

Driver and Vehicle Licensing Agency

A Hampton Implementation Review Report

January 2010

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This review is one of a series of reviews of regulatory bodies focusing on the assessment of regulatory performance against the Hampton principles and Macrory characteristics of effective inspection and enforcement. It was carried out by a review team drawn from the Better Regulation Executive, the Insolvency Service and the Human Fertilisation and Embryology Authority in June 2009.

Further information about the reviews can be found at:

<http://www.berr.gov.uk/whatwedo/bre/inspection-enforcement/page44029.html>

EXECUTIVE SUMMARY AND CONCLUSIONS

Key findings from the review:

The DVLA demonstrates good overall compliance with the Hampton principles and the management of the organisation shows leadership in promoting the importance of the business customers it services.

The creation of a directorate, Products and Services, to focus specifically on the end-to-end services provided to businesses, represents a very positive step in further pursuing the Hampton agenda and responding to business stakeholder concerns.

A successful Industry Liaison Group allows the DVLA to seek the views and feedback of key businesses and the organisations which represent them and share DVLA plans.

The approach to inspections of number plate suppliers shows clear evidence of risk-based, intelligence-led inspections and demonstrates very effective cooperation with other bodies. Prosecution is only used after advice and warnings are issued.

There are some excellent examples of the DVLA using the flexibility allowed in the legislation to lower the burdens on businesses:

- The use of probationary and short-term trade licences.
- The fleet re-licensing scheme allowing operators of vehicle fleets to relicense vehicles in bulk.

Issues for follow-up identified during the review:

The key follow-up issues identified during the review are:

- The ability for businesses to apply electronically would provide additional savings for businesses and the DVLA.
- The DVLA should focus on how measurements could be made which allow an assessment of the effectiveness of the register of number plate suppliers and the abuse of trade licences.
- The need for continued cooperation between the DVLA and DfT to identify where legislation restricts the ability to reduce the burdens on

business.

- The DVLA, through the Products and Services Directorate, should evaluate the further development of the fleet re-licensing scheme to deliver further savings.
- The need for consistency in appeals when refused the renewal of a trade licence with the refusal to issue a licence.

INTRODUCTION

Introductory background information about the regulator such as the rationale for establishing it:

The Driver and Vehicle Licensing Agency is an Executive Agency of the Department for Transport and has been operating as a Trading Fund since 2004.

The DVLA is part of the Motoring and Freight Services Group of DfT.

DVLA activities include the following:

- Maintain records of drivers and registered vehicles – data is held on 43 million drivers and 36 million vehicles
- Issue licences to drivers and maintain details of their driving entitlements
- Maintain records of driver endorsements, disqualifications and medical conditions
- Issue registration certificates to vehicle keepers
- Collect and enforce Vehicle Excise Duty
- Facilitate the police and intelligence authorities in dealing with vehicle-related crime
- Issue vehicle registration marks
- Sell attractive vehicle registration marks

Some areas of DVLA work impact on businesses, although the majority involves the general public. As the purpose of the Hampton Implementation Review is to examine the burdens imposed on businesses the review focused on three areas of DVLA activity:

1. Fleet Re-licensing Scheme
The DVLA has implemented arrangements by which registered fleet operators can undertake bulk re-licensing of vehicles, thus avoiding the overhead of re-licensing them individually.
2. Register of Number Plate Suppliers
The DVLA administers a scheme under which suppliers of vehicle number plates are required to register. The Register is intended to ensure that plates are only issued to those with a right to use them.
3. Trade Plates
This is a concession under which motor traders can use trade plates to avoid having to register individual vehicles which are

temporarily in their possession.

The DVLA has recently established a Products and Services Directorate (P&SD) to investigate ways of improving services to businesses by focusing on the end-to-end customer experience for each process. The Directorate is also providing a key interface to the agency for business customers.

The legislation establishing the regulator:

A registration system for motor vehicles was first implemented under the Motor Car Act 1903 with changes introduced under the Roads Act 1920.

The DVLC was first established as a result of the 1969 Vehicle and Driving Licenses Act which included the computerisation and transfer from local record keeping to national registration.

The Registration of Number Plate Suppliers was established in 2003 under Part 2 of the Vehicle (Crime) Act 2001.

The regulator's statutory remit or objectives:

DVLA was set up to underpin road safety and general law enforcement by maintaining central accurate registers of drivers and vehicles, and collecting Vehicle Excise Duty.

The regulator's budget:

The DVLA budget for 2008-09 was £635 million and is mainly funded from driver and vehicle licensing fees.

Number of staff (including breakdown of policy and frontline staff):

DVLA main headquarters is located in Swansea with a network of 39 Local Offices across the country. The Agency, including the DfT Shared Service Centre based within DVLA, employed 6,166 (5,916 excluding Shared Services staff) full-time equivalents on 31 March 2008. Of the total staff, 4,710 are employed in Swansea.

The sectors and number of businesses regulated either directly or indirectly:

The majority of the work of the DVLA focuses on private individuals. The areas of DVLA work with most impact on businesses are:

- Fleet re-licensing - 500 companies with 2.5 million vehicles.
- Register of Number Plate Suppliers - 40,000 businesses are registered.
- Trade Plates - Approximately 75,000 trade plates issued to 50,000 active traders.

THE HAMPTON VISION

“Both the Hampton and Macrory reports are concerned with effective regulation - achieving regulatory outcomes in a way that minimises the burdens imposed on business. Key to this is the notion that regulators should be risk-based and proportionate in their decision-making, transparent and accountable for their actions and should recognise their role in encouraging economic progress.”

Any findings relevant to whether the review team believes the regulator is risk-based:

Some areas of DVLA activity show clear evidence of being risk-based. The enforcement activity associated with the Register of Number Plate Suppliers, in particular, is very strongly intelligence-led and risk-based and shows effective collaboration with other bodies.

Any findings relevant to whether the regulator is transparent and accountable:

The DVLA has established an Industry Liaison Group which meets twice a year and is the principal means of seeking the views of, and communicating with, business. The formation of the “Products and Services” division also provides clear ownership of the DVLA relationship with businesses.

There is no published enforcement policy, although a policy for the Register of Number Plate Suppliers is in the process of being developed.

This report recommends that the DVLA should develop the Industry Liaison Group further and use the input of businesses to improve some areas of guidance. A stakeholder engagement strategy may help put the Agency more on the front foot when dealing with businesses.

Any findings relative to whether the regulator encourages economic progress:

The DVLA regulates a number of businesses and has clearly shown a willingness to respond to the needs of business through the introduction of the Fleet Re-licensing Scheme and in the way the Register of Number Plate Suppliers is administered.

Stakeholder groups have shown a real desire to see improvements and extension of the service offered to fleets. A service which makes sense when applied to individuals with a single vehicle is clearly a substantial overhead when applied to several hundred or several thousand vehicles at a time. At least one

recently deferred project would deliver business savings.

Whilst appreciating that there are technical and cost implications for many of the improvements discussed, we believe that the formation of the Products and Services division will help improve the relationship with business. We do note that any improvements in services for business customers need to be mirrored by financial savings for DVLA.

DESIGN OF REGULATIONS

Hampton Principles

“All regulations should be written so that they are easily understood, easily implemented, and easily enforced, and all parties should be consulted when they are being drafted.”

“When new policies are being developed, explicit consideration should be given to how they can be enforced using existing systems and data to minimise the administrative burden imposed.”

Key findings on
Design of
Regulations:

Fleets

DVLA adds no burdens over and above regulations and is working to reduce the burden where flexibility in legislation allows.

The fleet re-licensing scheme has been successful in decreasing some burdens on business. The ability to extend the scheme is, to some extent, limited by legislation.

Register of Number Plate Suppliers

We believe the policy decision to open the register to all existing suppliers was a sensible one and the policy appears designed to minimise burdens on businesses. The downside is that there is no test of the suitability of applicants to join.

It appears to the review team that the inability to tackle unregistered suppliers, or remove suppliers from the register is a constraint on the DVLA. We recognise that the DVLA does work effectively with Trading Standards and the Police to overcome this.

Trade Plates

The regulations covering display of trade plates seem outdated in the way that they relate to modern vehicles and appear to be very difficult to enforce.

In the event of serious abuse, the DVLA can refuse to renew the trade licence in future. However, there is no ability to immediately revoke licences in the event of serious abuse.

If an initial application for a trade licence is refused

by the DVLA, there is a defined appeal process through DfT. No such process exists when renewals are refused which appears inconsistent.

Background information such as the regulator's role in developing regulations:

The DVLA has a role in developing regulations, however, most originate in the Department for Transport. This can limit the flexibility available to the DVLA when improving the service offered to businesses.

Example of good practice:

The Register of Number Plate Suppliers appears to have been introduced with little disruption or overhead to existing suppliers. Following business feedback, the scheme has been extended to fleets with over 50 vehicles.

The fleet re-licensing scheme shows good use of the flexibility available within the legislation to reduce the burdens on businesses.

Review findings:

The extent to which the review team believes the regulator is acting in line with the Hampton principles:

The review team considers that the drafting of some regulations limits the flexibility available to the DVLA when introducing efficiency and service improvements.

Where flexibility does exist the DVLA does appear to seek to minimise burdens.

ADVICE AND GUIDANCE

Hampton principle

“Regulators should provide authoritative, accessible advice easily and cheaply”

Key findings on Advice and Guidance:

Fleets

There is currently insufficient information and guidance on the re-licensing scheme available. This is being developed and will be available on Business Link. In particular, the size of fleet which qualifies for the scheme does not appear to be clearly communicated.

Internal processes for handling enquiries from businesses could be improved.

Register of Number Plate Suppliers

Good information is available regarding the service, and guidance on the application process and form is good.

Inspection reports include the provision of advice and may include additional leaflets and posters, although a limited number of suppliers are visited owing to the resource available.

Trade Plates

The application forms are well designed and drafted. It is easy to find guidance notes on the DVLA website or on Business Link. However, the guidance would benefit from redrafting to make it easier for customers to understand their statutory obligations.

The Agency has plans to review trade licensing and to involve businesses in that process.

Background information such as the means by which the regulator provides advice and guidance:

Advice and guidance is available from the DVLA website, Business Link or from DVLA offices.

Example of good practice:

Although guidance is available via the DVLA website and Business Link, the network of Local Offices provide a further source of advice for businesses requiring trade licences.

Review findings:

The DVLA demonstrates good compliance with this principle, though we do recommend some areas for improvement. These are generally being addressed.

The extent to which the review team believes the regulator is acting in line with the Hampton principle:

DATA REQUESTS

Hampton principle

“Businesses should not have to give unnecessary information or give the same piece of information twice.”

Key findings on Data Requests:

Fleets

The provision of information for re-licensing of fleet-owned vehicles has been greatly simplified by the actions of the DVLA. The scheme could be further developed and extended to become a much more attractive offer for both DVLA and businesses.

Register of Number Plate Suppliers

Minimal data is requested from the trade participants, although the ability to submit electronic applications would be an advantage.

Trade Plates

The information requests of applicants appear to be proportionate, although electronic submission would be a useful development.

Background information such as the data required by the regulator; the means by which business can return data, etc:

Fleets

The fleet re-licensing scheme allows registered fleets to undertake bulk re-licensing of vehicles. A manual scheme is offered to operators of more than 50 vehicles and an Electronic Data Interchange (EDI) based electronic service to fleets of more than 1000 vehicles. It is limited to vehicles which are in the Private Light Goods (PLG) category and less than three years old. Other data required, such as Statutory Off Road Notifications, are not catered for.

It is relatively burdensome to join the electronic scheme, mainly as a result of the EDI technology still used.

Register of Number Plate Suppliers

Applications to join the Register require only a reasonable amount of data and are completed by a paper form available by calling the DVLA or downloadable from the DVLA website. The absence of the requirement to apply for annual renewals keeps data requirements to a minimum.

Trade Plates

Applications for trade licences and annual renewals must be submitted on hard-copy forms.

Example of good practice:

Fleets

The fleet re-licensing scheme was introduced as a way of making it easier for businesses to submit the information required to re-license vehicles and has been widely taken up by the industry.

Register of Number Plate Suppliers

An annual renewal of registration is not required as it was considered to be disproportionate.

Review findings:

Fleets

The extent to which the review team believes the regulator is acting in line with the Hampton principle:

The fleet scheme has been widely welcomed by stakeholders. The main shortcomings seem to be in the lack of development beyond the original scope. The limitations of the EDI technology used over current technical options mean the service is difficult to extend.

Extension to vehicles older than 3 years, mainly due to a lack of access to MOT data, means that fleets are required to maintain a separate manual system for older vehicles. As more fleet operators see the opportunity for reducing costs by retaining vehicles for longer periods, this is likely to become more of an issue.

A key stakeholder concern is the failure to extend to include Statutory Off Road Notification (SORN) documentation. Technical issues aside, this appears to be restricted by the way the enabling legislation is phrased. A prescribed form is required to be completed and signed for each vehicle concerned, resulting in a separate confirmation letter and a separate Road Fund Licence (RFL) refund cheque. The ability to submit notifications in bulk and provide electronic refund payments would be welcomed. The sanctions imposed when SORN errors are made increase the stakeholder pressure to automate.

Register of Number Plate Suppliers

The application form is simple and straight-forward but must be submitted in hard copy with no ability for electronic submission.

Although there are advantages for business in not requiring annual renewals, a clear disadvantage for the Agency is that the Register is not regularly updated, may tend to become out of date and include organisations who now longer trade. The relatively low number of inspections taking place, adds to this concern.

Trade Plates

Applications for trade licences do require a lot of information from applicants but this seems proportionate given the benefits of the licence and the scope for misuse.

INSPECTIONS

Hampton principle

“No inspection should take place without a reason.”

Key findings on
Inspections:

Fleet Re-licensing

This scheme is a concession to the industry and it is entirely appropriate that no inspections are carried out.

Register of Number Plate Suppliers

Inspection resources are deployed in a risk-based, intelligence-led manner and work in conjunction with Trading Standards and the Police.

We note that the DVLA has no power to inspect non-registered businesses who they suspect of supplying number plates. The Agency is reliant on local authority trading standards officers for this work.

Trade Plates

It appears to be the intention that every applicant will be inspected, rather than being carried out for a particular reason, although very large, established firms appear less likely to be inspected.

Since Local Offices are responsible for carrying out inspections there may be a lack of consistency between offices. Resource differences may also affect consistency.

Any relevant background information such as the number of businesses inspected; the regulators risk model etc.

Register of Number Plate Suppliers

There are over 40,000 businesses on the Register with inspections carried out by DVLA inspectors working in geographical areas across the UK.

Trade Plates

Inspections are carried out prior to Trade Licences being granted, but not after they have been granted. Local Offices are responsible for both the issuing of licences and the carrying out of inspections, although it seems that not all of the Local Offices necessarily have the resources to carry out inspections, and, if that is the case, they will seek the assistance of other Local Offices.

Example of good practice:

Register of Number Plate Suppliers

Given the high number of businesses on the register, there is clearly a need for inspections to be risk-based and resources are extremely well utilised. The inspectors carry out targeted inspections based on intelligence from police and trading standards offices, but whilst in the area of that targeted inspection they will also visit other businesses, which as well as utilising resources to the best advantage, also assists in gaining further intelligence about the targeted businesses, and may give the business community the impression that there are more inspector resources than actual.

In addition, certain areas are targeted. For example, Boot Fairs have been targeted in conjunction with Trading Standards, and work is being carried out on targeting internet traders.

Trade Plates

Issuing probationary and short-term licences to applicants with a limited history makes good use of the flexibility available.

Review findings:

Register of Number Plate Suppliers

The extent to which the review team believes the regulator is acting

Inspections are risk-based and intelligence led. The DVLA has no powers to inspect those businesses suspected of supplying number plates which are not on the Register, and this has to be left to Trading

in line with the Hampton principle:

Standards or the police.

There are good communications with the police and Trading Standards, for example, mystery shopping at Boot Fairs.

Trade Plates

It seems that the intention is that every applicant will be inspected, rather than being carried out for a particular reason. However, the very large firms will not be inspected.

Because Local Offices are responsible for carrying out inspections there may be a lack of consistency between offices.

SANCTIONS

Hampton & Macrory principles

“The few businesses that persistently break regulations should be identified quickly, and face proportionate and meaningful sanctions.”

“Regulators should be transparent in the way in which they apply and determine administrative penalties.”

“Regulators should avoid perverse incentives that might influence the choice of sanctioning response.”

“Regulators should follow up enforcement actions where appropriate.”

Key findings on
Sanctions:

Fleets

A penalty notice for failing to re-license or declare off road is issued automatically by the compliance side of DVLA, not the Fleet Re-Licensing team. It is therefore understandable that a Penalty Notice is issued. However, stakeholders have expressed concern that there appears to be little flexibility to waive the Penalty Notice when the cause of the failure to re-license a vehicle is simply an administrative error on the part of the company taking part in the scheme.

Register of Number Plate Suppliers

Sanctions imposed are proportionate, particularly the use of guidance and advice, followed by warning letters.

There are limited sanctions available to remove businesses from the Register.

An Enforcement Policy has been drafted.

Trade Plates

Given the seriousness of misuse of trade plates, the enforcement actions are appropriate. However enforcement action is carried out by the police, rather than the DVLA.

There is no ability to immediately take away the right to trade plates - all that can be done is refuse to renew an application. This reduces the effectiveness

of the enforcement actions.

There is a right of appeal if an initial application is refused, but there is no right of appeal if a renewal application is refused.

Background information such as a summary of sanctions available to the regulator and any data on sanctions imposed by the regulator:

Fleets

A failure to pay vehicle excise duty on a vehicle can result in a fine of up to £1,000. When a company is using the fleet re-licensing scheme, administrative errors can occur, for example, vehicles can inadvertently not be re-licensed because they are missed off the bulk applications. Errors can (quite understandably) be made either by the company using the scheme, or by the DVLA team processing the applications. When the DVLA becomes aware that a vehicle is neither taxed nor SORNED, an automatic penalty notice will be issued to the company.

Register of Number Plate Suppliers

Sanctions are available under the Vehicles (Crime) Act 2001. These allow for non-registered businesses who are supplying number plates to be fined, and for registered businesses who are not complying with the Regulations to be fined and to be suspended from the Register.

Trade Plates

If a motor trader misuses a trade plate, the DVLA or the police may prosecute the motor trader. The DVLA takes misuse of trade plates extremely seriously, partly because misuse could result in a loss of licensing revenue, but also because of the ability of vehicles with trade plates to avoid other restrictions, such as number plate recognition.

Example of good practice:

Register of Number Plate Suppliers

The ethos is to provide guidance and advice first, rather than immediately starting proceedings. If the guidance and advice fails, then a warning letter is issued, which may subsequently influence a decision to prosecute. There has been one recent successful prosecution.

Review findings:

The extent to which the review team believes the regulator is acting in line with the Hampton principles and Macrory characteristics:

Fleets

Stakeholders have said that they believe the issuing of fixed penalty notices for every vehicle that is not either taxed or SORNED, even when the omission is due to an administrative error, does appear unfair. It is apparent that errors can arise when dealing with large numbers of vehicles and often having to run a manual system alongside the re-licensing scheme.

The failure is not due to the companies attempting to avoid paying vehicle excise tax, nor an attempt to break regulations.

The DVLA position is that they could not treat business and private individuals differently and run a two-tier enforcement system.

Register of Number Plate Suppliers

Sanctions imposed are proportionate, particularly the use of guidance and advice, followed by a warning letter. There are limited sanctions available to remove a business from the Register.

An enforcement policy is in the process of being developed and an initial draft has been produced.

Trade Plates

Given the seriousness of misuse of trade plates, the enforcement actions are appropriate. However enforcement action is carried out by the police, rather than the DVLA.

There is no ability to immediately take away the right to trade plates - all that can be done is refuse to renew an application. This reduces the effectiveness of the enforcement actions.

There is a right of appeal if an initial application is refused, but there is no right of appeal if a renewal application is refused.

FOCUS ON OUTCOMES

Hampton principle

“Regulators should measure outcomes and not just outputs.”

Key findings on
Focus on Outcomes:

Background
information such as
the regulator’s key
objectives:

The DVLA as an organisation appears to have a clear sense of purpose. There is a comprehensive set of targets against which it is measured, including measures of “customer satisfaction” and there is evidence of the Agency taking action as a result.

Although the vast majority of the DVLA work is focused on private individuals, there is a clear view that business customers are important to the Agency and have differing requirements from those of individuals. Business customer satisfaction is included in DVLA targets.

Example of good
practice:

The DVLA has created a specific division, Products and Services, in order to focus specifically on the issues of business customer satisfaction. This is a clear manifestation of the DVLA’s commitment to address the concerns of business concerning, for example, restrictions of the fleet scheme.

The extent to which
the review team
believes the
regulator is acting
in line with the
Hampton principle:

The DVLA is acting broadly in line with the principle, but would benefit from focusing more on measuring the success of interventions. A low level of abuse of trade plates is claimed but we were not sure of the evidence to support this conclusion.

Effectiveness of the Register of Number Plate Suppliers in reducing vehicle crime is not directly available and it does not address the problem of unregistered suppliers.

**Appendix 1:
Review team
membership**

Catherine Collinson is the Senior Monitor at the Insolvency Practitioner Unit in the Insolvency Service. She has worked for the Insolvency Service for over 20 years and has been involved in the regulation of insolvency practitioners for 7 years.

Juliet Tizzard is Head of Policy at the Human Fertilisation and Embryology Authority and has worked in healthcare ethics and policy for 10 years. She was previously Deputy Head of Medical Ethics at the British Medical Association.

Richard Ward is an Assistant Director in the Better Regulation Executive in the Department for Business, Innovation and Skills. He has previously worked in the private sector as a Marketing Manager in the Information Technology Industry.

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