

4. How much we will spend and save



4.1 Managing our Finances

We will spend £556.4m, of which £465.0m is raised through fees – around one third on DVLA staff costs and over half on purchasing goods and services of third parties (see Annex A).

For 2011-12 and onwards, most fees will remain fixed at the same level as 2010-11. For more information visit www.direct.gov.uk/en/Motoring. We have proposed that a fee of £20 be re-introduced for vocational drivers to meet directly attributable costs of systems changes and additional volumes for their services. We have also proposed reduced fees as an incentive for those customers who have paper licences or wish to renew their driving licences and have recently renewed their passports. It will benefit both DVLA and customers to align these two documents and decrease the effort and costs of processing by allowing a far greater proportion of drivers to interact with DVLA electronically. The change also increases the consistency of data across Government, the security of the drivers data held and the security of identity of the individuals involved.

During the year we will be working to introduce further secure enquiry facilities. The charges for access are not statutory and will need to at least cover the full costs of introduction and provision in order not to place a financial burden on motorists. We will rationalise existing charges and reflect the lower cost to DVLA electronic channels.

Steering a largely demand led and evolving business whilst balancing effectiveness and data security against ease of access and cost, calls for a pragmatic approach to risk management (see 4.2). The Agency will continue to apply and improve best practice across the public service.

From April 2004 to March 2011, DVLA finances were managed as a statutory Trading Fund. From 1 April 2011, the Agency will no longer be a Trading Fund and its accounts will be consolidated directly with those of DfT as its sponsor Department. The reason for this change, made by HM Treasury is purely one of technical accounting and funding consistency as, without public corporation status, there were anomalies under the move to 'clear line of sight' for Government accounting which could not be resolved in another way.

We are not expecting this change to financial regime to add significantly to the reporting responsibility and burden laid on a dedicated finance team. The team has already been streamlined to meet best in class standards as set out for government. We will work closely with DfT to ensure this is so and that the efficiency and effectiveness of DVLA is not adversely impacted by a change for technical accounting reasons.

Agency performance and accounts have been and will continue to be audited by the National Audit Office and presented to Parliament.

4.2 Risk Management

Managing a largely demand led and evolving operation involves balancing regulation, effectiveness and data security. This against the ease of customer access to online transactions, record updating and cost calls for a pragmatic approach to risk management.

Three key risks to delivery of this Business Plan are:

1. The scale or timing of the range of reform programmes could create peaks of demand greater than the capability of our programme teams or IT partners. This could lead to slippage of timetables.

We will mitigate this risk by:

- bedding down the recently introduced Agency Change Office to co-ordinate and prioritise all reform/change activity across the Agency
- continuing tight programme management following Office of Government Commerce and other best practice
- increasing our capability and capacity to manage contractors to make best use of their flexibility to help us recover or compensate for lost ground within existing budget limits
- managing our relationship with IBM/Fujitsu to make best use of their capacity while retaining a tight grip on cost and value for money.



2. There is a risk that some staff could object to changes being made across the wider public service or specifically within this Agency. This could temporarily reduce our capacity to service demand and that disruption could last long enough that it overwhelms our capacity to recover and achieve performance measures at times during the year.

We will mitigate this risk by:

- building on existing internal communication, including monthly face to face briefings and discussions to explain the changes and why.

3. There remains a risk to the fee financed stability of the Agency which is particularly dependent on first vehicle registration transactions – this is demand led and has fallen radically in two periods since the Agency was established in 1991. The decision to revoke Trading Fund status and establish closer links between Agency and sponsor department finances means in-year co-ordination and communication will need to be refined by finance teams on both sides of that relationship.

We will mitigate this risk by:

- building the working relationship between finance experts in the Agency and their opposite numbers in the sponsor department to ensure continuity as far as possible over the full financial year
- working up proposals to rebalance the range of fees charged so that first vehicle registration income is a less dominant proportion of the total. Leading to consultation and eventual transition to a refined fee model.

The Agency will continue to develop our capability and approach to managing risk in partnership with colleagues across DfT and fellow Executive Agencies.

4.3 Efficiency

We will build on the experience and impact assessment already gained from creating centralised processing units within the Local Services Network and from having already rationalised down from 12 Area Enforcement Centres. We will continue to consolidate locally undertaken transactions and build on the rationalisation of enforcement activities to develop further productivity

and economies of scale. During 2011 we will have in place alternative channels (and be investing further) to enhance electronic services for business customers' needs as well or better than the present time-consuming queuing for a face to face over the counter service.

We will explore with DfT the possibility of evaluating the savings available from the cross-Government strategy of data centre consolidation, with DVLA utilising its significant ICT resources to provide centralised services.

In previous years the Agency has spent as much as £14m on marketing to tell or remind people of their legal responsibilities. In 2011-12 we will present the 'value for money' case for spending no more than £100,000 on marketing at marginal extra cost and where others bear most of the cost. We aim to:

- amend all existing DVLA customer communications and literature to include any relevant marketing messages
- carry out no cost partnership marketing opportunities with commercial companies and other Government departments
- issue regular regional press releases to establish topical and relevant regional variations of our products/services
- produce in-house videos for use on Directgov/ Business Link and other online media channels
- use social media (using a range of channels, approved by DfT Policy) to provide relevant and timely communication channels to targeted customers
- use product placement to take advantage of requests from production companies for DVLA products for use on TV and radio
- use partnership marketing with other government departments using websites, mailings and media campaigns to target customers with a specific marketing message
- increase the use of Directgov and Business Link products and services
- use relationships with existing DVLA contractors to include marketing messages in their communications to customers
- increase links from relevant commercial organisations to DVLA products and services on Directgov/Business Link.



The investment we have made in providing electronic service channels for customers to transact with us has established us as a public sector leader. In addition to saving the customer a visit to one of our local offices or a post box, the marginal cost of electronic transactions is lower, further take-up by users contributes to operational efficiency. We are anticipating a modest increase in electronic take up to 53% (see table in Annex C).

4.4 Contract Management

DVLA are unusual in the public sector in that over 60% of our total expenditure is spent on external suppliers (see Annex A). We will continue to procure and manage our contracts in a robust, professional and efficient way so that we make a growing contribution to efficiency.

We will ramp up the major programme preparing the ground for letting our IT supplier contract from 2015. We will be working with colleagues in our sponsor department and more widely to ensure that every potential option and benefit is gathered and assessed.

We will re-let the contract for wheelclamping of unlicensed vehicles. We will ensure that the financial model employed is best value for money and minimises the demand for funding from HM Treasury/DfT and expand the scope of the contract to include action against uninsured vehicles.

We will also:

- use more intelligent customer capability to reap financial and service gains from existing and re-negotiated contracts
- measure and report on savings made by key suppliers – including IBM/Fujitsu under existing service supply contracts. We will begin preparations for re-tendering of our high value IT development and support work by 2015
- negotiate best value as lead negotiator on behalf of the DfT for supply contracts in the areas of printing, postage and recruitment and across Government for cards/smartcards and credit card (merchant acquirer) transactions
- build on our successful working relationship with commercial customers and extend the range and scale of transactions completed digitally over secure networks.

4.5 Rationalising our Estates

DVLA has developed a cost effective and efficient estates usage in its Swansea locations and has geographically dispersed estate and service delivery locations across the UK.

During the year we will:

- work in partnership with others in the public sector to plan and share our occupation of the estate we own and liaise to maximise shared value
- continue to look at ways to use existing space at lower cost to Government
- review the use of official vehicles and business travel arrangements to reduce cost
- pool business use of vehicles owned by the Agency so that the limited number of essential trips made have minimal impact on the environment and paying extra for short term hire of a vehicle becomes an infrequent exception.

4.6 Working with Others

The Agency can now use its new technology to work more closely with a number of other approved organisations. Our technology provides the facility to deliver integrated systems and processes across organisational boundaries, reducing duplication and shared cost base specifically with:

- **Department of Work and Pensions** (DWP) including Tell us Once (TUO) and the Veterans Agency to improve validation of personal details changes and streamline notifications. TUO is tasked with delivery of an address notification pilot within 2011.
- **Identity and Passport Service** (IPS) and **UK Border Agency** (UKBA) to take advantage of their identity checking and validation, in line with the principles of Safeguarding Identity and increase the use of shared assets. For more information visit www.direct.gov.uk/en/CrimeJusticeAndTheLaw/Typesofcrime/DG_174616



- **Government Gateway** to make public access to our transactions easier but more secure, through use of a common and simplified access and identity authentication route for Government. This potentially paves the way for an enhanced ‘Citizen Account’ providing greater control over personal data and update to individuals.
- **The Post Office®** – we currently have a number of live discussions in respect of:
 - joint pilot with DWP to make use of scanning technology to capture source documents instead of posting original documents for changes of driver details
 - intermediated or assisted IT services – in respect of vehicle and driver changes to provide assisted applications
 - direct printing of forms to avoid current printing and distribution costs
 - extension of VED facilities into Northern Ireland to match Great Britain functions.
- **Other central Government organisations** – to maximise the use of DVLA data assets (compliant with the Data Protection Act and in consultation with the Information Commissioner) and minimise duplicated investment across the public sector and make public investment stretch further.

Road Safety

- *Tachograph cards* – In 2011-12 we will issue up to 310,000 digital tachograph cards to vocational drivers on behalf of Vehicle and Operator Service Agency (VOSA).
- *Driver Conduct* – We will continue to support Traffic Commissioners in their duty to check the conduct and suitability of Passenger Carrying Vehicles (PCV) licence applicants and holders.
- *Certificate of Professional Competence (CPC)* – In 2011-12 we expect to issue over 22,000 CPC cards www.businesslink.gov.uk on behalf of DSA.

4.7 Workforce Management

As the Agency works towards the Central Government benchmark levels for Finance, Procurement, Human Resources and Estates we will release resource for frontline activity. Where staff leave the Agency, our first response will be to redeploy and reprioritise so we would not expect to recruit unless we require particular skills that we cannot find within the Civil Service. For more information see <http://data.gov.uk/dataset/oep-benchmarking-data-2009-10>.

Agency full time equivalent staff numbers	Business Plan
Forecast as at 31 March 2011	5,680
To handle increased Continuous Insurance Enforcement activity	+ 25
V5C accelerated roll-out	+ 20
Build competent core team for IT contract let	+ 20
Savings through efficiency gains and consolidation	- 265
Plan as at 31 March 2012	5,480

We will work alongside partners across the DfT family so that where others have a ready-made approach to a management issue we will adopt and adapt to fit rather than starting for ourselves from first principles. This will free the agency’s skilled resource to focus on local priorities such as extending the capability and flexibility of staff to meet changing customer demand.

In 2011-12 we will work with DfT colleagues to develop a standardised set of DfT HR policies which set the foundation for Next Generation HR policy expert services.

We will handle the administration of VOSA HR casework. Cross-Agency working enables HR headcount savings in VOSA whilst maintaining effective service delivery.



We will also:

- provide systematic attraction, identification, development, engagement retention and deployment of those individuals with high potential who are of particular value to the organisation
- show visible commitment to behave ethically and contribute to economic development whilst improving the quality of life of the workforce as well as the local community
- improve our commitment and capability to meet corporate social responsibility standards. The Agency is committed to maintaining a supportive relationship with the local and wider community. We will continue to look at ways in which we can offer development opportunities, promote volunteering, school initiatives and work experience to benefit staff and the local community

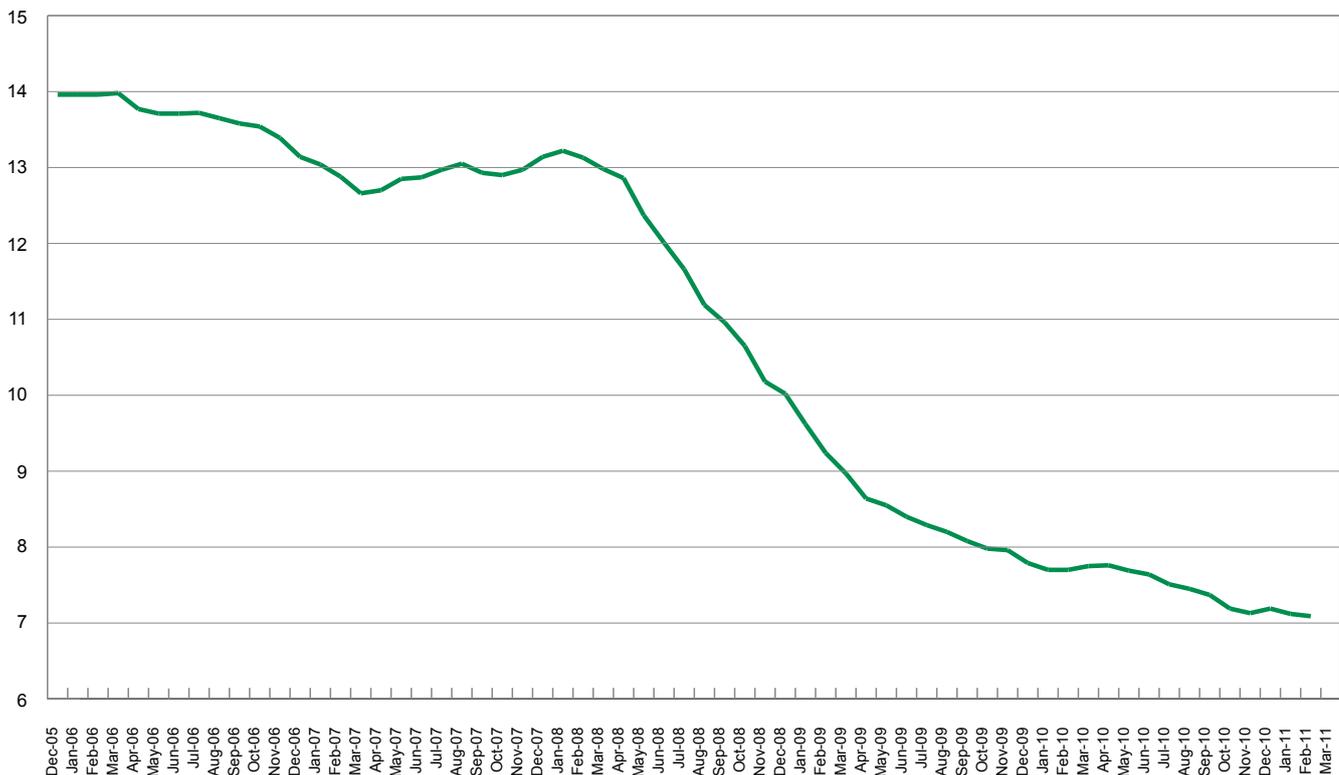
- continue to use business partners and identify DVLA resourcing requirements for action by the DfT Resourcing Group (DRG) by developing a forward plan
- improve productivity of the current workforce and produce a highly efficient and flexible workforce
- ensure that resource needs and redeployments where necessary are identified early to enable DRG to fulfil requirements in a timely, efficient and cost effective manner
- re-align and simplify the Agency performance management system
- deliver a more cost effective alignment between improved workforce productivity gains and reward.

Sick Absence

Some staff sick absence is unavoidable. By taking care and offering staff assistance, the Agency has succeeded in bringing the average working days lost down from 13.2 to 7.5. By maintaining/ increasing the attention given we aim to bring this down to 7.2 in 2011-12.

Sick absences rolling total

Average working days lost per employee





During the year we will:

- continue to robustly manage DVLA sick absences through developing Agency practices and promoting well-being initiatives
- monitor and improve Agency engagement levels through surveys.

Training and Development

By March 2012 there will be 5,480 full time equivalents working for the Agency. The Agency's staff training and development programme will cost less than £1 million to raise and refresh the capability of staff with a focus on Professional Skills in Government.

During 2011-12 the Agency will work with the Transport Learning Group to facilitate the move to a Learning and Development Centre of Excellence in DfT.

We will also:

- support a reduction in learning and development staffing across DfT
- reduce our learning and development spend whilst maintaining its effectiveness
- adopt a common core training programme across DfT
- maximise the use of learning and development venues
- develop and utilise an Agency talent pool (including graduate and internal talent programmes)
- identify and nurture talented individuals in business to contribute to the challenges the Agency faces in the future
- develop more efficient training solutions to ensure corporate-wide adherence to legal requirements such as diversity.