

1. Directors' Report

1.1 Who we are and what we do

On 2 April 2010, the Driver and Vehicle Licensing Agency (DVLA) celebrated 20 years as an Executive Agency of the Department for Transport (DfT). DVLA (previously the Driver and Vehicle Licensing Centre DVLC) opened for business over forty years ago. Since then, the Agency has been through a radical process of change, moving away from a paper based organisation to a modern and highly efficient electronic business, providing online services to customers.

Our people

At the end of March 2011 the Agency was employing 5,561.3 Full Time Equivalent (FTE) staff. The majority of staff are based in Swansea, but the Agency has 39 local offices with over 1,222.8 FTE staff working for the local network.

Our main responsibilities include:

- maintaining over 44 million current driver records and 36 million current vehicle records, handling around 200 million customer interactions each year as a result
- collecting over £5.7 billion of Vehicle Excise Duty (VED)
- through enforcement action, collecting in excess of £100 million in additional VED
- supporting the police and intelligence authorities in dealing with crime.

We also:

- lead the way in government in providing electronic service channels to our customers drawing on public sector best practice to make such transactions easier and more secure
- seek out opportunities to work in partnership with other government agencies and industry representatives to make our activity more effective and efficient
- contribute to the Government sustainable development (SD) agenda by reducing carbon emissions, energy use and waste.

Our vision:

is to be a modern, highly efficient organisation, providing complete, accurate and up to date information and services that fully meet customer and stakeholder requirements.

Our key purpose:

is to keep complete, accurate registers of drivers and vehicles, and make them as accessible and as flexible as possible to those who have the rights to use them.

These registers underpin action by DVLA, the Police and others to keep road users safe and ensure that the law is respected and observed, allow us to collect VED effectively and can be used to deliver other government initiatives such as traffic management and reducing carbon emissions.

DVLA governance

A full account of DVLA's governance procedures are detailed in our Statement on Internal Control. A brief overview of the building blocks of Agency governance is as follows:

- DVLA is one of the Executive Agencies sponsored by the Department for Transport and plays an integral part in the corporate processes of assurance and risk management.
- The Agency Accounting Officer/Chief Executive chairs an Executive Board (EB) of five Executive Directors and two Non-Executive Directors. The EB meets monthly to review and manage operation performance towards milestones and strategic direction and the progress of the Change Portfolio against its milestones.
- Executive Directors agree personal performance contracts and staff working for each Executive Director are set personal objectives. Performance is formally reviewed both mid-year and end of year with documented evidence of what is delivered.
- The Accounting Officer's responsibilities are to safeguard public money and assets. To fulfil these responsibilities, the Accounting Officer is supported by risk management and an audit programme within the Agency, reporting to an Audit Committee of the two Non-Executive Directors and senior representatives from our sponsor department. The Chief Executive and Finance and Strategy Director attend this committee as observers.

Risk management

DVLA's risk management function is structured to take account of the internal governance structure and external environment to ensure DVLA can deliver its primary purpose and key performance measures. Risk management helps protect DVLA's reputation as a highly effective and efficient provider of services to customers and stakeholders. For more information see the [Statement on internal control in section 4.3.](#)

Disclosure of information to auditors

In so far as the Accounting Officer (AO) is aware, there is no relevant audit information of which the auditors are unaware and the AO has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the Agency auditors are aware of this information.

The purpose of this document

This Annual Report and Accounts should be read in conjunction with the DVLA Business Plan 2010-11. This document sets out our performance and achievements for 2010-11.

This year, we have adopted a different approach to presenting our documents and are treating the internet as our primary way of presenting both the Business Plan 2011-12 and our Annual Report and Accounts 2010-11. We are updating our Business Plan on the internet monthly and quarterly to show progress to date, entirely in line with the Governments Transparency Agenda. As a result, both documents on the website benefit from additional navigation tools to make them more accessible and understandable for our stakeholders and the public. In addition, this has reduced costs for the Agency whilst widening the understanding of what we do. We would welcome feedback and suggestions to improve this new approach through our website. For more information visit <http://www.dft.gov.uk/dvla/publications.aspx>

1.2 What we delivered in 2010-11

| Key performance measures | | 2010-11 | 2009-10 |
|--|--|---|--|
| Better compliance to support improved road safety | | | |
| 1 | <p>Accuracy (traceability)</p> <p>Maintain the accuracy of the vehicle register so that a registered keeper can be traced from details held on record in 95% of cases</p> | Exceeded 97.8% of cases | Exceeded 97.1% |
| Transforming customer service | | | |
| 2 | <p>Customer satisfaction</p> <p>Deliver the 8 DfT Customer Promises</p> | Achieved all 8 DfT Customer Promises | Achieved all 8 DfT Customer Promises |
| Improved efficiency and capability | | | |
| 3 | <p>Value for money</p> <p>Complete achievement of the £80.7 million three year target of efficiency savings for 2008-2011 by saving £36.2 million in 2010-11</p> | Exceeded £46 million | Exceeded £32.7 million |
| 4 | <p>Finance</p> <p>Deliver financial performance agreed with DfT to at least balance income against expenditure for the 2010-11 year end accounts</p> | Exceeded £24 million surplus | Exceeded £35.1 million surplus |
| Contributing to wider government objectives | | | |
| 5 | <p>Collecting tax for the Government</p> <p>Collect over £5 billion of VED (net of refunds) and through enforcement action exceed £100 million in additional VED collected for the period 2008-11</p> | Achieved £5.8 billion and through enforcement action collected £109.5 million | Exceeded £5.7 billion and through enforcement action collected over £45.5million |
| 6 | <p>Improving insurance compliance</p> <p>Introduce Continuous Insurance Enforcement (CIE) and have started to issue Insurance Advisory letters by 31 March 2011</p> | Not Achieved Insurance Advisory letters will not now be issued until June 2011 | n/a |

DVLA change programme 2010-11

DVLA has in the past maintained its driver and vehicle registers by processing large numbers of paper transactions delivered by post and moved around by hand. Much of the legislation and regulation that provides the framework for these transactions embedded the necessity for paper transactions into law.

The modernisation agenda has been underway for some time and DVLA has led the way across government in e-services and volume transaction handling. The transformation is still far from complete and the external environment has changed significantly over the last two years to make our response more urgent. The table below details our achievements and progress during 2010-11.

| Performance against our change programme 2010-11 | Milestone date | Performance 2010-11 |
|---|----------------|---|
| Product improvements | | |
| Payment Card Data Security Standards To ensure that the Agency's systems are compliant with the Payment Card Industry Data Security Standards (PCI-DSS) as mandated by the Payment Card Industry Council (MasterCard/Visa) | March 2011 | Ongoing EVL delivery date now agreed with Industry to be December 2011 |
| EU 3rd Directive A feasibility study that will assess the impact of the European Union 3rd Directive on driving licences, develop options to meet the requirements of the Directive and identify a preferred option that balances customer service, cost and ease of implementation | March 2011 | Achieved Strategic Business Case drafted |
| Driver licence check support A feasibility study to produce an outline business case which will define options to introduce Chip and PIN to provide adequate security for driver register enquiries, delivering significant revenue generating transactions and reduction of effort for businesses seeking to comply with legislation. Proof of concept for cross-Government credentials strategy and Access to Public Services | March 2011 | Achieved Strategic Business Case under development |
| Continuous Insurance Enforcement 1. Publicity Campaigns 2. Implementation of CIE (Enforcement Release) | March 2011 | 1. Ongoing new date May 2011 |
| | | 2. Achieved |
| European Community Whole Vehicle Type Approval/CO₂ To develop changes to current processes to support the introduction of the Individual Approval Scheme which replaces the single vehicle Approval (N1 & M1 vehicles) from 29 April 2009 and expansion to further vehicle types over the next five years | 2010-11 | Achieved |
| Certificate of Professional Competence (CPC) Phase2 Deliver significant enhancements to the existing CPC systems that support Driving Standards Agency training regulations | August 2010 | Achieved |
| Budget changes (2008) Phase 3 Delivery of the final set of Budget changes introduced, for implementation in April 2010 | April 2010 | Achieved |
| Northern Ireland Vehicle Information System (NIVIS) Conduct a feasibility study to identify and define options to relocate Northern Ireland vehicles register systems to Swansea and live running of the re-platformed systems, a precursor to providing online services for NI vehicle keepers | March 2011 | Achieved |
| Government Banking Services Mandatory transition from the Office Paymaster General (OPG) bank accounts to GBS. Live running from April 2010, providing full cross-Government readiness confirmed | April 2010 | Achieved |

Directors' Report

| Internal efficiency and accuracy | | |
|--|----------------|---|
| <p>DLO Enhancement and Capability Review (DECR)</p> <p>To increase the first time success of the range of online driver transactions already introduced, reducing second stage applications, enquiries and paper transactions</p> | September 2010 | Achieved |
| <p>Automated casework</p> <p>Conduct a Feasibility Study to identify the benefits of utilising the Oracle Business process Manager (OBPM) software along with improved business processes for casework in the Drivers Medical area</p> <p>The study will also project the derived costs/benefits across Drivers Medical casework and DVLA operational processes in order to inform the investment decision for a subsequent delivery project</p> | April 2010 | Achieved Wider casework issues now also under consideration before delivery option decided |
| <p>Driving licence renewal web channel</p> <p>A feasibility study to develop and define options for an online channel, which will allow transactions requiring a new photograph (obtainable from Identity and Passport Service or UK Borders Agency) to be undertaken online</p> | May 2010 | Achieved New systems live March 2011 |
| <p>NI Electronic Services</p> <p>Identify options for delivering electronic vehicle services (Electronic Vehicle Licensing and full bar coding application to the Post Office®) to Northern Ireland. This builds on the NIVIS relocation and the preferred option will be taken forward in year</p> | 2010-11 | Achieved Delivery project commenced April 2011 |
| <p>E services Phase 2</p> <p>A feasibility study to develop options for an online service for the renewal of Drivers Medical short period driving licences. The options will investigate automating data capture on complex customer facing transactions to minimise manual transaction handling and casework</p> | 2010-11 | Study on hold New review date February 2012 |
| <p>Information Capture Data Archiving+</p> <p>Decrease the cost of data capture by centralising and streamlining scanning and increase the percentage that is Optical Character Recognition (OCR) and Intelligent Character Recognition (ICR) processed</p> | 2010-11 | Ongoing new date end of 2011 |
| <p>Project & Programme Management Tool</p> <p>The Agency will implement a software tool within the Project and Programme Management (PPM) community that aims to improve project and programme management processes, reducing administrative costs and making management information more effective</p> | October 2010 | Achieved |
| <p>CISx</p> <p>Increase the number of driver's first applications that can go through the single stage route by using Department of Work and Pensions CISx system to authenticate identity. Through collection of the National Insurance number from customer or CISx, provide a conduit for 'tell us once' notifications – bereavement and address changes as signalled in smarter government, but also changes of name if pursued in the future</p> | October 2010 | Ongoing Date reworked in consultation with DWP – will go live June 2011 |
| <p>Ten year renewals 2</p> <p>Commence new service at the Post Office® counters</p> | April 2010 | Achieved Roll-out completed 752 branches in November |
| <p>Extend the service to 750 Post Office® branches</p> | September 2010 | 752 branches |
| <p>MOT</p> <p>Technical improvements and upgrade to current Local Service Network MoT certificate replacement system</p> | September 2010 | Achieved |

| Information communication technology maintenance | | |
|---|---------------|---|
| Weblogic upgrade Ensuring that the Weblogic product set (i.e. Weblogic portal (WLP), Weblogic Integration (WLI) and Weblogic Server Platforms) will be using supported components going forward | 2010-11 | Ongoing new date Summer 2011 |
| Technical refresh Rolling programme ensuring the hardware, software and applications remain security compliant and within technical support | 2010-11 | Achieved (all 10-11 activities complete) |
| VSS Stack refresh A large-scale technical refresh to support main vehicles system software | 2010-11 | Ongoing new date end of 2011 |
| CASP Stack refresh Large scale hardware and software technical refresh and upgrade to internal casework system | 2010-11 | Ongoing new date end of 2012 |
| Security (portfolio) Security enhancements and fixes to known or discovered security issues and risks (i.e. security software upgrades and new security related installations) | 2010-11 | Achieved (all 10-11 activities complete) |
| Service improvement portfolio Technical enhancements (i.e. single points of failure removal and new improved scanning solutions) | 2010-11 | Achieved (all 10-11 activities complete) |
| Desktop upgrade (inc Electronic Point of Sale) Upgrade and replacement of all DVLA out of support desktops and Local Services Network Point of Sale system (inc. peripherals) | 2010-11 | Ongoing new date Summer 2011 |
| Migration out of Salford Removal of remaining web services from Fujitsu's Salford Data Centre | 2010-11 | Achieved phase1 (Ongoing date end 2012) |
| Data centres Migration of services from over subscribed and ageing Swansea data centres to new purpose-built facilities | November 2010 | Achieved |
| Test environment 3 Complete the delivery of new test environments to support vehicles programme. The first application will be for Continuous Insurance Enforcement testing | 2010-11 | Achieved |
| Technical vulnerability reduction Delivering a revised network and application architecture to improve technical security controls– including migration of key web services to the new architecture | 2010-11 | Achieved |
| Identity and access management Process and technical security based upgrades | December 2010 | Achieved |
| Migration of print Migration of the remaining documents composed by Fujitsu on the mainframe to in-house system | 2010-11 | On hold |

Customer service

In 2010-11 the Agency met all of 8 DfT Customer Promises. The promises are supported by 19 Customer Service Measures and the 'Customer Service Excellence' standard.

DfT Customer Promises

| | |
|---|--|
| 1 | Provide a full response to enquiries quickly. |
| 2 | Provide a full response to complaints quickly. |
| 3 | Respond to telephone calls promptly and endeavour to resolve all enquiries at the first call. |
| 4 | Use reliable and accurate methods to measure customer satisfaction on a regular basis. |
| 5 | Provide our customers with information that is clear, accurate and complete. If we do not have all the information required, we will advise customers when they will receive the information they requested. |
| 6 | Ensure that our staff are polite and friendly to customers at all times and understand our customer needs. |
| 7 | Make information about the full range of services we provide available to our customers and potential customers, including how and when people can contact us, how our services are run and who is in charge. |
| 8 | Make particular efforts to identify hard to reach and disadvantaged groups and individuals and have developed our services in response to their specific needs. We have policies and procedures that support the right of all customers to expect excellent levels of service. |

Customer service measures

| | Target 2010-11 | Result |
|---|--------------------------------|------------------------------|
| Driving Licences | | |
| To deliver a first driving licence within 8 working days | 98% | ✓ |
| To deliver a vocational licence within 8 working days | 98% | ✓ |
| To deliver an ordinary driving licence within 10 working days | 97% | ✓ |
| To deliver a digital tachograph renewal in 14 working days | 98% | ✓ |
| Medical investigations | | |
| To conclude a simple case within 15 working days | 88% | ✓ |
| To conclude a complex case (one that requires further medical investigation) within 90 working days | 85% | ✓ |
| Vehicle registration document | | |
| To deliver a first registration document, excluding cherished transfers, within 14 working days | 95% | ✓ |
| To deliver a change on a registration certificate within 14 working days | 95% | ✓ |
| To deliver a registration document from an application (notifying changes to the registration certificate) within 30 working days | 95% | ✓ |
| Vehicle Excise Duty refunds | | |
| To deliver a refund due within 30 working days | 95% | ✓ |
| Customer service | | |
| To answer call demand | 95% | ✓ |
| To deliver quality of service in the Contact Centre | 85% | ✓ |
| To answer an email within 3 working days | 95% | ✓ |
| Keep average local office queuing time to no more than 15 minutes | 15:00 | ✓ |
| To deliver a Cherished Transfer within 7 working days | 95% | ✓ |
| Customer complaints | | |
| To acknowledge a complaint within 1 working day | 100% | ✓ |
| To maintain or improve on last year's performance sending a substantive response within 10 working days | 98% | ✓ |
| MP correspondence | | |
| To acknowledge correspondence within 1 working day | 98% | ✓ |
| To maintain or improve on last year's performance sending a substantive response within 7 working days | 98% | ✓ |
| Overall target | To achieve 17 of 19 | Exceeded 19 of 19 |

New customer services

New service at the Post Office® – in April 2010, the Agency introduced a new electronic service at Post Office® branches where drivers' photographs are captured and sent to the Agency by a secure electronic link. The service is now available at 752 Post Office® branches. For more information visit http://www.direct.gov.uk/en/Motoring/DriverLicensing/NeedANewOrUpdatedLicence/DG_078070?pro=TYR_PO_Spotlight

Late reminder letters – in April 2010 a new late reminder letter was introduced to those who failed to tax their vehicle or make a Statutory Off Road Notification (SORN). The introduction of the late reminder letters has resulted in an increase in compliance and a reduction in enforcement volumes. The Agency continues to encourage customers to tax or make a SORN online.

Vehicle tax refund – to improve customer service, the Agency, in conjunction with Direct.gov have introduced an online form for customers to apply for a vehicle tax refund. In addition, other changes have reduced the number of refund related calls answered at our Contact Centre by 70 per cent. For more information visit http://www.direct.gov.uk/en/Motoring/OwningAVehicle/HowToTaxYourVehicle/DG_10012526

Driver licence fees – in February 2011, a new fees page for driver transactions linked to our driver forms was placed on Directgov. This will help customers easily find out the correct fee for the type of application. This will also reduce avoidable calls to our Contact Centre. For more information visit http://www.direct.gov.uk/en/Motoring/DriverLicensing/NeedANewOrUpdatedLicence/DG_4022089

Electronic driver entitlement checking service – the Agency rolled out its electronic driver entitlement checking service which now serves 18 commercial customers. We received over 800,000 enquires in 2010-11 and expect to reach around 1.6 million in 2011-12.

Improvements to online service to the motor industry – in 2010 the Agency introduced a new indemnity calculation for motor industry customers

that use the Automated First Registration and Licensing system. This resulted in a £20 million reduction in financial exposure on the motor industry.

New office opens in Leeds – in April 2010, DVLA's replacement office opened in Leeds. The office provides customers with improved facilities. Customer friendly online facilities now complement a new face to face bespoke customer management area enhancing customer service.

Wider government objectives

New European driver medical standards

In February 2011 DVLA launched a consultation on proposals for changes to the driver licensing standards on eyesight, epilepsy and diabetes. Views are being sought on the implementation of new European minimum standards for drivers. Responses will be analysed and will inform an impact assessment on options for change for consideration by department ministers.

Identity fraud

During 2010-11 the Agency continued to work in partnership with other government departments and the Police to help reduce and detect identity fraud. DVLA also supported the National Fraud Authority and National Fraud Intelligence Bureau in their development of a strategic threat assessment for identity fraud.

Government Gateway

The Government Gateway is a website used to register for online government services. It is an important part of the Government's strategy of delivering 'joined up' government, enabling people to communicate and make transactions from a single point of entry.

DVLA's Driving Licence Check (DLC) is a web service accessed through the Government Gateway. The service is currently accessed by the Government Car and Despatch Agency, Transport for London and Bristol, Manchester, Essex, North Devon and Doncaster Councils.

Interest in the service has been received from 200 local authorities. In 2010-11 over 2,417 enquiries were received through the web service with a forecast of 20,000 for 2011-12.

Driver qualification card

DSA and DVLA successfully delivered a new database of European lorry, bus and coach drivers who apply for a driver qualification card. For more information visit http://www.direct.gov.uk/en/Motoring/Drivingforaliving/DG_186131

Sustainable development

During 2010-11 DVLA had some notable successes, including accreditation for the ninth consecutive year to our environmental system ISO14001. We were also successful in attaining certification for all 39 of our local offices to this standard.

DVLA has introduced a sustainable risk assessment process to our procurement procedure. This ensures the impact on society, the economy and the environment are fully considered before we procure goods or services.

Carbon for travel

During the year, we reduced the amount of CO₂ produced from our business road travel by -47.3 per cent, from our baseline year in 2005-06. This equates to approximately 1.5 million less miles per year travelled in 2010-11 compared to 2005-06. Travel is an essential element of our activity as the Agency has a distributed network to maintain, a large number of data audits to undertake and prosecutions in courts right across the country.

Waste reduction and recycling

The Agency is continually reviewing its practice and has a number of projects underway to review the resources consumed. For example, we are looking at refining the numbers and types of envelopes and leaflets currently being used.

Waste minimisation has been a focus for environmental management this year. We have worked with the Welsh Assembly Government 'Waste Minimisation' campaign to find new and innovative ways to reduce waste.

This year we have recycled a total of 74 per cent of our total waste against a target of 40 per cent. We have introduced food recycling in our staff restaurant at Swansea and have also started to recycle some of our waste plastic. We are continuing to look at ways to make further improvements.

Energy

In 2010-11 the Agency carried out a full review of its energy use across the estate including our combined heat and power plant. We have implemented many of these improvements. These include rationalising space in our main office which has allowed a separate building to be vacated, the removal of powered floor fans from Data Centres, closing some of our offices between Christmas and New Year and improving the insulation of the main building roof.

The Agency is aware that the total energy consumption is increasing. We believe this is due to our increased use of IT to improve the efficiency of our operational business. We are considering all the actions as recommended by Greening Government Information Communication Technology and are looking at detailed analysis of the IT power usage to establish how to minimise the energy use. During the past year we have also researched the feasibility of producing our own energy from renewable sources, and are working towards the right solution.

See Appendix 3 for commentary on sustainability performance.