



Driver and Vehicle Licensing Agency

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Dear

DVLA – CONSULTATION ON FEE PROPOSALS

Thank you for your response to my letter of 8 December 2006, which included our analysis of the responses received to the consultation which ended on 21 July 2006, our conclusions and the proposed way forward.

The general consensus from the replies received in January was one of disappointment that we had not pursued the option of introducing an annual vehicle registration charge. As a result, several respondents commented that we now had to impose large increases on vehicle first registration and driver first licence fees without spreading the impact wider. In the consultation, abiding by Cabinet Office guidance, we expressed no preference for any option and our proposals developed do in fact reflect the responses to the July consultation in which the “option 2” compromise solution gained greatest support. In practice, as you will be aware, DVLA continue to believe that both funding stability and equity between all users of its services would be best met by spreading the overall funding load through the introduction of an annual fee.

However, we recognise that this would be a major step change for our overall system. Were we to take this course in future after another consultation in which we received support, then the scenarios presented in Option 3 of the consultation would be more likely to hold – a small annual charge and reduction in other fees (with exception of “offenders”).

What we are proposing now is to implement a variation on Option 2, shared with you as speedily as possible. We need to do this in order to cover our costs as an Agency and whilst the immediate emphasis is on drivers, very soon the additional costs will shift to vehicles as we move into our vehicles registration system re-engineering cycle – replacing all our ageing computer systems in that area.



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The fees changes proposed provide us with the funding cover we need over the next two years. This will allow us to work much closer with representative bodies, over the next 12 months, in developing a longer-term regime to meet all stakeholders' requirements. Decisions past 2008-09 have yet to be taken and it seems to us that we need to engage actively in discussions relatively quickly if major issues emerge as a consensus, as these may involve legislative changes. At this stage, we are open to all suggestions, including differential fees related to vehicle type.

Yours sincerely

Ieuan Griffiths
Director Finance & Strategy