



Department for
Transport

DVLA: Driver Licensing Fees

Public Consultation

May 2012

Table of Contents

- Introduction 3**
 - Consultation overview 3
 - Background information 3
- The Case for Change 4**
- Options 4**
 - Objectives and rationale 4
 - Option 1 5
 - Option 2 5
 - Option 3 6
- Fee Review: Savings through Automation 6**
- Your Response 7**
 - How to respond 7
 - What happens next 8

- Annex A: Initial Impact Assessment of New Driving Licence Requirements ... 9**
- Annex B: Current Fees and Proposed Fee Options 10**
- Annex C: Code of Practice on Written Consultation 11**

1. INTRODUCTION

Consultation overview

Purpose	This consultation seeks views on proposals to increase fee income to pay for DVLA's driving licence services.
Your response	DVLA would like to hear from individuals or groups affected by the proposed changes and/or who can provide relevant evidence.
Options	DVLA has identified three options. Option 1 is the preferred option but DVLA will consider any new evidence in making a final decision.
Impact assessment	An impact assessment explaining the rationale for each option is included in Annex A.
Consultation period	The consultation period will run for 12 weeks from 22/05/12 until 14/08/12 . Any responses received after this date will only be taken into consideration in exceptional circumstances.
Groups consulted	This consultation document has been sent to government departments and agencies, police forces, local authorities, trade bodies and other relevant industry associations. Please contact us if you can suggest other groups that might wish to be involved.
Scope	Changes will only impact on Great Britain. Northern Ireland has devolved responsibility for driver licensing.

Background information

- 1.1. DVLA is required to recover the costs of its operations through statutory fees and any deficit must be rectified as quickly as possible.

Current fee structure

Some DVLA services are fee bearing whilst others carry no charge. For example, changing personal details is free of charge to encourage the public to play their part in maintaining accurate records. These are essential to the police and other enforcement agencies in crime reduction and road safety. However, HM Treasury expects cross-subsidy to be avoided where possible and the preferred approach is set out in *Managing Public Money*.

- 1.2. As a result of new EU definitions and standards to be implemented by January 2013, DVLA must make system and process changes. This has meant a review of its current fee structure to consider the best way to cover the resulting costs.

1.3. The review has looked to minimise the overall burden on our customers. However, we have also taken account of the impact on different sectors to make sure costs are distributed as fairly as possible.

2. THE CASE FOR CHANGE

2.1. The Third European Directive on Driving Licences (The Third Directive) was adopted in 2006. Its requirements were the subject of a DfT consultation published in November 2009 entitled “DRIVER TESTING, TRAINING, EXAMINING AND LICENSING. Implementing New European Union Requirements (Directive 2006/126/EC – The third Directive on driving licences).”

2.2. In order to comply with the Third Directive, DVLA has established a project (EU3D project) to deliver changes to:

- systems – to reflect revised licence categories, minimum age of access to categories and administrative validity periods
- business processes – to enable capture and processing of new information

2.3. The cost of the EU3D project will be around £19.6m spread between 2011/12 (capital costs) and additional running costs up to 2020/21. These costs need to be recovered. They are largely related to the introduction of a five yearly renewal for vocational (lorry and bus) licences held by drivers under the age of 45.

3. OPTIONS

Objectives and rationale

3.1. DVLA has identified 3 options to recover the costs of the EU3D project. Each option:

- generates the same level of income aimed to recover the additional EU3D related costs by 2020/21
- increases the fee income according to the forecast volumes for that service
- promotes accuracy of DVLA records, by avoiding the introduction of fees for change of personal details
- recognises the social importance of driving by avoiding introducing fees for renewal of licences at 70 or for medical renewals and notifications
- would be monitored as part of DVLA’s annual review of fees.

3.2. The rationale for each option is set out in brief below, with detailed analysis in the impact assessment (see Annex A).

Option 1 (preferred option): Introduce a £20 fee for provisional vocational licence applications and 5-yearly renewals of vocational entitlement from April 2013.

3.3. Currently, vocational drivers over 45 have to renew their licences every 5 years and are only charged a fee on the 10 year renewal, meaning every other transaction is free. From January 2013, the EU Directive requires all vocational licence holders to renew their licences 5 yearly, irrespective of age. The significant increase in the cost of providing these 'free' transactions will impact elsewhere, unless DVLA begins charging for them.

3.4. Who pays?

- new and existing vocational drivers under 65 including those over 45 who currently renew their licence every five years for free (yearly renewals from age 65 would continue to be free as are general renewals over 70)
- we are assuming that costs would fall mainly on individuals or self-employed drivers - corporate businesses will not be affected unless they choose to reimburse employees

3.5. Advantages:

- brings vocational licences in line with other common driver services (see Annex B)
- avoids an increase in cross-subsidy by placing the burden of EU3D costs on the sector most affected by the Third Directive changes
- reverses the cross subsidy introduced when the vocational driving licence fee of £27.50 was reduced to zero in 2004.

3.6. Disadvantages:

- as this involves the fewest drivers, the fee impact is greatest at being equivalent to £4 a year over a 5 year period

Option 2: Increase the fee for a First Application for a Provisional licence (FAP) to £52.25 from April 2013.

3.7. Who pays?

- people applying for a first car or motorcycle driving licence

3.8. Advantages:

- spreads the cost over a greater number of drivers (around 1 million applicants a year), so the fee increase is smaller than Option 1 (only £2.25)

3.9. Disadvantages:

- increases an already high fee that impacts on the accessibility of driving
- will fall disproportionately on young drivers who are a high proportion of FAP applicants and who do not benefit from the Third Directive changes

- increases cross-subsidy by not aligning the cost burden to the sector most affected by Third Directive changes.

Option 3: Increase the common driver fee to £20.70 from April 2013.

3.10. Who pays?

- drivers applying for a for a range of different driver services (see Annex B)

3.11. Advantages:

- spreads the cost over the whole population of drivers (though not largely vocational drivers) so the fee increase is smaller (£0.70)

3.12. Disadvantages:

- this would be the second increase to these fees over 5 years (the common fee was introduced at a level of £17.50 in April 2008 – a reduction in most fees but a realignment to a common level for simplicity – but subsequently increased to £20 in April 2009)
- increases cross-subsidy by not aligning the cost burden to the sector most affected by Third Directive changes.

4. FEE REVIEW: SAVINGS THROUGH AUTOMATION

4.1 DVLA reviews its fee structure annually to ensure fees are set at an appropriate level. This review has identified the potential to pass savings on to customers who exchange their paper driving licence for a photocard driving licence through a web transaction within 6 months of renewing their passport.

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

4.3 DVLA is considering a reduced fee of £10 (from £20) for those customers who exchange their licence online within 6 months of renewing their passport. This would offer a saving and convenience for customers, but also encourages the migration of all drivers onto photocard licences, a major policy objective for DVLA. DVLA is not intending to make this change in April 2013 but is looking at whether it could be introduced in the future.

4.4 A detailed Impact Assessment is not attached for this idea because:

- we are in the early stages of investigation
- it is difficult to predict at present how many existing paper licence holders would choose to switch to a photocard
- we don't have reliable data on the number of paper licence holders who are likely to make the requisite passport transaction in the next few years

- the proposal is cost neutral.

5. YOUR RESPONSE

How to respond

5.1. If you are affected by the changes proposed in Section 3 and have new evidence, please consider the questions below as part of your response:

Consultation questions

1. On the basis of the considerations and rationale set out in the impact assessment (Annex B) we believe that Option 1 is the strongest. Do you agree? (Please provide evidence to support your response).
2. If not, what alternative approach would you suggest? Please consider:
 - any unintended consequences of proposed options
 - the anticipated costs and/or benefits
 - how you are affected (please also include an explanation of the activities you undertake)

5.2. We would be interested in receiving any views on the idea laid out in Section 4. Please consider the prompts below in your response:

Exchange of paper driving licence to photocard driving licence

1. What is your opinion on passing administrative savings through automation on to customers?
2. After reading the idea laid out in paragraph 4.3, please consider:
 - any unintended consequences
 - the anticipated costs and/or benefits
 - how you might be affected (please also include an explanation of the activities you undertake)

5.3. When responding, it would be helpful if groups could indicate the people and organisations they represent.

5.4. You can respond in the following ways:

- Post to Corporate Financial Services, C1/W, DVLA, Swansea, SA6 7JL
- Fax for the attention of 'Fees Consultation' to 01792 788363
- Email to financeconsultation@dvla.gsi.gov.uk

5.5. Please use one of the above contacts to request a copy of the consultation in an alternative format (hard copy, Braille, audio CD etc) or if you have any questions.

What happens next

<p>DVLA reply</p>	<p>DVLA will acknowledge responses but is unable to reply individually to the points they raise. A summary of responses will be published within 3 months of the consultation closing on www.dft.gov.uk/consultations. Those who have responded to the consultation will be notified when this happens.</p>
<p>Confidentiality of responses</p>	<p>We may publish all or some of the comments we receive in relation to this consultation. Please note that if DVLA receives a request from any third party for sight of such comments, we may be obliged by law (for example under the Freedom of Information Act 2000) to disclose such information to the applicant.</p> <p>If there are particular reasons why you would not wish your comments to be disclosed or published, please let us know. Although your wishes may not override any statutory obligations to disclose, they will be taken into account as far as possible.</p> <p>If you reply by email, the statements made above override any confidentiality disclaimer generated by your IT system.</p>
<p>Code of practice</p>	<p>This consultation complies with the Code of Practice on Written Consultation (see Annex C).</p>

ANNEX A: Initial Impact Assessment of New Driving Licence Requirements

Please see separate document.

ANNEX B: Current Fees and Proposed Fee Options for 2013/14

The fee levels extant for 2012/13 and Options for 2013/14 onwards are summarised below.

TRANSACTION	FEES 12/13	FEES OPTIONS 13/14 +		
		1	2	3
<i>Driving licence:</i>				
First Driving Licence (inc. Provisional to Full)	£50	£50	£52.25	£50
Renewals from age 70	Free	Free	Free	Free
Renewals for medical reasons	Free	Free	Free	Free
Replacement DL for change of details	Free	Free	Free	Free
Duplicate DL for lost / stolen or destroyed	£20	£20	£20	£20.70
<i>Exchange Licence:</i>				
Exchange from overseas jurisdiction	£50	£50	£50	£50
Paper Licence traded in for POL DL*	£20	£20	£20	£20.70
Remove Endorsements	£20	£20	£20	£20.70
“Vanity” renewal (photograph change only)	£20	£20	£20	£20.70
10-Yearly Renewal of POL DL*	£20	£20	£20	£20.70
Additional Entitlements	Free	Free	Free	Free
Provisional Vocational DL (from full DL)	Free	£20	Free	Free
Full Vocational DL	Free	Free	Free	Free
Renewal of Vocational entitlement	N/A	£20	Free	Free
<i>Driving Licence Renewals:</i>				
After revocation	£50	£50	£50	£50
High Risk Offenders after Disqualifications	£90	£90	£90	£90
After Disqualification	£65	£65	£65	£65

* **Note:** POL DL is “Photo on Licence” Driving Licence

ANNEX C: Code of Practice on Written Consultation

The code of practice applies to all UK public consultations by government departments and agencies, including consultations on EU directives.

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

The following seven criteria must be reproduced within all consultation documents. There should be an explanation of any departure from the criteria and confirmation that they have otherwise been followed.

Consultation Criteria

Criterion 1 - When to consult

Formal consultation should take place at a stage when there is scope to influence the policy outcome.

Criterion 2 - Duration of consultation exercises

Consultations should normally last for at least 12 weeks with consideration given to longer timescales where feasible and sensible.

Criterion 3 - Clarity of scope and impact

Consultation documents should be clear about the consultation process, what is being proposed, the scope to influence and the expected costs and benefits of the proposals.

Criterion 4 - Accessibility of consultation exercises

Consultation exercises should be designed to be accessible to, and clearly targeted at, those people the exercise is intended to reach.

Criterion 5 - The burden of consultation

Keeping the burden of consultation to a minimum is essential if consultations are to be effective and if consultees' buy-in to the process is to be obtained.

Criterion 6 - Responsiveness of consultation exercises

Consultation responses should be analysed carefully and clear feedback should be provided to participants following the consultation.

Criterion 7 - Capacity to consult

Officials running consultations should seek guidance in how to run an effective consultation exercise and share what they have learned from the experience.

A full version of the Code of Practice is available on the Department for Business Enterprise & Regulatory Reform website at

<http://www.bis.gov.uk/files/file47158.pdf>

If you consider that this consultation does not comply with the code or you have comments about the consultation process please contact

Tim Ford
Consultation Co-ordinator
Policy & External Communications Directorate
DVLA
Swansea
SA6 7JL