

Impact Assessment

Future of Vehicle Registration and Licensing Services in Northern Ireland

Executive Summary

1. Background

The Department for Transport is responsible for vehicle registration and licensing services throughout the UK. In Great Britain these services are delivered by the Driver and Vehicle Licensing Agency (DVLA). In Northern Ireland (NI), the DVLA has outsourced delivery of these services to the Driver and Vehicle Agency (DVA), which has a centre of operations in Coleraine and eight local offices throughout NI.

The DVA provides a range of vehicle registration and licensing services to motorists in NI but, due to differences in IT systems and business processes, some services that are available in GB are not currently available in NI. These include the facility to license a vehicle or make a Statutory off Road Notification (SORN) online or via an automated telephone channel, conduct complex relicensing transactions via a Post Office or retain a vehicle registration number. Unless addressed, this disparity will continue to grow as the DVLA continues to modernise and digitise its services as part of its own transformation plans and to meet the wider government 'Digital by Default' agenda. The DVLA is therefore seeking to address the current disparity and proposed changes in the way these services are delivered to NI motorists, to introduce consistency for vehicle registration and licensing services throughout the UK, and bringing with it a range of benefits to NI motorists.

2. Conclusion

The DVLA has considered options around the best way to ensure that NI motorists have access to the same level of service as GB motorists; these are summarised at Annex A. The DVLA sought views through a public consultation on the proposal to integrate the GB and NI IT systems to create a single vehicle and keeper database, together with centralising the administration of all services at the DVLA in Swansea and removal of the face-to-face services currently delivered via the NI local office network. These face-to-face services would be replaced by enhanced services available through the network of NI Post Offices, or online/postal/telephone channels. These proposals will ensure that the changing needs of both public and commercial customers in NI are met.

This approach will provide a range of significant benefits, including:

- Delivering modernised electronic services to NI customers through online and automated telephone channels, in line with the Government's Digital by Default agenda
- Provide enhanced and extended face-to-face relicensing services through around 175 Post Office branches in NI, supporting compliance by reducing the average distance and length of time a customer has to travel to reach a licensing Post Office
- Harmonising all GB and NI vehicle registration and licensing services, ensuring that NI customers receive the same level and nature of service as their GB counterparts, excluding those transactions for which different legislation applies in NI than in GB.
- Reduced cost and administrative burden for NI motorists and business through process simplification and increased channel choice
- A £12m reduction in the DVLA's annual running costs, contributing to deficit reduction
- A single, UK-wide register of vehicles and keepers, improving accuracy and supporting law enforcement

The DVLA currently funds 324 posts within the DVA's NI HQ and DVA local offices to deliver NI vehicle services. Centralisation of NI vehicle services at the DVLA in Swansea will effectively result in the work currently undertaken by these posts being absorbed within the existing DVLA organisation at Swansea. Section 19 of this document outlines the position of the Department of Environment NI in relation to surplus staff. This position indicates that affected DVA staff would be redeployed into alternative posts within the NI Civil Service, with the need for redundancy (particularly compulsory redundancy) avoided wherever possible. There will be no increase in the DVLA's current headcount as a result of absorbing the administration of NI transactions.

The DVLA estimates that this proposal would cost in the region of £19.5m to implement and would achieve a permanent reduction in running costs of £12m per annum, thus paying back in a period of around 18 months. This proposal therefore represents significant value for money, particularly when compared to the discounted options (outlined at Annex A). The full delivery costs will be calculated and included in a Full Business Case.

The Need for Change

3. Introduction

This assessment considers the impacts on the DVA, the DVLA, customers and external stakeholders throughout the UK of centralising delivery of NI vehicle services at the DVLA in Swansea.

4. Problem under consideration and rationale for intervention

In line with wider government policy and customer expectations, the DVLA continually reviews its transactions, processes and channels in line with both customer needs and government policy, to ensure that they continue to provide effective and efficient customer service. This includes the provision of electronic services whenever this is feasible and cost effective.

The lack of parity between NI and GB vehicle registration and licensing services continues to be raised as an ongoing issue by customers, stakeholders and Ministers. Previous and current Ministers remain committed to addressing this disparity. With the DVLA's digital and transformation agenda continuing to advance, intervention is necessary to bring NI services up to the same level as GB services, creating a harmonised platform whereby future changes can be introduced seamlessly in both GB and NI at the same time.

Additionally, in line with the Government's Comprehensive Spending Review and deficit reduction agenda, the DVLA has a target to deliver a permanent reduction in annual running costs of £100m by 2015. In delivering harmonised vehicle registration and licensing services to NI customers, the DVLA must also consider the potential benefits and efficiencies of delivering NI vehicle services from Swansea under a centralised model in order to contribute towards running cost reductions.

5. Policy Objectives

- To address the outstanding Ministerial commitment to deliver modern electronic vehicle registration and licensing services to NI customers, in line with GB services, thus significantly improving the quality of services for customers in NI.
- To create a single, UK-wide system of record for vehicles and keepers, together with improvements in data quality, in order to support compliance and law enforcement.
- To create a single, consistent policy platform for vehicle registration and licensing services across the UK, ensuring that such policies are implemented consistently.
- To maximise potential reductions in running costs by 2015.

6. Current Position

An Inter-Agency Agreement in place between the DVLA and the DVA in NI provides the DVA with the authority to deliver vehicle registration and licensing services on behalf of the Secretary of State for Transport and the DVLA in NI. The Inter-Agency Agreement is reviewed annually and updated where necessary. Any costs incurred by the DVA to carry out agreed functions documented within the Inter-Agency Agreement are funded by the DVLA, within an agreed budget. However, DVA staff are employed by the NI Department of the Environment as part of the NI Civil Service.

Although the DVA and the DVLA deliver vehicle registration and licensing services under the same legislative framework, there are significant differences in the nature of services offered to customers in GB and NI arising from:

- **Legislative differences:** The Road Traffic (Northern Ireland) Orders (1982, 1995) make additional provisions in NI, mainly in relation to vehicle testing, which is a devolved matter in NI;
- **Technology:** The DVLA and the DVA operate separate IT systems and vehicles databases to administer services, which have different capabilities;
- **Local autonomy:** Local control over the design and delivery of NI services has legitimately led to the use of policies and procedures within the DVA that differ from those used by the DVLA;
- **Stakeholders:** Key NI stakeholders have different processes and requirements, specifically the NI Courts & Tribunals Service and the Police Service of NI (PSNI);
- **Vehicle Registration Mark (VRM) Format:** NI issue a bespoke VRM format using the identifiers 'I' and 'Z', which make these marks unique to Northern Ireland.

These differences have resulted in a disparity between the vehicle services offered to customers in GB and NI. Specifically (but not exhaustively);

- NI customers do not have access to electronic vehicle licensing services via the internet and automated/assisted telephone channels, which are available in GB and currently account for 62% of all relicensing transactions.
- A reduced range of vehicle licensing services are available in NI Post Offices, with services administered manually rather than electronically (and thus have a higher error rate requiring follow-up work with customers to resolve);
- The DVA operates manual postal and telephone licensing services to compensate for the absence of the above. These channels are not offered in GB as they are labour-intensive and relatively more costly to run.

As the DVLA continues to develop its digital agenda and introduce new, enhanced services to GB customers, it is expected that this disparity will grow wider. Without intervention, services available to NI customers will continue to fall further behind those available in GB.

7. Changes being made

A broad range of options have been considered to best meet the policy, economic and customer objectives outlined under Sections 4 and 5. These were refined and reduced to a single proposal through a robust process of analysis and engagement with the DVA, key stakeholders and customers.

The decision now taken is to integrate the NI and GB vehicle systems in order to create a single IT platform to support UK-wide vehicle registration and licensing services, leveraging the DVLA's existing technology and services. Alongside this, the vehicles work currently undertaken by the DVA in NI will be redistributed through more modern and digital channels, enabling NI customers to access new online services, enhanced face-to-face services through the Post Office and by centralising services at the DVLA's HQ in Swansea.

Following the consultation, the DVLA has amended its initial proposal to take into account, as far as possible, some of the concerns expressed in the responses. The main concerns expressed and the amendments made are summarised below:

The social and economic impact of job losses in Northern Ireland and suggestions that replacement work should be provided to replace the vehicle registration and licensing work that will be removed.

Although the Department of the Environment in Northern Ireland has pledged to use its best endeavours to avoid redundancies and, where these are unavoidable, to limit the amount of compulsory redundancies, the DVLA has amended the proposal so that the DVA's offices in Northern Ireland remain open until the end of 2014. The DVLA will also offer help with retraining any staff who may be displaced as a result of the changes. This will help them to find alternative employment, whether in the public or private sector. Details of this are still to be finalised.

Fears over degradation in customer service and concerns about the ability and desire of customers in Northern Ireland to use digital services.

To mitigate this, the DVA's offices will remain open until the end of 2014 to support vehicle registration and licensing until the new services bed in. This will include providing an assisted digital service to help customers with the new electronic services that will be available. The DVLA will ensure that the new services are functioning effectively before withdrawing from Northern Ireland.

An overview of the cost, benefits and impact on DVA staff is outlined below; a similar analysis of the other options considered and discounted is included at Annex A:

Title	Overview	Impact on DVA Staff	Delivery Cost £m	Annual Saving £m	Considerations
Systems Integration and Centralisation	<p>Integrate the GB and NI systems and centralise all vehicles work at the DVLA. This will result in a re-scoping of the Inter Agency Agreement between DVA and DVLA, withdrawal of the majority of funding for NI Operations and the cessation of vehicle services being delivered in NI via the DVA HQ and Local Office network.</p>	<p>317 out of 324 posts displaced: up to 7 posts will still be required to undertake local enforcement activities</p>	<p>19.5</p>	<p>12</p>	<p>This option ensures parity of service for NI customers but means that DVA staff would no longer be required to deliver vehicles work. This is the least expensive option to deliver and brings significant ongoing efficiency savings. NI Civil Service representatives are confident that up to 90% of affected NI staff could be redeployed into alternative posts.</p>

Operational Overview & Future Proposals

8. Summary of Vehicle Transaction volumes undertaken by DVA

Vehicle Transaction	2011/12	2012/13
Vehicle Registration	104,777	103,306
Vehicle Relicensing	1,500,283	1,511,472
Personalised Registrations	32,332	29,447
Vehicle Excise Duty Enforcement	53,437	53,236
Miscellaneous Vehicle Transactions	394,085	388,186
Total Transactions	2,084,914	2,085,647

9. Vehicle Registration

During 2012/13, 47,111 (46%) NI first registration transactions were undertaken through the Automated First Registration & Licensing (AFRL) system, which is provided to NI dealers by the DVLA in Swansea. This system collates NI first registration data and transfers a daily file of new NI first registrations to the DVA's NIVIS system in order to update the NI vehicle and keeper database. The AFRL channel will be enhanced to ensure that NI dealers can register vehicles in NI on a like-for-like basis, including the assignment of personalised registration marks at first registration (currently unavailable in NI). Otherwise, dealers using the AFRL channel will be largely unaffected by these proposals

Similarly, 56,195 (54%) first registrations were completed using paper application forms/supporting documents and processed manually either at the DVA Coleraine or within the NI local office network. The alternative channel in the absence of the DVA or an NI local office network will be to post applications and supporting documents to the DVLA in Swansea. However, the vast majority of these transactions will be negated due to process changes explained below.

Over 67% (around 37,650 in 2012/13) of first registrations processed manually in NI are as a result of vehicles registered in GB being transferred to NI. The separation of the NI and GB databases necessitates that these are processed, from a DVLA/DVA perspective, as a first registration transaction, although the customer only requires their Vehicle Registration Certificate (V5C) to complete the transfer. As a result of integrating NI and GB vehicle systems, these transfers will be processed as change of address transactions through the DVLA's Central Capture Unit, enabling easier/quicker processing within the DVLA back office and ensuring that customers receive updated documentation more quickly.

Of the remaining NI first registrations, around 15,700 are straightforward registration of new vehicles which could be more easily processed using the AFRL system, negating the need to utilise a local office or send to the DVA in Coleraine. The DVLA will work closely with NI vehicle dealers who are not currently on the AFRL system and measures will be implemented alongside systems integration to improve the

take-up of AFRL services within NI. This will broaden the take-up of the AFRL web channel and direct straightforward registrations to the automated channel, thus further reducing burden on business customers and administrative effort on Government. However, the DVLA will also be able to process these transactions via a postal channel, this will ensure that there is no negative impact on customers who currently choose to transact by post.

Around 2,800 NI first registrations are considered more complex (e.g. used imports, kit builds, rebuilt or adapted vehicles), undertaken either by private individuals or small businesses. In future, these customers will be directed to the postal channel rather than to an NI local office. This is a niche market and is generally made up of well-informed customers who understand the requirements and are more likely to submit the correct documentation.

The primary benefit of operating a face to face channel for first registration and licensing is that customers can receive their tax disc upon registration, enabling immediate use of the vehicle. The disbenefit of removing this facility is offset by the introduction of the 14-day grace period, which ensures that a vehicle keeper is not prosecuted for not displaying a tax disc for 14 days after a vehicle is first licensed. When the tax disc is abolished later in 2014, the primary benefit of the face to face channel will become obsolete.

Where a vehicle needs to be inspected as part of the registration process, this facility will be available in NI from a local provider in an equivalent number/distribution of locations as currently offered by the DVA. This will ensure that there is no negative impact on customers

10. Vehicle Licensing (issuing tax discs)

Vehicle licensing transactions in 2012/13 were made up of:

- 638,875 licensing transactions undertaken in NI either in Coleraine (postal channel) or in DVA local offices (face-to-face channel),
- 873,097 licensing transactions undertaken in NI through the Post Office face-to-face channel.

There is currently no facility within NI to undertake vehicle relicensing or to make a Statutory Off Road Notification (SORN) through electronic (online or automated telephone) channels, although customers are able to relicense over the phone through a limited-capacity agent channel operated from the DVA in Coleraine. In GB, electronic relicensing/SORN currently accounts for 62% of all relicensing activity and more than 80% of all SORN notifications.

Online channels will be introduced in NI to compensate for the removal of the postal licensing channel, which is not offered in GB. Furthermore, relicensing services will be enhanced at around 175 Post Office branches in NI, replacing the local office channel and offering a wider range of more complex relicensing transactions that are currently only available via a NI Local Office, including:

- Relicensing with changes to the V5C

- Relicensing without a reminder, a V5C or if the V5C/2 is over two months old.
- Change of tax class at the point of relicensing.
- Relicensing HGVs using a V85 or V85/1.
- Relicensing for Reduced Pollution vehicles.
- Issuing duplicate licences over the counter

These enhancements, which were introduced in GB Post Office branches in June 2013, will ensure that the vast majority of NI customers will be able to access the relicensing service they require either online, or at one of around 175 Post Office branches (as opposed to only eight local offices at present). A small proportion of complex relicensing transactions will still need to be sent to the DVLA in Swansea. Initial estimates indicate this would be around 2,000 per annum.

On average, there is a DVA local office within nine miles of any address within NI, which equates to an average 24 minute drive. By comparison there is, again on average, a licensing Post Office branch within two miles (10 minute drive) of every postcode in NI. The introduction of enhanced services at Post Office branches will therefore result in a significantly closer and more convenient service for NI customers and businesses.

Bulk re-licensing is undertaken manually at Coleraine and through local offices via a postal service. This will be replaced for larger customers by the DVLA's electronic fleet licensing scheme, which provides bulk reminders and enables bulk relicensing. This scheme will also allow UK-wide customers to manage vehicles located both in GB and NI in the same way. For smaller customers, a drop-off-and-collect service will be available in local NI Post Office branches, negating the need for customers to waste time at the counter conducting multiple transactions.

NI trade licensing is primarily undertaken within the NI local office network, with around 2,800 transactions conducted per annum. This will become a centralised service, administered from the DVLA in Swansea. Applications and renewals will be managed by post, and trade plates will be despatched to NI trade dealers from the DVLA in Swansea under an existing UK-wide distribution contract.

11. Personalised Registrations

Sale of NI personalised registration marks are currently conducted through auctions and 'sealed bid' tender sales within NI. In 2012/13, the DVA annually processed 29,447 cherished transfers and registration mark assignments. These transactions can be processed throughout the eight local offices in Northern Ireland, or through a central postal service, and are entirely separate from the DVLA's Personalised Registration number sales, assignment and transfer scheme.

As a result of centralisation, the NI sales scheme will be harmonised with the DVLA's scheme, enabling customers to purchase, assign and transfer personalised GB and NI format numbers plates direct to a vehicle registered anywhere in the UK. This is not possible under current practices. It will also introduce an online sales channel to allow easier purchase and management of registration marks, along with the potential for DVLA auctions to be conducted at locations within NI. The current unique NI registration mark format will be retained, with practices governing the

issuing of replacement registration marks upon a transfer subject to review. This will help reduce any negative impact on NI cherished number dealers.

There is no current facility within NI to allow a registration mark to be taken off a vehicle and held on retention. This service will be introduced in NI as part of the service improvements, benefiting all NI customers and particularly cherished number dealers.

All assignment and transfer transactions will be centralised and conducted from the DVLA. NI cherished transfer applications are currently only processed by posting the application to the DVA in Coleraine, therefore this will have no customer impact.

12. VED Enforcement

During 2012/13, 54,521 enforcement cases were undertaken by the DVA through Coleraine centrally and through mobile enforcement officers within the NI local office network. This resulted from 73,485 Continuous Registration letters being issued and 16,134 on-the-road detections via Automated Number Plate Recognition cameras. The NI Courts and Tribunal processes for prosecuting NI VED evasion cases are comparable to the Scottish Court processes, which are currently managed by the DVLA. The prosecution process will therefore remain unchanged, with local prosecutors remaining in NI and attending NI courts on behalf of the DVLA.

13. Miscellaneous Vehicle Transactions

The DVA undertook a further 388,186 miscellaneous vehicle transactions during 2012/13. These cover a range of services including processing VED refunds, changes to a vehicle/V5C, notification of destruction, vehicle record enquiries, diplomatic licensing and producing vehicle export certificates. These services are currently conducted by post or telephone by the DVA in Coleraine. In future, these services will be administered from the DVLA in Swansea via equivalent postal/telephone channels, negating any customer impact.

14. Telephone Enquiries & Correspondence

The DVA has a bespoke call centre which includes a call queuing system, handling around 290,000 calls per annum. A limited relicensing service is available via the call centre, which has been run as a pilot scheme.

After centralisation, all NI customer enquiries will be handled by the DVLA's call centre, which includes sophisticated interactive voice recognition (IVR) systems and a range of automated services designed to enhance customer service and reduce the volume of calls handled by agents.

The DVA currently receives around 900,000 items of vehicle-related mail per annum, including applications/transactions accounted for within the table at Section 7. This mail would be re-directed to the DVLA in Swansea and processed via the DVLA's bulk mail receipt and opening section.

All NI bulk output (V5Cs, V11s, V85s, enforcement letters) are currently printed and despatched on behalf of the DVA by the DVLA, using the facilities of the DVLA's bulk Output Services Group. There is therefore no impact on the speed or efficiency of outgoing mail to NI customers.

Impact Assessment

15. Service Improvements & Impacts

Availability of On-line Services

The following service improvements will be delivered:

- Access to electronic vehicle licensing services, which will allow the customer to relicense or make a SORN:
 - via the Internet
 - via an automated telephone service, utilising IVR, or
 - via telephone to a DVLA agent
 - Available 24 hours a day, 7 days a week from home, work or abroad.
 - Payments made by either a debit or credit card.
- Additional support to NI motor dealers to enable them to take up the AFRL Web service, increasing take-up of automated first registrations via an intermediary.
- Access to bulk vehicle licensing reminder and relicensing services through the DVLA's fleets service.
- NI customers able to purchase NI and GB personalised registration numbers through a harmonised Personalised Registration (PR) sales scheme, delivered online via the DVLA's PR web site and via auctions.
- The DVA offices will offer assisted digital services for a period following centralisation to support customers during their initial online transactions and answer any queries they may have. This will help the transition to electronic services for NI customers.

The relatively lower levels of internet access within NI (compared to GB) are recognised, although high-speed broadband coverage within NI is more widespread than the rest of GB. It is not the intention to rely solely on online channels for any transaction. Telephone, paper-based or face-to-face services (via the Post Office) will be made available to NI customers to support those who cannot or do not wish to transact online.

Where online services are made available, they will meet the recognised compliance standard to ensure that they are accessible to all web users.

Face to Face Intermediary Service

As a result of the changes, a wider and more complex range of licensing transactions will be made available through around 175 Post Office branches in NI, which are currently only available within the eight DVA Local Offices. This change will provide significantly wider service coverage than at present, where many customers either have to use alternative postal channels or travel significant distances to reach their nearest local office. As demonstrated, there is a Post Office branch within two miles of every NI address on average, compared to a nine mile average to a DVA local office. This proposal therefore has the potential to save motorists and businesses both time and money.

The following services will be introduced:

- Improved face-to-face services for NI motorists available through the NI Post Office Counters network, offering an enhanced range of licensing transactions including:
 - Relicensing with changes to the V5C
 - Relicensing without a V11 reminder, without a V5C or if the V5C/2 is over two months old
 - Change of tax class at the point of relicensing
 - Re-licensing HGVs using a V85 or V85/1
 - Relicensing for Reduced Pollution vehicles
 - Issue duplicate tax discs over the counter
 - For customers wishing to transact in bulk over the counter, a 'drop off and collect' service will be available at participating branches.

The service improvements outlined above were introduced in GB Post Office branches in June 2013. This has allowed systems and processes to fully bed-in prior to their introduction in NI. Enhanced systems and information will be available at the Post Office counter, which include automated checks of vehicle details, rates of duty, roadworthiness test pass and insurance data. These checks, plus the development of enhanced training for Post Office clerks, will reduce the risk of errors through this replacement face-to-face channel and eliminate the volume of follow-up work currently required in NI to address the fact that the current Post Office service relies largely on manual checks and calculations.

The Post Office will be subject to strict security and data protection requirements and ongoing monitoring of its performance.

Many customers who submit transactions in bulk currently have 'drop off and collect' services in place via their NI local office. The DVLA intends to make sure that these services will still be available through the Post Office. This will be supported by access to the DVLA's fleet relicensing service for customers with larger fleet sizes.

Other Service Improvements

The following service improvements will also be delivered:

- Movement of vehicles between NI and GB will be simplified. At present, a vehicle moving between NI and GB must be re-registered with the appropriate authority. Once a single, UK-wide database of vehicles and keepers is implemented, these will be processed more simply using the V5C as a change of address transaction
- A retention service for NI registration marks will be introduced, allowing NI customers to hold a cherished registration number on a Certificate of Entitlement, for future assignment to an alternative vehicle
- Transfer of number plates between NI and GB vehicles will be simplified, easing customer and administrative burden and creating a UK-wide market for NI and GB cherished number dealers
- Data services will be harmonised, allowing customers with the right to access vehicle and keeper information to access GB and NI data from a single source in a common format
- Vehicle inspections (required in connection with some vehicle registration and licensing transactions) will be carried out by a local provider within NI, with comparable coverage with the current service

Information services

It is acknowledged that in the absence of NI local offices, there will be increased reliance on online, telephone and email services to provide information and advice to customers. There is expected to be increased demand on current DVLA contact centre resources and the expertise of that resource, although it is anticipated that the IVR system, updated website information (both on UK and NI sites), email facilities and detailed targeted communications to industry representatives, will alleviate some of this demand. The DVLA's Contact Centre utilises national rate telephone numbers and call-levelling technology, meaning that no customer is advantaged or disadvantaged when based on their geographical location when contacting the DVLA.

As a result of the GB Modernising Network Services (MNS) Project, all work carried out within the GB local offices has been transferred to the DVLA in Swansea and all GB local offices closed at the end of 2013. To support this transition, the DVLA's contact centre staff received detailed training in all transactions being centralised at the DVLA. Together with supplementary training on any specific NI differences, this work will ensure that the DVLA's contact centre is fully able and skilled to deal with any NI specific issues.

As part of process harmonisation, the motoring portal within the GOV.UK domain will be updated to ensure that information on vehicle registration and licensing is UK-wide and is fully relevant to NI customers. The NI Direct motoring franchise will also be updated, ensuring that NI customers can access all the information and services they need.

16. Things That Will Remain Unchanged for NI Customers

Vehicle Testing

Vehicle testing will remain a devolved matter in NI. DVA Testing will remain responsible for all aspects of vehicle testing within NI (MOT, GVC and other test types), with no changes to vehicle testing rules, processes, channels or locations.

NI customers will continue to receive a reminder prior to the expiry of their MOT certificate/disc and will be required to display a disc in their windscreen as proof of roadworthiness.

Driver Licensing

Driver testing and licensing will remain a devolved matter in NI. The DVA will continue to be responsible for delivery of all driver testing and licensing services.

Vehicle Registration Marks

The current NI format for vehicle registration marks will remain the same. Current policies governing the provision of replacement registration marks (where an application to change the registration number is made) will remain the same, with replacement NI format marks allocated on a transferable basis.

Vehicle Excise Duty (VED) Enforcement

NI Courts and Tribunal Service will remain responsible for prosecuting VED evasion offences in NI on the DVLA's behalf. NI Prosecutors will present enforcement cases on behalf of the DVLA at NI courts. Automated Number Plate Recognition enforcement activities will continue within NI.

Licensing Services available via NI Post Offices

Vehicle licensing services will remain available via the existing network of NI Post Offices, but additional/enhanced services will become available (see 'Face to face Intermediary Service').

Rates & Fees

Rates and bands of VED within NI will remain unchanged, as these are already harmonised across the UK. The majority of services will be delivered for the same fee as currently; however some minor changes to fees or charging policies, as well as acceptable payment methods, may be required to bring these into line with GB fees. These will be publicised and communicated to affected customers.

Online Information in NI

Online information and services relating to vehicle registration and licensing services will continue to be available via the NI Direct website. However, this information will also be available via the GOV.UK portal.

17. Main Differences for Customers

Service Differences

The facility to relicense a vehicle solely by post will stop. At present, around 14,000 postal licensing applications are made to, and processed at, the DVA's HQ every month. This service will be replaced by the introduction of online/telephone relicensing services and through enhanced face-to-face services made available via Post Offices.

Some 'concessionary' services offered to customers in NI through local arrangements may cease as a result of NI processes and services being harmonised with those currently available in GB. The full range of available services and channels will be publicised to NI customers as part of a wide-ranging publicity and stakeholder communications campaign.

Current NI application forms and documentation relating to vehicle registration and licensing services will change in order to be consistent with GB forms/documents. This will include changes to the appearance of most forms and leaflets, along with their official numbering e.g. the current DVA form 'NI V34 Application for a Vehicle Registration Document' will be replaced by the DVLA form 'V62 Application for a Vehicle Registration Document'.

Current NI forms will be accepted for processing by the DVLA during a transition period following go-live, to reduce the number of applications that are rejected. A full description of the current NI forms mapped/matched to the replacement DVLA forms will be available and publicised to customers before, during and after implementation.

Impacts of adopting a Centralised Model

Under a fully centralised model, responsibility for the delivery of vehicle registration and licensing services in NI will be transferred to the DVLA in Swansea. There will be no need to retain the local office and HQ presence for vehicle services in NI once new services have bedded in and centralisation of services at the DVLA in Swansea is completed.

The existing DVA sites at Coleraine (HQ) and in eight Local Offices across NI will cease to offer vehicle registration and licensing services, effectively resulting in the closure of the NI local office network for vehicle registration & licensing services. The services previously offered through the NI local offices will either be migrated to the Post Office (for the majority of relicensing transactions) or to the DVLA in Swansea, to be managed via alternative channels.

Postal services

Many vehicle transactions will continue to be conducted by post as now; applications will be sent to the DVLA rather than to the DVA in Coleraine or a DVA local office. Some face-to-face services available at NI local offices will be replaced by a

centralised service available only by post (e.g. registering an imported vehicle). This will potentially lead to increased turnaround times compared to an over-the-counter service, although these will remain within existing service targets.

It is recognised that under a centralised model, there is potential for documents to be lost in the post and during processing. Current levels of document loss within the DVLA are relatively small and it is unlikely to have any significant impact on customers. The DVLA allocates specific postcodes for particular transactions to ensure that applications are streamed to the appropriate team, speeding up the transaction process and reducing the risk of internal loss.

Payment methods

Where face-to-face channels are discontinued, this may create issues for customers who currently deal only in cash. This is unlikely to be a widespread issue and there are existing mechanisms to cater for customers who insist on cash payments. The DVLA accepts postal orders as a form of payment where a customer does not have access to cheques. For online and telephone services, the DVLA accepts a wide variety of payment methods.

18. Impacts for the DVLA

Integrating NI services into the DVLA's existing IT platform and operations will result in an additional 2.1m vehicle registration and licensing transactions managed through existing channels, against a GB baseline of 100m transactions p.a. This represents an increase in DVLA volumes of 2.08%. The highly automated, IT-focused nature of the DVLA's operation, together with the scale and flexibility of the DVLA's workforce and the breadth of different transaction types being transferred means that these volumes can be absorbed across the DVLA without any headcount increase or technology/capacity impact.

The proposed changes will achieve a permanent reduction in operating costs of around £12m per annum.

19. Impacts for the DVA

The DVLA will no longer require 324 posts to undertake vehicle registration and licensing work within NI. However, some residual work will continue to be required within NI to support VED enforcement and prosecutions, NI vehicle inspections and some ad-hoc activities. It is expected that several posts will be required within NI to support these residual activities, but the majority of posts will be subject to redeployment.

A full Local Economic Impact Assessment has been produced describing these impacts. The position of DoE NI in relation to the impact on DVA staff affected by this proposal is as follows:

"DOE NI, in conjunction with the wider NI CS Departments, will seek to absorb surplus staff by means of redeployment either to other suitable posts within DOE, insofar as this is possible, or in another Department. However, it is recognised that

due to the preponderance of potentially surplus staff in the Coleraine area, the vast majority of whom are in non-mobile grades or have restricted mobility due to working pattern, disability or welfare reasons, that identifying suitable redeployment opportunities may present a significant challenge particularly if the timeframe for completing such moves is short.

In recognition of the importance to staff of job security, DOE will use their best endeavours to avoid the need for redundancy and where redundancies are unavoidable, the aim will be to minimise the number of compulsory redundancies."

Although this may minimise the impact on the individuals affected, it will result in a net loss of jobs to the NI civil service as a whole, as the vacancies required to achieve redeployment of impacted DVA staff would otherwise have been filled by recruiting additional NI civil servants.

Therefore, although the impact on the local economy is reduced, there will still be an impact on the NI economy overall. As employees of the NI Civil Service, it would not be the DVLA's responsibility to manage the redeployment of affected NI staff, but support will be provided where possible, and the transition arrangements would be managed in a way that supports staff needs. The DVLA will also offer support for retraining DVA staff to help them develop new skills and find alternative jobs, where necessary.

20. Breakdown of Posts Per DVA Office

Location	Posts
Coleraine HQ	251.5
Coleraine LO	8
Belfast LO	22
Ballymena LO	8
Londonderry LO	6
Omagh LO	6
Enniskillen LO	5
Armagh LO	10.5
Downpatrick LO	7
Total	324

21. Oxford Economics Report

During the consultation period, Oxford Economics were commissioned by the Department of the Environment in Northern Ireland to conduct an economic appraisal of the proposals to modernise the way vehicle registration and licensing of services are done in Northern Ireland. Their report concluded that there will be significant negative impacts on employment, incomes and output in the NI economy. These include:

- A reduction of 523 jobs in NI in total – including direct and indirect effects from reduced demand for services by DVA and its workers;
- A total reduction of £11.2m in wages;
- A reduction of £22.4 m in Gross Value Added to the NI economy;
- The report focuses particularly on Coleraine and the impact of the cuts there.

There is no discussion of benefits in the report.

Oxford Economics argue that the labour market in Coleraine and NI will be stagnant in the future. Employment and unemployment levels are forecast to be relatively static to 2020.

The underlying analysis on which estimates are based is not specified. There is no way of checking the validity of estimates. The labour market estimates produced do not tie in with the falls in unemployment which have occurred in Northern Ireland over the last year.

The analysis provided by Oxford Economics does not reflect the impact that the changes to DVA's operations will have because it ignores all of the benefits that will occur from the expansion of digital services and the widening of services offered at post offices. These will increase choice and ease of access for consumers and reduce the costs of vehicle licensing and registration to businesses ultimately increasing NI employment.

22. Channel Shift

Once electronic and enhanced intermediary channels are available to NI customers, the DVLA predicts (based on GB patterns) that NI transactions will migrate significantly towards electronic services over a five-year period, with the number of paper transactions reduced significantly. The table below projects the scale of channel shift predicted based on current NI transaction volumes and GB take-up rates.

Total NI Transaction Volumes & Anticipated Channel Shift

	Current NI volume	Future NI volume	Shift
Online	81,000	943,000	1064% increase
Intermediary	870,000	690,000	21% decrease
Paper	1,153,000	470,000	59% decrease

NI Relicensing Transaction Volumes & Anticipated Channel Shift

	Current NI volume	Current Channel Split	Future NI volume	Future Channel Split
Online	-	-	810,000	54%
Intermediary	870,000	58%	690,000	46%
Paper	630,000	42%	-	-

Annex A – Alternative Proposals Considered and Discounted

Other Options Considered

Title	Overview	Impact on DVA Staff	Delivery Cost £m	Annual Saving £m	Considerations
Systems Integration & Full Outsourcing	Integrate the GB and NI systems but continue with the current arrangement of outsourcing all vehicles work to the DVA in NI. This includes maintaining operations centrally in Coleraine and at the DVA's Local Office network.	134 of 324 posts displaced: 189.6 posts potentially retained	23.7	4.5m	Considered and Discounted - There are significant technical and delivery complexities with this option. New ICT solutions would be required to modernise NI operations and this option would not deliver full parity of service UK-wide. Efficiency savings are minimal. Any work or services delivered by staff in NI would be less efficient, as they would not have the same levels of automation. Therefore, customer service may suffer.
Systems Integration & partial outsourcing of vehicles work.	Integrate the GB and NI systems, centralise the majority of vehicles work at the DVLA in Swansea but outsource some elements of vehicle-related work to the DVA in NI, to the equivalent of enough work for 100 posts. This includes withdrawing services at the DVA's local offices in NI.	224 posts displaced: 100 posts retained	22.3	7.8	Considered and Discounted - Significant delivery complexity over full centralisation, including new ICT solutions to outsource work to NI staff. There are no customer or strategic benefits in this option and the efficiency savings are significantly less than those for full centralisation. As above, work delivered in NI could be less efficient, leading to degradation in customer service.

Title	Overview	Impact on DVA Staff	Delivery Cost £m	Annual Saving £m	Considerations
Systems Integration & Partial outsourcing of non-vehicles work	Integrate the GB and NI systems, centralise all vehicles work at DVLA Swansea, but outsource a bespoke element of the DVLA's non vehicle-related business to the DVA in NI, to the equivalent of enough work for 100 posts. This option includes withdrawing of services at the DVA's local offices in NI.	224 posts displaced: 100 posts retained	22.3	7.8	Considered and Discounted - This option again carries significant delivery complexity over full centralisation, including new ICT solutions to outsource work to NI staff. There would also be difficulty in outsourcing functions currently integrated into the DVLA business and the efficiency savings are significantly less than for full centralisation. There are no customer or strategic benefits. As above, work delivered in NI could be less efficient, leading to degradation in customer service.
Systems Integration & partial outsourcing of vehicles work to DVA local offices only.	Integrate the GB and NI systems and centralise processing at the DVLA in Swansea, but outsource delivery of local services to NI. This option includes reducing the number of NI local offices from eight to three.	250 posts displaced: 74.2 posts retained	22.1	10.2	Considered and Discounted – this option carries increased delivery complexity over full centralisation, including new ICT solutions/networks across NI to enable a LO Network. Efficiency savings are significantly less than those for full centralisation. Maintaining local offices in NI will also lead to a disparity with GB when the GB local offices close by the end of 2013, with DVLA at risk of criticism for offering a competitive advantage to NI customer. Work delivered through face-to-face channels could be less efficient than via a centralised model.

Title	Overview	Impact on DVA Staff	Delivery Cost £m	Annual Saving £m	Considerations
Do Nothing	Do not deliver systems integration and retain current arrangements whereby vehicles work in NI is fully outsourced to the DVA.	323.98 posts retained: no displacement	N/A	0	<p>Considered and Discounted</p> <p>–Enhanced vehicle services would not be delivered to NI customers, continuing the disparity of service in comparison to GB customers. The disparity will worsen over time as the DVLA continues to improve its services to GB customers. No strategic or policy benefits would be delivered. Government Digital by Default and Deficit Reduction agendas would not be delivered as there would be no opportunity to make efficiency savings. Costs to support and maintain two separate IT systems would remain</p>

*Note: Annual savings shown are based on latest running cost figures available at the time of the analysis.