



Consultation Document

Transforming DVLA Services

Response from:

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Transforming DVLA Services

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Transforming DVLA Services

Executive Summary – *working smarter with the fleet industry*

1. The BVRLA and its members welcome the opportunity to comment on the Driver and Vehicle Licencing Agency (DVLA) consultation paper on, '*Transforming DVLA Services*'.
2. We support the Agency's objective of transforming its services and wholeheartedly welcome the importance for the Agency to move away from being a largely paper based organisation to become a modern, highly efficient electronic business. This is paramount if the Agency's annual running costs are to be reduced by **£100 million**.
3. We recognise that a modern, electronic system not only has benefits for individuals but for all motorists who carry out their business with the Agency. In doing so will make it easier to comply with the law.
4. Today the DVLA deals with over **43.6 million** licensing transactions, **3 million** road tax refunds, **3.8 million** SORN application and handles **10.7 million** keeper changes each year. Our members alone manage over **5 million** separate paper transactions with the DVLA each year. There is a clear urgency for the Agency to provide its service electronically much more widely. It is only by implementing such a transformation programme that we believe the Agency will secure the efficiency savings targeted and critically reduce burdens on its customers.
5. To help the Agency achieve its efficiency saving of £100 million from the baseline running costs we believe the initiatives such as channel shifting, process re-engineering and enhancing the use of intermediaries are vital and will help to underpin the success of the transformation programme.
6. Furthermore, by implementing the changes outlined in our response our members will be able to interact with the DVLA electronically and help to secure cost savings for our members in excess of **£30 million** each year. These savings will help to underpin the Government's wider agenda of supporting growth and jobs in the UK.
7. The BVRLA remains grateful for the positive dialogue we have had with the DVLA on this consultation and importantly for the opportunity to share our sectors underlying concerns with the excessive costs associated under the present system. To assist the Agency, we have provided a detailed explanation of how we believe these concerns could be best addressed and importantly we have provided practical suggestions on how the Agency could better deliver its services in the future.
8. We hope our comments and suggested solutions will assist the Agency secure the efficiency savings targeted.



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Summary of Key Proposals

1. Problem Display VED Disc	- High cost of producing and posting 43 million VED Disc - Over 1 million items are lost in the post with innocent motorists being fined for non-display
Solution	Remove need to display the tax disc
Annual Savings	DVLA £90.7 million Industry £3.5 million
Compliance Benefit	Making it easier to comply with the law and removing cost on DVLA and motorists in displaying tax disc

2. Problem Buying VED Disc annually	- Cost on DVLA issuing VED annually - Cost and burden of relicensing on fleet industry
Solution	Allow fleet users to purchase multi-year VED
Annual Savings	DVLA £ 4.5 million Industry £ 2-5 million
Compliance Benefit	Making it easier to comply with the law and removing cost on DVLA and fleet motorists of purchasing tax disc annually

3. Problem Paper notification	- Over 5 million manual paper notifications - Excessive compliance burdens on motorist and business - DVLA records are not accurate
Solution	Allow fleet sector to communicate with the DVLA electronically
Annual Savings	DVLA £7 million Industry £10 million
Compliance Benefit	Making it easier to comply with the law and ensuring DVLA's vehicle record is accurate to enhance road safety

4. Problem Issuance of Vehicle Certificate (V5C)	- Cost of producing and storing 2.5 million V5C - Cost and delay of producing V5C at sale# - Excessive compliance burdens on motorist and business - DVLA records are not accurate
Solution	Not to issue V5C and provide V5 data electronically
Annual Savings	DVLA £6 million Industry £3 million
Compliance Benefit	Making it easier to comply with the law and ensuring DVLA's vehicle record is accurate to enhance road safety



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1. Remove need to produce and display VED disc

Estimated Annual Savings	
DVLA	£90.7 million
Industry	£3.5 million

9. The display of tax discs on motor vehicles in the United Kingdom dates back to 1921 when the Roads and Finance Act 1920 was introduced. 90 years on and the tax disc is still required to be displayed on all road vehicles to prove payment of the tax for the use a public highway in the United Kingdom. Given this historical significance we appreciate that the display of the tax disc is culturally accepted and enjoys public confidence.
10. However, notwithstanding the challenge the country faces in reducing the public debt, we feel the time is right look at modernising the requirement to display tax disc. With the growth of electronic enforcement to help crackdown on VED evasion, motorists are better informed and understand that the DVLA simply has to check its records pursue non-payment of VED. The use camera enforcement for SORN'd vehicles has supported the enforcement from the records. This enforcement from the records has helped to improve compliance with tax evasion running at a historical low. With the success of Electronic Vehicle Licensing (EVL) motorists have come to understand that the delivery of the new tax disc can take up to 5 days and that they can continue to operate the vehicle without having to display the tax disc.
11. The total number of licencing transactions per annum is in the region of 43.6 million and the number of refunds per annum is 2.9 million. Not having to display the tax disc will lead to efficiency savings and enhance compliance for the DVLA and all motorists.
12. **Reduce cost to business** - The cost on or members in having to display the tax disc is in the region of **£3.5 million** per annum. Details of how this figure is broken down is explained in the table below:-

Member Activity	Price Per Disc	Total Cost ¹
Cost of re-posting to customers and drivers	80p	£800,000
Cost of obtaining duplicate tax disc lost in the post	£15.00	£1,560,000
Cost of returning the tax disc for a refund	80p	£652,800
Staff costs	50p	£500,000
Total cost per annum		£3.5 million

¹ Based on a total fleet size of one million vehicles



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13. **Reduce cost to the DVLA** - There are also the costs that the Agency incurs in producing and sending tax disc. The total cost per annum incurred by the Agency is an estimated **£90.7 million**.

DVLA Activity	Price Per Disc	Total Cost ²
Printing tax discs	70p	£29.8 million
Posting tax discs	45p	£19.2 million
Staff costs	50p	£21.3 million
Payment processing	45p	£19.2 Million
Refund processing of tax discs returned	40p	£1.2 million
Total cost per annum		£90.7 million

14. Continuous Licensing was introduced in 2004 to allow enforcement from the DVLA record for those motorists who did not purchase a tax disc. Registered keepers of their vehicles are legally responsible for taxing a vehicle until the DVLA is notified that the vehicle is off the road, sold, transferred or exported.
15. If as the registered keeper you fail to re-licence any of your vehicles an £80 fixed penalty notice is issued automatically.
16. Prior to 2002 the number of cars and light goods vehicles operated in the UK without a valid tax disc was estimated at 1.19 million vehicles. In 2010 this was estimated to be around 247,000 vehicles; this demonstrates the powerful and positive impact of enforcing from the record for VED has had. Whilst this has risen recently, this can be attributed to the current economic climate and in fact reinforces the fact that enforcement is no longer by visual means.
17. Given the costs demonstrated above and the clear benefits of enforcing from the record we fail to see why there is a need to display the tax disc. We are not aware of any other tax regime where it is necessary to display the receipt of paying a tax.
18. We appreciate that VED evasion may continue to be a concern to the Exchequer and we would suggest that non display of the tax disc could be initially applied to vehicles that are less than 3 years old on a pilot basis. Such an approach would also help to build confidence and assist with the cultural acceptance of not having to display a tax disc amongst the wider motoring community.
19. We understand that the DVLA may be looking to issue the tax disc for newly registered vehicles directly to the registered keeper's address rather than the tax disc being supplied when the new vehicle is first registered. We understand that this proposal is aimed at removing regulatory burdens on the supplying dealer. However, we wish to emphasise our serious concerns with such a proposal as this move will result in a direct financial impact on our members and will adversely impact our members' ability to comply with the law.

² Based on 42.5 million vehicles



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20. Under such proposals our members would receive thousands of tax discs in the post which they will have to manually identify and then post the tax disc on to the customer's head office. If the vehicle is being used by an employee who is not based at the head office, then the employer will have to post the tax disc on to driver's home or the regional office they may be based at. Given our comments in paragraph 11 there will be a **new** cost and compliance burden that does not currently exist. In addition, such an approach could give rise in non-compliance as there is increased likelihood of the tax disc being lost or delayed in the post.
21. Furthermore, our daily rental members will experience a severe impact to their business as the rental fleet is constantly moving from branch to branch across the UK. Sending a tax disc to the rental company's keeper address will create difficulties and delays as the rental company attempts to trace and marry the tax disc to vehicle. This process will create delays which could result in our members being unable to rent the vehicle.
22. The above simply underlines the reasons why the DVLA should now remove the need to display the tax disc for all motorists.



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2. Multi-year VED

Estimated Annual Savings	
DVLA	£4.5 million
Industry	£2-5 million

23. Fleet operators would benefit from the ability to purchase a multi-year road tax as they operate vehicles for periods of more than one year. Being able to pay road tax up-front for the full duration of the operating period (typically three years) would substantially reduce administrative costs, as they currently have to purchase the VED annually and post the disc to the company and/or driver³.
24. Implementing this proposal will help to improve the cash-flow to the Exchequer because more tax would be paid in advance and it would also reduce annual administrative savings worth between **£2 million** and **£5 million** for our members. We also estimate an immediate **£4.5 million** annual saving for the DVLA as it would no longer have to print and distribute the tax disc. There would, of course, be additional cost savings for the DVLA, over the longer term, as VED renewals are no longer required to be processed annually.
25. VED in the first year is paid when the vehicle is registered, normally by the motor dealer on behalf of the owner, through a computerised system which registers and licences vehicles. This system could also take the payment for years two and three for leased vehicles, with little or no cost. This would reduce the number of transactions for members by a staggering **4.6 million**.
26. 80% of leasing members relicensing transactions are conducted electronically and 20% are at the Post Office or DVLA's local office. If the cost benefit analysis was extended to all fleet vehicles the volume of transactions would grow significantly. The cost savings for our members over two years in removing these transactions would therefore total approximately **£3 million**.
27. The average fleet car CO₂ emissions is 139g/km. the vehicle tax rate for vehicles in Band E in years two and three is £120. The Exchequer's cash flow will therefore be boosted by **£345 million** in year one of the lease agreement. For vans the improvement in cash flow would be approximately £63 million for the Exchequer. For heavy goods vehicles the improvement in cash flow would be approximately **£22 million** for the Exchequer. This could therefore represent a total cash flow benefit of **£430 million** that could be re-invested by the Treasury to support wider public financing.
28. There would be additional savings each year for the DVLA and our members as there would be a reduction in printing and processing of tax discs for the Agency as outlined below:
- Printing tax discs, 70p per disc – £966,000⁴
 - Posting tax discs, 45p per discs – £558,000
 - Staff costs, 50p per discs, £690,000
 - Payment processing, 45p per disc – £621,000

³ See comments in para 11 & 20

⁴ Based on a fleet size of 1.38 million vehicles



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3. Remove all paper notifications

Estimated Annual Savings	
DVLA	£7 million
Industry	£10 million

29. The volume of paperwork which our members have to deal with each year from the DVLA places an excessive administration and cost burden on them. As summarised below, our members currently deal with over 5 million separate transactions involving paper notifications and payment with the DVLA.
30. Savings in the region of **£17 million** could be achieved for both our members and the Agency if some of the few simple solutions which we have detailed below are implemented. The table below highlights that various documents that are required for every single vehicle on their fleet. Each document may have to be filled in, acknowledged, action taken and filed securely for future audit and compliance purposes.

DVLA Documents	Leasing industry total per year	Rental industry total per year
1. V5C – Vehicle Registration Certificates	500,000	350,000
2. V14 – Road Tax refunds/SORN applications	480,000	336,000
3. Road Fund Tax refund cheques	480,000	336,000
4. SORN applications where no refund are needed	10,000	7,000
5. SORN acceptance letters sent by DVLA	490,000	343,000
6. Transfer / Sale notifications by members	500,000 ⁵	350,000 ⁴
7. Letter acknowledging transfer / sale of vehicle	500,000	350,000
Total	2,960,000	2,072,000

31. *Reduce the current paper burden for fleet vehicles* – a few simplified procedures, for example sending spread sheets via secure email to notify the DVLA of the vehicles to be SORN'd or disposed of, could remove the majority of this paperwork and save the DVLA over **£7 million** each year and businesses around **£10 million** per annum. The key benefits would be improved accuracy of the DVLA database, quicker updates to the DVLA database, improved road safety and compliance and reduced costs.

⁵ 10,000 vehicles for leasing and 7,000 vehicles for renting may be disposed of immediately with no tax needing to be refunded or for the vehicle to be SORN'd.



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4. Electronic Purse – efficient means of refunding and purchasing VED

Estimated Annual Savings	
DVLA	£4 million
Industry	£4 million

32. Our members receive approximately 816,000 different cheques each year from the DVLA for VED refunds for vehicles they have been sold or disposed of. The estimated cost of processing and banking these cheques is in the region of **£8 million** for the DVLA and members. Quite often, the money banked is used to purchase new tax discs via Direct Debits.
33. In August 2007, we met with the previous Chief Executive of the DVLA and were asked to commit our own funds, £125,000, to an investment programme for developing pre-funded accounts for members. The funds were to develop a pre-funded account solution for monies going between the DVLA and members for tax and looking at reducing the paper burden mentioned above.
34. This solution has never been developed or taken forward despite the obvious cost savings for both the DVLA and members. Our understanding of why this was never taken forward related to issues of ownership between VOSA and the DVLA with regards to the commercial portal. Key benefits of this solution would be improved compliance for registration and licensing of vehicles.
35. **V14 Refund Process** - If these paper based processes are removed our members should be able to process refund requests online or electronically by quoting the tax disc reference number as validation. The DVLA could then pay all refunds electronically and issue a statement for validation purposes detailing refund amounts and Vehicle Registration Mark in a CSV format. Our members could also elect to allow the DVLA to retain the amount payable and instead allow it to be used to purchase of new tax discs.
36. If the V14 refund request is declined, we would suggest that the rejection is sent electronically or automatically so that our members can further investigate. This would help to reduce the need for our members to contact the DVLA. This improves efficiency by removing all manual queries.



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5. Issuance of the Vehicle Registration Document (V5C)

Estimated Annual Savings	
DVLA	£6 million
Industry	£3 million

Permanent Suppression of the V5C

37. Our members have no requirement for the vehicle registration document. The V5C would sit in a secure location for the entire duration of the lease or for the period the vehicle is being operated by the daily rental firm. Once the vehicle is ready to be sold, our members will need to locate the V5C and pair it up with its corresponding vehicle prior to its sale or disposal.
38. Since 2006 we have been questioning why our members need to receive a physical V5C document. The information contained in the V5C could, for example, be sent to our members electronically to be uploaded into their IT systems. Such a move would also improve compliance as errors could be spotted electronically as opposed to the current manual visual review of each certificate. If this were to happen then we feel the accuracy of the vehicle records could be enhanced by our members being able to proactively notify the Agency of errors or omissions electronically.
39. A permanent suppression of the V5C to our members would help to reduce the number documents that the Agency has to print and post. Not having to issue the V5C could save the DVLA approximately **£6 million** per annum and reduce the handling and associated storage cost by up to **£3 million** per annum for our members.

V5C on Demand

40. If our members were still required to sell the vehicle with a V5C, then we will need reassurance that the V5C could be issued on demand by the DVLA. Any delay incurred in receiving the V5C would delay the sale and adversely impact the sale value of the vehicle.
41. We would also encourage the DVLA to review how other Government tax and enforcement agencies, Police and local authorities could be issued with electronic access to the vehicle record to verify the information held by the DVLA as this would remove the need to produce the V5C.

V62 process

42. If the issuance of the V5 was suppressed, then this would help to remove the V62 process and therefore the need to apply for a duplicate.



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6. Modernisation of Services

Northern Ireland

43. We understand that the DVLA is looking to ensure that all vehicles in the UK will be registered and licensed through a single common platform through the DVLA in Swansea. We welcome the proposal and agree that this would help to remove the need to have separate processes for vehicles registered in Northern Ireland.
44. If the processes for Northern Ireland are being changed to a single common process, then we would also ask that the requirement for our members to have the vehicle registered at an address in Northern Ireland is also removed and that our members can simply use their existing DVLA fleet number. Currently vehicles have to be registered Northern Ireland address if they are being operated in that part of the UK for more than 12 months in duration.
45. We also welcome confirmation that the vehicles being operated in Northern Ireland do not have to be re-registered when they are sold in other parts of the UK and if the rules on cherished plates will also change. Currently, our members are unable to put a private plate on retention if the vehicle is registered in Northern Ireland.
46. If the intention is to have all Northern Ireland vehicles registered at DVLA Swansea, then we need clarity as to what would happen to existing vehicles with Northern Irish number-plates that are not currently registered with our members' fleet number or UK addresses. We do look to the DVLA to assist in the identification and re-registration of these vehicles during any such migration.

Duplicate Road Tax Discs

47. Notwithstanding our request for the non-display of the tax disc, our members have suggested that they are able to request a duplicate tax disc electronically.

V955/V956 – Acknowledging Receipt of V5

48. We would encourage the DVLA to suppress the issuance of the V955 and V956 and for our members to receive this electronically and in bulk.

Cherished Number Plate

49. Our members encourage the DVLA to simplify and automate the process by which cherished number plates are currently managed. In doing so would help to reduce administration and cost to the DVLA which we trust would be fairly reflected with a reduction in the fees currently charged.
50. We also would encourage the DVLA to explore the possibility to use the fleet operator's pre-funded account or Direct Debit or BACS payment.



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DVLA e-Forms

51. We query whether the forms our members currently use could be completed online and or completed in bulk and returned electronically. Also, some of our members who currently print out V14 and V20 forms prefer to use their system to automatically populate the forms.

V712

52. Given the importance of our members having to respond to the V712 letter (requesting to change the vehicle keeper details), we would encourage the DVLA to issue such notification electronically. This would ensure V712 notifications lost in the post does not result in our members vehicles being incorrectly re-registered. An electronic communication to and from the Agency would therefore enable our members to respond to the DVLA swiftly and within the 14 day time limit.

Re-Licensing

53. We would encourage the DVLA to allow our members to use the existing automatic fleet relicensing service to tax vehicles that are over 3 years old and to extend this to include heavy goods vehicles. We feel that the taxing of a vehicle is a taxation payment and should be decoupled from the periodic roadworthiness test (MOT). It is not uncommon for the date a vehicle is due to be taxed and the date it is due for an MOT to be different.
54. We appreciate that the list of vehicles sent to the DVLA for relicensing may contain errors and would therefore be excluded from the automatic relicensing and would have to be manually relicensed locally. It would be preferable for the list of vehicles to be excluded, if it contains errors, to be returned to our members who can correct the file and re-submit.

Diplomatic Number Plates

55. We question what alternative to the local office will be available for registering and processing of diplomatic plates. We understand that the DVLA may be looking to obtain support from the Foreign Office – this is likely to be only acceptable where registered keeper's address is in London. We therefore require the DVLA to offer assurances that there will be continuity of service at a national level.

Closing Comments

56. Our proposals aim to cut red tape and the associated costs in dealing with the Agency. Implementing our suggestions will enable both the Agency and our members to enjoy cost savings with the added benefit of making it easier to comply with the law. We hope our response helps to clarify our concerns and we would be happy to assist with any additional information the Agency may require.



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About the Industry

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Bona-fides BVRLA, the Industry and its Members

- The BVRLA is a trade body for companies engaged in the leasing and rental of cars and commercial vehicles. Its Members provide short-term self-drive rental, leasing and fleet management services to corporate users and consumers. They offer a combined fleet of 2.5 million cars, vans and trucks, buying 44% of all new vehicles sold in the UK.
- Through its members and their customers, the BVRLA represents the interests of more than two million business car drivers and 10 million people who use a rental vehicle each year. As well as informing the Government and policy makers on key issues affecting the sector, the BVRLA regulates the industry through a mandatory code of conduct.