



Driver & Vehicle
Licensing
Agency

Driver & Vehicle Licensing Agency Annual Report & Accounts



2020 > 21

**Driver & Vehicle Licensing Agency
Annual Report & Accounts 2020-21**

Presented to the House of Commons pursuant to section 7 of the Government Resources
and Accounts Act 2000

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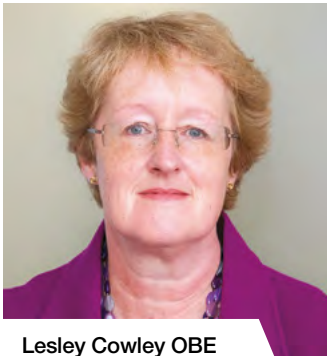
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Lesley Cowley OBE

Non-Executive Chair's introduction

Welcome to our Annual Report and Accounts for 2020-21.

While this reporting year was, as you would expect, dominated by the impact of the COVID-19 pandemic, we continued to provide essential services to the millions of people and businesses who rely on them. With a vastly reduced workforce available on-site for much of the year due to social distancing laws and industrial action, this was a significant challenge. My thanks go to the staff right across the organisation who worked so hard throughout the year to make sure that our services kept running and applications were processed as quickly as possible.

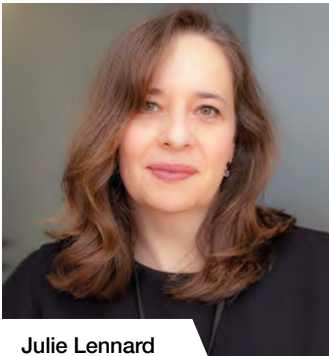
We also introduced several new digital services to make it easier for customers to interact with us when they needed us most. We took big steps forward in our ongoing digital transformation, using the latest technology to build these new services. This important work both paves the way for future enhancements to our services and sets the direction of travel for the coming years.

During the year, two of our Non-Executive Directors stood down, having completed their terms – thank you to Chris Morson and Emma West for their excellent service on the Board of DVLA.

My thanks also go to our staff in what has been an exceptionally challenging year for us all and to my Board colleagues for their continued commitment and support.

A handwritten signature in black ink, appearing to read 'L. Cowley', written in a cursive style.

Lesley Cowley OBE
Non-Executive Chair
7 July 2021



Julie Lennard

Chief Executive's message

I am very pleased to present our Annual Report and Accounts for 2020-21.

This reporting year has been unlike any other. In common with all organisations, the COVID-19 pandemic brought huge challenges and disruption for us as an organisation, for our staff and for our customers.

The DVLA has an important part to play in people's everyday lives – what we do touches on pretty much every household in the UK – if you, or someone in your household drives or keeps a vehicle, then you or they will know how essential our services are. We offer 67 services but put simply, we are here to help keep the UK moving; we help people get to their place of work; to travel to see family and friends; to earn a living. What we do matters to millions of people and businesses right across the country and I am incredibly thankful to our staff who kept working every day in the most challenging of times, whether that was on-site or working from home, to play their part in helping to keep the country moving when it was needed most.

As these accounts show, we have had a very busy and challenging year. The safety of our staff is of paramount importance, and right at the start of the reporting year, in line with the government's advice, we moved everyone whose role allowed them to work from home to do just that, and they have remained working at home throughout the whole year. Because of this, only those whose role meant they needed to be physically on-site remained in the office. It's easy to forget the scale of the operation at DVLA, which operates across the whole of the UK – in addition to the millions of people who use our online services each week, on average we receive around 60,000 items of mail every single day. We also carry out work for other public sector organisations, such as printing and despatching letters and leaflets on their behalf, including shielding and then vaccination letters for the NHS.

This last year alone, in total, we produced and posted out more than 92 million documents, including those on behalf of a wide range of public bodies, which really is a significant achievement given the uniquely challenging times we were faced with.

Our online services continued to work very well throughout the entire year, and with 10 new digital services introduced in this time, it was a testament to the dedication of the staff who worked so hard from home to achieve this. However, with fewer people on-site to process the hundreds of thousands of paper applications that were posted to us every week, this inevitably led to delays in processing some paper applications.

This disruption to customer service was compounded when the Public and Commercial Services (PCS) union balloted for industrial action. The combination of both has led to disruption for some of our customers as, at times, we were unable to provide the high level of customer service we pride ourselves on.

DVLA has followed and implemented Welsh government guidance at every single point throughout the pandemic as we worked hard to deliver our essential services across the UK. We worked consistently with Public Health Wales, Swansea Council Environmental Health and The Health and Safety Executive, and we invited regulatory bodies to our sites multiple times. We adapted over the year as the pandemic unfolded and introduced a wide range of safety measures, at a cost of £4.7 million, to ensure the safety of staff who had to be on site, including those who open and process mail (often including sensitive personal information and ID documents such as passports and birth certificates) or print and send out vital documents. A special thanks goes to all of those in our Estates and Health and Safety Teams for all their tireless work to keep staff safe.

The brilliant teams that build and maintain our digital services worked incredibly hard to launch services that really make a difference to our customers. You can now go online to request a replacement vehicle registration certificate or to tell us you've changed your address – in both cases, you should get your new certificate back in just a few days, rather than the weeks it would take if you were applying via the post. We also developed new services for drivers who use tachograph cards and for those new drivers who are applying for their very first driving licence – both of those services are currently being tested before launching fully in the coming weeks. We also worked closely with other government departments, putting our digital skills to good practice by developing services to support HMRC and HM Courts & Tribunal service.

I am extremely proud of the entire DVLA team. In the most challenging of years, I have seen first-hand the never-ending flexibility, commitment, dedication, and the genuine desire to help customers from staff right across the organisation and my heartfelt thanks go to all those and my Board colleagues.

Julie Lennard

Accounting Officer and Chief Executive, DVLA

7 July 2021

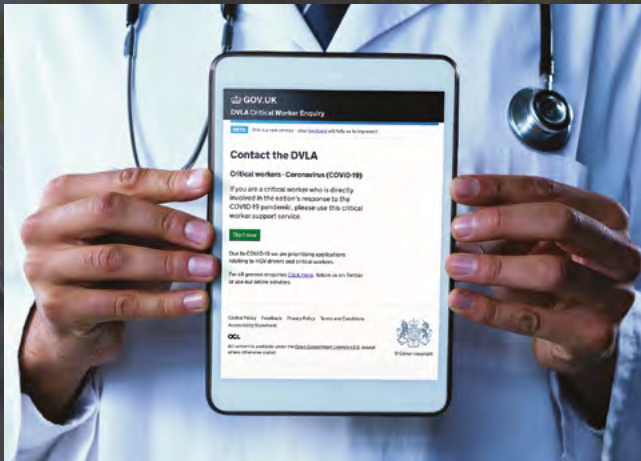
Achievements of the year 2020-21

Operational results

- ✓ We issued **8.8 million** driving licences
- ✓ We issued **16.3 million** V5C registration certificates
- ✓ **46.7 million** customers taxed their vehicles with **98%** choosing to do so digitally
- ✓ Our digital and automated interactions rose to **1.5 billion** showing customers chose quick and easy ways to deal with us. **90%** of all interactions were made through these routes
- ✓ Our contact centre answered over **7 million** queries including **4.8 million** calls, **1.5 million** web chat and bots and over **950,000** emails
- ✓ We made **506,277** medical licensing decisions
- ✓ We developed **10** new digital services

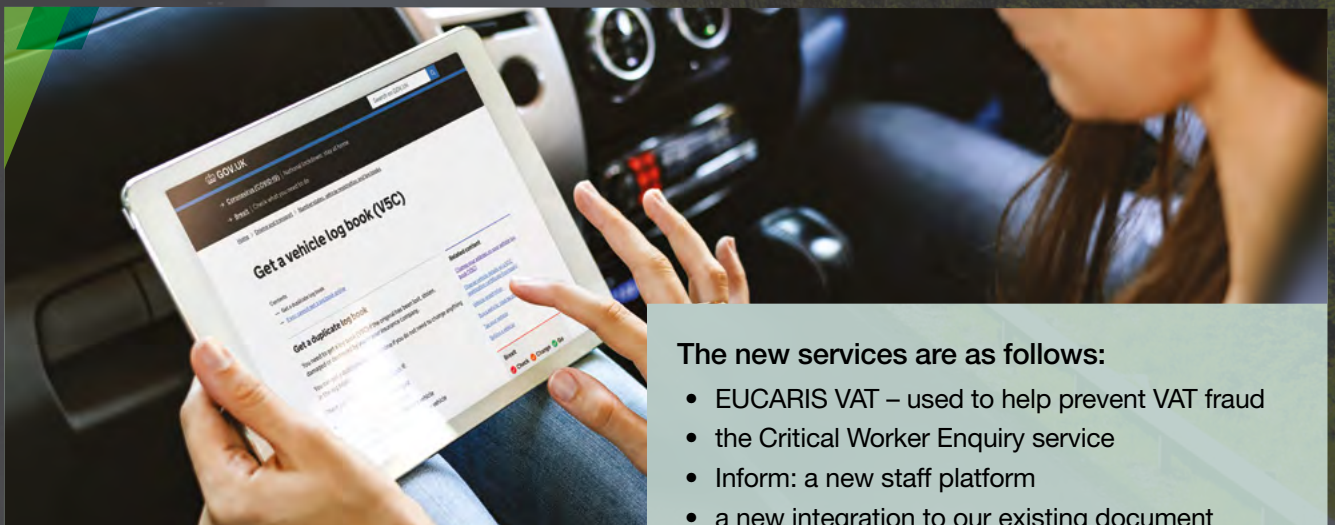
At the start of the pandemic, staff worked hard to develop fast track solutions to register new ambulances at speed.

We provided help to the Ministry of Defence by issuing 400 military drivers with tachograph cards, so they could drive and deliver oxygen supplies to the new NHS Nightingale Hospital in London.



We developed and delivered a Critical Worker Enquiry service.

This new online service logged enquiries from key workers and ensured they were prioritised and handled as quickly as possible by contact centre staff. Over **150,000** enquiries were dealt with using this service during the first national lockdown.



10 new digital services

We developed 10 new digital services, two of which enabled customers to change their address on their V5C registration certificate and order a duplicate (replacement) V5C registration certificate online for the first time.

We also launched a critical workers service and developed new services for drivers who are applying for their first driving licence and drivers who use tachograph cards.

The new services are as follows:

- EUCARIS VAT – used to help prevent VAT fraud
- the Critical Worker Enquiry service
- Inform: a new staff platform
- a new integration to our existing document checking service to support the HMRC self-employment grant scheme
- V5C registration certificate change of address service
- replace a V5C online service
- API for Her Majesty's Courts and Tribunals Service
- moved the first applications service into private beta
- moved the driver tachograph card into private beta
- E10 digital service to check a vehicle's compatibility with E10 petrol



Our Contact Centre was awarded the CCA Global Standard Version 7.

This accreditation measures an organisation's customer service strategy, helping to raise the bar and develop a consistent approach to service excellence.

The assessment recognised that "the focus of the entire [Contact] Centre and indeed the agency is clearly the health and safety of their staff, with service levels relaxed to concentrate on answering as many customer contacts as possible rather than rigid adherence to historic measures" and concluded that DVLA's response to the pandemic was efficient and effective.



Customer Service Excellence Standard

We were proud to retain the Customer Service Excellence Standard for the 12th consecutive year. The assessment recognised the "growth in customer focus" and "the outstanding contribution of staff to the improvement of operations and procedures during the pandemic".

Triple award winner

at the UK National GO Awards for Best Environmental Impact; Leadership of the year and the GO Excellence Award.



The GO Awards recognise excellence in public sector procurement and the supply chain. The awards showcased organisations leading the way in public procurement best practice across all UK nations and we were delighted to be recognised.

Generated
£175.2 million
 for government from the sales of Personalised Registrations.



Achieved planned IT service availability of
99.94%
 for our digital services.



Michelle Slee, Agile Delivery Manager, won Role Model of the Year at the UK Women in Tech Excellence Awards recognising the top-performing women from across the technology space, providing inspiration for younger women looking to build a career in IT.



Winner of the Civil Service Communication Award for the Vehicle Tax Evasion campaign 2020.

This award recognised exceptional performance by a communications team in the Civil Service to deliver a highly effective national or international campaign.

DVLA has a long-term strategy to keep vehicle tax evasion low and uses a wide range of prevention and enforcement measures

to remind motorists of their legal duties to pay vehicle tax on time. This multi-channel communications campaign, which focused on areas across the UK where evasion was higher, helped to remind motorists of how easy it is to tax their vehicle and of the consequences if they didn't.



Maintained our position in the **top five** Public Services National Organisations in the **UK Customer Satisfaction** research conducted by the Institute of Customer Service.







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01

Who we are and what we do

Who we are

We are an executive agency of the Department for Transport (DfT).

Our core responsibilities are to maintain more than 49 million driver records and more than 40 million vehicle records. We collect around £7 billion a year in Vehicle Excise Duty (VED).

Our goal is to get the right drivers and vehicles taxed and, on the road, as simply, safely and efficiently for the public as possible. We deliver reliable and user-friendly services that provide value for money for taxpayers. We are one of the largest employers in South Wales with more than 6,000 staff.

Our role has evolved over the decades from dealing with paper transactions at the outset to becoming the dynamic digitally focused organisation we are today. At our core, we remain committed to providing world class customer service.

What we do

What we do touches on the day-to-day lives of almost every household in the UK and covers a wide range of services. We have a vital role to play in helping the country to keep moving while keeping our roads safe.

We pride ourselves on being one of the most innovative, efficient and effective agencies in government. The vast majority of customers transact with us online and our flagship digital services mean they can choose to transact with us at a time and place that suits them. Our services are quick and easy to use which means customers can transact with us in a matter of minutes and in some cases, 24 hours a day. Our digital services serve millions of motorists and businesses every day whether through registering a trailer, applying for a tachograph card or registering brand new vehicles.



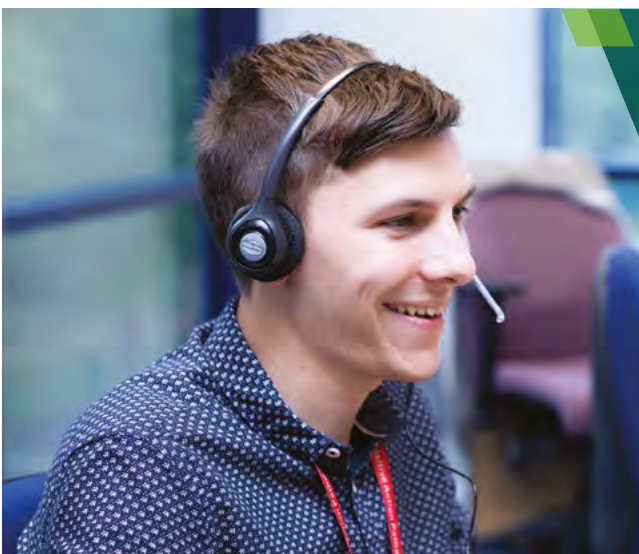
Our goal is to get the right drivers and vehicles taxed and, on the road, as simply, safely and efficiently for the public as possible.

We work across government providing services to other government departments and health authorities across the UK by providing information to Her Majesty's Revenue and Customs (HMRC) and Department for Work and Pensions (DWP) to support applications.

External print demands almost tripled during the pandemic as we supported public services with the printing of shielding and vaccination letters for local authorities and health boards across the UK; emergency payment letters for the Department of Work and Pensions, appeal letters for HM Courts and Tribunals Service and even the UK Ship Register for the Maritime and Coastguard Agency. Our innovations are often at the forefront of digital services in government and we work closely with business customers and the general public to adapt to changing motoring needs, ensuring the services we offer are designed with the future in mind.

Our contact centre operates multiple channels to answer customer queries. These are phone, social media, email and webchat including automated chatbots.

The law is clear that everyone who drives must tell us if they have a medical condition that may affect their driving. Where an application involves a medical condition, we will often be wholly dependent on receiving additional information from medical professionals, such as the driver's GP or consultant, before we can make a decision to issue a driving licence. We know that the ability of NHS medical professionals to respond to queries was impacted by the pandemic and there have been longer waiting times for the more complex medical investigations. Despite this, our Drivers Medical teams, including a team of in-house doctors, made over half a million medical licensing decisions during 2020-21.



End of the EU transition period

All driving licences and number plates issued after 1 January 2021, no longer feature the EU flag.

Throughout 2020 we continued to support the Department for Transport on the UK's exit and transition from the European Union (EU) to help ensure recognition of UK photocard licences for driving in the EU without the need for an International Driving Permit (IDP). This was the culmination of four years of work preparing for the end of the EU transition period – full details of expenditure are on [page 35](#).

The DVLA made the necessary changes to legislation, policies and business processes ahead of leaving the EU. On 1 February 2019, the DVLA took over the issuing of International Driving Permits (IDPs) from the AA and RAC as part of its contract with Post Office Ltd. The significantly expanded IDP service, for those countries who still require an IDP, is available in 3,000 branches across the UK, an increase from the 89 branches under the previous arrangement.

A UN Convention, which was ratified as part of the UK's preparation to leave the EU, required the mandatory registration of commercial trailers weighing more than 750kg and all trailers weighing more than 3,500kg that are used in international traffic in countries that have ratified the same Convention. The DVLA launched the new online trailer registration service on 1 March 2019. The service was the first of its kind for the DVLA, offering a comprehensive service for keepers wanting to register their trailers and manage their trailer account.



COVID-19 response

On 23 March 2020, when the Prime Minister announced the first COVID-19 lockdown in the UK, DVLA, like many organisations, responded swiftly to huge changes in order to keep staff safe and continue to deliver essential services across the UK.

We adapted our business, physically and digitally to continue to deliver services that so many people and businesses up and down the country rely on. We introduced large-scale remote working for the first time in our history, which saw more than 2,000 staff working from home.

Our online services operated extremely well throughout the pandemic and we quickly developed and launched new digital services to further help customers. In the past 12 months, we launched a service that enables vehicle keepers to change the address on their V5C (vehicle registration certificate) and order a duplicate (replacement) V5C registration certificate online. Take up for these new services has been excellent with over one million transactions completed for change an address on a V5C registration certificate and almost 200,000 duplicate (replacement) V5C registration certificates ordered. Using our digital services is always the quickest and easiest way to deal with us – it took between three to five days to process and despatch documents from an online transaction. We also ran a communications campaign to raise awareness of our digital services.

We introduced extensions to the expiry date of driving licences in 2020 to assist motorists and created a COVID-19 guidance page on GOV.UK to provide timely information and advice for the public.

While those staff whose roles allowed them to work from home did so from the start of the pandemic, by the very nature of what we do, some areas of work simply could not be completed by staff at home. There are a number of critical activities carried out by the DVLA which it is not possible for staff to do from home. This includes the processing of paper applications for driving licences, including those for key workers who rely on their vehicles. Applications often include key identity documents such as passports which need to be returned to customers quickly as they can be needed for other applications, such as new jobs or benefits applications.

In view of the essential nature of the public services we provide, many of our operational staff were required to be in the office to deal with the 60,000 items of mail that we received every day during the pandemic. We adapted the way we worked and created teams to respond quickly to customers waiting for the return of identity documents amongst this mail during the first lockdown. In the reporting year we produced and despatched an incredible 92,393,710 documents, all of which were despatched by staff working on site.

From the start of the pandemic, our focus has been on keeping our staff safe. During the past year, working closely with Public Health Wales, Swansea Council and Swansea Bay University Health Board, we put in place an extensive range of measures in all DVLA's eight buildings. We invested £4.7 million to make our estate as COVID-19 secure as possible.

The measures implemented included:

- more than 2,000 staff were working from home as at 31 March 2021. Around 1,400 staff working in support areas such as Human Resources, Finance, Commercials, Policy and Communications and IT were able to work from home from the start of the pandemic and this number has increased over the following months
- one-way systems were installed across the DVLA estate
- reconfiguration of desks to ensure staff can maintain social distancing, made possible by utilising all available accommodation vacated by those staff who are working from home
- social distancing markers on floors, especially in areas like lift lobbies and takeaway catering outlets
- communal areas, for example rest areas, catering seating areas and meeting rooms were all closed
- lift use was restricted to a maximum of two people at a time in large lifts and single use for smaller lifts. Staff were encouraged to use the stairs where they are physically able to do so
- perspex screens were installed, and PPE provided for staff where required
- face coverings were required when staff were not at their desks in line with Welsh Government guidance
- zones were introduced on all floors with no mixing of staff between zones. Each zone had a dedicated controller who was responsible for ensuring that social distancing and other COVID-19 safe rules were followed
- staggered start and finish times were introduced to control the flow of staff in and out of the buildings at any one time
- the air conditioning was reconfigured to use external fresh air only with no recycling of air
- additional cleaning regimes were put in place in line with Welsh Government guidance. We followed the World Health Organisation's manufacturer advice for the cleaning products we used. We recruited 31 housekeepers who worked across the DVLA sites during the day, focusing on high contact points, like door handles and kitchen areas. This was in addition to the regular daily, after hours cleaning and helped to increase the visibility of cleaning and reassure staff working on site
- all staff were provided with individual hand sanitisers and sanitising stations were added across all floors and around the estate
- with the increased prevalence of new COVID-19 variants, and a second UK wide lockdown, we reviewed the number of staff on site. Since January 2021, the individual risk profiles of staff were reassessed using the Welsh Government's All Wales COVID-19 Workforce Risk Assessment Tool, with further reductions in numbers during January and February
- we regularly reminded staff of the safety measures in place in DVLA through several internal communication channels and introduced a new secure online platform to keep staff informed and connected via their own devices
- we leased an additional building to increase capacity for socially distanced staff to accommodate the operational areas whose roles cannot be done at home
- from January 2021, DVLA participated in the UK Government pilot scheme to test workers without symptoms with lateral flow tests. As of 31 March 2021, over 13,000 tests were carried out with DVLA staff.

Case study

Supporting public services throughout the pandemic



DVLA output services group is responsible for printing and mailing millions of documents to customers every year and not just information from DVLA.

The group is a preferred printing supplier for the Government Digital Service which means that they support other government departments, local authorities and universities amongst others. During the pandemic, the government prioritised the printing of COVID-19 messages which meant the additional external printing work the teams were undertaking almost tripled from an average of 130,000 letters per month to 350,000 letters per month. This increased workload was to help local authorities reach vulnerable people who needed help in accessing key services.

The team behind this extraordinary activity was working under very different and challenging circumstances. With operational staff unable to work from home and reduced staffing levels, the staff quickly pulled together to meet this increased demand in order to provide a vital service to local communities.

Following on from this, we continued to assist several other public organisations with our printing resource, from emergency payment letters for DWP to shielding and vaccination letters the NHS trusts across the UK relied so heavily on us to do. During the reporting year, we printed and mailed nearly five million items on behalf of other public sector bodies, which would not have been possible without having staff in the office.

02 Delivering against our 2020-21 business plan

Strategic goal		Target	Result
1. Customer-centric	1.1 We will dispatch applications made online for a: <ul style="list-style-type: none"> • driving licence in 3 working days • vehicle registration certificate in 3 working days • tachograph in 3 working days 	95%	All achieved
	1.2 Following disruption caused by the COVID-19 response, we will recover our position by March 2021 to dispatch applications made by post for a: <ul style="list-style-type: none"> • tachograph in 10 working days • driving licence in 10 working days • vehicle registration certificate in 10 working days • vocational driving licence in 10 working days 	90%	Achieved Not achieved Achieved Achieved
	1.3 Following disruption caused by the COVID-19 response, we will have recovered by March 2021 to provide a full response to formal complaints within 15 working days	95%	Achieved
	1.4 We will provide planned customer IT service availability of: <ul style="list-style-type: none"> • vehicle tax • vehicle management • personalised registration • driver licensing online services 	99.5%	All achieved
2. A dynamic digital organisation	2.1 We will develop a new online digital service to allow customers to change the address on the vehicle record	June 2020	Achieved
	2.2 We will develop a new online digital service to allow the registered keeper of a vehicle to apply for a duplicate (replacement) V5C	October 2020	Achieved
	2.3 We will deliver the first iteration of an online service to allow customers to apply for their first provisional driving licence with enhanced features for photo upload	March 2021	Partially achieved ¹
	2.4 We will launch a service for driver tachograph cards, enabling customers to move from paper to a digital channel	March 2021	Partially achieved ²
	2.5 We will exceed our total digital and automated interactions	90%	Achieved
3. Data driven	3.1 As part of the cross-government COVID-19 response, we will work with Driver and Vehicle Standards Agency (DVSA) to support their suspension of MOT testing, allowing customers to tax their vehicles during the extension	March to September 2020	Achieved
	3.2 We will take over the operation of the Customer Contact Centre for the Charging Clean Air Zone service from the Joint Air Quality Unit (JAQU)	May 2020	Achieved
	3.3 As part of the cross-government COVID-19 response, we will develop a new integration service to our document checking system to support the HMRC self employment income support scheme (SEISS)	May to October 2020	Achieved
	3.4 We will expand the sharing of driver data to police forces at the roadside, for the purpose of road traffic enforcement	September 2020	Achieved

Strategic goal		Target	Result
3. Data driven (continued)	3.5 Working with Her Majesty's Courts and Tribunals Service (HMCTS) we will increase direct digital links, reducing paper transactions and improving our VED Evasion enforcement capability	March 2021	Achieved
	3.6 We will capture the required information for automated vehicles at first registration, once the necessary legislation is in place	Date according to the commencement order ³	Achieved
4. A great place to work	4.1 As part of COVID-19 response and the digital workplace employee experience programme, we will accelerate the roll-out of communication and collaboration tools that enable effective remote ways of working for roles where that is possible	Ongoing 2020-2021	Achieved
	4.2 Following disruption caused by the COVID-19 response, we will implement our business recovery plan whilst prioritising the safety of our people by: <ul style="list-style-type: none"> • following Welsh government guidance on safety in the workplace during the COVID-19 pandemic • recruitment of additional staff • maximising the capacity of the estate through shift working and overtime • increasing accommodation space through the lease of additional office space • maximising the existing accommodation space through efficient seating configuration and the procurement of equipment to facilitate social distancing • progress the implementation of smarter working initiatives to enable effective flexible working options 	Ongoing 2020-2021	Achieved
	4.3 We will carry out work to improve the environmental impacts of our operational estate and travel by: <ul style="list-style-type: none"> • beginning implementation of a 5-year carbon reduction strategy • increasing the number of Electric Vehicle Charging Points (EVCP) across our sites available to staff and visitors from 12 to 24 • further reducing our total paper consumption 	January 2021	Delayed ⁴
		March 2021 March 2021	Delayed Achieved
	4.4 We will further embed and develop our centre of digital excellence, apprenticeship & development programmes working with local education partners, in areas such as: <ul style="list-style-type: none"> • Cloud developers • IT Level 3 apprentices • Year in Industry Students Totalling 27 new recruits <ul style="list-style-type: none"> • Accounting • HR • Management Totalling a minimum of 50 new apprentices	Ongoing 2020-2021	Achieved Partially achieved ⁵

¹ A first iteration of the service with a signature upload was delivered into private beta by 31 March 2021. Work is continuing with future iterations of the service planned in the next business plan year.

² We re-prioritised digital service development and revised the delivery plan in 2020-21 in response to COVID-19. At 31 March 2021, progress was in line with our revised plan.

³ Commencement order date 21 April 2021.

⁴ Publication of the Greening Government Commitments for 2025 which will form the basis of our carbon strategy has been delayed.

⁵ We quickly moved from face to face to full remote recruitment in 2020-21. Working with our apprenticeship providers, we recruited 34 new apprentices in the year with some start dates being postponed beyond 31 March 2021.

Customer- centric



We are a customer-centric organisation and our aim is to provide excellent customer service. Our services are designed around customer needs and wants.

Our ambition is to create dynamic and intuitive services that makes every interaction with us as easy as possible for customers. We put the needs of the customer at the centre of our service design whether they transact online, over the phone or by post.

Changing our ways of working was critical for DVLA during the pandemic and flexibility and adaptability from staff meant customers continued to have access to services, advice and information throughout the year.

Our contact centre

During 2020-21 our multi-channel contact centre dealt with over 7 million enquiries including 4.8 million calls, responded to 45,000 social media contacts and completed 1.5 million webchats and email responses. During the pandemic, our contact centre needed to adapt quickly – and it did.

We introduced dedicated phone numbers for critical key workers, pausing other less critical services to allow our advisers to help those most in need during the first lockdown period. We leased and fitted out a new building to enable more advisers to answer calls in a safe environment and staff working from home responded to social media queries and weekend and evening working was increased to respond to customer demand.

However, a significantly reduced number of staff due to social distancing measures meant that we couldn't answer all queries within our usual timescales and unfortunately customers experienced delays in trying to reach us.

In response to this, we developed new ways for customers to reach us and to find information they needed, including new web chat channels to help customers complete their driving licence application and for drivers who needed to notify us of a new medical condition. Our in-house team developed chat bots that went live 24 hours a day for our customers to find answers on general queries when they needed to.



We know some of our customers prefer to contact us on social media and we ringfenced a team of contact centre advisers working from home to focus solely on social media enquiries, which meant dedicated and speedier responses at peak times.

We continued to keep our standards high and we were proud that our contact centre received CCA (Customer Contact Association) accreditation for the 13th consecutive year, retaining reaccreditation to CCA Global Standard Version 7. The CCA sets the standard for how organisations should deliver customer contact and the independent review highlighted the positive customer-focused culture across the contact centre.

Online services

We've made it as easy as possible for customers to transact with us online. Working from home, our teams continued to maintain our online services – ensuring they were available as normal – and developed new services to meet customer demand.

As a digital organisation handling over 1.5 billion interactions last year, our ability to maintain high service availability was critical. Throughout the reporting year our online services to tax a vehicle, tell us you've bought or disposed of a vehicle, assign and retain a personalised registration and replace or renew a driving licence had 99.94% availability. This is against a target of 99.5% and meant customers could rely on our online services when they needed to deal with DVLA.

During the year, we focused on making sure customers knew how they could go online to access our services. Since it was published in March 2020 our COVID-19 guidance page on GOV.UK has received over 1 million views. We've used this page to keep customers informed about our services, how to contact us, and changes such

as extensions to driving licences and special arrangements for renewing a lorry or bus licence during COVID-19.

As social distancing led to fewer staff being available on site to process paper applications, our communications team ran a campaign to encourage customers to use our online services and promote them as the easiest and often cheapest way to transact with DVLA.

Customer insight

Our insight team adapted quickly to the challenges that the pandemic brought and continued their customer research programme to support the ongoing development and delivery of our services. This was essential to develop and maintain a sound understanding of the needs of our customers and to assess the quality of the service that we provide. We ran targeted research to understand customer needs around several services being delivered specifically in response to the pandemic. We achieved this by using a range of quantitative and qualitative research methods such as customer surveys, usability testing and virtual interviews.

We have adapted our approach in response to the national lockdowns by conducting more of our survey research online and have frequently used our online customer panel to quickly gauge customer views. We have also adapted our approach to qualitative research sessions with our customers by delivering them online instead of face to face. In addition, we introduced other methods such as customer diary studies, allowing us to better understand customer experiences with our services over a period of time.

Overall, DVLA customer satisfaction with services received was 92.54% and DVLA also maintained its position in the top five Public Services National Organisations in the UK Customer Satisfaction research conducted by the Institute of Customer Service.

Case study

Helping customers throughout the pandemic



During the year we were proud to retain the Customer Service Excellence Standard for the 12th consecutive year.

The assessment recognised the growth in customer focus and our quick and compassionate response to the impact of COVID-19. The response of staff to new ways of working and their commitment to deliver the best services possible continues to be hugely impressive, all with the goal of helping customers from creating a small team of 'runners' to locate, retrieve and return ID documents for key workers, to staff from across the agency volunteering for weekend work to reduce a backlog of applications accumulated during the first national lockdown.

Case study

Supporting public services throughout the pandemic



At the start of the pandemic, our first registration teams had to deal with urgent applications for business customers registering vehicles for the first time.

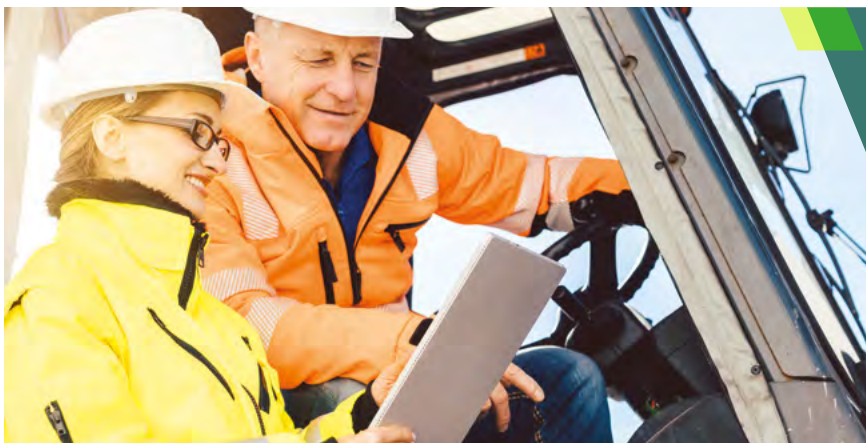
As priorities changed to accommodate those most in need, our staff went over and above to assist with the registration of emergency vehicles. They processed and registered 47 ambulances within 48 hours for the London Ambulance Services allowing them to get these vehicles on the road and in service as quickly as possible.

To ease the burden on motorists all driving licences that expired between 1 February and 31 December 2020 were automatically extended by 11 months from the original date of expiry. We also gained cross-government agreement to change the law at speed to allow us to issue one-year licences to lorry and bus drivers without the need for a medical report. This recognised that drivers would be unable to get the medical report completed by a doctor as usually required given the other pressures on the NHS. This change was crucial in helping the UK's response to the COVID-19 pandemic, helping to ensure that vital supply chains remained open. The willingness and determination of staff at DVLA to find solutions and continue meeting customer needs throughout the year, under extreme pressure, is a credit to everyone.

Corporate customers

Our corporate customers have different requirements and rely on us to meet their business needs, and the needs of their members or customers. In unprecedented times our close contact with corporate customers, including trade bodies, motoring organisations and charities meant we were able to respond quickly to an emerging situation. Our regular industry meetings continued, albeit online, and enabled us to share updates on our services and to learn more about our customers' priorities and demands, helping to shape how we supported them.

Throughout the year we moved quickly to support customers with legislative changes, new services and new contact channels so the regular communication we had with our industry and charity networks was critical in helping us share important messages. Our industry liaison groups took an even more collaborative approach in the reporting year and we are grateful to our corporate customers in promoting our digital services to their members.



Complaints

At the start of the reporting year, the initial impact of COVID-19 on some of DVLA's paper-based services was significant. Lockdown restrictions meant far fewer staff on site to process postal paper transactions which led to delays which in turn resulted in a higher number of complaints. Many of these complaints stemmed from customers requesting updates on their applications. Our teams worked tirelessly to help customers and resolve their issues and by March 2021, we were routinely providing a full response to complaints within 15 working days of receipt in over 95% of cases.

There was a 32% reduction of cases escalated through the complaints process to Independent Complaint Assessors when compared to 2019-20. There have been six complaints fully upheld following review, a reduction of 33% on 2019-20. The number of cases referred to Public Health Service Ombudsman also reduced by 23% when compared to 2019-20 with one case upheld.



Case study

Supporting public services throughout the pandemic

DVLA works hard to help customers and during the pandemic this was more important than ever. One of the many ways in which we did this was to support other departments, like the Ministry of Defence (MoD).

We provided help to the Ministry of Defence by issuing tachograph cards to military personnel so they could drive and deliver oxygen supplies to the new NHS Nightingale Hospital in London. When operating as

civilian drivers, they are subject to the same rules as other lorry and bus drivers and must record their driver hour using a tachograph card. The staff behind this service processed applications from 13 different military bases immediately, allowing the tachograph card to be printed overnight and delivered the next day. Our teams enabling vital resources to be delivered is something we are very proud of and demonstrates the commitment of DVLA staff.

A dynamic digital organisation



Our aim is to be a hub for motoring with easy to use, intuitive services. This year we launched new services, faster than ever before, moving and adapting at pace to respond to customers' needs.

We reprioritised our work to bring forward the development and launch of new online services to support customers during COVID-19. The teams have done an incredible job supporting the acceleration of our digital services in a uniquely challenging time.

Adapting our business

Our in-house teams worked at pace to create new online services to enable our customers to apply for a replacement V5C registration certificate and change the address on an existing V5C registration certificate. This meant there was no longer a need to use paper applications, customers could receive new documents within days rather than weeks. These were taking longer to process due to a greatly reduced number of staff on

site to comply with Welsh Government legal requirements around social distancing. The teams building the services developed them securely and remotely and worked as virtual teams to launch them in record time.

We developed the change address on a V5C registration certificate service in just six weeks – using in-house cloud skills, flexible and responsive technology and agile working. The service updates in real time and reduces the time it takes to dispatch a new certificate to within three days. Since its launch, the service has processed over one million transactions, saving time and money for the customer and eliminating the associated carbon emissions generated through the transit of paper applications. This was quickly followed with the launch of the new duplicate (replacement) V5C registration certificate service – again delivered on cloud technology and launched in just 12 weeks and which has since processed 200,000 transactions.



Critical worker enquiry service

DVLA receives millions of enquiries through its channels so it was essential that key workers were able to get in touch as quickly as possible and their query dealt with as a priority. Our teams from service development, information technology and the contact centre recognised this need and worked together to create a new public facing web application that captured queries from key workers. The application was built securely and extraordinarily quickly. In just two weeks, our staff not only built the application but once live, continued to develop it at a rapid pace to identify and respond to issues as they emerged. The service dealt with over 150,000 enquiries helping key workers.

Tachographs

Our teams worked remotely to continue to develop new services into private beta including our driver tachograph service, making it easier for our customers who drive for a living to access our services in a way that suits them. This follows the launch in 2019-20 of the online company tachograph service and means all four tachograph services (company, control, workshop and drivers) have moved from our old legacy systems and onto cloud-based technology.

Provisional driving licences

We made rapid progress with the development of a new online service for first provisional driving licence applications. When launched, this service will enable more customers to complete their application online, with signature upload already live in private beta. We will continue to develop this, adding photo uploads and the counter signature facility over the next 12 months.

Centre of digital excellence (CODE)

Throughout the reporting year we have continued our excellent work building the digital skills economy across the region – investing time and resources in developing opportunities in the Swansea region for Swansea to become a hub for digital innovation and skills. In establishing the CODE development programmes such as the Cloud Academy, DVLA is in a position to have a positive impact on digital skills development in South Wales. We are also represented on the University of Wales Trinity St David's Degree Apprenticeship Advisory Group and Employer Forum and have influenced a new degree apprenticeship starting in September 2021.

DVLA's Code Learning Community relaunched during May 2020 and is led by our Information Technology Services (ITS) team. This is a staff group open to those working in DVLA who want to learn to code. The staff take part in the sessions in their own free time, sharing resources and learning together as a community. This is creating a pool of staff who are learning new, diverse skills that will help us deliver even better services and showcases the interest and commitment of our staff to learning new skills.

Our digital skills and commitment to diversity in IT were recognised nationally with Michelle Slee, ITS Agile Delivery Manager, winning the 'Role Model of the Year' award at the Women in Tech Excellence Awards.

During the reporting year we also successfully launched a Digital Voices advocacy group to inspire, engage and mentor those across the DVLA looking to learn new skills and to raise the profile of DVLA as a leader in digital technology.

The group is made up of staff from across DVLA who want to help others achieve their goal of working in digital. The volunteers also promoted recruitment and development opportunities in digital roles. Digital Voices highlights that learning new skills in digital technology remains a focus for staff in DVLA.



Case study

Supporting the next generation

We have continued to play our part in supporting and inspiring the next generation of digital professionals.

Our Science, Technology, Engineering and Mathematics (STEM) volunteer ambassadors' staff were determined to continue with Code Clubs and whilst face to face teaching was suspended, they prepared online resources working with the Welsh Government education website 'Hwb'. Anyone with a Hwb account could access this information.

The tutorials benefitted schools and schoolchildren right across Wales, which was vitally important, as coding is now part of the new national curriculum.

The first tutorial published was aimed at younger children just starting to learn programming skills using the software programme SCRATCH, with more advanced tutorials for young people who want to build up their programming skills using Python.

The team, who volunteer in their own time to be STEM ambassadors, taught themselves to record and upload high quality video tutorials to share with school children via Hwb.

These recorded tutorials featured in the Swansea Science Festival, where DVLA volunteers also presented two live fully subscribed, one hour sessions engaging children in STEM learning with games and coding challenges. The festival which took place in October 2020 is the largest free science festival in Wales and aimed at children aged between 7 and 14.

Data driven



We are in a unique position as we hold data on every driver in Great Britain throughout their full driving life, as well as every vehicle in the UK.

Helping citizens was essential during the pandemic and the importance of the data we hold was highlighted even more so when we supported HMRC, DWP and DVSA in their responses to the pandemic. We worked closely with government to support the different schemes for citizens and businesses during COVID-19. We ensured that we responded quickly but appropriately to these requests as our priority remains to protect citizens' data.

Our services are secure by design and our collective responsibility to protect data, especially personal data, is at the core of the organisation. We share this data in a controlled way, always remaining transparent about how and why we do so.

Clean Air Strategy

Electric vehicles are a key part of the low-carbon economy and their popularity has grown over the past year. We continued our work with the Office for Low Emission Vehicles (OLEV) to help shape and run services on their behalf.

To support the development and implementation of the Clean Air Strategy 2019, DVLA was instrumental in developing the Clean Air Zones service and an Application Programming Interface (API) over the past year to deliver data on vehicles that enter a Clean Air Zone, working closely with the Joint Quality Air Unit, the Department for Transport and the Department for Environment, Food and Rural Affairs. This data helped local authorities to deliver Charging Clean Air Zones, allowing them to reduce emissions in their local areas, in turn helping government meet its international commitments to reduce emissions of five damaging air pollutants.

In addition, in May 2020, DVLA took on responsibility for operating the Clean Air Zone contact centre. The teams working on this project successfully adapted to deliver a call centre function remotely. With Bath and North Somerset Council already live with their Clean Air Zone, we're expecting demand to increase further as more zones come on board.

Cross government collaboration

We introduced a new Application Programme Interface (API) designed for Her Majesty's Courts and Tribunals Service (HMCTS) to access to driver data in real time. This ensures magistrates have easier access to a driver's information when considering imposing the correct driving sanction e.g. endorsements, disqualifications, additional test requirements. Being able to access the most up-to-date information instantly means there's a reduced chance of any disruption to the driver, DVLA and the courts when dealing with motoring offences.



Data protection

Every year we process millions of transactions involving personal data, and take very seriously our responsibility under data protection legislation to keep the data secure.

In 2020-21 we submitted a total of 15 breach notifications to the Information Commissioner's Office (ICO). These incidents were mainly caused by an administrative error and largely involved only one person's data.

We continue to take proactive steps aimed at preventing administrative errors and reducing the number of personal data related incidents.

Supporting roads policing

Supporting the focus on digitalisation within law enforcement, DVLA worked with the Home Office to give police officers access to the photograph held on DVLA's driver database at the roadside. This means, in the case of motoring offences, officers can confirm the correct identity of a driver almost instantly.

This technology is currently in use by 14 police forces with plans to roll out to a further 29 police forces across the UK in the coming months.

Since the pilot began, the technology has saved over 9,000 hours for Road Police Unit Officers and Local Policing Officers – meaning more time for patrolling, supporting investigations and community work.

Roadside checks are now up to 66% faster meaning motorists can get back on the road more quickly. Around 55,000 driver licence images have been accessed by police to confirm the identity of drivers in connection with motoring offences.

Case study

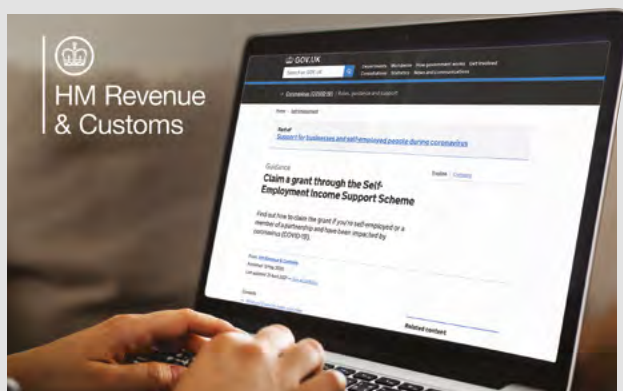
Supporting public services throughout the pandemic

We supported DVSA's MOT extension by ensuring customers were still able to tax whilst their vehicle's MOT was extended.

Usually a vehicle must have a current MOT to be able to tax a vehicle. Our Information Technology Services teams had to create different system interventions to alter the processes across our vehicle tax service channels and the databases behind the services. This included updating our online vehicle tax service to reflect the extension, making complex changes to our vehicles database and making systems changes to help customers whose vehicle was in the case work system. The teams also monitored customer behaviour when trying to tax a vehicle during the MOT extension and updated the information on GOV.UK to ensure customers understood when they were due to tax their vehicle.

Case study

Supporting public services throughout the pandemic

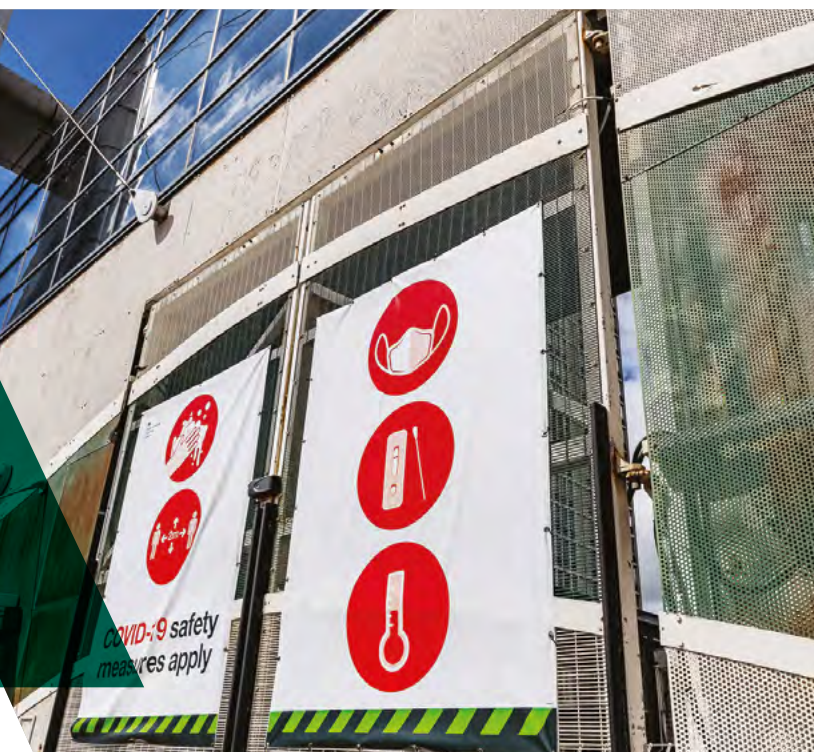


DVLA provided essential support to Her Majesty's Revenue and Customs (HMRC), working closely with their teams, to prepare for the launch of the new COVID-19 Self-Employment Income Support Scheme (SEISS) online service.

This service was announced by the Chancellor to enable eligible self-employed people whose livelihoods had been affected by COVID-19, to apply for a grant. HMRC asked DVLA for help so that applicants could use their driving licence digitally to help confirm their identity in order to access the scheme.

In just three weeks, we created a core team and built and released a product that HMRC were able to connect their new service to. The SEISS online service successfully went live on 13 May 2020. It was fantastic to be part of developing a service that supported individuals in getting vital funds, as quickly as possible, during the most difficult time by enabling HMRC to directly and securely check customers' documents with DVLA. We also supported DWP's Universal Credit Scheme, HMRC's Eat Out to Help Out (EOHO) Scheme, one of the government's policy measures aimed to support businesses reopening after the COVID-19 lock-down period and HMRC's Home Expenses scheme to claim tax relief if working at home. All these services utilised the document checking service to help the 2.5 million users without delay during the pandemic.

A great place to work



We are one of the largest organisations and employers in the area, employing 6,218 people as of 31 March 2021.

Like many organisations, 2020 was an unprecedented year for DVLA. We responded quickly to the pandemic and our staff rose to the challenges. We implemented new ways of working and quickly changed our business to continue to offer the essential services motorists needed throughout the pandemic. We adapted our business to operate as safely as possible. To do this, we invested heavily, spending £4.7 million to make our estate and working practices COVID-19 safe. We did this in line with Welsh government guidance, working closely with Public Health Wales, Swansea Council's Environmental Health team, Swansea Bay Health Board and the trade union. We supported these changes with new processes and technology and ensured that those staff whose roles could be done remotely were doing so. This meant great

change for all our staff whether working on site or working at home, who have worked extremely hard to continue to deliver our services that millions of people right across the UK rely on every day.

Over 2,000 staff were working from home as of 31 March 2021. This number has increased over the following months. The only people on site are operational staff in roles that cannot be done from home. We adapted the way we worked and created teams to respond quickly to customers waiting for the return of identity documents amongst this mail during the first lockdown. In the reporting year we produced and despatched an incredible 92,393,710 documents, issued by staff working on site.

Our estate

Our priority from the start of the pandemic has been the safety of our staff. We had to use our estate in innovative ways to create a workplace that was as safe as possible for staff whose roles mean they cannot work from home. We adapted our entire available accommodation to ensure the safety of our people and introduced new working patterns. We worked closely with Public Health Wales, Swansea Environmental Health and the Swansea Bay Health Board and the Health and Safety Executive, who conducted regular site visits and inspections. We implemented all recommendations put to us, going further in several cases to ensure the safety of our staff.

We implemented an extensive range of safety measures across all eight of our buildings to keep our staff and working practices as safe as possible. These measures included reconfiguring desks to maintain social distancing.



This was made possible by utilising all available accommodation vacated by those staff who were working from home and we leased an additional building.

Space in each of the eight buildings on the DVLA estate was maximised with strict social distancing measures, rigorous regular cleaning, one-way systems and zones on each floor. We installed Perspex screens over the year and personal protective equipment was provided for staff whose role required it.

Adapting to change

From the start of the pandemic, we rapidly increased our capacity to enable as many employees as possible to work at home, as quickly as possible. For staff without a DVLA device, we launched a secure information platform called Inform to enable them to stay connected. To help staff adapt to changes in their workspaces whilst at home, we provided mandatory display screen equipment risk assessments. Office equipment and chairs as well as specialist items were provided to all staff as required to ensure they could work safely at home.

Microsoft Teams was delivered to support an effective remote working model with enhanced communication and collaboration tools. We also piloted the use of Softphone technology to allow our internal IT service desk to provide essential services remotely and this was successfully rolled out to additional teams where appropriate.



Our priority from the start of the pandemic has been the safety of our staff.



Case study

Keeping staff safe throughout the pandemic

Leasing a new building may seem straightforward but takes a huge amount of time and effort to source, procure, kit out and relocate a proportion of staff into an empty building. It was our teams in estates, Information Technology Services (ITS), commercial staff and service management that made it happen during the pandemic.

The preparation involved lots of different teams across DVLA from calculating the layout to ensure social distancing to ordering office equipment, setting up the technology and the telephony needed to enable the contact centre teams to work effectively.

This was a real collaborative team effort with staff across DVLA over a very short space of time. Once the lease was agreed, the staff involved had just a few weeks to turn an empty building into a safe and effective office for opening in January 2021.

The building itself was selected because of its capacity and flexible layout and is being used to create more space for our contact centre staff. By increasing this capacity for staff to answer calls and deal with queries, it meant we could help more customers.



Health and wellbeing

During the pandemic, our health and wellbeing teams have introduced new initiatives to run alongside our existing resources such as the Employee Assistance Programme and occupational health.

We introduced a brand-new Health and Wellbeing toolkit for all and specific welcome back toolkits for staff returning to work after being away from the workplace to help to prepare them for their return. A Mental Health strategy was introduced alongside the existing Health and Wellbeing strategy to highlight the help and tools available for staff in this area. This included creating an easy to access, online mental health hub for staff.

This contained detailed information around topics such as loneliness, finance and domestic abuse with links to external organisations which offer additional support and more specialist information on a wide variety of mental health topics. An online hub was created about COVID-19 and covered a wide range of information and advice from financial support to FAQs, recovering from COVID-19 and returning to work.

We created a health promotion calendar to highlight themed days and created information for staff around topics such as stress awareness, time to talk and world sleep day and ran health and wellbeing campaigns featuring real staff stories. We ran a two-month campaign highlighting the health and wellbeing support available for our staff.

We offered online learning programmes such as Active Monitoring by Mind, wellbeing through work and Silver Cloud, the digital mental health platform. These programmes ranged from six-week guided self-help to online NHS Cognitive Behavioural Therapy, free for staff to access.

Digital versions of resources were created to enable all staff to access information when required. Staff network groups moved their meetings online so members could participate regardless of their place of work. For staff without remote access, we developed a secure website which could be accessed by staff with personal devices which shared the same information as our secure intranet.

To replace face to face physiotherapy sessions, our health provider moved these to Microsoft Teams to enable continuity of treatment and series of webinars have been created to support staff and provide them with tips and advice on posture and physical wellbeing.

Case study



Supporting staff during the pandemic

How's the weather?

We launched a month-long communications campaign to encourage staff to talk about their health and wellbeing during the pandemic.

The idea was to encourage staff to think of their health and wellbeing in terms of the weather from having a sunny, positive day all the way through to full blown thunderstorms.

The campaign covered topics such as mental health, physical health, bereavement, pregnancy and being a carer, and featured real life stories shared by staff.



This was a fantastic opportunity for staff in DVLA to upskill and potentially change career direction to a technology field that is forever changing, and always fascinating.

Development programmes and apprenticeships

We remained committed to continuing with our development schemes throughout the reporting year. Our training programmes for staff have also continued and we have kept pace with courses and virtual events taking place and ensured our staff had access to the training they need. Our partnerships with local education providers continued to support our ambition to be the Centre of Digital Excellence and be the best place to start or develop a career in digital.

By moving as quickly as possible to remote learning, we were able to continue to deliver our apprenticeships and development programmes.

We launched an innovative Cloud Academy in September 2020, where 10 recruits achieved industry recognised qualifications in Cloud Practitioner, Solutions Architect Associate, Certified Sys Ops, Administrator Associate, Agile Foundation and Dev Ops foundation.

DVLA's Centre of Digital Excellence (CODE) includes the Cloud Academy courses and our MSc programmes. Following the success of our first MSc programmes in Software Engineering during 2019-20, we launched a second cohort during 2020-21. This programme is currently ongoing. We worked closely with Swansea University to develop the course and teach new skills that can be applied in the workplace. This included adding an accelerated learning block to ensure base skills are developed before joining any teams. This scheme provides a unique opportunity to undertake academic training required to complete an MSc degree alongside on the job training in DVLA.

We exceeded our target of 27 new recruits in our IT development programmes with 31 candidates successfully joining a scheme over the past year. Our pipeline of talent continued as the first graduates from our inaugural MSc and Level 3 apprenticeship programmes secured key technical roles in DVLA such as software engineers.

Also new for 2020-21 was the launch of the Ethical Hacking apprenticeship programme. This was the first of its kind for DVLA and offered existing employees a chance to apply for a two-year apprenticeship scheme. This programme combined the development of fundamental technical skills, with specialised training and experience in this new field. Workshops and learning opportunities about ethical hacking started before the pandemic but continued remotely and the team behind the programme said, "This was a fantastic opportunity for staff in DVLA to upskill and potentially change career direction to a technology field that is forever changing, and always fascinating."

DVLA's other apprenticeship schemes continued throughout the pandemic and we worked with apprenticeship providers to recruit into schemes for professions such as HR and Finance and we welcomed 34 new apprentices during the past year. We are proud to remain an attractive prospect for apprentices and providers alike and we are committed to developing schemes across the diverse professions in DVLA.

Diversity and inclusion

We continued to support the Civil Service vision to be the UK's most inclusive employer by 2020, which was set out in the Civil Service Diversity and Inclusion Strategy.

Social Mobility Assessment

During 2020-21, we undertook the Social Mobility Foundation assessment (SMF). SMF is the leading authority on employer best practice in the field of social mobility.

Progress was recognised against several criteria such as progression, culture and experienced hires and advocacy including our outreach work.

Our outreach work includes our school hosting days which are IT focused and aimed at local primary schools using the Welsh Index of Multiple Deprivation. DVLA's Employability Skills Programme (ESP) also works with secondary schools, including schools which support young people with complex learning needs within the Swansea, Neath Port Talbot and Rhondda Cynon Taf areas. ESP provides help via mock interviews and employability sessions as we help break down barriers and offer insight into our recruitment processes.



Case study

Keeping staff safe throughout the pandemic

In January 2021, DVLA joined a UK Government scheme testing staff without symptoms who cannot work from home.

Around one in three people who have COVID-19 in the UK have no symptoms so testing is vital to prevent further spread of COVID-19 and keep staff safe. Led by the Department of Health and Social Care, the lateral flow testing scheme has been made available to all DVLA staff working on site and is a valuable addition to the extensive safety measures implemented across the DVLA estate. As of 31 March 2021, over 13,000 tests had been administered.

ESP supports those schools which have a higher percentage than the Welsh average (72%) of pupils who receive free school meals. The SMF recognised that 100% of our outreach work reached these young people.

An important element of our goal to create an inclusive workplace was to improve our socioeconomic diversity and create a more socially inclusive culture. To meet this, we used social mobility information to better understand the socio-economic background (SEB) of our workforce by introducing new SEB monitoring categories into our HR systems, in line with the wider Civil Service.

We encouraged employees to share their social mobility stories to raise awareness and help others to feel more comfortable at work. We did this using our internal communication channels. We published stories on the background and journey some staff have undergone and which all staff have access to view. We also included personal stories from staff which we shared through monthly 'Inclusion newsflash' newsletters.

We have a number of staff members who have volunteered to become 'Inclusion Advocates'. These advocates play a key role, working in collaboration with the HR Diversity and Inclusion team to help to promote awareness of diversity, fairness and inclusion. They are role models acting as a link within their teams, helping others to understand inclusion themes such as social mobility.

All our external suppliers are provided with a copy our Diversity and Inclusion Policy which sets out expected standards of behaviours and includes consideration of those from the protected characteristics including different socioeconomic backgrounds. As example of this is that we awarded a contract to a local business to refurbish, redeploy and remarket all our redundant IT kit. Around 90% of their employees are disabled and the company has a great reputation for providing employment, training and work experience opportunities to disabled people and those in the local community.

Inclusive employer

We value difference and are committed to being an inclusive employer. We're proud that work has continued around all aspects of diversity and inclusion throughout the pandemic. All mandatory training and staff support continued remotely including our staff network groups.

We introduced a programme of mandatory 'Inclusion in the Civil Service' training course to ensure staff understood their responsibilities under the Equality Act 2010 and Public Sector Equality Duty.

During 2020-21, a number of staff virtually attended specific programmes and conferences to support the development of colleagues with protected characteristics such as the Women into Leadership and Black, Asian and Minority Ethnic (BAME) Leadership programmes. These schemes focused on developing skills to progress throughout the civil service at all levels and in all circumstances.

We introduced a more visible diversity statement on all our job adverts on Civil Service Jobs, to encourage applications from candidates from diverse backgrounds and actively ran a Diversity and Inclusion audit to provide us with independent and objective assurance that DVLA is meeting its legislative equality, diversity and inclusion requirements. The views of our employees are extremely important, and staff have the opportunity all year round to leave feedback via different on and offline channels.

Staff networks

We are extremely proud of our staff networks. These networks are made up of staff of all grades and are supported and championed at Agency Board level. They work in partnership with other networks and contacts within the transport sector and other organisations on Equality, Diversity and Inclusion matters.

The groups have utilised different ways of keeping in touch and supported their members using DVLA internal communication channels or their own membership channels.

Case study

Helping throughout the pandemic

We are so proud of all DVLA staff who have regularly gone beyond their normal duties throughout the pandemic. Below are some examples of the amazing efforts that our staff have made to the local community during the pandemic:

Dr Cathy Armstrong, DVLA's Deputy Senior Doctor, helped Wales' vaccination effort by vaccinating at the Swansea Bay Field Hospital.

Dr Armstrong has served with the 203 Welsh Field Hospital Army Reserve unit since 2010 and the unit was involved in the initial planning and creation of the field hospital. As the officer in charge of the Swansea branch of the unit, she wanted to support the vaccination effort locally and due to her medical qualifications and experience, she was approached to train military colleagues and help with the vaccine delivery in Swansea.

Wendy Shamsaee, one of DVLA's trained nurse caseworkers, was able to use her skills as an intensive care nurse and experience of working in a field hospital in Camp Bastian as an Armed Forces reservist to help the NHS during the pandemic.

As well as working full time in DVLA, Wendy continued to work in the NHS and when the pandemic hit and the demand for NHS professionals grew, she was able to step in and use her nursing skills to assist the local hospital on a more regular basis.



Dr Cathy Armstrong (pictured left) and Wendy Shamsaee

Financial responsibilities

Our accounts are made up of the Business Account and the Trust Statement.

Business Account

The Business Account comprises:

- fees of the driver and vehicle database and related services
- sale of personalised registrations, which is income generated directly from the public and traders. We retain income to recover our costs in administering personalised registrations services with the excess paid to HM Treasury and DfT as Consolidated Fund Extra Receipts (CFERs)
- costs of the collection and enforcement of VED including enforcement recoveries (the income stream from the collection of VED is accounted for within the Trust Statement)
- services provided to other government departments

Financial results

Our total income for the year was £560 million against £553 million in 2019-20. The main year on year changes to income were:

- an unprecedented financial year for Personalised Registrations, generating a record £175 million of income (2019-20: £118 million), an increase of £57 million from last year
- a fall in fees and charges income of £48 million largely due to a downturn in the first registration of vehicles as a result of the economic impact of COVID-19

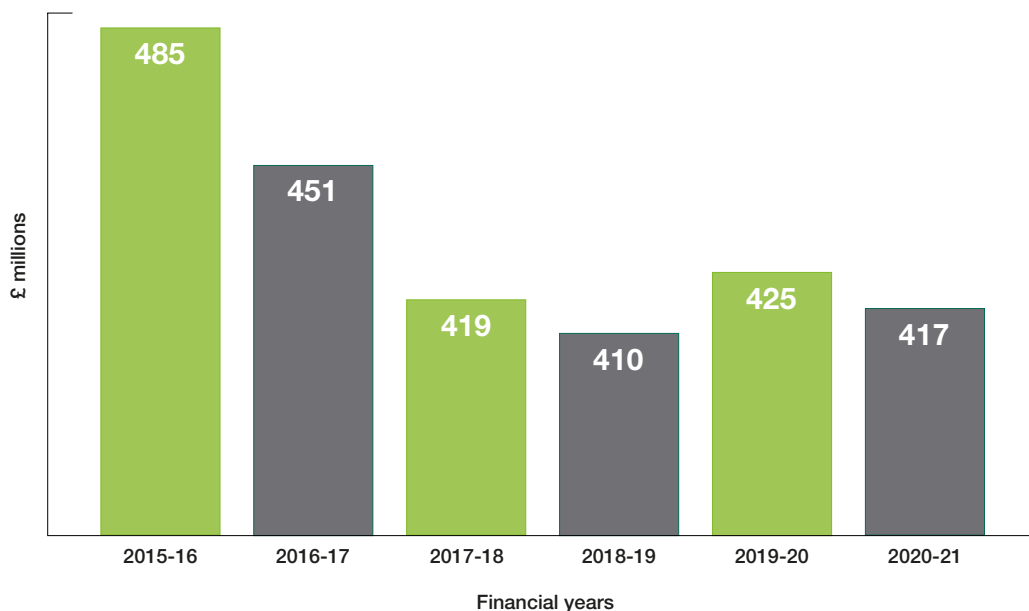
Our total expenditure for the year was £417 million against £425 million in 2019-20 with the main reduction again attributed to the impact of COVID-19 with fewer transactions processed.

Despite the significant challenges this year, due to the exceptional performance on Personalised Registrations, DVLA remains a net contributor to the Exchequer.

COVID-19

We spent £4.7 million to make our estate and working practices COVID-19 safe. This included a new leased property and home working equipment including laptops and personal protective equipment.

Total expenditure



EU exit and transition

Between financial years 2017-18 and 2020-21 we spent £16 million supporting the Department for Transport on the UK's exit and transition from the European Union. The most significant element of expenditure related to Trailer Registration, £10.7 million – a new service established as a consequence of the UK's ratification of the 1968 Vienna Convention in readiness for leaving the EU. This new service facilitates the registration of trailers to ensure UK hauliers can still travel across Europe.

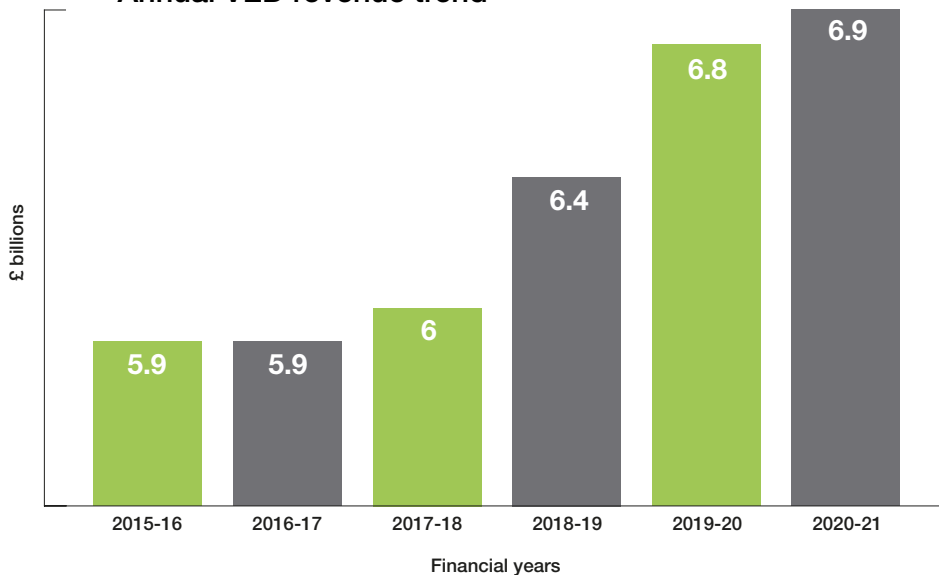
Trust Statement

Our Trust Statement details the revenue in respect of VED, fines and penalties and HGV levy falling outside of the boundary of our Business Account.

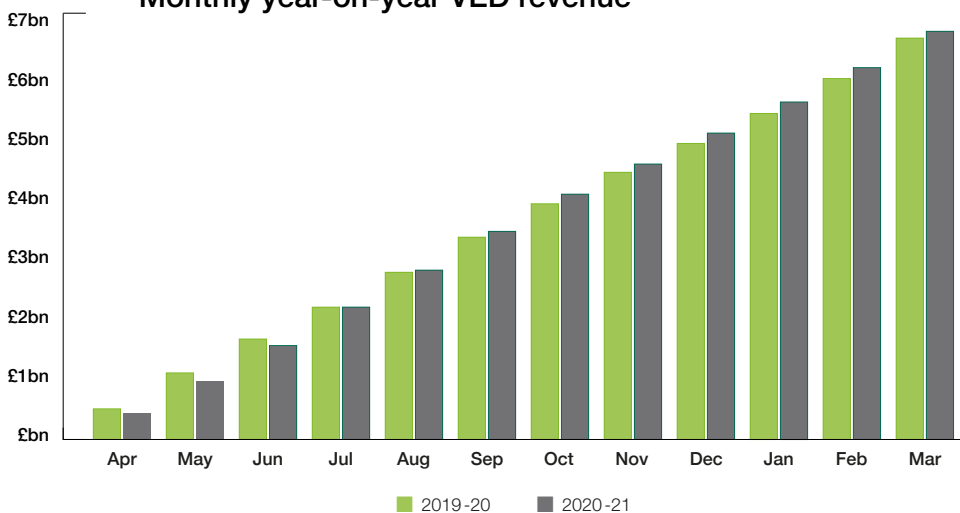
Financial results

During the year the Trust Statement VED revenue after amounts refunded amounted to £6.9 billion against £6.8 billion in 2019-20. VED revenue has increased year-on-year by 1.8%. The first lockdown saw a significant reduction in vehicle registration and licensing transactions and an increase in Statutory Off Road Notification (SORN).

Annual VED revenue trend



Monthly year-on-year VED revenue



VED revenue recovered through the financial year to align with and then exceed the prior year's outturn.

The net cost of collecting VED (brought to account in the business account) was £108 million (2019-20: £107 million). For each £1 of gross VED collected the cost of collection is just over 1p.

Sustainability



Our sustainability strategy is to meet the Greening Government Commitments. Previously ending in 2020, the targets were extended to 2021.

Measure	Target towards the Greening Government Commitment	Outturn 2020-21
Greenhouse gas emissions	Reduce total carbon emissions levels (i.e. Energy and Business Travel) to 53% of 2009-10 levels by 2020-21. (tCO ₂ e)	Achieved
Greenhouse gas emissions	Maintain our reduction of domestic business travel flights of more than 90% from the 2009-10 levels.	Achieved
Waste	<ul style="list-style-type: none"> Send no more than 10% of our waste to landfill Maintain a reduction in waste generated at 52% against our 2009-10 baseline Increase recycling and composting rate year on year 	Achieved Achieved Not achieved
Water	Reduce water consumption year on year (lowest is 47,878 ³ in 2017-18)	Achieved
Administrative paper	Maintain our reduction in paper use of more than 60% from the 2009-10 baseline and when achieved maintain status	Achieved

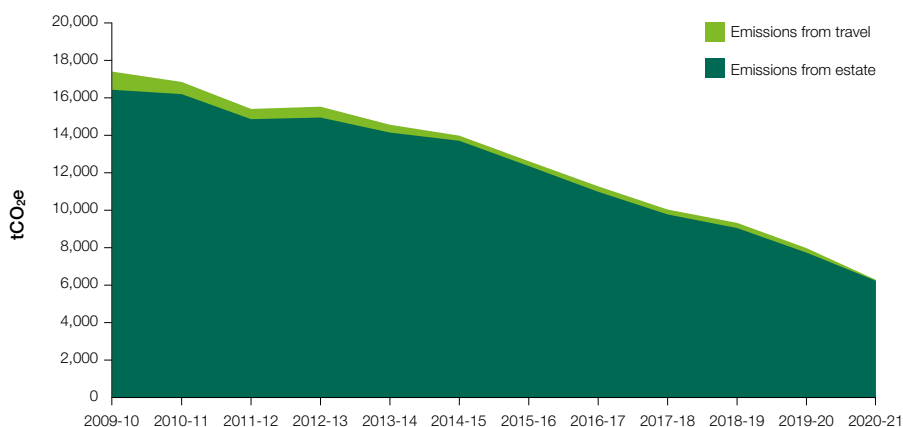
Greenhouse gas emissions

Our Greening Government Commitment is to reduce the greenhouse gases we emit through the energy we use in our buildings and through our business travel. In 2020-21 we emitted 6,282 tonnes of CO₂e, 65.6% less than our baseline year of 2009-10.

Like many other organisations, the occupancy of our estate was dramatically reduced during 2020-21, with over 2,000 employees working from home exclusively for most of the year.



Total greenhouse gas emissions



Our CO₂e emissions have reduced by **65.6%** less than our baseline year of 2009-10.

Travel

Travel restrictions also had a significant impact on our travel patterns, with zero flights undertaken in 2020-21 and only 50 tonnes of CO₂e emitted through business travel.

85% of our car fleet and 12% of our van fleet are ultra-low emission vehicles (ULEV), making our entire fleet 33% ULEV overall.

The average fleet emissions across our car fleet is 87g/km and 133g/km across our van fleet, comfortably meeting the minimum mandatory levels in the Government Buying Standards for vehicles.

Waste

We have three Greening Government Commitments relating to waste.

The first commitment is to send no more than 10% of our waste to landfill. We surpassed this target comfortably with only a small amount of construction waste being sent to landfill, which is 1% of overall waste.

The second commitment is to reduce the overall volume of waste. In 2020-21 we disposed of 771 tonnes of waste, 65% less than the baseline year of 2009-10. Waste volumes are closely linked to occupancy rates in our buildings which were significantly reduced from normal. We successfully donated items in a safe way that would have otherwise entered the waste stream, reducing waste by 60 tonnes.

Of the waste we created:



Paper waste remains the major source of waste on our estate. We have increased opportunities and encouraged our customers to interact with us digitally during 2020-21. This has been reflected in a reduction of 189 tonnes in paper waste.

The third commitment is to recycle more of our waste year on year. Whilst we did not achieve this target our recycling rate remains very high with 93% of our waste being recycled.

Paper

Through our administrative paper contract, we purchased 31,277 in A4 reams equivalent which was 36% less than 2019-20.



Single use plastics

We continue to take our commitment to remove single use plastics from our estate seriously. COVID-19 safety took priority and we introduced some items to ensure staff safety. However, we remain committed to remove single use plastic where we can and purchased plastic free cleaning wipes and pouch-free antibacterial gel.

To reduce plastic waste from deliveries, we've worked in close partnership with one of our strategic suppliers and main source of deliveries outside of our facilities contract, to trial reusable delivery jackets and boxes.

Water

Water use is also closely aligned to occupancy rates. Volumes have reduced significantly in 2020-21. However, we are aware that our use of water has been increasing in previous years. We installed 10 additional water meters in our biggest building to aid with identifying opportunities to reduce further.



Procuring sustainably

Sustainability continues to play a pivotal role within our procurement activities. We have a number of opportunities to drive sustainability improvements within our procurement cycles including using our strategic supplier relationship model, where our strategic contracts are continually assessed against sustainability criteria.

Our Sustainability team also risk assess and review all purchase requirements to ensure all relevant policies are adhered to including the Government Buying Standards.

In 2020-21, we continued to raise the level of sustainable procurement awareness amongst our commercial staff through mandatory ethical procurement training, including elements on sustainability, social value and mandatory sustainability training for those undertaking a Professional Diploma in Procurement and Supply.

Biodiversity

We published our latest Biodiversity Action Plan in 2020-21 to cover the next five years.

In creating the plan, we conducted a number of ecological surveys. These included preliminary ecological assessments, three separate bat surveys and seven reptile surveys for each our of sites.

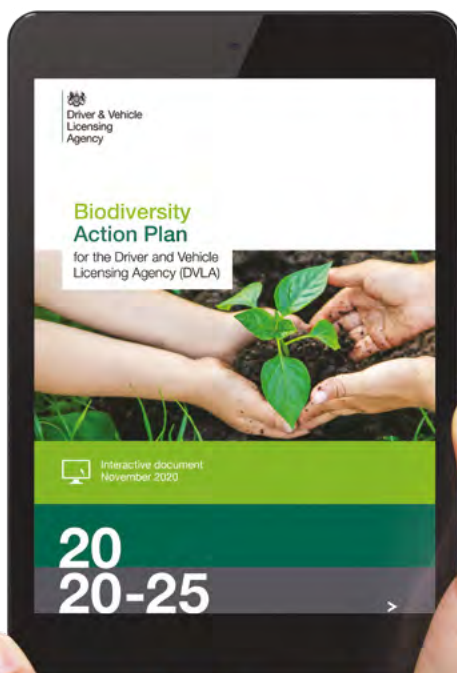
The surveys provided baseline data on the existing condition of biodiversity across our estate. Using this information, we have been able to identify key habitats and species which can be enhanced by targeted conservation management. Actions to support and improve their biodiversity status are included within the Biodiversity Action Plan.

We also recognise the importance of raising awareness amongst our staff and the local community. We have included four objectives in the plan in relation to this and our communications and sustainability teams will work closely together to achieve this aim.

To oversee the delivery of the plan, we have established an internal Biodiversity Steering Group with senior membership from the Estates function.

Julie Lennard

Accounting Officer and Chief Executive, DVLA
7 July 2021







Accountability report

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03 Corporate governance report

Directors' report

Purpose of the Directors' report

This report is presented in accordance with the requirements of the Companies Act 2006, adjusted for the public sector context as required by the HM Treasury Financial Reporting Manual 2020-21, to report on the governance, remuneration, performance and staff issues.

Members of the Board

Full disclosure of the serving directors for 2020-21 is available in the Governance statement ([page 47](#)) of this document. Directors have declared they hold no significant third-party interests that may conflict with their board duties.

Pension liabilities

Our employees are civil servants to whom the conditions of the Superannuation Acts 1965 and 1972 and subsequent amendments apply.

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as 'alpha' – are unfunded multi-employer defined benefit schemes. We are unable to identify our share of the underlying assets and liabilities. Provision is made in Note 11 of the Business Account to meet early retirement costs payable by us up to employee's normal retirement age.

Employees

Information about our policies and arrangements relating to staff is shown in the Staff report.

External auditors' remuneration

The external auditors did not undertake any non-audit work in the year.

Sickness absence data

Our sickness absence data is shown in the Remuneration report on [page 65](#).

HM Treasury cost allocation and charging requirements

Full disclosure of our compliance with the cost allocation and charging requirements of HMT is reported within Note 2 of the financial statements.

Personal data related incidents

Disclosure of our data controls is made through the Governance statement ([page 54](#)). The number of data breaches is reported within the Performance Report ([page 27](#)).

Future developments

Our future developments are detailed in our Strategic Plan 2020-23 and Business Plan 2021-22.

Statement of Agency Accounting Officer's responsibilities

Business Account

Under the Government Resources and Accounts Act 2000, HM Treasury has directed us to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of our comprehensive net expenditure, statement of financial position, cash flows and changes in taxpayers' equity for the financial year.

In preparing the Business Account, the Agency Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis

- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed and disclose and explain any material departures in the financial statements
- prepare the financial statements on a going concern basis

The Permanent Secretary of DfT has appointed the Chief Executive of DVLA as the Agency Accounting Officer of the Agency. The responsibilities of an Agency Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Agency Accounting Officer is answerable, for keeping proper records and for safeguarding our assets, are set out in Managing Public Money published by HM Treasury.

Trust Statement

Under the Exchequer and Audit Departments Act 1921, HM Treasury has directed us to prepare, for each financial year, a Trust Statement detailing the revenue and expenditure in respect of VED, fines and penalties and HGV levy falling outside of the boundary of our business account. The Trust Statement is prepared on an accruals basis and must give a true and fair view of the collection and allocation of VED, fines and penalties and HGV levy, including the revenue and expenditure, financial position and cash flows. Whilst we are concerned with compliance, the Trust Statement does not estimate the duty foregone because of non-compliance with the VED regime.

In preparing the Trust Statement, the Agency Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed and disclose and explain any material departures in the Trust Statement
- prepare the financial statements on a going concern basis

HM Treasury has appointed the Permanent Secretary of DfT as Principal Accounting Officer of the Department. Our Chief Executive holds the role of Agency Accounting Officer for the purposes of the Trust Statement. The Agency Accounting Officer is also responsible for the fair and efficient administration of the VED regime including the assessment, collection and proper allocation of VED revenue.

Disclosure of audit information

The Agency Accounting Officer confirms that, as far as she is aware, there is no relevant audit information of which the agency's auditors are unaware, and she has taken all steps that she ought to have taken to make herself aware of any relevant audit information and to establish that the agency's auditors are aware of that information.

Responsibility for the annual report and accounts

The Agency Accounting Officer has confirmed that the annual report and accounts as a whole are fair, balanced and understandable and that she takes personal responsibility for the annual report and accounts and the judgments required for determining that they are fair, balanced and understandable.

Governance statement

Introduction

Our Governance statement describes how our Board and its supporting structures work and how they have performed. It provides an assessment of how the agency has been managed, including the effectiveness of the systems of internal control, risk management and accountability.

As Agency Accounting Officer the Chief Executive has responsibility for the proper, effective and efficient use of public funds and may be required to appear before Parliamentary Select Committees. The Chief Executive is accountable to the Secretary of State for Transport for our performance in accordance with the Framework

Document, which sets out the accountability and key relationships between us and the Department. The Agency Accounting Officer is also required by HM Treasury's Managing Public Money and the Government Financial Reporting Manual to provide a statement on how she has discharged her responsibility to manage and control the resources for which she is responsible during the year.

During 2020-21 we were sponsored by the Department for Transport (DfT) Roads, Places and Environment (RPE) Group. We are responsible for providing driver licensing services in Great Britain and the registration of vehicles and collection of VED throughout the UK.

Driver licensing in Northern Ireland is a transferred matter and is the responsibility of the Driver and Vehicle Agency (DVA), sponsored by the Department of Infrastructure in Northern Ireland.

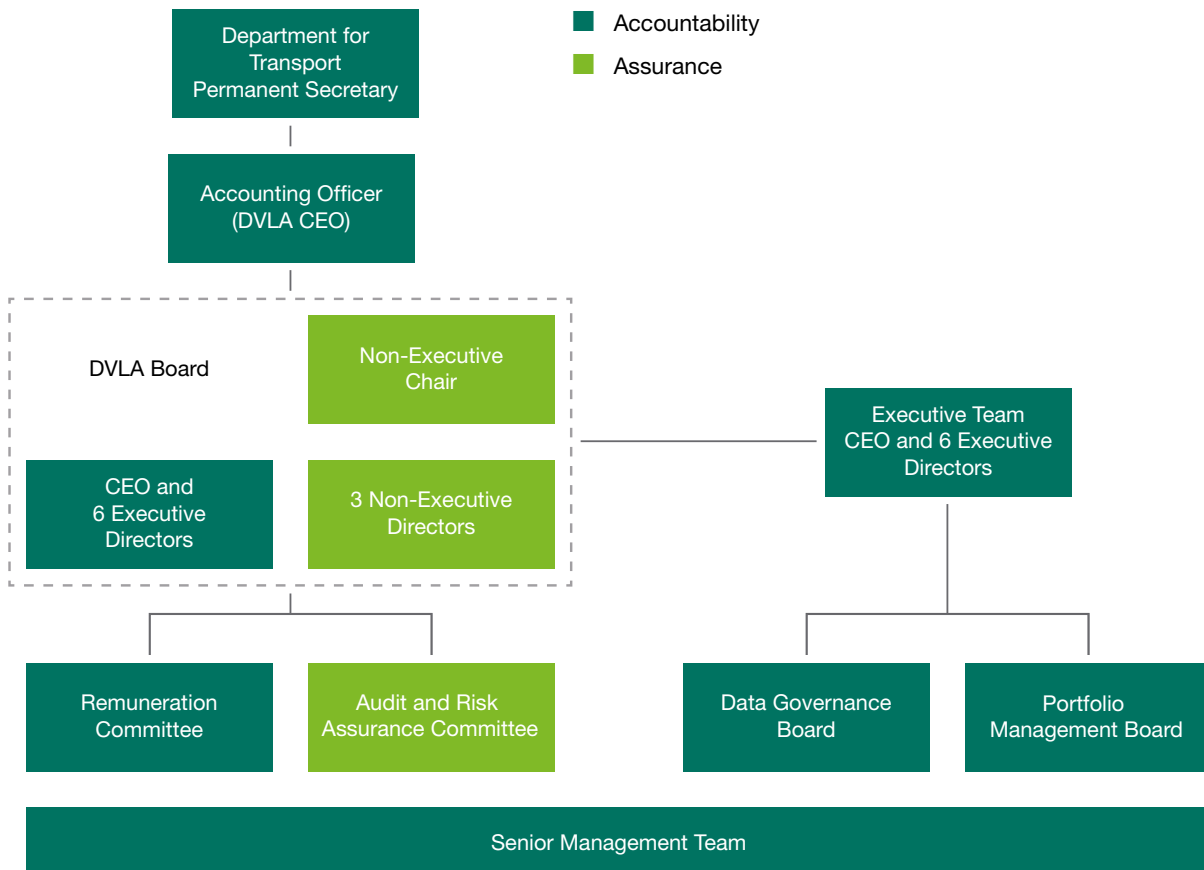


Governance framework

The Chief Executive ensures our governance framework complies with the good practice guidance laid down in HM Treasury's Corporate Governance in Central Government Departments: Code of Good Practice (updated April 2017).

We are managed by an Executive Team and the Board. The Board is advisory, chaired by a non-Executive Director and has strategic responsibilities. It is supported by the Audit and Risk Assurance Committee and the Remuneration Committee. The Executive Team is responsible for the day-to-day management of the agency and for delivering our commitments to the government and the public as set out in our annual Business Plan. Board and Executive Team meetings are conducted in accordance with agreed terms of reference which are reviewed on an annual basis. The high level governance structure is shown below.

Governance structure



DVLA Board

Our Board consists of a non-Executive Chair, the Chief Executive, six Executive Directors and three non-Executive Directors. Its principal focus is on our strategic direction but it also has business oversight responsibilities.

There is a clear demarcation between the responsibilities of the DVLA Board and the Executive Team.

Our Board provides the Secretary of State for Transport with assurance on the effectiveness with which we are run and are meeting our strategic goals. It holds the Chief Executive and Executive Team to account for the achievement of these goals.

The non-Executive Chair and the Chief Executive are appointed by the Secretary of State. The Chief Executive appoints the Executive Directors with approval from the Permanent Secretary. During 2020-21 non-Executive Directors are recommended for appointment to the Secretary of State for Transport by the non-Executive Chair, in partnership with the Chief Executive and the Director General of RPE Group at DfT.

Executive and non-Executive Director conflicts of interest are recorded in the Board Business Interests Register, which is updated as required and formally reviewed annually. The first agenda item at every Board meeting is for the Chair to ask all members if they have any new business interests since the last meeting and if there are any conflicts of interest arising either from that new interest or from any interest they have declared in the past with items for discussion on the agenda. That request and any response is recorded in the minutes.

The Board meets each month to consider:

- the agency's strategic direction and plans, including oversight of our change agenda and progress against the business plan
- key risks and issues identified by our Executive Team and the effectiveness with which they are mitigated

The Executive Directors have specific areas of functional responsibility and accountability ([page 47](#)).

The non-Executive Chair also chairs the Remuneration Committee and the three non-Executive Directors are members. A suitably qualified non-Executive Director chairs the DVLA Audit and Risk Assurance Committee (ARAC) with two other non-Executive Directors attending as members. In addition, two further independent members are appointed to serve on the ARAC, one of whom is drawn from DfT.



Executive Team



Julie Lennard

Chief Executive



Tony Ackroyd

Executive Director
Operations and Customer
Service Directorate



Andrew Falvey OBE

Executive Director
Commercial Directorate



Louise White

Executive Director
Human Resources
and Estates Directorate



Lynette Rose

Executive Director
Strategy, Policy and
Communications Directorate



Brian Sullivan

Executive Director
Information Technology
Services



Tracy Nash

Interim Executive Director
Finance and
Assurance Services

Non-Executive Directors



Lesley Cowley
OBE

Non-Executive Chair Chair of Agency Board and Remuneration Committee

Lesley Cowley was appointed as the first non-Executive Chair of DVLA in October 2014. She was re-appointed in October 2016, and again in October 2019. Lesley was made an OBE for services to the Internet and e-commerce in 2011. She was appointed Lead non-Executive Director of The National Archives in January 2016 and extended in January 2019. Her title was revised to Chair of the Board of The National Archives in October 2019. Lesley was also appointed non-executive Chair of Companies House in March 2017 and re-appointed in March 2020 and also became Chair of Airport Coordination Ltd in April 2020.

In October 2019, Lesley was named as non-Executive Director of the year in the Institute of Directors (IoD) Awards.



Jeremy Boss

Non-Executive Director Non-Executive Chair of the Audit and Risk Assurance Committee

Jeremy Boss was appointed as non-Executive Director at DVLA in January 2016 and reappointed in January 2019.

Jeremy has over 30 years' experience working in finance, audit and information technology within the public and private sectors. His early career when qualifying as a chartered accountant, an auditor and a consultant was with one of the top four international audit firms. From then he has over 20 years' experience as a chief information officer, or equivalent, for a FTSE 100 company, a public corporation (Audit Commission) and a Department of State (Energy & Climate Change). He is also a non-Executive Director at the Royal United Hospitals Bath Foundation Trust and was appointed in January 2020 as an independent advisor to the Audit and Corporate Governance Committee of the Care Quality Commission.



Matt King

Non-Executive Director

Matt King was appointed as a non-Executive Director of DVLA in November 2020. Matt is a Fellow of the Institute of Chartered Accountants of England and Wales, qualifying as a Chartered Accountant with PwC in 1996. Matt was a Partner at PwC and has over 25 years' experience in management consulting and was PwC's UK Transformation Leader. He worked across the financial services industry and within Health Provision and Insurance, including a secondment to the Global Bupa Executive team as COO to Group CIO. His work focused on consulting in the areas of transformational change, behavioural change, finance, risk, regulation and IT. He also has 15 years' experience as Trustee and Chair of Kick London, a values-based sport and dance initiative charity for young people.



Ranjit Gill

Non-Executive Director

Ranjit Gill was appointed as a non-Executive Director of DVLA in November 2020 and resigned in March 2021. He is currently the UK Chief Information Officer (CIO) and European Head of B2B at McKesson UK. Throughout his career, Ranjit has held a series of senior CIO and IT roles in the retail, fast-moving consumer goods and pharmaceutical sectors. These include PwC, Cadbury/Kraft, Boots Alliance, Muller and McKesson. Ranjit also sits on the Executive Board at McKesson UK where he is leading the digital transformation of the business.

Executive Team Meetings – Chaired by the Chief Executive

Week	Focus
1	IT operations and live service
2	Operations and Business Plan performance
3	Commercial, strategy, communications and policy
4	Finance, Human Resources and Estates
5	Open agenda (in 5 week months)

The Executive Team meets each week and has responsibility and accountability for delivering the annual business plan and for day-to-day management of the business. The Chief Executive chairs this meeting and its membership is drawn exclusively from the Executive Directors.

The focus of these meetings changes each week of the month and then repeats itself from the start of the next month. This regular and consistent rhythm builds a strong team ethic with a keen focus on business issues driving productivity and business change.

In addition to the standing weekly meetings, the Executive Team met further throughout the year to manage the Agency's response to COVID-19.

Please note: Investment decisions can be made at any of the above meetings.

Board, Audit and Risk Assurance Committee and Remuneration Committee attendance

Figures denote meetings attended/meetings available to attend between 1 April 2020 and 31 March 2021. The Board met 16 times in the year with non-attendance agreed in advance on an exceptional basis. The Board met more often than usual this year, with a number of extraordinary meetings convened.

Directors' attendance business year ending 31/03/2021	DVLA Board	Audit and Risk Assurance Committee	Remuneration Committee
Lesley Cowley, non-Executive Chair	16/16	N/A	1/1
Julie Lennard, Chief Executive	16/16	4/4	1/1
Rachael Cunningham (to 4 September 2020)	5/5	2/2	N/A
Louise White	16/16	N/A	1/1
Tony Ackroyd	16/16	N/A	N/A
Andrew Falvey	16/16	N/A	N/A
Lynette Rose	16/16	N/A	N/A
Brian Sullivan	15/16	N/A	N/A
Tracy Nash (from 5 September 2020)	11/11	2/2	N/A
Jeremy Boss, non-Executive Director and Audit and Risk Committee Chairman	16/16	4/4	1/1
Christopher Morson, non-Executive Director (to 31 October 2020)	10/10	3/3	1/1
Emma West, non-Executive Director (to 31 October 2020)	10/10	3/3	1/1
Ranjit Gill, non-Executive Director (from 1 November 2020 to 31 March 2021)	4/6	0/1	N/A
Matt King, non-Executive Director (from 1 November 2020)	6/6	1/1	N/A
Paul Rodgers, Independent Member (to 25 June 2020)	N/A	2/2	N/A
Helen John, Independent Member	N/A	4/4	N/A
John Parkinson, Independent Member (from 14 October 2020)	N/A	2/2	N/A

DVLA Board effectiveness

The Chair meets regularly with the non-Executive Directors to discuss their performance and to ensure we gain greatest value from their external perspectives and experience.

The Board usually undertakes an annual self-assessment of its performance and capability, agreeing an annual action plan to respond to its conclusions. However due to the pandemic the assessment didn't take place in 2020-21. In addition, the Board periodically seeks assurance from an independent external assessor that the results of its annual self-assessment present a fair and accurate reflection of its performance and capability. Such an external review was conducted in 2019 (conducted every three years) and the conclusions incorporated into the Board's improvement plan.

The Chief Executive agrees specific targets and success criteria with each Executive Team member at the start of each year and reviews progress against these with them regularly.

Remuneration Committee

The role of the Remuneration Committee is to make recommendations to DfT and the Chief Executive on all aspects of remuneration decisions for the DVLA's Senior Civil Servants (SCS) in accordance with current pay guidance and with particular regard to equal opportunities.

The committee will normally meet once a year, more often if necessary, at the discretion of the non-Executive Chair.

Audit and Risk Assurance Committee

Our Board and ARAC oversee governance assurance processes and assist in their development. This ensures that continual improvement of procedures and systems remain a priority. These processes apply to all our activities and transactions in the Business Account and Trust Statement. The Chair of the ARAC regularly updates the Board on the ARAC's views of the effectiveness of our governance, risk management and internal control arrangements.

Our ARAC has agreed terms of reference which are reviewed on an annual basis. The Committee provides assurance, advice and support to the Chief Executive in discharging her responsibilities as Agency Accounting Officer. The Chair of the ARAC produces a formal Letter of Assurance and Letter of Representation in relation to Fraud for the Agency Accounting Officer each year. Key areas of focus in 2020-21 included COVID-19, Cyber Security, Information Risk Management, Fraud, Error and Debt and EU transition period.

The Chief Executive along with the Finance and Assurance Services Director and Head of Internal Audit are normally invited to attend as observers. Other attendees include the Group Chief Internal Auditor for the DfT Government Internal Audit Agency (GIAA); the NAO and KPMG as sub-contracted auditors to the NAO. Executive Team members have a standing invitation to attend if they wish but are also required to attend when the Committee has asked to discuss matters for which they are accountable. Representatives of DfT Finance have a standing invitation to attend every meeting.

The ARAC has access to all internal audit reports, major project assurance reports, external reviews, risk registers and management reports. The agenda follows a cyclical pattern to support external financial reporting but consider the following at each of their four meetings:

- progress against assurance plans; adequacy of response to the risk register and that correct risks have been identified
- management responses and progress against assurance reviews
- response to fraud and bribery threats
- Information and Communication Technology (ICT) security and in addition protection of personal data

The ARAC challenges the Agency's Management Assurance Statement (MAS). The ARAC also recommends to the Agency Accounting Officer whether she should accept and sign the Annual Report and Accounts.

Name	Status	Responsibility	Date of appointment
Jeremy Boss	Non-Executive Director	Chair	January 2016, re-appointed January 2019
Ranjit Gill	Non-Executive Director	Member	November 2020, resigned March 2021
Matt King	Non-Executive Director	Member	November 2020
Helen John	Independent Member	Member	October 2016 re-appointed November 2019
John Parkinson	Independent Member	Member	October 2020

Wider governance

DfT Sponsorship Team focuses on operational delivery, progress towards business plan performance measures and the management of risk through regular challenge meetings with the Chief Executive and the Finance and Assurance Services Director.

We contribute monthly to DfT transparency reporting on progress towards financial targets and cash forecasting, expenditure and contracts in respect of our own activities. Our reports, together with emerging escalated risks and issues, are aggregated with those of other agencies and considered at DfT Executive Committee and Group Audit and Risk Committee as appropriate.

Managing our risks

Our risk policy is updated every year to evaluate the approach to defining risk appetite and to ensure the risk management framework remains effective. The risk policy continues to align with the direction set out in the DfT policy and considers updates to the HMT Orange Book. It is also compliant with the Financial Reporting Council's Corporate Governance Code.

DVLA employs the three lines of defence model (effective management and internal control measures, functions that oversee/specialise in risk management and independent internal audit assurance). Risks are identified and managed at various levels with an established process for escalation of risks to the Corporate Risk Register. The Corporate Risk Register is reviewed on a monthly basis by the Executive Team, at three of the four ARAC meetings and twice a year by the Agency Board.

DVLA Risk Management – Risk Register Escalation Process

Risks are identified and managed at various levels within DVLA. There are 6 Directorates, each has its own Directorate risk register which is discussed and reviewed regularly at Directorate Senior Management Team meetings. Any risks that score above a certain level are escalated to the Corporate Risk Register for discussion and shared with DfT where necessary.

There are also 4 specialist risk registers that provide a view of cross cutting risks specific to:

- Business Continuity
- Health and Safety
- Fraud, Error and Debt – with a direct feed to Fraud, Error and Debt Board
- Information Assurance – with a direct feed to Data Governance Board

The Executive Team and Agency Board consider emerging risks on an ongoing basis. A Corporate risk identification exercise was undertaken in 2020 where the Executive Team reviewed current and recorded new risks to be included on the Corporate Risk Register, linked to delivery of Business Plan measures and in response to COVID-19. The main risks during the year 2020-21 include impacts such as:

- **COVID-19** – ensuring the health and safety of staff by making adjustments to the workplace in adherence with the relevant government guidelines to reduce the risk of staff exposure to COVID-19
- **COVID-19 – Business Recovery** – to meet the demands in processing essential transactions and supporting public services during the pandemic with reduced operational staff and changing customer behaviours
- **VED collection and evasion** – supporting the commitment to keep the level of compliance with vehicle excise duty requirements as high as possible
- **EU transition period** – possible impacts on the UK and DVLA specifically

The agency managed new risks which were actively identified as a result of COVID-19. The agency also considered additional impacts of localised restrictions and lockdowns as the pandemic developed. The agency successfully supported and maintained essential services and also expedited the digitisation of some high-volume transactions that could only previously be done on paper.

We continue to manage a number of inherent risks that require regular monitoring. To support the management of these risks and provide a continued focus on the security and integrity of data and information, the Data Governance Board (DGB) provides the Senior Information Risk Owner (SIRO) with the necessary assurances in relation to data and information which we hold.

Significant risks are escalated as appropriate to DfT in accordance with requirements set by the Department and HM Treasury.

Managing the business – change and investment

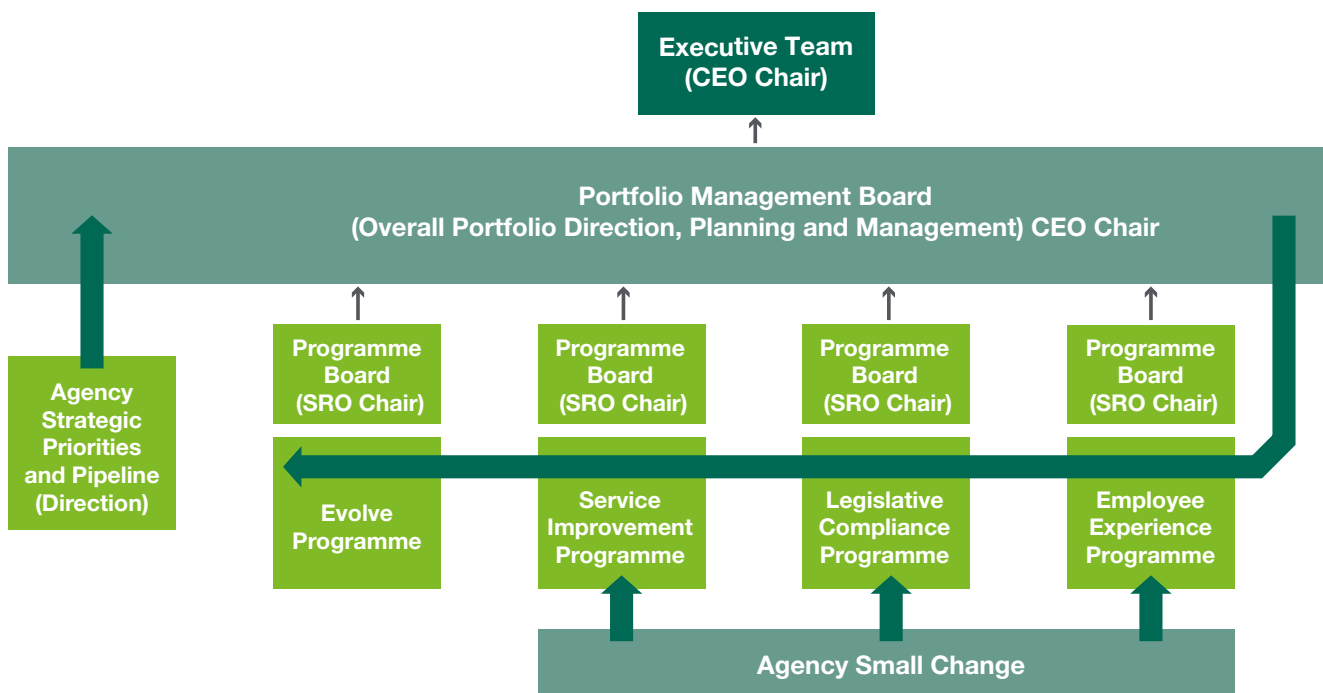
We manage the introduction of change through the strategic pipeline along with assignment of strategic priority. All potential change initiatives must be sponsored by a Director and approved onto the change pipeline at the Portfolio Management Board (PMB), before being presented to the relevant programme board for approval of limited initial funding.

The main features of this process are:

- a rolling pipeline of planned change including projects and contracts
- a monthly PMB consisting of the Executive Team, Senior Responsible Officers (SRO), Portfolio Leads and representatives from across the agency, which acts as the first decision making forum in the pipeline process

- monthly Programme Boards consisting of an SRO, Executive Team members, Portfolio Leads and representatives from business areas
- our business case process determines the appropriate governance route for each investment. A three-stage business case process (following HM Treasury Green Book guidance) is undertaken for changes with a lifecycle cost greater than £1 million, with smaller value investments between £100k and £1 million requiring a cost benefit analysis
- a Continuous Assurance team manage the assurance of all projects/programmes within DVLA. The team is independent of project/programme delivery and essentially assures DVLA investment in change

Governance Model – Portfolio Structure



Cabinet Office spending controls

In addition to the rules set out in Managing Public Money, Cabinet Office (CO) operates certain spending controls.

We have continued to work with DfT(c) and CO to maintain ways of working and ensure Digital and Technology spend approval for all IT change is in place as part of an approved ICT spend pipeline. Projects and programmes are subject to assessment against CO functional standards – a process by which they are scored against a number of indicators, the outcome of which determines whether an assure status is attained.

The ICT spend pipeline is subject to quarterly review at an Assurance Board (including DfT/CO representation) and Joint Assurance Review (JAR – including senior representation from CO, DfT(c), DVLA Board, Executive Team). Endorsement at JAR enables Minister for CO approval of the DVLA ICT change pipeline. This is a major benefit to our change programme and supports our business and technology transformation agenda.

In line with the CO guidance our Strategic Change Pipeline has been assessed against the seven Government Digital Service (GDS) pipeline standards and this assessment has confirmed that we have the appropriate levels of governance, reporting and control to enable ICT spend approval at a pipeline level. The Agency Strategic Change Pipeline continues to be monitored and endorsed by PMB ensuring the GDS pipeline standards can be met and ongoing arrangements maintained.

Financial controls

Review of operational budgets and project affordability takes place at the monthly Finance Executive Team meeting with confirmation of affordability given by the Finance and Assurance Services (FAS) Director. Budgetary controls are supported by a monthly planning and re-forecasting cycle, monitoring volume and change demand. A summary of the results is reported monthly to our Board with a formal report presented by the FAS Director each quarter.

As Agency Accounting Officer, the Chief Executive holds a letter of Financial Delegation issued by the Permanent Secretary of DfT. The Chief Executive sub-delegates financial delegations to Executive Directors and strategic finance staff.

Staff who have been allocated a delegation must ensure they have completed the mandatory training programme and been assessed to ensure competence to fulfil the role.

Finance provide assurance for cost models that are included in Business Cases and also on reports across the Agency. We report on the strengths, weaknesses and areas of uncertainty in figures presented. This provides a level of confidence in cost models or reports which informs decision making. Analytical Assurance reports are required

for Business Cases and have been embedded within that process. We also provide ad-hoc analytical assurance reviews for reports outside of the Business Cases and best practice requires that Analytical Assurance is required prior to the presentation of figures. We adhere to the principles in the Aqua Book commenting on the transparency, accuracy, calculations and assumptions used in any model or report.

Fraud, error, debt and whistleblowing

The management of fraud, error and debt is a critical part of good governance. Losses and recoveries are reported quarterly to CO via DfT.

In DVLA, overall responsibility for fraud, bribery and corruption policy sits with the Director of Strategy, Policy and Communications, supported by a cross-agency Fraud, Error and Debt Board. The post holder is also DVLA's counter fraud and anti-bribery champion.

Counter fraud initiatives and internal fraud investigations are undertaken by the Fraud Policy and Investigations Team, which reports to the Fraud Error and Debt Board and ARAC. External investigations are undertaken with our Criminal Intelligence Officers based in the Operational Fraud Team. Investigation reports are shared with law enforcement where appropriate.

The GIAA provides support and input to fraud investigations, advising on aspects of control and risk management. The Fraud Policy and Investigations team reviews all change, whether project inspired or through the small change process. The team works closely with individual business areas to fraud risk-assess business processes and practices, providing support and advice to mitigate fraud opportunities.

Whistleblowing has a high priority within DVLA. There are whistleblowing boxes at all Swansea sites. There is also a whistleblowing telephone hotline and the nominated officer's email address is provided via our intranet site. Whistleblowing contact details are also provided to Contact Centre staff who can transfer calls from external customers.

The whistleblowing process is one of a number of routes that allow staff to raise concerns on a variety of matters, such as potential fraud, health and safety issues and operational activities. All reports are investigated thoroughly with appropriate action taken.

Shared Services

Arvato Bertelsmann are the current service providers of back office shared services for DfT and various arms length bodies including DVLA. Contract management and service performance are managed by a DfT programme team who also provide a level of assurance that Shared Services Arvato (SSA) are meeting their contractual obligations.

We have a dedicated commercial relationship lead, who manages the relationship with the DfT Programme and co-ordinates performance monitoring and change and release processes for DVLA.

DfT receives an International Standards of Assurance Engagement (ISAE) 3402 report, produced by KPMG, on Arvato's operation of the control environment at the Shared Service Centre. The 2020-21 report did not raise any issues for disclosure. We place reliance on these reports for assurance over SSA's environment during the 2020-21 financial year.

Commercial controls

As a central government body, our commercial activity is governed by legislation within the Public Contracts Regulations 2015. Governance and control of commercial activity is administered by the Commercial Directorate and overseen by the Commercial Director.

Our Commercial Directorate is responsible for ensuring that commercial practice is compliant with the regulations. In line with the government's transparency agenda, and where practicable, all tender opportunities are published, including single tender actions and contracts over £10,000.

The Commercial Directorate has Commercial Policy and Commercial Procedures which act as the two primary control documents governing commercial activity.

Contractual authority originates from the Agency Accounting Officer and is delegated to individuals in specific posts (primarily Commercial Director, Head of Procurement and senior commercial managers) and is non-transferable.

Only those with contractual authority are allowed to commit the agency to any commercial activity. Contractual authority is distinct from financial authority and no individual is permitted to exercise both for the same requirement.

We have an efficient and effective practice whereby all contracts are sponsored at Executive Team level. This is supplemented by making day-to-day contract management the shared responsibility of a business owner and a professional Commercial Advisor from within the Commercial Directorate, supported by a professional Financial Advisor.

In accordance with the CO Spending Controls, the Commercial Directorate engage with CO on all procurements over £10 million to ensure business case approvals are secured, and the commercial strategy is approved prior to engagement with the market.

In addition, a further level of assurance is also secured for all procurements over the Find a Tender Service (FTS) threshold by the DfT Commercial Assurance Board.

As part of Governance and control DVLA also receive, adopt and disseminate all Procurement Policy Notes (PPNs) received from CO and incorporate them into the Agency's Commercial Policy, where appropriate.

The reporting year has presented significant challenges emanating from COVID-19. DVLA has met the commercial challenge this has presented, whilst ensuring the CO guidance stipulated in the various PPNs has been robustly applied.

At an organisational level, we are currently renewing our professional corporate certification with the Chartered Institute of Procurement & Supply, which demonstrates that our policy, processes and procedures are in line with best practice.

Data controls

The Senior Information Risk Officer (SIRO), Lynette Rose – Strategy, Policy & Communications Director is accountable at Board level for information risk and is supported by a Chief Information Security Officer (CISO) and Information Asset Owners (IAOs) who are responsible for the day to day security and use of information assets.

The overarching data security framework is managed and overseen by the Information Assurance Group (IAG), with the CISO leading this area.

The Data Governance Board, chaired by the SIRO is the primary board for escalation, decisions and review of the overall data control framework. The DGB is supplied with a data dashboard to highlight the primary issues for discussion and draw assurance from this document.

The Data Protection Officer is based in DfT but has a network of Data Protection Managers who report to him on data issues, two of these are based at DVLA.

The General Data Protection Regulation (GDPR) is embedded within the organisation. Data Protection Impact Assessments (DPIA) are widely adopted with priority given to processing which is likely to be high risk.

The annual in-person training event has been disrupted this year due to COVID-19 and replaced by an online update. In its place the intranet has been used to maintain awareness with the "Protection Connection" pages regularly updated with general and specific items relating to data use and security. The IAG training team promoting these messages. In addition, the data breach area of IAG have consistently looked at lessons learnt during COVID-19.

IAG have representation at COVID-19 appropriate meetings and Boards with regular updates provided to the Executive Team and Agency Board.

Business Continuity

Business Continuity continues to support the agency to maintain predefined acceptable levels of services during disruptions to normal business operations to maintain its vital public services. The work that the team does was brought to the forefront in 2020 with the onset of the COVID-19 global pandemic.

At the beginning of January 2020, the Business Continuity Team ran a discussion-based scenario table-top exercise with the Executive Team around COVID-19, exploring the issues and risks the Agency could be faced with should the virus reach and take hold in the UK. In February 2020, following confirmation of the first case within the UK, Business Continuity convened a Pandemic Incident Response Team of key stakeholders in HR, Estates and Communications which met daily to monitor developments, make decisions and take prompt action as and when UK government issued any relevant advice.

On the Prime Minister's announcement that the UK was moving into Alert Phase 1 of a Pandemic, Gold and Silver Incident Response Teams were convened in line with the Agency's Incident Response Procedures. Both Teams met daily, initially to discuss the emerging and rapidly changing issues. All decisions were made prioritising the well-being of our staff and their families based on government advice. The agency identified services to support HGV drivers to continue delivering supplies and emergency workers to stay on the road. The teams looked at how we could maintain services and minimise the number of staff onsite. This included how to ramp up the roll out of IT hardware and software to enable those who could, to work from home and support those in the office.

Lessons learned sessions have been held with all Incident Response Teams to identify any improvements to plans and procedures and increase our resilience into the future. Following lessons learned from the Agency's response to COVID-19 the Business Continuity Team in the forthcoming year will be working with Service Managers to improve and strengthen Operational Resilience.

Agency Accounting Officer's assurance

The system of internal control is designed to manage risk to a reasonable level, rather than to eliminate all risk. It provides reasonable and not absolute assurance of effectiveness. The system of internal control supports the achievement of our policies, aims and strategic goals, whilst safeguarding the funds and assets of the organisation, in accordance with HM Treasury's Managing Public Money.

As Agency Accounting Officer for DVLA, the Chief Executive has responsibility for reviewing the effectiveness of the systems of internal control. This is primarily informed by internal audit reviews, along with the management assurance reporting of our managers who are responsible for the development and maintenance of the internal control framework.

A Management Assurance Statement (MAS) review is undertaken twice a year, to review all facets of management assurance, policy and practice.

Internal audit

Our internal audit team are part of the GIAA, an Executive Agency of HM Treasury. The team operates to agreed Public Sector Internal Audit Standards and complies with procedures and standards set by the GIAA. The internal audit reports provide an independent and objective opinion on the adequacy and effectiveness of our system of internal control, together with recommendations agreed to by management for improvement to address identified areas of risk or control enhancement.

The Head of Internal Audit has unrestricted access to the Chair of the ARAC and Agency Accounting Officer, the Chief Executive. The audit plan for the year is informed by the main risks to our business and encompasses a broad range of internal controls. This includes assurance over the security and use of our data, as well as contractual commitments and data protocols for those organisations that interact with us.

Head of Internal Audit opinion

On the basis of evidence obtained during 2020-21, the Head of Internal Audit was able to provide a moderate level of assurance that the framework of governance, risk management and control is appropriately defined and working effectively throughout 2020-21 (a moderate opinion was also provided in 2019-20).

The Head of Internal Audit has advised that this opinion reflects the maturity of our Risk Management Framework and our continued focus on further strengthening existing governance arrangements.

Established controls were found to be generally working effectively but with some improvements agreed with management. The areas for further improvements and which would benefit from strengthening procedural controls are predominantly areas impacted by significant change around legacy platforms or processes.

The cases where internal audit identified the need for control enhancements were not deemed significant in the context of the overall control environment. Where enhancements were proposed, corrective action has been agreed with management. Delivery against those actions are monitored closely by the Executive Team and where relevant, by the appropriate governance board (such as Data Governance Board and ARAC). Effective delivery of agreed actions from audit reviews has continued through the COVID-19 response period.

The Head of Internal Audit's Annual Opinion and Report reflects on findings from a GIAA cross government paper on Learning for Government Bodies from COVID-19 and the transition to a new business-as-usual state. The agreed 2021-22 Internal Audit programme of work reflects key elements of this.

04 Remuneration and staff report

Remuneration report

Remuneration policy

The remuneration of Senior Civil Servants (SCS) is set by the Prime Minister following independent advice from the Senior Salaries Review Body.

The review body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations. Further information about the work of the review body can be found at Office of Manpower Economics.

We have our own remuneration committee in line with board best practice, chaired by a non-Executive Director. Further details can be found within the Governance statement.

Service contracts

Civil Service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code. It requires appointments to be based on fair and open competition but also includes the circumstances when appointments may otherwise be made. Unless otherwise stated below, the officials covered by this report hold appointments that are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. The standard period of notice to be given by directors is 3 months.

Salary and pension entitlements

The remuneration and pension interests of the Chief Executive and directors are set out on [pages 58 to 60](#).

The SCS annual pay award bonus is determined by performance. These pay award bonuses are awarded to the top 25% of SCS. They are made to reward in-year performance in relation to agreed objectives, or short-term personal contributions to wider organisational objectives.

Salary

Salary includes gross salary, overtime, recruitment and retention allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on payments made by us and recorded in these accounts. The directors did not receive any non-cash benefits during the current or prior year.

Performance bonus

Performance is assessed annually for directors through the appraisal processes. These are stipulated by DfT and entitlement to performance enhancements or bonuses established in comparison across the DfT family is through the departmental evaluation committee, chaired by the Permanent Secretary. Our remuneration committee provides advice to DfT on performance of directors.

Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme (CSOPS) or alpha, which provides benefits on a career average basis with a pension age from age 65 or State Pension age (whichever is later). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Before that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60, one providing benefits on a whole career basis (nuvos) with a normal pension age of 65 and the higher of 65 or State Pension Age for members of alpha.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. All members of civil service pensions who continue in service from 1 April 2022 onwards will do so as members of alpha. Classic, classic plus, premium and nuvos will be closed in relation to service after 31 March 2022. Eligible members will receive a choice at retirement of which pension scheme benefits they would prefer to take for the period from 2015 to 2022. The choice will be between their pre-2015 pension scheme or their alpha pension.

Employee contributions are salary-related and range between 4.6% and 8.05% of pensionable earnings for members of classic (and members of alpha who were members of classic immediately before joining alpha) and between 4.6% and 8.05% for members of premium, classic plus, nuvos and all other members of alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to 3 years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium.

In nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers.

The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos and the higher of 65 or State Pension Age for members of alpha. The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha, the figure quoted is the combined value their benefits in the two schemes, but note that part of that pension may be payable from different ages. For further details about the Civil Service pension arrangements visit civilservicepensionscheme.org.uk

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued because of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from lifetime allowance tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Remuneration of the Executive Board members – audited

	Salary		Performance bonus		Pension benefits (to nearest £1000)		Total	
	2020-21 £000	2019-20 £000	2020-21 £000	2019-20 £000	2020-21 £000	2019-20 £000	2020-21 £000	2019-20 £000
Chief Executive								
Julie Lennard	125-130	120-125	10-15	–	50	49	185-190	170-175
Executive Board members								
Louise White HR and Estates Director	85-90	80-85	0-5	10-15	45	33	135-140	125-130
Andrew Falvey Commercial Director	85-90	80-85	0-5	–	32	32	120-125	110-115
Tony Ackroyd Operations and Customer Service Director	95-100	90-95	5-10	5-10	37	36	140-145	130-135
Lynette Rose Strategy, Policy and Communications Director	80-85	75-80	0-5	–	40	55	125-130	130-135
Brian Sullivan Chief Technology Officer	120-125	95-100 (115-120 ¹)	5-10	–	47	38	175-180	130-135
Rachael Cunningham Finance and Assurance Services Director (to 4 September 2020)	35-40 (85-90 ¹)	85-90	–	10-15	19	36	55-60	130-135
Tracy Nash Interim Finance and Assurance Services Director (from 5 September 2020)	45-50 (75-80 ¹)	–	–	–	19	–	65-70	–

¹ Full year equivalent.

Bonuses reported in 2020-21 relate to performance as an Executive Director in 2019-20. Bonuses to be paid in 2021-22 in respect of 2020-21 performance as an Executive Director are yet to be determined. There were no benefits in kind.

Pension benefits included in the table above represent the actuarially assessed increase in pension benefits at retirement age arising due to in-year service, calculated as per Finance Act 2013 rules.

Median staff pay multiples – audited

Reporting bodies are required to disclose their relationship between the remuneration of the highest-paid director in the organisation and the median remuneration of the organisation workforce.

	2020-21	2019-20
Band of highest paid director total remuneration (£000)	140-145	120-125
Median total remuneration (£)	23,276	22,179
Ratios	6.12	5.52
Number of employees receiving remuneration in excess of highest paid Director	–	–
Remuneration range for employees excluding highest paid director (£000)	17-132	17-120

Total remuneration within the calculation includes salary, non-consolidated performance related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

The above ratios report the mid-point banded remuneration of the highest paid director in relation to the median remuneration of our staff. The change in ratio between the current year and prior year is principally due to a change in the relevant remuneration of the highest paid director. The ratios are a reflection of the composition, by grade, of individuals employed by us.

Pension benefits of the Executive Board members – audited

	Real increase in pension and related lump sum at pension age during year	Total accrued pension at pension age and lump sum at 31/3/21	Cash Equivalent Transfer Values (CETV) ²		Real increase in CETV as funded by employer in year	Employer contribution to partnership pension account
			At 31/3/21	At 31/3/20		
	£000	£000	£000	£000	£000	(To the nearest £100) £
Julie Lennard	2.5-5	25-30	345	298	27	–
Louise White	0-2.5 plus a lump sum of 0-2.5	40-45 plus a lump sum of 95-100	838	778	30	–
Andrew Falvey	0-2.5	20-25	356	311	25	–
Tony Ackroyd	0-2.5	10-15	243	200	28	–
Lynette Rose	0-2.5 plus a lump sum of 0-2.5	35-40 plus a lump sum of 80-85	721	667	28	–
Brian Sullivan	2.5-5	5-10	82	36	36	–
Rachael Cunningham	0-2.5	25-30	371	357	10	–
Tracy Nash	0-2.5	20-25	296	–	9	–

² Or at date of appointment as director if later.

Remuneration of the non-Executive Board members – audited

	2020-21 £000	2019-20 £000
Lesley Cowley	40-45	45-50
Jeremy Boss	15-20	15-20
Emma West (i)	5-10	15-20
Chris Morson (ii)	5-10	20-25
Matt King (iii)	5-10	–
Ranjit Gill (iv)	5-10	–

The above include travel and subsistence expenses in accordance with civil service rates.

- (i) Ms West stood down from the Board on completion of her terms as a non-Executive Director on 31 October 2020.
- (ii) Mr Morson stood down from the Board on completion of his terms as a non-Executive Director on 31 October 2020.
- (iii) Mr King became a non-Executive Board member on 1 November 2020.
- (iv) Mr Gill became a non-Executive Board member on 1 November 2020 and resigned on 31 March 2021.

Staff report

We are one of the largest employers in the Swansea area, employing 5,467 full time equivalent staff at the end of 31 March 2021.

While we will keep tight controls on our workforce numbers, we are prepared to see new jobs created where new externally funded opportunities arise.

Workforce 2019-21 Full-time equivalents (FTE)

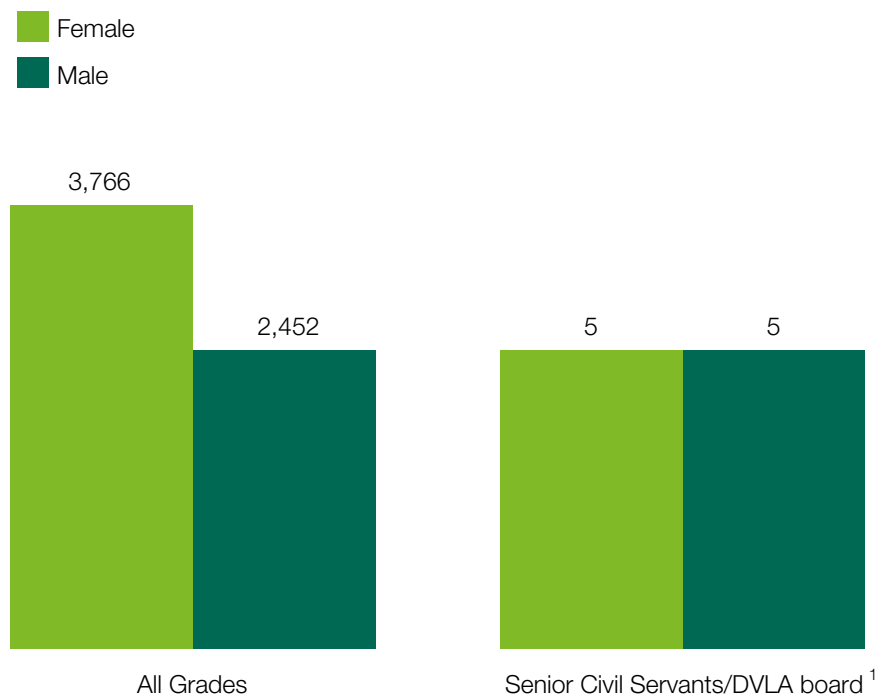
As at 31 March 2019	5,336
As at 31 March 2020	5,499
As at 31 March 2021	5,467

Number of senior civil service staff by band at March 2021

SCS band	2020-21	2019-20
Band 2	1	1
Band 1	6	6
Total Number	7	7

Staff composition by gender

The figures shown in the graphs represent headcount at 31 March 2021.



¹ Active ongoing DVLA Board Members at 31 March 2021.

Staff numbers and related costs – audited

Staff costs and average number of full-time equivalent persons employed during the year, excluding staff managed by DfT, comprise:

2020-21	Permanently employed staff	Short-term employment contract and agency staff	2020-21 Total
	£000	£000	£000
Wages and salaries	154,069	5,971	160,040
Social security costs	13,416	190	13,606
Other pension costs	37,149	707	37,856
Total gross salary costs	204,634	6,868	211,502
Staff capitalisation	(2,543)	(289)	(2,832)
Total net salary costs	202,091	6,579	208,670
	FTEs	FTEs	FTEs
Total directly employed	5,317	151	5,468
2019-20	Permanently employed staff	Short-term employment contract and agency staff	2019-20 Total
	£000	£000	£000
Wages and salaries	142,299	3,811	146,110
Social security costs	12,473	120	12,593
Other pension costs	35,995	434	36,429
Total gross salary costs	190,767	4,365	195,132
Staff capitalisation	(2,247)	–	(2,247)
Total net salary costs	188,520	4,365	192,885
	FTEs	FTEs	FTEs
Total directly employed	5,290	98	5,388

Total staff costs shown above are net of £2,832,034 capitalised costs in the year (2019-20: £2,247,029).

The PCSPS and CSOPS (known as alpha) are unfunded multi-employer defined benefit schemes but we are unable to identify DVLA's share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2016. Details can be found in the resource accounts of the CO: Civil Superannuation (www.civilservicepensionscheme.org.uk).

For 2020-21, employer's contributions of £37.5 million were payable to the PCSPS (2019-20: £36.1 million) at one of four rates in the range 26.6% to 30.3% (2019-20: 26.6% to 30.3%) of pensionable pay, based on salary bands. The scheme's actuary reviews employer contributions every 4 years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2020-21 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £338,906 (2019-20: £321,819) were paid to one or more of a panel of two appointed stakeholder pension providers. Employer contributions are age-related and ranged from 8% to 14.75% (2019-20: 8% to 14.75%). Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £10,965 – 0.5% of pensionable pay (2019-20: £10,493 – 0.5%) were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Civil Service and other compensation schemes – exit packages – audited

(Comparative data is shown in brackets for 2019-20).

Exit package cost band (£)	Number of compulsory redundancies agreed	Number of other departures agreed	Total number of exit packages by cost band
<10,000	– (–)	6 (22)	6 (22)
10,000 – 25,000	– (–)	3 (7)	3 (7)
25,000 – 50,000	– (–)	1 (2)	1 (2)
50,000 – 100,000	– (–)	1 (5)	1 (5)
100,000 – 150,000	– (–)	– (1)	– (1)
Total number of exit packages by type	– (–)	11 (37)	11 (37)
2020-21 Total cost (£)	–	189,301	189,301
2019-20 Total cost (£)	–	753,362	753,362

Total cost relates to exit payments only. Redundancy and other departure costs have been agreed in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. The table above shows the total cost of exit packages agreed and accounted for in 2020-21 (2019-20 comparative figures are also given). £296,456 exit costs were paid in 2020-21, the year of departure (2019-20: £641,594). £111,768 of the payment made in 2020-21 was accounted for in the 2019-20 accounts. £4,613 has been accounted for in the 2020-21 accounts. Where we have agreed early retirements, the additional costs are met by us and not by the civil service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Consultancy expenditure

Expenditure on consultancy is shown in Note 3 of the business account.

Off-payroll engagement

Off-payroll engagements as of 31 March 2021, for more than £245 per day and that last longer than 6 months.

The following table summarises the situation on off-payroll engagements as at 31 March.

	31 March 2021	31 March 2020
Number of existing engagements as of 31 March	17	10
Number that have existed for less than one year at time of reporting	11	7
Number that have existed for between one and two years at time of reporting	6	3

All existing off-payroll engagements, outlined above, have been subject to a risk-based assessment. This is to determine whether assurance is required that the individual is paying the right amount of tax and that assurance has been sought.

All highly paid off-payroll workers engaged at any point during the year ended 31 March 2021, earning £245 per day or greater

	31 March 2021	31 March 2020
Number of temporary off-payroll workers engaged during the year ended 31 March 2021.	25	18
Of which:		
Not subject to off-payroll legislation ¹	25	18
Subject to off-payroll legislation and determined as in-scope of IR35	–	–
Subject to off-payroll legislation and determined as out-of-scope of IR35	–	–
Number of engagements reassessed for compliance or assurance purposes during the year.	6	–
Of which:		
Number of engagements that saw a change to IR35 status following review	–	–

¹ Contingent labour workers employed by an umbrella company are automatically out of scope of IR35 and are therefore not subject to the off-payroll legislation.

Off-payroll engagements of Board members, and/or senior officials with significant financial responsibility, between 1 April and 31 March

	2020-21	2019-20
Number of off-payroll engagements of Board members, and/or, senior officials with significant financial responsibility, during the financial year.	–	–
Total number of individuals on payroll and off-payroll that have been deemed Board members and/or, senior officials with significant financial responsibility, during the financial year.	9	9

Trade Union facility time

Relevant union officials

The following table summarises the total employees who were relevant union officials between 1 April and 31 March.

	2020-21	2019-20
Number of employees who were relevant officials during the financial year	20	22
Full time equivalent employee number	17	20

Percentage of time spent on facility time

	2020-21	2019-20
0%	5	1
1%-50%	15	21
51%-99%	–	–
100%	–	–

Percentage of pay bill spent on facility time

	2020-21 £000	2019-20 £000
Total cost of facility time	26	50
Total pay bill	202,091	188,520
Percentage of total pay bill spent on facility time	0.01%	0.03%

Paid trade union activities

We do not authorise TUS representatives to take paid time off for Trade Union Activities.

Policy and procedures for staff

Our main source of information for employees is the staff handbook, which includes terms and conditions, procedures and guidance about the employment relationship. The trade union is informed and/or consulted on changes which may affect the people they represent.

Policy on employment of people with a disability

We want to ensure that all staff and candidates with disabilities are treated fairly and that no persons experiences a disadvantage due to their disability. Our aim is to provide accessible services and to demonstrate we are a disability confident employer who welcomes disabled staff into our workforce and provides a supportive environment for them to reach their full potential as we recognise that disabled people are not all the same and that each person may have different needs.

As an inclusive employer our aim to build a culture which makes the Agency a better employer for all our staff and helps increase the diversity of our workforce by attracting talented people from the widest range of backgrounds. To help demonstrate our commitment to equality in the workplace we are proud to attain the highest accreditation as a Disability Confident (Leader), which assesses employers who make the most of the talents disabled people can bring to the workplace and to lead the way in the community.

Sickness absence

The number of days lost (by full time equivalents) through sickness absence is 8.42 (2019-20: 9.93). The number of days includes sickness leave due to COVID-19.

Staff turnover

The staff turnover percentage for 2020-21 is 6.49% (2019-20:5.88%). The staff turnover figure is calculated as the number of leavers within the financial year divided by the average of staff in post over the financial year. Leavers reported are aligned to CO guidelines, therefore include retirements and resignations however do not include transfer to another department.

Civil Service People Survey results

The Civil Service People Survey ran from 1 October to 3 November 2020 (2019-20 the survey ran from 1 October to 31 October 2019) and was available for all staff to complete. There were 3,717 respondents which equates to a 60% response rate (2019-20 saw 4,472 respondents which equates to a 72% response rate). The Employee Engagement Index was 63% which was the same as 2019 with the Civil Service Benchmark for 2020 being 66% (2019-20:67%).

05 Parliamentary accountability and audit report

Losses and special payments – audited

	2020-21 Number of cases	2020-21 Value £	2019-20 Number of cases	2019-20 Value £
Losses written off in year				
Cash losses (i)	10,841	571,320	16,169	793,793
Special payments				
Ex-gratia payments (ii)	805	118,762	1,603	253,259
Personal injury compensation	3	18,974	1	8,000
Special severance payments (iii)	–	–	5	66,362

(i) Cash losses mainly relate to small mis-payments which are considered inefficient to pursue.

(ii) Ex-gratia payments are made to customers (without legal liability) in recognition of errors on the part of DVLA.

(iii) Payments outside of normal statutory or contractual requirements.

Fees and charges – audited

Fees and charges income and confirmation of compliance with cost allocation and charging requirements are shown in Note 2 of the Business Account.

Constructive loss – Polycarbonate products

Polycarbonate card products (Driving Licences and tachograph cards) were re-designed to remove EU branding. As orders are placed with long lead times, the agency was left with residual stock post EU transition. The residual stock carries a value of £1.1 million and is reported as a constructive loss.

Special Payment – Wheelclamping

Cabinet Office guidance (PPN 02/20) issued in response to COVID-19 publicised Supplier Relief. DVLA requested the wheelclamping provider temporarily curtail enforcement activity. Payments were made to our wheelclamping provider in respect of the April to September 2020 curtailment totalling £8.9 million.

Remote contingent liabilities

There are no contingent liabilities.

Contingent assets

There are no contingent assets.



Julie Lennard

Accounting Officer and Chief Executive, DVLA
7 July 2021

The Certificate and Report of the Comptroller and Auditor General to the House of Commons

Business Account

Opinion on financial statements

I certify that I have audited the financial statements of the Driver and Vehicle Licensing Agency (DVLA) for the year ended 31 March 2021 under the Government Resources and Accounts Act 2000. The financial statements comprise: Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards as interpreted by HM Treasury's Government Reporting Manual.

I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion, the financial statements:

- give a true and fair view of the state of the DVLA's affairs as at 31 March 2021 and of the net operating income for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the DVLA in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the DVLA's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the DVLA's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this report.

The going concern basis of accounting for DVLA is adopted in consideration of the requirements set out in HM Treasury's Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

Other information

The other information comprises information included in the annual report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. The Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the DVLA and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports. I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or

- certain disclosures of remuneration specified by HM Treasury's Government Report Manual are not made; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Executive as Accounting Officer is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Chief Executive as Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- assessing the DVLA's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Chief Executive as Accounting Officer anticipates that the services provided by DVLA will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- inquiring of management and those charged with governance, including obtaining and reviewing supporting documentation relating to the DVLA's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the DVLA's controls relating to the Government Resources and Accounts Act 2000;
- discussing among the engagement team and involving relevant internal and or external specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, and posting of unusual journals;
- obtaining an understanding of DVLA's framework of authority as well as other legal and regulatory frameworks that the DVLA operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the DVLA. The key laws and regulations I considered in this context included the Government Resources and Accounts Act 2000, Managing Public Money, General Data Protection Regulation, tax legislation, employment law and the relevant statutes pertaining to the delivery of services.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board;

- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- using analytical procedures to identify any unusual or unexpected relationships.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

www.frc.org.uk/auditorsresponsibilities.

This description forms part of my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies

Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP
12 July 2021

The Audit Report of the Comptroller and Auditor General to the House of Commons

Trust Statement

Opinion on financial statements

I have audited the financial statements of Driver and Vehicle Licensing Agency (DVLA) for the year ended 31 March 2021 under the Exchequer and Audit Departments Act 1921. The financial statements comprise the Statement of Revenue and Expenditure, the Statement of Financial Position, the Statement of Cash Flows and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union and interpreted by HM Treasury's Government Reporting Manual.

In my opinion:

- the Trust Statement gives a true and fair view of the state of affairs of taxes as at 31 March 2021 and of the net revenue for the year then ended; and
- the financial statements have been properly prepared in accordance with the Exchequer and Audit Departments Act 1921 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the DVLA in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the DVLA's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the DVLA's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this report.

The going concern basis of accounting for DVLA is adopted in consideration of the requirements set out in HM Treasury's Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

Other information

The other information comprises information included in the annual report, but does not include the financial statements and my auditor's report thereon. The Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the audit of the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- assessing the DVLA's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by DVLA will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, and report on the financial statements in accordance with the Exchequer and Audit Departments Act 1921.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

My procedures included the following:

- inquiring of management and those charged with governance, including obtaining and reviewing supporting documentation relating to the DVLA's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the DVLA's controls relating to the Exchequer and Audit Departments Act 1921.
- discussing among the engagement team and involving relevant internal and or external specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals;
- obtaining an understanding of DVLA's framework of authority as well as other legal and regulatory frameworks that the DVLA operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the DVLA. The key laws and regulations I considered in this context included the Exchequer and Audit Departments Act 1921, Managing Public Money, General Data Protection Regulation and Vehicle Excise and Registration Act 1994.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board;

- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- using analytical procedures to identify any unusual or unexpected relationships.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

www.frc.org.uk/auditorsresponsibilities.

This description forms part of my report.

I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies

Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

12 July 2021



The Comptroller and Auditor General's Section 2 Report to the House of Commons

Background

1. The Driver and Vehicle Licensing Agency (DVLA) is responsible for the collection of Vehicle Excise Duty (VED) on behalf of the Secretary of State for Transport. VED is tax which must be paid for most types of vehicles used (or kept) on public roads in the United Kingdom.
2. In 2020-21, the DVLA Trust Statement recorded £6,930 million of VED revenue and enforcement fines and penalties, an increase of £67 million (0.98%) on 2019-20 levels. Since reform in 2017, VED has shown significant annual growth due to increasing numbers of vehicles on the road and the proportion of vehicles registered since the VED reform. The growth in VED was less than originally forecast for 2020-21 due to the impact of the COVID-19 pandemic on VED licensing activity, but is in line with latest revised Office for Budget Responsibility (OBR) expectations.

Scope of my audit work

3. Section 2 of the Exchequer and Audit Departments Act 1921 requires me to report to Parliament having examined:
 - the VED revenue accounts (reported in the DVLA Trust Statement) in order to ascertain whether adequate regulations and procedures are in place, and being carried out, to secure an effective check on the assessment, collection, and proper allocation of revenue; and
 - the correctness of the sums brought to account in those accounts.
4. I discharge my responsibility in respect of the correctness of sums brought to account in my opinion on the Trust Statement. This Section 2 report fulfils my other statutory responsibilities as described above.
5. My findings are informed by my team's work supporting my audit opinions on the Trust Statement, especially in respect of ongoing assessment and collection activities, and the DVLA's continuing response to 2017 VED scheme changes. This included an examination of the DVLA systems supporting VED collection, and evidence over whether VED regulations had been correctly applied to a sample of revenue items.

6. This report is also informed by additional enquiries with the DVLA and a review of relevant data. This includes the results of the most recent Roadside Survey, which samples vehicles in traffic to identify VED compliance levels; the DVLA's own information on actions taken in response to these and previous results, and on its enforcement activity; and forecasts made in respect of VED by the OBR.

Key findings

7. **My examination shows that the DVLA's controls in respect of the assessment, collection and proper allocation of revenue remain adequate and that they are operating effectively.** My work on the Trust Statement confirmed that the DVLA's systems apply the correct rates to calculate VED chargeable, and that the DVLA recognises income correctly according to the accounting policies disclosed.
8. **The DVLA has continued to take targeted action in response to the 2019 Roadside Survey, but whether this will lead to a further increase in compliance in the context of the COVID-19 pandemic remains uncertain.** Our 2019-20 Section 2 report focused on the results of the 2019 Roadside Survey, which showed an increase in compliance following a period of cumulative decline. But it also indicated deliberate evasion remained present, as within the 1.6% of non-compliant vehicles 10% had been registered as 'off-the-road' and 36% had recently changed ownership.
9. **The COVID-19 pandemic had a significant impact on both new vehicle registrations and Statutory Off Road Notifications (SORNs).** Total SORNs over March and April were 72% higher than that seen in 2019, whilst new vehicle registrations were 61% lower, however the abnormal trends were mostly confined to the first lockdown period with 46.7m licensing transactions processed in 2020-21 overall (47.4m in 2019-20).
10. **The volume of enforcement actions performed in year has shown a significant decrease due to the curtailment of enforcement activities from April to August.** The curtailment of enforcement activities was in response to the COVID-19 pandemic to support key workers and the vulnerable. Following several procedures to ensure accurate and fair recommencement, all lines of enforcement have returned with no plans to repeat the curtailment in the future.

11. As of 1 April 2020, zero emission vehicles have become exempt from the additional rate car supplement, with the aim of incentivising uptake.

Despite new vehicle registrations showing increased uptake of ultra-low emission vehicles (ULEV) and alternative fuel vehicles overall carbon emissions from UK cars have not substantially changed.

12. Future VED receipts remain sensitive to any potential policy change, following the call for evidence surrounding a more dynamic VED system.

The OBR forecasts that VED will grow to £7.5 billion in 2025-26, showing growth but at a more gradual rate than previously forecast in the March 2019 forecast which did not reflect the impact of the pandemic.

Response to the 2019 Roadside Survey Results

13. Evidence on VED compliance is primarily provided from the biennial Roadside Survey of Vehicle Observations.

The Roadside Survey estimates VED evasion levels, based on observations of registration marks of vehicles in traffic using automatic number plate recognition cameras at 256 sites across the UK. The Department for Transport (DfT) published the most recent Roadside Survey results in November 2019 based on data collected in June 2019, the results of which were considered in our 2019-20 Section 2 report. The 2019 survey remains the most reliable data.

14. The 2019 survey reported a VED compliance rate for vehicles in active stock of 98.4%, an increase of 0.3 percentage points compared to 2017. This increase in compliance was the first increase since the 2013 roadside survey and it is the DVLA's aim to continue

the upward trend in compliance, whilst recognising the additional challenges caused by the pandemic. The estimated non-compliance of 1.6% of active stock implies a potential revenue loss of approximately £94 million annually. However, this is likely to be an overestimate of actual loss to the exchequer, since some tax owed in respect of non-compliant vehicles will be recovered by the DVLA's enforcement activity and/or through motorists paying duty in arrears to cover the untaxed period.

15. The 2019 survey showed a slight decline in what can be viewed as intentional evasion, with 10% of non-compliant vehicles holding either a current or expired¹ SORN compared to 12% in 2017. A keeper declaring the vehicle as 'off the road' whilst driving it is seen as a clear indicator of deliberate non-compliance. This decline followed targeted action at deliberate evasion but indicates a continuing need to target these evaders.

16. A further sign of deliberate evasion was the lack of licensing following a change in keeper, with 36% of unlicensed vehicles transferring ownership since the prior October, compared to 22% of licensed vehicles. As five years had elapsed since the introduction of the non-transferability rule and the DVLA repeatedly highlighting the change to motorists, this could no longer be attributed to a lack of awareness.

17. It remains the DVLA's key priority to ensure all customers are compliant by making it easy to comply with the law and taking effective action against those who do not. Over the last few years several approaches have been implemented to target specific groups including nudge letters and an advertising campaign.

Compliance rates as reported by the Roadside Survey

Year	2010	2011	2013	2015	2017	2019
Compliance %	99.1%	99.3%	99.4%	98.6%	98.1%	98.4%
Non-compliance %	0.9%	0.7%	0.6%	1.4%	1.9%	1.6%

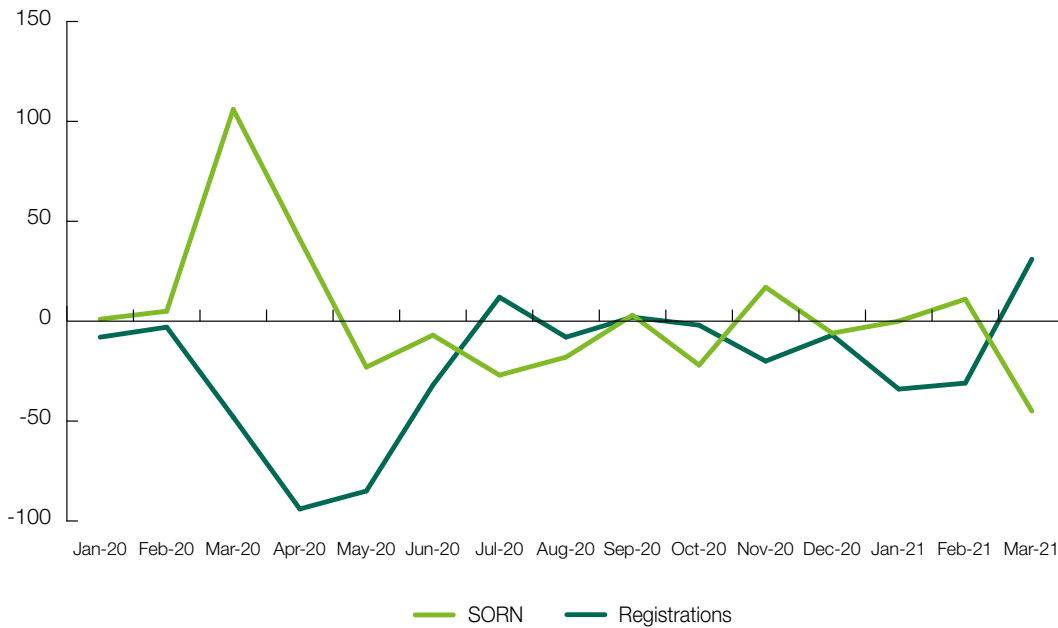
Source: Department for Transport

¹ Statutory off Road Notices are now indefinite and therefore do not expire.

Impact of COVID-19

18. The coronavirus measures implemented in March 2020 had a heavy impact on both SORN declarations and vehicle registrations.
19. The first lockdown period saw a major spike in SORN declarations, with press coverage encouraging use of the notice to save money during the period of restriction. March and April saw a 72% increase in total SORN declarations made compared to the same period in 2019, with 936,134 owners declaring their vehicles as 'off-the-road'. However, this trend did not continue in subsequent lockdowns with SORN declarations and new vehicle registrations in line with normal expectations. For example the new 'click and collect' service for purchasing vehicles meant that first registrations were broadly in line with expectations.
20. Vehicle registrations also fell dramatically in the first two quarters of 2020, with vehicle dealerships and showrooms required to close. Consequently, total new registrations were down 94% in April and 85% in May compared to the same month in 2019. The expected year on year increase in registrations was not seen until July.

Percentage change from January 2020 to March 2021 for SORN notifications and vehicle registrations

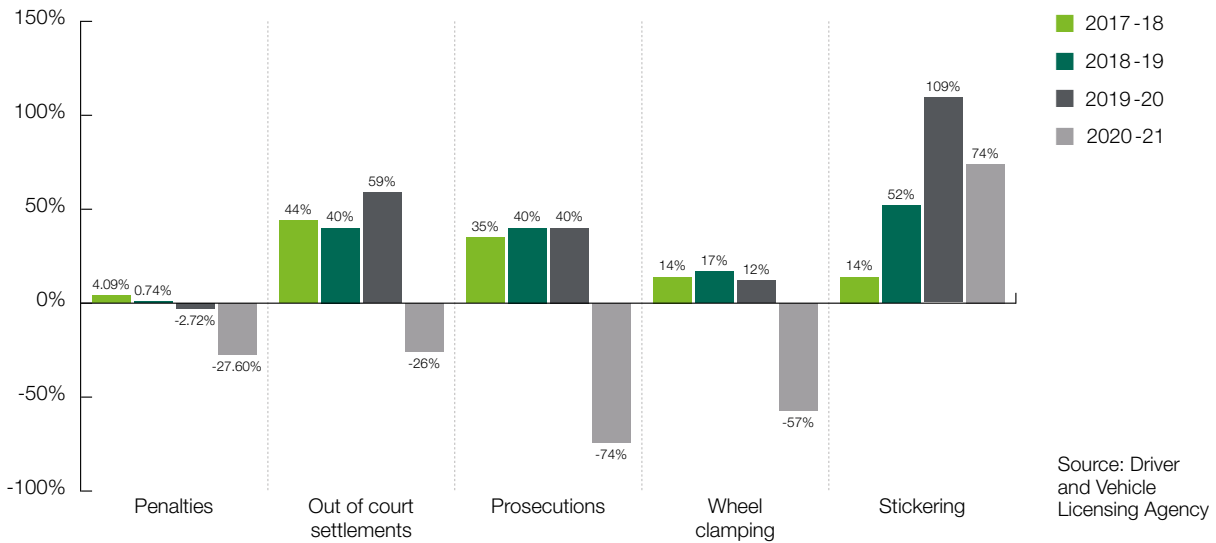


Source: Driver and Vehicle Licensing Agency

Enforcement activity

21. Despite a significant majority of motorists complying in full with VED requirements, the DVLA has a comprehensive system of enforcement measures that generate significant revenue. This is necessary to act as a deterrent against non-compliance whilst recovering monies owed.
22. Enforcement activities include: stickering, penalties, prosecutions, and wheel clamping and are carried out by both the DVLA's on road contractor and devolved power partners (DPP's) including local authorities, councils and police forces.
23. Generally, over the past five years the volume of enforcement actions has shown a steady increase, however 2020-21 has been an abnormal year in terms of enforcement activity. With the impact of the COVID-19 pandemic becoming apparent in early 2020, the Secretary of State for Transport made the decision to curtail enforcement activity in order to protect key workers and the vulnerable. Therefore, from the end of March enforcement actions were brought to a halt, later to be resumed in August after the first wave of the pandemic had passed.

Percentage increase/decrease in VED enforcement action by type, using 2016-17 data as a baseline

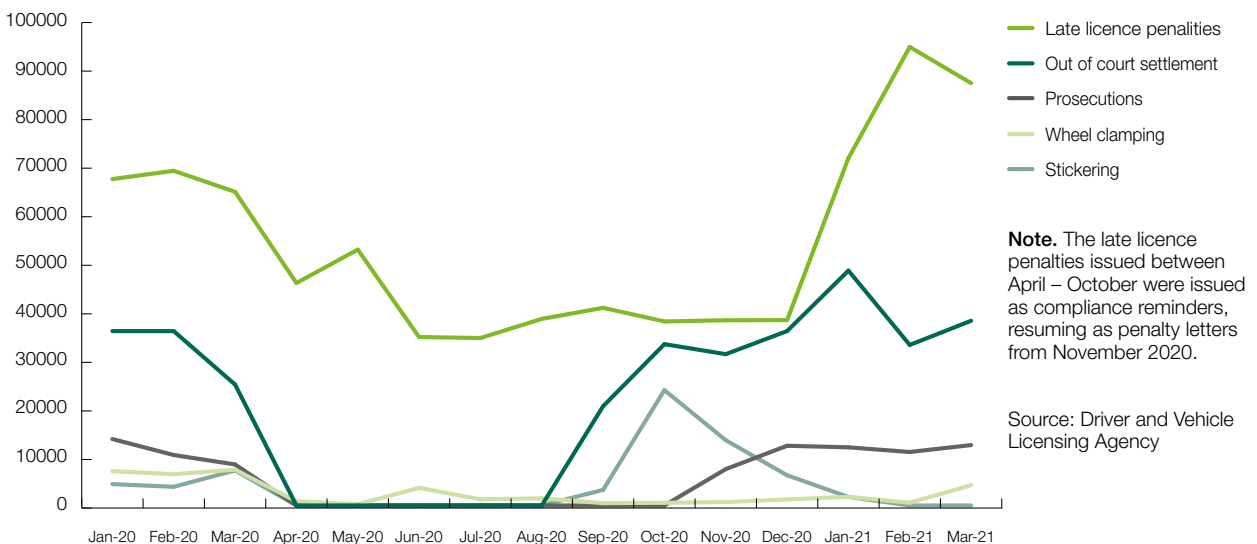


24. The DVLA implemented several tactical procedures in response to the pandemic. Due to the enhanced SORN population and break in enforcement activity, the DVLA initiated a SORN reminder letter drop and carried out a fourth unlicensed vehicle exercise (UV4), ensuring vehicle keepers had fair opportunity to tax their vehicles.

25. The pandemic also had an operational impact on the DVLA as it was necessary to reduce the number of staff on site in line with Welsh Government legislation. This impact on the processing of applications and outstanding casework was addressed in part by new online services going live in year including change of address in June and duplicate V5C (registration document) in September, with around 60% and 45% uptake respectively.

26. As part of the UV4 exercise carried out in September and October 2020, the DVLA issued 572,000 nudge letters, which led to the collection of £15.1m of VED revenue. However, only 27.1% of recipients proceeded to tax or SORN their vehicle compared to 46% when a similar exercise was carried out in October 2019. The SORN nudge letters sent in August led to 16.82% of customers proceeding to tax their vehicle, in line with the expectation that some vehicle holders would want the SORN to remain.

Changes in number of enforcement actions performed by month from January 2020 – March 2021



27. Some enforcement was resumed in August over a phased basis throughout subsequent lockdown periods, with no plans to repeat the curtailment seen in April. The curtailment of enforcement activity had a marked impact on revenue over 2020-21, with revenue from fines and penalties amounting to only £32 million – a reduction of 64% compared to 2019-20 revenue. The decrease in revenue from fines and penalties can also be attributed to changing customer behaviour, such as an increase in SORN declarations, with the overall trend highlighting the exceptional nature of the last financial year.
28. Stickers, where a warning notice (sticker) is placed onto an untaxed vehicle, was recommenced first, beginning with a period of warning stickers before progressing to the normal penalty sticker in mid-November. This has repeatedly been found to be a cost efficient and effective method of enforcement and despite the five months absence of use, the level of stickering was still 83% of that performed in 2019-20.
29. Court cases were phased back in during October using the new digital link with HM Courts & Tribunals Service which has led to increased efficiency compared to paper-based methods. The anticipated increase in court prosecutions is yet to be reflected due to the current restrictions.

Financial hardship

30. The 2019 roadside survey did not show a relationship between regions highlighted to have higher levels of debt by the Financial Conduct Authority and areas with higher evasion figures. However, there is some evidence that for a minority of cases the cost of VED may be a barrier to compliance; analysis of call centre queries in 2018 found that customers had received enforcement action and were claiming financial hardship, yet almost none of these customers had sought debt advice.
31. With the COVID-19 pandemic increasing the risk of financial vulnerability, the DVLA has developed a three-year hardship and financially vulnerable strategy to tackle and mitigate a potential increase in debt cases including tailored intervention, specific support and engagement with debt charities.

VED reform, decarbonisation and future revenue forecasts

32. Since 2017, VED due in the first year has been based on CO₂ emissions and fuel type, and in subsequent years has been based on the fuel type and initial purchase price of the vehicle, with an additional amount due if the list price exceeds £40,000.
33. From the 1 April 2020 two changes have been introduced. Firstly, all zero emission vehicles with a list price exceeding £40,000 registered between the 1 April 2017 and the 31 March 2025 are exempt from the additional VED supplement. Additionally, car emissions used to allocate VED band are now based on results of the World Harmonised Light Vehicle Test Procedure (WLTP), replacing the New European Driving cycle (NEDC) used since 1992. This more rigorous test better aligns CO₂ emissions measured in the laboratory to real life driving conditions and therefore has led to an increase in tax liability for some car models. The rules are summarised using rates applicable for the period 1 April 2020 – 31 March 2021² in the table below:

		Petrol or Diesel	Alternative fuel ³	Electric
VED due in year 1		£0 – £2,175 depending on CO ₂ emissions	£0 – £2,165 depending on CO ₂ emissions	Nil
VED due from second licence for next 5 years	List price below £40,000	£150	£140	Nil
	List price above £40,000	£475 (including £320 additional rate)	£465 (including £325 additional rate)	Nil
VED due in subsequent years		£150	£140	Nil

Source: Driver and Vehicle Licensing Agency

² Current rates can be found at www.gov.uk/vehicle-tax-rate-tables

³ Alternative fuel vehicles include: hybrids, bioethanol and liquid petroleum gas

Proposals for reform

34. In March 2020, the government announced a call for evidence regarding a more dynamic VED system⁴, with evidence suggesting the current system is limited in its ability to incentivise the uptake of lower emission cars. The call for evidence was due to close in June, however due to COVID-19 the window to respond was extended until September 2020.
35. One key consideration is the link between CO₂ emissions and VED liabilities post first registration, when most vehicles move to a standard rate. The impact of this particularly affects second-hand car sales, where the current system offers limited incentives for buyers to choose lower emission vehicles.

Clean Air Zones

36. Following consultation, in November 2020 the government announced an acceleration in the shift to zero emission vehicles, with a ban on sales of new petrol and diesel cars to be brought forward to 2030 and all new cars to be zero emission by 2035⁵.
37. Clean air zones are defined geographic areas that are focused on improving air quality, limiting harmful pollutants such as nitrogen dioxide (NO₂). Many local authorities are utilising them as a method to meet national air quality objectives. Clean air zones are also being used to support the transition to electric and ultra-low emission vehicles (ULEVs)⁶. Although they will not directly affect VED receipts, there is a clear indirect impact through the expectation that their uptake will accelerate the transition to a low carbon economy. With VED based on CO₂ emissions, a greening vehicle stock is likely to cause a reduction in VED in its current form.

Decarbonisation of vehicle stock

38. In line with the Government's green ambitions and HMT policy, 2020 has seen positive changes in new car registrations, with alternative fuel⁷ cars overtaking diesel for two consecutive quarters. Additionally, uptake of ULEVs saw large year on year increases each month compared to 2019.
39. Despite the uptake of ULEVs being on target with the Office for Zero Emission Vehicles (OZEV) projected uptake of between 3% and 7% of all new cars by 2020, overall carbon emissions from UK cars have not substantially changed⁸. This is partly explained by the fact that ULEVs only account for a small proportion of the UK car fleet, with the majority of uptake by companies⁹.
40. The Society of Motor Manufacturers (SMMT) analysis¹⁰ of new car registrations in 2020, found that only 4.6% of privately bought cars were battery electric vehicles compared to 8.7% for businesses and larger fleets. Reduced adoption by private individuals is thought to be attributed to affordability with reduced government incentives compared to business purchases as well as concerns regarding availability of public charging points. Consequently, the positive impact of ULEVs has been limited in its ability to counteract the damaging trends of the last decade. These include rising popularity of sports utility vehicles, increased road traffic and distances travelled and the disparity between real and laboratory-based emissions¹¹.

⁴ HM Treasury, Vehicle Excise Duty: call for evidence, March 2020, available at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/871749/VED_final.pdf

⁵ HM Government, Policy Paper, The Ten Point Plan for a Green Industrial Revolution, November 2020, available at: www.gov.uk/government/publications/the-ten-point-plan-for-a-green-industrial-revolution

⁶ Ultra low emission vehicles are new cars or vans that emit less than 75 grams of CO₂ from the tailpipe per km driven (The Office for Zero Emission Vehicles).

⁷ Alternative fuel: vehicles powered by something other than petrol or diesel.

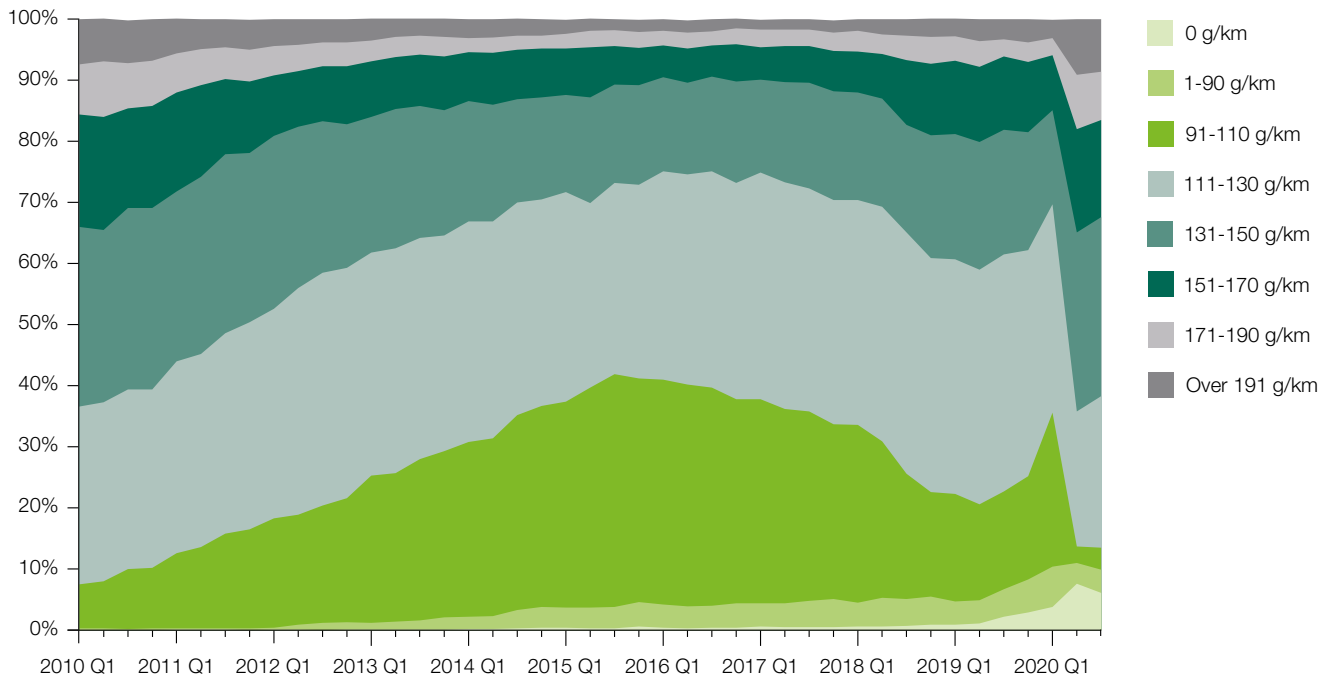
⁸ National Audit Office, Reducing carbon emissions from cars, February 2021: available at: www.nao.org.uk/wp-content/uploads/2021/02/Reducing-Carbon-Emissions-from-cars.pdf

⁹ Note. New car registrations have been distorted by the impact of the COVID-19 pandemic across 2020-21

¹⁰ Society of Motor Manufacturers and Traders, Emissions event news, March 2021, available at: www.smmt.co.uk/2021/03/business-buyers-in-pole-position-on-race-to-zero-as-consumers-stuck-on-the-grid-for-electric-vehicle-adoption/

¹¹ National Audit Office, Reducing carbon emissions from cars, February 2021: available at: www.nao.org.uk/wp-content/uploads/2021/02/Reducing-Carbon-Emissions-from-cars.pdf

Cars newly registered in Great Britain by CO₂ bands, 2010 to 2020



Source: Department for Transport data series VEH0256

Notes

1. CO₂ bandings are based on the older NEDC testing cycle or (from 2018 Q3 onwards) an 'NEDC correlated' figure following testing under the new WLTP cycle.
2. From 2020 Q2: Cars registered from April 2020 are reported as a WLTP figure, typically about 20% higher for petrol and diesel cars.
3. Caution is necessary in assessing trend both because of the Department's assertion of a growing gap over time between NEDC and 'real world' results up to 2018 Q3, and the discontinuity in the data series before and after 2018 Q3.
4. Data for the whole United Kingdom is available only from 2015. We have used the Great Britain data series in the interests of increasing comparability.

41. Since June 2019 average reported CO₂ emission figures of cars registered for the first time in Great Britain have started to show a slight decrease. However, changes in methodology to assign CO₂ emissions has complicated decarbonisation trends over time. This is in part due to the transition to WLTP leading to an uplift in reported CO₂ emissions of approximately 20%.

42. Although progress has been made, significant change is needed to meet the government's aims of reducing emissions from the UK car fleet. The outcome of the proposals for VED reform are yet to be announced but manufacture and the second-hand car market will be important areas to address as the average lifespan of a car is currently 14 years.

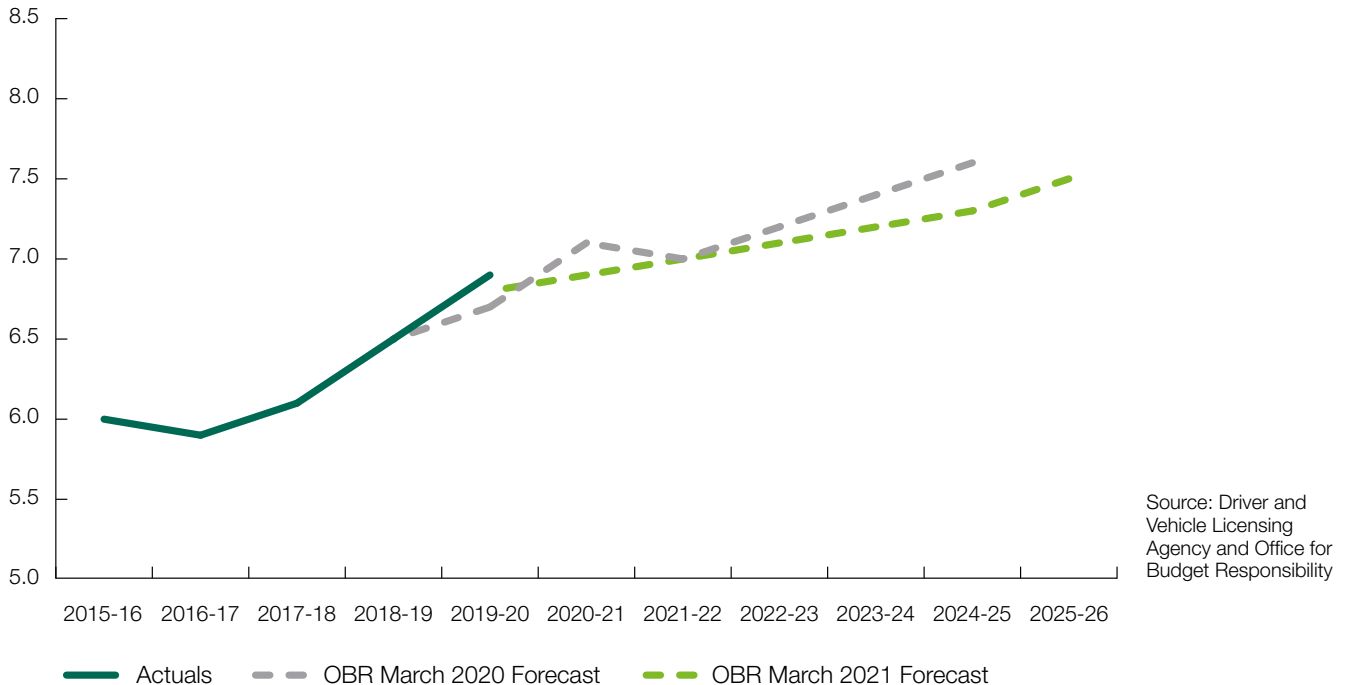
43. The OBR prepares a biannual forecast of VED revenue as part of its Economic and Fiscal outlook series. The latest OBR forecast in March 2021¹² projects that VED will continue to grow but at a reduced rate to that expected in 2020, reaching £7.5 billion in 2025-26.

44. The forecasts above rely on several modelled assumptions about future vehicle stock including future tax regime and rates and average emissions of vehicles both in new registrations and active stock.

¹² Office for Budget Responsibility, Economic and Fiscal Outlook March 2021, available at: <https://obr.uk/efo/economic-and-fiscal-outlook-march-2021>

OBR forecast of future VED revenue

VED Revenue: Actuals v OBR Forecast



Conclusions and recommendations

45. In respect of my core statutory responsibilities, I conclude that the DVLA's controls in respect of the assessment, collection and proper allocation of revenue remain adequate and that the relevant DVLA systems and procedures have operated effectively during this reporting period.
46. In respect of the effective collection and administration of VED more generally, I make the following recommendations:

For the DVLA

- The 2020-21 financial year was an exceptional year for the DVLA; the full impact of the pandemic and curtailment of enforcement actions will not become apparent until the Roadside Survey is published this autumn. However, the DVLA has shown across the year that it is committed to both fair and accurate enforcement. The DVLA should maintain this proactive approach to ensure all customers are compliant.
- The DVLA should continue to take targeted action against evasion, in order to build on the increase in compliance seen in 2019. Survey findings previously identified driving a vehicle declared as 'off-the-road' as a significant form of deliberate evasion, this should be kept in view with the increased number of SORN notifications in 2020-21.

For the Department and HM Treasury:

- The Department and HM Treasury should continue to monitor future VED forecasts and trends when considering policy, especially with the impact of the COVID-19 pandemic on consumer decisions.
- When evaluating a more dynamic VED system the Department and HM Treasury should acknowledge the significant change needed over the next decade to phase out the sale of petrol and diesel cars, whilst also appreciating the subsequent erosion of the VED tax base if kept in its current format.

Gareth Davies

Comptroller and Auditor General

National Audit Office
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London
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12 July 2021





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DVLA Business Account for 2020-21

Statement of comprehensive net expenditure for the year ended 31 March 2021

	Note	2020-21 £000	2019-20 £000
Revenue from contracts with customers	2	560,344	553,402
Operating costs	3	(198,772)	(220,961)
Staff costs (i)		(208,670)	(192,885)
Depreciation, amortisation, impairment and loss on disposal	5&6	(8,891)	(10,241)
Income from sale of assets		–	38
Net operating Income		144,011	129,353
Finance costs	4	(898)	(1,008)
Net Income for the year		143,113	128,345
Other comprehensive expenditure			
Items that will not be reclassified to net operating costs:			
Net gain on revaluation of property, plant and equipment	5	835	40
Net gain on revaluation of intangibles	6	167	321
Total comprehensive income for the year ended 31 March 2021		144,115	128,706


(i) A breakdown of staff costs is shown on [page 62](#) in the Accountability report.

All income and expenditure are derived from continuing operations. Notes forming part of these accounts appear on [pages 88 to 109](#).

Statement of financial position as at 31 March 2021

	Note	2020-21 £000	2019-20 £000
Non-current assets			
Property, plant and equipment	5	76,361	69,997
Intangible assets	6	31,915	28,651
Total non-current assets		108,276	98,648
Current assets			
Trade and other receivables	7	28,459	27,301
Cash and cash equivalents	8	52,701	22,219
Total current assets		81,160	49,520
Total assets		189,436	148,168
Current liabilities			
Trade and other payables due within one year	9	(103,746)	(58,614)
Provisions for liabilities and charges	11	(1,543)	(1,544)
Total current liabilities		(105,289)	(60,158)
Non-current assets less net current liabilities		84,147	88,010
Non-current liabilities			
Trade and other payables due after more than one year	9	(15,448)	(18,745)
Provisions for liabilities and charges	11	(5,433)	(7,001)
Total non-current liabilities		(20,881)	(25,746)
Assets less liabilities		63,266	62,264
Taxpayers' equity			
General fund		7,534	7,534
Revaluation reserve		55,732	54,730
Total taxpayers' equity		63,266	62,264

Notes forming part of the accounts appear on [pages 88 to 109](#).



Julie Lennard

Accounting Officer and Chief Executive, DVLA

7 July 2021

Statement of cash flows for the year ended 31 March 2021

	Note	2020-21 £000	2019-20 £000
Cash flows from operating activities			
Net operating income		144,011	129,353
Adjustments for non-cash items:			
Loss on disposal, depreciation, amortisation and impairment	5&6	8,891	10,241
(Increase)/decrease in trade and other receivables	7	(9,734)	1,869
Increase in trade payables	9	11,419	990
Auditor's remuneration – notional charges	3	122	122
(Decrease) in provisions	11	(1,544)	(1,821)
Net cash inflow from operating activities		153,165	140,754
Cash flows from investing activities			
Purchase of property, plant and equipment	5	(6,976)	(4,492)
Purchase of intangible assets	6	(7,069)	(11,024)
Net cash outflow from investing activities		(14,045)	(15,516)
Cash flows from financing activities			
Finance costs	4	(923)	(972)
Payment of lease liabilities	12	(1,082)	(687)
Capital element of payments in respect of finance leases and on-balance sheet PFI contracts	9	(2,709)	(2,566)
DfT Supply funding received in year ¹		160,000	57,100
Net cash received in financing activities		155,286	52,875
Payments of amounts in respect of cherished transfers and personalised registrations		(263,924)	(215,689)
Net Increase/(decrease) in cash and cash equivalents in the year	8	30,482	(37,576)
Cash and cash equivalents at the beginning of the year	8	22,219	59,795
Cash and cash equivalents at the end of the year	8	52,701	22,219

¹ Of the £160 million DfT Supply funding, £151.4 million related to 2020-21 with £8.6 million in relation to 2019-20. In 2019-20, all £57.1 million DfT Supply funding received related to 2019-20.

Notes forming part of these accounts appear on [pages 88 to 109](#).

Statement of changes in taxpayers' equity for the year ended 31 March 2021

	General Fund £000	Revaluation Reserve (i) £000	Total Reserves £000
Balance at 31 March 2019	3,001	54,369	57,370
Net operating income for the year to 31 March 2020	128,345	–	128,345
Non-cash charge – auditor's remuneration	122	–	122
DfT Supply funding	84,489	–	84,489
Consolidated Fund Extra Receipts (CFERs) payable:			
Cherished transfers	(93,585)	–	(93,585)
Personalised registrations	(114,838)	–	(114,838)
Net gain on revaluation of property, plant and equipment	–	40	40
Net gain on revaluation of intangible assets	–	321	321
Balance at 31 March 2020	7,534	54,730	62,264
Net operating income for the year to 31 March 2021	143,113	–	143,113
Non-cash charge – auditor's remuneration	122	–	122
DfT Supply funding	137,224	–	137,224
Consolidated Fund Extra Receipts (CFERs) payable (ii):			
Cherished transfers	(109,513)	–	(109,513)
Personalised registrations	(170,946)	–	(170,946)
Other comprehensive income			
Net gain on revaluation of property, plant and equipment	–	835	835
Net gain on revaluation of intangible assets	–	167	167
Balance at 31 March 2021	7,534	55,732	63,266

(i) The Revaluation Reserve reflects the accumulated revaluation gains relating to non-current assets. The amount of the revaluation reserve that relates to intangible assets at 31 March 2021 is £17.83 million (31 March 2020: £17.66 million).

(ii) Of the total £280.5 million (2019-20: £208.4 million), £150 million (2019-20: £150 million) was payable to the Consolidated Fund as an Extra Receipt, while £130.5 million (2019-20: £58.4 million) was payable to DfT under an agreement between HM Treasury and the Department.

Notes to the accounts

Note 1. Statement of accounting policies

The financial statements have been prepared in accordance with the 2020-21 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice, the accounting policy which has been judged to be the most appropriate to the particular circumstances of our business account for the purpose of giving a true and fair view has been selected. The particular policies adopted by the agency are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

Adoption of new and revised standards

No new standards were issued or standards revised during 2020-21.

2021-22 and beyond

IFRS 17 insurance contracts replaces IFRS 4 for accounting periods starting on or after 1 January 2023.

An insurance contract under IFRS 17 is: "A contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder."

The accounting treatment for insurance contracts is based on a risk-adjusted probability-weighted estimate of discounted future cash flows. Insurance contracts are grouped according to the nature of their risks and their start date, and the cash flows and risk adjustment are determined for each group as a whole.

We will adopt IFRS 17 in the financial year commencing 1 April 2023. The impact of IFRS 17 is not expected to be significant based upon an initial review of existing contractual arrangements. A full review will be undertaken well ahead of adoption to assess the complete impact.

We do not consider that any other new or revised standard or interpretation will have a material impact.

Accounting convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and inventories and certain financial assets and liabilities.

The financial statements have been prepared in accordance with the revised Accounts Direction issued by HM Treasury on 23 December 2020. They meet the relevant requirements of the FReM adapted IFRS. We are not aware of any disclosures or circumstances where these are inappropriate. International Accounting Standard 1 (IAS1) requires management to assess, as part of the process of preparing the financial statements, the Agency's ability to continue as a going concern. The FReM interprets IAS 1 for the public sector context and states that, for non-trading entities, the anticipated continuation of the provision of a service in the future is normally sufficient evidence of going concern. The financial statements should be prepared on a going concern basis unless there are plans for, or no realistic alternative other than, the dissolution of the Agency without the transfer of its services to another entity within the public sector. As an Executive Agency, DVLA receives direct funding from DfT with this income included within DfT's Estimate. There is no reason to believe that DVLA will not continue to receive the funding necessary to maintain operations vital to the infrastructure of the UK for the period of 12 months. As such, management has concluded it is appropriate to continue to prepare the Agency's financial statements on the going concern basis.

The business account does not include any amounts collected by the DVLA where it was acting as an agent of the Consolidated Fund rather than as principal. Full details of income collected as Agent for the Consolidated Fund are in the Trust Statement published separately from but alongside these financial statements.

Income

For all our income streams, control is transferred at a point in time from contracts with customers and income is recognised when our performance obligation is satisfied. This includes income from statutory fees and charges, in accordance with IFRS 15 as adapted by the FReM.

The following table describes the income recognition approach for our significant income streams.

Income stream	Nature and timing of satisfaction of performance obligations
<p>Income from the sale of registration marks including cherished transfers</p>	<p>Income from the sale of registration marks is recognised on receipt of payment for fixed price sales and on the fall of the auctioneer's hammer for sales at auction. Payment is immediate for online transactions and within 5 days of auction. Uncompleted sales are provided for after 90 days and are written out of sales after twelve months, with the related marks becoming available for resale.</p> <p>Fee income from the assignment, transfer and retention of cherished registration marks is recognised on receipt of payment. This satisfies the performance obligation in line with IFRS 15, where the buyer obtains control of the right to display the mark.</p>
<p>Driver transactions fee income</p>	<p>Fee income from driver transactions is recognised on the receipt of payment. Payment is immediate for online transactions, however recognised upon processing for postal and post office income.</p> <p>Our transaction turnaround times are closely monitored and when appropriate, income is deferred so it is accounted for in the same Financial Year that performance obligation is satisfied.</p>
<p>Vehicle transactions fee income</p>	<p>Fee income from vehicle transactions is recognised on the receipt of payment. Payment is immediate for online transactions, however recognised upon processing for postal and post office income.</p> <p>Our transaction turnaround times are closely monitored and when appropriate, income is deferred so it is accounted for in the same Financial Year that performance obligation is satisfied.</p>
<p>Fees from Other Government Departments (OGDs)</p>	<p>We invoice OGDs in arrears recognising income once our performance obligation for services provided has been satisfied.</p>

Finance income and finance costs

As an Executive Agency, we do not earn interest on funds invested.

Finance costs comprise interest expense on borrowings and unwinding of the discount on provisions. Borrowing costs are recognised in net operating cost or income using the effective interest method.

Taxation

We are not liable to pay Corporation Tax. Expenditure is shown net of recoverable VAT. Irrecoverable VAT is charged to the relevant expenditure category or, if appropriate, capitalised with additions to non-current assets (excludes right of use assets under IFRS 16). Income and expenditure are otherwise shown net of VAT.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances in non-interest bearing accounts. We do not have any bank overdrafts.

Accounting policy for leases

In accordance with IFRS 16, at inception of a contract, we assess whether or not a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. When a lease is recognised in a contract we recognise a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease prepayments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property, plant and equipment.

In addition, the right of use asset is reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability on a monthly basis. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, HMT issued incremental borrowing rate of 1.27%. This rate applies to existing leases or leases entered into before 1 January 2021. For leases for the full 2021 calendar year (i.e. 1 January 2021 to 31 December 2021) it is 0.91%.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, or if we change our assessment of whether we will exercise a purchase, extension or termination option.

We present right of use assets in property, plant and equipment and leased liabilities within other payables in the balance sheet.

We have applied the recognition exemption of low value leases (less than £5000) and short-term leases (duration less than 12 months). For these leases, the lease payments are charged to the statement of comprehensive net expenditure on a straight-line basis over the lease term.

Non-current assets: property, plant and equipment

We revalue our non-current asset portfolio on 31 March each financial year in accordance with the requirements of the FReM. A full valuation of our estate is carried out every 5 years. The last full valuation was undertaken on 31 March 2019 by Joseph M L Funtek BSc (Hons) MRICS of Gerald Eve LLP. A desktop valuation has been undertaken on 31 March 2021 by Joseph M L Funtek BSc (Hons) MRICS of Gerald Eve LLP.

The existing use valuation basis is applied to the majority of assets save for those which are considered to be specialised in which case those assets are valued on a depreciated replacement cost basis.

Plant and machinery, fixtures and fittings, computer equipment, motor vehicles and office equipment are revalued in accordance with price indices published by the Office of National Statistics (MM22 Producer Price Indices). Surpluses and deficits arising on revaluation are charged to the Revaluation Reserve. Where it is not possible for any such deficit to be offset by previous surpluses in the Revaluation Reserve, it is charged to revenue as permanent diminutions in the value of fixed assets. Ownership of our assets is vested in the Secretary of State for Transport. The minimum level for capitalisation is £5,000.

Non-current assets: intangible assets

The value of licences to operate the driver and vehicle systems is capitalised. Software development costs are capitalised, excluding any costs incurred in the planning and design stages of the project, which are clearly defined and separate from the build phase of a project. New expenditure on IT systems development is written off in the period in which it is incurred, unless a beneficial relationship to a future period can be established with reasonable certainty, in which case the charge is capitalised. We review our projects and operational software for impairment and revalue our intangible assets annually based on Depreciated Replacement Cost.

The value of the driver and vehicle databases cannot be estimated. Our personalised registrations database, including unallocated vehicle registration marks, is a very large store of possible combinations of alpha-numeric characters and is affected by changes in opinion, taste and judgement. As a result, the potential future sales value is not recognised in our statement of financial position, as it cannot be reliably estimated.

Depreciation and amortisation

Depreciation is provided on intangible and tangible non-current assets from the date they are commissioned into operational service, except for computer equipment, which is provided for at the date of purchase. When assets are revalued the depreciation continues on the revised value over the remaining useful life of the relevant asset. The estimated useful lives from new of the main categories of non-current assets are:

	Years
IT hardware	3 – 5
Plant and machinery	3 – 10
Office equipment	5 – 10
Furniture and fittings	5 – 10
Motor vehicles	2 – 10
Purchased software licences	up to 10
Software development	3 – 15

The estimated remaining useful lives of buildings on 31 March 2021 are:

- 28 years, Morriston site
- 28 years, Ty Felin print centre at Fforestfach
- 23 years, Richard Ley Development Centre at Swansea Vale.
- 13 years, J and E blocks (Morriston site)

The estimated remaining useful lives of right of use buildings on 31 March 2021 are:

- 8 years 5 months, Contact Centre
- 2 years 7 months, Crucible Park

The estimated useful lives of assets are reviewed regularly and, when necessary, revised. Land (freehold and leasehold) is not depreciated.

Provisions

The agency makes provision for liabilities and charges in accordance with IAS 37 where, at the end of the current reporting period, a legal or constructive liability (for example a present obligation from past events) exists, the transfer of economic benefits is probable and a reasonable estimate can be made. Where the effect of the time value of money is material, the estimated risk-adjusted cash flows are discounted using the rates set by HM Treasury. When the discount is unwound, the adjustment is recognised as an interest expense.

Pensions

Present and past employees are covered by the provisions of PCSPS and the CSOPS known as 'alpha', which is described in the Remuneration Report. These are multi-employer defined benefit schemes where we are unable to identify our share of the underlying assets and liabilities. In accordance with IAS 19, we do not recognise liabilities associated with these schemes, though information on the schemes in total is available in the Civil Superannuation accounts. We recognise the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS and alpha. In respect of the defined contribution schemes, we recognise the contributions payable for the year.

Research and development

We consider our expenditure each year to determine if any is considered to be research and development.

In accordance with IAS 38 Intangible Assets, expenditure incurred on pure and applied research is treated as an operating charge in the year in which it is incurred. Development expenditure is for the development of specific business systems. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred. Development costs meeting the criteria for capitalisation are treated as intangible fixed assets and amortised as explained in the intangible non-current asset note (Note 6). Non-current assets acquired for use in development are depreciated over the expected useful life of the underlying system.

Private Finance Initiative (PFI) contract for estates

On the 4 April 2005, we entered into a 20-year service concession agreement with Telereal Trillium (formerly Land Securities Trillium). This agreement falls within the scope of IFRIC 12 Service Concession Arrangements and has been set up to provide the following property outsourcing solutions:

- building maintenance
- office moves
- cleaning
- catering and vending
- furniture repair
- furniture replacement
- grounds maintenance
- waste management and pest control

We are invoiced on a monthly basis and this revenue expenditure is recorded as a service charge in the Statement of Comprehensive Net Expenditure.

At the start of the contract, Telereal Trillium undertook a refurbishment of the Morrision site. Where the work is capital in nature (air conditioning, double-glazing, lifts and specialist cabling), the costs were capitalised on Independent Assessors' sign off for each floor as complete and ready for use. The air conditioning, double-glazing and lifts are depreciated over the length of the PFI contract. The cabling is depreciated over its expected useful life of 10 years. A PFI liability was created to reflect the liabilities relating to property, plant and equipment paid for under the PFI unitary charge. This creditor is reduced over the life of the contract as payments are made. In accordance with HM Treasury Financial Reporting Manual requirements, the interest part of the unitary charge relating to the assets capitalised has been calculated using the actuarial method.

Financial instruments

Non-derivative financial assets comprise trade and other receivables and cash equivalents. We initially recognise these assets on the date that they are originated and derecognise them when the contractual rights to the cash flows from the asset expire.

Trade and other receivables are recognised initially at fair value on the date that they originated. Fair value is usually at the original invoiced amount. Subsequent to initial recognition they are measured at amortised cost using the effective interest method less any impairment losses.

Non-derivative financial liabilities comprise trade and other payables, obligations under leases and obligations under on-balance sheet PFI contracts. We recognise these liabilities initially on the trade date at which we become a party to the contractual provisions of the instrument and derecognise when our contractual obligations are discharged or cancelled or expired.

Trade and other payables are recognised initially at fair value. Fair value is usually at the original invoiced amount. Subsequent to initial recognition they are measured at amortised cost.

Impairment of financial assets

We assess at each balance sheet date whether there is objective evidence that financial assets are impaired. This could be as a result of one or more loss events that occurred after the initial recognition of the asset and before the balance sheet date, and the loss event or events has had an impact on the estimated future cash flows of the financial asset or the portfolio that can be reliably estimated.

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

We do not hold any derivative financial instruments.

Contingent liabilities

In accordance with IAS 37, we disclose as contingent liabilities potential future obligations arising from past obligating events, where the existence of such obligations remains uncertain pending the outcome of future events outside of our control, unless their likelihood is considered to be remote. Guarantees, indemnities and undertakings are treated as contingent liabilities.

In addition to contingent liabilities disclosed in accordance with IAS 37, we disclose for Parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of Managing Public Money.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament separately noted.

Contingent assets

In accordance with IAS 37, we disclose contingent assets that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the agency and where an inflow of economic benefits is probable.

Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are set out below.

Provisions for liabilities and charges – the main estimates relate to the discount rate which is provided by HM Treasury and estimates of future spend in the Modernising Network Services provision.

The estimated useful economic life of intangible assets – these are based on management's judgement of assets of a similar nature and historical trends and are revised where appropriate.

The valuation of land and buildings – a desktop valuation exercise was carried out for land and buildings as at 31 March 2021 and factored into our balance sheet.

The cost of untaken staff leave has been estimated and accrued.

Consolidated fund extra receipts

Payments due to the Consolidated Fund from the business account represent amounts in excess of costs for our personalised registration and cherished transfer transactions. The income from these transactions is only deemed as due to the Consolidated Fund after the recovery of these costs. The surplus Consolidated Fund Extra Receipts are recognised in the statement of taxpayers' equity in compliance with the 2020-21 FReM.

Supply funding

Supply funding is provided by DfT and is recognised as financing within the Statement of Changes in Taxpayers' Equity.

Note 2. Statement of operating income/(cost) by operating segment

2020-21 Operating Segments	Fees and charges	DVLA personalised registrations	VED Collection and Enforcement	EU Exit	Other Government Departments	Total
	£000	£000	£000	£000	£000	£000
External revenue	365,202	175,213	5,208	–	14,721	560,344
Expenditure	(284,915)	(4,267)	(113,328)	–	(14,721)	(417,231)
Net income/(cost)	80,287	170,946	(108,120)	–	–	143,113

2019-20 Operating Segments	Fees and charges	DVLA personalised registrations	VED Collection and Enforcement	EU Exit	Other Government Departments	Total
	£000	£000	£000	£000	£000	£000
External revenue	413,583	118,436	9,669	–	11,714	553,402
Expenditure	(290,947)	(3,598)	(116,442)	(2,356)	(11,714)	(425,057)
Net income/(cost)	122,636	114,838	(106,773)	(2,356)	–	128,345

The segments used reflect how management information is provided to the Executive Team. An analysis of assets and liabilities by segment is not regularly provided to the Chief Executive or Executive Team. The information on the nature of the segments and the significant income streams are provided in the Executive Team Finance Report.

Within net operating income/(cost) are Consolidated Fund Extra Receipts (CFERs) as set out in the Statement of Changes and Taxpayers' equity ([page 87](#)).

We comply with the cost allocation and charging requirements set out in the HM Treasury Fees and Charges guide. For fee setting purposes, rather than ring-fencing fees and related expenditure, The Department for Transport (Driver Licensing and Vehicle Registration Fees) Order 2003 allows us to pool these fees and costs: the total fees, costs and surplus are disclosed in the above note. Our financial objective is to recover the full cost of keeping the vehicle and driver registers and fees (where applicable) are set to cover these costs. This objective of cost recovery applies to all streams except cherished transfer transactions and personalised registrations, in line with the order referred to above. Our outturn against this breakeven objective for pooled fees and charges was a deficit of £(29.2) million (2019-20: Surplus of £29.1 million) being the net income in respect of all fees and charges excluding the cherished transfers. As disclosed above, net operating income for cherished transfer transactions and personalised registrations is transferred to the Consolidated Fund with a proportion of this revenue retained by DfT (see Statement of Changes and Taxpayers' equity [page 87](#)).

Note 3. Operating costs

Operating costs	2020-21 £000	2019-20 £000
ICT Services:		
Operational	39,122	33,832
Programme	6,368	9,445
Agents' fees	33,091	37,530
Postage & printing	41,295	48,355
PFI Estates unitary charge	21,104	19,340
Credit card charges	14,995	14,399
Accommodation	6,957	9,267
Medical practitioners	10,569	22,075
Shared Services (i)	11,679	12,321
Professional services	4,112	4,240
Maintenance of machinery and vehicles	2,636	2,832
Travel & subsistence	205	887
Staff related	3,033	3,323
Consultancy	729	28
Auditor's remuneration (ii)	122	122
Other	2,813	2,814
Net (decrease)/increase in provisions (iii)	(58)	151
Total Operating costs	198,772	220,961

(i) Shared Services includes expenditure on Shared Services Arvato and GIAA.

(ii) As an Executive Agency, the auditor's remuneration is a notional fee for the DVLA business account of £91,000 (2019-20: £91,000) along with a notional fee for the statutory audit of the trust statement of £31,000 (2019-20: £31,000).

(iii) Before unwinding (Note 4) and utilisation (no effect on expenditure).

Note 4. Finance costs

Finance costs	2020-21 £000	2019-20 £000
Interest on imputed finance lease part of on-balance sheet PFI contracts	756	898
Interest unwind on lease liabilities	167	74
(Unwinding)/creation of discount and impact of changes in discount rate on provisions (i)	(25)	36
Total finance costs	898	1,008

(i) Discount rate changes made to reflect future liability payments at today's prices, based on the latest discount rates published by HM Treasury.

Note 5. Property, plant and equipment

2020-21	Land	Buildings	IT hardware	Plant and machinery	Furniture and fittings	Right of use assets	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation								
At 1 April 2020	4,240	70,290	10,899	30,758	22,995	7,859	54	147,095
Additions	–	–	358	81	5	579	9,955	10,978
Remeasurement	–	–	–	–	–	45	–	45
Disposals	–	–	–	(4,579)	–	(65)	–	(4,644)
Transfer	–	–	78	–	–	–	(78)	–
Revaluations	10	1,366	342	(2,385)	(109)	–	–	(776)
At 31 March 2021	4,250	71,656	11,677	23,875	22,891	8,418	9,931	152,698
Depreciation								
At 1 April 2020	–	21,874	7,532	26,119	20,897	676	–	77,098
Charged in year	–	1,926	1,519	600	281	1,163	–	5,489
Disposals	–	–	–	(4,579)	–	(60)	–	(4,639)
Revaluations	–	–	236	(1,765)	(82)	–	–	(1,611)
At 31 March 2021	–	23,800	9,287	20,375	21,096	1,779	–	76,337
Net book value at 31 March 2020	4,240	48,416	3,367	4,639	2,098	7,183	54	69,997
Net book value at 31 March 2021	4,250	47,856	2,390	3,500	1,795	6,639	9,931	76,361
Asset financing								
Owned	3,510	26,419	2,390	3,500	683	–	9,931	46,433
Leased	–	–	–	–	–	6,639	–	6,639
On-balance sheet PFI contracts	740	21,437	–	–	1,112	–	–	23,289
Net book value at 31 March 2021	4,250	47,856	2,390	3,500	1,795	6,639	9,931	76,361

Note 5. Property, plant and equipment (continued)

2019-20	Land	Buildings	IT hardware	Plant and machinery	Furniture and fittings	Right of use assets	Assets under construction	Total	
	£000	£000	£000	£000	£000	£000	£000	£000	
Cost or valuation									
At 1 April 2019	4,240	70,290	10,379	26,668	23,191	–	–	134,768	
Initial adoption of IFRS 16	–	–	–	–	–	311	–	311	
Additions (i)	–	–	483	4,486	325	7,548	54	12,896	
Disposals	–	–	(30)	(719)	(531)	–	–	(1,280)	
Revaluations	–	–	67	323	10	–	–	400	
At 31 March 2020	4,240	70,290	10,899	30,758	22,995	7,859	54	147,095	
Depreciation									
At 1 April 2019	–	19,947	5,965	26,197	21,142	–	–	73,251	
Charged in year	–	1,927	1,548	329	247	676	–	4,727	
Disposals	–	–	(20)	(719)	(501)	–	–	(1,240)	
Revaluations	–	–	39	312	9	–	–	360	
At 31 March 2020	–	21,874	7,532	26,119	20,897	676	–	77,098	
Net book value at 31 March 2019	4,240	50,343	4,414	471	2,130	–	–	61,517	
Net book value at 31 March 2020	4,240	48,416	3,367	4,639	2,098	7,183	54	69,997	
Asset financing									
Owned	3,500	26,827	3,367	4,639	810	–	54	39,197	
Leased	–	–	–	–	–	7,183	–	7,183	
On-balance sheet PFI contracts	740	21,589	–	–	1,288	–	–	23,617	
Net book value at 31 March 2020	4,240	48,416	3,367	4,639	2,098	7,183	54	69,997	
						31 March 2021	31 March 2020		
						£000	£000		
Net book value property, plant and equipment owned						69,722	62,814		
Net book value right of use assets						6,639	7,183		
Total						76,361	69,997		

Valuation of assets

The net book value of land includes freehold £3.5 million (2019-20: £3.5 million) and leasehold £0.7 million (2019-20: £0.7 million). Leasehold is made up of Richard Ley Development Centre £0.3 million (125 year lease commenced 2004) and Ty Felin £0.4 million (999 year lease commenced 2006).

The net book value of buildings includes:

- £37 million of non-specialised operational property valued on an Existing Use Basis, including Morriston site £33.6 million, J and E blocks £0.2 million and Richard Ley Development centre £3.2 million
- £10.8 million of specialised operational property valued on a Depreciated Replacement Cost basis, comprising Ty Felin print centre (£10.4 million) and X block (£0.4 million)

The net book value of right of use buildings includes £5.2 million for the contact centre (2019-20: £5.9 million) and £0.4 million for Crucible Park (2019-20: nil)

Analysis of depreciation, amortisation and impairment line in statement of comprehensive net expenditure.

	2020-21 £000	2019-20 £000
Depreciation of property, plant and equipment	5,489	4,727
Loss on disposal of property, plant and equipment and intangibles	–	2,189
Amortisation of intangible assets (Note 6)	3,402	3,325
	8,891	10,241

Note 6. Intangible assets

2020-21	Software licences £000	Software development £000	Assets under construction £000	Total £000
Cost or valuation				
At 1 April 2020	2,980	255,201	9,087	267,268
Additions	400	–	6,099	6,499
Disposals	(50)	(856)	–	(906)
Transfer	–	10,565	(10,565)	–
Revaluations	5	162	–	167
At 31 March 2021	3,335	265,072	4,621	273,028
Amortisation				
At 1 April 2020	2,501	236,116	–	238,617
Charged in year	241	3,161	–	3,402
Disposals	(50)	(856)	–	(906)
At 31 March 2021	2,692	238,421	–	241,113
Net book value at 31 March 2020	479	19,085	9,087	28,651
Net book value at 31 March 2021	643	26,651	4,621	31,915

There were no contractual commitments for intangibles as at 31 March 2021 or 31 March 2020.

Note 6. Intangible assets (continued)

2019-20	Software licences £000	Software development £000	Assets under construction £000	Total £000
Cost or valuation				
At 1 April 2019	2,919	274,827	1,659	279,405
Additions	126	–	10,829	10,955
Disposals	(71)	(23,342)	–	(23,413)
Transfer	–	3,401	(3,401)	–
Revaluations	6	315	–	321
At 31 March 2020	2,980	255,201	9,087	267,268
Amortisation				
At 1 April 2019	2,234	254,320	–	256,554
Charged in year	338	2,987	–	3,325
Disposals	(71)	(21,191)	–	(21,262)
At 31 March 2020	2,501	236,116	–	238,617
Net book value at 31 March 2019	685	20,507	1,659	22,851
Net book value at 31 March 2020	479	19,085	9,087	28,651

Significant intangible assets controlled by DVLA are detailed below:

Asset	31 March 2021		31 March 2020	
	Remaining useful economic life (months)	Net book value £000	Remaining useful economic life (months)	Net book value £000
VED Reform	86	6,936	98	7,842
Tacho Digital Services	119	5,090	–	–
Trailer Registration	94	7,046	106	7,874
Enquiries Digital Services	112	3,896	–	–
Others	–	4,326	–	3,849
Assets under construction	–	4,621	–	9,086
Total		31,915		28,651

Remaining useful economic lives are in accordance with the agency's IT strategy. 2020-21 assets under construction is made up of Mark Management & Personalised Registration Transformation (£2.7 million), Drivers First Application (£1.5 million) and Other (£0.4 million). 2019-20 assets under construction is made up of enquiries platform (£3.8 million), Mark Management & Personalised Registration Transformation (£2.7 million), Tachograph Transformation (£2.1 million) and Other (£0.5 million).

Note 7. Trade and other receivables

	31 March 2021 £000	31 March 2020 £000
Amounts falling due within one year:		
Contract receivables (i)	607	3,575
Other receivables	216	180
Public sector receivables	2,115	2,852
Other prepayments	13,903	8,036
Accrued income	11,618	4,082
Amounts due to DVLA in respect of Supply Funding	–	8,576
Total	28,459	27,301

(i) Contract receivables 2020-21 of £0.6 million (2019-20: £3.6 million) includes £0.1 million (2019-20: £3.2 million) in relation to our personalised registrations auctions. This amount will, after deduction of costs, be paid over to HM Treasury during the subsequent financial year.

Note 8. Cash and cash equivalents

	2020-21 £000	2019-20 £000
At 1 April	22,219	59,795
Net change in cash and cash equivalent balances	30,482	(37,576)
At 31 March	52,701	22,219

All cash is held in Government Banking Service (GBS) accounts.

Note 9. Trade and other payables of which current/non current

	31 March 2021 £000	31 March 2020 £000
Amounts falling due within one year		
Trade payables	19,001	17,171
Accruals and deferred revenue	28,518	22,107
Lease liabilities	859	894
Current part of imputed finance lease part of on balance sheet estates PFI contract	2,859	2,709
Cash balance payable in respect of cherished transfers and personalised registrations	28,221	11,686
Amounts due to DfT in respect of Supply Funding	14,201	-
Other – capital accrual	4,775	1,913
VAT	5,312	2,134
	103,746	58,614
Amounts falling due after more than one year:		
Lease liabilities	5,878	6,316
Imputed finance lease part of on-balance sheet estates PFI contract	9,570	12,429
Total	119,194	77,359

The movements relating to the overall finance lease part of the Estates PFI contract are as follows:

Imputed finance lease part of on-balance sheet Estates PFI contract	2020-21 £000	2019-20 £000
At 1 April	15,138	17,704
Amount paid in relation to assets capitalised	(2,709)	(2,566)
At 31 March	12,429	15,138

Further details of lease liabilities are in Note 12.

Note 10. Financial instruments

Fair values

Due to the short-term nature of the financial instruments held, with the exception of PFI liabilities, the carrying value is considered to represent the fair values. The other financial instruments, where carrying value is considered to represent fair values, are accounts payables, lease liabilities, accounts receivables and cash. The fair values of the agency's financial liabilities which differ from carrying amount as at 31 March are shown below.

	2020-21 Fair value	2020-21 Carrying amount	2019-20 Fair value	2019-20 Carrying amount
Financial liabilities	£000	£000	£000	£000
Imputed finance lease part of on-balance sheet PFI contracts	12,160	12,429	14,798	15,138
Total financial liabilities	12,160	12,429	14,798	15,138

The fair values above have been calculated using the discount rate implicit in the PFI contract.

We have examined our contracts to identify embedded derivatives and concluded that where identified these are closely linked to the host contract and therefore need no adjustment.

Financial risk management

Our activities expose us to the following financial risks:

- Credit risk – the possibility that the other parties might fail to pay amounts due to the agency
- Liquidity risk – the possibility that we might not have funds available to meet our commitments to make payments
- Market risk – the possibility that financial loss might arise for us as a result of changes in such measures as interest rates movements or foreign exchange rate movements

Credit risk

Credit risk is the risk of suffering financial loss, should any of our customers or counterparties fail to fulfil their contractual obligations to us. Some of our customers and counterparties are other public sector organisations. There is no credit risk from these organisations.

For those customers and counterparties that are not public sector organisations, we have policies and procedures in place to ensure credit risk is kept to a minimum.

Exposure to credit risk

The carrying amount of the agency's financial assets is consistent with their fair value and represents the maximum credit exposure.

Financial Assets	31 March 2021 £000	31 March 2020 £000
Cash and cash equivalents (Note 8)	52,701	22,219
Loans and receivables (Note 7)		
– Trade receivables	607	3,575
– Other receivables	216	181
– Public sector receivables (includes VAT)	2,115	2,852
– Accrued income	11,618	4,082
Total loans and receivables	14,556	10,690
Total financial assets	67,257	32,909

The ageing of receivables (gross) at the reporting date was:

	31 March 2021 £000	31 March 2020 £000
Not past due	13,531	8,255
Past due 0-30 days	218	1,868
Past due 31-120 days	789	273
More than 120 days	18	294
Total	14,556	10,690

There is no impairment provision in either year as we believe that no allowance is necessary in respect of any of the trade receivables.

Liquidity risk

As our cash requirements are met through funds voted by Parliament, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body.

Market risk

We are exposed to very limited market risk. We do not deal in financial transactions and also have limited exposure to foreign exchange movements as the business is based in the UK. Where we do identify foreign exchange risk in any contracts, we have policies and procedures in place to monitor and minimise the risk. In addition, cash balances are held in non-interest-bearing bank accounts.

Note 11. Provisions for liabilities and charges

2020-21	Modernisation of network services (i)	Early departure costs	Tax officers' pension costs	Other	Total
	£000	£000	£000	£000	£000
Balance at 1 April 2020	6,213	–	1,578	754	8,545
Provided in the year	–	–	–	–	–
Provision not required written back	(34)	–	(24)	–	(58)
Provisions utilised in the year	(1,138)	–	(204)	(144)	(1,486)
Unwinding of discount and impact of changes in discount rate (ii)	(68)	–	35	8	(25)
Balance at 31 March 2021	4,973	–	1,385	618	6,976
2019-20	Modernisation of network services (i)	Early departure costs	Tax officers' pension costs	Other	Total
	£000	£000	£000	£000	£000
Balance at 1 April 2019	7,423	298	1,727	883	10,331
Provided in the year	–	15	170	–	185
Provision not required written back	(34)	–	–	–	(34)
Provisions utilised in the year	(1,119)	(313)	(401)	(139)	(1,972)
Unwinding of discount and impact of changes in discount rate (ii)	(57)	–	82	10	35
Balance at 31 March 2020	6,213	–	1,578	754	8,545

(i) The carrying value of the modernisation of network services provision relates to estates costs.

(ii) Discount rate changes made to reflect future liability payments at today's prices, based on the latest rates published by HM Treasury.

Analysis of expected timing of discounted cash flows

2020-21	Modernisation of network services	Tax officers' pension costs	Other	Total
	£000	£000	£000	£000
Not later than one year	1,189	207	147	1,543
Later than one year and not later than five years	3,784	458	471	4,713
Later than five years	–	720	–	720
Balance at 31 March 2021	4,973	1,385	618	6,976

2019-20	Modernisation of network services	Tax officers' pension costs	Other	Total
	£000	£000	£000	£000
Not later than one year	1,171	230	143	1,544
Later than one year and not later than five years	5,042	593	611	6,246
Later than five years	–	755	–	755
Balance at 31 March 2020	6,213	1,578	754	8,545

Modernisation of network services

In 2012-13 we implemented plans for the phased closure of 39 local offices and 10 enforcement area offices to centralise operations in Swansea by December 2013. When the local offices closed DVLA were still committed to pay the unitary charges on the local offices until the end of the PFI contract. Future payments to be made under the provision for the modernisation of network services are discounted at the HM Treasury advised rates for General provisions.

Tax officers' pension costs

Under the Pension Increase Act 1971, we have a liability to contribute to the pensions of ex local taxation office staff. These staff were employed on driver and vehicle licensing work before the creation of the Driver and Vehicle Licensing Centre. Under the Vehicle and Driving Licence (Compensation to Officers) Regulations 1977, we make compensation payments to local authority staff in respect of loss of emoluments when the local taxation offices closed. The provision is based on advice from the Government Actuary's Department, and is re-assessed normally every three years with a full revaluation last carried out on 31 March 2019.

Following the estimations of future cash flows provided by the Government Actuary's Department future payments to be made in relation to this provision have been discounted at the HM Treasury advised rate of -0.95% (2019-20: -0.5%).

Other

We have a contractual obligation to pay an 'unavoidable cost' for a property occupied by Shared Services Arvato (previously occupied by DfT Shared Service Centre before divestment on 1 June 2013), in the form of a monthly unitary charge.

Note 12. Leases

We lease assets including land and buildings and motor vehicles that are held within property, plant and equipment. Information about leases for which we are a lessee is presented below.

	31 March 2021 £000	31 March 2020 £000
Lease liabilities in the statement of financial position		
Current	859	894
Non-current	5,878	6,316
Total	6,737	7,210
	2020-21 £000	2019-20 £000
Cash outflow – interest	167	74
Cash outflow – capital element	1,082	687
Total cash outflow for leases	1,249	761

Net Book Value of right of use assets	Buildings £000	Plant and machinery £000	Motor vehicles £000	Total £000
Cost or valuation				
At 1 April 2020	6,617	364	202	7,183
New leases	560	19	–	579
Remeasurements	–	8	37	45
Disposals	(8)	–	–	(8)
Derecognition	(33)	(24)	–	(57)
Depreciation for the year	(895)	(125)	(143)	(1,163)
Depreciation on disposal	35	25	–	60
At 31 March 2021	6,276	267	96	6,639

Maturity Analysis

The following tables show contracted payments for future years and the reconciliation of these payments to the lease liability.

	31 March 2021 £000	31 March 2020 £000
Buildings		
Not later than one year	778	790
Later than one year and not later than five years	3,234	3,097
Later than five years	2,936	3,494
Less interest element	(527)	(675)
Present Value of obligations	6,421	6,706
	31 March 2021 £000	31 March 2020 £000
Other		
Not later than one year	173	242
Later than one year and not later than five years	148	269
Later than five years	3	9
Less interest element	(8)	(16)
Present Value of obligations	316	504
	2020-21 £000	2019-20 £000
Amounts charged in the Statement of comprehensive net Expenditure		
Depreciation charge of right of use assets	1,163	676
Variable lease payments not included in the measurement of lease liabilities	189	92
Interest on lease liabilities	167	74
Expense relating to short term leases	78	307
Expense relating to leases of low value assets	55	63
Total	1,652	1,212

Note 13. Commitments under Private Finance Initiative (PFI) on-balance sheet contracts

The payments to which we are committed during the next year, excluding amounts already provided for in the modernisation of network services provision (Note 11), analysed by the date of payment are as follows:

Total commitment under on-balance sheet estates PFI contract

	2020-21 £000	2019-20 £000
Not later than one year	22,185	21,589
Later than one year and not later than five years	66,554	92,778
Later than five years	–	–
Total	88,739	114,367

Our estates development and refurbishment programme is provided through the Estates PFI contract with Telereal Trillium. Assets are capitalised in line with our capitalisation policy and a corresponding PFI liability recognised. The annual unitary charge is separated between capital repayments, finance interest and a service charge element. PFI finance interest is expensed at a constant periodic rate on the outstanding balance of the liability.

The following table relates to the commitment to the capital element of the contract, which is treated as minimum lease payments under IFRIC 12. The PFI is excluded from IFRS 16 due to its service concession arrangements within the scope of IFRIC 12.

PFI commitments relating to contract elements analysed as minimum lease payments

	31 March 2021 £000	31 March 2020 £000
Future payments under on-balance sheet estates PFI contract for the following periods comprise:		
Not later than one year	3,464	3,464
Later than one year and not later than five years	10,392	13,857
Later than five years	–	–
	13,856	17,321
Less interest element	(1,427)	(2,183)
Total	12,429	15,138

Charge to the statement of comprehensive net expenditure and future commitments

The total amount charged to the statement of comprehensive net expenditure in respect of the service part of on-balance sheet PFI transactions was £21.1 million (2019-20: £19.3 million).

Note 14. Other financial commitments

We have entered into non-cancellable contracts (which are not leases or PFI contracts); the most significant are in relation to the following:

- front office counter services including vehicle licensing, driver licence application checking, renewal of photo licence
- wheelclamping services
- postal charges

The main payments to which we are committed, analysed by the date of payment are as follows:

	2020-21	2019-20
	£000	£000
Not later than one year	50,348	56,077
Later than one year and not later than five years	96,540	120,700
Later than five years	–	19,782
Total	146,888	196,559

Note 15. Related parties

We are sponsored by the RPE at DfT and apply the requirements of the Financial Reporting Manual in respect of disclosure of related party transactions with Government related entities including our parent.

DfT is regarded as a related party and we have a significant number of material transactions with DfT, most notably in respect of the supply funding. In addition, we have had a significant number of material transactions with other government departments and central government bodies. Most of these transactions have been with Department for Work and Pensions, DVSA, Home Office, HM Passport Office and Post Office.

None of the Executive Team members or managerial staff or other related parties has undertaken any material transactions with the agency during the year.

Note 16. Events after the reporting period

There have been no events since the balance sheet date that impact on the understanding of these financial statements.

These financial statements are laid before the House of Commons by DfT. IAS 10 requires us to disclose the date on which the accounts are authorised for issue. This is the date that the Comptroller and Auditor General signs the certificate.

DVLA Trust Statement for 2020-21

Statement of revenue and expenditure for the year ended 31 March 2021

	Note	2020-21 £m	2019-20 £m
Revenue			
Licence fees and taxes – VED	3	6,898	6,775
Fines and penalties – enforcement	4	32	88
HGV Road User Levy	5	59	204
Total revenue and other income		6,989	7,067
Expenditure			
Credit losses – amounts written off or otherwise impaired	6	(19)	(38)
Total expenditure		(19)	(38)
Net revenue for the Consolidated Fund		6,970	7,029

There were no recognised gains or losses accounted for outside the above statement of revenue and expenditure. Notes forming part of these accounts appear on [pages 113 to 117](#).

Statement of financial position as at 31 March 2021

	Note	31 March 2021 £m	31 March 2020 £m
Current assets			
Trade and other receivables	6	73	32
Cash and cash equivalents		18	6
Total current assets		91	38
Current liabilities			
Deferred revenue	7	(2,320)	(2,274)
Trade payables	7	(2)	(2)
Total current liabilities		(2,322)	(2,276)
Total net liabilities		(2,231)	(2,238)
Represented by:			
Balance on Consolidated Fund Account as at 31 March 2021	8	(2,231)	(2,238)

Notes forming part of these accounts appear on [pages 113 to 117](#).



Julie Lennard

Accounting Officer and Chief Executive, DVLA

7 July 2021

Statement of cash flows for the year ended 31 March 2021

	Note	2020-21 £m	2019-20 £m
Net cash flow from revenue activities		6,975	6,991
Cash paid to Consolidated Fund	8	(6,963)	(7,065)
Increase/(decrease) in cash in this period		12	(74)

Notes to the statement of cash flows

A. Reconciliation of net cash flow to movement in net funds

		2020-21 £m	2019-20 £m
Net revenue for the Consolidated Fund	8	6,970	7,029
(Increase)/decrease in trade and other receivables	6	(41)	40
Increase/(decrease) in trade and other payables	7	46	(78)
Net cash flow from revenue activities		6,975	6,991

B. Analysis of changes in net funds

		2020-21 £m	2019-20 £m
Increase/(decrease) in cash in this period		12	(74)
Net funds as at 1 April		6	80
Net funds as at 31 March		18	6

Notes forming part of these accounts appear on [pages 113 to 117](#).

Notes to the Trust Statement

Note 1. Statement of accounting policies

Basis of accounting

We prepare a Trust Statement ('the Statement') for the financial year ended 31 March 2021 for the revenue and other income, as directed by HM Treasury, collected by the agency as an agent for others. It is done in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual by HM Treasury ('FReM') which is in force for 2020-21.

The Trust Statement is prepared in accordance with the Accounts Direction issued by HM Treasury under Section 2 of the Exchequer and Audit Departments Act 1921. The Trust Statement is prepared in accordance with the accounting policies detailed below. These have been agreed between DVLA, DfT and HM Treasury and have been developed with reference to International Financial Reporting Standards and other relevant guidance.

The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

The revenue and associated expenditure contained in these statements are those flows of funds which we handle on behalf of the Consolidated Fund and where we act as agent rather than as principal. Although showing net liabilities because of the differences between the recognition of revenue and the payment of cash these accounts are prepared on a going concern basis.

The financial information contained in the statements and in the notes is rounded to the nearest £million.

Accounting convention

These accounts have been prepared on an accruals basis and in accordance with the historical cost convention.

General accounting policies

VED revenue

The Vehicle and Registration Act (VERA) 1994 provides for the charging of VED. The taxable event for VED is the registration of a relevant vehicle on the road. VED licence revenue is deemed to accrue evenly over the period for which the licence is valid. Under FReM 11.3.6, we do not recognise income in relation to evasion. Repayments are accounted for on a cash basis and recognised in the year in which payment is made. As there are usually no specific performance obligations associated with receiving revenue from taxation, the revenue is considered to be non-exchange transactions and therefore outside the scope of IFRS 15.

Fines and penalties revenue

Enforcement revenue is recognised when a fine and penalty is validly imposed and an obligation to pay arises.

Late Licensing Penalty (LLP) letters are issued to vehicle keepers who fail to relicence or declare Statutory off Road Notification (SORN). Fine payments are made through our online penalty payment system or our Contact Centre. We also employ debt collectors to recover fines not recovered directly. Utilising the Debt Market Integrator (DMI), fully regulated debt recovery specialists are appointed and issued cases monthly to pursue. Revenue is either recovered by the debt specialists and paid over to DVLA gross or paid directly to us from customers. Commission earned by debt specialists is invoiced to us separately. We pay LLP income net of commission to HM Treasury as CFERs under a specific arrangement.

As part of the Continuous Insurance Enforcement (CIE) GB legislation, it is an offence to be the keeper of a vehicle without insurance unless you have notified us that your vehicle is being kept off the road using a SORN.

Fixed penalty notices are issued to registered keepers who fail either to insure or are not CIE exempt through vehicle status or tax class. The £100 penalty notice is reduced to £50 if paid within 21 days.

In accordance with IFRS 9 we recognise credit loss allowances on an expected loss, rather than an incurred loss basis. Where objective evidence exists we will recognise an allowance. As there are usually no specific performance obligations associated with receiving revenue from fines and penalties, the revenue is considered to be non-exchange transactions and therefore outside the scope of IFRS 15.

HGV levy revenue

The HGV Road User Levy applies to HGVs weighing 12 tonnes or more and is aimed at ensuring these vehicles make a contribution to the wear and tear of the UK road network. The income recognition point for UK hauliers is consistent with VED and for non-UK hauliers is at the point the HGVs utilise the UK road network. UK hauliers make levy payments in accordance with pre-existing arrangements for VED. Non-UK hauliers make levy payments through a third party, Northgate Public Services. As there are usually no specific performance obligations associated with receiving revenue from HGV levy, the revenue is considered to be non-exchange transactions and therefore outside the scope of IFRS 15.

The HGV Levy was initially suspended for 12 months from 1 August 2020 until 31 July 2021 and then extended a further 12 months until 31 July 2022 in the Chancellor's March 2021 Budget. The suspension of the Levy is intended to provide some relief to hauliers, given the difficulties faced by the sector during COVID-19.

Business account

The following transactions are accounted for in the business account set out earlier in this document and are covered by its related accounting policies:

- a) Fixed assets
- b) Losses
- c) Cost of collection and enforcement of VED

Use of estimates and judgements

The preparation of the financial statements in conformity with International Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies, and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in Note 6.

Bad and doubtful debts

To give a true and fair view, it is necessary to make allowance for those VED and enforcement receivables that we believe will be unlikely to be received in the future.

A provision has been estimated using analysis of historic trends in debt recovery and write-offs and is supported by management judgement.

Evasion

The costs of VED evasion are outside the scope of the Trust Statement.

Related party disclosure

We are part of DfT. We have a large number of VED transactions with both local and central government bodies; at present these are not separately identifiable by DVLA.

Deferred revenue

The deferred revenue balance relates to VED. As stated above, VED licence fees are deemed to accrue evenly over the period for which the licence is valid, as such we defer revenue collected in respect of any post financial year end period. Any one-off payments in respect of 6 or 12 months VED received in 2020-21 relating to 2021-22 are deferred.

Deferred revenue is based on the data collected at source using the period of the VED licence purchased.

A proportion of the deferred revenue balance will be claimed as a refund of duty during 2021-22. The value of refunds for 2020-21 is shown in Note 3.

Note 2. Direct Debit

Motorists have the option of either paying a one-off amount in respect of 6 or 12 months VED or alternatively, paying for 12 months VED in monthly instalments. As at 31 March 2021, £1.2 billion (2019-20: £1.2 billion) was committed for payment through pre-existing Direct Debit mandates in respect of VED monthly instalments to be settled as they fall due in the next financial year. This balance is not recognised within the statement of financial position as these monies will not be collected should the vehicles be sold or declared off road and all the balance represents VED income to be recognised in the next financial year.

Note 3. Licence fees and taxes – VED

	2020-21 £m	2019-20 £m
Total Gross VED	7,250	7,137
Amounts refunded	(352)	(362)
Total	6,898	6,775

Note 4. Analysis of enforcement fines and penalties

	Late Licensing Penalties (LLP)	Traditional enforcement	Wheelclamping	Continuous Insurance (CIE)	Totals
2020-21	£m	£m	£m	£m	£m
Offences in:					
2019-20 (i)	2	–	–	–	2
2020-21	21	5	5	1	32
Commission paid	(2)	–	–	–	(2)
Total	21	5	5	1	32

	Late Licensing Penalties (LLP)	Traditional enforcement	Wheelclamping	Continuous Insurance (CIE)	Totals
2019-20	£m	£m	£m	£m	£m
Offences in:					
2018-19 (i)	6	2	–	–	8
2019-20	51	16	13	5	85
Commission paid	(5)	–	–	–	(5)
Total	52	18	13	5	88

(i) Relates to enforcement action which commenced in the preceding financial year, settled in the following financial year.

At the start of 2020-21, Ministers instructed DVLA to curtail enforcement activity in response to COVID-19. Enforcement activities were re-introduced on a phased basis from August 2020.

Note 5. HGV Road User Levy

	2020-21 £m	2019-20 £m
UK hauliers	42	159
Non-UK hauliers	17	45
Total	59	204

Note 6. Trade and other receivables

	31 March 2021 £m	31 March 2020 £m
Licence fees and taxes – VED	63	17
Fines and penalties – Enforcement	49	51
HGV Road User Levy	–	2
Total before estimated impairments	112	70
Less estimated provision for impairments	(39)	(38)
Total	73	32

The Licence Fees and Taxes – VED receivable includes amounts due from the Post Office £15 million (2019-20: £11 million) and Automatic First Registration and Licensing (AFRL) £38 million (2019-20: £2 million).

All debt will be due to the Consolidated Fund when realised.

Change to impairments

	2020-21 £m	2019-20 £m
Balance as at 1 April 2020	(38)	(38)
Change in estimated value of impairments	(1)	–
Balance as at 31 March 2021	(39)	(38)

A provision is made for potential bad debts based on the value of open cases as at 31 March 2021. The provision does not represent actual write-offs to date but is simply an accounting estimate to reflect the proportion of those debts outstanding at the end of the financial year which may not be recovered.

Receivables in the balance sheet are reported after the deduction of the estimated value of impairments.

Credit losses

	2020-21 £m	2019-20 £m
VED	–	1
VED enforcement	18	37
Change in the value of impairments	1	–
Total recognised in Statement of Revenue and Expenditure	19	38

Note 7. Trade and other payables

	Trade payables 31 March 2021	Deferred Revenue 31 March 2021	Total 31 March 2021	31 March 2020
	£m	£m	£m	£m
VED	–	(2,320)	(2,320)	(2,274)
Motor trade	(1)	–	(1)	(1)
Other	(1)	–	(1)	(1)
Total	(2)	(2,320)	(2,322)	(2,276)

Motor trade payables are where customers hold pre-payment accounts, or payments have been made but the service has not yet been provided.

Other payables include an accrued cost of £0.9 million relating to cash collected in the Trust Statement due to the business account (31 March 2020: £0.8 million).

Note 8. Balance on Consolidated Fund account

	2020-21 £m	2019-20 £m
Balance as at 1 April	(2,238)	(2,202)
Net revenue for the Consolidated Fund	6,970	7,029
Less amount paid to Consolidated Fund	(6,963)	(7,065)
Balance on the Consolidated Fund Account as at 31 March 2021	(2,231)	(2,238)

Note 9. Events after the reporting period

There have been no events since the balance sheet date that impact on the understanding of these financial statements.

These financial statements are laid before the House of Commons by DfT. IAS 10 requires us to disclose the date on which the accounts are authorised for issue. This is the date that the Comptroller and Auditor General signs the certificate.

Appendix A – Accounts Directions

Direction given by the Treasury in accordance with section 7 (1), (2) and (5) of the Government Resources and Accounts Act 2000

1. This direction applies to those executive agencies listed in this appendix on [page 119](#).
2. These executive agencies shall prepare accounts for the year ended 31 March 2021 in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual issued by HM Treasury ('the FReM') which is in force for 2020-21.
3. The accounts shall be prepared so as to:
 - (a) give a true and fair view of the state of affairs as at 31 March 2021 and of the income and expenditure (or, as appropriate, net resource outturn), changes in taxpayers' equity and cash flows of the agency for the financial year then ended; and
 - (b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
4. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with HM Treasury.

Michael Sunderland

Deputy Director
Government Financial Reporting
HM Treasury
23 December 2020

Application of the Accounts Direction

This Accounts Direction applies to the following executive agencies:

Name	Department	Name	Department
Government Legal Department	HM Procurator General and Treasury Solicitor	Wilton Park	FCO
Insolvency Service	BEIS	Forest Research	Forestry Commission
UK Space Agency	BEIS	Forestry Commission	DEFRA
Companies House	BEIS	Valuation Office Agency	HMRC
Government Property Agency	CO	UK Debt Management Office	HMT
Planning Inspectorate	DCLG	Government Internal Audit Agency	HMT
Animal and Plant Health Agency	DEFRA	The National Infrastructure Commission	HMT
Centre for the Environment, Fisheries and Aquaculture Science	DEFRA	HM Passport Service	HO
Rural Payments Agency	DEFRA	HM Courts and Tribunals Service	MOJ
Veterinary Medicines Directorate	DEFRA	HM Prison Service	MOJ
Standards and Testing Agency	DFE	Office of the Public Guardian	MOJ
Education and Skills Funding Agency	DFE	Legal Aid Agency	MOJ
Teaching Regulation Agency	DFE	Criminal Injuries Compensation Authority	MOJ
Public Health England	DH	Defence Electronic Components Agency	MOD
Driver and Vehicle Licensing Agency	DfT	Defence Science and Technology Laboratory	MOD
Maritime and Coastguard Agency	DfT	Defence, Equipment and Support	MOD
Vehicle Certification Agency	DfT	Submarine Delivery Agency	MOD

Accounts Direction given by HM Treasury in accordance with Section 7(1), (2) and 5 of the Government Resources and Accounts Act 2000

1. The agency shall prepare a trust statement ('the Statement') for the financial year ended 31 March 2021 for the revenue and other income, as directed by the Treasury, collected by the agency as an agent for others, in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual by HM Treasury ('FReM') which is in force for 2020-21.
2. The statement shall be prepared so as to give a true and fair view of (a) the state of affairs relating to the collection and allocation of taxes, licence fees, fines and penalties and other income by the agency as agent and of the expenses incurred in the collection of those taxes, licence fees, fines and penalties insofar as they can properly be met from that revenue and other income; (b) the revenue and expenditure; and (c) the cash flows for the year then ended.
3. The statement shall also be prepared so as to provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
4. When preparing the statement, the agency shall comply with the guidance given in the FReM (Chapter 11). The agency shall also agree with HM Treasury the format of the Principal Accounting Officer's Foreword to the statement, and the supporting notes, and the accounting policies to be adopted, particularly in relation to revenue recognition. Regard shall also be given to all relevant accounting and disclosure requirements in Managing Public Money and other guidance issued by HM Treasury, and to the principles underlying International Financial Reporting Standards.
5. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with HM Treasury.
6. The statement shall be transmitted to the Comptroller and Auditor General for the purpose of his examination and report by a date agreed with the Comptroller and Auditor General and HM Treasury to enable compliance with the administrative deadline for laying the audited accounts before Parliament before the Summer Recess.
7. The Trust Statement, together with this direction (but with the exception of the related appendices) and the Report produced by the Comptroller and Auditor General, under Section 7(3) of the Government Resources and Accounts Act 2000 shall be laid before Parliament at the same time as the Department's Resource Accounts for the year unless the Treasury have agreed that the Trust Statement may be laid at a later date.

Michael Sunderland

Deputy Director
Government Financial Reporting
HM Treasury
23 December 2020

Trust Statement for the year ended 31 March 2021

1. The Trust Statement shall include:

- Foreword by the Principal Accounting Officer
- Statement of the Principal Accounting Officer's Responsibilities
- Governance Statement
- Statement of Revenue, Other Income and Expenditure
- Statement of Financial Position
- Cash Flow Statement
- such notes as may be necessary to present a true and fair view

2. The notes shall include among other items:

- the accounting policies, including the policy for revenue recognition and estimation techniques and forecasting techniques together with statements explaining any significant uncertainty surrounding estimates and forecasts
- a breakdown of material items within the accounts
- any assets, including intangible assets and contingent liabilities
- summaries of losses, write-offs and remissions
- post balance sheet events
- any other notes agreed with HM Treasury and the National Audit Office

Sponsoring department

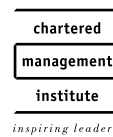
Income stream

Responsible entity

Ministry of Justice	Fines, penalties, costs awarded by the Courts, compensation ordered by the Courts and confiscation orders	HM Courts and Tribunals Service
Department for Transport	Vehicle Excise Duty (VED) and VED enforcement i.e. fines and penalties and HGV Road user levy	Driver and Vehicle Licensing Agency



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