



FEE PROPOSALS

**A Summary of the Findings from the DVLA April 2006
Consultation on Driver Licensing and Vehicle
Registration Fee Proposals**

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Introduction

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. 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 new activities.

The Road Safety Bill, which has recently completed its passage through Parliament, introduces powers to charge separately for the 10-year renewals process and the recall of old-style paper Driving Licences. These charges, together with some recasting of other existing charge levels, would enable DVLA to cover its costs and fulfil its statutory duties to balance its income and expenditure.

In October 2003, DVLA achieved the flexibility through an order under section 102 of the Finance (No.2) Act 1987 to “pool” the costs of its driver licensing, vehicle registration and wider markets activities in setting fees levels for its services. This enables a closer alignment between its charging policies and the delivery of an accurate set of converging driver and vehicle registers, together with increased compliance, more efficient delivery and improved customer services. DVLA’s fee levels and charges still, of course, remain subject to DfT and Treasury agreement, followed by Parliamentary scrutiny.

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 level 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.

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.

Executive Summary

Feedback Received

A reasonable degree of interest was evident in the response to the consultation paper, with 43 organisations and 20 individual members of the public providing formal feedback.

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 annual fee (should this option be taken forward);
- 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.

There continues to be a low level of understanding, notably on the part of private individuals, in respect of the way DVLA is funded and the difference between the application of taxation receipts and fees / charges. To a large extent, the difference appears to be regarded as an abstruse concept and individuals are concerned more about the total level of collection rather than the classification mechanism by which collected. This should not be a surprise.

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 a number of organisations reflecting this whilst formally expressing no preference;
- Most comment was received in respect of the “annual fee” option, 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 will need to be taken on as an interim measure to support the DVLA required cost envelope;
- A mixed approach should be adopted as focusing the increase on purely the new drivers was seen to be inequitable - in terms of overall burden and the nature of those affected – so that a range of smaller increase across the board would be introduced (Modified option 2).

Way Forward

In terms of the next steps, the course of events would be as follows:

- consideration of this report by Ministers and development of final proposals;
- development of a detailed framework for implementation, including any exemptions and transition arrangements, together with HM Treasury discussions and clearance;
- publication of 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

Chapter 1: Summary of Findings from the Consultation

DVLA is grateful to all those who provided responses to the consultation document on driver and vehicle fee proposals. In the preparation of this paper, as many views as possible were taken into account, including the small number that were received shortly after the consultation period ended. All comments were noted and taken forward into the final stage of the consultation exercise in respect of developing the solution.

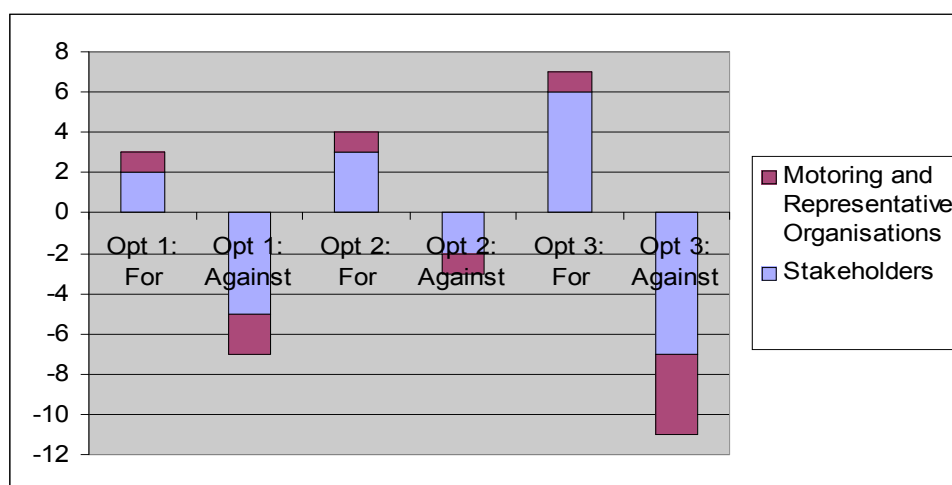
The objectives of the consultation exercise were to:

- explain why DVLA must raise additional income from the fees it charges for its services;
- set out proposals in terms of specific fee structures that would raise the funding level needed;
- present the fees (with indicative levels) as three alternative options;
- elicit views on the principles against which the three presented options could be measured.

During the course of the consultation period, most individual members of the public who responded chose to comment on the individual elements of the fee proposals, as opposed to expressing a view on the principles or a preference for any of the composite options. The Organisations that responded, on the other hand, did express Option preferences. There was a good level of support for the purposes of the consultation, although mixed views were evident in terms of the details – especially from individual members of the public.

We initially circulated the consultation document to 300 organisations for comment (see Annex 1 for details) and put the consultation document also onto our web-site. Throughout the consultation period there was continued interest in the consultation document posted on DVLA's web-site, in total these amounted to 205 visits to the document. There were 63 responses, including 43 from organisations and 20 from individuals. A list of the Organisations that responded is provided as Annex 2.

A summary of preferences expressed by motoring and representative organisations / stakeholders between the three options is shown below:



It was striking on this occasion that, of the 37 of these representative organisations that responded, 16 stated that they had no preference between the options and 2 were negative on all three options. Hence only 19 organisations provided a choice between the options and Option 3 (the annual fee introduction) generated the most comment, both for and against.

The remaining 6 organisations that responded were MoT Organisations and Garages and these expressed no views in terms of option preference but all expressed dissatisfaction in respect of collecting an annual fee alongside the MoT transaction.

In terms of all respondents, 15 expressed preferences for method of collection of any annual fee introduced:

Method of Collection	For	Against
Alongside the VED relicensing transaction	5	0
Alongside the MoT test	2	13

Hence, in strictly numerical terms and on an unweighted basis, the organisational preferences are fairly inconclusive. In terms of positive preference, as many organisations supported Option 3 as Options 1 and 2 together, whilst there appears to be a reasonable majority of those that did comment in terms of collection alongside VED rather than alongside the MoT test.

Of the 20 responses from the General Public, 4 expressed no preference, 4 objected to all 4 options and 12 responded negatively to Option 3. Only one member of the public expressed a positive preference and that was for Option 1. All but one of the responses from the general public was received by e-mail.

There was virtually no comment at all in respect of the introduction of a fee for 10 year licence renewal and the proposals for exemption categories seem to have been well received.

Of the 18 stakeholder responses, it was striking that a third of these came from Northern Ireland, perhaps reflecting a willingness to engage with consultation exercises of all types.

Chapter 2: Views of Representative Organisations

One of the interesting elements emerging from this latest consultation was that the majority (24 out of 43) of responding organisations expressed neutrality between the three main options, although there was a good deal of comment on details of implementation. In addition, informal comments and discussions highlighted the relatively low fee changes as a proportion of overall motoring costs (including the overall cost of learning to drive) and this may have been a factor in the neutrality of choice.

Those motoring or representative organisations expressing opinions usually reflected their membership in the Options they supported. For example:

- the AA, RAC and RAC Foundation expressed negative opinions on Option 1, favouring the more balanced approach of Option 2;
- the Road Haulage Association (RHA) and British Vehicle Rental and Leasing Association (BVRLA) on the other hand supported Option 1 and opposed the vehicle based fees.

Specific matters available for comment

- Increase in first driver licence fee – Option 1
- Increase in first driver licence fee and first vehicle registration fee – Option 2
- Introduction of annual vehicle registration fee – Option 3
 - Either collected with Vehicle Excise Duty
 - Or, collected with the MOT fee
- Introduction of fee for 10-yearly photocard licence renewal – common to all three Options

In addition to the specific matters upon which comments were invited, some respondents also decided to comment wider. In particular, the AA Motoring Trust and the RAC Foundation for Motoring Ltd. Expressed views on revenue raised through fees charged on the sale and transfer of cherished marks. The AA Motoring Trust said *“there is no justification or need for DVLA to exploit its monopoly position in the way it levies fees and chargesnoted with concern how, over the years, the considerable surplus from the sale of marks has not been used to invest in DVLA services and systems but has instead gone straight into the consolidated fund”*. The RAC Foundation for Motoring Ltd. Expressed concern that *“the many millions of pounds arising annually from the sale and transfer of cherished registration marks is not used to fund DVLA operations, but goes instead to HM Treasury”*. The RAC Foundation for Motoring Ltd. were also concerned that *“no increase is proposed for the renewal of driving licences after revocation, disqualification, or for high risk offenders....increases in these categories would be justified”*¹.

¹ This comment, together with other similar points made, has been reflected in the Ministers proposals for increases in these fees along the same lines as for the fees for the regular transactions.

Motoring and Representative Organisations

Increase in first driver licence fee

Only two of the responding organisations supported this option; the Road Haulage Association (RHA) and the British Vehicle Rental and Leasing Association (BVRLA). Whilst the RHA gave no specific reasons for their support of the increase in first driver fee, BVRLA opted for this as “.. *the industry impact for our Members..is minimal*”. BVRLA also made the point that “.. *cost of increase for new drivers, when divided across the 10 years that the first driving licence will be issued, is £3, per new driver, per annum. This is an extremely reasonable increase, especially as it is the drivers, upon whom ... increased costs can be directly attributed*”.

Five of the responding organisations were opposed to increases in the first driver licence fee; the RAC, The AA Motoring Trust (AA), the RAC Foundation for Motoring (RACFM), The Federation of British Historic Vehicle Clubs (FBHVC) and the Vintage Motor Cycle Club Ltd (VMCC). The RAC were “*concerned at the scale of increase proposed almost 80% seems excessive*” and that this would place a “*disproportionate burden on young drivers*”. The AA were concerned about any significant hike in the first driver licence fee as this is “*the entry point for all*”. The RACFM saw this option as “*the least fair, as the full additional costs burden falls upon new drivers alone*”. The FBHVC “*recognise the potential deterrent effect of a substantial leap in the first driving licence fee*”, whilst the VMCC thinks that an increase in the first driver licence fee “*would act as a stimulus to an increase in the number of drivers who choose to ignore the need for a licence*”.

Increase in first driver licence fee and first vehicle registration fee

Coverage of increased costs through increases in both the first driver licence fee and first vehicle registration fee was supported by four of the responding organisations; The AA Motoring Trust (AA), GEM Motoring Assist (GEM), the RAC Foundation for Motoring (RACFM) and The Federation of British Historic Vehicle Clubs (FBHVC).

The AA believe that “*honest law abiding drivers should not subsidise those who choose not to tax, insure, MOT their cars or drive without a licence...whilst things should get harder for the evader, they should get better for the law abiding*”. They supported increases in both the first driver licence fee and first vehicle registration fee as the most palatable option after rejecting any new annual vehicle registration fee and their concern over a significant hike in the first driver licence fee.

The RACFM saw this option as “*viable, logical and fair (based on the ‘user pays’ principle) and does not require legislation prior to implementation*”.

FBHVC “*dislike (this option) the least as this seems the most balanced*”.

Two organisations, the BVRLA and the VMCC opposed this option. For the BVRLA this option was not acceptable due to its impact on the rental and leasing industry. They estimated an increase in costs of £7m per annum for their Members and these have to be passed on to those renting or leasing their vehicles. The VMCC believed that a variant on this option would be workable as long as it did not involve any increase in the first driver licence fee.

Introduction of an annual vehicle registration fee

The introduction of an annual vehicle registration fee was supported by six organisations; the Retail Motor Industry Federation (RMIF), the Association of Industrial Road Safety Officers (AIRSO), Driving Instructors Scottish Council (DISC), the Society of Motor Manufacturers and Traders Ltd (SMMT), L.E. Velo Club Ltd and the Historic Commercial Vehicles Society.

The RMIF's majority of members had favoured this option. Nevertheless, their MOT Technical Operations Section did express grave concerns about collection alongside the MOT fee. They were concerned that Vehicle Testing Stations (VTS) may be *"put in the position of not only collecting the fee but also being asked to pay for it prior to being able to pass the charge on to the customer"*. They were also troubled by the fact that our consultation paper *"does not propose any payment or recompense of any type back to the VTS for collecting the fee on their (DVLA's) behalf"* and that *"the consumer....will not be aware that the rise in MOT fee isbeing passed directly to the DVLA"*. Whilst this response represents a misunderstanding of the processes proposed, it is true that we had not spelled these out in detail in the consultation.

The SMMT felt that *"an annual registration fee increases the frequency of payments but is fairer to all driving licence holders. The restructuring will ensure that no single group of motorists bears the brunt of the fee increases"*.

Seven organisations were opposed to the introduction of an annual vehicle registration fee. These were The AA Motoring Trust (AA), GEM Motoring Assist (GEM), RAC Foundation for Motoring Limited (RAC), British Parking Association (BPA), British Vehicle Rental and Leasing Association (BVRLA), Federation of British Historic Vehicle Clubs (FBHVC) and the Vintage Motor Cycle Club Ltd (VMCC).

GEM believe *"strongly that an annual registration fee for vehicles would receive very little support from the motoring public"*.

The RAC feel that this option *"departs from the 'user pays' concept and although it will fund reductions in fees for first driving licence and first vehicle registration, looks much more like a tax than a fee"*.

The BVRLA *"appreciate that this option has been developed with some consideration for (their) members, in particular with regards to the annual registration fee which we note could be paid up front where the vehicle is on a three year lease, still feel that there is an unfair cost being imposed upon (their) members"*. They estimated additional costs here of around £9 million per annum.

The FBHVC remain *"implacably opposed to the principle of an administration fee, such as an annual registration fee"*. They also add that, were an annual fee to be introduced they would not be seeking special treatment for historic vehicle owners who use the road. The VMCC uses the same terminology in being *"implacably opposed to the principle of an administration fee"*.

Introduction of fee for 10-yearly photocard licence renewal

Stakeholders

The majority (12) of stakeholders who responded did not have any strong preferences for any of the options presented. As a rule, the stakeholders were only speaking from their own particular point of view.

In addition to the specific matters upon which comments were invited, some respondents also decided to comment wider. Age Concern expressed the view that *“people renewing their licence as a result of disqualification, after revocation, to remove endorsements and those who are high risk offenders should pay the full costs of this service. There should be no possibility of other drivers subsidising these services”*. Lisburn County Council wanted Northern Ireland regulations brought into line with Great Britain e.g. the ability of garages to carry out MOT tests.

Increase in first driver licence fee

Only one stakeholder, the Royal Mail Group Plc (Royal Mail) came out positively in favour of an increase on the first driver licence fee only. They supported this option as the *“increase in DVLA costs is recovered through the main causes of (those) costs”*.

Two local authorities in Northern Ireland were opposed to this option; Antrim Borough Council, which was also opposed to the option of introducing an annual vehicle registration fee, and Ards Borough Council who opposed all the options in the consultation. They did not propose any alternative arrangements.

Age Concern rejected this option as they *“understand that the number of young driving licence holders has decreased over the past few years and with the known demographic changes, think this trend is likely to continue”*.

Increase in first driver licence fee and first vehicle registration fee

There were no positive responses from stakeholders in favour of this option but the only response to show positive opposition was that of Ards Borough Council who, as noted above, was opposed to all the options available.

Introduction of an annual vehicle registration fee

Age Concern were the only stakeholder to positively support the introduction of an annual vehicle registration fee as it would *“reduce the cost of both the first driving licence and first vehicle registration from their current rates”*. Their previous opposition to an annual vehicle registration fee was based its introduction being linked to the funding for renewal of photocard licences free of charge. Since this is no longer the proposal going forward, they support this option as the fee *“would be relatively easy to collect if it is paid at the same time as getting the vehicle MOT”*.

In addition to the two Northern Ireland Local Authorities noted above, Unison (Devon County Branch) (Unison) and the Federation of Small Businesses (FSB) also opposed the introduction of an annual vehicle registration charge. Unison described this as a *“stealth tax by adding it to the annual road fund licence”* and that taxation collection may change in the future if some form of road user charging or *“pay as you go”* taxation was introduced. The FSB had a general opposition to the introduction of any new fees as they asserted that *“less than a seventh (of the total annual sum raised from motoring taxes) is reinvested into the road network, they believed that new policy initiatives should be funded from existing taxes”*. They also opposed an annual fee on the grounds that, once introduced, *“the fee may increase year on year and ultimately prove to be a considerable cost to small businesses”*.

The Royal Mail Group and Age Concern were both in favour of the annual vehicle registration charge being collected alongside the MOT fee. No stakeholders opposed this proposal. No strong comments were expressed either for or against collecting the annual fee alongside VED.

Introduction of fee for 10-yearly photocard licence renewal

Unison (Devon County Branch) were concerned that “no charges should be made where a photo licence is renewed (and) where the applicant is of pensionable age”.

Age Concern expressed that “people renewing their photocard licences every ten years should pay the full costs of this service” and recommended that “when renewing photocard licences, drivers should also be required to certify that they are not suffering from a notifiable medical condition in the same way as drivers over the age of 70 have to do”.

MOT Organisations and Garages

The respondents in this category did not express any particular views with regards to the three charging options presented in the consultation, but rather concerned themselves exclusively with the proposal to collect any proposed annual vehicle registration fee alongside the MOT fee. All six respondents were opposed to this proposal.

There is a common theme in the responses that the annual registration fee would somehow be hidden or lost within an “increased MOT fee” and that public blame for any increase would therefore fall on the MOT Garages.

Examples of the responses received are:

“The general public would see the £3.00 levy as an increase in the MOT fee and would not perceive this charge for what it is”. National Tyres & Autocare Ltd.

“as MOT slots are paid for up front, garages would have to find the extra £3 per slot up front to give to DVLA/VOSA”. Punters Garages Ltd.

“(at present) motorists can be re-assured that all the money they spend each year on having their vehicles examined for safety is spent solely on that process. A Tax which has no relationship whatsoever with vehicle safety would discredit the (MOT) scheme”. Jim Punter, Chairman MOT Trade Forum.

“MOT testing stations are, by and large, small businesses and struggle to find the money up front”. Jim Punter, Chairman MOT Trade Forum.

Chapter 3: Views of the General Public

A frequently occurring theme appearing in the responses received from members of the public was that the fee changes were perceived to be a backdoor way of introducing “tax” increases. Most of the accompanying comments were then based purely on this assumption, rather than providing direct arguments against the reasoning put forward by DVLA to explain the proposals. There was a general lack of understanding that VED collected for HM Treasury does not accrue to DVLA and is subsumed into a general purpose *Consolidated Fund*. An associated perception was that once any new fee was introduced that DVLA would be free to increase the level at will. Whilst these perceptions are clearly wide of the mark, we will need to communicate the changes decided carefully both prior to and during implementation.

During the course of this consultation members of the public expressed their views on the individual transactions as opposed to any of the 3 Options themselves. This was disappointing, as the objective of the consultation was to explore the balance of fees and how they should be best fitted together to suit both general public and corporate customers. The majority of the comments were expressions of opposition against the introduction of an annual vehicle registration fee, many of whom referred to as some form of “tax”

Specific matters available for comment

- Increase in first driver licence fee – Option 1
- Increase in first driver licence fee and first vehicle registration fee – Option 2
- Introduction of annual vehicle registration fee – Option 3
 - Either collected with Vehicle Excise Duty
 - Or, collected with the MOT fee
- Introduction of fee for 10-yearly photocard licence renewal – common to all three Options

Increase in first driver licence fee

Only one individual was in favour of this option. This was on the basis of sticking largely with the status quo.

“My response is for you to stay with Option 1. Option 2 is merely a fudge and Option 3 introduces another charge where none previously existed”. (Name and address supplied, Essex)

On the other hand, four individuals were against the increase in first driver licence fee. All four were against all of the options put forward on the basis that DVLA should be funded from the taxation that the “over burdened” motorist already pays.

Increase in first driver licence fee and first vehicle registration fee

There were no individuals in favour of this option. The same four individuals who were against the increase in first driver licence fee were the only ones against this option, and for the same reasons as given above.

Introduction of annual vehicle registration fee

There were no individuals in favour of this option. The same four individuals who were against the increase in first driver licence fee were the only ones against this option, and for the same reasons as given above.

Introduction of fee for 10-yearly photocard licence renewal

This did not raise any comments, positive or negative.

Chapter 4: Recap of Key Issues from 2004 Consultation

The 2004 consultation on the principles to be adopted in forming a fees regime for the future took place between August and November 2004. The formal process was supplemented by a number of further discussions and clarifications with key stakeholder organisations.

The 2004 consultation generated considerable interest and resulted in a high level of feedback, with 924 responses received, 28 from circulated organisations and a further 896 responses from individuals.

Four possible new fees were explored in the consultation although combinations were possible. These could be levied for:

- notification of change of vehicle keeper
- first photocard licence issued as a part of a compulsory recall
- update of photocard licences as part of the 10-yearly cycle
- maintenance of the driver / vehicle registers (i.e. to cover change of details of vehicles, drivers and vehicle keeper for example) – though this would take a different form in that an annual fee was proposed to spread the costs and make the transaction easier for both DVLA and customers.

These, together with possible movements in fee structures were set out as four different options, although it was made clear in the consultation that the options themselves should not necessarily be regarded as mutually exclusive – nor were details such as exemptions explored, as the objective was very much to consider preferences and principles first. In the event, a great number of additional comments were received and these contributed significantly to the development of the set of proposals included in the 2006 Consultation.

General Feedback Received

The very clear feedback from the consultation is summarised below. There were two general messages delivered, especially from individual correspondents:

- there is little understanding of government funding mechanisms, with the vast majority of the public not differentiating at all between taxes and fees. This appears to the public to be an arcane distinction of little relevance and the key message is that what matters is the total cost to the individual.
- there was a general expectation that existing fees would continue to rise and new fees would also be increased over time. This was in spite of the fact that, other than the first vehicle registration fee and offender re-registration fee for driving licences, DVLA fees have generally reduced in recent years, with several being abolished.

There was a significant lobbying effort from the Classic Vehicle community in terms of ensuring that the current exemption from VED for classic vehicles (those vehicles on the register on or before January 1973) would also apply to any annual registration charge. This extended to arguing against the charge itself. Responses from this group accounted for 584 of the letters received, though the majority used the standard letter made available on sponsored web-sites. These letters were directed to two sets of recipients – direct feedback to DVLA and to a significant numbers of Members of Parliament. The group also presented a petition to the Prime Minister.

Specific Feedback

There was a good deal of support for the principles of “user pays” and “non-compliant and offenders should bear full costs of their actions”. The only exceptions to the former principle were a small number of correspondents who urged that the costs of a recall of paper licences should be met from general taxation.

There was a good deal of opposition to, and no support for, a fee on change of vehicle keeper. It was felt in principle that change of keeper should be chargeable because of the service delivered, including the issue of a new vehicle registration document. However, the practicalities of collection and enforcement were perceived to be prohibitive and as a result both organisations and individual respondents rejected this.

There was a good deal of opposition to, and no support for, a fee on provision of a first photocard licence on recall of paper licences. There were a number of points made on this proposal, but the majority clustered around the proposition that since this was compulsory then it should be encouraged and no disincentives put in place. The fact that the majority (over 60%) of drivers are now already in the 10-yearly renewal regime was raised and that those remaining with paper licences through either timing or by chance through geographical stability should be subject to the same regime as all others. There was a good deal of support for the recall itself, especially from those organisations that rely on the accuracy of the Drivers database, although opposition to exacting a fee was fairly unanimous. The point was made by several respondents that in many cases those involved should already have notified DVLA of address change and this transaction is free of charge.

There was a general acceptance of the need to charge for the 10-yearly renewal of the driving licence. There were clear parallels drawn with the renewal cycle already in place for passports and the validity of licences has always been clear in terms of the 10-year cycle, with the photograph a clear time limiting factor. Whilst there was opposition in general to increases in fees, there was acknowledgement that the exercise itself increased DVLA costs and those who benefited should pay.

The introduction of an annual charge to recover register maintenance costs involved greatest discussion, although the option to introduce this (Consultation: Option 4) was also the best supported as a principle. A great degree of interest was shown in how the administration would work and what exemptions should be provided. Any idea that there should be an annual charge on drivers, which would force an additional contact with DVLA each year on motorists, was argued against strongly. However, there was not perceived to be a major problem with collecting this as part of an existing transaction. In general, it was the personal hassle or additional administration it might involve, rather than the small direct cost, that was seen to be the main barrier.

The exception to acceptance of the annual charge principle was mainly evident from those arguing for exemptions, specifically the Classic Car enthusiasts. In these cases, the issue of exemption was difficult to differentiate from arguments of principle.

There was little or no support for the reduction in fees for younger drivers and the proposition that an age limit would allow for discounted fees was rejected. There was an acknowledgement of the objective of bringing young drivers onto the register early, but a number of objections were made, for example in terms of its real practical impact when compared to the relatively large overall cost of learning to drive.

There was a very mixed reception to the reduction in First Vehicle Registration fees on introduction of an annual fee. Many responded that those purchasing new cars were the most able to pay, with the demand being relatively inelastic given the small proportion of any new car cost. Motor industry responses argued that the impact should at least be neutral given the large percentage rise in the 2003 fee changes following the earlier consultation.

There were a number of responses that stressed the need for DVLA to minimise its costs and keep as firm a constraint on future costs as possible. DVLA has no issue with these responses and is already the subject of a number of reviews and processes, including Gershon monitoring that should help ensure the concerns of these respondents are met.

Whilst other suggestions were sought, there were no arguments made against the continuing proposition that changes in details (for vehicles, vehicle keepers or drivers) should continue to be free at the point of the transaction so as not to discourage compliance. Nor were there any suggestions that the changes to the fees regime, introduced in 2003, for vocational drivers or those over the age of 70 should be reversed.

Exemptions

Whilst not actively discussed in the consultation paper, we invited proposals on exemptions from respondents. Several key issues became evident and have helped in turning the original “proposals in principle” into more detailed propositions.

There were no suggestions for exemptions from the photocard driving licence 10-yearly cycle fee proposed. The photocard licence appears to be regarded as a useful document for proving identity, although the counterpart continues to draw adverse comment, but the costs are accepted as needing to be met.

The position was very different in terms of the annual fee. Although this was set at a very low level, there were several exemptions suggested by respondents:

- citizens claiming exemption from VED on the basis of disability.
- vehicles that are covered by a Statutory Off Road Notification – SORN (it was unfortunate that the original consultation did not clarify that there was no intention to include a charge for such vehicles).
- agricultural vehicles, Heavy Goods and Public Service Vehicles.
- classic vehicles.

The majority of the classic vehicle group concerns appeared to be in respect of “cars in bits” and the possibility of charging an annual registration fee for vehicles that were in museums and / or were never driven on public roads. Presumably, a number of these vehicles and “cars in bits” would not have been on the road since 1998 and therefore would be outside the scope of the proposals. A further number, which may have been used on the road since 1998 may now be the subject of a SORN, so that the large part of the classic vehicle issue would in any event be addressed by the classification above.

For those classic vehicles that are nil licensed for driving on the road, the concern might be that attraction of even the minimal annual charge proposed might lead to calls for the abolition of the exemption from VED. The issue of tax rates is covered by the VED tax regime, is unconnected to this consultation and is not a decision for DVLA – it is purely an issue for HM Treasury.

The annual registration fee exemption categories proposed are parallel with existing VED exemptions or have different VED regimes such as for HGVs. Hence, where no VED is charged then no fee would be levied at the point of the registration / licensing transactions. The arguments for the exemptions around policy and equity are broadly similar to those that led to the VED handling differences in the first place.

In addition, the motor industry were unhappy at the introduction of an annual fee (at low level), most especially when discussions are underway on the possibility of a 3 year licence for new vehicles i.e. those not requiring a MoT certificate. This concern relates to the potential costs of administration involved rather than the small monetary value of the charge itself. This raised also the issue of regulation and the direction that DVLA is trying to take in removing administration and regulation through streamlined (and especially electronic) processes. DVLA had not fully considered this impact in its initial consultation, but it is now factored in.

Part B

CONDUCT OF THE CONSULTATION EXERCISE

This chapter explains how the consultation exercise on the Driver Licensing and Vehicle Agency fee proposals has been conducted in accordance with the Cabinet Office Code of Practice on written consultations.

Their criteria are:

Criterion 1 – Timing of the 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 for it at each stage.

Criterion 2 – It should be clear who is being consulted, about what questions, in what time-scale and for what purpose.

Criterion 3 – 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 or proposals it seeks views on. It should make it as easy as possible for readers to respond, make contact or complain.

Criterion 4 – 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.

Criterion 5 – 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.

Criterion 6 – Responses should be carefully open-mindedly analysed, and the results made widely available, with an account of the views expressed, and reasons for decisions finally taken.

Criterion 7 - Departments should monitor and evaluate consultations, designing a consultation co-ordinator who will ensure the lessons are disseminated.

Timing of consultation

On 28th April 2006 DVLA launched a consultation document on its driver and vehicle fee proposals. The consultation set out to generate constructive feedback on the principles of the proposals and lasted until 21st July 2006.

Content of consultation

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

Regulatory impact assessment

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

- The purpose and intended effect;
- The background and objectives;
- The policy and financial risks;
- The options for each transaction;
- Costs and Benefits;
- The equity and fairness of the proposals;
- Small firms' impact test;
- Competition assessment.

Availability of individual responses

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

It could not be presumed that all general public respondents were 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. Details of the website, e-mail fax and postal addresses were provided in the consultation document.

All respondents 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 the Organisations that were Originally circulated as part of this Consultation Exercise

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 Drivers 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 Registration 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 Consumer Council
National Federation of Self Employed Businesses	National Council for Civil Liberties

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

