



# Driving Licence Fee Proposals

A Summary of the findings from the DVLA May 2012  
Consultation on Driving Licence Fees

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## Introduction

This report summarises the feedback received from the consultation exercise, together with conclusions and an outline of the way forward.

The Driver and Vehicle Licensing Agency (DVLA) is required by HM Treasury Fees and Charges Guidance to recover the costs of its operations through fees collected for the statutory services it delivers. The DVLA has explicit statutory powers to collect each of these fees, mainly set out in the Road Traffic Act 1988, as amended most recently by the Road Safety Act 2006.

In October 2003, the 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 fee levels for its services. One of the implications of this is that all its driving licence activities need to be considered together to decide which transactions should be fee bearing and at what level, considering both annual expenditure and recovery of investment or systems development expenditure that spans many years. This flexibility also allows a greater level of stability to be achieved through a “basket of services” approach so that individual fees do not move up and down on a regular basis.

Through this mechanism, the DVLA can achieve a closer alignment between its charging policies and the delivery of an accurate set of driver and vehicle registers - together with increased compliance, more efficient delivery and improved customer services. The DVLA endeavours as far as possible to match the fee paid with the underlying costs attributable to the service delivered and over recent years we have been able to move far closer to the “direct user pays” principle advocated by HM Treasury. Transactions such as changes of address for drivers or vehicle keepers and declarations of medical problems are not fee bearing - in order to encourage compliance in the first instance and not to provide a secondary burden on the sick in the second. Renewals for drivers over the age of 70 and for any medical licences are also free of charge.

In order to comply with the Third EU Driving licence Directive, the DVLA established a project (EU3D project) to deliver significant changes to its

- *Driving licence systems* - to reflect revised licence categories, minimum age of access to categories and administrative validity periods; and
- *Driving licence business processes* - to enable capture and processing of new data.

The total financial impact of the EU3D changes will be approximately £17.9m, spread between development project costs and additional running costs up to March 2019/20.

The Driving Licence Fees consultation, which ran from 22 May 2012 to 14 August 2012, proposed three alternative options to recover the total costs of the EU3D changes, with the same additional income spread evenly on an annual basis from 2013 up to 2021.

The options under consideration were as follows:

- Option 1 (preferred option): Introduce a £20 fee for provisional vocational licence applications and five-yearly vocational renewals.
- Option 2: Increase the fee for a First Application for a Provisional licence (FAP) from £50 to £52.25.
- Option 3: Increase the generic driving licence fee (the fee payable for most transactions) from £20 to £20.70.

### **Savings through Automation**

In addition to seeking views on these possible changes to driving licence fees, the DVLA also asked for the public's opinion on a potential saving that could be passed on to customers who exchange their paper driving licence for a photocard driving licence through a web transaction within six months of renewing their passport.

The DVLA can access and replicate photographs submitted on UK passport applications and retained on the Passport Service database. This process has been in place since 2005 for first applications for a driving licence and means that administrative costs are reduced.

The DVLA was considering a reduced fee from £20 to £10 for those customers who exchange their driving licence online within six months of renewing their passport. This would offer a saving and convenience for customers not just in the first year but subsequently. It would also encourage the migration of all drivers onto photocard licences, a major policy objective for the DVLA and the continuing shift towards a fully "Digital by Default" set of transactions. The DVLA is not intending to make this change in October 2013 but is looking at whether it could be introduced in the future.

## **Conclusion and Way Forward**

### **Responses to the Consultation**

The consultation paper was sent directly to 153 organisations and was available on the DVLA's website. There were only 18 responses, a number of which represented a large proportion of vocational drivers. These responses were from the Freight Transport Association, Road Haulage Association Ltd and FirstGroup plc.

### **Analysis of feedback received**

Notwithstanding the very small number of people who responded to the consultation, the following key characteristics were extracted:

- three quarters of the respondents believe there should be no fee increase in the current economic climate
- of the respondents offering 'No Preference' to the consultation it was evident from the comments that none of the options were acceptable.

Our proposal to offer a reduced fee for a paper to photocard driving licence exchange was only commented on by four of the eighteen who responded. The respondents all agreed in principle with the initiative but were split equally in their opinions on whether the offer was likely to be taken up.

### **Conclusion & Way Forward**

- The DVLA consulted on various fee options and has given due regard to the responses made;
- The DVLA has considered and appreciates the position that the vocational driver sector of the motoring public (and wider related industry) is in given the current economic climate;

Having considered the above, the DVLA does not now propose increasing the fee for the vocational driving licence. The DVLA will absorb the full cost of EU3D changes through efficiencies realised in the business.

The DVLA is now carrying out a comprehensive review of its fee structure. Pending the outcome of this review, no alternative fee increase (i.e. Options 2 and 3 in the consultation) will be taken forward.

More work is necessary to develop the idea of having a reduced paper to photocard licence fee for those who undertake the transaction within six months of renewing their passport. We will take forward the proposal for further analysis.

## PART A

### Summary of Findings from the Consultation Exercise

The DVLA is grateful to all those who provided responses to the consultation document on driving licence fees. As there were only 18 responses received, all views have been taken into account in the preparation of this summary report and in deciding the recommendation and way forward.

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

<b>Option 1</b>	<b>Option 2</b>	<b>Option 3</b>	<b>No Fee/ No Preference</b>	<b>Total</b>
Introduce a £20 fee for provisional vocational licence applications and 5-yearly vocational renewals.	Increase the fee for a First Application for a Provisional licence (FAP) to £52.25	Increase the generic driving licence fee to £20.70		
7	2	2	7	18

#### Option 1 - Specific Feedback

The seven respondents who supported this option were The National Farmers Union (NFU), the Road Haulage Association, The Association of Chief Police Officers in Scotland, the Ministry of Defence and three private individuals.

The NFU preferred this option because it “was the fairest option for our entire membership which comprises holders of commercial licenses and those who do not” and further “it was felt that it was appropriate that the fee should be paid by those who are incurring the cost in this instance.” The NFU also commented that “some of our members will be holders of commercial licences for lorries and minibuses. It is likely that the majority of our members do not hold these licences, and hence would not be affected by the renewal fee, but would be affected by the proposal to implement charges for other DVLA services and the general licence fee.” They also added that they “consider this to be the fairest option as long as fees remain at the current level. Any excessive increase in the fee could result in this being a burden

on the industry and counter-productive as a whole. Higher fees could discourage people from holding vocational licences and be damaging to the sector.”

The Association of Chief Police Officers in Scotland commented that “any increase in fees has the potential to increase the number unlicensed drivers on the road, Option 1, would, however, seem to offer the better safeguards insofar that the vocational entitlement to drive is a key employment qualification which can be readily checked by any current or prospective employer. Increasing fees elsewhere could put financial pressure on access to driving and the benefits associated with it and may also impact on the level of driving licence transactions, as people may be discouraged from making retrospective notifications.”

The Ministry of Defence supported the preferred option but sought clarification for specific matters concerning only the military.

The three private individuals that responded used expressions that supported the “user pays” principle embodied in the preferred option; “it means those using their licence for their living pay a small fee and those members of the public who do not have a special licence do not”; “the only option is #1 in that the people affected by the proposed changes have to pay for said changes.”; “places the burden of cost onto the user of the service .... Vocational licences are necessary in order to carry out ones job, so are a justifiable business expense.”

## **Option 2 – Specific Feedback**

The two respondents that supported this option were First Group plc (UK Bus Division) and a private individual who is an Approved Driving Instructor.

First Group plc (UK Bus Division) believed that in our preferred option the “cost will be borne by bus and coach operators or their employees every time a new driver passes their PCV entitlement, and upon each renewal of that entitlement at five yearly intervals under the EU Third European Directive on Driver Licences. This may also act as a barrier to some people considering entry to the profession, particularly given uncertainty over future fees.” Option 2 was preferred because “This increases the cost of first obtaining a driving licence. It is at the time that many people reach the age that they can apply for a licence that they are lost to public transport and begin to become car dependent. Any action taken to reduce this likelihood will have benefits for sustainable economic development by reducing the growth in car traffic and the attendant problems of congestion, pollution and road safety.”

The private individual felt that “that the costs of changes should be with the first application and then subsequent issue of a full licence. Any subsequent reissuing should be free except when it has been lost, damaged, penalty point’s removal, upgrade due to new skills (class of vehicle), disqualification or cosmetic. Standard renewal should always be free as this would encourage keeping records up-to-date, if a cost penalty is attached to this then the system, over time will deteriorate, and become less effective.”

### **Option 3 – Specific Feedback**

This option was supported by the Freight Transport Association (Southwest and Wales) (FTA) and by a private individual who is an Approved Driving Instructor.

The FTA had concerns about Option 1 because “today there are additional barriers in greater legislation compliance i.e. the cost of the Driver Certificate of Professional Competence (DCPC) and the prohibitive cost of vocational training. The number of new drivers filtering through is still low with many employers choosing to take on DCPC, licence and medical costs at a time when profitability is already restricted and additional costs are only likely to impact the bottom line”.

The FTA supported Option 3 because they felt it was the only option that “given the small increase across a wide range of services which would have little or no impact as identified in the impact assessment but would however raise the most revenue for the agency. It should also be noted that vocational licence holders would also be included in this option as all of the transactions, especially 10 yearly renewals are applicable to a vocational licence holder.”

### **No Fee/ No Preference – Specific Feedback**

Six private individuals generally did not support any kind of fee increase and were against increases in bureaucracy. Printable examples of comments received were:

“Suggest a complete abolition of the renewal periods and withdrawal from the EU.”

“I understood that this government planned to reduce the burden of bureaucracy, but don’t see this proposal contributing to that aim. Apart from doing this to comply with yet another European Directive, what benefit do you foresee from renewing licences every five years instead of every 10 as currently?”

“In the current economic climate, no increase is justified.”

The Crown Prosecution Service (CPS) indicated no preference. They felt that “the issue covered by the consultation is not one that impacts on the CPS core business and as such we have no significant response to the consultation questions asked”.

### **Feedback on proposed reduced fee for certain paper to photocard licence exchanges.**

Of the 18 responses received only four commented on this proposal – the FTA, Ministry of Defence and two private individuals.

The FTA welcomed it but felt that it “is unlikely to be taken up by licence holders who may not see any benefit to this voluntary initiative. Vocational licence holders are of course already encouraged to exchange due to the requirements of DCPC.”

The Ministry of Defence indicated their support for the initiative.

One private individual supported the initiative in principle only and felt that the offer would not be taken up because of renewal costs. Another private individual indicated that he liked the idea of the link to passports and the incentive for doing the exchange.

## **PART B**

### **Conduct of the Consultation Exercise**

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

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

The following six criteria applied:

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

### **Timing and Content of Consultation**

On 22 May 2012, the DVLA issued a consultation document on its driving licence fees proposals. The consultation set out to generate constructive feedback on the three options of increasing fee income by around £2.4m to £2.6m.

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

## **Impact Assessment**

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

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

### *Availability of individual responses*

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

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

### *Contact details*

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

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

## Annex 1: List of those consulted directly

AA Foundation for Road Safety research	Information Commissioner
ACPO	Institute of Advanced Motorists
ADI Federation Ltd	Isle of Man Government
Age Concern England	Jill Dando Institute of Crime Science
Agricultural Engineers Association (AEA)	Lancashire Constabulary HQ
Ards Borough Council	Leonard Cheshire Disability
Armagh City & District Council	Limavady Borough Council
Assoc. of Car Fleet Operators Ltd (ACFO)	Lisburn City Council
Association of British Insurers	Local Authority Road Safety Officers Association
Association of Industrial Road Safety Officers	Metropolitan Police
Association of London Government	Ministry of Defence
Association of National Driver Improvement Scheme Providers	Ministry of Justice
Association of Vehicle Recovery Operators	Motorcycle Industry Federation Association
Ballymoney Borough Council	Motorcycle Training School
Banbridge District Council	National Assembly for Wales
Belfast City Council	National Association of Agricultural Contractors
British Agricultural & Garden Machinery Association	National Consumer Federation
British Car Auctions Ltd	National Council on Inland Transport
British Car Registrations	National Farmers Union
British Industry Motor Trade Association	National Pensioners Convention
British Insurance Brokers' Association	National Playbus Association
British Medical Association	National Society of Allied and Independent Funeral Directors

British Motorcyclists Federation	National Street Rod Association
British Numberplate Manufacturers Association	Newport Transport Ltd
British Parking Association	NI Courts and Tribunals Service
British Red Cross	Norfolk Constabulary
British Vehicle Rental and Leasing Association	North Eastern Education & Library Board
British Vehicle Salvage Federation	North Lancs. Transport Training
Building Merchants Federation	North Wales Fire and Rescue Service
Bus Users UK	North Yorkshire Police
Campaign for Better Transport	Office of Fair Trading
Caravan Club	Omagh District Council
Central Scotland Roads AIU	Police Federation of England and Wales
CIFAS	Queen Elizabeth Foundation Mobility Centre
Civil Service Pensioners Alliance	RAC Foundation
Coleraine Borough Council	Race Equality First
Commercial Motor Magazine	Retail Motor Industry Federation
Community Transport Association	Road Haulage Association Ltd
Consumer Focus Wales	Road Operators Safety Council
Convention of Scottish Local Authorities	Road Rescue Recovery Association
CPA	Road Safety Marking Association
Craigavon Borough Council	Royal Society for the Prevention of Accidents
Crown Office	RSAC Motorsport Ltd
Crown prosecution Service HQ (CPS)	Rural Community Network
Department for Business, Innovation and Skills	Scottish Courts Service HQ
Department for International Development	Scottish Executive

Department for Transport  
Department of Culture, Media and Sport  
Department of Energy and Climate Change  
  
Department of Regional Development  
  
Derbyshire Constabulary HQ  
Derry City Council  
Disability Action  
Disabled Motoring UK  
Dorset Police  
Driving Instructors Association  
DSA  
DVA  
East Midlands Ambulance Service  
Eastern Traffic Area VOSA  
Environment Agency  
  
Equality Commission for NI  
  
Essex Police  
  
European Secure Vehicle Alliance  
Federation of British Historic Vehicle Clubs  
Federation of Small Businesses  
Finance & Leasing Association (FLA)  
Fleet Audits Ltd  
Freight Transport Association  
Government Banking Service

Scottish Government Justice Dept  
Scottish Motor Trade Association  
Society of Independent  
Roundabout Proprietors  
Society of Motor Manufacturers  
& Traders  
South Wales Police HQ  
St John's Ambulance National HQ  
Staffordshire Police HQ  
Strabane District Council  
Strathclyde Police  
Sussex Police  
Swansea Magistrates' Court  
Tayside Police  
The Automobile Association (AA)  
The Consumer Council  
The Equality and Human  
Rights Commission  
The General Council of the  
BAR of NI  
The Licensed Private Hire  
Car Association  
The Motor Schools Association  
The Scottish Government  
Trading Standards Institute  
Translink  
Transport Association  
United Road Transport Union  
Vehicle Builders & Repairers  
Association

Green Flag  
Historic Commercial Vehicle Society  
HM Courts Service  
HM Treasury  
HMCS Ministry of Justice  
Home Office  
House of Commons Library

Vehicle Certification Agency  
Vintage Motorcycle Club Ltd  
Wales Office  
Water Jetting Association  
Welsh Government Library  
WLGA

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

Freight Transport Association  
National Farmers Union  
Road Haulage Association Ltd  
Association of Chief Police Officers in  
Scotland  
Ministry of Defence  
First Group plc, UK Bus Division  
Crown Prosecution Service  
Private Individual No 1  
Private Individual No 2  
Private Individual No 3  
Private Individual No 4  
Private Individual No 5  
Private Individual No 6  
Private Individual No 7  
Private Individual No 8

Private Individual No 9

Private Individual No 10

Private Individual No 11