



# Driver Fee Proposals

A Summary of the Findings from the  
DVLA October 2008 Consultation on  
Drivers Fees



CUSTOMER SERVICE EXCELLENCE

Department for  
**Transport**

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# Introduction

This report summarises the feedback received from the consultation exercise, together with initial conclusions on a preferred approach and an outline of the way forward in taking the consultation results and stakeholder views fully into account for the emerging solution.

The Driver and Vehicle Licensing Agency (DVLA) is required both through its status as an Executive Agency / Trading Fund and by the HM Treasury Fees and Charges Guidance to recover the costs of its operations through fees collected for the statutory services it delivers. In circumstances where it makes a deficit on such services and fees, it has a statutory duty and explicit HMT guidance imposed upon it, to make good such deficits as quickly as possible. It has explicit statutory powers to collect each of these fees, mainly set out in the Road Traffic Act 1988, as amended, most recently by the Road Safety Act 2006.

A number of DVLA services are fee bearing whilst it delivers others free at the point of demand. We have made sure that fees will still not be charged for drivers who notify the Agency of a change of name or address, drivers over the age of 70, extension of vocational driving entitlements or for any medical renewals or notifications. DVLA has consulted on a long-term strategy in recent years and the resulting report and Ministerial decisions on fees for 2007-08 and 2008-09 are available on the DVLA web-site at [www.dvla.gov.uk/consultations](http://www.dvla.gov.uk/consultations).

In 2008, following full public consultation, Ministers approved regulations to introduce a common fee level of £17.50 for five of our driver transactions, viz.:

- Provision of a duplicate for a lost, stolen or destroyed driving licence;
- The provision of a “vanity” exchange - only the photograph is changed on the licence;
- Exchange of a driving licence for removal of endorsements;
- Processing the 10-yearly renewal of the photograph on the driving licence;
- Exchanging a paper licence for a photocard licence.

The UK has now entered into a period of economic recession. DVLA has seen a reduction of around 16% in its driver chargeable transactions from the 07-08 levels. The resultant drop in income is estimated to be around £21m. We have also seen a proportionately lower reduction in volumes for non-fee bearing transactions with a resultant pressure on cost coverage through the fee income. We have instigated cost reduction reviews to eliminate as much of the cost burden that we can and following this we estimate that we still require a contribution of around £7m to £8.5m from fee income to close the gap.

The consultation which ran from 31 October 2008 to 23 January 2009 proposed the following three options for achieving the required £7m to £8.5m increase in fee income:

- *Option 1.* Increase the common fee level for the five transactions set out above from £17.50 by £2.50 (14%) – raising an additional £7.5m;

- *Option 2.* Increase all Driver fees (excluding those to which the common fee level applies) by £5.50 (between 6.1% and 11% depending on the transactions) – raising an additional £7.0m;
- *Option 3.* Increase all Driver fees (including those to which the common fee level applies) by £2.00 per chargeable transaction (this ranges from 2.2% to 11.4% depending on the transaction) to provide an additional total of £8.5m.

# Conclusion and Way Forward

## Responses to the Consultation

The consultation paper was sent directly to 88 organisations and was available on the DVLA website, which is also accessible via the Direct.gov website. There was a low response to the consultation with only 12 replies received.

## Analysis of feedback received

It is clear that there is support for Option 1 – increasing the common drivers fee level from £17.50 to £20. Nine out of the twelve responses supported Option 1. There were no responses received in support of Option 2 with only one response in support of Option 3. Two responses expressed no preference.

In the past we have had high levels of responses to our fees consultations and this has been especially so where there have been strongly held views and opposition to specific change proposals. Our experience is that those against change are more vociferous than those without a preference or who support the proposals. Whilst not conclusive, the very low level of response to this latest consultation suggests that there is little opposition to the proposals and the small sample of responses may well be indicative.

## Conclusion

From the responses received, DVLA should seek ministerial and HM Treasury approval to implement the change of the drivers common fee level from £17.50 to £20.00, as proposed in Option 1 of the consultation. The new fee level should be with effect from 6 April 2009.

## Way Forward

In terms of the next steps, we will:

- Submit this report to ministers for consideration and agreement ;
- develop a detailed framework for implementation, including any exemptions and transition arrangements, together with HM Treasury discussions and clearance; and
- publicise the preferred option, incorporating updated cost estimates and developing the basis for the introduction of new regulations for both new fees and fee level changes for existing fees.

# PART A

## Summary of Findings from the Consultation Exercise

DVLA is grateful to all those who provided responses to the consultation document on drivers fees proposals. As there were only 12 responses received, all views have been taken into account in the preparation of this summary report and in deciding upon the recommendation and way forward.

The objective of the consultation exercise was to establish whether there was public support for DVLA's proposal to increase fee income that, alongside its own cost cutting actions, would help bring its Driver accounts back to balance from April 2009 onwards. Each of the three consultation options was set to produce extra fee income in the range £7m to £8.5m per annum.

A table showing the summary of responses by preferred option is given below.

<b>Option 1 Increase Common Fee by £2.50</b>	<b>Option 2 Increase all Driver Fees (excluding Common Fee) by £5.50</b>	<b>Option 3 Increase all Driver Fees by £2.00</b>	<b>No Preference</b>	<b>Total</b>
9	0	1	2	12

### Option 1 - Specific Feedback

The South Wales Police (SWP) supported this option as it represented “the best choice having regard to all the circumstances, in particular the fact that it does not impact upon new drivers applications”. The Association of Chief Police Officers in Scotland (ACPOS) also supported this option for the same reason as SWP but also additionally welcomed the fact that this option did not increase the fee for renewal after revocation.

The Ministry of Defence (MOD) preferred Option 1 as it “would have the least impact” for them.

There were six private individuals (the 6 individuals) who responded to the consultation and all of whom used identical wording in their response. The 6 individuals supported Option 1 as “the fairest if there is no other choice but to put costs up”. However they felt that “raising the charge for people changing from the old style paper license to the POL DL is harsh considering this is in intent and purpose a forced change, i.e. although the paper licence is legal it is no longer considered a reliable form of identity etc. It would be far fairer to increase the "Vanity" Renewal by more”.

## Option 2 – Specific Feedback

The SWP could not support this option because of the increase in first driver application costs but did support fee increases for renewals after revocation and disqualification and suggested that this element could be merged in with Option 1. ACPOS were also concerned regarding raising the fees for driver first applications and shared our concerns around the possibility of a fee increase here resulting in more unlicensed drivers.

MOD did not support this option as it represented the highest cost option for them.

The 6 individuals did not agree with “increasing the charge for your first licence as most will be young drivers who have just gone through the expense of driving lessons, tests and buying, insuring and MOT’ing a car”. They believed it “would be fairer to gain more funds from those people who have broken the law and are renewing their licence after disqualification etc.”. They also “do not see any major issues with charging more for replacing lost/stolen or destroyed licenses as part of Option 2. People need to be responsible for their own licence.”

## Option 3 – Specific Feedback

The Road Haulage Association Ltd (RHA) supported this option but gave no reasons for their choice.

The SWP did not support Option 3 for the same reason that they did not support Option 2 and again suggested merging elements of costs rises for renewals after revocation and disqualification into Option 1. ACPOS had no specific comment to make whilst MOD stated that this option would have a significant impact on their licensing charges.

The 6 individuals again did not agree with any increase to first application costs and also reiterated the other points they had made for Option 1.

## No Preference – Specific Feedback

The District Judges (Magistrates Courts) had no comment to make on the options proposed. The British Vehicle Salvage Federation (BVSF) had no preference as the proposals in the consultation represent no additional burden for their members.

# PART B

## Conduct of the Consultation Exercise

The consultation was conducted according to the principles of the Government's Code of Practice on Consultation, which applies to all UK public sector consultations, by government departments and agencies, including consultations on EU directives.

Though the code does not have legal force, and cannot prevail over statutory or other mandatory external requirements (e.g. under European Community Law), it should otherwise generally be regarded as binding unless Ministers conclude that exceptional circumstances require a departure.

The following six criteria applied:

- Consult widely throughout the process, allowing a minimum of 12 weeks for written consultation at least once during the development of the policy.
- Be clear about what the proposals are, who may be affected, what questions are being asked and the time-scale for responses.
- Ensure that the consultation is clear, concise and widely accessible.
- Give feedback regarding the responses received and how the consultation process influenced the policy.
- Monitor our effectiveness at consultation, including through the use of a designated consultation co-ordinator.
- Ensure the consultation follows better regulation best practice, including carrying out an Impact Assessment if appropriate.

## Timing and Content of Consultation

On 31 October 2008 DVLA issued a consultation document on its drivers fees proposals. The consultation set out to generate constructive feedback on the three options of increasing fee income by around £7m to £8.5m to mitigate the effect of a forecast £21m drop in fee income.

The consultation document provided a background to the proposals and set out the reasons for proposing the fee increases. The underlying principles adopted in constructing the proposals were also explained and the 3 different options put forward were summarised separately.

## Impact Assessment

An Impact Assessment was an integral part of the fee consultation document and the subjects covered included:

- The problem under consideration and why government intervention is necessary,
- The policy objectives and intended effect,
- The options considered,
- The policy and financial risks,
- Costs and Benefits,
- The equity and fairness of the proposals,
- Small firms' impact test, and
- Competition assessment.

## Availability of individual responses

All responses have been retained and all views that presented new ideas or added value were considered and discussed for inclusion in this summary.

It is not presumed that all general public respondents are aware of the implied presumption in the consultation document that the names of respondents could be published. In light of this, it was decided not to publish the names of members of the public and to effectively maintain the anonymity of the quotations of individual responses, other than stakeholder organisations, that have not specifically requested confidentiality.

## Contact details

The consultation document was made available on the DVLA website at [www.dvla.gov.uk](http://www.dvla.gov.uk). Details of the website, e-mail fax, and postal addresses were provided in the consultation document.

All responses to this consultation were acknowledged and anyone requesting a copy of the consultation was sent one. No charge was made for the consultation at any stage.

# Annex 1: List of those consulted directly

AA Foundation for Road Safety research  
Association of Industrial Road Safety Officers  
Association of Local Governments  
Association of London Authorities  
Association of London Government  
Association of National MOT Testers  
Association of Retired and Persons Over 50  
British Insurance Brokers' Association  
British Medical Association  
Cabinet Office Regulatory Impact Unit  
Department for Business, Enterprise and Regulatory Reform  
Department for Transport  
Department of Culture, Media and Sport  
Department For Children, Schools and Families  
Department of Health  
Department of International Development  
Department of Work and Pensions  
DVA  
Environment Agency  
HM Revenue & Customs  
HM Treasury  
Home Office  
House of Commons Library  
Information Commissioner  
Ministry of Justice  
Jill Dando Institute of Crime Science  
Ministry of Defence  
National Assembly for Wales  
National Assembly for Wales Library  
Northern Ireland Office  
Office of Fair Trading  
Office of HM Paymaster General  
Police Federation of England and Wales  
RAC Foundation for Motoring Ltd  
RAC Motoring Services  
Scotland Office  
Scottish Executive  
Vehicle Certification Agency  
Wales Office

## **Industry Liaison Group**

Agricultural Engineers Association (AEA)  
Assoc. of Car Fleet Operators (ACPO)  
Association of British Insurers  
British Car Auctions Ltd  
British Industry Motor Trade Association  
British Vehicle Rental and Leasing Association  
British Vehicle Salvage Federation  
Finance & Leasing Association  
Freight Transport Association  
Manheim Auctions  
Motorcycle Industry Federation Ltd  
National Farmers Union  
Retail Motor Industry Federation  
Road Haulage Association Ltd  
Scottish Motor Trade Association  
Society of Motor Manufacturers & Traders  
The Automobile Association  
Vehicle Builders & Repairers Association

## **Courts Liaison Group**

Barnstaple Magistrates Court  
Courts Service HQ  
Crown Office  
Crown Prosecution Service  
District Judges (Magistrates Court)  
Driving Standards Agency  
Justices' Clerks' Society  
Magistrates Association  
MCC Management & Training Centre  
Newcastle Magistrates Court  
Scottish Courts Service  
Scottish Executive (Justice Department)  
The Districts Courts Association  
Vehicle and Operator Services Agency

**Police Liaison Group**

Association of Chief Police Officers Scotland

Association of Chief Police Officers

Avon and Somerset Police

Derbyshire Constabulary

Durham Constabulary

Justice Dept, Police Division

Lancashire Constabulary HQ

Metropolitan Police CO SO

Metropolitan Police

National Criminal Intelligence Service

Norfolk Constabulary

National Police Improvement Agency

Road Policing, Mobile Support Division

South Wales Police HQ

Staffordshire Police

Strathclyde Police

Tayside Police

# Annex 2: List of those who responded to the Consultation

British Vehicle Salvage Federation  
District Judges (Magistrates Court)  
South Wales Police  
Ministry of Defence  
Association of Chief Police Officers in Scotland  
Road Haulage Association Ltd.  
Private Individual No 1  
Private Individual No 2  
Private Individual No 3  
Private Individual No 4  
Private Individual No 5  
Private Individual No 6