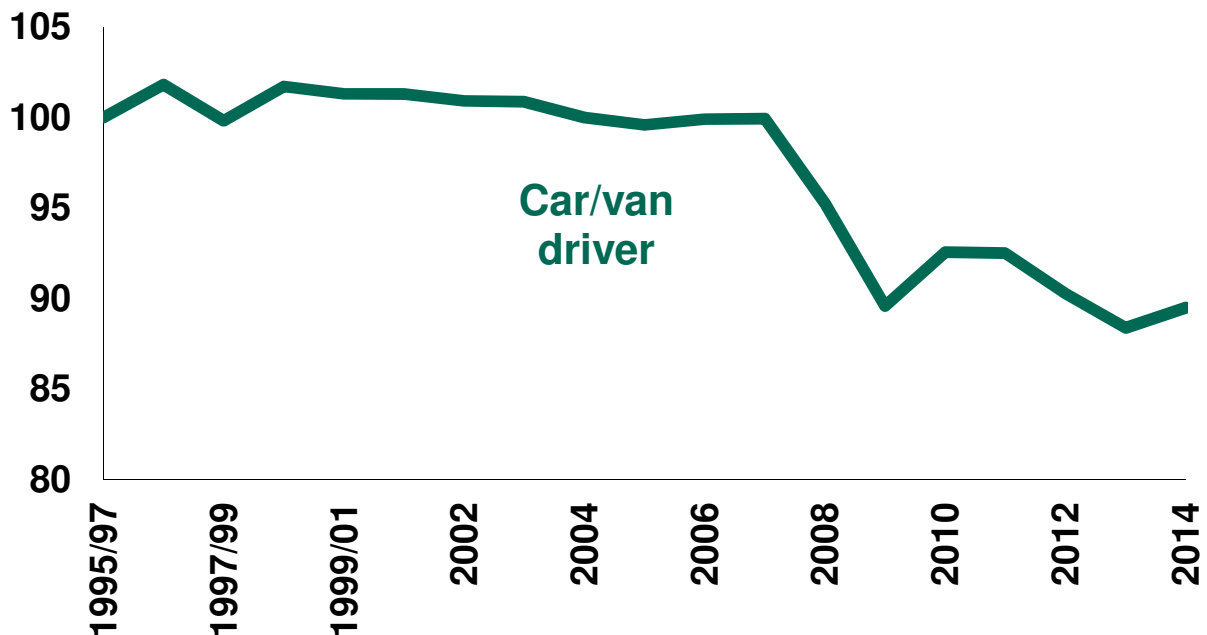
## The future of motoring

- 1.10 The country's vehicle fleet is increasing. Over a decade ago, the RAC's *Motoring Towards 2050* suggested that the number of vehicles on the road was approaching saturation; yet, since then, the number of registered vehicles in Great Britain has risen by 14.7%. At the same time, there is some evidence that the fleet may be incorporating new vehicles faster than it was previously. In 2014, the UK registered 2.5 million new cars and 0.3 million light commercial vehicles, 7.7% and 9.3% respectively of the licensed vehicle stock at the end of that year. While these are

modest percentages compared with past decades, they are the highest since the recession. The Society of Motor Manufacturers and Traders' latest projections suggest that the next few years will see a modest rise in these figures.

1.11 Vehicle use is changing. The distance driven per person per year by car or van has declined; in 2012 it was 7% below what it had been 15 years previously. Other factors besides modal shift are also playing a part. The *RAC Report on Motoring 2014* reported that 22% of drivers said their driving had reduced because they were shopping on line more than previously; and 14% were working from home more.

**Average distance driven by car/van: England, 1995/97 to 2014 (index, 1995/97 = 100)**



1.12 The make-up of the driving public is also changing, but different factors pull in different directions in terms of road use. It is therefore difficult to interpret the outlook for licensing. There are more older people driving, but fewer young people; more women are driving, and men are driving less; people drive less in urban areas, but more in rural areas and on motorways. The adult population as a whole will rise – those aged 16+ currently number around 53 million, but are expected to be 57 million by 2027. However, full licence holding by those under 30 – though up from levels of a decade ago - is at the same level as 30 to 40 years ago. ONS population projections do not show a significant change in the number of 15 – 29 year olds over the next decade (taking this as a proxy for the demand for tests). GDP growth tends to drive up demand for tests, but with driving licence applications by young people declining (albeit by less than one per cent a year), it will be difficult to forecast demand accurately.<sup>7</sup>

<sup>7</sup> The National Travel Survey reports – for each year, 2009-2013 – that the reason non-drivers rank first for not learning is that they are not interested (although cost of learning is the biggest factor when all reasons are considered).

## 2. Safe driving for life

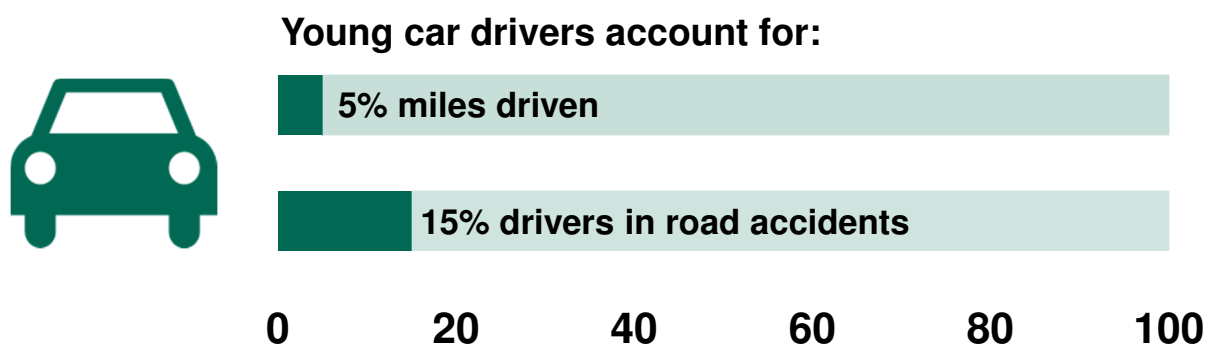
### Introduction

- 2.1 A compulsory driving test was introduced in Great Britain just over 80 years ago, on 1 June 1935. Since then, the safety of our roads has improved enormously. However, there is much more to driving than safely controlling a vehicle. The public highway is a shared space for everyone, and those driving motor vehicles need to have proper regard for vulnerable road users.
- 2.2 Several respondents to the consultation were worried by the overall standard of driving in the UK, and felt that it has declined in recent years. Yet Britain has one of the best road safety records in the world. **We will encourage Approved Driving Instructors (ADIs) to continue to place an emphasis on learning to drive, rather than simply learning to pass the test. We will consider how we can take greater account of a candidate's respect for other road users (particularly vulnerable road users).**
- 2.3 We need to ensure that the testing regime properly assesses candidates' abilities to control a vehicle on the public road network, while encouraging them to hone skills and behaviours after the test. **We will continue to evolve the driving test to ensure it reflects the modern driving experience;** but that is only a small part of the story.

### Learning to drive

#### Preparing for the test

- 2.4 Novice drivers, in the six months following passing the practical test, are involved in a disproportionately high number of accidents.<sup>8</sup> However, evidence shows that the more practice learners do prior to taking a test, the safer they are post-test.<sup>9</sup> In safety



<sup>8</sup> DfT (2015), *Facts on Young Car Drivers*, downloaded from [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/448039/young-car-drivers-2013-data.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/448039/young-car-drivers-2013-data.pdf)

<sup>9</sup> TRL (2013) *Novice Drivers – Evidence Review and Evaluation*, downloaded from <http://www.trl.co.uk/reports-publications/report/?reportid=6844>

terms, there are therefore good reasons for encouraging learners to be better prepared for a test.

- 2.5 Whilst learner drivers are, naturally, keen to pass the test as quickly as possible, **we want to encourage a culture of taking the practical driving test when the candidate is judged ready, rather than simply as soon as possible.** Currently, fewer than half of candidates pass the practical driving test first time. We would like to improve that figure, and will encourage learner drivers to apply when they are truly ready for independent driving. Some respondents to the consultation suggested that a minimum number of tuition hours be logged before a test application could be made, with some saying that at least some tuition should be given by an ADI. However, people learn at different rates, and acquire in their own way the different skills needed for driving. On average, candidates have around 40 - 50 hours of lessons and need two test attempts. Our Road Safety Statement noted that:

*There is currently a lack of evidence on the comparative effectiveness of driver education and training programmes. In recognising that young drivers face elevated collision risks, we will fund in-depth new research to identify the best driver education, training and behaviour-change interventions for learner and novice drivers. This study will consider new technological interventions in addition to traditional learning methods. We will also do more to understand young drivers' attitudes and to support increasingly targeted communications to high-risk groups, parents and peers.<sup>10</sup>*

- 2.6 **DVSA is already piloting several changes to the car theory and practical tests.** It is currently undertaking a complete evaluation of the current pilot of a more realistic driving experience in the practical test, and will determine whether to incorporate it as standard. It will also develop and test new Hazard Perception Test materials to improve learner drivers' awareness of developing hazards in varying weather and lighting conditions. This will broaden the range of scenarios, providing experience of real life situations such as encountering vulnerable road users. **DVSA will reform the driving test (and, thereby, pre-test learning) to encourage more real life driving experience and ensure that it takes account of local variations and increasing vehicle automation.**
- 2.7 **We will explore the development of a voluntary electronic logbook,** which will enable learner drivers and their instructors to record progress, and give them confidence in deciding when to go forward for the practical test. Anonymised data from the logbook system might also be a source of information for DVSA in planning ahead to provide test slots. We will consider whether the logbook should cover not only those competencies needed to pass the practical test, but also behaviours that will inculcate a positive attitude to eco-driving and courtesy towards other, especially vulnerable, road users.
- 2.8 Becoming a good driver is a gradual process, and the practical test is not designed to assess every competency required to be one. We see value in supporting a broader range of driving experiences for learners, such as driving at night and on motorways, ahead of candidates obtaining their driving licence (while continuing to support the acquisition of these skills post-test through Pass Plus).<sup>11</sup> **We will consult on**

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<sup>10</sup> Department for Transport (2015), *Road safety statement: working together to build a safer road system*, downloaded from <https://www.gov.uk/government/publications/road-safety-statement-working-together-to-build-a-safer-road-system>. The research described here is currently underway.

<sup>11</sup> Pass Plus is a practical training course for drivers to improve their skills and drive more safely; it should be most useful to new drivers in the year after passing their test. For more information, see <https://www.gov.uk/pass-plus/overview>.

## **changing the law to allow learner drivers accompanied by an ADI to drive on the motorway network in a dual controlled car.**

- 2.9 Motorcycle practical tests make up a small proportion of the overall number of tests conducted by DVSA but they are vital for ensuring that this group of vulnerable road users have the right skills to ride safely. The relatively high pass rate for motorcyclists suggests that the majority present for the test well-prepared. The system of Compulsory Basic Training (CBT) allows novice riders to gain on road experience using a provisional licence provided that they have undertaken a CBT course. However, CBT is only the first step. Riders should then take further training to enhance their skills, prepare for the practical test and obtain a full licence. A full motorcycle licence permits riders to carry a passenger and allows them on motorways. It also, depending on the age of the rider, gives access to larger and more powerful motorbikes. **DVSA will continue to strengthen and modernise the administration of CBT; encourage more training post-CBT and improve motorcycle training standards. In the road safety statement, we have set out our intention to consult on these proposals during 2016.**

### **Financial incentives**

- 2.10 In the strategy consultation we raised the possibility of some kind of financial incentive to greater preparedness. While respondents to the consultation welcomed initiatives that encouraged pre-test practice, they were generally sceptical that the suggested 'cashback' would be sufficient to shift behaviour. We need to understand better the influences on behaviour that will encourage better preparation.
- 2.11 Cashback might be expected to have more effect on driving practice with family and friends. Since we proposed that the cashback would be cost neutral, there could be an implicit subsidy of the better off (who may have access to cars in which to practise) by the less well off (who may not).
- 2.12 In addition, we need to take account of the fact that certain groups of candidates typically have lower pass rates – in particular female, older, Black, Asian and minority ethnic candidates and those from deprived areas. Modelling the effects of a deposit is complex, and may highlight unexpected consequences. **We are therefore undertaking further work to assess how financial incentives might contribute to persuading learners to practise more.**
- 2.13 **We will also explore other ways of encouraging learner drivers to be well prepared for the test, including the use of behavioural insights to design messaging around test preparedness in the test booking system.**

### **Waiting times and cancellations**

- 2.14 Many respondents to the consultation said that the main reason why people took practical tests ahead of being ready was the difficulty in booking test slots without an undue delay. We acknowledge that there are wide variations in waiting times for tests and that, in some cases, lead times can exceed nine weeks. **DVSA is working to improve lead times, and will look to guarantee a maximum lead time**, bearing in mind the sparse population of some parts of the country. **One reason for some of the issues raised in this section is a shortage of examiners. DVSA has an ongoing recruitment strategy to address this.**
- 2.15 Another issue which attracted a considerable number of complaints was the likelihood of tests being cancelled. While respondents recognised that many factors are beyond DVSA's control, and that cancellations will often come at short notice, some suggested that there were numerous occasions when the agency could and

should have planned appropriately well ahead of the test date. When combined with the long lead times for booking tests, the possibility of cancellation adds to candidates' stress and costs. **We commit to maintaining a test cancellation rate (other than for weather related reasons) of no more than two per cent, taking the test centre network as a whole.**

### ADI professionalism

- 2.16 Most people learn to drive with a professional instructor (an ADI). Their choice of ADI is often made informally, on word of mouth recommendation. While the relationship of candidate and instructor is an important factor in how quickly the candidate learns, we want to ensure that all learners can have confidence in the skills and professionalism of their instructor. **DVSA will develop a voluntary scheme to publish pass rates by ADI to allow learners to base their choice of instructor on more objective grounds if they wish.**
- 2.17 **DVSA will improve its relationship with ADIs, both directly and through their professional bodies. The IT developments announced elsewhere in this strategy will include online booking of standards checks. The DVSA will examine the possibility of developing an 'earned recognition' approach to checking ADIs' adherence to standards.**

### Providing an effective test regime

- 2.18 The content and format of the practical car driving test is reviewed regularly, to ensure that it continues to assess properly a candidate's readiness to cope safely with contemporary and future driving conditions. The test assesses candidates against a national standard, yet we know that pass rates vary considerably by test centre. This is partly due to demographics and socioeconomic factors: as already noted, for example, younger candidates have a higher pass rate than older ones; male candidates higher than females and those from affluent areas higher than those from deprived areas.
- 2.19 **We are committed to reviewing the driving test centre network, to ensure that it provides a high level of customer service**, as outlined in paragraph 2.14. At the same time, we need to **ensure that each centre continues to be appropriately sited**. Where a site is surplus to DVSA's requirements, we will look at how it might be used better to address other Government priorities, notably housing.
- 2.20 Wherever they are sited, we are committed to ensuring that all test centres are welcoming and of a high quality. **We will continue to review test routes to ensure that they all present sufficient challenge to candidates and test the full range of competences needed**. The main criterion for the location of a test venue should be the requirements of the test and then subsequently to help meet service levels.
- 2.21 We are committed to providing greater choice in testing times. However, respondents to the consultation were split over whether there should be greater provision in the evening or at weekends. We need to ensure that candidates are tested against the same standards. Some respondents were concerned that Sunday morning test slots, for example, would not present sufficiently heavy levels of traffic to test candidate response to a busy road. Bearing this in mind, **we will look to expand the range of test slots available outside daytime weekday slots, on a permanent basis, across a wider range of centres than at present.**

2.22 At present, practical car driving tests are delivered entirely by the DVSA. **We are exploring whether other models of service delivery might offer a better service to road users, either as an alternative to the current arrangements or to complement them, including involving the private sector in delivery.** We are committed to ensuring that, whatever model may eventually be chosen (including the option of retaining the present system), current standards of propriety and testing will be maintained. We are clear that the high quality, financial viability and integrity of the UK's driver testing regime must not be compromised by any changes to the delivery model. We shall work with DVSA, its staff, stakeholders and customer groups to assess the viability of those options and the opportunities to engage other organisations in service delivery. We will provide an update on progress at the appropriate time.

## Road safety and driving standards

- 2.23 Passing the driving test is merely a first step in a lifelong process of developing and honing driving skills. There are variations in casualty risk within different demographic groups, and a range of other factors associated with youth and inexperience mean that younger drivers are currently four times more likely to be killed or seriously injured compared with car drivers aged 25 or over. **We encourage all road users, but especially the young, to consider how they can improve their skills through post-test training. We will continue to promote Pass Plus,** and appreciate the initiative of the Welsh Government and some English local authorities in subsidising the cost.
- 2.24 Fuel efficient driving presents an opportunity not only to reduce transport CO<sub>2</sub> emissions and fuel cost, but also to contribute to greater safety. Efficient driving is already an element of the practical driving test, but at this stage we do not think that the proposal to treat it as a driving fault would be the most effective or proportionate way of achieving change. Instead, **we will continue to reinforce the role of driver behaviour by supporting trainers to teach the key techniques to maximise the efficient use of fuel and corresponding emissions reductions.** We will also explore innovative ideas, including behavioural interventions during learning as well as encouraging post-test learning to reinforce messages.
- 2.25 Some insurance companies encourage safer and more economic driving styles through the adoption of 'black box' in-car technologies. **We will work with the insurance industry to encourage links between safe driving and lower premiums, especially for younger drivers.**

## Driving, age and health

- 2.26 Drivers need to maintain their skills throughout their career behind the wheel, not just to prepare for a test at the start of it. Many respondents to the consultation suggested that older drivers, especially, should be retested from time to time. Older drivers are, as a group, safer than young, novice drivers. Although there is an increase in the casualty rate for older drivers compared with drivers generally, older drivers – and passengers - this is because they are generally more vulnerable and so are more likely to die or sustain a severe injury than a younger adult in an accident of the same impact. However, age alone is not a reliable indicator of driving ability. **We will await**

**the recommendations of the Older Drivers Task Force<sup>12</sup> later this year before considering how best to support older drivers.**

- 2.27 Anyone getting behind the wheel of a vehicle should be fit to drive. Physical and mental ailments, even if not chronic, can be dangerous when a person is driving.<sup>13</sup> Decisions on fitness to drive are made by the DVLA's Drivers Medical Group (DMG), which handles around 600,000 cases a year. Some consultation respondents were dissatisfied with their experience with the DMG service. **The DVLA is concentrating efforts on improving the services it offers to medical customers. This includes recruiting more medical and administrative staff, reviewing how it deals with complex cases and improving communication with customers.** As our Road Safety Statement makes clear, the Government is committed to ensuring that the medical assessment and licensing regime for drivers keeps pace with current life expectancy and health trends.
- 2.28 Decisions by DMG on fitness to drive can, for the majority of cases, be made quickly once information is provided by the customer or their GP. **DVLA will develop a web application which will enable customers to provide details online.** This will help to ensure that customers provide DVLA with the correct information, and reduce the amount of information that has to be input more than once. At the same time, **where it is necessary for DMG to contact customers or medical practitioners, it will adopt a more tailored approach to these communications.**
- 2.29 It is important that, where DVLA is called on to make a decision on an individual's fitness to drive, it should have complete and accurate information. However, there is a balance to be struck between making these decisions as quickly as possible and ensuring that they are based upon the appropriate information.
- 2.30 People can be slow to recognise any gradual decline in their driving abilities. It may take the intervention of others to induce them to see how their driving has changed. **The General Medical Council (GMC) has guidance for doctors on reporting concerns to DVLA, and has recently consulted on updating and strengthening this guidance.** We believe that this revised GMC guidance, when issued, will be the best way to address the problem.
- 2.31 **DVLA will continue to work with the GMC and other professional bodies to improve awareness of medical conditions and driving. It will also consider how members of the public might be encouraged to raise potential problems with their GP.**

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<sup>12</sup> The Older Drivers Task Force, which started work in late 2014, is an initiative of the Road Safety Foundation. See <http://www.roadsafetyfoundation.org/news/2014/12/19/john-plowman-to-chair-older-drivers-task-force.aspx>.

<sup>13</sup> Section 92 of the Road Traffic Act 1988 requires licence holders to inform DVLA of any medical condition that may affect their fitness to drive, if that condition is likely to persist for three months or more.



## 3. Relationship with commercial clients

### Introduction

- 3.1 The agencies' corporate users matter to the UK economy. Eighty eight per cent of domestic freight is moved by road.<sup>14</sup> Fleet operators are responsible for a combined fleet of 3.8 million cars, vans and trucks, and for buying around half of all new vehicles sold in the UK.<sup>15</sup> The sector is therefore a major influence on the rate at which vehicles with modern safety features enter the UK fleet (including the second hand car market). The benefits of close working with major fleet operators therefore extend to all road users.
- 3.2 A consistent message from the professional bodies representing some of the motoring services agencies' commercial users is that the services on offer are not always designed with fleet managers in mind. Some services are geared to individuals with a single driving licence and one or two vehicles, rather than a fleet manager looking to conduct the same transactions repeatedly for a large number of vehicles or drivers. We are committed to strengthening the relationship between the agencies and their corporate users at a practical level. In pursuing the proposals in this chapter, we will engage broadly with industry practitioners, to ensure that the services on offer meet the needs of all users. We recognise too that, for professional drivers and commercial enterprises, delays in service delivery by the agencies is not just an inconvenience, but a threat to their livelihood.
- 3.3 Responding to the Transport Select Committee's call for greater engagement with commercial customers, the DVLA has appointed a Corporate Services Manager to champion the needs of its commercial customers. All the agencies are keen to involve their commercial customers in the development process thereby ensuring that the systems and facilities being developed meet their needs. Both DVLA and DVSA work closely with business representatives through their Industry Liaison Group meetings, meetings with trade associations and presentations at corporate customer events.
- 3.4 DVSA has delivered, and will continue to make, improvements to the MOT Testing Service that supports garage businesses in conducting MOT testing effectively. This is driven by user insight across the MOT garage base - including both small and larger businesses. In addition, DVSA has been working to support users of MOT data - ensuring that access to this information is more efficient - and working with DVLA to provide reminder services. The new service is in line with GDS digital standards and uses an iterative delivery model. Overall the cost will be £100m less than the previous outsourced contract over a ten year period.

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<sup>14</sup> Department for Transport (2015), *Transport Statistics Great Britain 2015*, downloaded from [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/495910/tsgb-2015-print-ready-version.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/495910/tsgb-2015-print-ready-version.pdf)

<sup>15</sup> Figures from the consultation response by the British Vehicle Rental and Leasing Association; these relate to the BVRLA's own membership, not all fleet operators.

- 3.5 **DVSA is continuing to work with commercial users, the Traffic Commissioners and other stakeholders to develop a new, more efficient operator licensing and compliance system**, with additional self service functions. This new system entered private beta testing in 2015 and will roll out in 2016. DVSA has invested significantly in improving online practical driving test booking services with a range of front and back end improvements to both the internet booking system for individual drivers and the online business system for trainers, with take up now over 95%.

## LGV training and licence acquisition

- 3.6 There is, at present, a shortage of people training to drive heavy vehicles and take up driving professionally compared to demand. Part of the way to address this shortage lies in ensuring an efficient path for trainees through to their test. As with the car practical test, there is a difficulty in some places in securing test slots in a timely manner. **A commitment to timely test slot availability will also apply to vocational tests.**
- 3.7 To make best use of LGV test slots, **we will examine the possibility of allowing for separation of the on-road and manoeuvring components. Subject to addressing the legislative constraints, we will allow for the off-road component to be examined by third parties rather than DVSA examiners.** However the test is conducted, the EU rules providing for a clear distinction between trainers and examiners will be observed.
- 3.8 As part of DVSA's relationship with driving instructors, **we will examine how we can raise the professionalism of LGV instructors.** At present, there are no qualifications for providing instruction on an LGV other than being a qualified driver, a considerably less stringent requirement than those for an ADI. While this is to the industry's advantage, in allowing a wide range of employees to train new drivers, we see the advantage in upskilling those providing such training. We will work with industry to provide greater information for the public on trainer performance.
- 3.9 **DVSA will reassess the Delegated Examiner (DE) scheme** (which provides for bus or haulage operating licence holders and emergency services to provide driving tests for their employees), **and explore the feasibility of extending it to allow testing of other operators' employees.** We will retain the current requirements (DEs must deliver at least 40 tests per year in order to maintain standards, and can only deliver tests to individuals in their own organisation). Organisations will need to assure DVSA on standards and be clear on post-test safety records.
- 3.10 In its early days, driver training for the Certificate of Professional Competence (CPC) had a mixed reputation in the industry (a concern restated by the TSC as recently as late 2014.)<sup>16</sup> The scheme needs to reflect the changing regulatory regime within which drivers must work. We believe that, properly planned and utilised, it can play a significant part in making roads safer and reducing pollution through eco-driving. **We will explore how the value of CPC can be better communicated in the industry, and whether CPC components can be aligned with recognised NVQ courses** (or *vice versa*) while still meeting EU requirements. The haulage and passenger carrying vehicle (PCV) industries are best placed to design, and thus improve, the quality of training.
- 3.11 To address the TSC's specific concerns about training in relation to vulnerable road users, DVSA has worked with the industry to encourage trainers to include relevant

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<sup>16</sup> Transport Select Committee (2014), *Government Motoring Agencies: The User Perspective*, recommendations 6 and 7.

content where it would be appropriate to the course subject. We have not, however, imposed a mandatory requirement, as this would require legislative change and we believe it would be overly burdensome to the industry.

## Vehicle testing

- 3.12 Chapter 4 sets out the DVSA's plans to review and reduce its own Goods Vehicle Testing Station (GVTS) network, and encourage the private sector to develop the growing network of Authorised Testing Facilities (ATFs). At present, LGV and PCV tests at either kind of site are conducted by DVSA examiners. **We are currently looking at whether some of the vehicle testing currently conducted by DVSA examiners could be performed by suitably qualified examiners in the private sector.** Firms already test their own light vehicles under the main MOT provisions; we are examining whether a similar approach would be suitable in relation to other categories of vehicles

## Digital services and accessing data

- 3.13 The motoring services agencies are focused on achieving a balance between the demands of individual drivers, small and medium commercial business users and those of the largest fleets. However, commercial and fleet users have, in the main, had to deal with digital transactions one by one. Many respondents to the consultation commented that radical change is necessary in this area. We have made considerable progress in delivering new services to individual drivers, small and medium commercial business users, and those of the largest fleets. However, it is important that the investment the agencies make is taken up by the majority of users. In line with best practice and the recommendations of the Government Digital Service, we will consult closely with front line users before committing substantial amounts of public resource to ensure that the services we develop are going to be used.
- 3.14 Significant improvements already made include the millions of business users of DVLA's View and Share Driver Record services, the successful digital replacement for the driving licence paper counterpart, the migration from the previous MOT testing systems in partnership with the motor industry, the opportunity to suppress the issue of paper vehicle registration certificates for fleets, and the MyLicence service in partnership with the Motor Insurers' Bureau.
- 3.15 **We are working to introduce commercial digital channels for access to DVLA and DVSA services** (including the Traffic Commissioners' Operator Licensing and Compliance System). We will work to enhance commercial operators' capability to conduct transactions in bulk, or to aggregate individual transactions for the purposes of charging. For some firms, a simple interface will suffice. For larger or more complex organisations, we will develop standard application programming interfaces (APIs) to allow firms to link changes to agency data with changes to the firm's own records, where appropriate under data protection legislation. In line with best practice, we will not build further bespoke or specific interfaces to share data appropriately, but look to standardise.
- 3.16 **We will also explore options to improve DVSA's access to driver, vehicle and operator data at the road side**, where this is necessary for road safety or law enforcement purposes and meets data protection requirements. This could enable

better targeting of enforcement functions; and enable any attending officer to handle a greater range of offences.

- 3.17 VCA remains committed to ensuring that the vehicle type approval process is as efficient as it can be. With that in mind, during 2016/17 the agency will **conduct an end-to-end review of the approval process to establish where the user experience may be improved** by employing additional digital tools and resources. The output from this review will inform future strategy.

### 'Earned recognition' concept

- 3.18 We agree with the leading organisations in the haulage industry that organisations in this sector should have a culture of compliance. DVSA has been developing a suite of processes through which it can better target its enforcement activities. These include recognition of compliant practices, remote enforcement, and improved back office procedures. Better IT linkages, as set out in this chapter, will also help. Pilots of the 'earned recognition' concept and remote enforcement office have demonstrated the value of working cooperatively with compliant operators. **We will expand the scheme to all appropriately qualified operators who wish to take it up.** Where appropriate, DVSA's inspectors will work alongside Highways England's Traffic Officers to minimise the impacts of inspections.

# 4. Modern, efficient agencies

## Introduction

- 4.1 The motoring agencies need to be structured so as to be able to deliver services appropriate to the moment, and agile enough to respond as changes emerge. We are committed to providing services which meet road users' needs in the most efficient way. The ways in which the public engages with the services agencies has changed over the past decade, and will continue to evolve, as new digital capabilities are developed. Not every issue has a digital resolution, however. We will look at how avoiding duplication in the agencies' functions can make them more efficient.
- 4.2 In common with a large part of the motoring industry more widely, the motoring agencies have legacy IT systems. They have made significant commercial and technical changes that in some cases represents a new best practice for the public sector. We see an important role for these agencies at the heart of motoring transactions, providing an integrated set of registers that enable drivers and vehicles to seamlessly engage with business and government via standardised APIs (electronic links). We believe that the agencies have a real potential to work at the same level as industry leaders to support innovation in the UK motoring industry.

## Efficient use of the agency's estate

- 4.3 **We will examine the case for merging the DVLA and DVSA contact centres.** If this were to proceed, it would not necessarily imply a single geographical site, but a single point of contact for all motoring inquiries. We would ensure appropriate cross-skilling of centre staff to ensure that they can deal with the full range of inquiries with which they may be faced as well as creating flexibility to manage peaks in demand.
- 4.4 Since the formation of DVSA in April 2014, it has operated a number of administrative centres. **It will review its use of this component of its estate, including considering how to maintain services once leases on the current buildings expire.**
- 4.5 DVLA closed its local office network in 2013, and concentrated its entire operation in Swansea. DVSA provides local services which require a much more diverse estate. DVSA will continue to rationalise its operational estate, and expects to have determined the case for retaining or selling all of its Goods Vehicle Testing Station premises by 2020. At the same time, **DVSA will encourage organisations in more sparsely populated areas to expand the number of ATFs.** DVSA is also reviewing its driving test centre network (as described in paragraph 2.20). We acknowledge that some more sparsely populated parts of the country will need service provision which might be less economic than elsewhere. Where appropriately sited, land released in these ways will be suitable for housing and help contribute to the Government's targets.

## Agency support functions

- 4.6 Each of the motoring services agencies has its own finance, HR, IT and estates teams, as does the central Department for Transport. Many of these functions are supported by the Integrated Shared Services Centre (ISSC) run by avarto (which was itself created from the Department's own shared services centre). A single, modern employment contract for all Department for Transport Group staff means that many of the issues facing these support functions are converging. **We will see whether there is a business case for merging these 'back office' services further across the Group.** For the agencies, such a business case will clearly identify the benefits to users - customer facing functions will merit particular attention. If the case stacks up, we could have a single team across the agencies for each function. Where appropriate, these will be supported by shared IT systems, purchasing frameworks, and operating procedures. Changes to accounting systems and software are in any case being driven by other factors such as the DVSA merger and the move to the ISSC.

## Digital

- 4.7 A key focus for the agencies over the next few years will be the further development of digital channels for user services. There are significant gains to be made from better data exchange within and between the agencies.
- 4.8 We already provide a single access point to our services via GOV.UK. There is currently no business case for further integration for the limited number of business customers who use more than two logins to access motoring agency services. We will work with industry groups to see whether such a business case can be made.
- 4.9 Behind the user facing access points, the agencies are updating the hardware which supports them. In some cases, the technology is quite old, and modernisation will take time. New systems will aid easier access to data and better, more efficient services for government and the customer.
- 4.10 There is also a significant gain in providing standardised links and APIs to the motoring registries, in a way that is controlled and auditable. The strategic goal of the agencies is to provide these APIs, both internally and externally and work proactively with the Government Digital Service on Government as a Platform (using common digital components across different agencies).
- 4.11 **We commit to provide open and standard APIs that allow controlled and auditable access** where appropriate during this Parliament. This will necessitate significant moves off existing legacy IT systems, and the implementation of the new vehicle excise duty system. These APIs will not only allow for better customer services, but also provide the potential for real-time updates between agencies and other government departments to enhance data quality, planning and cut fraud. For example, DVSA would be able to take information on the number of provisional licences issued, to assist in the forward planning of driving tests.
- 4.12 We propose to **explore options to move the administration of motorcycle Compulsory Basic Training from its current, paper-based system, to a digital platform.** This is consistent with the Government's digital by default agenda. Moving to an electronic system could bring efficiencies for DVSA, DVLA and Accredited Training Bodies and mean a better service for end users. It should also assist the police in their enforcement responsibilities.

- 4.13 We will consult with those who use the current system to develop a new model that best meets users' needs and will consider what functionality will be necessary to support the ongoing modernisation of CBT.
- 4.14 Exploration of a voluntary digital personal logbook (chapter 2) may have the potential to provide DVSA with a greater wealth of information about the rates at which new drivers learn, as well as providing data on when they are likely to book tests.
- 4.15 Some digital developments will be designed to be of direct assistance to the user. **The main services offered through GOV.UK will have a web chat option**, where a user appears to be hesitating.
- 4.16 For some people, many aspects of life are conducted from a tablet or smartphone. With the Government Digital Service, **we will drive the development of apps that will allow a driver or owner to access the data held by the agencies**, as well as related information (for example, the nearest centres providing MOT testing). We will also work with other bodies, including the motoring organisations, to allow such functionality to be embedded in their own apps. As noted in chapter 3, we will develop web-based applications for commercial users.
- 4.17 We have worked hard to alleviate the problem of copycat websites charging for services that the agencies provide at lower cost or free. The National Trading Standards Body has closed down several sites that it thought were acting fraudulently. The Government Digital Service is leading work between government departments and other organisations with a role in preventing websites making misleading claims. We will continue to ensure that customers know that GOV.UK is the official government website and is the place for the services provided by the motoring agencies.

## Refocussing the VCA's operations

- 4.18 The core of the VCA's business is testing and certifying vehicles and components against international standards. The UK has an obligation to ensure that these activities are delivered. In some cases, these activities must be undertaken by the public sector (Type Approval certificates, for example, have to be issued by Government); in others (vehicle testing or dangerous goods work, for example), there is no requirement for the service to be delivered by public servants.
- 4.19 Consultation responses generally emphasised that VCA is held in high regard and is essential to the automotive sector. That said, the concept of continuous improvement was welcomed and with that in mind we want to use the development of this strategy as an opportunity to **look at the extent to which the current portfolio of activities and strategic overseas operations sit well together and meet government's strategic aims**. We want to ensure that VCA continues to be able to meet the needs of industry, whilst providing assurance to consumers and Ministers.
- 4.20 The VCA has grown significantly since it was set up. It has moved into complementary areas of activity and other overseas territories to respond to the needs of a constantly evolving and globalised automotive industry. We will review the extent to which the current portfolio of activities sits well together, and whether a Government agency is the right body to discharge duties that might be conducted outside government. VCA's clients value the 'one stop shop' whereby the agency is able to combine vehicle testing and certification. Whatever future form the VCA takes, we will ensure that it caters for all parts of the automotive industry. As well as volume manufacturers operating internationally, VCA's client base also includes

small and medium sized enterprises for whom a UK-based certification body is essential to remaining competitive. As one respondent to the consultation noted, “ease of access to an internationally reputable Type Approval Authority [...] is of even greater importance to smaller automotive organisations [...] for whom the costs of gaining approvals from an overseas service could be prohibitive”.

- 4.21 Most of the Technical Service (TS) work that supports VCA’s certification business is undertaken by VCA’s own engineers. Where VCA does not have the relevant capability (either geographically or in a specific engineering specialism), it has appointed external bodies. VCA has recently extended the existing TS designations for three years. The Department will review its designation policy to establish how it can best support industry in future.
- 4.22 The VCA has built up a network of overseas offices (Australia, Brazil, Italy, Japan, Malaysia, Portugal, Spain, Turkey, US) and agreements with other organisations (China, India, South Korea). The network is valued by VCA’s larger clients, particularly where it supports a vehicle development programme that is itself international. However, the extent to which the current network supports its primary customers in the UK/EU automotive industry is less well understood. We will review those services provided overseas other than by VCA staff to ensure that – where presence in the country is desirable – the arrangement is the most appropriate for (and provides a proper return to) the VCA, while remaining linked strongly to UK/EU automotive manufacturing.
- 4.23 In September 2015, the Volkswagen Group admitted that some of its models contained 'defeat devices' designed to show compliance with national and international emissions standards even though not meeting them in real world use. At the Secretary of State's request, VCA has been conducting a programme of testing of the most popular engines in the UK market, to reassure the public that the use of 'defeat devices' does not extend beyond that admitted by Volkswagen. There is also discussion at a European level about how (and at what level) the EU should undertake future monitoring of real driving emissions. This points to a substantial role for approval authorities such as the VCA in rebuilding public trust in industry claims.
- 4.24 The review activities set out in this chapter will form a significant body of work over the next few years. **To ensure that the VCA's senior management team can concentrate on running the business, we will consider what additional strategic support VCA might need to do this**, and reassure industry that VCA's position as the UK Type Approval authority is secure.

## Governance

- 4.25 In line with the Government's broader governance arrangements for its Arm's Length Bodies (ALBs), the Department for Transport has been reviewing the governance of its executive agencies. DVLA's board has had a non-executive chair since October 2014, and we plan to recruit a non-executive chair for DVSA. The Department now holds regular meetings with all the agencies' non-executive directors, as well as with the senior management teams to assess performance.



## One motoring services agency?

- 4.26 The Department for Transport has steadily reduced the number of executive agencies concerned with drivers and vehicles over the past decade and more. The Vehicle and Operator Services Agency (VOSA) was created in 2003 from the merger of the Vehicle Inspectorate (VI) and the Traffic Area Network (TAN). In 2014, VOSA merged with the Driving Standards Agency (DSA) to form the DVSA. Today, there are two public-facing motoring agencies, down from four in 2003.
- 4.27 The public is largely indifferent to which arm of government delivers the services they need. As more services are delivered online through a common access path such as GOV.UK, it may not be clear which agency is responsible for a service. The public is likely to be more concerned with quality of service than the organisation of government. This chapter has set out a number of measures with the potential to unite the ancillary functions of the agencies, to provide economies of scale in activities not visible to the public. It also proposes to merge the DVLA and DVSA contact centres if the business case can be made.
- 4.28 If we were to merge the agencies' activities further, we would need to be sure that it would demonstrate customer benefits. We would also need to plan for a cultural fit between the transactions and data handling business of DVLA and the testing business of the other agencies.
- 4.29 We believe that, at this stage we should focus on the transformation outlined in this strategy and press ahead with consolidating the efficiency reforms set out in this chapter, and get those right, before considering further merging of the agencies' activities.

# 5. Fees

## Introduction

5.1 The Department for Transport's three motoring services agencies are almost entirely funded through fees charged for the services they provide (with the exception of some enforcement activities and the collection and enforcement of VED). The costs of the agencies therefore do not, generally speaking, fall on the taxpayer at large. The general principle that the user pays for the agency's services will continue. However a wide variety of factors, including efficiency savings programs by the agencies, have resulted in changes to the underlying costs of providing the services. In the past, review of the agencies' fees has largely taken place on a piecemeal basis. **We commit to reviewing the number of fees and realigning fees more closely to the service costs involved.** However, we recognise that there are some instances where it makes sense not to charge (where, for example, a transaction directly promotes accuracy of our record and therefore road safety). In these cases the cost of the service needs to be borne elsewhere.

## Public service standards

- 5.2 All public services should demonstrate high standards of honesty, impartiality, openness, accountability, accuracy, fairness, integrity, transparency, objectivity and reliability.<sup>17</sup> In the context of setting agency fees, this means:
- it should be clear to a prospective client what fees will apply in their circumstances;
  - agencies should provide clear information about what their services cost;
  - the fee structure should be straightforward and easy to understand.
- 5.3 We therefore commit, for all three agencies, to greater transparency in how fees are calculated. We will ensure they continue to be set on the principles contained in *Managing Public Money*.<sup>18</sup> Where possible, and once the accounting systems changes described in para 5.6 below have been completed, we will work with HM Treasury to ensure fee levels are checked against up-to-date best estimates of future costs and projected volumes. Our aim will be full cost recovery.
- 5.4 Charges that are purely commercial or discretionary in nature do not need to be authorised by a statutory power.<sup>19</sup> The agencies should therefore set fees in legislation only for activities they are required by law to provide. Some commercial charges have, however, been set out in legislation in the past. We will remove this

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<sup>17</sup> *Managing Public Money*, 1.1.1

<sup>18</sup> HM Treasury (2015), *Managing Public Money*, downloaded from

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/454191/Managing\\_Public\\_Money\\_AA\\_v2\\_-jan15.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/454191/Managing_Public_Money_AA_v2_-jan15.pdf)

<sup>19</sup> HM Treasury (2011), *The Green Book: Appraisal and Evaluation in Central Government*, para 5.54, states "Government policy is generally to set charges for goods and services sold commercially at market prices". Downloaded from [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/220541/green\\_book\\_complete.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/220541/green_book_complete.pdf)

legislative constraint on the agencies, and set these fees at market rates, as required by *Managing Public Money*.

- 5.5 There is a case for considering differential charges where there is a firm distinction in service. For example, at present DVSA charges a premium for practical driving tests conducted in the evenings or at weekends, as this has reflected the higher cost of providing the service. Some agency fees already reflect the differential cost of the channel (digital or otherwise) providing the service.

## Ensuring equity and balance

- 5.6 The agencies will maintain accounting models so that they can report separately the costs of each service area.<sup>20</sup> It is impractical to update fees too frequently, so an element of averaging over the medium term will be inevitable. **We commit to a programme of reviewing and, where appropriate, rebasing the whole range of agency fees in line with the requirements of Managing Public Money.** This will be mindful of a number of factors: future business volumes, investment requirements, inflation and downward pressure on the cost base will need to be balanced so that fee changes are incremental and do not fluctuate. Wider horizon scanning will form part of the review cycle.

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<sup>20</sup> Both DVLA and DVSA have internal mechanisms to ensure that they can make such accounting moves without constantly adjusting internal funding. The DVLA 'pooling order' (The Department for Transport (Driver Licensing and Vehicle Registration Fees) Order 2003) provides a certain measure of flexibility in how DVLA can recover costs through fees for transactions that drive accuracy of its record and therefore have strong road safety benefits. Equally, DVSA's trading fund status means that it can balance its books without having to have separate regard to each of its activities.