



Driver & Vehicle
Standards
Agency

Annual Report and Accounts

2023-24

Driver and Vehicle Standards Agency

**Annual Report and Accounts 2023-2024
For the period 1 April 2023 to 31 March 2024**

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

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Foreword

Chair's Introduction

Safe and sustainable roads remain, as always, a top priority for DVSA. We work hard to ensure that everything that we do contributes to the safety of Britain's roads.

In the second year of our three year strategy, it has been fantastic to see how we have progressed, and how we are contributing to our strategic aims. We met these aims through DVSA colleagues' hard work and the great relationships that we have built with our stakeholders. We work closely with various agencies and organisations who share our commitment to enhancing road safety. Our shared efforts aim to reduce accidents on our roads, enhance the efficiency of our road networks, and improve air quality and public health.

It has also been great to see the developments in our digital services. DVSA colleagues have invested their time in improving the digital systems that we already have in place, as well as developing new solutions that meet customer needs. The digital landscape is fast moving and it's encouraging to see the time and investment that we make is continuously improving the services we offer.

DVSA is committed to a sustainable future. This year we launched our sustainability strategy and have already started work in meeting this strategy. The development of new emissions testing, utilisation of Electric Vehicles (EVs) in our fleet, installation of sustainable energy

sources are indicative of our dedication to making DVSA a sustainable agency.

In the face of some difficult challenges this year, we have continued some remarkable work and are making great progress against our strategy, in line with our Vision to 2030. These accomplishments are testament to our dedicated and hard working DVSA colleagues.



A white, cursive handwritten signature of Nick Bitel on a dark blue background.

Nick Bitel
DVSA Non-Executive Chair

Chief Executive's Introduction

I am delighted to share our Annual Report and Accounts for 2023 to 2024. DVSA's dedicated colleagues have worked incredibly hard over the last year, under some very challenging circumstances, to meet our customers' needs.

In September 2023, we implemented some extraordinary measures to deliver an additional 150,000 car practical tests by the end of the year. This meant mobilising all our eligible colleagues, from all areas of the agency, to assist with car practical testing. These colleagues travelled across the country to undertake additional tests alongside the Driving Examiners, who also worked many additional hours to carry out as many tests as possible. This saw us make available more than 2,000,000 driving tests slots this year, the highest number of tests provided annually since records began. By the end of March 2024, we had delivered 145,000 additional tests. I am incredibly proud of the resilience and hard work of every member of the DVSA team, including all the colleagues who stepped up to help cover the work of those who had returned to testing. Despite the significant efforts of everyone involved, we did not meet our target to reduce waiting times to 7 weeks or less by March 2024. Taking all available steps to reduce waiting times will be a priority for DVSA in 2024-25.

Also, this year we have worked on becoming more focused on the services we offer. This has helped us

to look at things from our customer's point of view, an 'outside-in' approach, rather than an 'inside-out' way of thinking. We have laid the foundation for this to develop and impact how we run our agency understanding the cultural impact and change in ways of working and mindset that are needed for us to embed this new model and make DVSA a truly customer-centric agency.

Despite some challenges we have seen some significant improvements with our customer satisfaction scores, particularly with our vocational customers. Our measure in this area surveys the satisfaction of the service that is received, and we've had some outstanding results. 96% of our authorised testing facilities (ATFs), 90% of operators and 89% of MOT centres are satisfied. These scores are testament to the hard-working teams in these areas, and it's great to see that hard work reflected in such brilliant satisfaction scores.

In 2023-24, we also saw the successful implementation of our Commercial Vehicle Services (CVS) application. The pilot for the project started in March 2022 and last year we saw the successful conclusion, with all our ATFs using the digital service. The diligence of the project team was recognised when they were shortlisted for an award at the UK IT Industry Awards for the Public Sector Project of the Year. Even though we didn't win the award, we're immensely proud of all the team's accomplishments. It's fantastic to see that recognition through our shortlisting.

This has been a tough year and I'm immensely proud of the commitment shown by all my colleagues. It is this

dedication that helps DVSA to keep Britain moving, safely and sustainably and I want to thank every one of my colleagues for their commitment and hard work.



A handwritten signature in white ink, appearing to read 'L. Ryder'.

Loveday Ryder
DVSA Chief Executive



Performance Report

Overview

Who we are and what we do

This Annual Report and Accounts sets out the performance of the Driver and Vehicle Standards Agency (DVSA) for the year 2023-2024. This report covers the agency's accounting period for the year ended 31 March 2024.

The Performance Report section of this document provides information about our purpose, the work we have undertaken in the last year and the main risks to delivering our objectives. The Accountability Report (page 67) meets the key accountability requirements to Parliament. This is followed by the Accounts (page 130).

The DVSA is an executive agency, sponsored by the Department for Transport (DfT). We keep Britain moving, safely and sustainably.

Our organisation is structured so we put road safety at the heart of everything we do, while giving our customers the best possible experience and making sure our services offer value for money. We employ around 4,600 people across Great Britain.

We carry out theory and practical driving and riding tests, approve people to be driving instructors and MOT testers, carry out tests to make sure lorries and buses are safe to drive, carry out enforcement checks on drivers and vehicles, and monitor vehicle recalls. We also work with

the Traffic Commissioners to support the licensing and regulation of the heavy vehicle industry.

Our performance highlights can be found on the following page.

During the year, a key priority has been reducing the waiting times for a car practical driving test which have been above target since the pandemic. We have delivered 145,000 additional tests during the year and more than 2,000,000 tests in total. This is a 13% increase compared to the previous year. We continue to see increasing demand. As a result, the waiting times for car practical driving tests remain high in some regions and we will continue to prioritise this as we look forward.

Key risks include the recruitment and retention of the people we need. This is essential to the day-to-day delivery of our services and building on our success for the future. For more information, please see the Performance Analysis and Governance Statement within this document.

Performance Highlights

Helping you through a lifetime of safe driving



2,900,000

theory tests conducted



2,175,000

practical tests carried out

Keeping your vehicle safe to drive



41,862,000

MOT tests overseen



692,000

HGV tests carried out

Protecting you from unsafe drivers



131,000

vehicle and driver checks



73,000

licensed vehicle operators

Performance Analysis

Key performance measures

Our performance targets have been designed to measure how we perform against our core road safety objectives. These were published in our 2023-24 Business Plan and can be found here: [DVSA business plan, 2023 to 2024 – GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/118123/dvsa-business-plan-2023-to-2024.pdf).

We develop our measures alongside other DfT and agency colleagues to ensure a holistic approach. We work closely with DfT to ensure that these measures support both DVSA's needs, and the wider work undertaken by DfT. The way we monitor our performance helps us identify successes transparently and provides early insight into any challenges we may face, allowing early intervention to address any concerns.

Our measures help inform our decision making, allowing us to drive focus in the areas of the business that may need additional support, and assist colleagues in strategic thinking. This is all carried out with the constant underlying emphasis on road safety.

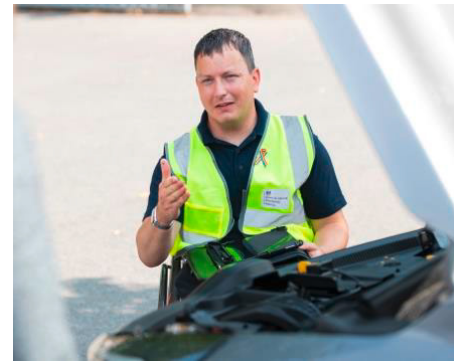
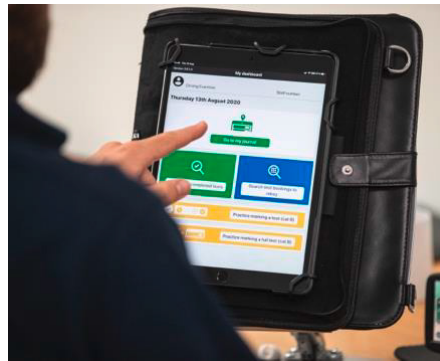
The performance report is split into key areas reflecting our strategic themes:

- helping you through a lifetime of safe and sustainable driving
- helping you keep your vehicle safe to drive
- protecting you from unsafe drivers and vehicles

- our people, customers, and partners
- supporting our work – including financial performance, estates and digital
- delivering sustainability

Each section explains what we have done during the year and how we've performed against the key measures in that area. For those measures that we have been unable to meet, we have provided clear information on the work that has been undertaken and why we believe the measure remains unmet. For any measures that we tracked last year, we have also included the previous year's figure. We did not track some of our measures in the same way as the year before, so we cannot provide the previous year's data for those measures.

Helping you through a lifetime of safe and sustainable driving



Areas of our work

What we do to accomplish our themes

Set standards, assess and test

- Set standards for safe driving
- Carry out theory and driving tests

License and accredit, regulate and enforce

- Approve driving and motorcycle instructors
- Approve courses for qualified drivers, including driver certificate of professional competence (CPC) and drink-drive rehabilitation courses

Inform, educate and advise

- Provide targeted digital and media channels to connect people with essential help and education
- Maintain and develop the official Highway Code and other apps, books and e-learning

Key Performance Measure	Target	Outcome 2023-24	Outcome 2022-23
To recover our services, so waiting times for car practical driving tests are 7 weeks or less	By March 2024	16.1 weeks Missed	16.4 weeks
Car practical test candidates satisfied with the service they receive from DVSA	$\geq 75\%$	69% Missed	68%
Car practical test candidates who passed their test satisfied with the service they receive from DVSA	$\geq 85\%$	90% Met	89%
Theory test candidates satisfied with the service they receive from DVSA	$\geq 85\%$	96% Met	96%
Theory test candidates waiting times average during 2023 to 2024	4 weeks or less	3.6 weeks Met	3.5 weeks
Vocational practical test waiting times average during 2023 to 2024	3 weeks or less	3 weeks Met	2.4 weeks
Vocational candidates satisfied with the service they receive from DVSA	$\geq 80\%$	80% Met	N/A

Motorcycle practical test waiting times average during 2023 to 2024	6 weeks or less	Module 1 – 4.7 weeks ¹ Module 2 – 5.1 weeks Met	N/A
Motorcycle candidates satisfied with the service they receive from DVSA	>=80%	92% Met	N/A
Approved driving instructor (ADI) satisfaction with the service they receive from DVSA to increase compared with previous year	At least 5 percentage points (59%)	57% Missed	N/A

Key Outcomes

Car practical driving testing

Despite considerable additional measures, we did not meet the target to reduce waiting times for car practical driving tests to 7 weeks.

During the year we continued to experience high demand for tests across the country and particularly in London and the South East.

In 2023-24 we provided more than 2,000,000 car practical driving tests, the highest annual number of tests since records began and a 13% increase compared to 2022-23.

1 Module 1 – the special manoeuvres part of the test undertaken on an off-road motorcycle manoeuvring area.

Module 2 – the on-road test lasting around 40 minutes riding in various road and traffic conditions.

Colleagues supported our work to increase testing capacity by carrying out overtime to deliver as many tests as we could. We have also successfully recruited and trained 153 new Driving Examiners.

To help increase the number of test slots available, we deployed everyone qualified to examine drivers to conduct driving tests from the beginning of October 2023 until the end of March 2024. This helped us deliver more than 145,000 extra test slots.

During the year there were 84,627 avoidable test cancellations, mainly as a result of candidates failing to attend, not bringing the right documents or presenting an ineligible vehicle.

We continued promoting our 'Ready to Pass?' campaign to encourage learner drivers only to book their driving test when they are ready. The campaign supports learners' in being better prepared to take their driving test. This helps improve pass rates, reduces the volume of retests and helps to reduce the number of avoidable driving test cancellations. We also continue to provide a text message reminder service to learner drivers before their driving test to encourage them to rearrange their test if they are not ready.

As a result of the actions above, we did see a big reduction in waiting times in some regions. However, owing to the ongoing high demand in London and the South East we have been unable to supply enough tests to reduce waiting times in that region as much as we planned, despite moving people into the region from

other areas. Unfortunately, despite all the hard work, we are disappointed to report that the national average waiting time at the end of March 2024 remains above target at 16.1 weeks.

Theory test service

We delivered 2,900,000 theory tests in partnership with our private sector providers through a network of 203 theory test centres across Great Britain.

This year we have seen increases in both tests conducted and overall bookings, this reflects higher levels of demand which are linked to a number of factors including population and economic trends.

We had over 630,000 responses to our customer satisfaction survey, 96% were satisfied with the service.

During the year we launched a digital engagement survey to understand our customers' requirements. We had over 50,000 responses and the information will shape how we develop the service in future.

In June 2023, we introduced digital pass certificates which are now being sent by email alongside paper certificates. We proposed to remove the paper theory test certificates. This will be subject to the normal legislative change process when parliamentary time permits. We also carried out several initiatives to stabilise and improve performance of the digital platform. This has helped significantly to reduce the number of incidents and issues. These include:

- implementing performance testing prior to releasing new features
- focus on quality improvement throughout the process allowing us promptly to identify and address bugs
- improving our major incident process, speeding up resolution of incidents and improving learning to prevent ongoing issues

Vocational drivers

In 2023, DfT launched a consultation on proposed changes to the Driver Certificate of Professional Competence (DCPC) qualification.

We have focused on developing and adapting our system to help drivers remain in, or return to, the sector. This work will help us introduce changes next year, such as a new CPC qualification care for UK domestic use only.

We also established a stakeholder group to identify and review training content that is available for providers. A variety of resources have already been published on www.drivingforbetterbusiness.com.

Improving HGV driver testing

During the year, we have sustained the increased availability of HGV practical driving tests to ensure that sufficient drivers are available to Great Britain's haulage industry. We have done this through engaging and working with industry partners.

Making motorcycling safer

In 2022-23, DVSA and DfT set up the Motorcycle Strategic Focus Group to consider areas such as safety, technology, future connectivity advances, and how we embed motorcycling more effectively in our policies and road safety strategies.

During the year the group has developed and agreed a set of measures with stakeholders to improve standards in motorcycle rider training.

ADI Satisfaction

This year we have seen overall satisfaction amongst ADIs improve by 3 percentage points. Despite the work undertaken to improve this score, we fell short of our target of a 5% increase. The positive feedback we received praised our professional examiners, detailed good customer service, and noted that rules and standards are clear to understand. However, areas for improvement include test availability for their pupils, booking process for tests and better communications between DVSA and ADIs.

Helping learners pass first time

Our Ready to Pass? campaign succeeded in helping learner drivers to develop their skills and manage their test-day nerves. It influenced their behaviour in ways that will help them to pass their tests and become safer drivers.



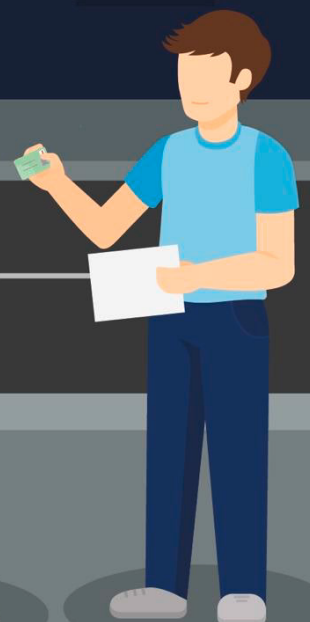
- **95%** of people using the campaign site rate it as useful*
- **90%** rate their campaign emails as useful*
- **86%** of learners would recommend the campaign to others*

The pass rate for learners who take a realistic mock test is **67%**, compared to **47%** for those who do not. *

The campaign increased the percentage of learners taking mock tests from **67.2%** to **72.2%** *



The campaign ran as low-cost/ no-cost, using our owned communication channels and those of partners until we ran a 5 week paid media trial between 26 February and 31 March 2024.





Engagement with the campaign site increased from **19.4%** in March 2023 to **62.7%** in March 2024 ^{***}

Campaign activity increased the number of people buying learning resources, which improved road safety education and helped to offset some costs.



20% of driving instructors offered more mock tests, **23%** improved how they do them, and **35.5%** of learners asked their ADI about mock tests ^{**}



Learn more at: www.gov.uk/ready-to-pass.

* DVSA customer surveys April 2023 to March 2024
** Mock driving test survey, February 2023
*** A user is 'engaged' if they spend 10 seconds or more on the site, view 2 or more pages, or click the button to change their test appointment



Helping you keep your vehicle safe to drive



Areas of our work	What we do to accomplish our themes
Set standards, assess and test	<ul style="list-style-type: none"> Set standards for MOT testers and carry out MOTs for heavy goods vehicles, buses and trailers Carry out vehicle approval tests for vehicles manufactured or imported in small numbers
License and accredit, regulate and enforce	<ul style="list-style-type: none"> Approve MOT centres and MOT testers
Inform, educate and advise	<ul style="list-style-type: none"> Carry out and evaluate insight-based behaviour change campaigns and e-learning Publish information to help you look after your vehicle

Key Performance Measure	Target	Outcome 2023-24	Outcome 2022-23
Authorised testing facilities satisfied with the service they receive from DVSA	>=85%	96% Met	93%
Operators satisfied with the service they receive from DVSA	>=80%	90% Met	79%
MOT centres satisfied with the service they receive from DVSA	>=85%	89% Met	91%

Key Outcomes

Light vehicle MOT

Light vehicle MOTs are largely delivered through a network of approved MOT garages across Great Britain. The MOT service is designed to uphold road safety standards whilst providing flexible, convenient services for our customers.

During the year we supported the delivery of more than 41 million MOTs ensuring that vehicles meet the required standard.

Following a call for evidence led by DfT, the decision was made to remain with the current timing of the first MOT and its subsequent frequency. This certainty has enabled us to continue to invest in improving the service. This has included:

- creating a new MOT history Application Programming Interface (API) which provides third party organisations, including police forces, with a robust interface to our MOT data
- simplifying the process of tracking and recording mandatory annual MOT training
- piloting new technologies, including the use of Artificial Intelligence (AI), to assist inspectors throughout the testing process

Commercial Vehicle Testing

During the year we delivered 692,000 heavy vehicle tests largely through a network of Approved Testing Facilities (ATF).

We launched the new digital Commercial Vehicle Service (CVS) system in 2023 which controls heavy vehicle testing. During the year we continued to invest in stabilising, streamlining and enhancing this new system.

We have implemented more effective deployment strategies, increasing the number of available testing days for the industry. We have also implemented innovative scheduling methods for assigning testers to ATFs. These enhancements have increased the availability of HGV testing to operators supporting the industry in being as efficient as possible.

We have also continued to develop the network of ATFs to provide more availability and flexibility to the industry. A further 20 ATFs have opened during the year across Great Britain.

Vehicle approvals

Vehicle approval services are a set of inspection services for vehicles, or modifications to vehicles, checking they meet safety and other legal standards before use on Great Britain's roads.

During the year we initiated the development of a new IT system, to modernise and streamline the service. This will be launched in 2024-25, introducing an improved application process for a more efficient online experience.

Recalls

During the year we implemented a system to enable manufacturers to share data with us on any outstanding vehicle, parts, or accessory recalls causing serious safety issues.

The safety recall data that we receive is now being added to MOT documentation, the Check MOT history service and the MOT reminder service.

This service will grow as more manufacturers come onboard.

Emissions

We continued our work with industry to improve air quality. This includes piloting particulate number testing across heavy and light vehicles. This is a different way of testing emissions and detects particulates that may not be visible to the human eye but can be harmful to health. It helps check that vehicles are controlling their emissions as they are designed to, therefore protecting air quality. The pilot will inform future decisions on emissions testing.

Other improvements to our vehicle services

During the year, over 2,500 defects were reported by the public to DVSA. We assess whether they are safety related defects and take further action as required to ensure the defect is addressed. 90% of operators indicated that they were satisfied with the service they receive from DVSA, an increase of 11 percentage points on the previous year. When asked if DVSA is easy to contact 82% of operators agreed, our highest score in 2

years. We also saw a significant increase in customers who trust DVSA, with a yearly average of 96%.

Protecting you from unsafe drivers and vehicles



Areas of our work

What we do to accomplish our themes

Set standards, assess and test

- Carry out specialist tests for HGVs, buses and trailers
- Monitor recalls of vehicles, parts and accessories

License and accredit, regulate and enforce

- Carry out roadside checks on commercial vehicle drivers
- Visit vehicle operator premises
- Support the Traffic Commissioner with licensing duties for vehicle operators for Great Britain

Inform, educate and advise

- Share information with around 100 educators, researchers and publishers
- Publish GOV.UK pages to share intelligence

Key Performance Measure	Target	Outcome 2023-24	Outcome 2022-23
Risk-based targeted approach to detect serious roadworthiness defects and traffic offences	28,000 serious defects and offences	30,307 Met	28,386

Key Performance Measure	Target	Outcome 2023-24	Outcome 2022-23
Maintain the number of MOT cases where we act upon the most serious fraud, dishonesty and negligence and increase by 10% the number of cases laid to court for prosecution from these investigations	711 MOT cases 10% increase in cases laid to court	833 Met 10% Met	N/A
In support of the Traffic Commissioners' strategic objectives, we will process HGV operator licence applications in an average of 35 working days or fewer	By March 2024	31.7 days Met	34.4 days
To raise awareness of the Earned Recognition (ER) scheme to combined authority mayors and local authorities. Encouraging the take up of ER across their own fleets of lorry, bus and coaches, and using ER standards to select commercial vehicle operator contracts (HGV & PSV). Achieve active engagement with combined and local authorities championing a greater awareness of the road safety benefits across all our major cities.	By March 2024	Met	N/A

Key Outcomes

Review of sanctions

In partnership with DfT, we have developed a range of strategies aimed at enforcing penalties that will promote safer vehicle operations, in particular for vehicles from outside the UK. This project has progressed significantly and can help guide government in determining prospective courses of action.

New technology and remote enforcement

Working with technology providers, we have introduced and tested a range of mobile equipment, such as:

- laser gradient meters – this enables prosecution from digital weigh pads, increasing the sanctions available to roadside examiners
- Under Vehicle Inspection capability (UVI) – this allows a thorough under-vehicle inspection on sites where there are no pit facilities or when it is not possible to go under the vehicle
- Dedicated Short-Range Communication (DSRC) technology – this is used to identify vehicles with the latest smart tachographs installed, allowing remote inspection of certain events, faults and offences. We have expanded the trial from its current geographical locations and are identifying opportunities to deploy using long range connectivity
- Mobile Inspection Unit (MIU) – this bespoke piece of equipment will initially be used at roadside sites which

do not have access to an inspection pit or roller-brake tester.

Bus industry

During the year we have continued our work with the bus industry to improve bus punctuality. Our bus operator account managers have facilitated partnerships between local authorities and bus operators.

We have worked with DfT to ensure that we are using data collected from the Bus Open Data System (BODS) to improve our enforcement activity. We use the data to establish the punctuality of bus services to assist our Bus Compliance investigations.

Fraudulent claims made under the Bus Service Operator Grant (BSOG) system are being detected by our enforcement teams. We undertook 7 investigations over the last year, at the request of the BSOG team. This work has enhanced the risk rating system which continues to improve our targeted approach to identifying fraud in the sector.

Other improvements to our enforcement service

During the year we delivered a new casework management system which provides a modern accessible platform across all our enforcement activities. It supports examiners in producing quality cases and assists managers by providing management information.

We have promoted the DVSA Earned Recognition (ER) brand, working with stakeholders to maximise the potential opportunities it brings to the industry. This

included engaging with councils and local authorities on the potential of the scheme to be used as a contracting standard. The Road to Earned Recognition scheme allows new operators to be aligned to the scheme and sets them on a compliant path from the outset.

DVSA were a key partner in the Commercial Vehicle Pilot in the Southwest of England to augment commercial vehicle police activity in the region and share intelligence across the police and DVSA. This involved working together to deliver enforcement activities that have been identified through the ongoing roads policing review. We have updated our digital systems to enable sharing of data from other agencies, improving our risk profiling.

We have introduced new mapping capability that allows us to produce intelligence packages, targeting the high risk and serially and seriously non-compliant using our ANPR capability.

Our customers, people and partners

Our customers

In our Vision to 2030 we set out our customer principles. Our aims are to be:

- fair
- consistent
- clear
- professional
- helpful and approachable

Key Performance Measure	Target	Outcome 2023-24	Outcome 2022-23
Call handling times	70% of calls handled within 60 seconds	63% Missed	N/A
Achieve the Customer Contact Association Global Standard 8 accreditation for our contact centre	By March 2024	Met	N/A

Call handling

The beginning of the year was difficult for us owing to strike action, leaving us with a very low service level of 48% at the end of May. We made immediate improvements to improve the level moving forward. By the end of this year, we reached an average outcome of 67%. While we have fallen short of our Business Plan measure, we have made significant improvements to the service level throughout the year. We finished the business year with a service level of 63%. This was also negatively impacted by recruitment challenges and a reduced headcount of 20 permanent heads.

Customer principles

Our customer principles ensure that the customer remains at the heart of everything that we do. They are integrated into our strategy. These principles are a staple in our surveys and will form part of the induction material for all new starters within the organisation. They are also a fundamental part of our impact assessments for any change-related activities, such as our work on service-led initiatives within the organisation.

Service-led organisation

We are reviewing how we manage our services to ensure the customer remains at the heart of what we do.

During the year, we focused on how we design and manage our services, with an increased customer focus.

We are working on the following outcomes:

- **capability to continuously improve:** Increase our ability to sense, learn and respond to customer, industry and society need and how best to deliver DVSA outcomes and vision for the future
- **delivery of tangible benefits:** Improvements to the effectiveness, efficiency and cohesiveness of services, while reducing the risks.

Customer contact centre

During the year the Customer Service Centre retained its Customer Contact Accreditation (CCA) for the 14th year. The CCA is an important professional network for customer service throughout the UK and beyond. It assesses talent and capability, ease of access, and provides a foundation for building better customer experience in a digital world.

We also retained our Customer Service Excellence (CSE) accreditation for the 15th year running. The CSE quality mark recognises organisations that prioritise customer service and are committed to continuous improvement.

Our people



In our Vision to 2030 we set out principles to meet the aspirations of our colleagues. Our aspirations are to be:

- **respectful – we are helpful, collaborative, considerate and respectful in our interactions**
- **valued – we are engaged, motivated and feel valued for what we do**
- **together – we are united, and we are supportive, friendly, happy and positive**
- **enabled – we all lead and communicate with openness, honesty and transparency**
- **ready for the future – we are a forward-thinking, professional and respected organisation**

Key Performance Measure	Target	Outcome 2023-24	Outcome 2022-23
<p>Continue to increase the percentage of our people from underrepresented groups:</p> <ul style="list-style-type: none"> • 16 to 24-year-olds • disabled people • people from ethnic minority background • women 	<p>16 to 24 year-olds: 4.31%</p> <p>disabled people: 14.2%</p> <p>people from ethnic minority background: 9.16%</p> <p>women: 32.79%</p>	<p>16 to 24 year-olds: 1.71%</p> <p>disabled people: 12.24%</p> <p>people from ethnic minority background: 8.75%</p> <p>women: 31.54%</p> <p>Missed</p>	<p>16 to 24 year-olds: 1.93%</p> <p>disabled people: 12.27%</p> <p>people from ethnic minority background: 8.10%</p> <p>women: 30.94%</p>
<p>Continue to support the Civil Service Strategy for increasing the number of apprentices in the Civil Service by setting a headcount target with a focus on recruiting apprentices</p>	<p>4% of headcount</p>	<p>2.3%</p> <p>Missed</p>	<p>N/A</p>

Skills and learning

During the year, 47 colleagues enrolled on new apprenticeship programmes of which 23 were recruited externally. We launched a new Digital Degree apprenticeship receiving 658 applications across 3 successful campaigns. In 2023-24, we set a target of 4% of our headcount to be undertaking apprenticeships across England, Scotland and Wales reaching an end of year outcome of 2.3%. We did not meet this target owing to the prioritising of recruitment in support of car practical driving test recovery over other recruitment activities.

We continue to identify the skills and capabilities needed to drive the agency forward and received a 20% increase in attendance to our tailored frontline management modules. 73% of those leaders who attended have reported a positive improvement on their development as a leader.

We successfully secured places on Civil Service Talent programmes including Beyond Boundaries, Crossing Thresholds and Future Leaders Scheme and supported participants through their learning. Our own internal leadership programme, aimed at women, supports our diversity and inclusion agenda. It has been a great success with 31% of participants securing promotions in the past year.

Our investment in Digital, Data and Technology (DDaT) professionals continues with ambitious plans to attract talent and develop our Employee Value Proposition, as well as wider internal career development opportunities.

Year on year, we continually improve the annual capability assessment supporting DDaT.

Diversity and inclusion

We set ourselves a target of improving representation in four of the most under-represented groups in DVSA: 16-24 year olds, people with disabilities, people from ethnic minorities and women. We have not made the progress we would have liked due to prioritisation of car practical test recovery and Civil Service-wide recruitment constraints. However, we have seen an 8% increase in 16-24 years olds within DDaT.

We hosted a variety of events and webinars to raise awareness and support for Inclusion and Dyslexia week and in total was attended by over 600 colleagues.

We have worked with colleagues across the agency to develop and implement a new Workplace Adjustment policy and process to improve the support available for colleagues.

We joined the Hidden Disabilities Sunflower network to shape the support, and improve services, for customers and colleagues living with hidden disabilities.

Wellbeing

We focused on raising awareness, educating and improving mental wellbeing for our colleagues. We have:

- developed a series of 'It's ok not to be ok' videos to raise awareness of mental health and recognise signs to enable early intervention. Colleagues shared

personal stories to break down barriers associated with discussing mental well-being.

- created a suite of guidance to support colleagues and line managers to have conversations, recognise signs and raise awareness of our mental health first aiders and Employee Assistance Programme (EAP)

Protecting our colleagues

We have retained the certification for ISO 45001. This is the world recognised International Standard for Occupational Health and Safety Management, which is externally assessed by the British Standards Institute. The goal of ISO 45001 is to reduce occupational injuries and diseases, including promoting and protecting physical and mental health by putting controls in place to mitigate risks and keep our people safe.

The Health and Safety (H&S) team completed 182 proactive site visits, aiding colleagues in maintaining a secure work environment and upholding high H&S standards.

Communication and engagement

Each year we run the annual Civil Service People Survey, and throughout the year we run a series of pulse surveys. We also hold monthly webinars and face-to-face events, across the country, to provide colleagues with additional opportunities to give their views.

DVSA's engagement index reduced by 1 percentage point to 53% in the 2023 Civil Service People Survey. Whilst this is a relatively small reduction, we continue to

engage with our colleagues to address the areas that have decreased such as the ‘managing change’ theme to help make improvements. We received favourable responses to the ‘leadership’ theme, and the ‘resources and workload’ theme remained unchanged on or around the Civil Service benchmark.

The feedback from the survey indicated that supporting people to improve their leadership and management skills should remain a priority. It also indicated that helping colleagues understand how their work connected to DVSA’s objectives and purpose was very important.

Internal Stakeholders

Key Performance Measure	Target	Outcome 2023-24	Outcome 2022-23
Provide a response to Freedom of Information requests	Within 20 working days	100% Met	100%
Provide a response to Parliamentary questions	By their due date	100% Met	100%
Provide a response to ministerial correspondence	Within agreed timescale	100% Met	100%
Provide a response to official correspondence	Within 20 working days	100% Met	100%

We met all our measures for Official Correspondence during 2023-24.

Complaints to the Parliamentary & Health Service Ombudsman

The Parliamentary and Health Service Ombudsman (PHSO) investigates complaints when referred by a Member of Parliament on behalf of a complainant.

PHSO did not accept any complaints about DVSA for formal investigation in 2023-24.

Our Financial Performance

Our financial performance is summarised below.

	2023-24 Actual £m	2023-24 Plan £m	2022-23 Actual £m
Income	425.3	399.6	406.9
Expenditure:			
Staff costs	(227.6)	(211.7)	(210.0)
Other operating charges	(192.9)	(190.7)	(176.4)
Non-current assets related costs	(46.8)	(45.7)	(38.7)
Net finance costs	(9.2)	(9.4)	(8.3)
	(476.5)	(457.5)	(433.4)
Total net expenditure	(51.2)	(57.9)	(26.5)

Net expenditure for the year

DVSA's income exceeded plan by £25.7m. This was mainly due to the higher volume of driver services, particularly car practical driving tests delivered as a part of our focus on reducing car practical waiting times.

Total expenditure was £19.0m above plan and £43.1m above the prior year.

Staff costs increased over prior year by £17.6m. This was primarily due to the one-off fixed payment made to civil servants in July 2023 and the annual salary cost-of-living increase from August 2023. It also reflects higher overtime and other related costs to maximise car practical test volumes to reduce waiting times. Additional payments made to reduce waiting times were more than offset by the increased income from this activity.

Other operating charges were £16.5m above prior year and broadly in line with plan. The increase over prior year was due mainly to inflationary pressures, particularly on IT and digital costs and accommodation costs.

Non-current asset-related costs include depreciation, amortisation and impairments. Finance costs relate mainly to interest payments on leased assets. Both were in line with our plan.

Expenditure includes c£24m to pay for specific initiatives and programmes aimed at improving road safety, driver education, and enforcement of vehicle standards for which we do not charge fees. The work is done at the request of DfT. Total net expenditure on fee related activity for the year was £26.9m (2022-23: £4.7m). Further information on financial performance by activity is available in note 2 to the Accounts.

Fees

Fees have remained largely unchanged for over 13 years. We have continued to work with DfT, ministers and HM Treasury to review and update the fees we charge for our services.

Capital investment

We have continued with our programme of investments to drive forward the delivery of our strategic objectives.

Total capital investment during the year was £44.2m (2022-23 £43.9m). This included £12.9m on digital investment (2022-23 £24.4m). The majority of this investment was directed towards improving existing MOT

platforms and developing new systems for enforcement. It also included initial investment in a new digital Driver Services Platform which is expected to continue development in 2024-25.

Investment in tangible assets was £5.2m with continued investment in estate, vehicles, IT hardware and equipment.

£9.9m of capital expenditure related to the establishment of new right of use assets (i.e. leased properties and vehicles) and £16.2m for remeasurements during the year.

Delegated budgets

During the year, we managed within the budgets delegated by DfT. DVSA’s outturn against the final annual spending limits authorised through a vote by Parliament is included in the DfT group Statement of Parliamentary Supply.

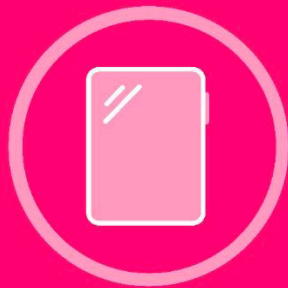
Delivering value for money

Key Performance Measure	Target	Outcome 2023-24	Outcome 2022-23
Deliver against our efficiency plan*	£10.6m	£7.8m Missed	£8.8m
Prompt payment of invoices – within 5 working days	80%	92% Met	92.4%

* We did not meet this target fully owing to a combination of us diverting resources to reduce driving test waiting times and inflationary pressures, partially offsetting the efficiencies we made.

Customer Services Highlights

Helping you through a lifetime of safe driving



2,175,000

driver tests on digital app

Keeping your vehicle safe to drive



853,000

vehicle tests on digital app

Protecting you from unsafe drivers



5,140,000

users of MOT reminder service

Digital and data

We align our Digital and Data activity to the Chief Digital and Data Office (CDDO) Transforming for a digital future Roadmap²

six missions and this year has seen significant progress and consolidation. However, we have

not been able to build the internal capability and capacity across all of the professional functions, so our ability to insource more of our Digital and Data enablement is behind plan. There will be more work to do next year to realise the associated committed savings, depending on the impacts of overall Civil Service headcount targets.



Mission 1 – Transformed public services that result in the right outcomes

We use cross-functional teams to deliver our digital services and our Digital and Data colleagues play an integral part in policy and service design to support the right outcomes for road safety and user experience. This year we have worked with policy colleagues to increase knowledge of Digital and Data opportunities, increase digital-literacy for non-digital colleagues and are building

2 <https://www.gov.uk/government/publications/roadmap-for-digital-and-data-2022-to-2025/transforming-for-a-digital-future-2022-to-2025-roadmap-for-digital-and-data>

communities of professional practice for the Digital and Data functions.

We are starting to see the benefits from this approach, having progressed a number of service initiatives during the year. For example, we have been exploring a Vehicle Identification Service which will allow cameras located in garages to reduce data issues on the MOT Testing Service (MTS) and reduce fraud by providing a level of confidence that the vehicle was at the garage at the time of test. We have also started the process of moving users away from printing a physical MOT Test Certificate towards using the MOT History service in line with the Central Digital and Data Office (CDDO) Strategy.

Mission 2 – One login for government

We previously joined the CDDO testing of one login, working to improve the data protection compliance of the service and went live within the Vehicle Operator Licensing service, one of the first public sector services to use this in 2022. In 2023-24, we have been harnessing this learning to carry out the necessary user research and to develop our roadmap to compliance across all appropriate services.

Mission 3 – Better data to power decision making

We are working to align our data maturity assessments with CDDO standards, continue to support data sharing initiatives across the civil service, identifying and assessing the value of DVSA data to inform prioritisation of investment. Some examples of the work during the

year include delivering new reporting in Power Business Intelligence (BI) to support all services, delivering a new set of data models for our enforcement services, delivering new data science analysis to support all services, further development of demand forecasting models for driver and vehicle testing services and driver recovery modelling for car practical tests.

We are developing a data valuation methodology to better assess and evaluate the contribution that good practice is having on service user experience, service performance, and to inform business cases and service improvement. Along with many organisations, we also started exploring the opportunities provided through generative AI and have set up an AI community of practice. This brings together people from across the organisation to better understand AI, the opportunities, risks and to share knowledge. Across the organisation we have been carrying out experiments in our use of AI in service improvement and in code development.

Mission 4 – Secure, efficient, and sustainable technology

In 2023-24, we became one of a very few public sector organisations reporting 100% cloud adoption across our technology estate and removing our reliance on older 'legacy' systems. This means that we can harness new and emerging technologies with greater confidence. As we continue to develop our services, we are taking an enterprise approach to underlying technology and digital platforms, seeking and building re-usable components to

support the 'buy/build once, use many times' approach. This is key to realising efficiencies across services and maximising resources between services and products.

During the year, we recruited our Principal Enterprise Architect and continue to plan improvements in our enterprise architecture capability to ensure 'Secure by Design' and 'privacy by design' elements are built into new components in line with the CDDO strategy. This is an area where our overall internal capacity has been significantly under-resourced with plans to increase capability as soon as we can.

We were delighted that our Service Desk for colleagues has acquired 4 Star Accreditation by the globally recognised standards of the Service Desk Institute (SDI), demonstrating an ongoing commitment to providing high quality services to our people and ensure that service.

Mission 5 – Digital skills at scale

During 2023-24 we have continued to work with colleagues across the business to bring business and technology teams closer together. This has seen us embed user-centred design and analyst professionals into all our operational areas, including ensuring service groups across the DVSA have Business Analysis capability embedded in the organisational model for change. This is another way to ensure data, technology and innovation opportunities are understood and considered from initiation through to delivery. We have also worked with colleagues across the DfT family to develop a shared ambition for our Digital and Data

colleagues to ensure we can build the skills and career paths necessary for the organisation to harness both existing technology and emerging opportunities.

This year we successfully launched our Digital Degree apprenticeship scheme, providing under-graduate degree apprenticeship opportunities across Software Development, Cyber Security and Data. This initiative helps us develop a diverse talent pipeline. Recognising ambitions for a digitally skilled civil service, we have developed and tested a new training programme which seeks to grow digital skills literacy across DVSA.

Mission 6 – A system that unlocks digital transformation

In 2023-24, we undertook an internal assessment of our performance against current digital, security and analysis functional standards (GOVS005 – Digital, GOVS007 – Security and GOVS010 – Analysis). While there is still more work to do, we demonstrated strong progress against the mandatory elements and clear plans for improvement. We also delivered changes to our organisational design that separates talent management from work management, introducing matrix organisational structures that creates a profession-based model that can be scaled for the future. This change enables us to look holistically across our Digital and Data professions and pivot more easily to meet the demands of our services, service users and our organisation.

Our estate

We have continued to review our estate to ensure that it is efficient, fit for purpose and sustainable, while retaining the flexibility to respond to changing needs.

Our estate comprises:

- 375 driving test centres
- 51 goods vehicle testing stations (GVTS sites)
- 65 enforcement sites

In line with our 2023-24 plan, we have continued to adopt smarter working practices. During the year we obtained approval to move our Bristol and Leeds based administrative colleagues to Government Hub locations which offer a modern flexible working environment. We also began the refurbishment of our administration location in Swansea.

As part of our commitment to rationalise the estate we have continued to assess all frontline sites to inform our future plans and have progressed work to dispose of many of our GVTS and enforcement sites.

We continued to invest into our estate to support our Net Zero estate plan. We completed work at Burton and Enfield Multi-Purpose Test Centres (MPTCs), replacing the fossil-fuel heating systems with electric heat-pump systems and installing solar photo-voltaic panels for energy generation. This work also incorporated smarter working for frontline colleague accommodation. Our experiences continue to guide how hybrid working might

be best used to continue to deliver great customer service from across our estate. The construction of a modular building at Immingham, for the enforcement team, was completed in February 2024. Construction work for a new building at Scotch Corner also commenced in February.

We continue to manage the risk posed to the estate by Reinforced Autoclaved Aerated Concrete (RAAC). In October 2023, RAAC came under significant scrutiny in the media, and the guidance for dealing with RAAC was updated. Following this we reviewed our RAAC management activities with our structural engineers and increased restrictions were put in place at RAAC-affected sites ensuring that all sites provide a safe environment for colleagues. The impact of RAAC has been taken into consideration when valuing our properties in the Accounts.

Delivering Sustainability

Key Performance Measure	Target	Outcome 2023-24	Outcome 2022-23
DVSA will contribute towards the government's aim of net zero greenhouse emissions by 2050 through the <u>2021 to 2025 Greening Government Commitments</u>	Third year contribution to government's Greening Government Commitments	4,820 TCO ₂ e Met	5,292 TCO ₂ e
Increase the number of roof-mounted solar panel installations by a further 60 kilowatt peak (kWp) over multiple sites, increasing our generating capacity and reducing our electricity costs	By March 2024	69kWp – 3 sites Met	N/A

Accomplishments and preparation for a Net Zero future

In line with our new sustainability strategy, we are committed to achieving Net Zero (carbon) by 2050.

We define Net Zero as meaning 'to reduce our consumption and carbon emissions as close to 'absolute zero' as possible, requiring a carbon reduction plan, and offsetting what we cannot eliminate via Greenhouse Gas Removal (GGR) methods.'

DVSA sustainability strategy

We updated our sustainability strategy to show how we will reach our Net Zero target. The strategy is available at

www.gov.uk/government/publications/dvsa-sustainability-strategy.

DVSA's emissions profile

The contributing sources of our carbon emissions are primarily from 3 sources:

- 50% from business travel
- 25% from direct burning of gas/oil/Liquid Petroleum Gas (LPG) for heating
- 25% derived from generating the electricity we use.

Business travel

Our target is to reduce business travel emissions by 5% per year. We reduced business travel emissions by 9% during the year through improved use of conferencing technology to minimise unnecessary travel between sites.

We have continued work to review the DVSA Travel Policy to challenge and minimise unnecessary travel. It will also encourage sustainable travel choices, thereby reducing associated carbon emissions and unproductive travel time. Total air distance travelled during 2023-24 is as follows:

Domestic air travel (km) = 458,163

International air travel (km);

Short haul economy = 78,206

Long haul economy = 44,246

Short haul business = 2,088

Long haul business = 86,882

Business class flights were mainly long haul and required to support necessary supplier audits.

We met a commitment to have a 25% Ultra Low Emission Vehicles (ULEV) fleet by 2022 and are working to meet the 100% Zero Emission Vehicles (ZEV) for cars and vans by 2027. During the year we began piloting electric vehicles (EV) and charging infrastructure and assessing how this may affect our existing service delivery model.

Finite resource consumption

Total expenditure in the year on finite resources is as follows:

Resource	Spend £'000
Gas	467
Electricity	3,051
Fuel	855

Rural proofing

DVSA designs and delivers services across Great Britain, including to rural communities. We ensure that rural communities are well served as a part of policy development, but also in our operational delivery. We follow relevant published policies on rural proofing as part of our work, working in collaboration with other experts as necessary.

Decarbonisation of buildings

We have established a design for larger-scale decarbonisation measures and currently have projects underway to remove fossil fuel heating systems at

7 MPTCs. During 2023-24, we again applied for decarbonisation capital grants from the Public Sector Decarbonisation Scheme (PSDS3c) to replace end-of-life fossil fuel heating systems with low-carbon alternatives and are awaiting to see if we have been successful.

Climate Change Adaptation

We continued to build our Climate Change Adaptation plan, its governance and implementation. We are assessing how we mitigate the impacts of climate change on our people, service provision and infrastructure. We are also reviewing how we can deliver our services in scenarios when for example, summers are hotter for longer, rainfall more intense and weather increasingly volatile. As we reconfigure and refurbish our MPTCs we are future-proofing the buildings by installing passive measures, mechanical ventilation and comfort systems.

Nature Recovery

For the second year, we held a ‘no-mow from May’ project to let the grass grow through to August and support biodiversity gain at 22 sites. Though we have limited sites where this strategy can be effective, we plan to further increase the number of participating sites.

Renewables

DVSA electricity is supplied via a 100% renewables tariff. Though we still report assumed carbon emissions based on our consumption, we are carbon neutral for all our electricity use, whilst we strive to reduce consumption on our Net Zero journey.

DfT's strategy is to increase on-site electricity generation capacity, and we have continued to increase our on-site generation each year, further reducing our reliance on grid-supplied energy. We use both wind and solar power which currently represents 1.6% of our total electricity consumption.

During the year we increased our solar energy generation capacity by 69 to 166 kilowatt peak (kWp).

Waste

With our single provider of waste processing, we are now using collection and processing data to drive efficiencies, more accurate reporting to enable improved recycling initiatives and waste handling performance.

We removed all single use plastics from our estate in 2019 and all our main sites have recycling facilities in place.

We also have specific recycle or reuse contracts in place covering IT equipment and office furniture.

Sustainable procurement

Sustainability impact is taken into consideration when selecting suppliers. DVSA are required to report on the social impact of all major contracts greater than £5 million.

Sustainable construction

Under our current Total Facilities Management contract our contractor maintains and implements their sustainability plan which includes:

- Energy management;
- Water management;
- Waste prevention and management including waste hierarchy and segregation;
- Sustainable procurement – supply chain management; and
- Minimising transport use and travel

Sustainability specifications and criteria are embedded into quality assessments for all professional services and construction procurements.

Our Birmingham Kingstanding Driving Test Centre which was commissioned this year was designed to target a ‘Very Good’ Building Research Establishments Environmental Assessment Method (BREEAM) rating.

Task force on Climate-related Financial Disclosures (TCFD)

The DVSA Board has overall governance responsibility for climate-related impacts. The Board will oversee progress towards implementation of the DVSA sustainability strategy.

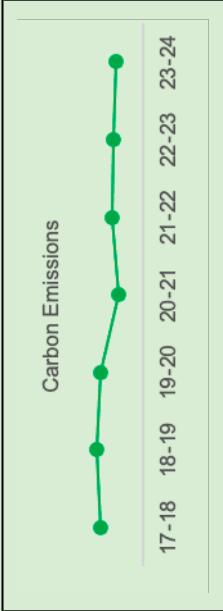
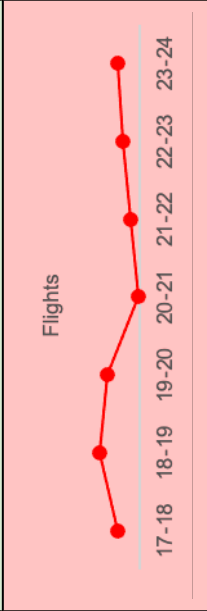
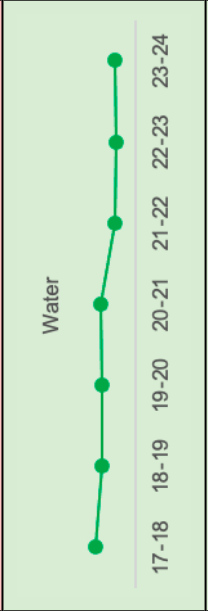
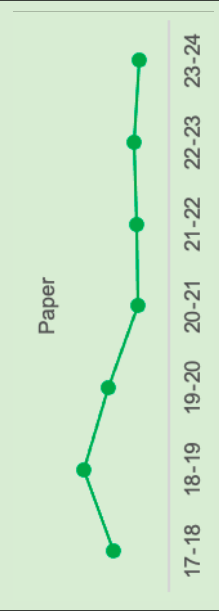
We have started a project to integrate TCFD into our business to ensure that we continue to be compliant

with TCFD disclosures as additional requirements are introduced in future.

Greening Government Commitments (GGC)

We continue to make progress against the 2020-2025 GGC revised targets, helped by more virtual meetings thereby reducing our travel emissions.

Please note that, with new additional data available for previous years, we have retrospectively amended some numbers to reflect the new data. We are not able accurately to estimate 'home working' consumption, which is not included in our figures.

Greening Government Commitment	2017-18 Baseline	Progress from 2017-18 to 2023-24	2023-24 Target	2023-24 Performance																
Mitigating Climate Change																				
Reduce Greenhouse gas emissions	8,820 tonnes of CO2 equivalent (TCO2e)	 <p>Carbon Emissions</p> <table border="1"> <tr><th>Year</th><td>17-18</td><td>18-19</td><td>19-20</td><td>20-21</td><td>21-22</td><td>22-23</td><td>23-24</td></tr> <tr><th>Value</th><td>8,820</td><td>8,500</td><td>8,200</td><td>7,800</td><td>7,500</td><td>7,200</td><td>4,820</td></tr> </table>	Year	17-18	18-19	19-20	20-21	21-22	22-23	23-24	Value	8,820	8,500	8,200	7,800	7,500	7,200	4,820	5,249 TCO2e	4,820 TCO2e
Year	17-18	18-19	19-20	20-21	21-22	22-23	23-24													
Value	8,820	8,500	8,200	7,800	7,500	7,200	4,820													
Reduce business flights	1,114 flights	 <p>Flights</p> <table border="1"> <tr><th>Year</th><td>17-18</td><td>18-19</td><td>19-20</td><td>20-21</td><td>21-22</td><td>22-23</td><td>23-24</td></tr> <tr><th>Value</th><td>1,114</td><td>1,100</td><td>1,080</td><td>1,060</td><td>1,040</td><td>1,020</td><td>1,093</td></tr> </table>	Year	17-18	18-19	19-20	20-21	21-22	22-23	23-24	Value	1,114	1,100	1,080	1,060	1,040	1,020	1,093	746 flights	1,093 flights
Year	17-18	18-19	19-20	20-21	21-22	22-23	23-24													
Value	1,114	1,100	1,080	1,060	1,040	1,020	1,093													
Reduce water use	14.9m3/FTE (Full Time Equivalent)	 <p>Water</p> <table border="1"> <tr><th>Year</th><td>17-18</td><td>18-19</td><td>19-20</td><td>20-21</td><td>21-22</td><td>22-23</td><td>23-24</td></tr> <tr><th>Value</th><td>14.9</td><td>14.5</td><td>14.1</td><td>13.7</td><td>13.3</td><td>12.9</td><td>10.35</td></tr> </table>	Year	17-18	18-19	19-20	20-21	21-22	22-23	23-24	Value	14.9	14.5	14.1	13.7	13.3	12.9	10.35	14.5m3/FTE	10.35m3/FTE
Year	17-18	18-19	19-20	20-21	21-22	22-23	23-24													
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Paper use	21,000 reams	 <p>Paper</p> <table border="1"> <tr><th>Year</th><td>17-18</td><td>18-19</td><td>19-20</td><td>20-21</td><td>21-22</td><td>22-23</td><td>23-24</td></tr> <tr><th>Value</th><td>21,000</td><td>20,500</td><td>19,800</td><td>19,200</td><td>18,500</td><td>17,800</td><td>11,145</td></tr> </table>	Year	17-18	18-19	19-20	20-21	21-22	22-23	23-24	Value	21,000	20,500	19,800	19,200	18,500	17,800	11,145	18,347 reams	11,145 reams
Year	17-18	18-19	19-20	20-21	21-22	22-23	23-24													
Value	21,000	20,500	19,800	19,200	18,500	17,800	11,145													

Greening Government Commitment	2017-18 Baseline	Progress from 2017-18 to 2023-24	2023-24 Target	2023-24 Performance																
Minimising Waste																				
Waste arising	1,116 tonnes	 <p>Waste Arising</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Waste Arising (tonnes)</th> </tr> </thead> <tbody> <tr><td>17-18</td><td>1,116</td></tr> <tr><td>18-19</td><td>~1,050</td></tr> <tr><td>19-20</td><td>~950</td></tr> <tr><td>20-21</td><td>~850</td></tr> <tr><td>21-22</td><td>~750</td></tr> <tr><td>22-23</td><td>~650</td></tr> <tr><td>23-24</td><td>287</td></tr> </tbody> </table>	Year	Waste Arising (tonnes)	17-18	1,116	18-19	~1,050	19-20	~950	20-21	~850	21-22	~750	22-23	~650	23-24	287	1,021 tonnes	287 tonnes
Year	Waste Arising (tonnes)																			
17-18	1,116																			
18-19	~1,050																			
19-20	~950																			
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21-22	~750																			
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23-24	287																			
Waste to landfill	81%	 <p>Waste to Landfill</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Waste to Landfill (%)</th> </tr> </thead> <tbody> <tr><td>17-18</td><td>81</td></tr> <tr><td>18-19</td><td>~75</td></tr> <tr><td>19-20</td><td>~65</td></tr> <tr><td>20-21</td><td>~55</td></tr> <tr><td>21-22</td><td>~45</td></tr> <tr><td>22-23</td><td>~35</td></tr> <tr><td>23-24</td><td>3.8</td></tr> </tbody> </table>	Year	Waste to Landfill (%)	17-18	81	18-19	~75	19-20	~65	20-21	~55	21-22	~45	22-23	~35	23-24	3.8	< 5% to landfill	3.8%
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23-24	3.8																			

Reducing Greenhouse gas emissions

Total emissions have remained within target due to reductions in travel emissions – less travel and use of battery electric pool cars.

Emissions from buildings are 3.4% above target due to delays completing planned site disposals and decarbonisation projects.

Reducing business flights

Despite increased use of digital alternatives (e.g. digital conferencing and meetings) the number of flights remains above target.

Flying remains the only viable option in some circumstances, for example, delivering our service on Scottish islands. This has increased from last year due to the need to deploy colleagues around the UK to reduce the driving test waiting times.

Reducing water use

We have reduced water usage through lower occupancy in our administrative estate due to hybrid working. This reduction is likely offset by increased water use by colleagues when working at home.

Paper use

Paper usage has continued to reduce, partly due to better working practices, but also due to the increased acceptance of on-screen information rather than printed copy.

Waste arising

The amount of waste we have produced remains below target.

We continue to work with our supplier to increase our recycling.

Waste to landfill

Waste to landfill has reduced to within target due to landfill avoidance measures. In particular, waste being incinerated to produce energy.



Chief Executive and Accounting Officer
2 September 2024



We are contributing toward the UN's Sustainable Development Goals, including:

3 GOOD HEALTH AND WELL-BEING



DVSA is a responsible employer, putting structures in place to support our colleagues' and their families' health and wellbeing. And we improve wellbeing across society by providing safety from collisions, poor air quality and corner-cutting businesses.

4 QUALITY EDUCATION



We create and publish the best-selling learning materials that educate candidates in how to drive safely and sustainably – like the Highway Code. We set the standards and syllabus for driving instructors to teach candidates how to drive. And we set and conduct the theory and practical driving tests. We also educate drivers about making vehicles of every category safe and fit for purpose before they drive.

8 DECENT WORK AND ECONOMIC GROWTH



We enable decent work and promote economic growth through our services. The economy relies on safe and sustainable driving and vehicles for an efficient national supply chain and the fair distribution of job and education opportunities.

13 CLIMATE ACTION



We recognise our responsibility to reduce the carbon emissions that contribute to climate change. We are taking steps to reduce our climate impact, promoting low and zero-emission vehicles, cycling, walking and public transport.



Accountability Report

Overview

The Accountability Report consists of the:

- Corporate Governance Report
- Remuneration and Staff Report
- Parliamentary Accountability and Audit Report

The purpose of the Corporate Governance Report is to explain our governance structures and how they support the work we do towards meeting our objectives.

The Remuneration and Staff Report sets out the agency's remuneration policy for directors, reports on how that policy has been implemented, and sets out the amounts awarded to directors. It also provides information about staff numbers and staff remuneration, as set out in the HM Treasury's Government Financial Reporting Manual (FReM) 2023-24 Government Financial Reporting Manual: 2023-24 – GOV.UK (www.gov.uk)

The Parliamentary Accountability and Audit Report brings together the key parliamentary accountability documents within the Annual Report and Accounts.

Corporate Governance Report

The Corporate Governance Report has three parts: the Directors' Report, the Statement of Accounting Officer's Responsibilities and the Governance Statement.

Directors' Report

Information about the directors who served on the DVSA Board in the year ended 31 March 2024 is set out in the Governance Statement.

Directors have declared that they hold no significant third party or any other interests that may conflict with their Board duties.

In 2023-24, one incident was reported to the Information Commissioner's Office (ICO), which is still under investigation. Changes have been made to business practices as a result of the incident.

Statement of Accounting Officer's Responsibilities

Under Section 7 (2) of the Government Resources and Accounts Act 2000, HM Treasury has directed DVSA to prepare a statement of accounts ("the Accounts") in the form and on the basis set out in the Accounts Direction and as stipulated in Dear Accounting Officer letter DAO 06/23.

The Accounts are prepared under UK adopted International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual

(FReM), on an accruals basis and must give a true and fair view of the state of affairs of DVSA as at 31 March 2024 and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

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 DVSA. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding DVSA's assets, are set out in the Accounting Officers' Memorandum, issued by HM Treasury and published in *Managing Public Money* (<https://www.gov.uk/government/publications/managing-public-money>).

In preparing the Accounts, the Accounting Officer is required to comply with the requirements of the FReM, and appropriate accounting standards 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 FReM have been followed, and disclose and explain any material departures in the Accounts
- prepare the Accounts on a going concern basis
- confirm that the Annual Report and Accounts as a whole are fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

Disclosure of audit information

As far as the Accounting Officer is aware, there is no relevant audit information of which the agency's auditors are unaware. The Accounting Officer has taken all the 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 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

Accounting Officer's introduction

As Accounting Officer, I am responsible to Parliament for safeguarding the public funds; for ensuring propriety, regularity, value for money and handling of public funds. In addition, I am accountable to DfT for the day-to-day operations and management of DVSA, including the efficient and effective use of people and other resources.

I am also required as Accounting Officer by HM Treasury's Managing Public Money and the HM Treasury's Government Financial Reporting Manual (FReM) to provide a statement on how I have discharged my responsibility to manage and control the resources for which I am responsible during the year. This Governance Statement outlines the approach to delivering effective corporate governance for the agency in the year ended 31 March 2024.

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 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

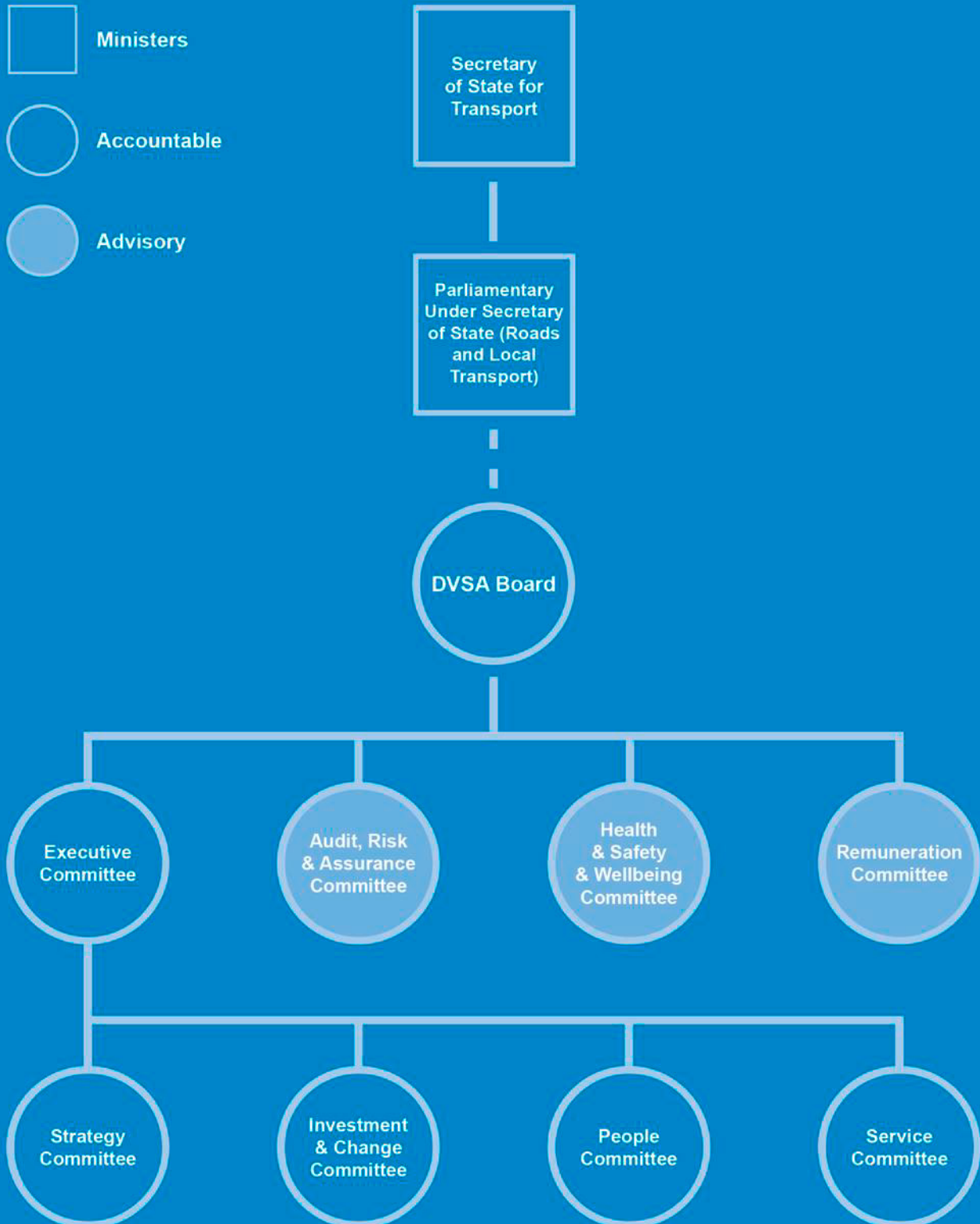
is accountable to the Secretary of State for Transport for our performance in accordance with the Framework Document, which sets out the accountability and key relationships between us and DfT.

Governance framework

Governance arrangements are set out in the DVSA Framework Agreement. The agreement is owned by DfT and was developed in consultation with DVSA. This framework detailed how the agency's corporate leadership was organised, how decisions were made, how finances were controlled and how performance and risk were monitored and managed in accordance with the HMT Corporate Governance in Central Government Departments: Code of Good Practice 2017. The governance structure upholds the principles of the Code where relevant and meaningful.

Governance structure

The agency's high-level governance structure and the committees that support the Executive Committee are illustrated below, as well as our reporting lines through to ministers.



Governance structure

DVSA Board

The DVSA Board is responsible for setting the strategic direction of the agency and provides oversight of business objectives, key risks and governance responsibilities. The Non-Executive Chair is appointed by the Secretary of State for Transport. Their principal responsibility is to chair the DVSA Board with the purpose of guiding, supporting and challenging the strategy of the agency. Non-Executive Directors provide independent external advice and expertise to inform the decision-making process.

There is a clear demarcation between the responsibilities of the DVSA 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 meeting these goals.

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.

Executive Committee

The Executive Team meets formally on a monthly basis and has accountability for delivering the annual business plan and for day-to-day management of the agency. This committee is chaired by the Chief Executive.

Audit, Risk & Assurance Committee

The Board is supported by the Audit, Risk & Assurance Committee, chaired by a Non-Executive Director, which is responsible for reviewing the comprehensiveness of assurance systems and processes and advises on issues of risk, control and governance.

Health and Safety and Wellbeing Committee

The Board is supported by the Health and Safety and Wellbeing Committee, also chaired by a Non-Executive Director to advise on matters regarding health and safety policy, wellbeing, structure and communication, reviewing these against the respective legal obligations. The committee also ensures that incidents and near misses are properly investigated and reported back to the committee.

Remuneration Committee

The Remuneration Committee is chaired by the Non-Executive Chair. The committee's role is to make recommendations to DfT and the Chief Executive on all aspects of performance and remuneration recommendations for DVSA's Senior Civil Servants (SCS) in accordance with current pay guidance and with regard to equal opportunities. It also plans for the succession of the organisation into SCS posts, noting key roles and potential risks.

Executive Directors



Loveday Ryder
Chief Executive



Carrie Dolan MBE
Director of Corporate Services



Peter Hearn
Director of Services –
Driver



Richard Hennessy
Director of Services –
Vehicle



Marian Kitson
Director of Enforcement



Adrian Long
Director of Corporate Affairs



Clare Nichols
Chief Financial Officer



Paula Pitcher
Director of People



Becky Thomas
Director of Strategy, Policy,
Digital and Technology

Non-Executive Directors



Nick Bitel
Non-Executive Director
& Chair of DVSA Board

Nick Bitel became the Non-Executive Chair of the Driver and Vehicle Standards Agency (DVSA) in July 2021.

Nick is the Chief Executive of the London Marathon. He is a qualified solicitor and consultant at Armstrong Teasdale. He specialises in Sports Law and numbers many major events as clients. He is also a Trustee of the Wimbledon Foundation.

Previously, Nick was:

- the longest ever serving Chair of Sport England
- a board member of UK Sport for 15 years
- a board member of the London Legacy Development Corporation (Olympic Park)
- a trustee of Wembley National Stadium Trust



Jacob Abboud
Non-Executive Director, DVSA

Dr Jacob Abboud was appointed as a Non-Executive Director at DVSA in August 2020.

Dr Jacob Abboud is the founder and Managing Partner of Petraenovus Consulting Ltd and has previously held Chief Information Officer roles at Legal & General, Allianz Insurance and AXA UK & Ireland. He currently serves as a Non-Executive Director at the Financial Ombudsman Service and the UK Statistics Authority.

Jacob has previously held non-executive roles at:

- Allianz Business Services Limited (Premierline)
- The Motor Insurers' Bureau



Matthew Campbell-Hill
Non-Executive Director, DVSA

Matthew Campbell-Hill was appointed as a Non-Executive Director at DVSA in June 2019.

Matthew is a technology and media consultant with a special interest in emerging technology use and public engagement. He has worked across the public, private and third sectors in marketing and sales, media and technology. He has also competed internationally for Great Britain in wheelchair fencing.

Matthew's other current roles include:

- Senior Fellow at the University of Birmingham, College of Medical and Dental Sciences
- Anaesthesia Section Council Member for the Royal Society of Medicine, Section President Designate
- Chair, Teds Light CIC Ltd
- Director, AerosolShield Ltd
- Director, The International Innovation House Ltd
- Expert Advisor, Connected and Automated Vehicles Process for Assuring Safety and Security Programme
- Mentor, NHS Clinical Entrepreneurs Programme
- Board Advisor, MICA BioSystems Ltd



Helen Aston
Chair of DVSA Audit, Risk & Assurance Committee and
Non-Executive Director, DVSA

Helen Aston became a non-executive director at DVSA in February 2024.

Helen is a Chartered Accountant. She worked for PwC for 15 years in transaction services, restructuring and pensions covenant advisory. For the last 10 years she worked for The Pensions Regulator as their Executive Director of Finance and Corporate Services.

Helen's other roles include:

- non-executive director and chair of the audit and risk assurance committee at Defence Business Services (Ministry of Defence)
- non-executive member of the audit and risk assurance committee at the Valuation Office Agency
- independent chair of the audit committee of the Biochemical Society

Board and Committee Attendance

Figures denote meetings attended (meetings eligible to attend) between 1 April 2023 and 31 March 2024. The Board met eight times in the year, with non-attendance agreed in advance on an exceptional basis.

	DVSA Board	Audit, Risk & Assurance Committee	Health & Safety Committee	Remuneration Committee
	Meetings attended/Eligible meetings			
Current Board members				
Nick Bitel – Non-Executive Chair of DVSA and Remuneration Committee Chair	8/8	n/a	n/a	1/1
Helen Aston – Non-Executive Director and Audit, Risk & Assurance Committee Chair (from 01/02/2024)	1/1	1/1	n/a	n/a
Jacob Abboud – Non-Executive Director	8/8	3/4	n/a	0/1
Matthew Campbell-Hill – Non-Executive Director and Health & Safety & Wellbeing Committee Chair	5/8	2/4	4/4	0/1
Loveday Ryder – Chief Executive	8/8	4/4	4/4	1/1
Clare Nichols – Chief Financial Officer	8/8	4/4	n/a	n/a
Peter Hearn – Director of Services – Driver	7/8	n/a	2/4	n/a

	DVSA Board	Audit, Risk & Assurance Committee	Health & Safety Committee	Remuneration Committee
	Meetings attended/Eligible meetings			
Richard Hennessy – Director of Services – Vehicle	7/8	n/a	4/4	n/a
Marian Kitson – Director of Enforcement	6/8	n/a	3/4	n/a
Adrian Long – Director of Corporate Affairs	7/8	n/a	n/a	n/a
Former Board members				
Emir Feisal – Non-Executive Director and Audit, Risk & Assurance Committee Chair (to 07/02/2024)	4/4	1/1	n/a	1/1

DVSA Board effectiveness

The Chair meets regularly with the Non-Executive Directors and Chief Executive to discuss their performance and to provide insights from their external perspective and experience.

The Board undertakes an annual internal effectiveness review of its performance against Cabinet Office, National Audit Office (NAO) and external good business practice governance guidance, agreeing an annual action plan to respond to its conclusions.

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. The last such external review was conducted in 2022 and the conclusions incorporated into the Board's improvement plan.

During the year we carried out a governance review to ensure that there was an appropriate level of compliance and accountability that is better aligned to the delivery of our services. The changes were introduced from April 2024.

Wider governance

The agency is sponsored by DfT. Through regular reporting and attendance at the DVSA Board, the DfT representatives help ensure that sufficient priority is afforded to operational delivery, progress towards business plan objectives and the management of risk.

In addition, the agency reports regularly to DfT on performance, on progress towards financial targets including efficiency savings, on risks and issues, and on other key activities. These reports are considered at the DfT Executive Committee and DfT Group Audit and Risk Committee as appropriate.

Management of our risks

DVSA applies the DfT risk management policy and HM Treasury guidance to identify and manage risks. The Board is committed to making sure the agency has an appropriate risk framework so that opportunities, uncertainties and threats can be assessed and are well managed. Risk registers are in place at team, directorate and corporate level and these are reviewed monthly to escalate risks as appropriate. Projects and programmes also maintain risk registers, escalating to the portfolio risk register, which is reviewed monthly at the Investment & Change Committee. We are also looking to align our risk management processes to the service-led approach throughout 2024-25 to ensure greater visibility of risks across the services end-to-end.

Risk management is integral to the agency's planning, governance and quality assurance processes. The agency has an integrated risk management process, where risks are identified and managed at the right level.

The Executive Committee and the Board receive regular reporting where risks are outside of appetite, as well as details of the mitigating actions being taken. The Audit, Risk & Assurance Committee reviews the agency risk

register and is updated on the risk management process on a quarterly basis.

In addition to the inherent risks that are always monitored, such as road safety standards, cyber and data security, and health and safety, the key areas of risk during 2023-24 were:

- Practical car test waiting times –meeting our target to reduce car practical test waiting times to 7 weeks and in so doing, do not place other areas of the organisation under undue risk. A key priority this financial year was to improve the service to our customers. Steps taken included the diversion of all warrant card holding colleagues to carry out practical car driving tests for a period of six months. This resulted in a record number of tests being delivered during the year.
- Resource and capacity – ensuring we have the resources we need to deliver our business plan and strategy and other Ministerial commitments. This is due to civil servant headcount controls, numbers of leavers and an inability to attract resources to certain key business roles. Improvements have been made through strategic workforce planning however this remains a key risk in future.
- Fees strategy – fees should cover the costs of the services they relate to, and to meet this objective fully requires updating many of our fees. We have a strategy to review and amend our fees and we continue to work with ministers and colleagues at

DfT to implement this strategy. This will ensure the long term financial sustainability of the agency and continued compliance with rules and regulations.

- Wellbeing and burn out – ensuring that colleagues’ wellbeing is maintained. During the year, we have introduced a number of measures to support colleagues with their wellbeing.
- IT provision – ensuring we had sufficient capability to manage our IT services to serve our customers, deliver our strategy and minimise technical debt.
- Customer and third-party aggression – ensuring that all reasonable steps are taken to protect colleagues from aggression and assaults.
- Industrial relations – maintaining good relationships with trade unions and ensuring DVSA is prepared for industrial action should it be unavoidable.

Assurance mechanisms and controls

There are a number of internal control processes in place which provide a framework for managers and employees to deliver DVSA’s objectives successfully and efficiently. The main assurance mechanisms are:

a) Financial management and stewardship

DVSA follows all governance and assurance processes as required by HM Treasury and is audited by the Comptroller and Auditor General. The delegated authorities for DVSA, including financial delegations, are set out each year by DfT. There is a robust delegated

approval structure that is controlled through the procurement and financial information systems.

Budgetary controls are supported by a comprehensive monthly planning, reporting and forecasting cycle which is overseen by the Board.

b) Functional standards

Functional standards provide a coherent, effective and mutually understood way of doing business within government and across organisational boundaries, and to provide a stable framework for assurance, risk management and capability improvement.

Following their introduction in 2021 Director ownership was established for each relevant functional standard and appropriate leads identified. DVSA's 2023-24 Business Plan refers to using functional standards to support Continuous Improvement (CI).

DVSA's Assurance team provide support to owners and conducted a review of methodology in support of CI in compliance with functional standards.

Some areas of the business are subject to external third party review of functional standards compliance, for instance in Commercial and Security, and these findings are captured to support or inform CI action plans.

Business Owner assessments considered that DVSA are compliant or broadly compliant in all 12 standards relevant to DVSA (GovS015 Grants is considered not applicable). It is recognised that improvements can be made in the collation and retention of evidence to support

compliance and communications have been issued to emphasise this by the CFO.

c) Cyber and data controls

Data controls are led by the Senior Information Risk Owner (SIRO), who receives monthly reports on information risks. The SIRO is accountable for information risk and is supported by a Head of Information Management and Security and Data, and by information asset owners, who are accountable for the day-to-day control of information. Information risk includes risk emanating from data protection, cyber security and digital continuity. The processes supporting Information Asset Owners has been independently reviewed this year as part of our improvement cycle. Data controls are under constant review and testing of DVSA systems is conducted regularly. All employees complete regular training and targeted training is provided for roles that have higher levels of responsibility for customer data. Our technology services are regularly tested to ensure our controls provide a level of availability for our services to meet customer demands. We have active tooling and personnel in place to monitor activity across services and to respond to activities needing investigation. We regularly report to Cabinet Office in relation to our cyber capability and resilience.

d) Analytical assurance

The agency has established a quality assurance framework in line with DfT criteria that is used to assure all our business-critical analytical models against the

requirements arising from the Macpherson Review of quality assurance of government models.

e) Project and portfolio assurance

The agency operates a three-tiered approach to project and portfolio assurance; first tier is the Portfolio Management Office and Programme/Project Boards, the second tier is the DVSA Corporate Assurance function, and third tier is external reviews such as audit and Cabinet Office. Our portfolio framework aligns to DfT's Investment Approvals Framework (IAF), and our assurance function assures projects and programmes in accordance with project management principles and Management of Successful Programmes (MSP), Infrastructure and Project Authority (IPA) and Gov002 Project Delivery Functional Standards.

We work with DfT and Cabinet Office to ensure we operate within the agreed spend controls and our assurance processes are aligned, using a risk-based approach for our portfolio.

We work with the Central Digital & Data Office (CDDO) to ensure our spend control pipeline is visible, compliant and our investments will meet the service standard and technology code of practice.

f) Commercial controls

As a central government body, our commercial activity is governed by legislation within the Public Contracts Regulations 2015, and we are preparing to support new regulations under the Transforming Public Procurement initiative scheduled to come into force in October

2024. Our controls are aligned to DfT and Cabinet Office governance and commercial controls. Control of commercial activity is administered by the commercial function and overseen by the Chief Financial Officer.

Our commercial function is responsible for working with the business to ensure that commercial practice is compliant with the controls.

Controls are also in place to ensure we abide by the applicable government commercial standards and best practices as recommended by the Chartered Institute of Procurement & Supply (CIPS). DVSA is accredited to the CIPS standard for procurement excellence.

g) Fraud, bribery and whistleblowing processes

DVSA is committed to protecting the integrity of the driver and vehicle compliance services. Losses and recoveries are reported quarterly to the Cabinet Office via Department for Transport. Overall responsibility for the fraud, bribery and corruption policy sits with the Director of Enforcement. The Investigations & Counter Fraud Team conduct investigations into both internal and external fraud. The team also works with business areas to fraud risk-assess business processes and practices, providing support and advice to mitigate fraud opportunities.

As part of our Fraud Strategy, the Fraud function are leading a comprehensive review, across all DVSA directorates, to fully understand the opportunities for fraud to arise and to ensure mitigations are prioritised and action taken. Progress is reported via the Audit, Risk

& Assurance Committee as well as to the Public Sector Fraud Authority.

The Whistleblowing process allows staff to raise concerns they may have about wrongdoing. There is a whistleblowing telephone line and an E-mail contact address.

All fraud and whistleblowing cases are reported to the Audit, Risk & Assurance Committee.

h) The Management Assurance Return process

Executive Directors complete management assurance statements to assess the effectiveness of internal controls within their areas of responsibility. These statements are a key part of the system of internal controls and the responses were compiled by subject matter experts, challenged by internal audit, the Executive Committee and DfT, and signed off by the Audit, Risk & Assurance Committee. They are then reported to the DfT Group Audit and Risk Committee which considers them as a primary source of assurance of good governance.

Internal Audit

The following statement has been provided by the DVSA Head of Internal Audit.

“The Government Internal Audit Agency (GIAA) operates to standards defined in Government’s Public Sector Internal Audit Standards. Its annual programme of work is based on (i) the analysis of risks to which the Agency is

exposed, and (ii) key risks identified by the Audit, Risk & Assurance Committee and Executive Team.

13 internal audit engagements were conducted at DVSA during 2023-24. One engagement was an advisory review, providing no formal assurance. Of 12 completed assurance reviews, 9 provided 'moderate' (yellow) assurance, 1 provided 'substantial' (green) assurance, and 2 provided 'limited' (orange) assurance.

The GIAA Head of Internal Audit's overall annual opinion provided 'moderate' (yellow) assurance regarding the adequacy and effectiveness of corporate governance, risk management and internal control arrangements at DVSA in 2023/2024. This opinion is the same as 2022/2023."

Accounting Officer's conclusion

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. At DVSA we aim to manage risk to a reasonable level, rather than to eliminate all risk. The system of internal control supports the implementation 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. I am supported by GIAA, the internal assurance team and management assurance reporting by our executive managers that make up the internal control framework.

I am in agreement with the assessments of the agency's Head of Internal Audit and the executive directors'

management assurance returns as outlined in this Governance Statement: namely that DVSA operated within a moderately effective control environment level of internal control during the reporting period.

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

Chief Executive and Accounting Officer
2 September 2024

Remuneration and Staff Report

Remuneration Report

The remuneration report is presented in accordance with Civil Service Employer Pension Notice guidance.

Service contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments which 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.

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk.

Remuneration policy

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

From August 2014 the agency was required to adopt the DfT harmonised model including the Modernised Employment Contract as agreed between the trade

unions, DfT and HM Treasury. This includes the terms and conditions relating to the remuneration (excluding pensions) and the payment of allowances for staff below Senior Civil Service grades.

Remuneration (including salary) and pension entitlements

The following sections provide details of the remuneration and pension interests of the directors of the agency.

Remuneration (salary, benefits in kind and pensions) (audited)

	Salary £000		Performance pay £000		Pension benefits £000		Total £000	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Current Board members								
Chief Executive								
Loveday Ryder	135-140	125-130	0-5	5-10	55	30	195-200	165-170
Director								
Peter Hearn	100-105	100-105	5-10	5-10	33	-38	140-145	65-70
Richard Hennessy	105-110	100-105	0-5	0-5	40	38	145-150	140-145
Marian Kitson (from 01/09/2022)	85-90	45-50 (80-85)	5-10	-	36	11	125-130	65-70
Adrian Long	110-115	105-110	-	0-5	44	42	155-160	150-155
Clare Nichols (from 03/01/2023)	100-105	20-25 (95-100)	0-5	-	40	9	140-145	30-35
Non-Executive Chair								
Nick Bitel	25-30	25-30	-	-	-	-	25-30	25-30
Non-Executive Director								
Jacob Abboud	10-15	10-15	-	-	-	-	10-15	10-15
Matthew Campbell-Hill	15-20	15-20	-	-	-	-	15-20	15-20

	Salary £000		Performance pay £000		Pension benefits £000		Total £000	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
Helen Aston (from 01/02/2024)	0-5 (15-20)	-	-	-	-	-	0-5 (15-20)	-
Previous Board members								
Non-Executive Director								
Emir Feisal (to 07/02/2024)	15-20 (15-20)	15-20	-	-	-	-	15-20 (15-20)	15-20
Chief Finance Officer								
Helen Milne (to 01/09/2022)	-	40-45 (95-100)	-	-	-	16	-	55-60
Steven Badger* (01/09/2022 to 02/01/2023)	-	20-25 (60-65)	-	0-5	-	9	-	30-35
Kinga Tarnai* (01/09/2022 to 02/01/2023)	-	20-25 (60-65)	-	0-5	-	0	-	20-25

The value of benefits in kind during the year was £0 (2022-23: £0).

*Steven Badger and Kinga Tarnai acted to cover the Chief Finance Officer (CFO) role whilst also maintaining responsibilities within their permanent roles.

Notes to the remuneration tables (Current and Previous Board members)

Where a member of the Board served for only a part of a year, the full year equivalent (FYE) salary figure is also shown in brackets.

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.

Salary

Salary includes gross salary, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances and any other allowance to the extent that it is subject to UK taxation. This report is consistent with the recording of expenditure in the Accounts and is therefore based on accrued payments to the directors.

Performance pay

Performance pay is based on performance levels and is made as part of the appraisal process. It includes performance related pay awarded by DfT and local recognition awards awarded by DVSA.

Benefits in kind

Benefits in kind cover the monetary value of benefits provided by the agency and treated by HM Revenue and Customs as a taxable emolument.

Fair Pay Disclosure (audited)

The remuneration for 2023-24 is derived from the annualised remuneration of all employees as at 31 March 2024. Part time employees' payments are adjusted to a full-time basis.

In 2023-24, 2 (2022-23: 9) staff received remuneration in excess of the highest-paid director, all of whom were contractors. Remuneration ranged from £21,209 to £159,455 (2022-23: £19,000 to £201,321). The remuneration banding for the highest paid employee was £155,000-£160,000 (2022-23: £200,000-£205,000). Contractors are appointed on a temporary basis to meet short term business needs.

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce. Total remuneration includes salary, non-consolidated performance-related pay and benefits in kind. It does not include severance payments, employer pension contributions and cash equivalent transfer value of pensions. Figures are shown in the table below.

	25th percentile	Median	75th percentile		
	Pay	Pay ratio	Pay	Pay ratio	Pay
2023-24					
Total pay and benefits	£28,704	5.0	£32,009	4.5	£39,500
Salary component*	£28,704		£28,269		£28,269
2022-23					
Total pay and benefits	£27,448	5.0	£30,398	4.5	£35,460
Salary component*	£27,448		£27,448		£28,646

*Does not include any overtime or allowances

The banded remuneration of the highest-paid director in DVSA in the financial year 2023-24 was £140,000-£145,000 (2022-23: £135,000-£140,000).

The annual percentage change in the salary and allowances (based on mid-point of band) of the highest paid director was an increase of 3.6% and the average change for employees was an increase of 8.6%.

The percentage change for performance pay (based on mid-point of band) of the highest paid director was a decrease of 46.7%. For employees there was on average an increase of 220.6% in performance pay. This was due to incentive schemes introduced in October 2023 to increase capacity to deliver car practical tests.

Pension benefits (audited)

	Accrued pension at pension age as at 31/03/24 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31/03/24 or date of departure £000	CETV at 31/03/23 or date of departure £000	Real increase in CETV in CETV £000
Chief Executive					
Loveday Ryder	40-45	2.5-5	815	705	39
Directors					
Peter Hearn*	55-60 plus 155-160 lump sum	0-2.5 plus 0 lump sum	1,400	1,286	24
Richard Hennessy	15-20	0-2.5	206	160	21
Adrian Long	30-35	2.5-5	581	478	37
Clare Nichols (from 03/01/2023)	0-5	0-2.5	38	7	23
Marian Kitson	40-45 plus 110-115 lump sum	0-2.5 plus 0-2.5 lump sum	989	879	27

*Taking account of inflation, the CETV funded by the employer has decreased in real terms

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. Before 1 April 2015, the only scheme was the Principal Civil Service Pension Scheme (PCSPS), which is divided into a few different sections – **classic, premium and classic plus** provide benefits on a final salary basis, whilst **nuvos** provides benefits on a career average basis. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis. All newly appointed civil servants, and the majority of those already in service, joined the new scheme.

The PCSPS and alpha are unfunded statutory schemes. Employees and employers make contributions (employee contributions range between 4.6% and 8.05%, depending on salary).

The balance of the cost of benefits in payment is met by monies voted by Parliament each year. Pensions in payment are increased annually in line with the Pensions Increase legislation. Instead of the defined benefit arrangements, employees may opt for a defined contribution pension with an employer contribution, the **partnership** pension account.

In **alpha**, pension builds up at a rate of 2.32% of pensionable earnings each year, and the total amount accrued is adjusted annually in line with a rate set by HM Treasury. Members may opt to give up (commute) pension for a lump sum up to the limits set by the

Finance Act 2004. All members who switched to **alpha** from the PCSPS had their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**.

The accrued pensions shown in this report are the pension the member is entitled to receive when they reach normal pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over normal pension age. Normal 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 in this report show pension earned in PCSPS or alpha – as appropriate. Where a member has benefits in both the PCSPS and alpha, the figures show the combined value of their benefits in the two schemes but note that the constituent parts of that pension may be payable from different ages.

When new public service pension schemes came into effect in 2015, there were transitional arrangements which treated existing scheme members differently based on their age. Older members of the PCSPS remained in that scheme, rather than moving to **alpha**. In 2018, the Court of Appeal found that the transitional arrangements in the public service pension schemes unlawfully discriminated against younger members.

As a result, steps are being taken to remedy those 2015 reforms, making the pension scheme provisions fair to all

members. The public service pensions remedy is made up of two parts. The first part closed the PCSPS on 31 March 2022, with all active members becoming members of **alpha** from 1 April 2022. The second part removes the age discrimination for the remedy period, between 1 April 2015 and 31 March 2022, by moving the membership of eligible members during this period back into the PCSPS on 1 October 2023. This is known as “rollback”.

For members who are in scope of the public service pension remedy, the calculation of their benefits for the purpose of calculating their Cash Equivalent Transfer Value and their single total figure of remuneration, as of 31 March 2023 and 31 March 2024, reflects the fact that membership between 1 April 2015 and 31 March 2022 has been rolled back into the PCSPS. Although members will in due course get an option to decide whether that period should count towards PCSPS or **alpha** benefits, the figures show the rolled back position i.e., PCSPS benefits for that period.

The **partnership** pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). 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).

Further details about the Civil Service pension arrangements can be found at the website www.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 as a consequence 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.

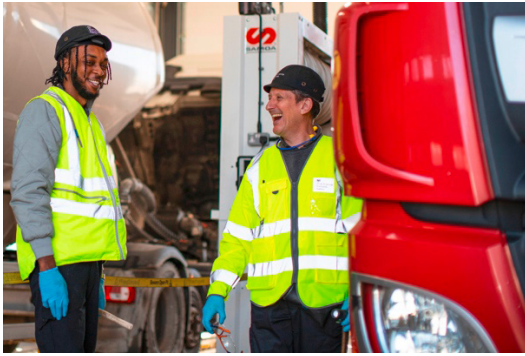
Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation or 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.

Compensation for loss of office (audited)

No directors left under voluntary exit or voluntary redundancy terms during 2023-24 (2022-23: Nil). No compensation payments were paid (2022-23: Nil).

Staff Report



Staff costs (audited)

An analysis of the agency's staff costs and expenditure on consultancy is provided in note 3 to the Accounts.

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme – known as “alpha” – are unfunded multi-employer defined benefit schemes in which DVSA is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2020. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservicepensionscheme.org.uk/about-us/resource-accounts/).

For 2023-24, employers' contributions of £37,405,000 were payable to the PCSPS (2022-23: £36,099,000) at one of four rates in the range 26.6% to 30.3% (2022-23: 26.6% to 30.3%) of pensionable pay, based on salary bands. The scheme's actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2023-24 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 which is a stakeholder pension with an employer contribution. Employers' contributions of £277,000 (2022-23: £262,000) were payable to Legal & General, the appointed stakeholder pension provider. Employer contributions are age related and range from 8.0% to 14.75%. Employers also match employee contributions up to 3.0% of pensionable pay. In addition, employer contributions of £9,000, 0.5% of pensionable pay (2022-23: £8,000, 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.

Contributions (included above) due to the partnership pension provider at the reporting period date were £23,000 (2022-23: £22,000).

5 persons (2022-23: 3 persons) retired on ill-health grounds during the year; no additional pension liabilities accrued in relation to these retirements (2022-23: Nil).

DVSA recognises the cost of providing employee benefits, such as holiday pay, in the period in which the employee earns the benefit.

Employee numbers (audited)

Average numbers of persons employed	Permanently employed staff No.	Others No.	2023-24 Total No.	2022-23 Total No.
Directly employed				
Senior Civil Servant	9	-	9	9
Grade 6	23	-	23	20
Grade 7	116	3	119	111
Senior Executive Officer	297	13	310	308
Higher Executive Officer	680	6	686	705
Executive Officer	2,422	3	2,425	2,444
Administration Officer	1,057	24	1,081	1,128
Administration Assistant	9	-	9	11
Total	4,613	49	4,662	4,736

The number of persons employed are shown as the number of full-time equivalent staff employed during the year. The category “Others” includes contractors and agency staff.

Civil service and other compensation schemes (audited)

Redundancy and other departure costs are paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Ill-health retirement costs are met by the pension scheme and are not included in the table.

During the financial year 2023-24 no exit costs were paid (2022-23: Nil) and no payments were made which were

not covered by the Civil Service Compensation Scheme (2022-23: Nil).

Review of tax arrangements of public sector appointees

Off-payroll engagements for more than £245 per day as at	31 March 2024 No.
Number of existing engagements	110
Of which:	
Number that have existed for less than one year	97
Number that have existed for between one and two years	11
Number that have existed for between two and three years	2

DfT confirms that all existing off-payroll engagements, outlined above, have at some point been subject to a risk-based assessment as to whether assurance is required that the individual is paying the right amount of tax and, where necessary, that assurance has been sought.

Off-payroll engagements during the year ended 31st March 2024 earning more than £245 per day	2023-24 No.
Number of engagements in the year	255
Of which:	
Number not subject to off-payroll legislation	248
Number assessed as out of the scope of IR35 tax legislation	7

Board members, and/or senior officials with significant financial responsibility during the financial year	2023-24
Number of Board members and/or senior officials with significant financial responsibility. This figure includes both off-payroll and on-payroll engagements.	6
Number of off-payroll engagements	-

Gender equality

DVSA has a number of staff network groups to help promote equality, diversity and inclusion and advise on these issues. As at 31 March 2024:

- four of the ten members of the DVSA Board were female
- six of the nine Senior Civil Servants employed by DVSA (including four members of the DVSA board) were female
- of the remaining workforce, 32% were female

The agency's gender pay gap information is published as part of the DfT Gender Pay Gap Report DfT: gender pay gap report and data 2022 – GOV.UK (www.gov.uk).

Sickness absence data

The agency maintains records of sickness absence in line with Cabinet Office definitions. The rolling 12-month non-COVID-19 sickness absence was 8.20 days per person to the end of March 2024 (March 2023: 7.52 days).

Staff turnover data

The agency monitors turnover rates in line with Cabinet Office guidelines to ensure an appropriate level of turnover is maintained. The turnover figure is calculated as the number of leavers within the reporting period divided by the average of staff in post over the period. DVSA's staff turnover rate for 2023-24 was 11.9% (2022-23: 14.3%).

Discrimination, bullying and harassment

The annual Civil Service People Survey, carried out in October 2023, identified that 8% of respondents had experienced discrimination (2022-23: 8%) and 10% (2022-23: 10%) had experienced bullying or harassment in the previous 12 months. The agency provides a mandatory training programme for all colleagues to build respect in the workplace and continues to ensure all receive this training.

Policy on employment of disabled persons

DVSA, as part of the Civil Service, is an equal opportunity employer. This means, amongst other things:

- giving full and fair consideration to applications for employment by the agency made by disabled persons, having regard to their particular aptitudes and abilities
- continuing the employment of, and arranging appropriate training for, employees of the agency who have become disabled persons during the period when they were employed by the agency

- providing for the training, career development and promotion of disabled persons employed by the agency

Employee involvement

The 2023 annual civil service staff engagement survey scored the agency at 53%, a decrease of 1 percentage point from 54% in 2022. The return rate for the survey was 70% in 2023 (2022: 76%). DVSA's 'My Manager' and 'Resources and Workload' themes remained the same as 2022.

Trade union facility time

Organisations are required to publish trade union facility time data. Trade union facility time is a legal entitlement and is allocated by DfT. Total time spent on union activities should equate to no more than 0.1% of the total pay bill and no-one should spend more than 50% of their time on such activities.

58 employees were trade union representatives during the year. No representatives spent more than 50% of their time on trade union facility activity. 14 of the representatives spent no time on trade union facility activity.

The cost to the agency of trade union facility time represents 0.03% of the pay bill of £227,800,000. None of the facility time was spent on paid trade union activities.

Parliamentary Accountability and Audit Report

Parliamentary Accountability Disclosures (audited)

This section on Parliamentary Accountability Disclosures is produced to comply with the requirements of the Companies Act 2006, adjusted for the public sector context as required by the HM Treasury Government Financial Reporting Manual 2023-24.

Regularity of income and expenditure

DVSA has complied with the regularity of expenditure requirements as set out in HM Treasury guidance.

The majority of DVSA's income is from statutory fees charging only what Parliament has authorised for the statutory services. The principal fees are set out in The Driving Theory Test Fees Regulations 2014, The Motor Vehicle (Driving Licences) Regulations 1999, The Goods Vehicles (Plating and Testing) Regulations 1988 and The Motor Vehicle (Tests) Regulations 1981.

Fees and charges

DVSA is required to set fees and charges to cover the full cost of the services provided, in accordance with Managing Public Money, and has complied with the cost allocation and charging requirements set out in HM Treasury guidance.

During the year, DVSA recorded the following income:

	2023-24 £m	2022-23 £m
Total income from operations	425.3	406.9
Of which:		
Income generated through fees and charges	421.3	402.6

DVSA is an executive agency of DfT and is largely funded from fees charged for the delivery of its operational activities. Services which are not funded by fees (such as some enforcement activity) are funded centrally via DfT.

Note 2 to the Accounts discloses the agency's income and costs by fee and non-fee funded activities, groups them by activity and shows the net income or net expenditure for each. DVSA has approximately 300 statutory fees therefore individual unit costs have not been reported. Individual fees charged by DVSA can be found at www.gov.uk.

During the accounting period the agency continued the process of reviewing its fees to ensure that it remains compliant over the medium term with the necessary legislation and guidelines, in particular Managing Public Money. Proposals include introducing a general fee increase before taking a staged approach to rebalancing income and costs by services over the medium to long term.

Losses and Special Payments	2023-24	2022-23
Losses		
Total number of losses	103	131
Total value of losses	£33,000	£50,000
Special Payments		
Total number of special payments	7,610	5,325
Total value of special payments	£1,115,000	£951,000

This includes ex-gratia payments of £697,000 (2022-23: £478,000) in respect of 7,593 cases (2022-23: 5,315). These payments are to driving test candidates to cover out of pocket expenses when tests are cancelled by the agency at short notice. All compensation payments are made in line with legal advice.

During the year there were no individual cases of losses or special payment over £300,000 (2022-23: none)

Remote contingent liabilities

There are no remote contingent liabilities.



Chief Executive and Accounting Officer
2 September 2024

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

Opinion on financial statements

I certify that I have audited the financial statements of the Driver and Vehicle Standards Agency the year ended 31 March 2024 under the Government Resources and Accounts Act 2000.

The financial statements comprise the Driver and Vehicle Standards Agency's:

- Statement of Financial Position as at 31 March 2024;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Driver and Vehicle Standards Agency's affairs as at 31 March 2024 and its net expenditure 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 for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. 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 am independent of the Driver and Vehicle Standards Agency 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 Driver and Vehicle Standards Agency'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 Driver and Vehicle Standards Agency'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 certificate.

The going concern basis of accounting for the Driver and Vehicle Standards Agency is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is 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 certificate and 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 certificate, I do not express any form of assurance conclusion thereon.

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 the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000.

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

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- 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 and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Driver and Vehicle Standards Agency 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 by the Driver and Vehicle Standards Agency or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or

- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; 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:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Driver and Vehicle Standards Agency from whom the auditor determines it necessary to obtain audit evidence;

- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view and are in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- assessing the Driver and Vehicle Standards Agency'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 the Driver and Vehicle Standards Agency 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.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations³, including fraud. The extent to which my procedures

-
- 3 Non-compliance is defined as acts of omission or commission intentional or unintentional, committed by the entity, or by those charged with governance, by management or by other individuals working for or under the direction of the entity, which are contrary to the prevailing laws or regulations. Non-compliance does not include personal misconduct unrelated to the business activities of the entity. ISA 700 uses the word “irregularities” to describe non-compliance with laws and regulations. We do not use the word irregularities to describe non-compliance within our certificates and reports as it has another meaning in the context of PN10.

are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Driver and Vehicle Standards Agency's accounting policies, and key performance indicators.
- inquired of management, the Driver and Vehicle Standards Agency's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Driver and Vehicle Standards Agency's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Driver and Vehicle Standards Agency's controls relating to compliance with the Government Resources and Accounts Act 2000, Managing Public Money, tax legislation,

employment law and the relevant statutes pertaining to the delivery of services.

- inquired of management, the Driver and Vehicle Standards Agency and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team and the relevant internal specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Driver and Vehicle Standards Agency for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, bias in management estimates and significant and unusual transactions. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Driver and Vehicle Standards Agency's framework of authority and other legal and regulatory frameworks in which the Driver and Vehicle Standards Agency operates. I focused on those laws and regulations that had a direct effect on material

amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Driver and Vehicle Standards Agency. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, Supply and Appropriation (Main Estimates) Act 2024, employment law, tax legislation and relevant statutes pertaining to the delivery of services.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management and the Audit and Risk Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports; and
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on 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.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including 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.

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income 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.

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 I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

Date 3 September 2024

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



The Accounts

Statement of Comprehensive Net Expenditure

For the year ended 31 March 2024

	Note	2023-24 £000	2022-23 £000
Income from operations			
Income from contracts with customers		421,164	402,431
Income from other operating activities		4,167	4,429
Total income from operations	2	425,331	406,860
Expenditure from operations			
Staff costs	3	(227,614)	(209,950)
Other operating charges	4	(192,879)	(176,402)
Depreciation, amortisation, impairment and profit/loss on asset disposal	6	(46,796)	(38,747)
Total expenditure from operations		(467,289)	(425,099)
Net operating expenditure		(41,958)	(18,239)
Finance income		16	17
Finance costs	5	(9,235)	(8,275)
Net finance costs		(9,219)	(8,258)
Net expenditure for the year		(51,177)	(26,497)
Other comprehensive net income			
Income and expenditure that will not be recycled through the Statement of Comprehensive Net Expenditure:			
Net gain on the revaluation of property, plant and equipment	6	10,004	8,861
Net gain on the revaluation of right-of-use assets	7	580	260
Total comprehensive net income/ (expenditure) for the year		(40,593)	(17,376)

Accounting policies and notes forming part of the Accounts are on pages 138 to 186.

Statement of Financial Position

As at 31 March 2024

	Note	31 March 2024 £000	31 March 2023 £000
Non-current assets			
Property, plant, and equipment	6	151,341	152,505
Right of use assets	7	119,304	104,664
Intangible assets	8	114,454	122,150
Trade and other receivables	10	2,020	2,288
Total non-current assets		387,119	381,607
Current assets			
Trade and other receivables	10	13,382	16,703
Assets held for sale	9	6,261	4,542
Cash and cash equivalents	15	109,676	99,022
Total current assets		129,319	120,267
Total assets		516,438	501,874
Current liabilities			
Trade and other payables	11	(107,530)	(111,735)
Lease liabilities	12	(16,566)	(14,011)
Provisions	13	(2,141)	(2,851)
Total current liabilities		(126,237)	(128,597)
Total assets less current liabilities		390,201	373,277
Non-current liabilities			
Lease liabilities	12	(106,915)	(92,849)
Provisions	13	(2,242)	(2,653)
Other payables	11	(13,970)	(13,983)
Total non-current liabilities		(123,127)	(109,485)
Net assets		267,074	263,792

	Note	31 March 2024 £000	31 March 2023 £000
Taxpayers' equity			
General fund	SoCTE	191,194	195,660
Revaluation reserve	SoCTE	75,880	68,132
Total taxpayers' equity		267,074	263,792

Accounting policies and notes forming part of the Accounts are on pages 138 to 186.



Chief Executive and Accounting Officer
2 September 2024

Statement of Cash Flows

For the year ended 31 March 2024

	Note	2023-24 £000	2022-23 £000
Cash flows from operating activities			
Net operating expenditure	SoCNE	(41,958)	(18,239)
Adjustments for non-cash transactions	15	47,525	37,340
(Increase) in trade and other receivables	10	3,589	(632)
(Decrease)/increase in trade and other payables	11	(6,101)	(1,494)
Use of provisions	13	(1,602)	(757)
Net cash inflow from operating activities		1,453	16,218
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(4,959)	(7,514)
Purchase of intangible assets	8	(11,288)	(25,986)
Proceeds of disposal of property, plant and equipment	6	499	7,446
Net cash (outflow) from investing activities		(15,748)	(26,054)

	Note	2023-24 £000	2022-23 £000
Cash flows from financing activities			
Interest received on cash balances		16	17
Capital repayments made under lease liabilities	12	(9,543)	(6,986)
Interest payments made under lease liabilities	12	(9,274)	(8,507)
DfT Supply funding received in year	SoCTE	43,750	23,842
Net financing		24,949	8,366
Net (decrease) in cash and cash equivalents			
	15	10,654	(1,470)
Cash and cash equivalents at the beginning of the year		99,022	100,492
Cash and cash equivalents at the end of the year		109,676	99,022

Accounting policies and notes forming part of the Accounts are on pages 138 to 186.

Statement of Changes in Taxpayers' Equity For the year ended 31 March 2024

	General Fund £000	Revaluation Reserve £000	Total Taxpayers' Equity £000
Balance as at 1 April 2022	192,327	64,884	257,211
Changes in 2022-23			
Net expenditure for the year	(26,497)	-	(26,497)
Revaluation gains and losses	-	9,121	9,121
Transfers between reserves	5,873	(5,873)	-
Non-cash charges: auditors' remuneration	115	-	115
Supply funding from DfT	23,842	-	23,842
Total	3,333	3,248	6,581
Balance as at 31 March 2023	195,660	68,132	263,792
Changes in 2023-24			
Net expenditure for the year	(51,177)	-	(51,177)
Revaluation gains and losses	-	10,584	10,584
Transfers between reserves	2,836	(2,836)	-
Non-cash charges: auditors' remuneration	125	-	125
Supply funding from DfT	43,750	-	43,750
Total	(4,466)	7,748	3,282
Balance as at 31 March 2024	191,194	75,880	267,074

Accounting policies and notes forming part of the Accounts are on pages 138 to 186.

Notes to the Accounts

Note 1 – Statement of accounting policies

These Accounts have been prepared in accordance with UK adopted International Accounting Standards as adapted and interpreted by HM Treasury's Government Financial Reporting Manual (FReM).

Where the FReM permits a choice of accounting policy, the policy judged most appropriate to give a true and fair view has been selected. These accounting policies have been applied consistently in dealing with items considered material to the Accounts.

There is one new standard, IFRS 17 *Insurance Contracts* which requires a discounted cash flow approach to accounting for insurance contracts. We will adopt IFRS 17 in the financial year commencing 1 April 2025 and the impact is not expected to materially affect DVSA's Accounts.

a) Basis of preparation

The Accounts have been prepared under the historical cost convention, modified for the revaluation of property, plant and equipment. The financial statements have been prepared in accordance with the Accounts Direction issued by HM Treasury on 14 December 2023; [DAO_06/23_DAO__23__06_Non_bespoke_accounts_direction_2023-24.pdf](#) (publishing.service.gov.uk).

In the context of entities in the public sector, the anticipated continuation of a service in the future is normally sufficient evidence of going concern. The

Accounts 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. There are no such plans for at least 12 months from the date of approval of the Accounts and consequently have prepared the Accounts on a going concern basis.

b) Income recognition

DVSA recognises income from contracts with customers when performance obligations under those contracts are satisfied. This includes income from statutory fees and charges, in accordance with IFRS 15 as adapted by the FReM.

Income outside the scope of IFRS 15 is classified as income from other operating activities.

The following table describes the income recognition approach for each service:

Products and services	Nature, timing of satisfaction of performance obligations and significant payment terms
Theory and practical driving tests	Theory and practical driving tests are booked and paid for in advance of the delivery of the services. DVSA recognises income at completion of the test.
Administering the MOT service	Authorised examiners purchase 'slots' for the capability to deliver an MOT test, issue a certificate and record the result. DVSA recognises slot fee income when the testing 'slots' are sold. Once sold, DVSA has no further obligation, whether slots are used or not.
First and annual testing of heavy goods vehicles and public service vehicles	Vehicle tests are booked and paid for in advance of the delivery of the services. DVSA recognises income at completion of the test.
Application for operator licences and the granting of licences/ Registration of bus routes	Income from applications for operator licences and registration of bus routes is recognised at the time of application and grant. For all grants of licences and continuation fees, income is released over the period of the licence.
Managing statutory and other registers	For all fees for inclusion on registers, income is released over the period of the registration.

c) Central departmental funding

Departmental funding is treated as a contribution rather than income. As a result, department “supply” funding is credited to reserves at the time of receipt, rather than recognised as income in line with IAS 20.

d) Value Added Tax

DVSA comes under the DfT group VAT registration. Where allowable, VAT is recovered on expenditure in relation to its statutory activities in accordance with HM Treasury’s Contracted Out Services Direction and in relation to business activities under the Value Added Tax Act 1994.

VAT is charged on taxable business activities.

Income and expenditure are shown net of VAT and VAT is charged to the relevant expenditure category where it is irrecoverable or, if appropriate, capitalised within additions to non-current assets.

e) Segmental Reporting

It is not necessary for DVSA to provide segmental reporting under IFRS 8 because it operates as a single agency within a single market (Great Britain). An analysis of income and expenditure for key activities is provided in note 2. An analysis of assets and liabilities by activity is not provided given these are not regularly reported internally.

f) Valuation of property, plant and equipment

DVSA’s property portfolio is analysed into its three categories for valuation purposes; specialist assets

valued at depreciated replacement cost (DRC), non-specialist assets valued at existing use value (EUUV) and surplus assets valued at market value (MV). Multi-purpose test centres and enforcement sites located near to major trunk roads are classified as specialist assets. Specialist properties are valued on a DRC basis on a four-year cycle with the values of those properties not valued in the current year being indexed in the intervening years.

All other properties held for their service potential are deemed non-specialist and are valued on an EUUV basis on a four-year cycle with higher value properties (i.e. those valued at over £750k) valued annually. A breakdown of the valuation basis used for land and buildings is included in note 6.

Surplus properties planned for disposal are valued on an MV basis (as this represents the net realisable value of the asset) on a four-year cycle with higher value properties (i.e. those valued at over £750k) valued annually. They continue to be depreciated until they meet the criteria to transfer to “held for sale” – see assets held for sale – note 1 j).

Valuations are completed by Marc Seabrook, District Valuer Services, in accordance with the RICS Appraisal and Valuation Manual and the FReM.

All other tangible assets (plant and equipment, vehicles, and IT hardware) are revalued annually using indices published by the ONS. Indexation is first applied in the year following acquisition.

Title to Properties

Legal title to freehold land and buildings is held in the name of the Secretary of State for Transport. The control and management are vested in DVSA as if legal transfer has been affected.

The title to a small number of freehold enforcement sites is held by National Highways. DVSA holds all of the risks and rewards of ownership of these assets.

Capitalisation

The minimum level for capitalisation as a non-current asset is £5,000 for individual assets. Items of a lower value may be capitalised and recognised as assets where these form part of a larger group of assets or a specific project.

g) Assets under construction

DVSA capitalises the value of assets under construction at cost, including costs directly attributable to bringing the asset to its intended location and condition necessary for use. All assets that have not been commissioned during the year, but which are still in the course of construction at year end are classified accordingly at year end.

h) Intangible assets

Intangible assets consist of some software licences and IT system developments including Cloud-based software and contractual arrangements which give rise to significant future benefits.

Expenditure on IT systems development is capitalised if it is probable that it will generate future economic benefits.

Expenditure capitalised includes project management, bought in services and the payroll costs of permanent staff working directly on the developments. General overhead is not included. Systems under development are shown as Assets Under Construction until they become operational and are subject to an annual impairment review.

Intangible assets are held at amortised cost as a proxy to depreciated/amortised replacement cost.

i) Depreciation and amortisation

No depreciation is charged on freehold land or assets under construction. Assets with a determinable useful economic life are depreciated at rates calculated to write off the assets over their expected useful economic lives on a straight-line basis from the month that the asset is brought into use.

The asset categories and estimated useful lives are as follows:

Freehold buildings	5 – 65 years
Plant and machinery	3 – 10 years
Transport equipment	3 – 10 years
IT equipment	3 – 7 years
IT system developments and software	2 – 10 years

Leasehold property and leasehold improvements are fully written down over the term of the lease with the exception of the Chadderton enforcement site where the lease is 999 years, and the leasehold property is written down over 60 years.

Contractual arrangements are fully written down over the term of the contract.

j) Assets held for sale

Assets held for sale comprise properties, plant and equipment that are no longer in operational use and are available for immediate sale in their present condition and are being actively marketed. The assets are reclassified from non-current to current assets at fair value. Assets held for sale are not depreciated.

k) Leases

Scope and classification

Contracts, or parts of a contract that convey the right to use an asset in exchange for consideration, are classified as leases and are accounted in accordance with IFRS 16 – Leases. The FReM expands the scope of IFRS 16 to include arrangements with nil consideration.

DVSA deems a contract or part of the contract to be a lease in substance if DVSA controls the use of an identified asset, as represented by rights to obtain substantially all the economic benefits from that asset and to direct its use. In such cases, the relevant part is treated as a lease.

DVSA excludes contracts for low-value items defined as items costing less than £5,000 when new, provided they are not highly dependent on or integrated with other items; and contracts with a term shorter than twelve months (comprising the non-cancellable period together with any extension options that DVSA is reasonably

certain to exercise and any termination options that DVSA is not certain to exercise).

When lease payments become payable, VAT may be chargeable and may not be recoverable. Even where not recoverable such payments are not included in the valuation of the lease liability nor the associated RoU asset in line with accepted accounting practice.

Initial recognition

At the commencement of a lease (or the IFRS 16 transition date, if later) DVSA recognises a right-of-use asset and a lease liability.

The lease liability is measured as the payments for the remaining lease term net of irrecoverable value added tax, discounted either by the rate implicit in the lease, or, where this cannot be determined, DVSA's incremental cost of borrowing. The lease term reflects DVSA's assessment of the likelihood that it will exercise lease extension or cancellation options. The liability is based on payments that are fixed or in-substance fixed and excludes changes such as those arising from future rent reviews or changes in an index. For DVSA, the incremental cost of borrowing is the rate advised by HM Treasury for that calendar year (2023: 3.51%). The lease liability is presented within note 12.

The right-of-use asset is initially measured at the value of the liability, adjusted for: any advance payments made or amounts due before the commencement date; lease incentives received; incremental costs of obtaining the lease; and any disposal costs at the end of the lease.

However, where the lease requires nominal or nil consideration (a type of arrangement often described as a “peppercorn” lease), the FReM requires that the asset be measured at its current value in existing use.

Subsequent measurement

The asset is subsequently measured using the fair value model. DVSA considers the cost model to be a reasonable proxy for this, except for leases of land and property without regular rent reviews and leases for land only.

The liability is adjusted for the accrued interest, repayments, and reassessments and modifications. Modifications are measured by re-discounting the revised cash flows; the impact is reflected in the liability and either in the asset valuation or expenditure.

Lease expenditure

Expenditure includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering events, such as rent reviews, occurred. Lease payments reduce the lease liability. Rental payments for leases of low-value items or shorter than twelve months are expensed.

DVSA as lessor

For these arrangements, DVSA assesses whether the leases are finance or operating leases. For finance leases, the asset is derecognised and a lease receivable recognised. Interest is accrued throughout the year

and recognised as income. For operating leases, rental income is recognised on a systematic basis, usually straight-line, over the lease term.

Estimates and judgements

DVSA determines the amounts to be recognised as the right-of-use asset and lease liability for embedded leases based on the stand-alone price of the lease and non-lease component or components. This reflects prices for leases of the underlying asset, where these are observable; otherwise DVSA uses other observable data, including the fair values of similar assets, or prices of contracts for similar non-lease components.

The FReM requires right-of-use assets held under “peppercorn” leases to be measured at existing use value. These leases include historic, long-term leases as well as more recent arrangements. To identify such leases, DVSA has distinguished between nominal consideration and consideration that is low, but proportionate to the asset’s value (for example, the lease of a small area of land with few alternative uses). This distinction reflects, so far as possible, recent, observable market arrangements for comparable assets (for example, current rentals); otherwise, based on DVSA’s own arrangements.

Where, for peppercorn leases, existing use value is required, this is calculated using market value rentals provided by external property consultants, over the lease term. Market value rentals will be provided on a regular basis.

l) Cash and cash equivalents

Cash is held within a current account with the Government Banking Service. Cash not required for short term operational needs is deposited with the National Loans Fund. The agency does not have any bank overdrafts.

m) Financial instruments

Financial instruments are contractual arrangements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The agency has considered the requirements of the relevant accounting standards (IAS 32 and IFRS 9) and has disclosed within note 16 the information it is required to report.

The carrying values of the agency's financial assets and liabilities at 31 March 2024 are considered to represent fair value. This is due to the short-term nature of the financial instruments held.

The agency does not account for any fixed rate financial assets and liabilities at fair value through the Statement of Comprehensive Net Expenditure, and the agency has not designated any derivatives as hedging instruments under the fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect the deficit position.

Trade and other receivables are recognised initially at the original invoiced amount. Subsequent to initial recognition, they are shown at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables are recognised initially at original invoiced amount at the time the amount becomes payable under the contract.

n) Provisions

Provisions have been established under the criteria of IAS 37. Discount rates set by HM Treasury are applied to take account of the time value of money where significant cash flows are expected to arise beyond the next financial period.

o) Contingent liabilities

Contingent liabilities have been assessed under the IAS 37 criteria as the possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly in control of the agency; or a present obligation that arises from past events but is not recognised because either:

- it is not probable that an outflow of resource embodying economic benefits will be required to settle the obligation or
- the amount of the obligation cannot be measured with sufficient reliability

p) Critical accounting judgements and estimates

The preparation of these Accounts requires management to make judgements and estimates that affect the amounts reported for assets and liabilities as at the date of the Statement of Financial Position, and the amounts reported as income and expenditure during the

year. Owing to the nature of these estimates, the actual outcome may differ from these estimates. Areas which the DVSA believes require the most critical accounting judgments and estimates are:

- Provision for liabilities and charges
- Impairment
- Asset valuation and asset lives
- Apportionment of costs to statutory activities

Provision for liabilities and charges

Provisions are based on realistic and prudent estimates of future expenditure required to settle present legal or constructive obligations that exist in respect of cases such as lease obligations, restructuring of activities, contractual obligations and personal claims against the agency. Estimates are calculated using, for example, past experience and specialist advice; they are then reviewed regularly and adjusted to reflect the latest estimate of the liability. Where settlements are anticipated to be after more than one year, the future estimated cash flows are discounted to present values using the appropriate discount rate set by HM Treasury.

Impairment

All assets are assessed at the end of each reporting period for indications for impairment. A review of intangible assets under construction is undertaken annually to ensure that the assets are carried at no more than their recoverable amount – the amount to be recovered through use or sale of the asset. This exercise

firstly involves a review of the capital expenditure for costs that are judged not to contribute sufficiently to the final asset and secondly a general review of the costs versus benefits of the asset. The review process relies on uncertain estimates of asset costs and benefits, as well as assumptions on technological obsolescence and future political or regulatory developments. These assumptions are regularly considered by management and costs and benefits for capital projects are scrutinised regularly by DVSA's Investment and Change Committee and by DfT where applicable. Digital projects also follow Cabinet Office governance arrangements aimed at reducing the risk of obsolescence.

The results of the impairment review conducted during the year are summarised in notes 6 and 8.

Asset valuations

Management uses the advice of independent professional advisers to value the property estate in line with the policy stated in note 1(f) above. Approximately 50% of the net book value of land and buildings relates to specialist assets which are valued at depreciated replacement cost (DRC). DRC is arrived at by determining a gross replacement cost for each asset which is then adjusted to reflect the remaining service potential of the asset. This adjusted gross replacement cost is the DRC. The determination of the gross replacement cost follows guidelines issued by RICS and requires certain assumptions, including the assessment of the costs of constructing a modern equivalent asset.

The adjustment to DRC reflects management's best estimate of the future useful life of the asset.

Other tangible assets are revalued using indices. Management confirms annually that the indices used remain appropriate.

Asset lives

The useful lives and residual values of assets are determined by management at the time the asset is acquired and reviewed regularly for appropriateness. The lives are based on experience with assets of a similar nature as well as consideration of future events which may impact their lives.

Apportionment of costs to statutory activities

Note 2 to the Accounts shows the income and expenditure relating to DVSA's activities.

A number of assumptions are used in applying expenditure to income generating activities. Costs are apportioned based on management's best estimate of the driver of those costs, for example throughput of tests, length of tests and staff employed.

q) Graduated fixed penalties deposit collection

DVSA collects fixed penalties and bus fines on behalf of HM Treasury for vehicle related offences and bus services operator offences. Amounts collected are paid to HM Treasury. The transactions related to this activity do not form part of DVSA's Accounts. A memorandum of activity can be found in note 21 and is prepared in accordance with the accounting policies used by DVSA.

Note 2 – Income and net income/(expenditure) on activities

In the following table, financial performance is analysed by activity. The table also includes a disaggregation of revenue by each type of activity.

	2023-24				2022-23					
	Income		Expenditure		Income		Expenditure			
	Customer Contracts £000	Other £000	Total £000	Net income/ (expenditure) £000	Customer Contracts £000	Other £000	Total £000	Net income/ (expenditure) £000		
Activities funded by fees										
Driver services	253,454	375	253,829	(291,945)	(38,116)	235,722	335	236,057	(264,072)	(28,015)
Vehicle services	82,368	3,648	86,016	(100,823)	(14,807)	81,286	3,494	84,780	(91,480)	(6,700)
MOT service	70,338	41	70,379	(36,916)	33,463	69,787	25	69,812	(33,287)	36,525
Licensing services	12,167	23	12,190	(20,544)	(8,354)	12,732	15	12,747	(20,003)	(7,256)
Other services	2,837	80	2,917	(1,972)	945	2,904	560	3,464	(2,729)	735
	421,164	4,167	425,331	(452,200)	(26,869)	402,431	4,429	406,860	(411,571)	(4,711)
Activities not funded by fees										
Total	421,164	4,167	425,331	(476,508)	(24,308)	402,431	4,429	406,860	(433,357)	(26,497)

DVSA is largely funded from fees charged for the delivery of its operational activities. Services which are not funded by fees (such as some enforcement activity) are funded centrally via DfT. These are shown as activities not funded by fees in the table above.

Income from customer contracts has increased by £18,733,000 from the previous year. This was primarily due to increased car practical driving tests. Expenditure has increased with the additional operational activity, investments in systems and inflationary pressures.

Driver services includes practical tests, theory tests and related standards, accreditation and compliance activities. Income and expenditure have risen from the previous year following increased testing, in particular car practical and theory tests. Expenditure has also been impacted by investments in systems, increased staff and estate costs and property impairments.

Vehicle services includes heavy vehicle testing and compliance activities. Income has increased slightly compared to the prior year; however, this has been more than offset by additional costs following improvements to systems and increased staff costs.

Underlying performance of the MOT service has remained stable. The decrease in net income compared to the previous year has mainly arisen from increased IT system and innovation costs. The net income in this area offsets unplanned net expenditure in other service areas at agency level.

Licensing services income has decreased slightly compared to 2022-23. This, together with increased staff costs, has led to the rise in net expenditure.

Other services mainly comprise publications and training activities.

Note 3 – Staff costs

	Permanently employed staff £000	Others £000	2023-24 Total £000	2022-23 Total £000
Wages and salaries	167,769	5,332	173,101	158,492
Social security costs	17,343	-	17,343	16,329
Pension costs	37,365	-	37,365	35,988
Total costs	222,477	5,332	227,809	210,809
Less recoveries in respect of outward secondments	(77)	-	(77)	(85)
Less capitalised costs	(24)	(94)	(118)	(774)
Total net staff costs	222,376	5,238	227,614	209,950

Other staff costs consist of contractors and temporary staff. In addition to the costs in the above table, £680,000 (2022-23: £593,000) was spent on consultancy.

Note 4 – Other operating charges

	2023-24	2022-23
	£000	£000
Outsourced theory test costs	51,498	46,712
Information Technology – running costs	47,356	36,756
Accommodation and equipment costs	38,566	32,342
Professional and contracted services	17,847	28,163
Travel and subsistence	11,499	10,383
Rentals under operating leases	5,109	6,085
Staff related costs	5,710	6,635
Information Technology – support to development programmes	5,958	2,976
Auditors' remuneration and expenses	125	115
Other	9,211	6,235
Total other operating charges	192,879	176,402

No non-audit services were provided by the auditor in 2023-24 or 2022-23.

Note 5 – Finance costs

		2023-24	2022-23
	Note	£000	£000
Interest charges on IFRS 16 lease liabilities	12	9,358	8,511
Unwinding of discount on provisions	13	(123)	(236)
Total finance costs		9,235	8,275

Note 6 – Property, plant and equipment

2023-2024	Land £000	Buildings £000	IT Equipment £000	Plant and Machinery £000	Transport Equipment £000	Assets Under Construction £000	Total £000
Cost or valuation							
At 1 April 2023	54,843	117,309	26,992	5,870	15,973	5,030	226,017
Additions	-	496	-	176	64	4,452	5,188
Disposals	-	-	-	-	(1,455)	-	(1,455)
Reclassifications	(2,366)	1,741	208	48	66	(4,031)	(4,334)
Revaluations	6,108	1,606	321	3	37	-	8,075
At 31 March 2024	58,585	121,152	27,521	6,097	14,685	5,451	233,491
Depreciation							
At 1 April 2023	-	37,279	20,328	4,865	11,040	-	73,512
Charge for the year	-	5,749	3,431	298	2,163	-	11,641
Disposals	-	-	-	-	(1,455)	-	(1,455)
Reclassifications	-	(1,820)	-	-	-	-	(1,820)
Revaluations	-	-	244	3	25	-	272
At 31 March 2024	-	41,208	24,003	5,166	11,773	-	82,150
Carrying value							
At 1 April 2023	54,843	80,030	6,664	1,005	4,933	5,030	152,505
At 31 March 2024	58,585	79,944	3,518	931	2,912	5,451	151,341
Asset financing							
Owned assets	58,585	54,228	3,518	931	2,912	5,451	125,625
Enhancements to lease property	-	25,716	-	-	-	-	25,716
At 31 March 2024	58,585	79,944	3,518	931	2,912	5,451	151,341

Properties are valued in accordance with the policy outlined in note 1(f). Of the total net book value of land and buildings, 50% relates to specialist assets which are held at depreciated replacement cost, 32% relates to non-specialist assets which are held at existing use value, and 18% relates to surplus assets, which are held at market value.

Leasehold assets comprise buildings on leased land including multi-purpose test centres and goods vehicle testing stations, and capitalised expenditure for works on properties held under operating leases. The majority of the closing assets under construction balance relates to buildings.

Additions in 2023-24 include £809,000 (2022-23: £580,000) in relation to accrued capital expenditure.

The net book value of reclassifications includes £2,513,000 (2022-23: £350,000) for land and buildings transferred to assets held for sale.

2022-23	Land £000	Buildings £000	IT Equipment £000	Plant and Machinery £000	Transport Equipment £000	Assets Under Construction £000	Total £000
Cost or valuation							
At 1 April 2022	54,874	119,952	24,739	5,422	14,376	3,545	222,908
Additions	-	22	3,223	-	4	4,177	7,426
Disposals	(3,295)	(10,567)	(2,150)	(581)	(382)	-	(16,975)
Reclassifications	(205)	276	368	690	1,102	(2,692)	(461)
Revaluations	3,469	7,626	812	339	873	-	13,119
At 31 March 2023	54,843	117,309	26,992	5,870	15,973	5,030	226,017
Depreciation							
At 1 April 2022	-	39,161	18,602	4,755	8,628	-	71,146
Charge for the year	-	6,270	3,234	275	2,339	-	12,118
Disposals	-	(8,041)	(2,146)	(573)	(332)	-	(11,092)
Reclassifications	-	(111)	-	110	(110)	-	(111)
Revaluations	-	-	638	298	515	-	1,451
At 31 March 2023	-	37,279	20,328	4,865	11,040	-	73,512
Carrying value							
At 1 April 2022	54,874	80,791	6,137	667	5,748	3,545	151,762
At 31 March 2023	54,843	80,030	6,664	1,005	4,933	5,030	152,505
Asset financing							
Owned assets	54,843	53,381	6,664	1,005	4,933	5,030	125,856
Enhancements to lease property	-	26,649	-	-	-	-	26,649
At 31 March 2023	54,843	80,030	6,664	1,005	4,933	5,030	152,505

Depreciation, amortisation, impairment and profit/loss on asset disposal

	Note	2023-24 £000	2022-23 £000
Depreciation of property, plant and equipment	6	11,641	12,118
Amortisation of intangible assets	8	20,640	17,765
Depreciation of right of use assets	7	10,828	9,206
(Profit) on disposal of assets		(16)	(3,163)
Capital grant in kind		-	2,450
Net (write back)/impairment of non-current assets	6&8	-	350
Net impairment of IFRS16	7	1,192	3,138
Revaluation of property, plant and equipment not taken to the revaluation reserve	6	2,511	(3,116)
Total		46,796	38,748

The capital grant in kind relates to the transfer of DVSA's headquarters property in Bristol to the Government Property Agency on 1 April 2022.

Revaluations and impairments

The overall result of revaluations and impairments of assets (including intangible assets and assets held for sale) in the Statement of Comprehensive Net Expenditure (SoCNE) and on taxpayers' equity (other comprehensive net income) is:

	(Charged)/Credited to:					
	SoCNE		Other comprehensive net income		Total	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23
	£000	£000	£000	£000	£000	£000
Revaluations	(2,511)	3,116	10,004	8,861	7,493	11,977
Impairments	-	(350)	-	-	-	(350)
Total	(2,511)	2,766	10,004	8,861	7,493	11,627

Proceeds of disposal of property, plant and equipment

	2023-24	2022-23
	£000	£000
Cash receipts, including those from assets held for sale	499	7,446

Proceeds also include the sale of assets held for sale (note 9) with a net book value of £484,000 (2022-23: £850,000). Proceeds above or below the book value are recognised as profits or losses on disposal.

Note 7 – Right of use assets

2023-24	Land & Buildings £000	Vehicles £000	Total £000
Cost or valuation			
At 1 April 2023	112,649	8,324	120,973
Additions	4,293	5,581	9,874
De-recognition	(1,115)	(87)	(1,202)
Impairments	(1,192)	-	(1,192)
Revaluations	580	-	580
Remeasurement	16,261	(55)	16,206
At 31 March 2024	131,476	13,763	145,239
Depreciation			
At 1 April 2023	12,443	3,866	16,309
Charge for the year	7,061	3,767	10,828
De-recognition	(1,115)	(87)	(1,202)
At 31 March 2024	18,389	7,546	25,935
Carrying value			
At 1 April 2023	100,206	4,458	104,664
At 31 March 2024	113,087	6,217	119,304

Right-of-use assets are measured using the fair value model. DVSA considers the cost model to be a reasonable proxy for this, except for leases of land and property without regular rent reviews and leases for land only.

2022-23	Land & Buildings £000	Vehicles £000	Total £000
Cost or valuation			
At 1 April 2022	106,206	4,879	111,085
Additions	8,522	3,532	12,054
De-recognition	(1,437)	(87)	(1,524)
Impairments	(3,138)	-	(3,138)
Revaluations	260	-	260
Remeasurement	2,236	-	2,236
At 31 March 2023	112,649	8,324	120,973
Depreciation			
At 1 April 2022	7,099	1,510	8,609
Charge for the year	6,763	2,443	9,206
De-recognition	(1,419)	(87)	(1,506)
At 31 March 2023	12,443	3,866	16,309
Carrying value			
At 1 April 2022	99,107	3,369	102,476
At 31 March 2023	100,206	4,458	104,664

Note 8 – Intangible assets

2023-24	IT Software £000	Contractual Arrangements £000	Assets Under Construction £000	Total £000
Cost or valuation				
At 1 April 2023	191,985	17,720	32,819	242,524
Additions	10,141	-	2,803	12,944
Disposal	(12,026)	-	-	(12,026)
Reclassifications	29,857	-	(29,857)	-
At 31 March 2024	219,957	17,720	5,765	243,442
Amortisation				
At 1 April 2023	114,775	5,599	-	120,374
Charge for the year	17,092	3,548	-	20,640
Disposal	(12,026)	-	-	(12,026)
At 31 March 2024	119,841	9,147	-	128,988
Carrying value				
At 1 April 2023	77,210	12,121	32,819	122,150
At 31 March 2024	100,116	8,573	5,765	114,454

All intangible assets are owned. The closing assets under construction balance relates to investment in software development.

Additions in 2023-24 include £1,249,000 (2022-23: £2,903,000) in relation to accrued capital expenditure.

Assets under construction reclassifications relate mainly to software for the HGV Testing Service which was brought into use in 2023.

No impairments were identified during the year (2022-23: £350,000).

Analysis of Intangible assets	Remaining Life At 31 March 2024 £000	Net Book Value At 31 March 2024 £000
MOT system	5 years	30,743
Vehicle Operator Licensing System	2 years	2,762
Driver practical test system	6 years	4,591
HGV testing system	9 years	23,446
Theory test service	8 years	23,109
Contractual arrangements	3 years	8,574
Enforcement Casework Transformation	10 years	8,125
Other in use systems	Up to 10 years	7,340
Assets under construction	n/a	5,764
Total		114,454

	IT Software £000	Contractual Arrangements £000	Assets Under Construction £000	Total £000
2022-23				
Cost or valuation				
At 1 April 2022	192,210	17,582	11,443	221,235
Additions	1,718	-	22,667	24,385
Disposal	(2,746)	-	-	(2,746)
Impairments	(350)	-	-	(350)
Reclassifications	1,153	138	(1,291)	-
At 31 March 2023	191,985	17,720	32,819	242,524
Amortisation				
At 1 April 2022	103,304	2,051	-	105,355
Charge for the year	14,217	3,548	-	17,765
Disposal	(2,746)	-	-	(2,746)
At 31 March 2023	114,775	5,599	-	120,374
Carrying value				
At 1 April 2022	88,906	15,531	11,443	115,880
At 31 March 2023	77,210	12,121	32,819	122,150

Analysis of Intangible assets	Remaining Life At 31 March 2023 £000	Net Book Value At 31 March 2023 £000
MOT system	6 years	30,250
Vehicle Operator Licensing System	3 years	3,831
Driver practical test system	7 years	5,356
HGV testing system	7 years	5,955
Theory test service	9 years	23,140
Contractual arrangements	4 years	12,121
Other in use systems	Up to 10 years	8,678
Assets under construction:		
HGV testing system	n/a	20,033
Other	n/a	12,786
Total		122,150

Note 9 – Assets held for sale

	2023-24 £000	2022-23 £000
At 1 April 2023	4,542	4,733
Disposals of assets	(484)	(850)
Transferred in year as assets held for sale	2,513	350
Revaluations	(310)	309
At 31 March 2024	6,261	4,542

Note 10 – Trade and other receivables

	31 March 2024	31 March 2023
Amounts falling due within one year	£000	£000
Trade receivables	447	861
Recoverable VAT	6,110	5,875
Prepayments and accrued income	6,047	9,952
Other receivables	778	15
Total	13,382	16,703

	31 March 2024	31 March 2023
Amounts falling due after more than one year	£000	£000
Other receivables	2,020	2,288
Total	2,020	2,288

Total trade and other receivables include £3,384,000 (2022-23: £3,401,000) of receivables relating to contracts with customers.

The decrease in total trade and other receivables excluding non-cash movements during the year is £3,589,000 (2022-23: £632,000 increase).

Note 11 – Trade and other payables

	31 March 2024	31 March 2023
	£000	£000
Amounts falling due within one year		
Trade payables	1,528	1,641
Other payables	8,306	7,757
Accruals	30,436	36,058
Deferred income – contracts with customers	67,168	66,279
Deferred income – grant funding	92	-
Total	107,530	111,735

	31 March 2024	31 March 2023
	£000	£000
Amounts falling due after more than one year		
Deferred income – contracts with customers	13,970	13,983
Total	13,970	13,983

Deferred income relating to contracts with customers primarily relates to pre-booked driver and vehicle tests as well as prepaid operator licence and approved driving instructor registration fees.

Deferred income – contracts with customers	£000
At 1 April 2023	80,262
Revenue recognised that was included in the deferred income balance at the beginning of the period	(66,279)
Increases due to cash received, excluding amounts recognised as revenue during the period	67,155
At 31 March 2024	81,138

The decrease in trade and other payables during the year is £6,101,000 (2022-23: £1,494,000 decrease).

Note 12 – Lease liabilities

2023-24

	Land & Buildings £000	Vehicles £000	Total £000
Lease liability			
At 1 April 2023	103,260	3,600	106,860
Additions	4,293	5,581	9,874
Interest accrued in year	9,240	118	9,358
Payments	(14,674)	(4,143)	(18,817)
Remeasurement	16,261	(55)	16,206
At 31 March 2024	118,380	5,101	123,481
Current portion			
Current portion	13,578	2,988	16,566
Non-current portion			
Non-current portion	104,802	2,113	106,915
At 31 March 2024	118,380	5,101	123,481
<u>Obligations under leases</u>			
Not later than one year	14,941	2,968	17,909
Later than one year and not later than five years	54,170	2,194	56,364
Later than five years and not later than ten years	58,458	-	58,458
Later than ten years and not later than one hundred years	170,413	-	170,413
Later than one hundred years	9,868	-	9,868

2023-24	Land & Buildings £000	Vehicles £000	Total £000
	307,850	5,162	313,012
Less interest	(189,470)	(61)	(189,531)
At 31 March 2024	118,380	5,101	123,481
<u>Lease Charges within SoCNE</u>			
Expense relating to short term leases	1,731	186	1,917
Expense relating to VAT	2,485	326	2,811
Total	4,216	512	4,728
<u>Cash outflow for Leases</u>			
Cash outflow – interest	(9,222)	(52)	(9,274)
Cash outflow – capital element	(5,452)	(4,091)	(9,543)
Total cash outflow for leases	(14,674)	(4,143)	(18,817)

	Land & Buildings	Vehicles	Total
	£000	£000	£000
2022-23			
Lease liability			
At 1 April 2022	98,106	2,341	100,447
Additions	7,645	3,532	11,177
Interest accrued in year	8,467	44	8,511
Payments	(13,176)	(2,317)	(15,493)
Remeasurement	2,218	-	2,218
At 31 March 2023	103,260	3,600	106,860
Current portion			
Current portion	11,474	2,537	14,011
Non-current portion	91,786	1,063	92,849
At 31 March 2023	103,260	3,600	106,860
Obligations under leases			
Not later than one year	13,074	2,571	15,645
Later than one year and not later than five years	46,240	1,059	47,299
Later than five years and not later than ten years	49,866	-	49,866
Later than ten years and not later than one hundred years	156,041	-	156,041
Later than one hundred years	9,936	-	9,936
	275,157	3,630	278,787

2022-23	Land & Buildings £000	Vehicles £000	Total £000
Less interest	(171,897)	(30)	(171,927)
At 31 March 2023	103,260	3,600	106,860
Lease Charges within SoCNE			
Expense relating to short term leases	2,584	2,046	4,630
Expense relating to VAT	2,373	292	2,665
Total	4,957	2,338	7,295
Cash outflow for Leases			
Cash outflow – interest	(8,470)	(37)	(8,507)
Cash outflow – capital element	(4,707)	(2,279)	(6,986)
Total cash outflow for leases	(13,177)	(2,316)	(15,493)

Note 13 – Provisions

2023-24	Property Obligations £000	Dilapid- ations £000	Restruct- uring £000	Legal and Other £000	Total £000
At 1 April 2023	1,426	1,582	963	1,533	5,504
Provided in the year	311	-	191	1,638	2,140
Provisions no longer required	(9)	(680)	(80)	(767)	(1,536)
Provision utilised in year	(151)	(850)	(33)	(568)	(1,602)
Unwinding of discount (note 5)	(85)	-	-	(38)	(123)
At 31 March 2024	1,492	52	1,041	1,798	4,383
<i>Of which:</i>					
More than five years	741	-	160	68	969
Between one and five years	583	-	480	210	1,273
Non-current	1,324	-	640	278	2,242
Current/within one year	168	52	401	1,520	2,141
At 31 March 2024	1,492	52	1,041	1,798	4,383

	Property Obligations £000	Dilapid- ations £000	Restruct- uring £000	Legal and Other £000	Total £000
2022-23					
At 1 April 2022	1,579	3,263	963	2,215	8,020
Provided in the year	164	219	-	652	1,035
Provisions no longer required	-	(1,761)	-	(797)	(2,558)
Provision utilised in year	(140)	(135)	-	(482)	(757)
Unwinding of discount (note 5)	(177)	(4)	-	(55)	(236)
At 31 March 2023	1,426	1,582	963	1,533	5,504
<i>Of which:</i>					
More than five years	722	-	160	137	1,019
Between one and five years	556	-	359	719	1,634
Non-current	1,278	-	519	856	2,653
Current/within one year	148	1,582	444	677	2,851
At 31 March 2023	1,426	1,582	963	1,533	5,504

Property Obligations

This provision covers the future expected costs for properties that are considered surplus and where there is no expectation to sub-let.

Dilapidations

This provision covers the likely costs of rectifying dilapidations under lease terms. In making these assessments, the agency has applied a risk-based approach on a property-by-property basis.

Restructuring

This provision covers the costs of a restructuring of DVSA's vehicle testing and enforcement activities announced during 2019-20.

Legal and Other

This provision covers compensation and other legal claims against the agency that are expected to materialise following due process, as well as the costs of decommissioning equipment as required under contract terms. It also includes ongoing injury benefit payments to individuals who have suffered a qualifying injury which has resulted in an impairment to their earning capacity in the course of their official duty or incidental to duty whilst employed by the agency.

Note 14 – Capital commitments

	31 March 2024 £000	31 March 2023 £000
Contracted:		
Property, plant and equipment	400	475
Intangible assets	2,519	4,228
Total capital commitments	2,919	4,703

Note 15 – Cash and cash equivalents

	31 March 2024 £000	31 March 2023 £000
Balance at 1 April	99,022	100,492
Net increase/(decrease) in cash and cash equivalent balances	10,654	(1,470)
Balance at 31 March	109,676	99,022

The following balances at 31 March were held at

Government Banking Services	108,686	94,797
Commercial banks and cash in hand	990	4,225
Balance at 31 March	109,676	99,022

Analysis of non-cash transactions for the Statement of Cash Flows:

Adjustments for non-cash transactions	Note	2023-24 £000	2022-23 £000
Depreciation, amortisation, impairment, and profit/loss on asset disposal	6	46,796	38,748
Provision provided in year/(written back)	13	604	(1,523)
Auditors' remuneration	4	125	115
Total		47,525	37,340

Note 16 – Financial risk management

Fair Values – The carrying values of financial assets and liabilities at 31 March 2024 are considered to represent fair value. This is due to the short-term nature of the financial instruments held and carrying values of lease liabilities being based on the present value of future lease payments.

Credit Risk – Credit risk is the risk of suffering financial loss, should any customers or counterparties fail to fulfil their contractual obligations. Some customers and counterparties are other public sector organisations. These organisations present no credit risk.

For customers and counterparties that are not public sector organisations, existing policies and procedures ensure that this risk is minimised as far as possible. The vast majority of customers pay in advance of a service being supplied.

The carrying amount of the financial assets represents the maximum credit exposure.

Financial Assets	Note	2023-24	2022-23
		£000	£000
Trade and other receivables – non-current	10	2,020	2,288
Trade and other receivables – current	10	13,382	16,703
Cash and cash equivalents	15	109,676	99,022
Total		125,078	118,013

Liquidity Risk – Future financial liabilities are ordinarily funded from cash inflow from future operating activities. Exposure to liquidity risk is minimal as it is expected that any cash shortfalls would be met by funding from HM Treasury via DfT.

Interest Rate Risk – There is no interest rate risk as the agency holds no interest-bearing loans.

Foreign Exchange Rate Risk – The agency has limited exposure to foreign exchange rates. Where there is exposure to foreign exchange rates, the risk is tolerated.

Note 17 – Contingent liabilities

DVSA is a large organisation and inevitably liabilities arise over time sometimes relating to historical events. These could relate to for example potential settlements with customers and employees for injuries, unfair dismissal, etc. These will be reported as and when identified.

There are no identified contingent liabilities (2022-23: none).

Note 18 – Related party transactions

DVSA is an executive agency of the Department for Transport (DfT). DfT is regarded as a related party. During the year, DVSA has had a number of material transactions with DfT, and with other entities for which DfT is regarded as the parent Department, including the Driver and Vehicle Licensing Agency (DVLA). In addition, the agency has had various material transactions with other government departments and other central government bodies.

No Board member, key manager or other related party has undertaken any material transactions with the agency during the year (2022-23: none).

Note 19 – Events after the reporting period

There have been no significant events between the 31 March 2024 and the date of authorising these financial statements.

Note 20 – Authorisation of Accounts

These Accounts are laid before the Houses of Parliament by the Secretary of State for Transport. IAS 10 requires DVSA 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.

Note 21 – Graduated fixed penalties and deposits

Fixed penalties are imposed for a wide range of road traffic offences. DVSA collects fixed penalty fines on behalf of HM Treasury.

In England and Wales fixed penalties are issued under section 54 of the Road Traffic Offenders Act 1988. The legislation enables DVSA to issue fixed penalties to non-UK resident and UK resident offenders and to request a financial penalty deposit from any offender who does not have a UK address. Such deposit payments may be either in respect of a fixed penalty or as a form of surety in respect of a fine where an offence is to be prosecuted in court.

DVSA also collects bus penalties ordered by a Traffic Commissioner against an operator of local bus services under Section 155 of the Transport Act 2000.

Penalties primarily relate to driver's hours offences, mechanical defects, overloading of vehicles and infringements relating to payment of the HGV road user levy.

This note is produced under International Financial Reporting Standards (IFRS) on an accruals basis and gives a true and fair view of the state of affairs as at 31 March 2024 relating to the collection and allocation of taxes, licence fees, fines and penalties for the year then ended. The transactions do not form part of DVSA's

Accounts, instead the memorandum below shows the substance of activity.

	2023-24	2022-23
	£000	£000
Cash collections		
Revenue for offences in:		
Fixed penalties	4,768	4,153
Net revenue for the Consolidated Fund	4,768	4,153
	31 March	31 March
	2024	2023
	£000	£000
Balance held on behalf of HM Treasury		
Current Assets:		
Debtors	18	17
Cash and cash equivalents held in trust	1,350	1,206
Total Assets	1,368	1,223
Current liabilities:		
Court deposits	(165)	(146)
Unallocated receipts and refunds due	-	4
Total Liabilities	(165)	(142)
Balance due to Consolidated Fund	1,203	1,081

	2023-24	2022-23
Cash balance movement	£000	£000
Net revenue for the Consolidated Fund	4,768	4,153
Decrease/(increase) in debtors	(1)	5
Increase in liabilities	23	8
Cash paid to the Consolidated Fund	(4,646)	(4,314)
Net increase/(decrease) in cash and cash equivalents	144	(148)
Cash and cash equivalents at the beginning of the year	1,206	1,354
Cash and cash equivalents at the end of the year	1,350	1,206

Glossary

ATF	Authorised Testing Facility
CETV	Cash Equivalent Transfer Value
COVID-19	Coronavirus (COVID-19)
CPC	Certificate of Professional Competence
CSC	Customer Service Centre
DfT	Department for Transport
DRC	Depreciated Replacement Cost
DVLA	Driver and Vehicle Licensing Agency
DVSA	Driver and Vehicle Standards Agency
EU	European Union
EUV	Existing Use Value
FReM	Financial Reporting Manual
FTE	Full Time Equivalent
FYE	Full Year Equivalent
GGC	Greening Government Commitments
GGR	Greenhouse Gas Removal
GIAA	Government Internal Audit Agency
GVTS	Goods Vehicles Testing Station
HGV	Heavy Goods Vehicle
IAS	International Accounting Standard
ICO	Information Commissioner's Office
IFRS	International Financial Reporting Standards
LPG	Liquid Petroleum Gas
MOT	Annual statutory test for private vehicles
MPTC	Multi-Purpose Test Centre
MSP	Management of Successful Programmes

MV	Market Value
NAO	National Audit Office
PCSPS	Principal Civil Service Pension Scheme
PSV	Public Service Vehicle
SCS	Senior Civil Servant
SIRO	Senior Information Risk Owner
SoCNE	Statement of Comprehensive Net Expenditure
SoCTE	Statement of Changes in Taxpayers' Equity
ULEV	Ultra Low Emission Vehicles
VAT	Value Added Tax



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