



## Response to Department for Transport

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## **Response to Department for Transport**

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### **Overview of Response**

The BVRLA is calling for the Government to include the following objectives as part of its motoring services strategy:

#### **Short term objectives**

- Remove the need to display the tax disc – estimated annual savings of £100 million for Government and businesses
- Modernising DVLA services to remove the majority of paper transactions for its customers – estimated annual savings of £17 million for Government and businesses
- Improving the type approval process – introduce an electronic procedure for the administration of the paperwork for the whole vehicle type approval process.

#### **Long term objectives**

- Using private sector testers to conduct HGV annual testing – cost savings of £51million for Government
- Root and branch review of the core role of the executive agencies to remove all unnecessary duplication of work and help Government provide a service for motorists which recognises their needs and delivers real benefits.



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### **Executive Summary**

The BVRLA welcomes the opportunity to comment on the Department for Transport's strategy for motoring services.

Our members are key commercial users of the Government's motoring services which are provided from VOSA and the DVLA. The industry requires on average a 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. Many of these transactions still take place on a paper basis, requiring forms to be manually completed.

We believe this review of the motoring agencies is timely and offers the opportunity for the Government to look at short and long term objectives for its executive agencies which will deliver long term financial stability and efficiency, and deliver better services to all motorists.

The full-service vehicle leasing and short-term rental sector contributed almost £14.3 billion in gross value-added to the UK economy in 2011. 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 or 1 in every 175 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.

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

As we have mentioned we believe these reductions in operating costs and boost to the UK economy can be offered through short term efficiency savings but also by implementing stable and resilient longer term changes to the structure and organisation of all the current motoring agencies and deliver reduce costs to Government and motorists.



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### Short term changes

- **Remove the need to display the tax disc – estimated annual saving of £100 million**

We believe that the need to display the tax disc is essentially redundant in today's modern world where enforcement is carried out electronically. It is worth noting that there are no other tax requirements which obligate the taxpayer to physically display that tax has been paid. In addition, with the introduction of the HGV Road User Levy there is no requirement for a disc to be displayed to demonstrate payment of the levy, therefore the tax disc is redundant for HGVs. We have provided below our detailed justification and cost benefit analysis for this change below.

- **Employing private sector testers to conduct HGV annual testing – cost savings of £61million for Government**

We remain concerned that for authorised testing facilities (ATF) to be truly effective the Government needs to consider alternatives to vehicle examiners being directly employed by VOSA. By continuing to require examiners to be employees of VOSA reduces the flexibility of an ATF owner to be able to provide vehicle testing at times to suit their customer and the ability for them to fully utilise the investment in the facilities. We therefore believe the Government should consider adopting the testing model currently available today for motor cars and light commercial vehicles where roadworthiness test is carried out by approved individuals or accredited testers as employees of the ATFs owner.

- **Modernising DVLA services**

We support the work the DVLA is progressing in transforming its services and wholeheartedly 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 £100 million.

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 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





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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 £30 million each year. These savings will help to underpin the Government's wider agenda of supporting growth and jobs in the UK.

- **Improving the type approval process**

We believe there is an opportunity for the agencies to work together for what would be the first time to streamline and help businesses get vehicles which require type approval on the road quickly, legally and efficiently.

By implementing an electronic procedure there will be efficiencies for both businesses and the Government.

### **Longer term changes**

From a longer term perspective we believe the Government needs to consider the core role of its executive agencies and remove all unnecessary duplication of work by conducting a root and branch review.

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 up to date. VOSA are the enforcement body for road safety and should therefore have sole responsibility for all enforcement issues relating to vehicles and drivers. This would mean areas such as fines for VED evasion, continuous insurance enforcement and continuous registration are all enforced by VOSA. The DVLA would take responsibility for all issues of 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 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.



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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.

The improvements 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 VOSA and DVLA could be split

DVLA	VOSA
Vehicle data	Continuous licensing enforcement
Driving licence data	Graduated fixed penalties
Fleet services	Continuous insurance enforcement
Whole vehicle type approval	All other motoring offences
MOT testing data	Operator licence
	HGV Road User Charge
	MOT testing standards

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.



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### Specific Comments

#### Tax disc removal

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 on 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.

However, notwithstanding the challenge the country faces in reducing the public debt, we feel the time is right to look at modernising the requirement to display a 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 to pursue non-payment of VED. The use of camera enforcement for SORN'd vehicles has supported the enforcement from the record. This enforcement from the record 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.

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.

If as the registered keeper you fail to re-licence any of your vehicles an £80 fixed penalty notice is issued automatically. 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 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.

Given the costs demonstrated below and the clear benefits of enforcing from the record, we question the reasons as why tax disc needs to be displayed. We are not aware of any other tax regime where it is necessary to display the receipt of paying a tax publicly.





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We appreciate that VED evasion may continue to be a concern to the Exchequer, although we understand that VED has the lowest evasion rate of all motoring taxes. However, if this is still a concern 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.

We also question whether the proposals to allow motorists to pay VED by a monthly direct debit will also further assist with compliance and make the concept of a tax disc redundant. For example, will a new disc need to be issued every month a motorist pays their VED? If a motorist was issued with a 12-month tax disc and they cancelled their monthly direct debit, would this not create a situation where the keeper is displaying a valid tax disc for which they had not paid for in full? This would put pressure on the public purse in increased enforcement costs to deal with any non-compliance.

The benefits and savings of abolishing the tax disc are outlined below:

Table 1

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

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 both the DVLA and all motorists.

**Reduce cost to business** - The cost on members in having to display the tax disc is in the region of **£3.5 million per annum** as detailed below:-





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Table 2:

Member Activity	Price Per Disc	Total Cost <sup>1</sup>
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

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

Table 3:

DVLA Activity	Price Per Disc	Total Cost <sup>2</sup>
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

### Authorised Testing Facility

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 VOSA will need to ensure that it is able to supply testing staff at levels that are sufficient to meet the ATF owner's testing requirements and needs. We have real concerns whether VOSA is in fact able to meet this requirement. The reliance and dependency placed on VOSA by ATF site owners is likely to dilute the effectiveness of the scheme and weaken the business case to become an ATF site owner.

<sup>1</sup> Based on a total fleet size of one million vehicles

<sup>2</sup> Based on 42.5 million vehicles



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We remain concerned that VOSA 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 VOSA'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 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 roadworthiness test is carried out by approved individuals or accredited testers as employees of the ATF's 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 fully satisfy the testing needs. In addition, there will be improved efficiency of HGV use through reduced vehicle downtime. Despite VOSA's best efforts, we do not believe this level of flexibility can be realistically delivered by VOSA 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 VOSA. 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



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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 by VOSA 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 VOSA continues with its strategy of closing its 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 Government to consider transferring HGV testing to the private sector, with standards monitored and enforced by an independent body such as VOSA as opposed to the current policy which is only to move location to private sector premises.





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### Specific Comments

**1. Which Agencies do you deal with and how often?**

Our members deal with the DVLA and VOSA on a daily basis.

**2. Which services have you used in the last 12 months?**

The services which our members use include: the DVLA fleet team, EDI (electronic relicencing for fleets), vehicle registration and disposal, tax refunds, notification of SORN, Operator licence self service, vehicle testing booking, registration of vehicles which have been type approved and cherished transfer process.

**3. Referring to page 15 of the strategy, "Our Guiding Principles" please tell us which of the principles, if any, would help you in our dealings with us?**

We think all three of the principles which we note are: putting the consumer and business at the heart of what we do, working with a broader range of partners and rationalising the number of agencies and bodies will all help our member's in their dealings with VOSA and the DVLA. By looking for support from other partners outside the civil service we believe this will help deliver improvements to services and is linked to the principle of putting the consumer and business at the heart of what the agencies do.

**4. Will the vision for digital services outlined on page 17 of the strategy help you in your contacts with any of the four Agencies?**

Some of these changes will assist our members but we believe the Government should go further and include improvements to all the services from the DVLA which we have outlined in our response to question 13.

We would also ask that the Government ensures that when removing the paper counterpart of the driving licence this is linked to online real-time access to the data from the counterpart for our members. This is imperative as rental companies need to be confident that the person who wants to rent their vehicle passes their qualification criteria which can include a maximum number of points on their licence.

**5. We plan to move to greater delivery of services online or by other digital means. Will these changes help you in your dealings with us?**

Yes, we wholeheartedly support any move to an online or other digital means.

**6. Do you support our plans to reform HGV, bus and coach testing as outlined on page 18 of the strategy?**





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Yes, however, we believe the Government should look at our proposal to adopt the testing model currently available today for motor cars and light commercial vehicles where roadworthiness test is carried out by approved individuals or accredited testers as employees of the ATF's owner.

Adopting our suggested approach will not only enhance the choice of testing locations available, but will help to foster healthy growth of ATF's 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 fully satisfy the testing needs. Despite VOSA's best efforts, we do not believe this level of flexibility can be realistically delivered by VOSA staff without radically changing the terms of existing employment contracts.

**7. How do you think our plans to reform HGV, bus and coach testing will affect road safety?**

We don't believe there will be any significant impact on road safety.

**8. How do you think our plans to reform HGV, bus and coach testing will affect convenience for customers and businesses?**

**9. How do you think our plans to reform HGV, bus and coach testing will affect red tape for customers and businesses?**

**10. Do you have any comments on our plans to reform HGV, bus and coach testing?**

We have grouped our responses to question 8-10 together. We believe that if VOSA continue with their plans to keep vehicle testers as their own employees and close its test sites customers and businesses will suffer.

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.

Adopting our suggested approach will not only enhance the choice of testing locations available, but will help to foster healthy growth of ATF's sites across the UK. The success of this approach will be supported by the fact that ATF owners will be in direct control of



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the time and day the tester is available to meet fully satisfy the testing needs. Despite VOSA's best efforts, we do not believe this level of flexibility can be realistically delivered by VOSA staff without radically changing the terms of existing employment contracts.

In terms of red tape, we believe that the complexities of booking tests for HGVs, buses and coaches is made more complicated as there will soon be no central booking point as the number of VOSA owned test stations diminish. Previously, those booking tests were able to check availability at several nearby test stations and this could be done simply on the internet. With ATFs it is more labour intensive as you have to phone the various sites in your area to check availability.

**11. Do you agree with our outline proposals for defining our organisations to deliver better services as outlined on page 18 of the strategy?**

We believe that to achieve the objective of bringing common services together across Government's executive agencies it is necessary to define the core role of the agencies first. In our view the core role of the DVLA is a record keeper of vehicles and drivers and VOSA are the enforcement body for road safety.

With these core roles define it is then possible to look at how licensing and approvals, testing, training, call centre provision and the provision of advice and information, and standard setting are all delivered by the agencies. Although, much of it we see as back office functionality and should be fronted by one portal 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. The improvements will also help Government with their own objectives of cutting red tape, offering a high quality service and putting the customer and business at their heart.

We have examples from our members where they have had to spend weeks trying to get modifications to vehicles approved and registered. This has crossed 3 agencies and we have set out a case study below to demonstrate the burden faced by our members in these scenarios.



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### Case study

Fleet customer orders a number of vans which were due to be converted to minibuses to fulfil a Government agency contract. The converter completed the work on the vans and looked to arrange for an inspection of each one to get the vehicle individually type approved. The inspection was arranged with VOSA but the paperwork has to be issued by the VCA and then the vehicle is registered with the DVLA. The process from converting the vehicle to registration took about 8 weeks and cost the member and customer in loss of use with the vehicle, penalty clauses for late delivery, staff time and administration.

We believe that by taking a portal approach and reviewing the priorities of the agencies the above scenario could be avoided in the future.

We would suggest that by taking the portal approach the role of the VCA could become part of the DVLA as the party responsible for vehicle data especially as 80% of the VCA income is from providing commercial services.

### **12. Do you have any comments on our plans to re-define organisational boundaries?**

We support the principals of bringing common services together especially if they improve and streamline processes such as the procedure for getting an individual type approval certificate for a vehicle. However, we would want to ensure that recognition is given to the different requirements of motorists and fleets when dealing with the various organisations across the DfT and that this is taken into account when developing the provisions of call centres.

We would also expect this principal to be followed with the development of online portals of information and advice on the services covered by the various agencies.

Our experiences have shown that where the agencies need to work together to help industry this is not always straight forward. One example of this is around the subject of vehicle recalls. The BVRLA has been working for the last few years on developing an electronic solution which will notify members that there is an outstanding vehicle safety recall against one of their vehicles. This project required input from VOSA and the DVLA as data from motor manufacturers on vehicle recalls relates to the VIN number and our members use the vehicle registration mark to identify vehicles.

To help solve this issue the BVRLA was looking for the DVLA and VOSA to work together to provide a service which match the data together as the DVLA record both these fields on their vehicle keeper database. This was not a possible solution and the BVRLA had to get a 3<sup>rd</sup> party involved to help find a solution. If the two agencies could





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have worked together this would have saved time and costs for delivering a vehicle recall online solution which is looking to improve road safety.

### 13. Do you have any other comments on how we can improve our service to you?

We have provided below a detailed overview on how the Government can deliver real savings for our members by implementing a number of simple solutions to streamline the DVLA's services.

#### Vehicle online services

Problem	<ul style="list-style-type: none"> <li>- Cost of notifying DVLA of vehicles sold privately</li> <li>- Documents get lost in the post</li> </ul>	
Notifying of new keeper details	<ul style="list-style-type: none"> <li>- Complicated administration process for cherished transfers</li> <li>- DVLA records are not accurate</li> </ul>	
Solution	Allow rental/leasing companies to access vehicle online services	
Annual Savings	DVLA	<b>£1 million</b>
	Industry	<b>£1.1 million</b>
Compliance Benefit	Making it easier to comply with the law and ensuring DVLA's vehicle record is accurate to enhance road safety	

#### Remove all paper notifications

Problem	<ul style="list-style-type: none"> <li>- Over 5 million manual paper notifications</li> </ul>	
Paper notification	<ul style="list-style-type: none"> <li>- Excessive compliance burdens on motorist and business</li> <li>- DVLA records are not accurate</li> </ul>	
Solution	Allow fleet sector to communicate with the DVLA electronically	
Annual Savings	DVLA	<b>£7 million</b>
	Industry	<b>£10 million</b>
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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### Issuance of the Vehicle Registration Document (V5C)

Problem	<ul style="list-style-type: none"> <li>- Cost of producing and storing 2.5 million V5C</li> <li>- Cost and delay of producing V5C at sale</li> </ul>	
Issuance of Vehicle Certificate (V5C)	<ul style="list-style-type: none"> <li>- Excessive compliance burdens on motorist and business</li> <li>- DVLA records are not accurate</li> </ul>	
Solution	Not to issue V5C and provide V5 data electronically	
Annual Savings	DVLA	<b>£6 million</b>
	Industry	<b>£3 million</b>
Compliance Benefit	Making it easier to comply with the law and ensuring DVLA's vehicle record is accurate to enhance road safety	

### Vehicle online services

Estimated Annual Savings	
DVLA	<b>£1 million</b>
Industry	<b>£1.1 million</b>

The BVRLA welcomes the proposal for an online solution for the following services:

- Selling or part exchanging a vehicle to the motor trade
- Notifying change of keeper details (private sale)
- Notifying change of personal details (name and/or address)
- Replacement V5C
- Notifying a permanent export
- Putting a registration number on a vehicle (assignment)
- Taking a registration number off a vehicle (retention)
- Transferring a registration number from one vehicle to another
- Personalised registration – post sale services



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Whilst the majority of vehicles, which our members dispose of, are sold into the trade, there are a growing number of private sales taking place in the company car fleet. This is where at the end of the lease the company car driver decides to buy their vehicle. In this scenario the leasing company is acting as a motor trader. There is also an increase in the number of rental companies who are looking to dispose of vehicles privately rather than through the trade as a disposal channel.

Early indications are that 30,000 of the vehicles disposed of by our leasing members each year are driver sales and a similar percentage of rental vehicles are also disposed of privately each year. As this is the case, we would require the DVLA to expand the proposed service to rental and leasing companies to allow them to notify the DVLA of new keeper details and perform cherished transfers where applicable. We believe this could save our members £1.1 million each year in reducing the administration burden in notifying the DVLA of new keeper details. This saving includes: postage, staff costs and any additional fine handling for when paperwork goes missing. There will also be additional simplification benefits for members as they will not require dual processes depending on how the vehicle is disposed of.

Given this additional saving we hope the DVLA will see value in ensure that rental and leasing companies can access this service.

### Remove all paper notifications

Estimated Annual Savings	
DVLA	£7 million
Industry	£10 million

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.

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.



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

*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.

Full details of how these services could work can be found at Annex A.

### Closing Comments

We welcome the opportunity to continue our constructive dialogue and hope that our ideas and suggestions can be taken forward by the department to help deliver its vision for motor services and putting the consumer and business at the heart of what it does by considering:

- Being at the forefront of digital services, maximising the digital delivery of services to motorists to improve the customer experience as well as ensuring that those who find access to digital services difficult are supported to do so.
- Supporting economic growth and vehicle manufacturing by reforming the way the Vehicle Certification Agency works.

<sup>3</sup> 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.



## **Response to Department for Transport**

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- Transforming HGV, bus and coach testing by expanding joint ventures and collaboration with private sector providers, and reducing the number of government owned test stations.
- Delivering better customer services by listening to what customers tell the department
- Defining organisational boundaries to deliver better services, and by rationalising the number of agencies and to reduce cost and improve consistency

We believe by delivering some of the services we have set out in this document the department's agencies can deliver high quality services which cut through red tape and support the UK economy.

### **Leasing Members**

In general, vehicle leasing is an arrangement where the user simply hires the use of the vehicle and assumes operational responsibility for a predetermined period and mileage at fixed monthly rental from the owner (the leasing company). Legal ownership is, in the majority of cases, retained by the leasing company.

### **Short Term Rental Members**

Rental Members offer hourly, daily, weekly and monthly rental of vehicles to corporate customers and consumers. As explained above, rental members are the owners of the vehicle.