



Department
for Transport



Driver & Vehicle
Licensing
Agency

FRAMEWORK DOCUMENT FOR THE DRIVER AND VEHICLE LICENSING AGENCY (DVLA)

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Introduction

This framework document sets out the accountability and key relationships between the DVLA and the Department for Transport, and describes the supporting governance arrangements.

Roles and responsibilities of DVLA

DVLA is responsible for maintaining driver and vehicle records which provide essential aid to the police, courts and other government organisations in enforcing against driver and vehicle related crime.

DVLA is also responsible for collecting vehicle excise duty and limiting evasion.

In addition, DVLA generates revenue for government through the sale of personalised registrations.

The role of the Department for Transport

The Department for Transport (DfT) is both sponsor and client of DVLA. As client, the Department sets out what it wants the Agency to deliver in the form of a strategy for the maintenance of driver and vehicle registers on the Secretary of State's behalf and collection and enforcement of vehicle excise duty on behalf of HM Treasury. As sponsor the Department supports and challenges the Agency to deliver the Department's requirements effectively and efficiently, and secures clarity from ministers and other government departments on wider government priorities.

DVLA and the DfT work collaboratively. DVLA contributes to achieving DfT's objectives as set out in its Corporate and Strategic Plans. DfT supports DVLA with centres of excellence, an integrated approach to HR across the department, Shared Services and networks for effective procurement and digital innovation. DfT also enables and supports the relationship between the Minister and Chief Executive outlined below.

Governance and accountability

This section sets out the high level governance relationship between DfT and DVLA.

Secretary of State and Ministers

The Secretary of State is responsible for the policy framework within which DVLA operates, and for the supporting performance specification that sets out the criteria against which DVLA's performance will be measured.

The Secretary of State is accountable to Parliament for the Agency and will:

- approve DVLA's annual business plan and annual report and accounts
- agree the level of financial resources to be made available to DVLA
- approve changes to the DVLA's programmes and budgets as appropriate

- agree the appointment of the Non-executive Chair; in compliance with The Commissioner for Public Appointments 'Code of Practice for Ministerial Appointments to Public Bodies';
- appoint the Chief Executive following a recruitment process by open competition, in compliance with Cabinet Office guidance 'Executive Agencies: A Guide for Departments';

The Secretary of State will expect to hold face-to-face meetings annually with the Chair and the Chief Executive to discuss the Government's priorities for the Agency and its performance in meeting its objectives. Ministers will hold regular meetings with the Chief Executive to discuss the DVLA's performance, and to agree the DVLA's approach to issues and incidents with a high public or media profile, and the Minister will also meet the Chair annually. The Chief Executive will also be available to brief the Secretary of State and Ministers on any matters relating to maintenance of the driver and vehicle registers, the collection and enforcement of vehicle excise duty and the sale of personalised registrations.

Permanent Secretary – Principal Accounting Officer

The Permanent Secretary is the Department's Principal Accounting Officer and is responsible for the management of the Department including its executive agencies.

The Principal Accounting Officer is responsible for the appointment of the Chief Executive as Agency Accounting Officer.

The Chief Executive provides assurance to the Permanent Secretary that the Agency has adequate financial management and control systems and procedures in place to promote the efficient and economic conduct of business, management of risk and to safeguard financial propriety and regularity.

Roads, Places and Environment (RPE) Group – Sponsor

The Director General of the RPE Group chairs the Motoring Services Board which delivers acts as the Driver and Vehicle Licensing Agency Sponsor, advising Ministers on strategy, policy delivery, business planning and capital investment decisions for the Agency. The Director General, supported by the DfT finance and policy teams, challenges and supports the Chief Executive in the delivery of business plan and policy objectives.

DVLA Non-Executive Chair

The Non-Executive Chair is responsible for providing external advice and expertise with independence of thought to inform the decision making process of the DVLA Board. The Chair will meet with the Permanent Secretary and the Chief Executive of DVLA to review performance and evaluate arrangements in DVLA. The role of the non-executive chair is to:

- Set the board agenda jointly with the Chief Executive, chair DVLA Board meetings and advise SoS on the agency's governance

- Guide, advise and provide scrutiny on DVLA strategy and support the Chief Executive in delivering the DVLA strategic plan
- Hold the Chief Executive and Executive Team to account for performance on behalf of the Secretary of State and the Permanent Secretary as Principal Accounting Officer
- Coach, advise and support the Chief Executive
- Performance manage the DVLA Non Executive Directors
- Act as an ambassador for DVLA to promote its work
- Support the recruitment of the Chief Executive and recruit and appoint Non Executive Directors to the Board, in partnership with the Director General, RTL at the Department for Transport.

DVLA Chief Executive – Accounting Officer

The Chief Executive of the agency is responsible for the leadership, management and operation of the Agency and delivery against the key performance measures set out in the DVLA's Business Plan, agreed by Ministers and the Department. The Chief Executive retains a standing right of access to the Minister.

As the agency's Accounting Officer, the Chief Executive undertakes the financial responsibilities and provides assurance that the Agency's funds are used for the purposes intended by Parliament, are properly accounted for, and that the Agency has in place a proper system of internal control. Assurance is published in the Governance Statement which is reviewed by the National Audit Office. The Chief Executive is responsible for ensuring that:

- proper procedures are published and followed for securing the regularity and propriety of expenditure of the public funds allocated to the Agency and for achieving value for money;
- the requirements of HM Treasury 'Managing Public Money' and Cabinet Office guidance, including on governance and risk management, are met;
- any recommendations accepted by Government from the National Audit Office, Public Accounts Committee, or other Parliamentary Select Committees are put into effect.

Parliamentary business

The Chief Executive is accountable to Parliament and may be invited to appear before the Public Accounts Committee to account for the discharge of responsibilities falling to the Chief Executive under the terms of this Framework Document. The Chief Executive may also be invited to represent and answer for the Secretary of State at hearings of the Transport Select Committee and other Parliamentary committees when operational matters concerning the Agency are discussed. The Chief Executive is responsible for observing any general guidance issued by HM Treasury and the Cabinet Office.

The Chief Executive will respond directly to Members of Parliament who have questions on operational matters and will advise the Secretary of State directly on issues delegated to the Agency and which are the subject of Ministerial correspondence and written Parliamentary Questions. Correspondence from members of the public will be dealt with by DVLA officials following civil service practice and the Agency will operate in accordance with a published complaints procedure that is clear and accessible to all.

Driver and Vehicle Licensing Agency Board

The DVLA Board is comprised of the Chief Executive, six Executive Directors, three independent Non-Executive Board Members and is chaired by the Non Executive Chair. The Board assists the Chief Executive in meeting the responsibilities placed upon him by the Secretary of State. In managing the composition of the Board, the Agency follows the guidance in “HM Treasury Corporate governance in central government departments: Code of Good practice”. Board members and Non Executive Directors are appointed by the Chief Executive, in agreement with the Permanent Secretary. The Non Executive Chair is appointed by the Secretary of State.

The DVLA Board focuses on the Agency’s strategic direction where a strengthened Non Executive team comes together to hold the Chief Executive and Executive Directors (the Executive Team) to account for delivery of objectives. There is a clear demarcation between the DVLA Board and the Executive Team who are responsible for making the Agency Business Plan happen together with the day-to-day management of the Agency.

The DVLA Board will be supported by the Audit Committee and Remuneration Committee. The latter provides advice to DfT on the performance of the executive directors

Executive Team

The Executive Team has responsibility and accountability for delivering the Agency Business Plan together with day to day management and meets formally every week. This meeting is chaired by the Chief Executive and its membership is drawn exclusively from the Agency’s Executive Directors. This regular and consistent rhythm builds a strong team ethic and a keen focus on business issues driving productivity and delivering change.

The focus of these meetings changes every week over a four week cycle, which then repeats itself from the start of the following month.

- Week 1 – IT Services Performance
- Week 2 - Business Plan and Operational Performance
- Week 3 - Strategy, Policy and Communications, Commercial
- Week 4 – Finance and Assurance, Human Resources and Estates

Key investment decisions can be brought to any meeting.

Department for Transport

The Motoring Services Board (MSB) chaired by the Director General of the Roads, Places and Environment Group (DG RPE) is the principal body for ensuring policy and strategy alignment and the avenue through which DfT would steer DVLA's activities and ensure proper support for the department's objectives. It would be the place for discussion about the group operating models and ensure greater consistency and planning of the demands placed on DVLA from the centre. The MSB meets quarterly and is attended by the sponsorship division and DVLA's Chief Executive.

Quarterly bilaterals are held between the DG RTL and the Chief Executive of DVLA.

Performance Specification, Business plan and Strategic Plan

The Department for Transport leads on the performance specification. The Driver and Vehicle Licensing Agency will produce an annual business plan outlining the business priorities for the coming financial year within the agreed funding framework. It will include the key performance measures against which performance is to be assessed and indicative budgets for the year/s ahead. The performance measures are a mixture of Department for Transport input/impact indicators, together with the measures contained in the performance specification and any additional measures the Agency deems appropriate to manage business performance.

The Agency also produces an overarching 3 year strategic plan to give context for the direction of the change. This is agreed by the DVLA Board and complements the annual cycle of the single year business plan.

Performance Management and Reporting

DVLA's performance will be monitored against the suite of measures and indicators published in the DVLA's annual business plan.

The Chief Executive is responsible for reporting to the Department in-year as follows:

- regular provision of financial and operational performance information, including current risks to delivery, in an agreed format that takes due consideration of DVLA's operational reporting requirements and avoids duplication of effort
- reports to Ministers on a regular basis covering agreed topics
- reports to the Principal Accounting Officer on any issue relating to financial control or that raises significant reputational risks for the Agency or the Department
- Annual report and accounts, audited by National Audit Office and prepared for laying before Parliament
- Additional reports as required to assist the Department prepare its consolidated accounts

A list of performance and financial reports the Driver and Vehicle Licensing Agency provides to the Department can be found in Annex A.

Risk

The Chief Executive is responsible for the Agency's risk management policies, ensuring that these are consistent with the Department for Transport's risk management policy. The Chair and Audit Committee chairs should be content with and assured by these arrangements.

Departmental support services

DfT shall provide professional legal, Human Resources and a shared services function to meet the Agency's needs. These will be supported by service level agreements setting out the scope and quality of service to be provided.

Supporting wider Government

DVLA will support wider Government priorities to reform public service provision in line with efficiency programmes established by Central Government.

Financial management

DVLA is subject to public expenditure controls, including Supply Estimates and the Government public expenditure planning arrangements in force. Its expenditure forms part of the Departmental Expenditure Limit, administration cost limit and Annually Managed Expenditure. Decisions on allocations to the Agency rest with the Secretary of State.

DVLA will provide information on its income and expenditure to the Group Finance Director for consolidation in the Departmental Resource Accounts and for planning, monitoring and budgeting purposes.

The Accounting Officer will comply with the guidance in the current edition of HMT's "Managing Public Money", especially in regard to the costs imposed on business. It will ensure that the calculation of costs and fees is transparent and accessible to those who pay, and that the costs of effective regulatory activity are demonstrably as efficient and low as possible.

Budget

The Secretary of State will consult with the Chief Executive and then set the budget for the Agency consistent with the decisions taken through Spending Reviews. The Chief Executive has responsibility to deliver the services of the Agency within the financial parameters specified by the delegations given by the Principal Accounting Officer. The indicative budgets for 2013/14 to 2014/15 are in Annex B.

Delegations

The Department's expenditure is administered under formal delegations issued by HM Treasury. The Chief Executive has the delegated authority to spend up to the amounts allocated to the Agency each year by the Department in a formal allocations

letter. The delegation may be varied in year after consultation with the Chief Executive.

The Chief Executive has delegated freedom to reallocate resources subject to the limits, rules and guidance set out in the annual allocation letter from the Department. The allocation letter will include details on losses and special payments delegations and limits.

The Chief Executive may sub-delegate powers in writing to any named Agency staff. Delegated authorities within the Agency will be clearly defined in a manual or equivalent instruction and will be consistent with any governance and regulatory requirements set by HM Treasury or the Department. As accounting officer, the Chief Executive has contractual delegations as set by the Permanent Secretary.

The Agency's delegated authorities in respect to Losses, Gifts and Special Payments are set out in Annex C. The Agency shall obtain the Department's prior written approval before:

- entering into any undertaking to incur any expenditure that falls outside the delegations or which is not provided for in the Agency's annual budget as approved by the Department;
- incurring expenditure for any purpose that is or might be considered novel or contentious, or which has or could have significant future cost implications;
- making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the Department;
- making any change of policy or practice which has wider substantive financial implications that might prove repercussive or which might significantly affect the future level of resources required; or
- carrying out policies that go against the principles, rules, guidance and advice in Managing Public Money.

The Agency shall comply with the specific controls on spending introduced by the Cabinet Office to ensure the efficient and effective use of taxpayers' money. The main control areas include spending on advertising, marketing and communications, ICT, and consultancy.

The Agency follows the arrangements for the approval of schemes set out in the Department's Investment Appraisal Framework (IAF). The Agency's Investment Control Framework (ICF) sets out in a single overarching Framework, principles and procedures for investment decisions, and the control of income and expenditure in the Agency. The ICF integrates fully with the IAF.

Investment/Project spend

Tier 1 projects will need authorisation from BICC/PAB - this will provide the necessary scrutiny on major projects, digital and IT.

Tier 2, project expenditure decisions are devolved to DVLA Board on the understanding that

- there will be adequate challenge to the proposals (at the level usually exercised by COEs in the department)
- papers on investment decisions are routinely copied to the sponsorship team for comment/attendance as appropriate
- portfolio and pipeline is routinely reported to the department/sponsor.

Tier 3 project expenditure is approved by the Executive Team.

Annual report and Accounts

The Driver and Vehicle Licensing Agency is responsible for producing audited Annual Report and Accounts which the Chief Executive signs. These will be prepared in accordance with the relevant Cabinet Office and Treasury guidance, and scrutinised by the DVLA Board and Audit Committee. The draft annual report will be considered by the sponsor and submitted to the Secretary of State. The Annual Report and Accounts will be published and submitted to Parliament under section seven of the Government Resources and Accounts Act 2000, before the summer recess each year.

The Annual Report and Accounts include a Trust Statement which DVLA is directed to prepare by HM Treasury under the Exchequer and Audit Departments Act 1921. The Trust Statement details the revenue and expenditure in respect of VED, fines and penalties falling outside of the boundary of DVLA's Business Accounts.

Internal and external audit requirements

Internal audit

The Chief Executive, as the Agency's Accounting Officer is responsible for maintaining an internal audit service. This service will operate in accordance with the objectives, standards, scope and practices set out in the Public Sector Internal Audit Standards and Government Internal Audit Agency (GIAA) guidance and manuals. The internal audit service is responsible for providing the Agency's Accounting Officer with an objective evaluation of the overall adequacy and effectiveness of the DVLA's framework of governance, risk management and control. The opinion of the DVLA's Head of Internal Audit is a key element of the framework of assurance that the Agency's Accounting Officer needs to inform the completion of the annual Governance Statement. The Driver and Vehicle Licensing Agency Audit Committee is a sub-committee of the Agency Board and is responsible for providing assurance that the Agency's system of internal control is operating effectively. It reviews the Board's assessment of corporate risk, considering wider Departmental risk as appropriate. The Driver and Vehicle Licensing Agency internal audit function will operate within the Government Internal Audit Agency operating model, and the Head of Internal Audit will maintain a professional reporting line to the DfT Group Head of Internal Audit

External audit

External audit will be undertaken by the Comptroller and Auditor General (C&AG) under the Government Resources and Accounts Act 2000. The C&AG may carry out examinations into the economy, efficiency and effectiveness with which the Agency has used its resources in discharging its functions.

The Department has the right of access to all Agency records and personnel for any purpose including, for example, sponsorship audits and operational investigations.

Review of Framework Document

This framework document will be reviewed and revised at such time as there is a material change in the Agency status, a change in Government or a substantive change in Government policy.