



## User Experience of the Government Motoring Agencies

### Opening remarks

The BVRLA welcomes the opportunity to comment on the Transport Committee's inquiry into the user experience of the Government motoring agencies and pleased that our suggestion for this subject was of interest to the Committee.

Our members are key users of the Government's motoring agencies, interacting over 6.1 million times each year with the agencies. The industry requires on average one million cars and vans each year to undergo a periodic safety inspection and puts around 100,000 Heavy Goods Vehicles through their annual test. The industry uses the DVLA services on over 5 million different transactions each year to register new vehicles, tax and notify of disposal of vehicles to ensure keeper records are correct and check driving licence details. The above fee transactions total around £120 million each year. Many of these transactions still take place on a paper basis, requiring forms to be manually completed.

The full-service vehicle leasing and short-term rental sector contributes in excess of £14.3 billion in gross value-added to the UK economy. This contribution is the sum of the individual impacts of the operations of the industry itself, the UK-made vehicles it purchases, the use of UK-made engines, the activity in dealerships, and its impact on the used-car market. This value-added supported over 183,000 jobs in the UK. This is a lower ratio than for GDP and reflects the higher productivity activities associated with the vehicle leasing and rental sector than for the economy as a whole.

Improving the services offered by the motoring agencies will help the full-service vehicle leasing and short-term rental sector offer increased opportunity to improve productivity, enhance road safety compliance and return greater value to the UK economy through innovation.

We believe improved services will help our members reduce their operating costs. This can be secured through short term efficiency savings if the agencies were to alter the way they delivered their services. In addition, by implementing stable and resilient longer term changes to the structure and organisation of all the current motoring agencies this will, we believe, deliver reduced costs to both the Government and motorists and at the same time enhance the user experience.

We believe that the committee should be exploring a number of different options as part of this inquiry, these include:

- ♣ A review of the responsibilities of the Government motoring agencies to remove duplication
- ♣ A move to electronic services as a priority for all aspects of motor vehicle administration
- ♣ Introducing the ability to purchase VED for multiple years

- ♣ A wholesale review of HGV testing to ensure that Authorised Testing Facilities are a long term success
- ♣ MOT vehicle testing - a review of access to MOT test data and wider distinction of vehicle type to improve road safety and provide greater data transparency
- ♣ Ensuring that the impact of cutting costs within Government is a win for businesses as well

## Review of responsibilities of the Government Motoring Agencies

Over the longer term, we believe the Transport Committee should press the Government to question the core role of its executive motoring agencies and to remove all unnecessary duplication of activities by conducting a detailed root and branch review. This would help create a one-stop-shop for motorists for all their motoring needs and improve compliance.

Our view is that the DVLA is effectively a holder of vehicle keeper and drivers details and they should therefore have sole responsibility for managing and keeping those records and databases up to date.

The Driver and Vehicle Standards Agency (DVSA) should, as the enforcement body for road safety focus solely on all enforcement issues relating to vehicles and drivers. This would, for example, mean areas such as fines for VED evasion, continuous insurance enforcement and continuous vehicle registration are all enforced by DVSA.

The DVLA would take responsibility for all data relating to vehicle registration and driving licences. Efficiencies for Government would be delivered through a streamlined enforcement approach, removal of duplication and shared functionality and intelligence.

From a motorist and business perspective this back office functionality should be fronted by one portal, a “one-stop-shop”, which allows a business to transact with Government on all aspects of a vehicle from it being registered, taxed, taking an MOT/Annual Test or being disposed of.

By making these longer term improvements to the service we believe that the Government will help support innovation and growth within UK businesses and particularly for the full-service vehicle leasing and short-term rental sectors by reducing the administration burden currently faced by the sector.

The above approach will also help Government with their own objectives of cutting red tape, offering a high quality service, enhancing compliance and putting the customer at the heart of their service delivery.

Below is a sample diagram showing how the responsibilities for DVSA and DVLA could be split

DVLA	DVSA
Vehicle data	Continuous licensing enforcement
Driving licence data	Graduated fixed penalties
Fleet services	Continuous insurance enforcement
Whole vehicle type approval	All other motoring offences

DVLA	DVSA
MOT testing data	Operator licence
	HGV Road User Charge
	MOT testing standards
	Vehicle safety recalls

We believe this approach would help Government provide a service for motorists which recognises their needs and benefits. For the Government it will reduce the need for duplicate systems, reduce enforcement and IT budgets and improve road safety through greater compliance.

### **A move to electronic services as a priority for all vehicle administration**

We support the work the DVLA is progressing in transforming its services and welcome the DVLA's 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 the targeted £100 million.

We recognise that a modern, electronic system not only has benefits for individuals but for all motorists who carry out business with the Agency and it will make it easier for businesses and motorists to comply with the law.

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 significantly widen the services it is able to provide electronically. 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.

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.

Furthermore, by implementing the changes outlined in our response the fleet sector will be able to interact with the DVLA electronically and help to secure cost savings to business in excess of £19.5 million each year. These savings will help to underpin the Government's wider agenda of supporting growth and jobs in the UK.

An electronic approach for the services from the DVLA for fleets would reduce vehicle administration for Government and businesses with the added benefit of improving accuracy of the vehicle keeper database. We there would welcome the support of the Transport Committee in taking this forward.

Our recommendation is that the Transport Committee encourages the DVLA to invest in a fleet portal which allows fleets to conduct the following key tasks:

- ♣ Register a vehicle
- ♣ Receive an electronic file of vehicle registration data
- ♣ Apply and pay for VED for a vehicle via a pre-payment account
- ♣ Receive refunds for VED via a pre-payment account
- ♣ Notify of vehicle tax class changes
- ♣ Notify of change of address
- ♣ Notify of vehicle disposal into trade
- ♣ Notify of SORN
- ♣ Notify of new keeper details

This should all be done on a bulk basis and would allow fleets to efficiently and effectively manage their vehicles. By introducing this portal the below cost savings will be achieved and benefits will be delivered.

Reduction in paper notifications <sup>1</sup>			
<b>Problem</b>	Over 5 million separate transactions involving paper notifications and payments to DVLA.	<b>Solution</b>	Electronic notification for fleet owners by DVLA
<b>Cost savings</b>	Businesses – £10 million DVLA – £7 million	<b>Benefits</b>	Road safety Accuracy in vehicle register, in a timely manner
Prepayment account – refund and purchase of VED			
<b>Problem</b>	BVRLA members receive 850,000 cheques from the DVLA each year for VED refunds	<b>Solution</b>	Provide a pre-funded account for VED payments so that money owed can be used to pay for future VED payments
<b>Cost savings</b>	Businesses – £4 million DVLA – £4 million	<b>Benefits</b>	Swifter payment and refunds of VED Improve cash flow for DVLA.
Receive an electronic file of vehicle registration data			
<b>Problem</b>	The vehicle registration certificate is not generally used by the fleet industry and only required when the vehicle is sold	<b>Solution</b>	The DVLA could send an electronic file of the V5 data to fleet owners when a new vehicle is registered this could then be verified against a fleet owners system to ensure data accuracy

<sup>1</sup> This includes changes of address, notification of a vehicle being disposed of into trade, SORN or new keeper details.

<b>Cost savings</b>	Businesses – £3 million DVLA – £3 million	<b>Benefits</b>	Improve data accuracy as errors on the vehicle database will be spotted and corrected easily. A more accurate database will also assist with vehicle recalls, traffic enforcement, continuous insurance enforcement, etc.
<b>Road Tax – multi-year road tax</b>			
<b>Problem</b>	Limiting road tax to annual payments does not reflect the needs of fleets	<b>Solution</b>	Allow road tax to be purchased on a multi-year basis
<b>Cost savings</b>	Businesses – £2-5 million Improved cash flow to the exchequer by £22 million	<b>Benefits</b>	Compliance peace of mind for businesses. Improve cash flow for the Exchequer. Reduction in cost for government

### What would be the benefits of multi-year road tax?

Our members would benefit from the ability to purchase a multi-year road tax as they lease vehicles for periods of more than one year. Being able to pay road tax up-front for the full duration of the lease term (typically three years) would substantially reduce administrative costs, as they currently have to purchase the VED annually.

This step would improve cash-flow to the Exchequer because more tax would be paid in advance and it would also bring annual administrative savings worth between £2 and £5 million for our members. We estimate there will be savings for the DVLA, as it will no longer have to process renewals annually.

### How are the cost savings calculated?

Road tax in the first year is paid when the vehicle is registered, normally by the motor dealer through a computerised system which registers and licences vehicles.

This system could also take the payment for years 2 and 3 for leased vehicles, with little or no cost.

This would reduce the number of transactions for members by 4.6 million. 80% of leasing members vehicle relicensing transactions are conducted online and 20% are at the post office. If the cost benefit analysis was extended to all fleet vehicles the volume of transactions would grow significantly.

The cost savings for members over two years in removing these transactions would therefore total approximately £3 million.

### Improvements in cash flow

The average fleet car CO<sub>2</sub> emissions are 123g/km in 2012. The vehicle tax rate for vehicles in band D in years 2 and 3 is £100. The Exchequers cash flow will therefore be boosted by £300 million in year 1 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.

### **A wholesale review of HGV testing**

We support the introduction of the Authorised Testing Facility (“ATF”) scheme in so far as it helps to ensure that the location a heavy goods vehicles (“HGV”) can be tested is closer to the point of maintenance and inspection.

To ensure this objective is truly effective, HGV operators, owners or maintainers, as applicable, will need to make the necessary investment to develop their premises into ATFs. Under this arrangement DVSA will need to ensure that it is able to supply testing staff at levels and times that are sufficient to meet the ATF owner’s testing requirements and needs. We have real concerns whether DVSA is in fact able to meet this requirement. The reliance and dependency placed on DVSA by ATF site owners is likely to dilute the effectiveness of the scheme and weaken the business case to become an ATF site owner.

We remain concerned that DVSA will be unable to fully deliver the benefits for vehicle owners and operators, as it will, for example, be unable to provide testers during periods of high demands and on a day or time required by the ATF owner. This mismatch between demand and supply of HGV testing requirements is likely to erode DVSA’s key objective and will undermine growth in the number of ATF sites being available across the UK. Unless this situation is carefully rebalanced then we believe it will lead to a reduction in testing sites being widely available and an erosion of choice leading to an uncompetitive testing environment.

It is on this basis that we strongly suggest that the Transport Committee recommends that the Government considers the proposal which the BVRLA, together with other industry trade bodies, outlined in a letter to the Transport Minister in 2010. Under this proposal it was suggested that the Department for Transport should adopt the testing model currently available today for motor cars and light commercial vehicles where the roadworthiness test is carried out by approved individuals or accredited testers as employees of the ATFs owner.

Adopting our suggested approach will not only enhance the choice of testing locations available, but will help to foster healthy growth of ATF sites across the UK. The success of this approach will be supported by the fact that ATF owners will be in direct control of the time and day the tester is available to meet the testing needs. In addition, there will be improved efficiency of HGV use through reduced vehicle downtime. Despite DVSA’s best efforts, we do not believe this level of flexibility can be realistically delivered by DVSA staff without radically changing the terms of existing employment contracts.

The existing testing model for car and vans already has stringent approvals and is fully overseen and audited by DVSA. This approach has stood the test of time in terms of both standards and road safety outcomes. Furthermore, the cost savings under this approach will benefit truck owners, operators and the UK economy as a whole. These cost savings can be realised through the following:-

- ♣ greater flexibility as to the time and day when testing can take place
- ♣ improved efficiency through less restrictive employment requirements for the testers
- ♣ reduced fees for testing
- ♣ greater choice in testing locations

In addition, this approach towards testing of HGVs in the UK can be fully supported from a road safety perspective especially as GB-registered trucks are already maintained to a high standard and annual test failure rates, both before and after minor rectification, are at a record low level.

It should also be noted that due to the stringent procedures in place of a full mechanical inspection of a HGV every 6 to 8 weeks, then the annual roadworthiness test is in effect an audit of the inspection and rectification process for HGVs. If one of the key objectives of the ATF approach is to help bring the location of the vehicle test closer to where the vehicle is being inspected and maintained, then unfortunately we do not believe this is being delivered today. We say this as some of our members are reporting the difficulties they are experiencing in being able to book and find an ATF site which is able to meet their needs local to where the vehicle is being inspected or maintained.

This situation will only get worse as DVSA continues with its strategy of closing its own testing sites and there is a poor take up and growth of 'open access' ATFs across the UK. It is therefore time for the industry to be given, and to accept, unequivocal responsibility for high standards of maintenance. The risks and penalties would be much higher in commercial vehicles than for cars and vans – for an in-house workshop, the risk of directly losing good repute; and for a third party workshop, the risk both to reputation and of putting at risk a customer's good repute. Moving towards a system similar to that of cars and vans would, we believe, lead to a further strengthening rather than a diminution of safety standards.

We therefore respectfully urge the Committee to consider recommending the transfer of HGV testing to the private sector, with standards monitored and enforced by an independent body such as DVSA as opposed to the current policy which is only to move facilities to private sector ownership.

### **MOT vehicle testing – a review of data access and wider distinction of vehicle type**

We would recommend that the committee looks at wider use of MOT data to help improve road safety. MOT test result data has been made available by DVSA, however, it is difficult to drill down into the data.

The DVSA is currently conducting a review of its MOT database and potentially changing their IT provider for the database. We believe this provides an excellent opportunity for MOT test data to be more accessible. For fleets this would be very helpful as it would enable them to track data on common failure items, help them manage maintenance budgets more effectively and offer advices to drivers on failure items which could relate to poor or unsafe driver technique.

All cars and vans (up to 3.0 tonne gross vehicle weight) are in one category, it is therefore difficult to conduct detailed analysis on why vehicles are failing and what can be done to improve the failure rate.

## The impact of cutting costs within Government

Whilst we understand that there has been a requirement for Government to cut costs over the last few years and change their services it is important to note the impact this has had on businesses as the impact of this cost cutting has meant an increase in costs on businesses.

We have provided two examples below where a decision has been made to cut costs within the DVLA and these cuts have and will result in an increase cost on businesses.

### Driving licence counterpart abolition

The DVLA is proposing to abolish the counterpart of the driving licence by the end of this year. The data, currently held on the paper counterpart, will be accessible for individuals via a web portal.

Whilst this is fine for an individual the data held on the counterpart is very important for employers and rental companies.

Employers who have employees that drive on company business need access to the data to ensure that their employees have a valid licence and the status of any points or bans on their licence. This is the same for a rental company which needs to determine that anyone driving one of their vehicles meets their rental qualification standards in terms of points and previous offences.

It is currently accessible for free provided the employee or renter produces their counterpart.

We are working with the DVLA on a solution for this but we have concerns about the timescales for implementation and the costs this will place on businesses. We have outlined the indicative costs that will be incurred by rental companies in preparing for the counterpart to be abolished:

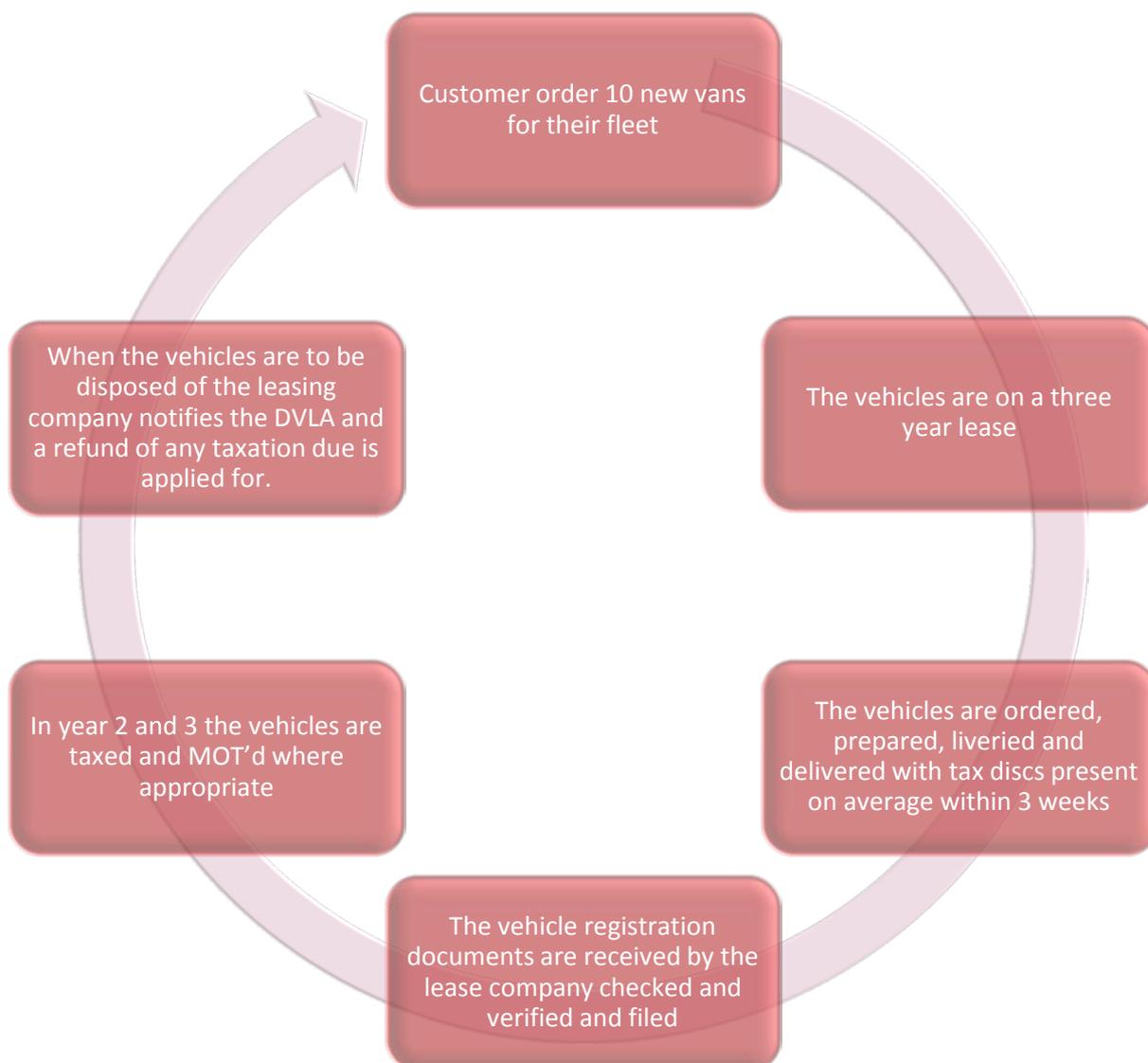
- ♣ System changes
- ♣ Paperwork changes
- ♣ Website changes

### Tax disc distribution at first registration

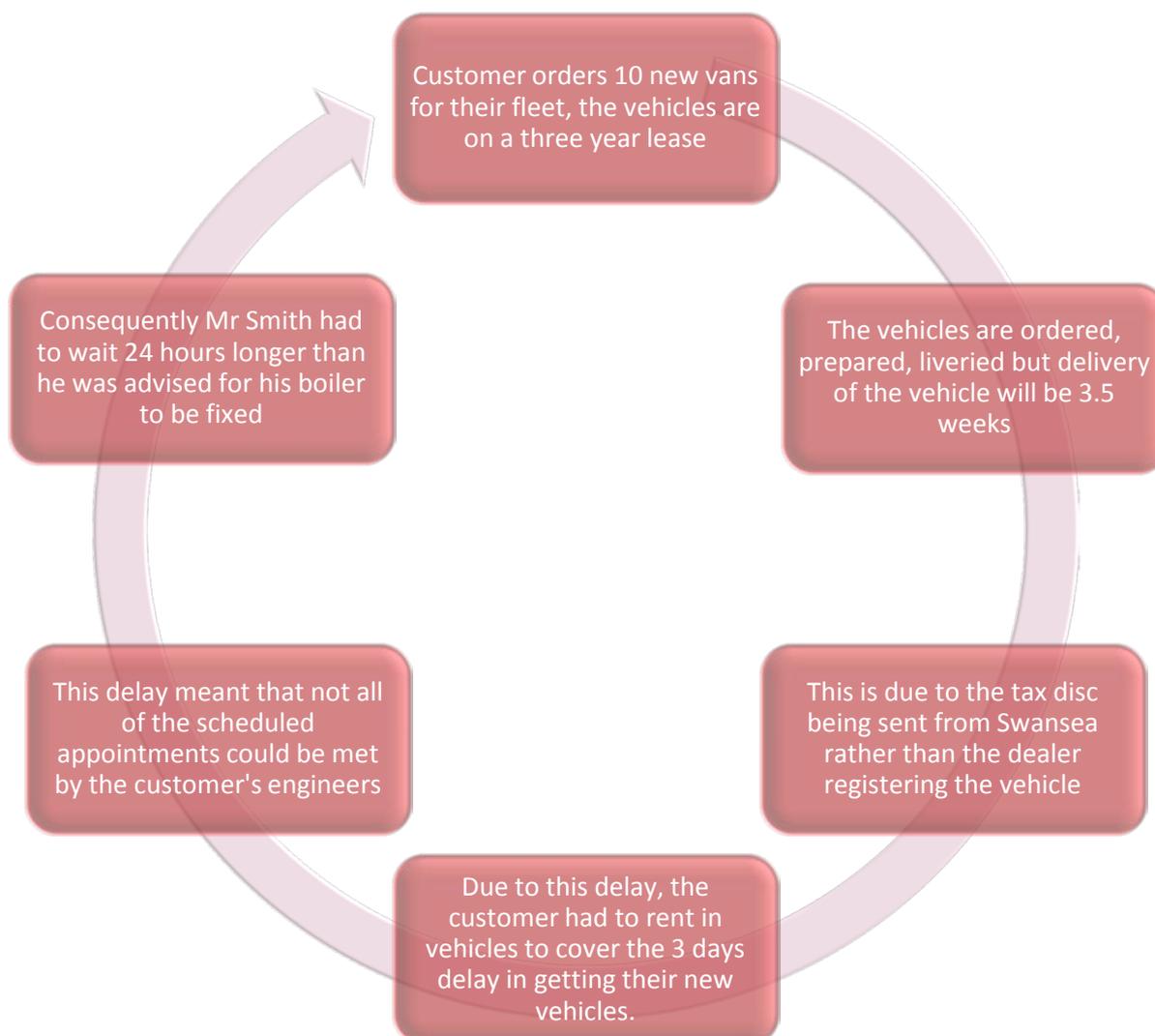
One of the consequences of the DVLA closing its local office network last year was that the motor dealer registering the vehicle was unable to distribute the tax disc at first registration anymore. This resulted in system and process changes for dealers and our members in having to take into account the tax disc being sent directly from Swansea.

This resulted in additional delays for rental and leasing companies in getting vehicles on fleet quickly and efficiently as they could have done previously. The below flow chart demonstrates the typical impact this had throughout the supply chain on businesses and individuals alike.

### Process before local office closure



## Change in process with the local office closure



The above has therefore impacted on jobs within the UK, the growth plans of businesses and the whole process is redundant from October as the tax disc will be abolished.

We call upon the committee to hold the Agencies to account for the costs it places on businesses in making these changes and to receive assurances that in the future cutting red tape within Government will be a “win-win” situation for both parties.

### Specific Questions

- 1. Can these services be accessed when and where they are needed, including by people who do not use digital channels?**

We would suggest that not enough services are available on a digital basis for businesses from the motoring agencies. As we have highlighted above we believe a digital by default strategy is the way

forward for businesses who deal with the motoring agencies and that the fleet portal we are proposing would deliver against the Government's digital by default strategy.

## **2. Are these services affordable and do they provide value for money?**

Currently we would argue that many services are not value for money from the DVLA as they could be completed in a more cost efficient manner electronically. The examples we have provided above where companies are still having to hand fill in forms to notify the DVLA of disposal of a vehicle or to apply for refund or VED are certainly not value for money.

## **3. When things go wrong, are problems dealt with quickly and fairly?**

We would suggest that sometimes this is the case. A good example of problems not being resolved quickly would be when new vehicles are incorrectly registered by the motor dealer and we have outlined a case study below which is an indicative example.

- ♣ 10 vehicles are bought by leasing company A through ABC Garages Ltd. Leasing company A has a fleet code registered with the DVLA which is 1234
- ♣ The vehicles are registered incorrectly by the dealer to leasing company B whose fleet code is 1233.
- ♣ The vehicle registration documents are received by leasing company B who on checking their system discovers the 10 vehicles are not on their fleet and they therefore should not be the registered keeper of these vehicles. The vehicle registration documents are sent back to the DVLA to update their records.
- ♣ The DVLA receives this information and changes the status of the vehicles to "in-trade"
- ♣ Leasing company A conducts a manual review of the V5 documents received in and notices they have not received the V5 documents for the 10 vehicles.
- ♣ They contact the DVLA and provide evidence that these vehicles have been purchased by them. The V5 documents are amended and sent out to leasing company A.
- ♣ The above process can take anything from 2-6 months; all the while the DVLA's databases are inaccurate.

The fleet portal we have highlighted about would help to eliminate these issues as a leasing company would be able to tell very quickly if a vehicle had been incorrectly registered. However, we believe that the DVLA could be doing more by contacting the registering dealer (which is stored on the DVLA database) to check who the vehicle should have been registered to.

In addition, it is often not clear for our members who they should approach within the motoring agencies for a response to a query. This is where the trade associations, such as ourselves play a vital liaison role in helping our members get responses.

A solution would be for there to be a dedicated fleet helpdesk within DVLA and DVSA who are able to liaise internally on all queries for that fleet with a commitment to a swift response time. The people on the helpdesks could be trained specifically to understand the different needs of fleets.

**4. How are users affected by the way in which Government agencies are structured to provide these services? What are the pros and cons for users of changing the current structure?**

We have highlighted above how we believe that a longer term a solution would be to conduct a wholesale review of the way the Government agencies are structured to ensure they are responsible for their own areas of specialism.

We believe this approach would help Government provide a service for motorists which recognises their needs and benefits. For the Government it will reduce the need for duplicate systems, reduce enforcement and IT budgets and improve road safety through greater compliance.

**5. How are the needs of service users prioritised, particularly during periods of change?**

We do not believe that they are. For example, with the changes to the tax disc distribution which we mentioned earlier in our response there was little or no consultation or alternatives presented. Fleet users' needs tend to be secondary to the impact of any changes on the individual motorist.

### Closing comments

We welcome the opportunity to continue our constructive dialogue and hope that our comments go some way to adding value to the Transport Committee's inquiry. We would be happy to present our views to the committee and expand on some of the points we have raised.

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