

DVLA Consultation on Driver Licensing and Vehicle Registration Fee Proposals – Analysis of Responses to the Consultation Exercise carried out from 28 April to 21 July 2006.

1. Background and Consultation Process

(a) Overview

DVLA has a set of new activities it needs to deliver over the next years resulting from policy and statutory commitments. For example, these include the start of the 10-year renewal cycle for Driver Licences, which will need to take place towards the end of 2007-08 and a significant continuing systems renewal programme. Although DVLA has a significant efficiency programme in place that will free up a proportion of its current funding, reported as part of its Gershon Review response, there is a need to raise additional income to meet the additional costs involved in these activities.

(b) Purpose

In December 2003, DVLA made use of this flexibility in restructuring its previous charging regime, following a public consultation initiated in 2002, to meet a number of short term funding pressures in a way that did not need additional legislation. Whilst this provided a first step towards a longer term aim of a sustainable and equitable set of funding structures, this was not able to deliver more radical solutions to cater for the major cost pressures forecast for the future.

The next Fees & Charges Consultation (completed on 12th November 2004) took this consideration forward by exploring the public preferences for charging principles through proposing four different sets of charges. The levels of the charges were indicative, but each set of charges would have provided DVLA with a similar total funding envelope of cost recovery. At this stage, details such as potential processes, exemptions, transitional arrangements, collection and enforcement mechanisms were not covered, as the important aspects were the overall principles and approach.

The latest Fees & Charges Consultation (completed on 21st July 2006) took the same approach in terms of principles, but built on the responses received during the earlier exercise, together with extended discussions with a number of key stakeholder and representative organisations. Three key options were explored, with indicative levels of fees presented that would again generate similar levels of total fee income for the Agency.

2. Responses

(a) Volumes

DVLA issued 300 consultation documents to Motoring Organisations, MOT Organisations and garages and Stakeholders. In addition to this the document was published on the Agency's website and this attracted 205 hits.

(b) Analysis of Responses

Of the various representative organisations and stakeholders, there were 43 responses, although only 19 of these expressed a preference in terms of the options included. There were 20 individual members of the public who also expressed views on the fee proposals.

3. Conclusions Drawn

(a) Analysis of feedback

It is clear from an analysis of the responses received that:

- the principle of “user pays” continues to be broadly supported, as it has been in each consultation to date;
- there was strong feedback that vehicles not subject to either a VED charge or SORN registration should not be subjected to any potential annual fee (should this option be taken forward at any stage in the future);
- the form of the current proposals generally supports Better Regulation in that the cost of compliance (predominantly administrative costs) has been reduced to a minimum through consultation with industry groups;
- DVLA efficiency gains should be fully explored to ensure that any overall increases in funding generated are transparently justified in terms of real and unavoidable costs.

(b) Conclusions

- It would seem clear from the feedback that the changes involved in fee levels represent only a very small proportion of motoring costs - all options are both feasible and fairly acceptable, with no fee changes having taken place over the last three years. A number of organisations reflected this, whilst formally expressing no preference;
- Most comment was received in respect of the “annual fee” (Option 3), though organisations were fairly evenly split between those in favour and those against;
- In respect of collection mechanism of any “annual fee”, the majority preferred collection alongside the VED transaction rather than alongside MoT, although it was mainly garages who responded against the MoT option and the processes anticipated would obviate most of the disadvantages perceived;
- There would be a time delay in implementing any “annual fee” and another of the options would need to be adopted as an interim measure in any event to provide the cost coverage needed;
- **The majority of respondents believed that focusing the increase on purely the new drivers would be inequitable (Option 1) - in terms of overall burden and the nature of those affected – so that a range of smaller increases across the board should be introduced as a variation of Option 2. See Annex A for Fee Levels.**

(c) Dispelling misconceptions

It is also clear from feedback received that there were a number of misunderstandings on the part of respondents, in particular in respect of:

- the nature of the charges in that DVLA, as an executive agency, has to be self funding and that VED collected by DVLA is passed directly and intact to H M Treasury as general taxation;
- the fee setting process in that DVLA have to agree any variations in the fee levels both with DfT and HM Treasury, with each variation subject to parliamentary approval;

DVLA needs to improve their communication with the public to develop a better understanding of the funding regime established and the controls under which it operates.

4. Way Forward

In terms of our next steps, the Minister for Transport has agreed that we should:

- defer any further consideration of an annual fee (Option 3) for the time being, although this should again be revisited in two years time when DVLA are next scheduled to visit their fee levels in detail;
- develop final proposals based on a modification to Consultation Option 2 discussed with the Minister, whilst retaining the same overall cost recovery envelope;
- clear our approach with HM Treasury, clearly demonstrating that the fees are required to cover our forecast costs over the next two years;
- conduct a final short consultation with respondents to the April consultation on the final fee levels
- prepare and make the required fee amendment regulations (subject to the results of the final consultation) and lay these before Parliament;
- publicise the proposed solution, incorporating updated cost estimates (Regulatory Impact Assessment).

Annex A: Proposed Fee Levels

The fee structure and proposed fee levels for Drivers are:

TRANSACTION	CURRENT FEE	PROPOSED FEES	
		07-08	08-09
<i>Driving licence:</i>			
First Driving Licence (including Provisional to Full)¹	£38	£45	£50
Renewals from Age 70 or for Medical Reasons²	Free	Free	Free
Replacement DL for change of details	Free	Free	Free
Duplicate DL for lost / stolen or destroyed	£19	£22	£25
<i>Exchange Licence:</i>			
Paper Licence traded in for POL DL³	£19	£10	£10
Add Entitlements⁴	Free	Free	Free
Remove Endorsements⁵	£19	£22	£25
Paper Licence Recall Fee⁶	N/A	N/A	N/A
10-Yearly Renewal of POL DL	N/A	N/A	£10
Vocational DL⁷	Free	Free	Free
<i>Driving Licence Renewals:</i>			
After revocation	£38	£45	£50
High Risk Offenders after Disqualifications	£75	£85	£90
After Disqualification	£50	£60	£65

For the Vehicles fees, the structure and proposed fee levels are:

TRANSACTION	CURRENT FEE	PROPOSED FEES	
		07-08	08-09
First Vehicle Registration	38	50	55
General Vehicles			
Replacement Registration Document (details change)	19	25	25

¹ Prior to 2003, this transaction comprised two separate charges adding up to £41

² This transaction was made free of charge in 2003

³ This supports the policy for paper licence recall, but precedes the recall to encourage earlier exchanges.

⁴ This transaction was made free of charge in 2003

⁵ Note that this will no longer be applicable when the counterpart is abolished.

⁶ It is not currently anticipated that, if the paper licence recall is approved, any recall would take place before April 2009, but the current proposals are that if it is triggered then it would be free of charge.

⁷ This transaction was made free of charge in 2003.