

**DVLA CONSULTATION**

**ON FEE PROPOSALS**

**DRIVING LICENCES AND VEHICLE REGISTRATION**

**May 2003**

## **SUMMARY**

1. The Driver and Vehicle Licensing Agency (DVLA) is proposing to introduce a revised and simplified fee structure for driving licences and vehicle registration. The changes will help counter rising cost pressures that are causing imbalances in our accounts, and fund essential initiatives to combat vehicle crime whilst, at the same time, ensuring that the objective of recovering costs through fees levied continues to be met. It is intended to underpin the changes by amalgamating both the driver and vehicle fees in a single fund.
2. The revised structure will enable us, using the opportunity offered by new technologies, to develop integrated working methods between our driver and vehicle systems and to improve our service to customers. In addition, it will allow us to better meet the cost increases facing us and fulfil our requirement to maintain our costs against income. We believe the proposals seek to do this in a fair and equitable way.
3. Your views are sought on:
  - The principles underlying the changes;
  - The fee levels and impact of the four options.
4. Your views are important to the Agency. Responses may be sent by post, fax or e-mail to the address below by 18 August 2003.

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## **INTRODUCTION**

1. The Driver and Vehicle Licensing Agency (DVLA) is required to recover the costs of its operations through fees levied for services. Review of the current fee structure has highlighted that change is necessary in order to meet costs that are rising, and forecast to continue to do so, disproportionately in certain parts of the business. This consultation paper seeks to explain the measures needed to implement the changes and outlines the principles and options available to provide a fair and equitable system for the motorist whilst still meeting our objective to recover costs.
2. Your views are sought by 18 August 2003. It is planned that any fee changes arising from this consultation will be brought in by the end of 2003 or early 2004.
3. The proposals will affect all motorists including holders of driving licences, new or prospective drivers of cars, lorries and buses, in GB, the Motor Trade and all registered vehicle keepers across the UK.
4. Any changes affecting the driver licensing fee structure in Northern Ireland will be dealt with separately by the Department of the Environment in Northern Ireland.

## **BACKGROUND**

5. DVLA is responsible for the accuracy and administration of both the driver and vehicle registers in Great Britain and the vehicle register in Northern Ireland on behalf of the Secretary of State for Transport. We are required to recover the costs of these activities through fees levied for the full range of services. We are looking to integrate many of these business services.
6. Previous fee reviews and consultations have considered the costs of the driver and vehicle businesses separately. This consultation brings the two closer together as we move to new more integrated systems and processes which form part of our aim to supply many services electronically as part of the Government's targets to deliver e-services by 2005.

## **THE PRESENT FEE STRUCTURE**

7. The current fee systems have grown over the past 30 years since the registration systems were centralised into national registers held at DVLA. The basic fee structure evolved when processing was based on paper transactions and there was a very different level of driver and vehicle registration. By way of illustration, the table below shows the increase in both driver and vehicle records held at DVLA in the period between 1986 and 2001.

Year	No. of Driver Records	No. of Vehicle Records
1986	26m	22m
2001	38m	30m

8. Previously, fees were altered to address cost pressures or introduced to meet new requirements or reflect demographic changes. For example, in 1998 new fees were introduced to support the costs of the photocard driving licence and for first vehicle registrations. Some fees have remained unchanged for a number of years. **Details of the current fee structure can be found at Annex A.**

## **THE PROPOSED FEE STRUCTURE**

### **Principles**

9. It is intended to pool the costs associated with driver licensing and vehicle registration and that fees will be set to recover the costs of both. This allows a more fundamental assessment of the fee structure to be undertaken. Integrating the licence services allows us to provide balanced and integrated fee structures which aim to deliver a more equitable and aligned service to all motorists whilst ensuring we continue to improve our efficiency which has increased by 18.5% over 5 years.

**Your views are sought on the principle of merging driver and vehicle fees in a single fund.**

10. As part of the government's anti-crime agenda, DVLA is required to implement a number of initiatives to tighten up the vehicle registration systems in order to improve the accuracy of the vehicle record. The proposals also take account of the increased external costs associated with providing services to our customers such as those arising from medical investigations for drivers who declare a medical condition. We aim to reduce the burden of payment for those least able to pay and also seek to reduce the barriers to those seeking new employment as lorry and/or bus drivers.
11. To undertake these initiatives, reduce the Drivers deficit and address the rising costs of medical investigations we need to generate additional fee income of £23m compared to the current structure. The cost of meeting these policy aims can be met by bringing the fee for initial registration of vehicles in line with the fee for first driver licensing. We believe that the motorist will welcome the more aligned and simplified fee structure.

### **The Options**

12. The new fee proposals aim to deliver an improved service to the motorist by developing a rationalised fee structure that better reflects the costs of maintaining both the driver and vehicle registers. The rationalised structure has opened up 4 options. **A summary of the 4 options can be found at Annex A.** The options provide different fee levels for certain transactions but where there are strong policy reasons to support certain fees these fee levels remain constant throughout. The following fees are those that are unchanged in all the options.
13. **Replacement Driving Licences and Registration Documents (when notifying change of details) – free of charge.** It is proposed that driving licences and

vehicle registration documents returned to notify a change of details remain free of charge. This is to help to maintain the accuracy of our records.

- 14. Duplicate Driving Licences and Duplicate Registration Documents (issued for lost, stolen or destroyed documents).** It is proposed that the fee for the duplicate driving licence should be increased to £19 from the current figure of £17, and the fee for the duplicate vehicle registration document set at £19. Where the registration document (V5) is not available (e.g. lost or not passed on by the previous vehicle keeper) there is no charge for a new document at present. Recent measures introduced to reduce vehicle crime have highlighted the importance of the V5 and prospective vehicle purchasers are strongly advised to ensure that the seller passes on the relevant part of the document at point of sale. A fee of £19 will bring it into line with that proposed for lost driving licences and will ensure that the cost is borne by those who give rise to it.
- 15. Exchange Driving Licences – £19.** It is proposed that the fee for an exchange driving licence be increased from £18 to bring it into line with the proposed fee for duplicates of £19. This fee would cover transactions such as the removal of expired endorsements, exchanging from a paper to a photocard licence for no licensing reason and changing a photograph on a photocard licence. An exception to the fee would be made in respect of transactions to add provisional entitlement to learn to drive other vehicles e.g. motorcycles.
- 16. Upgrade following Test Pass or Renewal of Lorry and Bus (vocational) Driving Licences – free of charge.** On passing a vocational driving test a fee of £12 is required for adding this entitlement to the driving licence. The proposals remove the requirement to pay for an upgraded licence following test pass. In addition, the fee to renew vocational entitlements every five years after the age of 45 (and annually after age 65) will be removed. These fees can serve as a disincentive to individuals entering or continuing their career in this sector. The Government is keen to reduce the burdens for the lorry and bus industry as a whole and we feel that this measure will help to meet the concerns about shortages of vocational drivers in an increasingly competitive market.
- 17. Reissued Driving Licences after disqualification - £75 or £50.** It is proposed that drivers who meet the High Risk Offender (HRO) criteria i.e. those who have been:

  - disqualified twice within a ten year period for any drink/drive offence;
  - disqualified for driving with an excessive proportion of alcohol equivalent to approximately two and a half times the legal limit, or;
  - disqualified for failing to provide a specimen for analysis;

should pay £75 for the reissue of their licences. This fee more accurately reflects the costs of licence reissue following an HRO offence. The fee levied for the renewal of a driving licence after disqualification e.g. those disqualified for drink driving or penalty point “totting” is set at £50 reflecting the lower administration costs associated with this type of licence renewal.
- 18. Reissued Driving Licences following revocation to pay a fee equivalent to the first provisional licence fee, varying through each of the options.** Licences reissued following revocation include those drivers revoked under the provisions

of the Road Traffic (New Drivers) Act 1995 and drivers requiring renewal of their vocational entitlement following its revocation by the Traffic Commissioner. These fees are intended to ensure that those individuals responsible cover the administrative costs of handling and renewing these driving licence types.

### **OPTION 1**

19. A new fee of £38 is proposed for the issue of a first provisional driving licence and will include adding entitlement on successful completion of future driving tests. Over 95% of provisional licence holders pass their driving test and obtain a full licence. The existence of two separate fees has placed an administrative burden on both the customer and the Agency during upgrading of categories to full licence status. We therefore propose that one fee is set to cover the cost of both a provisional licence and the upgrading of licences to add test pass details. This single fee of £38 compares with £41 under the present system for the 95% of learners who go on to acquire a full driving licence.
20. The fee for renewal of driving licences at age 70 would be removed. Driving licences expire at age 70 and are then renewable for up to three years at a time because medical opinion suggests that health is likely to deteriorate after this age in ways likely to affect safe driving. The Government is keen to relieve the burden from the older driver population by removing the current fee of £6.
21. Vocational driving licence transactions for provisional entitlement would be free of charge. This proposal expands on those outlined in paragraph 16 in line with the measures to reduce the barriers to those seeking employment as lorry and/or bus drivers.
22. A rise from £25 to £38 for first vehicle registration fees. This fee has remained unchanged since its introduction in 1998. The proposal brings the level of the fee for first vehicle registration into line with that for first registration of drivers. Current exemptions from the first vehicle registration fee e.g. vehicles registered in the 'disabled exempt' class, would continue to apply.

### **Your views are sought on the proposals at Option 1**

### **OPTION 2**

23. This option contains many of the benefits inherent in option 1 e.g. the fee for drivers renewing their licence once aged over 70 is abolished. The fee levels for first driver and vehicle registration i.e. first provisional and full driving licences, and initial first vehicle registration are set at a slightly lower figure of £37 but this would result in the fee for first vocational driving licences also having to be set at this level.

### **Your views are sought on the proposals at Option 2**

### **OPTION 3**

24. The fee levels for first driver and vehicle registration i.e. first provisional and full driving licences, initial first registration and first vocational driving licences are set at a reduced level of £36. The disadvantage of this proposal is that the fee for renewal for drivers aged over 70 is kept at its current level of £6.

**Your views are sought on the proposals at Option 3**

### **OPTION 4**

25. The initial first registration fee for vehicles is set, broadly in line with inflation since its introduction, at £32 and the first driving licence fee and first vocational driving licence at £48. This proposal minimises the increase in the initial vehicle fee. However, it does not address our aim to provide a balanced and integrated fee structure which reduces the burden of payment on those least able to pay or remove the barriers on those seeking new employment as lorry and/or bus drivers. The £6 renewal fee for drivers over 70 is also retained in this option.

**Your views are sought on the proposals at Option 4**

### **REGULATORY IMPACT ASSESSMENT**

26. The changes outlined will result in costs to businesses and a draft regulatory impact assessment is at **Annex B**. **Businesses that consider they will be affected by the proposals are invited to briefly describe the activities they undertake, explain how they will be affected and what costs and/or benefits it is anticipated would arise from each of the options.**

### **DEADLINE FOR RESPONSES**

27. Please send any comments on the proposals in this consultation by 18 August 2003 at the latest to:-

**David Lewis  
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Longview Road  
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**Fax: (01792) 765207**

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28. Comments sent after this date will only be taken into account in exceptional circumstances.
29. If you have any questions about the consultation or require clarification of any matters in this document you may send them to Frances Davies by post, fax or e-mail to the address above.
30. Those being consulted are listed at **Annex C**.
31. Representative groups are asked to provide comments that summarise the views of the people and organisations they represent. It would be helpful if, when responding, representative groups could indicate the people and organisations they represent.
32. A copy of this document can be found on DVLA's website at:

<http://www.dvla.gov.uk>

## **DISCLOSURE OF INFORMATION**

33. DVLA may wish to publish responses to this consultation document in due course. Please ensure your response is marked clearly if you wish your response or name to be kept confidential. No reference to this point in your response will be taken as agreement to your reply being published. If you are replying by e-mail, we will assume that your consent overrides any confidentiality disclaimer that is generated by your organisation's IT system, unless you specifically include a request to the contrary in the main text of your submission to us. Confidential responses will be included in any statistical summary of numbers of comments received and views expressed.
34. Please note that information supplied to the Department may be disclosed in response to a request under the Code of Practice on Access to Government Information. If you consider that any such information is either confidential or commercially sensitive, you should identify the information to the Department and specify any reasons for its sensitivity. The Agency will consult you about the information before making a decision on any Code of Practice on Access to Government Information request received.

## **CODE OF PRACTISE ON WRITTEN CONSULTATION**

35. This document seeks to comply with the "Code of Practice on Written Consultation" issued by the Cabinet Office. If you consider that this document does not, without reasonable explanation, comply with the consultation criteria reproduced at **Annex D**, please write setting out the areas where you feel the document departs from the criteria, to:

**Mrs Anne McAleer**  
**Consultation Co-ordinator**  
**DVLA**  
**Longview Road**

**Morrison  
SWANSEA  
SA6 7JL**

## Current and Proposed Fee Options

### Driver Fee Structure

Transaction	Current Fee	Option 1 Fee	Option 2 Fee	Option 3 Fee	Option 4 Fee
<b>Driving Licence</b>					
First Provisional	£29	£38	£37	£36	£48
Upgrading after test pass	£12	Free	Free	Free	Free
Renewals at age 70 plus	£6	Free	Free	£6	£6
Replacement Driving Licence (change of details)	Free	Free	Free	Free	Free
Duplicate Driving Licence (replace lost/stolen/destroyed)	£17	£19	£19	£19	£19
Exchange Licence (add entitlements/remove endorsements)	£18	£19	£19	£19	£19
<b>Vocational Driving Licence:</b>					
First Provisional Entitlement	£29	Free	£37	£36	£48
Upgrading after test pass	£12	Free	Free	Free	Free
Renewal	£29	Free	Free	Free	Free
<b>Reissued Driving Licences:</b>					
Reissue after revocation	£29	£38	£37	£36	£48
Reissue for HRO's	£50	£75	£75	£75	£75
Reissue after disqualification	£35	£50	£50	£50	£50

### Vehicle Fee Structure

Transaction	Current Fee	Option 1 Fee	Option 2 Fee	Option 3 Fee	Option 4 Fee
Initial Vehicle Registration	£25	£38	£37	£36	£32
Replacement Registration Document (change of details)	Free	Free	Free	Free	Free
Duplicate Registration Document (replace lost/stolen/destroyed)	Free	£19	£19	£19	£19

### **Partial Regulatory Impact Assessment DVLA Fees Review**

#### **Title of proposal**

1. Introduction of a revised and simplified fee structure. Amendments required to the Motor Vehicles (Driving Licences) (Amendment)(No.5) Regulations 2001 and the Road Vehicles (Registration and Licensing) Regulations 2002, and an Order will be required under section 102 of the Finance (No.2) Act 1987.

#### **Purpose and Effect**

2. To introduce a revised and simplified fee structure whilst continuing to meet the objective of recovering the costs of the Driver and Vehicle Licensing Agency's (DVLA's) activities through the fees levied. Historically, the costs of the driver licensing and vehicle registration systems have been separately considered. It is intended to underpin the changes by amalgamating both the driver and vehicle fees in a single fund. The main proposed changes include a revision and realignment of the fee level for the costs associated with first registration of a driver and a vehicle and the reintroduction of the fee to replace a vehicle registration documents which have been lost or stolen. This fee has been set in line with that for missing driving licences. The proposals will affect all motorists but seek to do so in an equitable manner.
3. Changes resulting from the consultation will affect motorists in the UK. Any changes affecting the driver licensing fee structure in Northern Ireland will be dealt with separately by the Department of the Environment in Northern Ireland

#### **Background**

4. The DVLA is responsible for the accuracy and administration of both the driver and vehicle registers in Great Britain and the vehicle register in Northern Ireland on behalf of the Secretary of State for Transport. We are required to levy fees to cover our costs and the review aims to achieve this in an effective and equitable way for our customers.
5. Previous fee reviews have considered the costs of the driver and vehicle registration scheme separately. This review considers the schemes together as the two processes become more integrated and reflects the similarity of the processes involved in initial registration in the driver and vehicle registration systems.
6. The revised fees take account of the need to provide a fair system that will absorb increased costs such as those associated with drivers who require medical investigations to establish their fitness to drive and the Government's target to deliver services electronically. There is a general desire to reduce the burden for those least able to pay and, specifically, to ensure a reduction of financial barriers to those seeking employment opportunities as lorry and/or bus drivers

## **Risk Assessment**

7. The proposals seek to minimise the risk that the DVLA will fail to meet its financial objective to cover its costs, and support the prime, but in some instances conflicting, aim of improving the accuracy of its records.

## **Policy Risks**

8. One of the main tools DVLA has to support the fight against motoring crime is the accuracy of its records. Continuous efforts are made to improve accuracy and initiatives that might impact upon the accuracy of the registers are given very careful consideration. In order to improve the accuracy of the records, consideration has been given to:
  - providing certain activities such as notification of changes to personal details and renewal of driving licences for drivers aged over 70 free of charge. We consider a fee for these services may discourage notification of changes with a resultant detrimental effect on the accuracy of our records;
  - the need to set initial driving licence costs at a level which does not discourage new drivers from compliance with the requirement to hold a licence.
9. The risk is that the drive to increase the accuracy of the records will be undermined if these measures are not introduced. However, it will not be possible to deliver these policy aims unless fee increases are introduced for other activities because of the overarching need to ensure a balance between costs and fees.
10. The Government is keen to reduce burdens for the lorry and bus industry as a whole. There are concerns about shortages of vocational drivers in an increasingly competitive market. There is a risk that the fees charged -£29 for obtaining a provisional vocational driving licence entitlement, £12 on passing a vocational driving test to include this entitlement on the driving licence and £29 for the five-yearly renewals of the vocational licence after the driver's 45<sup>th</sup> birthday- act as considerable barriers to those seeking new employment as lorry and/or bus drivers.

## **Financial Risks**

11. Certain cost pressures are already evident and clearly will continue. There has been a marked rise in costs in respect of driver medical conditions and demographic changes in the driver population are likely to add to these costs.
12. The Government is committed to tackling vehicle crime and a number of initiatives have been identified to further policy aims in this area. Implementation of these initiatives will increase the costs of DVLA's operations.
13. Rapid technological advances are being made and there is growing expectation both within and outside government that departments and agencies will grasp the opportunities provided by these technologies. The Government has a target to provide e-services by 2005. In addition, moves to electronic transaction handling

and meeting the needs of changing customer expectations are placing greater pressures on DVLA's cost structure.

14. The review of the existing fee structure provides the opportunity to manage these financial pressures and ensure that they do not jeopardise DVLA's requirement to cover its costs.

### **Options**

15. Growing cost pressures, particularly in respect of functions supporting driver licensing mean that 'do nothing' is not a realistic option. Action has to be taken to address the imbalance in the accounts of the Agency. In order to counter the risks identified in the preceding section, it is planned to either retain or introduce a number of essential measures. These measures are outlined below and feature in all of the options detailed later.
16. **Replacement Driving Licences and Registration Documents – Free of charge.** It is planned that driving licences and vehicle registration documents returned to notify a change of details remain free of charge. This is to encourage notification of changes, such as a new address, to achieve our policy aim of maintaining accurate records.
17. **Duplicate Driving Licences and Registration Documents in place of lost, stolen or destroyed documents - £19.** Where the registration document (V5) is not available (e.g. lost or not passed on by the previous vehicle keeper) there is no charge for a new document at present. Recent measures introduced to reduce vehicle crime have highlighted the importance of the V5 and prospective vehicle purchasers are strongly advised to ensure that the seller passes on the relevant part of the document at point of sale. To raise the status of the document further and to encourage its safekeeping, it is planned to bring in a fee of £19 in line with that for lost driving licences. This will ensure that the cost is borne by those who give rise to it.
18. **Exchange Driving Licences – £19.** It is proposed that the fee for an exchange driving licence be increased from £18 to bring it into line with the proposed fee for duplicates of £19. This fee would cover transactions such as the removal of expired endorsements and enabling current photocard licence holders to update their photograph if they wish. This again ensures that, in the interests of equity, costs fall on those who give rise to them. An exception to the fee would be made in respect of transactions to add provisional entitlement to learn to drive other vehicles e.g. motorcycles.
19. **Upgrade following Test Pass or Renewal of Lorry and Bus (vocational) Driving Licences – free of charge.** On passing a vocational driving test a fee of £12 is currently required to include the entitlement to the driving licence. The proposals remove the requirement to pay for an upgraded licence following test pass. In addition, the fee to renew vocational entitlements every five years after the age of 45 (and annually after age 65) will be removed. These fees can serve as a disincentive to individuals entering or continuing their career in this sector.

20. **Reissued Driver Licences after disqualification - £75 or £50.** It is proposed that drivers who meet the High Risk Offender (HRO) criteria i.e. those who have been:

- disqualified twice within a ten year period for any drink/drive offence;
- disqualified for having an excessive proportion of alcohol equivalent to approximately two and a half times the legal limit, in their body; or,
- disqualified for failing without reasonable cause to provide a specimen for analysis

should pay £75 for the reissue of their licences. This fee more accurately reflects the costs of licence reissue following an HRO offence. The fee levied for the renewal of a driving licence after disqualification e.g. those disqualified for drink driving or penalty point “totting” should be set at £50 reflecting the lower administrative associated with this type of licence renewal.

21. **Reissued Driving Licences following revocation to pay a fee equivalent to the first provisional licence fee, varying through each of the options.** Licences reissued following revocation include those drivers revoked under the provisions of the Road Traffic (New Drivers) Act 1995 and drivers requiring renewal of their vocational entitlement following its revocation by the Traffic Commissioner. These fees are intended to ensure that those individuals responsible cover the administrative costs of handling and renewing these driving licence types.

22. Four options have been identified, all have been framed with the aim of ensuring that costs do not outweigh income. The options are also expected to support at least some of the following policy aims: maintaining the accuracy of our records; ensuring costs are borne by those who give rise to them; providing support for vocational drivers and easing the burden on those less able to pay. Table A overleaf identifies the main existing fees and the options for change.

**Table A - Main Fees and Option Proposals****Driver Fees**

<b>Transaction</b>	<b>Current Fee</b>	<b>Option 1 Fee</b>	<b>Option 2 Fee</b>	<b>Option 3 Fee</b>	<b>Option 4 Fee</b>
<b>Driving Licence</b>					
First Provisional	£29	£38	£37	£36	£48
Upgrading after test pass	£12	Free	Free	Free	Free
Renewals at age 70 plus	£6	Free	Free	£6	£6
Duplicate Driving Licence (replace lost/stolen/destroyed)	£17	£19	£19	£19	£19
Exchange Licence (add entitlements/ remove endorsements)	£18	£19	£19	£19	£19
<b>Vocational Driving Licence:</b>					
First Provisional	£29	Free	£37	£36	£48
Upgrading after test pass	£12	Free	Free	Free	Free
Renewal	£29	Free	Free	Free	Free
Exchanges	£18	Free	Free	Free	Free

**Vehicle Fees**

<b>Transaction</b>	<b>Current Fee</b>	<b>Option 1 Fee</b>	<b>Option 2 Fee</b>	<b>Option 3 Fee</b>	<b>Option 4 Fee</b>
Initial Vehicle Registration	£25	£38	£37	£36	£32
Duplicate Registration Document (replace lost/stolen/destroyed)	Free	£19	£19	£19	£19

**OPTION 1**

23. **Reviewing the driver licensing and vehicle registration systems together provided that a new fee of £38 could be introduced for the issue of a first provisional driving licence which will include adding entitlement on successful completion of future driving tests.** The existence of two separate fees has placed an administrative burden on both the customer and the Agency during the upgrading of categories to full licence status. This option proposes that one fee is set to cover the cost of both transactions. The new fee is set below the current combined fee of £41, i.e. £29 for a first provisional and £12 for a first full driving licence.

24. **Renewal of driving licences at age 70 to be free of charge.** Driving licences expire at age 70 and are then renewable for up to three years at a time because medical opinion suggests that health is likely to deteriorate after this age in ways likely to affect safe driving. The Government is keen to relieve the burden from the older driver population by removing the current fee of £6.
25. **Vocational driving licence transactions for provisional entitlement, claiming test passes and renewal from age 45 to be free of charge.** This proposals expands on those outlined in paragraph 19 by removing the fee for the first vocational licence in line with the measures to reduce the barriers on those seeking employment as lorry or bus drivers.
26. **A rise from £25 to £38 for initial vehicle registration fees.** This fee has remained unchanged since its introduction in 1998. The effect of the proposed increase is to bring the level of the fee into line with that for first registration of drivers. Current exemptions from the fee would continue to apply.

## **OPTION 2**

27. As per option 1 with the exception that the fee levels for first driver and vehicle registration i.e. first provisional and full driving licences, and initial vehicle registration are set at £37. This has been achieved by setting the fee for first vocational driving licences at £37 which does not meet the policy objective of reducing barriers to those seeking employment as lorry and/or bus drivers. In this option, the fee for drivers' aged over 70 can again be abolished.

## **OPTION 3**

28. The fee levels for first driver and vehicle registration i.e. first provisional and full driving licences, initial vehicle registration and first vocational driving licences are set at £36. To achieve this, the fee for renewal for drivers at age 70 would have to be kept at its current level of £6 which does not achieve the policy objective of providing this service free of charge.

## **OPTION 4**

29. The initial registration fee for vehicles is set, broadly in line with inflation since its introduction, at £32 and the first driving licence fee and first vocational driving licence at £48. We are concerned that this proposal does not address the aim to provide a balanced and integrated fee structure that reduces the burden of payment on those least able to pay. It also fails to tackle the risk that the fees act as a barrier to those seeking new employment as lorry and/or bus drivers.

### **Costs and Benefits**

#### **Business Sectors Affected**

30. Although some organisations elect to pay their drivers fees, driving licence fees are considered to be a matter for individual drivers. Organisations who elect to

pay for their driver's licences such as some lorry and bus companies could see a reduction in their expenditure on vocational licences.

31. All sectors of business that register new vehicles with the registration authorities (DVLA and DVL Northern Ireland) will be affected. There may be an indirect effect on vehicle manufacturers and retailers because the proposed increases in the level of the initial vehicle registration fee could reduce demand. However, the fee changes are so small, in relation to the overall price of a new vehicle, that the impact is considered to be intangible. The proposed increase in the initial vehicle registration fee will, however, have greater impact on four main areas of business:

- Car and light goods fleet operators and business car users (48% of new registrations);
- Commercial goods vehicle operators (1.8% of new registrations);
- Agricultural industry (0.5% of new registrations); and
- Bus companies (0.4% of new registrations).

32. The reintroduction of the fee for duplicate registration certificates will be borne by individuals and companies who mislay or destroy the document.

### **Assumptions**

33. The options below are each framed on the basis that the fees will be sufficient to cover the cost of DVLA's operations. The financial models used to compare income with costs contain the following main assumptions about the volume of transactions that DVLA will process annually:

- First Provisional Driving Licences – 0.9 million
- Duplicate Driving Licences - 0.7 million
- Renewals at age 70 plus – 1.1 million
- First Provisional Vocational Licences – 0.1 million
- First Vehicle Registrations – 2.9 million
- Duplicate Vehicle Registration Documents – 2.0 million

### **Benefits**

#### **OPTION 1**

34. The main beneficiaries under this option each year will be the one million plus drivers over the age of 70 who renew their driving licence and the 700,000 vocational drivers seeking a first provisional licence to enter their profession. The combined benefit to each of these groups is assessed on an annual basis as £6.5m for drivers over 70 and £2 million for vocational drivers. This option should significantly assist in delivering the policy aims of removing financial burdens from both the older driving population and individuals seeking employment as bus or lorry drivers.

#### **OPTION 2**

35. Drivers over the age of 70 would continue to benefit under this option and, in comparison with option 1, the lower initial vehicle registration fee will benefit purchasers of new vehicles and there is also benefit to new drivers. In monetary terms, the benefit to older drivers remains at £6.5m, those paying the initial vehicle registration fee would see a combined benefit of £2.9m whilst new drivers would together save £1m. Option 2 again removes a financial burden from older drivers and supports the aim of reducing burdens on those seen as less able to pay (new drivers) but does not provide the same level of support to vocational drivers as option 1.

### **OPTION 3**

36. This option increases the benefits to those seeking first provisional licences and purchasing new vehicles. In comparison with option 1, drivers would benefit by around £2m whilst those purchasing new vehicles would pay £5.8m less. This option offers no savings for older drivers and, therefore, achieves fewer of the policy goals.

### **OPTION 4**

37. The reduction in the initial vehicle registration fee would produce combined savings, compared with option 1, of £17.3m for purchasers of new vehicles. There are no other benefits and, apart from some support for vocational drivers, this option delivers none of the policy aims.

### **Costs**

### **OPTION 1**

38. The main policy costs that arise from this option are in respect of the first provisional driving licence, the duplicate driving licence, the duplicate registration document and the initial vehicle registration fees. The increase in the first provisional licence from £29 to £38 will increase the costs for new drivers by around £8.5m. However, this sum is more than offset by the corresponding proposal to remove the £12 fee for upgrading the provisional licence on passing the driving test. Therefore, only those 5% of drivers who do not subsequently add the test pass will be affected by this fee increase – at a total cost of £0.4m. The overall reduction in costs for new drivers is around £1.5m.

39. The increase in the fee for issuing a duplicate driving licence when the licence is lost, stolen or destroyed will, it is estimated, affect 700,000 drivers a year. The £2 increase in the fee will therefore generate costs of around £1.4m. Reintroducing a similar fee for duplicate registration documents and setting the fee at £19 will generate total costs of £38m for the 2 million owners it is estimated would need to avail themselves of this service. If, however, the policy has the desired effect and encourages greater safekeeping of the registration document than has been anticipated, the costs would fall.

40. The rise in the initial registration fee from £25 to £38 would increase the costs for fleet operators and business car users as a whole (who account for around 48% of

new vehicle registrations) by around £18m per annum. A fleet operator who registers 400 new vehicles a year would face additional initial registration costs of just over £5,000.

## **OPTION 2**

41. The policy costs remain very much as option 1 –slight reductions in the fees for new drivers provisional and the initial vehicle registration fee- with the exception of the provisional licence for vocational drivers. The increase in the fee from £29 to £37 to add provisional vocational entitlement will increase the costs for those drivers (but often met by their employer) by £0.6m each year. However, this cost will be more than offset by the savings generated by the linked proposal to make renewal and exchange licences for vocational drivers free of charge.
42. The impact on the business sector of the lower initial registration fee would be to reduce the cost increase by the order of £1m (down from £18m to £17m). The costs of the initial registration fee for the typical business quoted at paragraph 40 above would be marginally reduced.

## **OPTION 3**

43. The one main policy cost inherent in option 3 is the retention of the fee for driving licence renewal for those aged over 70. The fees for all provisional licences and the initial vehicle registration fee are set at £1 lower than option 2. The reduction in the initial registration fee would bring the costs for business down by a further £2m but again would have very little impact at the level of individual businesses.

## **OPTION 4**

44. This option imposes a significant increase in costs for the new driver and vocational driver (first provisional fee up from £29 to £48), which even the abolition of the fee for exchanging the licence once a test has been passed, does not offset. The initial vehicle registration fee will still cost the business sector around £10m per annum and the typical business, in the example at paragraph 40, approximately £3,000 each year.

### **Equity and Fairness**

45. Under the existing structure, fees are disproportionately levied for certain services to recoup the costs of maintaining the driver and vehicle registers. The amendments aim to provide a more fair and equitable distribution of costs that take account of demographic changes.

## **OPTION 1**

46. The main group to benefit under this option will be drivers aged 70 and above as the fees for licence renewals for older drivers are removed. Vocational drivers will be the other significant group of beneficiaries as their first provisional licence is made free of charge. In comparison with other options, purchasers of new

vehicles will be most disadvantaged as the initial vehicle registration fee is set at its highest level -£38- in this proposal.

## **OPTION 2**

47. Older drivers again benefit under this option by the removal of post-70 renewal fees. By comparison with option 1, vocational drivers will be most affected due to a fee of £37 being set for a first provisional licence.

## **OPTION 3**

48. There is no marked impact on any particular sector or group of people under this option.

## **OPTION 4**

49. This option favours purchasers of new vehicles at the expense of new drivers. The initial vehicle registration fee is set at £32 and is lower than in any of the other options. In contrast, in order to ensure that costs remain in balance with fee income, the fee for a first provisional driving licence has been set at £48.

### **Small Firms' Impact Test**

50. The impact on small businesses is considered to be insignificant. The higher fee for initial vehicle registration will affect any business purchasing a new vehicle but the increase is so small, in comparison with the overall cost of a new vehicle, as to be negligible.
51. Hauliers and bus operators are likely to benefit from the proposed reductions in fees for vocational licences. Any small business meeting the licence costs of new drivers will also benefit.

### **Competition Assessment**

52. The fleet, leasing, bus and haulage markets are all broad-based with no one firm or small group of firms, holding a pronounced market share. Within each of these sectors, no firm would be affected to any greater degree than any of its competitors of comparable size. The costs would fall in direct relation to the size of the business.

### **Enforcement and Sanctions**

53. There will be no enforcement implications or sanctions as a result of the implementation of these proposals.

### **Consultation**

[To be completed after the consultation]

54. [Record of the consultation's results and the impact on the decision being taken]

## **Monitoring and Review**

55. DVLA monitors its own financial position continuously. Its fee structures are formally reviewed on an annual basis. Interested parties are consulted as part of this review process.

## **Summary**

56. DVLA wishes to introduce a revised and simplified fee structure. The fees must be set so as to continue to meet the objective of recovering the costs of DVLA's activities. However, there are a number of policy objectives e.g. accuracy of DVLA's records, that can be supported by an appropriate fee structure. Four alternative fee structures have been identified.

## **Ministerial Declaration**

[To be included at Full RIA stage]

## **Contact Point**

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[end]

### List of Consultees

3Ms  
ADT Auctions  
Age Concern (England)  
Age Concern (Scotland)  
Age Concern (Wales)  
Alliance of Small Firms & Self Employed People  
Ambulance Service Association  
Ambulance Service Institution  
Amusement Catering  
Approved Driving Instructors  
Approved Driving Instructors of Scotland  
Association of British Chambers of Commerce  
Association of British Insurers  
Association of Car Fleet Operators  
Association of Chief Police Officers (ACPO)  
Association of County Councils  
Association of District Councils  
Association of High Pressure Water Jetting Contractors  
Association of Independent Road Safety Officers  
Assoc. of Loading & Elevation Equipment Manufacturers  
Association of Local Bus Managers  
Association of Local Governments  
Association of London Authorities  
Association of London Boroughs  
Association of London Boroughs Road Safety Officers  
Association of National MOT Testers  
Association of Retired & Persons Over 50  
Association of Street Lighting Contractors  
Association of Tanker Container Operators  
Association of Vehicle Recovery Operators  
Arthritis Care  
Auto Economics Salvage  
Automobile Association  
Benefits Agency  
BMI Health Services  
Bradford Transport Training  
British Agricultural & Garden Machinery Association  
British Amusement Catering Trades Association  
British Association for Service to the Elderly  
British Association of Removers  
British Deaf Association  
British Historical Vehicle Club Federation  
British Institution of Traffic & Education Research  
British Medical Association  
British Motorcyclists Federation  
British Numberplate Manufacturers Association  
British Retailers Association  
British Road Federation  
British Safety Council  
British Vehicle Salvage Federation  
BSI Project Manager  
BT Safety Unit  
Building Employers Federation  
Building Merchants Federation  
Bus & Coach Council  
CBI  
CBI Scotland  
CBI Wales  
Central Motor Auctions  
Central Scotland Roads AIU  
CHAIRS Honorary Medical Advisory Panels  
Chartered Institute of Transport  
Cherished Number Dealers Association  
Chief Fire Officers Association  
Citizens Advice (Scotland)  
Civil Service Motoring Association Ltd  
Coach Operators Federation  
Commercial Motor Magazine  
Commission for Racial Equality  
Committee of Welsh District Councils  
Community Development Foundation  
Community Transport Association  
Confederation of British Road Passenger Transport UK  
Confederation of Passenger Transport UK  
Construction Plant Hire Association  
Consumer Association  
Consumer Congress  
Contractors & Mechanical Plant Engineers  
Convention of Scottish Local Authorities  
Council of Civil Services Union  
County Road Safety Officers Association  
County Trading Standards  
Court Service  
Credit Industry Fraud Avoidance System  
Crime Prevention Agency  
Croner Publications  
Dairy Trade Federation  
Dale Farm Dairy Group  
Department of Culture, Media and Sport  
Department of Education and Skills  
Department of Health  
Department of International Development  
Department of Social Security  
Department of Trade and Industry  
Department of Transport Research Lab  
Department of Work and Pensions  
Department for Transport  
Diabetes UK  
Disabled Drivers Motor Club  
Disabled Drivers Association

District Judges	Disabled Persons Transport Advisory Committee
DOENI Headquarters	Disabled Motorists Federation
DPTAC	Institute of Trading Standards
Driver, Vehicle Operator Group (DVO)	Institute of Transport Administration
Drivers Action Movement	Institution of Highways & Transportation
Driving Instructors Association	Institution of Municipal Transport
Driving Instructors Scottish Council	Institution of Trading Standards
Driving Standards Agency	International Powered Access Federation
DVLNI	Invalid Vehicle Service
Environmental Transport Association	Isle of Man Department of Transport
Equal Opportunities Commission	Joint Committee on Mobility
European Secure Vehicle Alliance	Joint Committee on Mobility for the Disabled
Federation of British Historical Vehicle Club	Justices Clerks Society
Federation of Manufacturers	Justices' Clerks' Society Wrexham
Federation of Public Passenger Transport Employers	Juvenile Diabetes Organisation
Federation of Small Businesses	Keep Deaths Off Our Roads
Film & TV Lighting Contractors	LACOTS
Fire Brigades Union	Legal Section
Fire Fighting Vehicles	LIBERTY
Fire Services Unit	Lifting Equipment Engineers Association
First European Numberplates (UK) Ltd	Local Government Association
Fleet & Leasing Association	Local Government Information Unit
Foreign and Commonwealth Office	London Association of Independent Businesses
Forum of Private Businesses	London Borough Association
Forum of Mobility Centres	MD Autoglass
Freight Transport Association	Medical Comm Accident Prevention
General Consumer Council for NI	Ministry of Agriculture
General Medical Council	Ministry of Defence
Glass's Information Ltd	Ministry of Defence PL (LS)
Green Flag Ltd	Mobility and Inclusion Unit
Halfords Ltd	Motability Finance Ltd
Head of Executive Agencies	Motor Agents Association
Health & Safety Commission	Motor Insurance Bureau
Health & Safety Executive	Motor Schools Association of GB Ltd
Heavy Transport Association	Motor Vehicle Dismantlers Association
Help the Aged	Motor Vehicles Repairers Association
Historic Commercial Vehicle Society	Motorcycle Action Group
HM Customs & Excise	Motorcycle Industry
HM Treasury	Motorcycle Industry Association
HM Treasury (Tax & Budget Team)	National Advisory Unit for Community Transport
Home Office	National Alliance of Women's Organisations
Hon Sec ACPO (T)	National Assembly for Wales
Hon Sec ACPO Crime Committee	National Assembly for Wales (Library)
House of Commons Library	National Association of Agricultural Contractors
House of Lords Library	National Association of Citizens Advice Bureau
Inland Revenue	National Association of Driving Instructors
Innovative Training Concepts	National Association of Funeral Directors
Institute of Directors	National Association of Local Councils
Institute of HGV Driving Instructors	National Association of Local Government Officers
Institute of Race Relations	National Association of Vintage Tractor & Engine Club
Institute of Registrations Agents and Dealers	Archivist
Institute of Road Safety Officers	National Waste Disposal Contractors
Institute of Road Transport Engineers	National Chamber of Commerce and Industry

National Federation of Consumer Groups  
 National Federation of Self Employed Businesses  
 National Freight Consortium  
 National Guild of American Vehicle Clubs & Traders  
 National Joint Committee for Young HGV Drivers  
 National Outdoor Events Association  
 National Owners & Drivers Association UK  
 National Playbus Association  
 National Salvage Group  
 National Union of General & Municipal Workers  
 National Union of Road Transport Operatives  
 Nationwide Auto Salvage Amalgamation  
 NHS Supplies  
 North East Vocational  
 North Lancs. Training School  
 Northern Ireland Office  
 Occupational Health Department  
 Office of Data Protection Registrar  
 Office of Fair Trading  
 Office of Paymaster General  
 Office of the Commissioner (Metropolitan Police)  
 POCL  
 Police Science & Technology  
 President ACPOP (S)  
 Public and Commercial Services Union  
 RADAR  
 Register of Private Ambulances  
 Retail Motor Industry Federation  
 Road Haulage & Distribution  
 Road Haulage Association  
 Road Rescue Recovery Association  
 Road Safety Council in Wales  
 Road Safety Marking Association  
 Road Transport (Industry)  
 Road Transport Association  
 Royal Automobile Club  
 Royal College of Nursing  
 Royal College of Ophthalmologists  
 Royal College of Physicians  
 Royal National Institute for Deaf People  
 Royal Scottish Automobile Club  
 Royal Society for the Prevention of Accidents  
 Royal Ulster Constabulary  
 Rural Voice  
 Safety Standards Commission Inst.  
 Salvage Team Manager  
 Scottish Community Transport  
 Scottish Consumer Council  
 Scottish Development Dept  
 Scottish Motor Trade Association  
 Scottish Office  
 Scottish Parliament  
 National Consumer Council  
 National Council for Civil Liberties  
 National Council for Voluntary Organisations  
 Scottish Parliament Library  
 Scottish Traffic Area Office  
 Showman's Guild of Great Britain  
 Society of Allied & Independent Funeral Directors  
 Society of Independent Roundabout Proprietors  
 Society of Motor Auctions  
 Society of Motor Manufacturers & Traders  
 St Ivel Westway  
 St Johns Ambulance  
 Staffordshire Police  
 Standing Conference of Fixed Penalty Clerks  
 Star Motor Components  
 States of Guernsey Traffic Committee  
 States of Jersey Traffic Commission  
 Strathclyde Police  
 Sun Alliance  
 TGWU  
 The Approved Driving Instructors  
 The Federation of British Vehicles Club  
 The International Glaucoma Group  
 The Institute of Advanced Motorists  
 The Joint Mobility Unit  
 The Law Society  
 The Magistrates Association  
 The National Assembly for Wales  
 The Transport Association  
 The Welsh Assembly  
 Trading Standards  
 Transport Policy Division  
 Transport Registration Branch  
 Truck & Driver  
 TUC  
 Union of Independent Companies  
 UNISON Convenor  
 United Road Transport Union  
 Universal Salvage  
 Vehicle Builders & Repairers Association  
 Vehicle Certification Agency  
 Vehicle Crime Prevention Group  
 Vehicle Industry Consultants  
 Vehicle Inspectorate  
 Veteran Car Club  
 Vintage Motorcycle Club  
 Wales Community Transport  
 Wales Community Transport Consultative Committee  
 West Mercia Constabulary  
 Welsh Consumer Council  
 Welsh Counties Committee  
 Welsh Office Association of District Councils

**Code Of Practice On Written Consultation**

- Timing of consultation should be built into the planning process for a policy (including legislation) or service from the start, so that it has the best prospect of improving the proposals concerned, and so that sufficient time is left at each stage.
- It should be clear who is being consulted, about what questions, in what timescale and for what purpose.
- A consultation document should be as simple and concise as possible. It should include a summary, in two pages at most, of the main questions it seeks views on. It should make it as easy as possible for readers to respond, make contact or complain.
- Documents should be made widely available, with the fullest use of electronic means (though not to the exclusion of others), and effectively drawn to the attention of all interested groups and individuals.
- Sufficient time should be allowed for considered responses from all groups with an interest. Twelve weeks should be the standard minimum period for a consultation.
- Responses should be carefully and open-mindedly analysed, and the results made widely available, with an account of the views expressed, and reasons for decisions finally taken.
- Departments should monitor and evaluate consultations, designating a consultation co-ordinator who will ensure the lessons are disseminated.

**[end]**