Driver & Vehicle Licensing Agency

2023|24

Driver & Vehicle Licensing Agency

Annual Report & Accounts

HC 533

Driver & Vehicle Licensing Agency

Annual Report & Accounts 2023-24

For the period 1 April 2023 to 31 March 2024

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David Jones

Non-Executive Chair's introduction

I am pleased to present our Annual Report and Accounts for April 2023-March 2024.

Looking through the pages of the report, it is clear to see we have had a very busy and successful year.

I took up my post as Chair of DVLA in February 2024. We also welcomed Charmion Pears, Sarah Williams-Gardener and Stephen Tetlow MBE as Non-Executive Directors to the DVLA Board following the completion of previous Non-Executive Directors terms after many years of successful service at DVLA.

I am thoroughly enjoying the role and in my first few months in post, I have been particularly impressed by the dedication and commitment of our staff. They work incredibly hard to make sure we provide a great customer service, which is clearly evidenced throughout the pages of this report.

We know our millions of customers lead busy lives. When I need to use government services, I expect them to be available, reliable, secure and easy to use. That is never far from our thinking when we design or enhance our services and it's great to see that our customers prefer our digital channels turning to them for 84% of their transactions. These are great foundations to drive digital take up even further and improve the customer experience, and that is something I, working alongside all of my Board colleagues, am very keen to explore in the months ahead.

We operate at such a large scale here at DVLA, it's easy to lose sight of the numbers. Just look at how our contact centre performed throughout the year – the numbers really are quite staggering. Our team of call handlers answered 6.3 million calls while our automated telephone service dealt with a further 5.9 million calls. On top of that, the team also answered more than 1 million queries using email, social media, and webchat. What a great example of a truly multi-channel contact centre.

Thank you to all of the staff who have worked so hard this year which has resulted in such a positive report. I would also like to say thank you to my Board colleagues who have made me so welcome in my first few months.

David Jones
Non-Executive Chair
9 December 2024

Chief Executive's message

Julie Lennard

These last 12 months have been both busy and successful.

This report does not capture all that we have done in 2023-2024, but it sets out our performance and highlights some of the achievements we had during the reporting period. You will see in the following pages that we broke a number of records this year across a range of different areas of DVLA. These include the £7.8 billion in vehicle excise duty we passed to HM Treasury this reporting year – the highest amount we have passed to HM Treasury in a single year. We also processed a record high of 4.4 billion digital interactions in the reporting period, an increase of 36.5% from the previous year, and the first time we have broken the 4 billion mark in a year. The vast majority of these digital interactions were automated enquiries between other government departments and business-to-business customers via our high-volume enquiry platforms.

When I look back over the reporting period, I am so proud of the hard work and dedication of our 6,000 plus staff. I am also very pleased with the stability and reliability of our extensive suite of digital services. Our digital channels were responsible for 84% of the 95.5 million customer transactions we processed this year.

This annual report is the last one to be published which is aligned to our strategy, **Driving Change**. The strategy came to end in 2024, and when we launched it in 2021, we had a clear view of where we were going and how we were going to get there, with customer service firmly at the forefront of our thinking. I'm pleased to say we have made giant strides during the last three years. Against a backdrop of a global pandemic, we re-prioritised our change programme, accelerating change in some areas to help keep the country moving in the most challenging of times.

Since we launched the strategy in 2021, we have delivered 12 new digital services. These range from a new service for provisional driver licence holders to upload their photograph, which we use for their driving licence, to our Driver and vehicles account service, which will make it quicker and easier for customers to deal with us. Our two highest volume driver licensing transactions are already available through the account, which has seen more than 2.2 million people sign up for an account since we launched the service with the public in August 2023.

We also delivered a new strategic data enquiry platform for drivers and vehicle services, which supported 4.4 billion automated enquiries this year, which is a huge increase from the 1.5 billion interactions in 2020-2021. The platform ensures that our customers and stakeholders can access our data securely while supporting the transformation plans of other government departments.

During the reporting year, two Non-Executive Directors and our Chair stood down, having completed their terms. My thanks, and those of my Executive Team colleagues go to Lesley Cowley OBE, Chris Morson and Matt King for their excellent service on the Board of DVLA.

I want to also say thank you to every member of staff who has helped us to achieve our high level of performance this year, and also to all of my Board colleagues.

Finally, this will be my last full accounting year as Chief Executive of DVLA before I depart in November. I joined DVLA 10 years ago, spending the last 6 of those years as Chief Executive and it's been a privilege to lead such a brilliant organisation and such a talented team of people. Lynette Rose, DVLA's Strategy, Policy and Communications Director will be taking on the role of Interim Chief Executive and I wish her all the best.

Julie Lennard
Chief Executive, March 2018 to November 2024

Having worked at DVLA for a number of years in various roles, I was honoured to take up the role of Interim Chief Executive on 25 November 2024. I would like to thank Julie for her support and leadership over the last 10 years.

These are incredibly exciting times for DVLA, and I am looking forward to working closely with colleagues across the agency to ensure we provide the best experience we can for customers and stakeholders.

Lynette Rose
Accounting Officer and Interim Chief Executive
from 25 November 2024
9 December 2024

Who we are and what we do

We are a multi award-winning executive agency of the Department for Transport (DfT) with sites in Swansea and Birmingham. We employ more than 6,000 people.

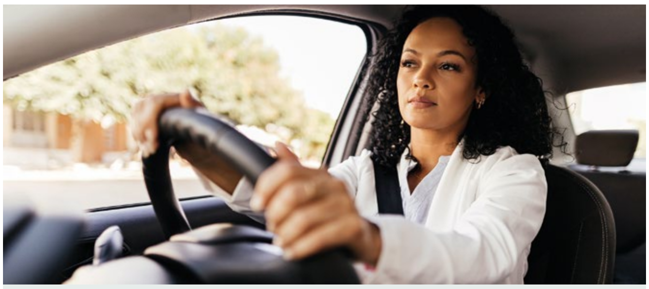
We are one of the most advanced large scale digital organisations in government.

We are proud to be a centre of excellence for IT and digital skills and the majority of the services we provide are available digitally. We deal with billions of digital interactions every year which support a wide range of customers, stakeholders and businesses.

We are responsible for maintaining accurate records of more than **52 million** drivers in Great Britain and more than **46 million** vehicles across the United Kingdom. We are also responsible for the collection and enforcement of Vehicle Excise Duty (VED), with **£7.8 billion** passed to HM Treasury during this reporting year.

Those who own or drive a vehicle need to regularly use our services. Our customers rely on us to make sure those services are quick and easy to use. Whether they need to tax their vehicle, renew a driving licence, tell us about a medical condition, change their address on a driving licence and vehicle registration certificate, order a duplicate registration certificate, buy a personalised registration number or register brand new or imported vehicles, it can all be done online.

In addition to our day-to-day dealings with the public, which is the majority of our customer transactions, we work closely with a wide range of stakeholders. Close collaboration with industry, charities, the police, medical professionals and other government departments enables us to develop services that work for them. It also allows us to securely share information to support digital services across government and to help combat driver and vehicle-related crime.



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DVLA by numbers

The statistics below show the scale and reach of DVLA operations throughout the reporting period.

We run an efficient tax collection service, passing a record breaking

£7.8 billion

in VED to HM Treasury this reporting year

We processed

4.4 billion

digital interactions,

an increase of **36.5%** from the previous year. The vast majority of these digital interactions were automated enquiries between DVLA and other government departments and business customers via our high-volume API enquiry platforms.

We dealt with

95.5 million

individual customer transactions

of which **84%** were processed through our digital channels – that's up from **83%** in 2022-2023 which means an additional **2.6 million** transactions came through our digital channels during this reporting year.

We issued:

11.6 million driving licences and **17.4 million vehicle registration certificates (V5C).** The majority of which were sent to customers within **three working days** following an **online application.**

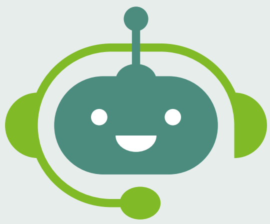
We made
722,449
medical licensing decisions

Our multi-channel Contact Centre gives our customers a choice of how they contact us – this year, our Contact Centre answered:

6.3 million
calls by an advisor

5.9 million
calls through our **Interactive Voice Recognition** system, which helps answer customer queries without the need to speak to an advisor.

356,000
emails and
26,000
social media enquiries



714,000
webchat enquiries

Our performance at a glance

A professional organisation

We benchmark the services we offer and work with independent accreditation schemes to ensure we are offering best in class services. We use the findings to drive improvements in our performance.

We retained our

Customer Service Excellence

accreditation for the 16th consecutive year.

This independent accreditation provides organisations with an independent check that our customer service standards and our service delivery are of a high standard. It recognises the high level of customer service provided at scale and the dedication of our staff.

Our Contact Centre received accreditation against the

CCA Global Standards

for the 16th consecutive year.

The accreditation assessment recognised the outstanding work and leadership shown across both our Swansea and Birmingham offices.

We also received CCA Global Accreditation for Learning and Development. We were the first to achieve this accreditation, and we were involved with the scoping of the accreditation framework which also resulted in us supporting CCA to share with other organisations moving forward. The assessors' report highlighted exceptional performance in several areas.

For the **10th consecutive year**, we were re-accredited against the **Chartered Institute of Procurement and Supply (CIPS) Procurement Excellence Standard.**

The CIPS Procurement Excellence standard is an independent and comprehensive assessment of the procurement function. Achieving this globally recognised standard demonstrates how well the procurement function is performing.

Our Service Desk,

which manages IT support and maintenance for our 6,000 staff, achieved four-star independent accreditation by the **Service Desk Institute** for the second year running. We are very proud of this accreditation as it makes us one of only five public sector organisations currently rated as four-star in recognition of the service we provide.

Our performance at a glance...

The following section provides further detail on our performance against each of the four strategic aims set out in Driving Change, **DVLA's Strategic Plan 2021-2024**.

These strategic aims underpinned our ongoing commitment to provide world-class customer services to our millions of customers, using the latest technology to provide secure digital services that are reliable, quick and easy to use.

Customer-centric

We will be customer-centric in the way we deliver our services.

Our customers lead busy lives. Their expectations are continually changing and when they need to access our services, our aim is to enable them to do that as quickly and as easily as possible so they can carry on with the rest of their day.

As the only organisation responsible for maintaining accurate records of drivers in GB and vehicles across the UK, we understand that our customers must use our services so that they can comply with the law. However, we have the same mindset as if our customers were able to 'vote with their feet' and go elsewhere. Good customer service is vitally important to us. We want our customers to be able to access our services in ways that work for them wherever possible. To do that, we listen to customer feedback and take note of their changing demands whether that is online or via other channels. We are committed to continually improving our already high standards to meet customer expectations (this includes making the most of new technology where we can), to ensure our customers' experience is the best it can be.

Our Contact Centre

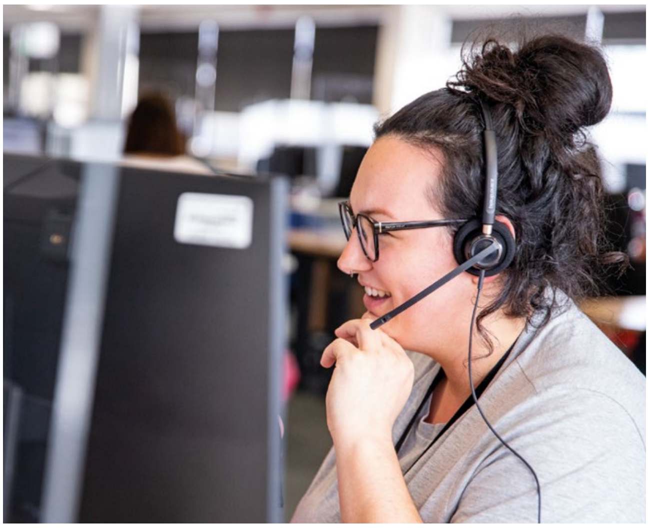
Over the last two years, we have delivered significant changes to drive customer service improvements. Our staff have more effective tools to do their jobs, moving away from analogue to digital telephony services. These included the wider roll out of an automated call back system, following the launch of the service in 2022-2023. This gives customers the option to have their position held in a queue without needing to stay on the phone, freeing up their time. Once they reach the front of the queue, we automatically call them back, improving their overall experience of dealing with us.

We know that customer behaviour has changed in recent years as we have seen an increase in call times, with on average a call taking 43% longer to deal with than it did before COVID-19.

We believe there are several reasons for this, including the introduction of online services which have removed some of the simpler and quicker queries meaning the remaining contacts are often more complex and can take longer.

To reduce the amount of time customers spend on the phone with us, we have introduced a new natural language Interactive Voice Recognition (IVR) for drivers who call us about a medical condition. This allows customers to simply tell us what their enquiry is about rather than using large touchtone IVR menus.

This change has allowed us to route customers to the relevant information or advisor more accurately and has simplified the customer journey, reducing the amount of time a customer spends navigating the IVR by almost **50%**.

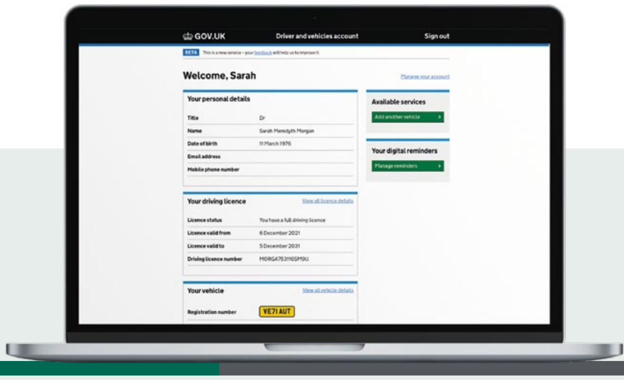


In addition to webchat, we offer chat bots across **10** of **DVLA's digital services** to provide online, **24/7** support for our customers.

The chat bots can answer general enquiries and will capture relevant information from the customer if there is a need for the chat to be passed to a webchat advisor. During the last year, we also introduced a new webchat and chat bot channel within our Driver and vehicles account service. We have also added webchat to the Drivers Ten Year Renewal service and a chat bot is currently under development to supplement this.

We introduced a 'Video Relay Service' which provides more than 150,000 sign language users in the UK the ability to communicate with DVLA if they need to. This service provides a video call where the sign language user can sign their enquiry to the interpreter, who can then speak directly to one of our advisors. The interpreter then relays the customer's enquiry to the advisor and the advisor's responses are signed back to the customer through the interpreter on the video call with the customer.

Driver and vehicles account service



In August 2023, we reached a historic milestone by launching the Driver and vehicles account with the public, transforming the way that customers transact with us.

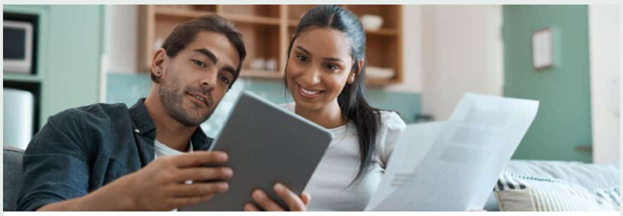
This allows customers to access their driver and vehicles information in one place through a new digital service. This is the first time that we have created this single view for customers, which allows them to access information on both their driving licence, and any vehicles registered to them together in one place. This creates a more personalised, simple, intuitive and joined-up digital experience for customers, similar to what they would experience in other aspects of their day-to-day lives. It's quick and easy to use and by April 2024 more than one million customers had created an account.

Customers can add any vehicles registered to them to their account and can now choose to receive **digital vehicle tax reminders by text or email**. They can opt out of receiving a paper V11 reminder form in the post, contributing to a smaller carbon footprint by **reducing the amount of paper** they receive from DVLA.

Since the launch in August 2023, we have continued to add new features to the service, improving the customer experience with every change made. In December 2023, we added two of our highest volume driving licence transactions to the account. These enhancements meant learner drivers could apply for their first provisional driving licence and existing licence holders could renew their photocard driving licence (the photocard has to be renewed every 10 years) directly through the account. Account holders can also upload their signature and have the choice of uploading a photo or using their current UK passport digital photo, which we can retrieve instantly from His Majesty's Passport Office (HMPO). They can also manage and track their application's progress through the account.

This is just the start of what the account will offer individual customers as we continue to expand the services available until customers will be able to access most of our services through the account. This means account holders will find it easy to access our digital services in one place, improving the customer experience and helping them comply with the law.

These additions follow several new features that were added to the account throughout 2023, including the introduction of a Welsh language service, and commercial drivers being able to view their Driver Certificate of Professional Competence (CPC) and tachograph information within the account, helping to make the account the primary place to go for many of our customers. We have also widened access to the account by enabling Northern Ireland (NI) customers to register for an account in order to add and manage their vehicle tax reminder preferences (driver licensing in Northern Ireland is devolved). We have also enabled residents who are holders of non-UK passports to sign up for an account by verifying their identity using their digital immigration status information, which we can verify automatically with Home Office.

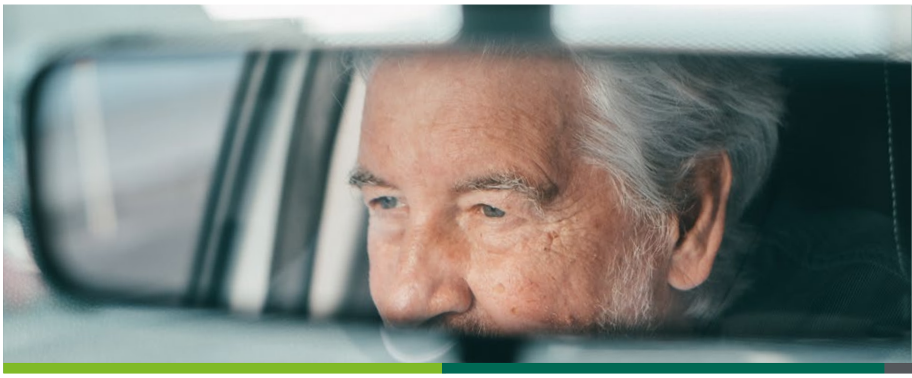


The Driver and vehicles account has been a major milestone in our journey to **deliver next generation digital services, transforming the customer experience into a more joined-up, digital-first service** that better meets customer expectations. In an increasingly digital world, this removes the need for many customers to interact with us manually and reduces the amount of paper sent to and from DVLA.

Separately, we also launched a new digital service for the registration of mobility scooters which simplifies and speeds up a previously paper only service. Although this is a small-scale service, it is yet another example in how we invest in services that help our customers.

www.gov.uk/dvla/account

Behind the wheel



There are **more driving licence holders and more vehicles** on the road now than ever before.

We recognise that people are driving for longer, and that driving allows people to work, access education, healthcare and shopping, enjoy recreation and meet friends and family. Over the life of Driving Change, our Strategic Plan (2021-2024), the number of driving licence holders increased by more than **2.7 million**, or **5.5%**. At the end of this latest reporting period (for 2023-2024) our records show that **52.1 million** people hold a driving licence in GB. Customers applying for their first driving licence have continued to grow since 2021, impacted by a growth in UK population.

By comparing snap shots taken from our drivers database, we have also seen the number of licence holders over 70 increase by **16%** over the last five years. March 2024 figures show **6.2 million** people aged 70 or over hold a driving licence, with **675** of those being 100 years old or more. It is important to remember that age alone is not a barrier to safe driving. Holding a valid licence does not mean the individual is actually driving as some people keep them for ID purposes.

Provisional and full driving licence holders by age group (March 2024)

Age	Total
Under 20	1,906,706
20-29	7,448,377
30-39	9,311,029
40-49	9,030,649
50-59	9,858,590
60-69	8,323,043
70-79	4,426,930
80-89	1,643,057
90-99	156,682
100 or over	675
	52,105,738

A range of medical conditions, disabilities and treatments can affect an individual's ability to safely control a vehicle. All drivers are legally obliged to tell DVLA about any medical condition that may affect their ability to drive. This is vital in helping to maintain road safety and to reduce the risk of having a road traffic accident which could cause injury or death to themselves and other road users.

During the year, we applied our new customer identity platform to our drivers' medical fitness to drive digital service, to make it easier for people to transact using our digital channels.

As a result, drivers' medical online applications increased by 40% for customers with single conditions over the reporting year.

Our dedicated medical teams work extremely hard to process applications and notifications from drivers who have told us about their medical conditions. In lots of cases, we rely on information from the driver's GP or consultant before we can make a licensing decision. In this reporting period we made **722,449** licensing decisions. Due to factors including delays in receiving medical information from third parties, 83% of medical cases had a decision within 90 days rather than our aim of 90%. This year, the average time taken to make a licensing decision reduced by more than **37%**, meaning on average it took us 56 days to make a licensing decision during 2023-2024 compared to 89 days during 2022-2023.

We recognise that informing DVLA of a medical condition, while it is a legal obligation, can be a significant step for the individual. **We understand that behind every application is an individual with specific needs and concerns**. Understanding the needs of those who drive with medical conditions remains a priority.

Licensing those with medical conditions is a complex area. Many customers have multiple conditions, with 60 customers served in 2023-24 having more than 10 conditions.

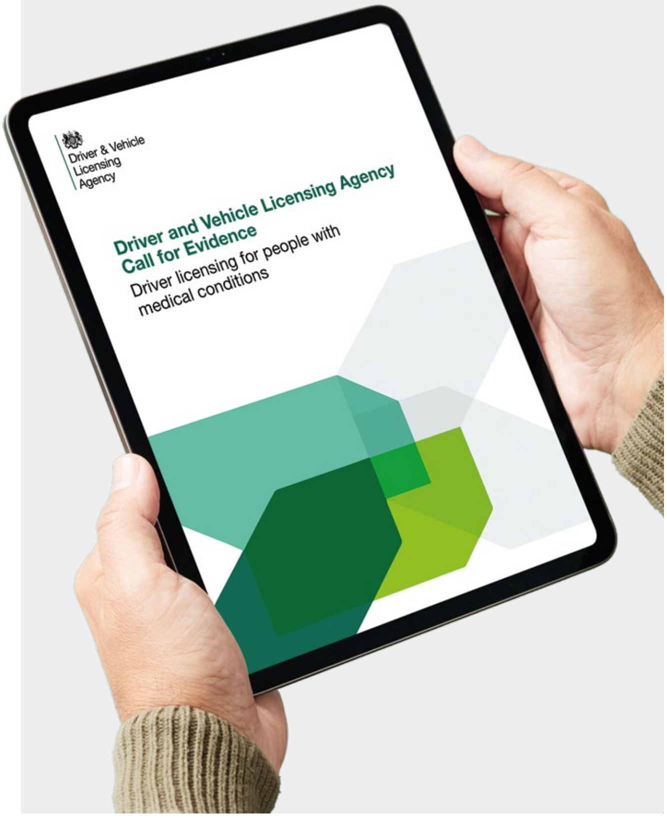
We launched our new medical casework system into live operations, which will help modernise the way we handle applications for customers with medical conditions. In December 2023, this system saw the release of an enhanced customer journey for driving licence renewals for customers who have diabetes and diabetic vision conditions. Reminders are sent to eligible customers, which allow them to apply via our online service and their applications are processed through a more automated system, which experienced caseworkers review, which means faster processing times.

Drivers Medical – Call for Evidence

Given the volume and complexity of these cases and the increasing numbers developing conditions which may need future assessments, this year we began the process of reviewing the legal framework that governs driver licensing for people with medical conditions.

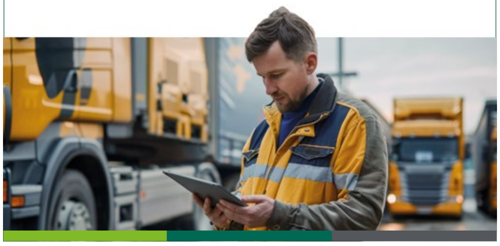
In July 2023, we launched a call for evidence on driver licensing for people with medical conditions. The call for evidence set out how and why licensing decisions can be so complex for individuals with medical conditions, the roles of those involved in the process, and the challenges that demographic and other changes pose to the current process. It also explored how other countries assess drivers with medical conditions and considered the potential impact that technological advances may have on the future of driving and the way medical fitness to drive is assessed. The call for evidence ran for 12 weeks and a wide range of views and evidence was gathered from health and other experts across organisations.

We are carrying out a detailed analysis of the responses and the very helpful evidence that was provided.



Corporate customers

The Corporate Services team provide significant value to DVLA's external stakeholders, being responsible for managing **more than 100 direct and indirect relationships with corporate customers.**



Throughout the reporting period, our Corporate Services team continued to listen to, and support the needs of, a wide range of external stakeholders.

We increased the amount of face-to-face engagement with our corporate customers, giving us more time to understand the challenges and strategic priorities of their businesses, industries and sectors, which in turn helps us to effectively horizon-scan future service improvements.

This collaborative approach means we are better placed to share the latest information in relation to their industry with both DVLA colleagues and other stakeholders while encouraging cross-industry liaison. The team is a single point into DVLA that enables coordinated communication and provides DVLA with a professional, specialist function that works effectively for us and our stakeholders.

The conversations our Corporate Services team have with our wide range of stakeholders is invaluable to the continued development of DVLA's services, ensuring they work for our stakeholders and their members and customers.

We have worked closely throughout the year with a wide range of stakeholders, user groups and trade associations including:

The **Wheelchair Accessible Vehicle Converters Association (WAVCA)** is the trade association for manufacturers of wheelchair accessible vehicles (WAVs), whose 13 manufacturer members produce approximately 12,000 WAVs each year.

This year, WAVCA used their membership of the Corporate Services team's First Registration User Group (FRUG) forum to raise their need for wheelchair accessible vehicles to be included on DVLA data outputs, such as a vehicle log book (V5C), to help them and manufacturers with their Zero Emission Vehicle (ZEV) mandate reporting.

In January 2024, the Corporate Services team invited WAVCA to visit DVLA in Swansea, with one of their members bringing a converted WAV to site, helping bring the complexities and registration considerations of WAVs to life for DVLA colleagues.

mcia
Today's Industry. Tomorrow's Journeys

The **Motorcycle Industry Association (MCIA)** is the trade association for motorcycles, mopeds, and other powered three and light four-wheeled vehicles.

During the reporting period, our Corporate Services team worked with MCIA to support the migration of their members onto our Register a Vehicle (RaV) digital service. One of the members migrating to the service, the Norton Motorcycle Company, commented that "RaV has not only reduced the administrative time required to process a registration for a new Norton, but has also improved the service as customers no longer have to wait for the documentation to come back from DVLA. This enhances the customer experience for us and our dealer network, and ultimately increases the volume of sales we can achieve."

In November 2023 the Corporate Services team visited Norton's engineering and production facility to see and hear first-hand the impact joining the service has had on Norton and their customers.

AEA

The **Agricultural Engineers Association (AEA)** is the national trade body for 69 farm equipment manufacturers. Their relationship with DVLA is related to the nearly 12,000 new tractors that are registered for road use each year.

During the year, DVLA's Corporate Services team have met regularly with the AEA to understand the challenges facing the sector and to hear about the latest strategic direction and innovations.

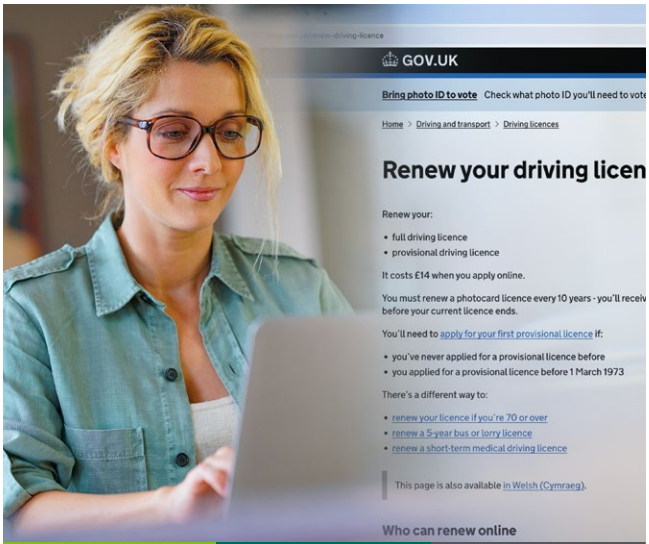
SMMT
DRIVING THE MOTOR INDUSTRY

The **Society of Motor Manufacturers and Traders (SMMT)** is the voice of the UK motor industry, representing more than 800 companies.

Throughout the reporting period the Corporate Services team have continued to meet regularly with SMMT's Data Intelligence team to update on and compare progress against each other's digital transformation programmes and change portfolios, to ensure requirements for changes are flagged and incorporated in each.

A dynamic, digital organisation

We will consolidate our position as a dynamic, digital organisation which provides high quality, innovative and secure-by-design services.



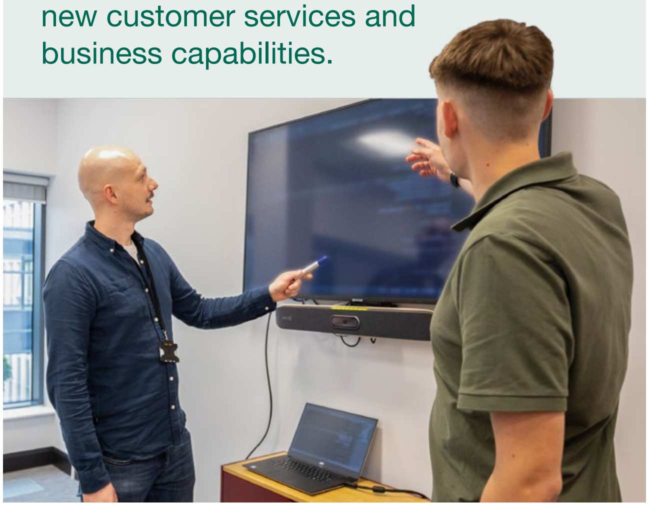
We are a digital-first organisation, with the majority of our services available online.

Throughout the lifecycle of Driving Change, DVLA's Strategic Plan for 2021-2024, **we have embraced new technologies to ensure our digital services are at the forefront of our service offerings**.

Our ongoing change programme is making DVLA a truly agile organisation that delivers services quickly and cost effectively. This report covers many of the service enhancements, developments and milestones we have achieved during the year. It is important to note that our transformation is not solely focused on delivering new and improved services to our customers – we are also dedicated to making DVLA a more flexible organisation with a digital capability that can be compared with the very best in both the public and private sectors.

Over the last year, we have continued to invest time into building the right IT operating model to ensure that we have the team structure to build, operationally support, and continuously improve all of our digital services. We have standardised our approach to software development practices and selected market-leading technology and tooling to create a scalable, secure, and sustainable cloud platform for our engineering teams to build on.

Our digital capability has enabled us to **reduce the time, complexity, and cost of developing** and deploying new customer services and business capabilities.



Our engineering teams can now take advantage of automated creation and deployment of new baseline web applications, which have standardised security, hosting, monitoring, and alerting as standard. All of this means it now takes minutes, compared to the days or weeks it used to take. We have changed the way our development teams work, allowing them to focus their time on building best in class digital services, which means we can support more than **500,000** software builds and **3,000** deployments to our production environments every year.

This is helping us to move away from our legacy technology platforms. For example, during this financial year, we completed the build of our new strategic enquiry platform, replacing all of our legacy enquiry services with new API data interfaces that mean we can provide data to customers and stakeholders via a best-in-class, highly secure platform. We will continue to help our customers and stakeholders to move across to these new services in 2024-2025, during which time we will decommission the old services in order to reduce running costs and maintenance overheads. As we continue to deliver our Evolve drivers transformation programme, our plan is to replace and decommission legacy driving licence IT platforms, improving services to customers while also reducing our running costs.

In developing our approach, we have been aligned to central government strategies and polices from adoption of the One Government Cloud Strategy to the implementation of policies such as Secure by Design. We remain dedicated to continuously improving our capability to ensure that DVLA remains at the forefront of government digital service delivery. However, it is not all about our change programme or future services. The stability and availability of our existing services is equally essential. It involves a lot of unseen work of routine maintenance, security updates, fixes and monitoring. The critical work in this area really does make a difference ensuring all our services are available at the point our customers need them.

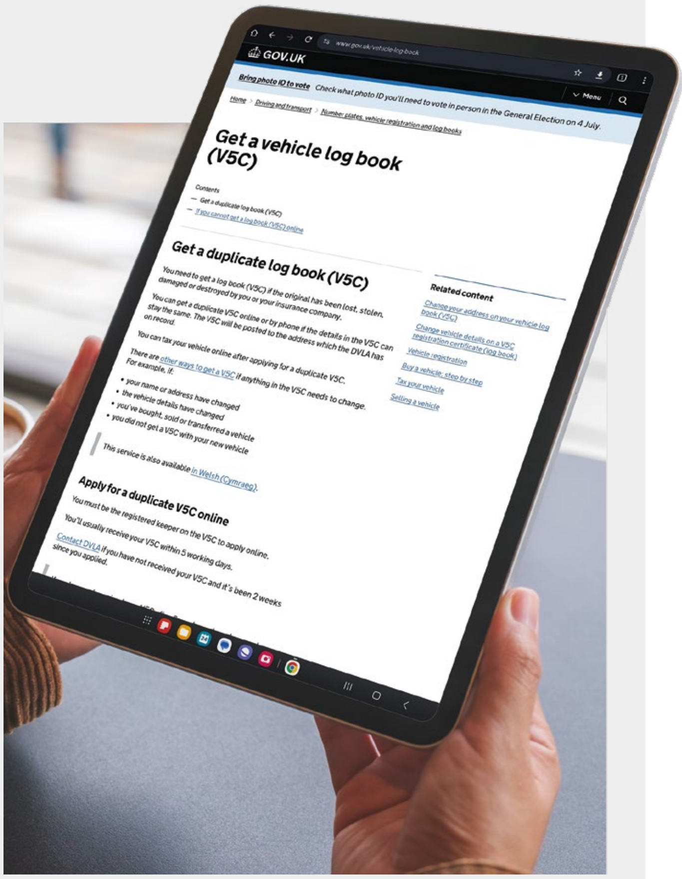
Continuous improvement of digital services

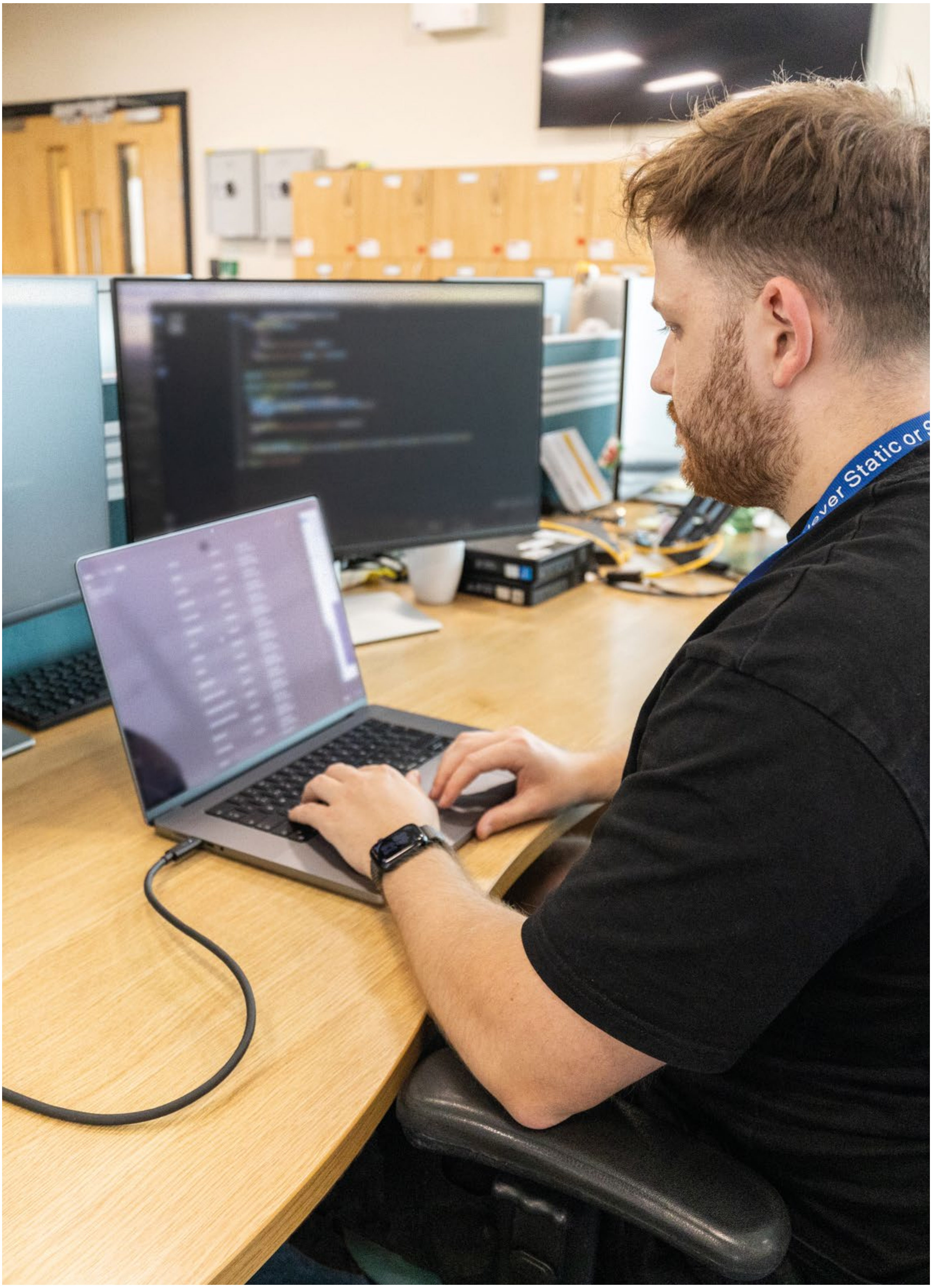
Earlier this year, as a direct result of customer feedback, we linked two major online services: applying for a duplicate vehicle registration certificate (V5C) and our vehicle tax service.

This improved service means that customers who have lost their V5C and need to tax their vehicle can do so, without having to wait for a replacement to arrive in the post. This is particularly helpful for those customers needing to tax their vehicle urgently.

These enhancements provide a more efficient service giving customers quicker turnaround times, while also helping them to remain compliant and keep motoring. It is available 365 days a year.

As part of our continuous improvement programme, we are revolutionising the way that local authorities, enforcement bodies and other organisations can access our data where they have a legal right to do so. During the year, we redeveloped and launched the keeper at date of event service and rolled it out to the first pilot user. Once rolled out to all, this will allow us to decommission the existing legacy system.




Static or

Changes to vehicle tax for electric and low emissions vehicles

One of the biggest technology changes we have worked on this year has been preparing for the introduction of changes to vehicle tax for electric vehicles, which comes into force on 1 April 2025. From this date, new and existing electric cars, vans, and motorcycles will begin to pay Vehicle Excise Duty (VED). The change also brings Alternative Fuel Vehicles (AFVs) and zero and low emission cars, first registered between 1 March 2001 and 30 March 2017, into scope to pay VED.

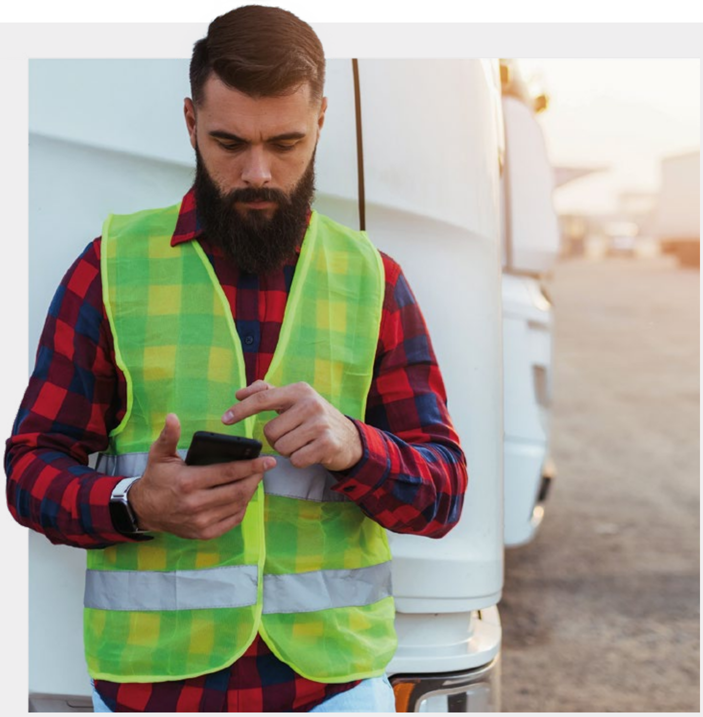
This is a significant piece of work to deliver, with seven of DVLA's largescale digital systems for vehicle licensing and registration services affected. The changes will also require updates to our tax reminders, online services, GOV.UK content pages and our telephone voice system; along with additional testing across several of our other services, which makes this a very complex change to deliver.

By the end of the reporting period, we had completed the first phase of the project, which includes development of essential technology building blocks, and are on track to deliver for 2025.

HGV drivers

HGV drivers are incredibly important to the economy and the effective movement of goods around the country, which is why we work hard to make sure our services meet their needs. For our vocational customers, we completed phase 2 of the HGV drivers project which supported the change in law that allowed HGV drivers to increase the range of vehicles they can drive more easily and start training on a range of other vehicles more quickly.

This supported the haulage and transport industry with the recruitment and training of drivers, which is so important in helping to keep the supply of goods moving across the country.



Data driven

We will be data driven to make the best use of the information we hold.

As the organisation responsible for maintaining the records of more than **52 million** drivers in Great Britain and more than **46 million** vehicles across the United Kingdom, we will always protect our customers' personal data.

We want our data to be standardised and linkable, and we continue to focus on using data to improve our services for the benefit of our customers and to support appropriate initiatives across government.

Working with others

The data we hold is an asset when it comes to road safety and for wider purposes such as authenticating identity and **its value is recognised across UK government**.

We are supporting this by providing access to driving licence data, allowing customers to choose to prove their identity using their driving licence via the cross government One Login service. This in turn allows people to access a wide range of government services safely and easily. As the One Login Service is being developed, we will continue to work towards implementing the One Login platform on our services.

We have continued to work closely with police forces and Home Office on the Law Enforcement Data Services. This will in time replace the Police National Computer system to which DVLA provides daily updates. Instead of having to provide that bulk information, we have utilised the functionality already built for drivers' data which created an API which provides the police with the information they need at the time they need it. During the year we agreed a blueprint for future services involving vehicles data which is by its nature a more dynamic dataset. This is now in the final stages of development. The next iteration will allow for even more advanced searches of the vehicle record to deliver a more responsive service which will meet the changing needs of the police.

Vehicle manufacturers are required by law to meet and record specific euro emissions standards. As a result, DfT also has a legal obligation to monitor and report on emissions data. DVLA captures this data on behalf of DfT as well as additional emissions data and a new trading scheme to manage decarbonisation for cars and vans. During the reporting period we have started capturing additional emissions information on the DVLA vehicle register which will help deliver on transport decarbonisation.

Throughout the year we continued to explore data sharing initiatives with the Office of National Statistics to support the Future Population and Migration Statistics programme. This focuses on promoting and safeguarding the production and publication of official statistics that serve the public good. This includes informing the public about social and economic matters; assisting in the development and evaluation of public policy; and regulating quality and publicly challenging the misuse of statistics.

During the reporting period we worked with HM Prison and Probation Service to assist prisoners in applying for driving licences in readiness for release and to assist in their rehabilitation within the community. This is part of a three-year initiative. We started to receive applications in April 2023, and by the end of the reporting period 92 prisons were part of the scheme.

Collecting VED

By the end of the reporting year, we had passed **£7.8 billion** to HM Treasury in vehicle excise duty – that's the most we've ever collected in a single year.

We work hard to make sure that it is as easy as possible for vehicle keepers to tax their vehicles while reminding them of the consequences through publicity campaigns and enforcement activity if they don't do the right thing. For each £1 of gross VED collected the cost of collection is just over 1p.

We know **our approach works** as the latest official published figures estimated **that 98.7% of vehicles on the road were taxed correctly**.

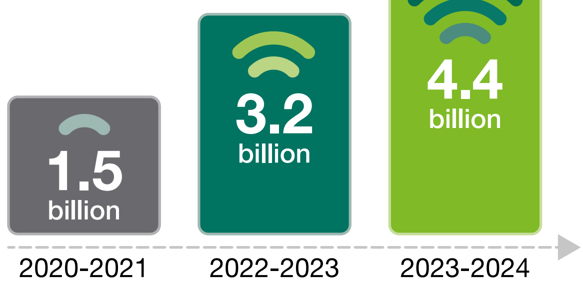
Our strategy is to educate, encourage and, if needed, enforce against those who do not comply. During the reporting period, we used a number of ways to encourage forgetful evaders into compliance – such as publicity campaigns in higher evading areas, proactive messaging through trade bodies to ensure vehicle dealers confirm compliance at point of sale and the issuing of reminders to customers.

To increase our on-road deterrent, we worked closely with our national Wheel-Clamping and ANPR contractor to maximise their impact and to deliver best value for money. We also worked closely with our devolved power partners (Local Authorities and Police) on joint special operations to tackle untaxed, uninsured, and potentially dangerous vehicles.

Data sharing

Throughout the reporting period, there were **4.4 billion** digital interactions with our customers, an increase of **36.5%** from the previous year. In the vast majority of cases, these interactions take the form of automated enquiries, which come to us from other government departments or large business customers who need to check information against our databases of driver and vehicle data. We process these requests automatically using our cloud-based enquiry platform. This can automatically scale up to handle huge volumes of traffic, ensuring that these requests are processed quickly and securely. The platform also ensures that we only process requests from organisations that have a legal right to access this information. This growth in the number of interactions per year demonstrates how valuable the data that we hold is in supporting both wider government and businesses.

Digital interactions with our customers



Sales of personalised registration numbers now exclusively digital

As a net contributor to government finances, in 2023-24, we raised more than **£276 million** for HM Treasury and the DfT, through the sale and processing of personalised registrations and transfers. Personalised registrations continue to be extremely popular with the public with millions of people displaying them on their vehicles. Prices start from just **£70** at auction although the most expensive registration sold during the reporting year, had a hammer price at auction of **£112,010**.

As part of our continuous improvement approach to our business, we respond to changes in customer behaviour. We have seen a shift in recent years to a preference to bidding online rather than in person attendance at an auction.

That is why in October we held our last in-person auction. The auction took place over three days in Stratford-upon-Avon and marked the last time people could come to a physical auction to bid for a personalised number, as all future auctions now take place exclusively online. These online auctions are in addition to our website sales where there are millions of registration numbers to suit all tastes.

A great place to work

We will continue to be a great place to work.

We are an Investors in People Gold employer. Our 6,000 plus staff are key to our success, and creating a working environment that allows them to achieve their potential is critical.

As we change and develop the way we deliver our services, the way in which we are organised and the skills that we need will change too. We have workforce plans in place to implement those changes.

Fit for the future

As a result of the ongoing shift of customers to digital channels and the change to more complex casework activities, over the last year we have reviewed our administrative roles to see if they had evolved over time to cater for customer demand or whether they still reflected the requirements of the roles. The review found that some roles should be filled at administrative officer level, rather than administrative assistant. These roles were filled following a competitive scheme which puts us in a positive position to meet current and future business demands.

We continued to invest in skills development to meet our future needs. Our senior civil servants took part in the DfT leadership development programme Elevate. We also introduced a leadership hub for use by DVLA staff and offered leadership and management apprenticeships. We launched a new coaching framework and 80% of our staff took part in the cross government 'One Big Thing' initiative to improve data skills.

We continued rolling out career frameworks, with a focus this year on the HR career framework. Career frameworks support our drive to make best use of our talent across all levels of the organisation and help people to develop and have fulfilling careers. We also implemented our new talent management arrangements providing a structure to assess potential for future roles and to identify the development needed to help staff reach their aspirations.

We recognise the importance that a positive culture and living the civil service values have on making DVLA a great place to work. We piloted a cultural review approach about how to make the workplace even better.

One of our aims in our people strategy is to give staff more of a say in the things that directly affect them. We have driven this forward in the last year by running staff consultation exercises which were open to all on a number of key areas including the way performance management is carried out.

We started the work to develop a new and improved Intranet platform which, when rolled out will improve the way we communicate with each other, delivering a modern employee experience and capabilities that we need to support our strategic aims and objectives.

We recognise that we need to develop talent from within, but it is also important to bring new talent into the organisation. We have developed a new attraction strategy which sets out how we intend to attract great people to the organisation. We offer a variety of apprenticeships and graduate programmes including in Digital and Data, Human Resources, Finance and Estates areas. We have launched our new apprenticeship programme and prospectus to offer apprenticeships across a wider range of professions. We are working with DfT on a programme aimed at improving the way the shared service recruitment and onboarding works to provide a better candidate experience.

We are committed to attracting diverse candidates to the organisation. We have a number of staff who volunteer as employability skills ambassadors who work with a diverse range of groups across the community to promote DVLA and to help candidates develop the skills needed to apply for and be successful in applying for roles.

Since 2018 we have been using our innovative Centre of Digital Excellence (CoDE) talent pipeline programmes to develop and grow our own talent. Since 2018, it is really encouraging to report that 157 students started their digital journey at DVLA so far. This includes the 22 students who joined us this year on a range of courses including Software Engineering, Business Analysis, L4 Digital Apprenticeships and Year in Industry students.

Reflecting the quality of the learning experience and the calibre of skills and capability being produced, **nearly 11% of our entire IT team is made up of students who have come through our talent programs with all our junior roles including Software Engineering, Cloud and Business Analysis filled in this way**. Students are also progressing further after they finish the programs with many of them moving into more senior roles helping to deliver our new and improved services.

Digital Academy

During the reporting period we also launched our Digital Academy, the latest development programme that forms part of the CoDE talent pipeline. The Digital Academy builds on a similar approach taken for our previous Cloud Academy offering. We have a range of programmes including apprenticeships, Year in Industry, through to a master's in software engineering.

These programmes create new ways to develop talent in IT. They enable school leavers, university graduates and career changers to start a career in IT. Through a combination of professional training and gaining hands on experience in one of our digital teams, individuals with an interest in and aptitude for IT, develop over the two years into a number of digital roles, including software engineers and business analysts, building and supporting services used by the public.

Launching this latest Academy represented a milestone for the talent pipeline, where graduates of previous DVLA academies, developed and delivered key elements of the new programme. This highlighted the commitment to growing internal talent, as previous students have graduated, progressed to senior roles, and are now passing on their knowledge and experience.

Our STEM Programme

We have a STEM engagement programme led by our volunteer STEM ambassadors. This award-winning programme sees DVLA staff engage across the region on a voluntary basis to inspire the next generation through academic partnerships and within schools in Wales.

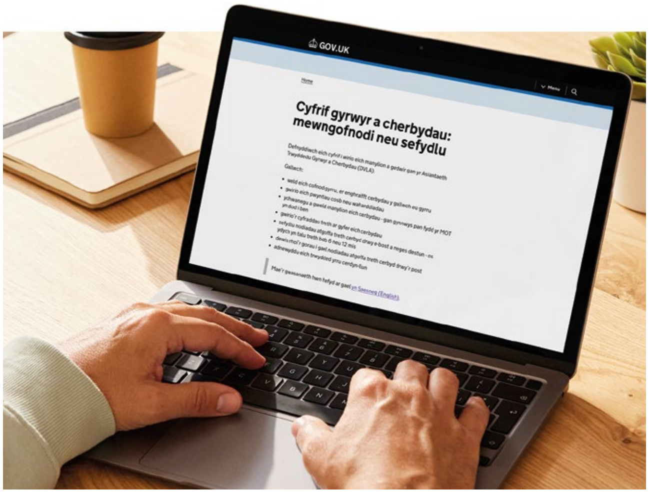
It was a very busy year with our ambassadors and staff representing DVLA at a variety of events, including 'In it Together' Family Festival, Swansea Science Festival and the National Eisteddfod.

We introduced immersive tech days as part of a refresh of our School Hosting Programme. This offers opportunities for students with a particular interest in coding to meet with our engineers within our digital teams providing an insight into the exciting work we do, the technologies we use and the digital roles we have.

The 2023 Code Challenge, a competition we run every year to help encourage and grow digital skills in the next generation, took place in December. The competition was open to all primary and secondary schools in Wales. The event was, as always, supported by a number of sponsors who are so integral to the success of the challenge. At the award ceremony we had 25 schools including the seven finalists and around 2,700 pupils from across Wales watching via a live link.

Responding to customers' needs

To meet customers' needs we took several positive steps during the year to encourage more Welsh speakers to join the DVLA team. Having more Welsh speakers in customer facing roles demonstrates our ability to continue to make a positive difference to the Welsh speaking public in the services we provide. These included attending the National Eisteddfod at Llŷn ac Eifionydd in North Wales in August. We were there as part of a 'UK Government's Welsh Language Services' stand to showcase DVLA's Welsh language services.



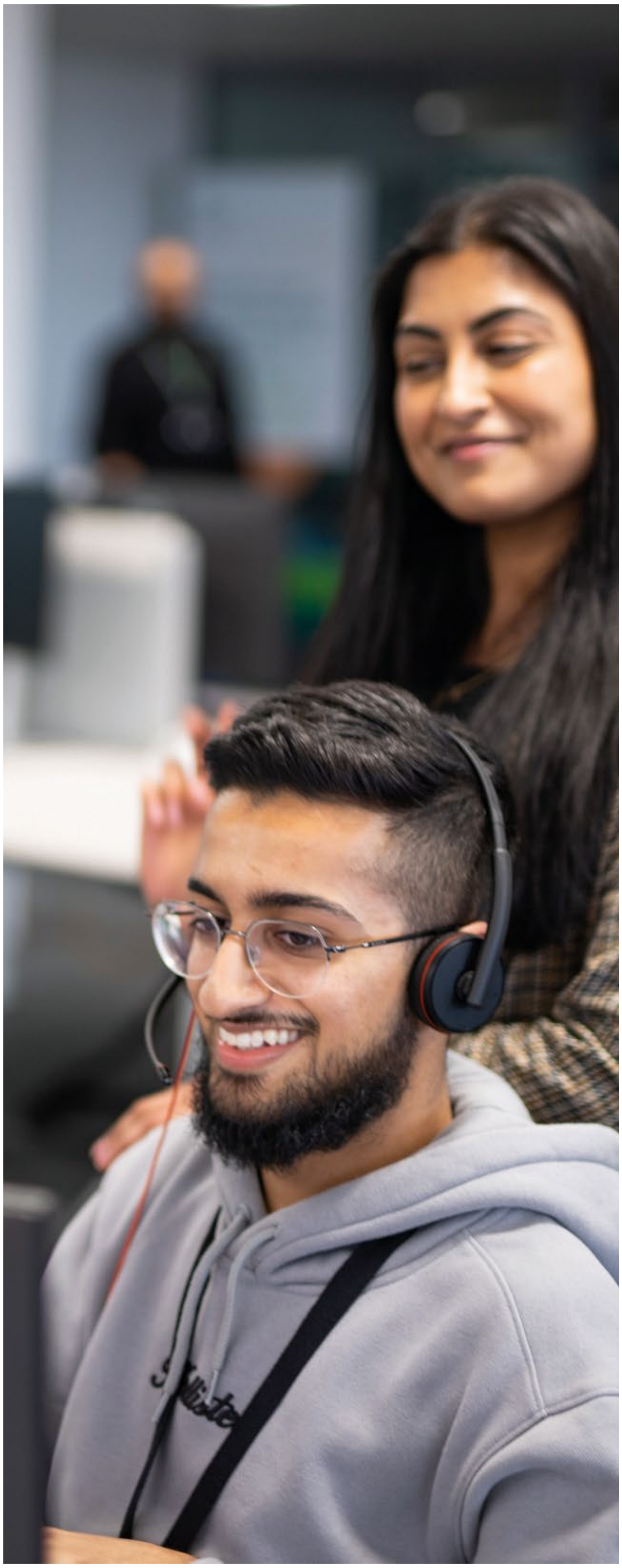
As a major employer in Swansea, we have a proven record of providing services to customers who wish to deal with us in either English or Welsh, with the Welsh Language Commissioner's office considering the agency as an exemplar in electronic service provision in Welsh.

Introducing our Welsh language version of the Driver and vehicles account service in October 2023 was another significant milestone which demonstrates our focus on providing customers with the services they expect.

Digital Voices

Now in its third year, our Digital Voices advocacy group, whose ongoing focus is to attract the right talent for our digital roles, continue to go from strength to strength.

By the end of the reporting period, we had 185 members, more than half of whom are women, from across the Agency who are engaged in promoting digital skills and careers. The group focussed on highlighting DVLA's digital diversity including Women in IT and underrepresented groups.



And the winners are…

We are proud of all our staff who were recognised at awards throughout the year – these included:

Michelle Slee was a joint winner of the STEM Woman of the Year award at the Wales STEM Awards. The Wales STEM Awards recognise and celebrate the achievements of organisations and individuals working in Science, Technology, Engineering and Maths (STEM), and who make a difference to the STEM agenda in Wales. Michelle was recognised for her drive and desire to develop a legacy for future generations. Having initially set up a Code Learning Community in 2020, Michelle now leads a formal development programme within DVLA which allows staff with no technical or coding experience to start a career in our engineering teams.

Agnes Beviz won Role Model of the Year award at the Women in Tech Excellence Awards. Agnes was recognised for her digital advocacy and desire to create a more diverse and inclusive tech industry. Agnes shares her experience across the UK in conferences, speaker panels and meet-ups, inspiring others to begin their digital career.

Peter Owen won the Leader of the Year award at the Operational Delivery Profession (ODP) Awards. The awards are given to those who have demonstrated outstanding leadership and commitment to their work. Peter was recognised for his inspirational leadership and support of innovative ways to improve customer experience.

Elena Amado won Digital Learning Design Apprentice of the Year at Gower College Swansea's Apprenticeship Awards 2024. The judges felt Elena consistently demonstrated exceptional dedication to both the qualification and her job role. They also thought she tackled challenging digital tasks with precision and acknowledged her consistently high-quality work.

Charity of choice

Our staff chose **Cancer Research UK** as their Charity of Choice for 2023.

Our staff used their own time to take part in a variety of different fun-filled and often challenging fund-raising activities throughout the year. These included clothes donations, bake sales, a football tournament, the race for life, choir performances and the Great North Run, **which all led to a total of...**

£75,002 raised for this amazing charity.

Our chosen charity for 2024 is **Alzheimer's Society**.


LIONS

Delivering against our 2023-24 business plan

Strategic goal	DVLA measure	Target	2023-24[1] Result	2022-23 Result
1. Customer-centric	1.1 We will dispatch applications made online for a: • driving licence in 3 working days • vehicle registration certificate in 3 working days • tachograph in 3 working days	 95% 95% 95%	 **99%** **98%** **100%**	 **98%** **94%** **99%**
	1.2 We will dispatch applications made by post for a: • driving licence in 10 working days • vehicle registration certificate in 10 working days	 90% 90%	 **98%** **92%**	 **87%** **91%**
	1.3 We will dispatch vocational applications made by post for a: • tachograph in 5 working days • vocational driving licence in 5 working days	 90% 90%	 **98%** **75%** [2]	 **96%** **77%**
	1.4 We will make a licensing decision on medical cases within 90 days	90%	**83%** [3]	**N/A**
	1.5 We will retain the Customer Service Excellence Standard	Retain standard	**Achieved**	**Achieved**
	1.6 We will retain the Customer Contact Association Global Standard 8	Retain standard	**Achieved**	**N/A**
	1.7 We will provide planned customer IT service availability of: • vehicle tax • vehicle management • personalised registration • driver licensing online services	 99.5% 99.5% 99.5% 99.5%	 **100%** **99.9%** **99.8%** **99.4%** [4]	 **100%** **100%** **100%** **100%**

2. A dynamic digital organisation	2.1 We will add the 10-year Driver Renewal transaction to the DVLA Driver and vehicles online account	December 2023	**Achieved**	**N/A**
	2.2 We will complete the discovery phase of the changes required to enable the new electric vehicle taxation legislation	September 2023	**Achieved**	**N/A**
	2.3 We will roll-out Robotic Process Automation (RPA) to additional vehicles transactions and complete analysis on the feasibility of the wider use of RPA	June 2023	**Achieved**	**N/A**
	2.4 We will exceed our total digital and automated interactions	90%	**Achieved**	**Achieved**

Strategic goal	DVLA measure	Target	2023-24[1] Result	2022-23 Result
3. Data driven	3.1 We will enhance our data science function to continue to refine decision making and provide benefits for our customers and taxpayers	March 2024	**Achieved**	**N/A**

Strategic goal	DVLA measure	Target	2023-24[1] Result	2022-23 Result
4. A great place to work	4.1 To continue expanding career frameworks across all DVLA professions. The career frameworks provide structure to talent management and development, and can enable entry paths to professions	March 2024	**Achieved**	**N/A**
	4.2 We will carry out work to improve the sustainability of, or reduce the environmental impacts of, our operational estate and travel by developing a strategy to install more efficient plant, equipment, and renewables across the estate to reduce carbon emissions	March 2024	**Not achieved**[5]	**N/A**
	4.3 We will continue to use our apprenticeships and development programmes to provide our digital and technology talent pipeline, working with local education partners in areas such as: • Year in Industry • Software Engineering • Cloud Engineering • Ethical Hacking • Software Development Engineering in Test • Business Analysis Totalling a minimum of 20 new recruits	March 2024	**Achieved**	**N/A**

1 All figures are rounded to the nearest percent except 1.7 which is stated to one decimal place in line with the target.
2 Industrial action at the beginning of the year impacted achievement of this measure.
3 Industrial action at the beginning of the year and delays in receiving medical information from third parties impacted achievement of this measure.
4 The target availability for the driver licensing online service was missed by 0.1% which equates to 10 hours across the entire year.
5 See pages 38 to 49 for sustainability achievements during the year. This specific measure was not achieved due to delays in procuring new air source heat pumps which will be completed during 2024-25.

Financial responsibilities

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

Business Account

The Business Account comprises:

- fees and costs of running the driver and vehicle databases and related services
- sale of personalised registrations, which is income generated directly from the public and traders – we retain income to recover our costs in administering personalised registrations services with the excess paid to HM Treasury and DfT as Consolidated Fund Extra Receipts (CFERs)
- costs of the collection and enforcement of VED including enforcement recoveries (the income stream from the collection of VED is accounted for within the Trust Statement)
- services provided to other government departments, including Clean Air Zones for Joint Air Quality Unit (JAQU) and Biometric Residence Permits for the Home Office

Financial results

Our total income for the year was £670 million against £629 million in 2022-23. The main year on year changes to income were:

- income from fees and charges has increased by £27 million as a result of an increase in both driver and vehicle transactions – the main increases are £10 million for vehicles registered for the first time, £9 million for customers transferring personalised registrations from one vehicle to another, £5 million for replacement vehicle log books and £3 million for driving licence related transactions
- Personalised Registration income has increased to £161 million from £154 million in 2022-23 due to an increase in the number of marks sold

Our total expenditure for the year was £519 million against £494 million in 2022-23 with the main increases relating to:

- staff costs increased by £12 million, including £9 million for the one-off cost of living payments that Cabinet Office agreed for the Civil Service and pay increases, including the increase in the National Living Wage
- postage and printing costs have increased by £12 million
- agents' fees which include Wheelclamping, Direct Debit and the Post Office have increased by £9.2 million, the majority of which relates to the Post Office as a result of an increase in the price of our contract

Increases were partly off-set by a reduction in-year of one off costs incurred in 2022-23 which were not repeated in 2023-24, such as an agency-wide laptop refresh, and volume related movements.

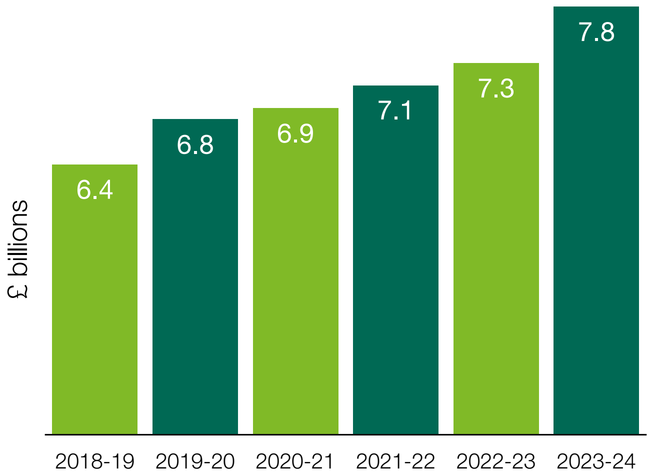
Trust Statement

Our Trust Statement details the revenue in respect of VED, fines and penalties and HGV Levy falling outside of the boundary of our Business Account and payable to the Consolidated Fund.

Financial results

During the year the Trust Statement VED revenue after amounts refunded amounted to £7.8 billion against £7.3 billion in 2022-23. The net cost of collecting VED (brought to account in the Business Account) was £96 million (2022-23: £85 million). For each £1 of gross VED collected the cost of collection is just over 1p.

Annual VED revenue trend



Sustainability

Our sustainability strategy is aligned to the Greening Government Commitments (GGC) 2021-25 and the 2030 Agenda for Sustainable Development adopted by all United Nations member states.

We are committed to achieving our targets and have developed delivery plans, focused on monitoring and improving performance against our GGC targets for 2021-25. We regularly develop and update our plans that contribute towards achieving these targets each year.

Greenhouse gas emissions

Net zero CO_2 **by 2050**

We have reduced overall carbon emissions on our estate and from business travel, by...

52%

compared to our 2017-18[1] baseline of 11,610 tonnes CO_2e

We have reduced direct carbon emissions from sources owned or controlled by DVLA, by...

64%

from the baseline in 2017-18 of 5,591 tonnes CO_2e

We reduced **domestic** business flight kilometres by... **43%**

from 2017-18 baseline of 94,555 km

DVLA is also required to report and aim to reduce **international** business flight kilometres. In 2023-24 we flew 9,131 km international kilometres compared to our baseline of 94,514 km in 2017-18.

Minimising waste and promoting resource efficiency

We cut waste by...

27%

compared to 2017-18

We recycled

83%

of waste last year

DVLA **sent only**

0.5%

of **waste to landfill**

Through our administrative paper contract, **we reduced paper consumption** by...

61% compared to 2017-18

Water consumption[2]

During the year we used 13% more than 2017-18 when we used 48,459m³

[1] 2017-18 is the baseline year for the Greening Government Commitments.

[2] Referred to as 'Clean and plentiful water' within the Greening Government Commitments.

Task Force on Climate Related Financial Disclosures (TCFD)

HM Treasury has set out requirements for the government's application of TCFD-aligned disclosures. The Task Force recommendations are structured around four thematic areas:

- governance – the organisation's governance around climate-related risks and opportunities
- strategy – the actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy, and financial planning
- risk management – the processes the organisation uses to identify, assess, and manage climate-related risks
- metrics and targets – the metrics and targets the organisation uses to assess and manage relevant climate-related risks and opportunities

For the 2023-24 Annual Report and Accounts, DVLA has complied with HM Treasury's mandatory adoption of Phase 1 of the Task Force recommendations. Phase 1 focuses on a high-level overview and requires the TCFD recommended disclosures for:

- governance
- metrics and targets (b)[1] where available from existing reporting processes

Progress against TCFD recommendations (Phase 1)

1. Governance

TCFD recommended disclosure: A. Describe the Agency Board's oversight of climate related risks and opportunities.

DVLA Governance structure provides Board oversight of the agency's risks and opportunities which are monitored through existing, embedded arrangements (see Governance Statement on page 54). DVLA would address significant climate related risks through the same governance processes, disclosure controls and procedures used for financial management and risk management. During the next financial year we will continue to review and adapt the oversight of climate related risk to Board level.

During 2023-24 the Board were presented with:

- the agency business plan (as per page 34) which includes a measure to improve the sustainability, or reduce the environmental impacts of our operational estate and travel
- a corporate risk register which has embedded processes to identify climate related risk – during the reporting year no risks with a climate related impact were identified that required mitigation at the corporate level
- the Management Assurance Statement (MAS), including the Greening Government best practice
- Tier 1 and Tier 2 business cases, including environmental impact from the intervention
- a regular review of the progress against Greening Government Commitments within the quarterly Audit and Risk Committee meetings

TCFD recommended disclosure: B. Describe management's role in assessing and managing climate related risks and opportunities.

Climate related issues are appropriately considered at Executive Team level in order to effectively coordinate activities across DVLA. The HRED Director is responsible for climate related risks and opportunities and to ensure climate related issues are appropriately considered at Board level. The Deputy Estates Director with the support of the Head of Corporate Sustainability, leading the Sustainability Team in the Human Resources and Estates Directorate (HRED), is responsible for developing the net zero strategy, setting objectives to achieve targets set under the GGC and managing climate related risks.

The Executive Team receives monthly environmental management data and regular updates on sustainability matters, which includes climate related information, from the Sustainability Team. In addition, our ISO14001 assured annual management review is presented to our Executive Team for review and analysis of progress.

Sustainability and climate related risks are maintained on the sustainability risk register, clearly referencing Greening Government Commitments, such as meeting the Government Fleet Commitment and the Government ICT and Digital Commitments.

The Sustainability Steering Group, chaired by Head of Corporate Sustainability, receive a quarterly update to keep informed of climate related risks and opportunities. Delivery of the Greening Government Commitment targets, including net zero projects, are reported to the group to ensure all directorates are aware of environmental and climate issues impacting DVLA at a senior level.

[1] TCFD Metrics and Targets disclosure (b): Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

2. Metrics and Targets

2.1 Greening Government Commitments (GGC)

The GGC targets for reducing government's impact on the environment provide a framework to meet DVLA commitments in delivering both environmental sustainability and enhancing operating efficiencies on our estate. Furthermore, they are designed to align with UK government's 25 year Environment Plan and aims to achieve net zero emissions by 2050. The targets are mandatory for DVLA, however, they do not seek to measure the impact from our supply chain or customers, with the exception of the Greening ICT targets.

At the end of 2023-24, DVLA remains on course to achieve 31 of the 33 targets set under the Greening Government Commitments for 2021-25, measured against a baseline year (2017-18). Those exceptions are discussed in more detail within this report. Work continues to ensure we meet all 33 by the target date of 2025.

DVLA has met overall and direct emissions milestones this year. Boiler control systems were installed which will increase efficiency and reduce carbon emissions. We have also worked towards completion of the refit of LED lighting throughout our workspace. During the year, essential maintenance resulted in a change of fuel from gas to diesel oil to run our main boiler room. This had an impact on the emissions we report. The work was completed, and we will see the benefit of decreased emissions when returning to normal operations.

The management of waste and resources continues to progress well, whereas achievement of the water target has been more challenging and we continue to work towards achieving this target.

Measure	Target towards the Greening Government Commitment	UN SDG [2]	Outturn 2023-24
Greenhouse gas emissions – net zero by 2050	Reduce total carbon emissions levels (energy and business travel) to 41% of 2017-18 baseline (tCO_2e)	13: Climate action	Achieved
	Reduce direct carbon emissions by 59% (Scope 1 only) to 41% of 2017-18 baseline (tCO_2e) [1]	13: Climate action	Achieved
	Reduce domestic business travel flight emissions to 70% of 2017-18 levels (total flight kilometres)	13: Climate action	Achieved
	Report and reduce international flight (kilometres)	13: Climate action	Achieved
Waste and resources	Reduce the overall amount of waste generated by 15% from the 2017-18 baseline	12: Responsible consumption and production	Achieved
	Reduce the amount of waste going to landfill to less than 5% of overall waste	12: Responsible consumption and production	Achieved
	Increase the amount of waste recycled to at least 70% of waste	12: Responsible consumption and production	Achieved
	Measure and report on food waste by 2022 (currently recording catering food waste)	12: Responsible consumption and production	Achieved
	Reduce government's paper use by at least 50% from a 2017-18 baseline	12: Responsible consumption and production	Achieved
Water	Reduce water consumption by at least 8% from the 2017-18 baseline	6: Clean water and sanitation	Not achieved

1 Scope 1 only
2 Identifies which UN Sustainability Development Goals (SDG) is aligned to a specific GGC target. More than one SDG may be relevant to a GGC target. 3 of the 17 UN SDGs are covered under the GGC targets presented in the table. The 17 Sustainability Development goals: (un.org) https://sdgs.un.org/goals

2.1.1 GGC Measure: Mitigating climate change: working towards Net Zero by 2050

Greenhouse gas (GHG) emissions within the scope of the GGC can be broken down into Scope 1 (direct emissions), Scope 2 (indirect emissions) and Scope 3 (other indirect emissions).

Our GHG emissions are measured in equivalent tonnes of carbon dioxide (tCO_2e). This includes all seven greenhouse gases covered by the Kyoto Protocol – carbon dioxide (CO_2), sulphur hexafluoride (SF_6), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and nitrogen trifluoride (NF_3). As previously outlined, we are required to reduce overall and direct carbon emissions to 41% of the 2017-18 baseline.

As an agency, we have aligned our annual sustainability targets to meet this objective. This year, we surpassed our overall GHG target for 2023-24, achieving a 52% reduction from the baseline year. We also surpassed our direct emissions (scope 1) target by achieving a 64% reduction from the baseline year.

Scope 1– Direct GHG emissions

Scope 1 emissions are those that occur from sources owned or controlled by us. DVLA includes emissions from combustion in our boilers, fugitive emissions from air conditioning systems and emissions from our fleet vehicles.

Natural gas is our primary source of heating for our estate and accounts for 9% of our overall carbon emissions. Diesel oil is used for external lighting and power at satellite sites and to power contingency generators onsite. During 2023-24, diesel oil accounted for 25% of our carbon emissions.

Scope 1 business travel consists of travel undertaken in vehicles that we own or lease. 46% of the distance we travelled last year were in these vehicles (714,040 km), accounting for 59% of travel emissions, and approximately 2% of emissions overall.

DVLA met the scope 1 emission milestone for the year, though the emissions have increased from 2022-23. The reason for the increase is due to switching from gas to diesel oil during essential maintenance work which has been completed. Diesel oil releases approximately 36% more emissions than natural gas. However, some of these increased emissions were offset by the installation of updated boiler control systems that optimise fuel consumption.

Scope 2 – Indirect GHG emissions from energy

Scope 2 emissions are energy indirect emissions. This is electricity we consume, supplied by another party, for example the National Grid. Last year, scope 2 emissions accounted for 55% of total emissions on the estate.

Work has been conducted on the estate to reduce power consumption, resulting in electricity consumption reducing by 2%. These works include:

(a) Installing further LED lighting to reduce the power demand of lighting across the estate.

(b) Continuously promoting a culture of sustainable power consumption, encouraging staff to turn off equipment and lighting when it is not in use.

Scope 3 – Official business travel emissions

Scope 3 emissions are other indirect emissions. Under the GGC this is specifically business travel, using public transport, road, rail, air and sea, and transmission and distribution losses related to our electricity and water supplies.

Transmission and distribution losses accounted for 5% of overall emissions. Non-fleet business travel (travel by vehicles not owned by DVLA) accounted for 1% of overall emissions. Domestic flights accounted for 53,799 kilometres of business travel and international flights, 9,131 kilometres. These international flights were short haul, economy class.

DVLA business travel and accommodation team promotes sustainable travel. All travel is taken by public transport where feasible, with flights requiring approval at a director level.

Flight travel year on year comparison

Flights in kilometres (km)	Baseline 2017-18	2021-22	2022-23	2023-24
Domestic	94,555	2,111	29,227	53,799
International	94,514	–	58,123	9,131

Government Fleet Commitment

The Government Fleet Commitment (GFC), set in 2021, is a two-part target. The first part, to ensure 25% of fleet cars were ultra-low emission vehicles (ULEV) by 31 December 2022, which DVLA achieved (our current fleet comprises 32% either ULEV or ZEV). We are now working toward the second part of the target, for 100% of DVLA fleet (cars and vans) to be fully zero emission vehicles (ZEV) by 2027.

We are working with our commercial colleagues to transition our fleet to ZEV and ensuring that when it is time to renew existing fleet vehicles, we take government targets into account. During the year we have secured the services of fleet management specialists who have provided us with greater market opportunities in identifying and procuring suitable vehicles to meet the demands of our business which includes the specialist requirements of our vehicle excise duty (VED) enforcement vehicles.

2.1.2 GGC Measure: Minimising waste and promoting resource efficiency

The waste we produce is directly linked to occupancy rates of our sites. Of the 845 tonnes of waste generated, 83% of it was recycled, surpassing the 70% target set by the Greening Government Commitment.

We generated 57 tonnes of hazardous waste this year. This is 7% of all total waste. DVLA ensured the safe and compliant disposal of all types of hazardous waste. The majority of waste is electronic and electrical goods, IT equipment, batteries, fluorescent tubes. All these items are recycled. Other types of hazardous waste include used spill kits and other materials included under COSHH regulations (Control of Substances Hazardous to Health).

We generated 34 tonnes of IT waste, with 24% of it being reused or donated and 76% of it was recycled. No IT waste was sent to landfill.

This year we have expanded our food waste collections to the office spaces across the estate. This means that we are now able to measure all food waste and during this year we generated 16 tonnes of food waste. During this year we also embedded a new catering provision which will work to minimise food waste in the future. Food waste is sent for anaerobic digestion, where it is converted into biofuel and soil enricher.

We sent 129 tonnes of waste to incineration where the energy from the process was recovered back to the National Grid.

Less than 1% of the waste we generated was sent to incineration where the energy could not be recovered.

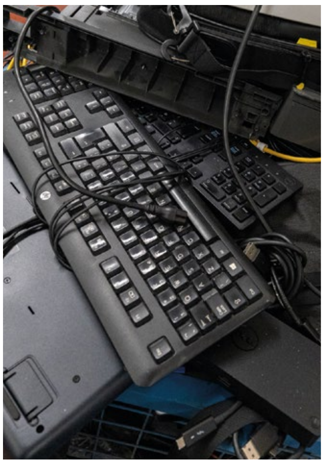
Of the 845 tonnes of waste we generated, 4 tonnes (0.47%) was sent to landfill, however, we are committed to reducing this to as close to zero as possible.

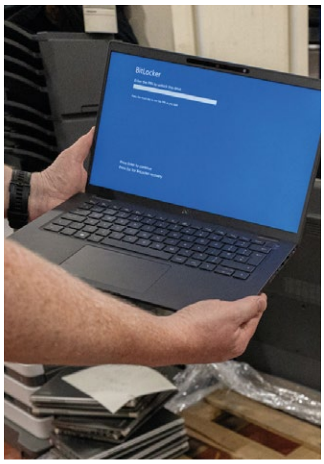
During the year we worked with 2 different soft service facilities management suppliers due to the early termination of part of our 20 year PFI contract. Our PFI supplier, who was in place for the first seven months of the year, provided an inclusive total cost for all services, resulting in a total figure for the waste contract without the breakdown detail of waste cost by category. This has changed with our new supplier and more granular detail can now be provided.

Our policy for the removal of consumer single-use plastics (CSUP) items from the estate aligns with the UK government's ambition to transition to a circular economy. CSUP include all single-use items made wholly or partly of plastic – this includes plastic items labelled as bio-based, biodegradable or compostable.

This year we have made further progress in removing them from our estate. We have included a contractual obligation in our new soft services contract (cleaning, catering, waste management and pest control) stating the catering service must be delivered without the use of CSUP where this is an alternative. Our catering supplier has since replaced plastic bottles with aluminium cans across outlets and also provide bio-degradable wooden cutlery for take away meals.

We are always striving to minimise the waste generated from our estate and activities. The Estates Team have a process designed to prevent excess waste from refurbishment activities. A recent refurbishment of catering facilities across the estate gave an opportunity to reach out to local charities to offer old canteen furniture which was being replaced. Several charities were able to utilise various items of furniture at their premises.





Total waste table

Total waste (tonnes)		Baseline 2017-18	2021-22	2022-23	2023-24
Non-Financial Indicators	Landfill	82.87	7.61	6.33	3.98
	Waste recycled externally (excluding ICT Waste)	774.65	775.10	808.59	669.67
	Energy from waste	246.88	95.17	63.59	129.12
	IT waste (recycled externally)	31.90	25.04	21.47	26.35
	IT waste (reused externally)	–	4.46	2.62	8.29
	IT waste (other)	–	–	–	–
	Waste composted or sent to anaerobic digestion	11.78	5.20	8.71	16.08
	Waste sent to incineration without energy recovery	0.03	4.28	0.40	0.004
Total waste (excluding reused)		**1,148.11**	**912.40**	**909.09**	**845.21**
Reused (excluding IT)		**44.83**	**205.60**	**13.68**	**43.82**

2.1.3 GGC Measure: Reducing our water use

We used 54,589m^3 of water during the reporting year, a 13% increase compared to the 2017-18 baseline.

Increased water consumption can be attributed to several factors. Essential maintenance work of the water network required the system to be drained, refilled and monitored. In addition, active water quality management across the estate, in line with Health and Safety regulations, increased water consumption. We have installed local water meters to monitor consumption on a building by building basis, as opposed to a site wide basis, to ensure more accurate information. We use these meters to identify potential faults within the water supply infrastructure on site in order to make improvements in this area.

DVLA, through our PFI provider, is monitoring facilities to identify instances of water waste. Monthly reports are sent by the PFI provider to DVLA which highlight any issues identified and actions taken to rectify them.

2.2 Other reporting requirements

2.2.1 Other GGC: Procuring sustainable products and services

Sustainability considerations are incorporated into DVLA's procurement processes from the point of preparation and planning. Within DVLA Commercial Directorate, a senior manager is designated as a Sustainability Champion and DVLA Sustainability Team has a designated Sustainable Procurement Manager.

- All procurement business cases are required to assess the cost benefit across all three pillars of sustainability (economic, social, and environmental) and are fully analysed prior to sign-off. DVLA business case guidance considers all environmental and social implications and their impact on performance against the Greening Government Commitments.
- DVLA has in place a robust procurement approval process, which includes subject matter expert review including the Sustainability Team. Commercial and sustainability teams meet on a regular basis to discuss how current processes are working and identify issues and risks; review and provide feedback on key documents; raise awareness of new and evolving policy requirements from government and how these are best communicated and embedded.
- A sustainability assessment is carried out, in conjunction with the Sustainability Team, for relevant commercial requirements. This ensures that appropriate and proportionate requirements are factored into new contracts from the outset. Through this co-ordinated approach, DVLA meet mandatory Government Buying Standards requirements and consider the need for the inclusion of relevant policies, for example, the UK Government Timber Procurement Policy, and that all relevant products are Forest Stewardship Council UK (FSC) certified.

The DVLA is in the process of exiting a 20 year PFI contract and during the year we entered into a new contract for facilities management (soft services).
The new facilities management contract for soft services provided an opportunity to embed additional sustainability requirements, such as enhanced waste management and reducing the use of single use plastics across the estate. It also aligns with net zero targets to meet DVLA sustainability targets and works toward achieving goals contained within UN SDG 12 – Sustainable Consumption and Production.

2.2.2 Other GGC: Nature recovery – making space for thriving plants and wildlife

We continued to seek opportunities to enhance biodiversity on the green spaces of our estate and improve conditions for biodiversity which is outlined in our Biodiversity Action Plan (BAP). This is aligned to the UN Sustainability Development Goal (15 – Life on Land). The BAP is our nature recovery plan and sets out how we meet our Greening Government Commitments, and the duties placed upon it by the Environment (Wales) Act 2016. Annual grounds maintenance work is aligned to the BAP.

At the same time as creating and enhancing pollinator friendly habitats on our site we have continued to maintain our beehives. This included adding a new hive during the year which is thriving. Bees pollinate our trees and wildflowers, which support other insects, which then support birds, bats, mammals. Trees have been planted to replace any that have fallen during storm damage or have been cut following recommendations from a qualified arborist. We also have a pond at one site which we actively manage.

2.2.3 Other GGC: Adapting to climate change

We are in the process of developing a Climate Change Adaptation Strategy. We understand climate change risks and develop our infrastructure to be resilient to such change. We are working to better understand DVLA specific climate related risks and are working towards UN Sustainability Development Goals (SDG 13 – Climate Action). This approach is in consideration of the findings of the Third UK Climate Risk Independent Assessment (CCRA3) and is being completed applying Office for Government Properties (OGP) guidelines for a coherent approach with other areas of the civil service.

Climate change considerations include increased risk from flooding and greater risks to both health and IT infrastructure from extreme temperature incidents. Mitigating actions are taken using a collaborative approach with the Corporate Business Continuity Team and operational areas which could be affected. Ongoing work includes the development of an emergency flood plan by the Corporate Business Continuity Team as well as detailed documents explaining the actions to be taken in the event of severe weather events.

2.2.4 Other GGC: Reducing environmental impacts from ICT and digital

We continue to develop and use technologies that contribute to DVLA's sustainability objectives and support the Greening Government ICT and Digital Services Strategy.

Digital footprint

Our current and new digital services continue to drive a channel shift to paperless options. The launch of our new Driver and vehicles account in August 2023 has seen positive customer take up with over one million accounts created by April 2024. Customers now have the option to go paperless and receive digital reminders and two of our highest volume drivers' services are also now available through the account. Our reengineered Drivers First Provisional service, which includes a new photo and signature upload facility, is contributing to a substantial reduction in paper applications. This is aligned to UN Sustainability Development Goals (SDG 12 – responsible consumption and production).

Using digital technology to conduct meetings has reduced the need for business travel and associated carbon emissions aligning to UN Sustainability Development Goals (SDG 13 – Climate Action).

ICT waste

Our Digital Inclusion Scheme continued to grow throughout the reporting period. This scheme provides communities and schools with functional IT equipment that is no longer suitable for DVLA use and would otherwise be destroyed – the aim of which is to encourage digital access and engagement, bridging the digital divide.

Other DVLA ICT waste management includes the following elements:

- no waste was sent to landfill by our IT waste contractor this year
- internal reallocation of returned devices and laptops for new users joining DVLA
- we do not currently purchase any refurbished or remanufactured devices due to IT security considerations
- MI requirements for traceability of ICT at end of life are included in our IT waste contract

3. Tables

3.1 Scope 1

Greenhouse gas emissions Scope 1 [1]		Baseline 2017-18		2021-22		2022-23		2023-24	
		kWh	tCO_2e	kWh	tCO_2e	kWh	tCO_2e	kWh	tCO_2e
Fuel combustion and fugitive emissions [1]	Gas	26,434,399	4,868	11,742,107	2,151	7,918,459	1,445	2,632,104	481
	LGP	–	–	–	–	–	–	–	–
	Oil	256,134	71	312,666	80	153,543	39	5,218,704	1,339
	Fugitive emissions [2]	652		208		147		131	
Subtotal tCO_2e		**5,591**		**2,439**		**1,631**		**1,951**	
Transport we operate		129		101		111		114	
Total tCO_2e		**5,720**		**2,540**		**1,742**		**2,065**	

1 Scope 1– Direct GHG emissions. These occur from sources we own or directly control.
2 Fugitive emissions are emissions from leaks or other unintended releases of gases, for example, from refilling air conditioning units. Figures may differ from previously reported due to reconciliation and amended conversion factors provided by DEFRA.

In the 2019 GHG Conversion Factors, there was a 10% decrease in the UK Electricity CO_2e factor compared to the previous year. In the 2020 update, the CO_2e factor decreased (compared with 2019) again by 9%. In the 2021 update, the CO_2e factor again decreased by 9% (in comparison to the 2020 update). The above decreases are all due to a decrease in coal use in electricity generation and an increase in renewable generation.

3.2 Scope 2

Greenhouse gas emissions Scope 2		Baseline 2017-18		2021-22		2022-23		2023-24	
		kWh	tCO_2e	kWh	tCO_2e	kWh	tCO_2e	kWh	tCO_2e
Purchased electricity[1]	Mains standard grid electricity	13,756,562	4,836	15,982,500	3,694	15,578,972	3,013	14,219,283	2,944
	Mains green tariff electricity	–	–	–	–	–	–	–	–
	Good quality CHP purchased electricity	–	–	–	–	–	–	–	–
Subtotal tCO_2e		**4,836**		**3,694**		**3,013**		**2,944**	
Purchased heat, steam and cooling (CHP)		–		–		–		–	
Total tCO_2e		**4,836**		**3,694**		**3,013**		**2,944**	

1 Carbon for purchased electricity includes only that captured under Scope 2. A proportion (transmission and distribution losses from the grid) is reported under Scope 3.

3.3 Scope 3

Greenhouse gas emissions Scope 3 (tCO_2e)	Baseline 2017-18	2021-22	2022-23	2023-24
Indirect emissions from electrical grid losses	452	300	276	255
Indirect emissions from water distribution	17	5	6	10
Business travel (non fleet)	133	6	81	79
Subtotal tCO_2e	**602**	**311**	**363**	**344**
Other [1] (unknown scope or international air or rail travel)	8	–	10	2
Total tCO_2e	**610**	**311**	**373**	**346**

1 Other – emissions that do not fall or is explicitly excluded from the scope, for example, international air or rail travel.

3.4 Finite resources

Finite resource consumption			Baseline 2017-18	2021-22	2022-23	2023-24
Non-financial indicators	Water (m^3)	Supplied	48,459	36,413	39,547	54,589
		Harvested	769	775	–	–
	Total water (m^3)		**49,228**	**37,188**	**39,547**	**54,589**
	Administrative paper (A4 reams equivalent)		**42,609**	**18,827**	**18,643**	**16,579**

Financial indicators (£s)	Baseline 2017-18	2021-22	2022-23	2023-24
Energy	2,565,649	2,830,485	4,023,309	4,804,825 [2]
CRC gross	154,335	–	–	–
Water and sewerage	147,884	113,661	151,267	30,077 [2]
Business travel	594,063	87,060	252,528	334,600
Total £	**3,461,931**	**3,031,206**	**4,427,104**	**5,169,502**
Waste [1]	–	–	–	–

1 Expenditure on waste disposal is unavailable to split out from the total all-inclusive cost under DVLA's PFI contract. This total cost includes disposal costs, purchase, and management of licences.
2 These figures align to the costs recorded in the accounts and include credits from suppliers.

Lynette Rose
Accounting Officer and Interim Chief Executive, DVLA
9 December 2024

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Corporate governance report

Directors' report

Purpose of the Directors' report

This report is presented in accordance with the requirements of the Companies Act 2006, adjusted for the public sector context as required by the HM Treasury Financial Reporting Manual 2023-24, to report on the governance, remuneration, performance and staff issues.

Members of the Board

Full disclosure of the serving directors for 2023-24 is available in the Governance statement (page 54) of this document. Directors have declared they, or any close or dependant family member, hold no significant third-party interests that may conflict with their board duties.

Pension liabilities

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

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as 'alpha' – are unfunded multi-employer defined benefit schemes. We are unable to identify our share of the underlying assets and liabilities. Provision is made in Note 11 of the Business Account to meet early retirement costs payable by us up to employee's normal retirement age. All employees who are members of Civil Service pension schemes (excluding those on partnership pension arrangements) and were not previously members of the alpha pension scheme, joined that scheme on 1 April 2022 in line with the McCloud judgement.

Employees

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

External auditors remuneration

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

Sickness absence data

Our sickness absence data is shown in the Remuneration Report on page 77.

HM Treasury cost allocation and charging requirements

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

Personal data related incidents

Disclosure of our data controls is made through the Governance statement on page 67. When processing information, DVLA takes its obligations to protect personal data very seriously. In 2023-24 we have reported 4 personal data breaches to the Information Commissioner's Office (ICO). Of the responses received, no further action was required. The majority of these incidents were caused by an administrative error involving the misdirection of a person's documentation. Every incident reported within the business undergoes a thorough investigation to understand root causes and prevent a recurrence. The total volume of personal data paper transactions received in 2023-24 was 8.46 million, therefore the number of personal data breaches reported to the ICO represents a tiny fraction of all paper transactions.

Future developments

Our future developments are detailed in our **business plan 2024-25**.

Statement of Accounting Officer's responsibilities

Business Account

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

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

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

The Permanent Secretary of DfT has appointed the Chief Executive of DVLA as the Accounting Officer. 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 the DVLA's assets, are set out in Managing Public Money published by HM Treasury.

Trust Statement

Under the Government Resources and Accounts Act 2000, HM Treasury has directed us to prepare, for each financial year, a Trust Statement detailing the revenue and expenditure in respect of VED, fines and penalties and HGV Levy falling outside of the boundary of our Business Account. The Trust Statement is prepared on an accruals basis and must give a true and fair view of the collection and allocation of VED, fines and penalties and HGV Levy, including the revenue and expenditure, financial position and cash flows. The Trust Statement does not estimate the duty foregone because of non-compliance with the VED regime.

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

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

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

Disclosure of audit information

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

Responsibility for the Annual Report and Accounts

The Accounting Officer has confirmed that the Annual Report and Accounts as a whole are fair, balanced and understandable and that she takes personal responsibility for the Annual Report and Accounts and the judgments required for determining that they are fair, balanced and understandable.

Governance statement

Introduction

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

As Accounting Officer the Chief Executive has responsibility for the proper, effective and efficient use of public funds and may be required to appear before Parliamentary Select Committees. The Chief Executive is accountable to the Secretary of State for Transport for our performance in accordance with the Framework Document, which sets out the accountability and key relationships between us and the Department. The Accounting Officer is also required by HM Treasury's Managing Public Money and the Government Financial Reporting Manual to provide a statement on how she has discharged her responsibility to manage and control the resources for which she is responsible during the year.

Julie Lennard was the Chief Executive and Accounting Officer throughout the period covered by this Governance Statement, moving to a new role in the Crown Prosecution Service on 25 November 2024. With effect from 25 November 2024 Lynette Rose was appointed as interim Chief Executive and Accounting Officer. Since March 2018, Lynette has been DVLA's Director of Strategy, Policy and Communications. Julie Lennard has provided appropriate assurance to Lynette Rose confirming the effectiveness of the DVLA's system of internal control stating that she is not aware of any matter that her successor may not be aware of and which should be highlighted in this statement.

During 2023-24 we were sponsored by the Department for Transport (DfT) Roads and Local Group (RLG). We are responsible for providing driver licensing services in Great Britain and the registration of vehicles and collection of VED throughout the UK.

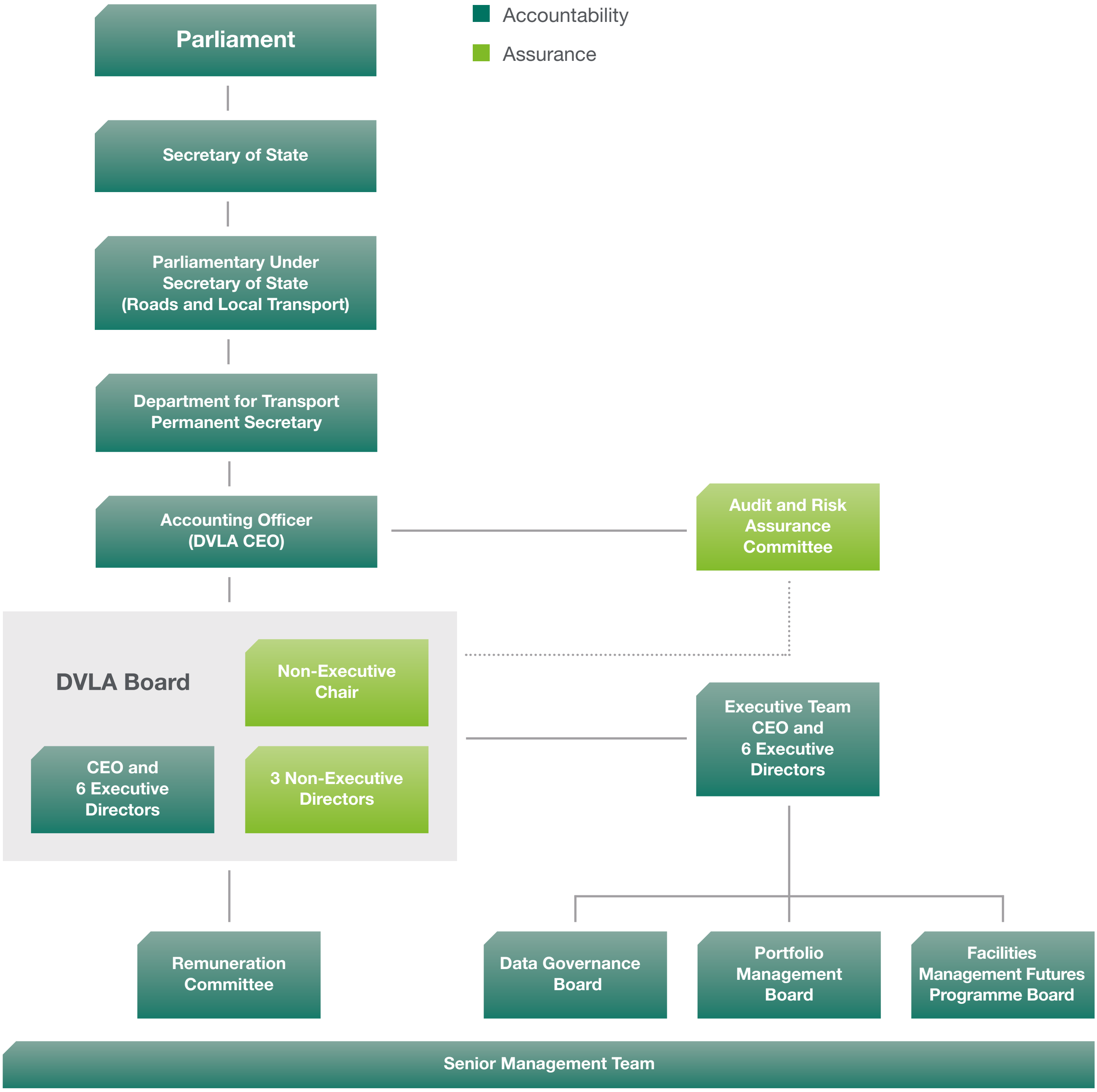
Driver licensing in Northern Ireland is a transferred matter and is the responsibility of the Driver and Vehicle Agency (DVA), sponsored by the Department of Infrastructure in Northern Ireland.

Governance framework

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

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

Governance structure



DVLA Board

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

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

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

The Non-Executive Chair is appointed by the Secretary of State. The Chief Executive appoints the Executive Directors with approval from the Permanent Secretary. Non-Executive Directors are recommended for appointment to the Secretary of State for Transport by the Non-Executive Chair, in partnership with the Chief Executive and the Director General of Roads and Local Group (RLG) at DfT. A record of any external business interests held by the Chair, Chief Executive, Executive Directors and Non-Executive Directors is maintained by the Corporate Secretary and is updated as required and formally reviewed annually. As the first item of business at every Board meeting, the Chair will ask all members if they or any close or dependant family member has any new business interests to declare since the last meeting, and if there are any conflicts of interest arising from that new interest or pre-existing interest with any item for discussion on that meeting's agenda. That request and any response is recorded in the minutes.

The Board considers:

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

The Executive Directors have specific areas of functional responsibility and accountability (page 58).

The Non-Executive Chair also chairs the Remuneration Committee, and the three Non-Executive Directors are members. A suitably qualified Non-Executive Director chairs the DVLA Audit and Risk Assurance Committee (ARAC) with two other Non-Executive Directors attending as members. In addition, an independent member, nominated from within DfT, serves on the ARAC.

Non-Executive Directors


David Jones

Non-Executive Chair

Chair of Agency Board and Remuneration Committee

David Jones was appointed in December 2023 and took up the post of Non-Executive Chair of DVLA from February 2024.

David is currently a Non-Executive Director at Ofwat and a co-founder and Director at CxB, a voluntary organisation improving the board oversight of cyber security.

David was previously on the board of Ofcom as a Non-Executive member from 2019 to December 2023. He has also held Non-Executive Director positions for Cardiff and Vale NHS Board, Qualifications Wales, the Aneurin Bevan NHS Board and the Welsh Revenue Authority.


Charmion Pears

Non-Executive Director

Non-Executive Chair of the Audit and Risk Assurance Committee

Charmion Pears was appointed in January 2024 and took up the post of Non-Executive Director and Chair of DVLA's Audit and Risk Assurance Committee from February 2024.

Charmion has been a chartered accountant with the Chartered Accountants of Australia and New Zealand (CAANZ) for 25 years. She is a Non-Executive Director and Chair of the Audit and Risk Assurance Committee of the Care Quality Commission (CQC) and an Independent Member of the Audit and Risk Assurance Committee of the Health and Safety Executive (HSE).

Charmion's previous roles include Non-Executive Director of Corserv Ltd, Senior Independent Non-Executive Director of Bristol Waste Company and Trustee of Blue Cross UK and Demelza Hospice for Children. Charmion's executive career comprised leadership roles in strategic planning and innovation within the airline industry and financial services.


Stephen Tetlow

Non-Executive Director

Stephen Tetlow was appointed in January 2024 and took up the post of Non-Executive Director of DVLA from February 2024.

Stephen has more than 15 years' experience as a Non-Executive director, including roles at the Planning Inspectorate, EngineeringUK and the National Skills Academy for Rail. Stephen is a Non-Executive Director of The Student Loans Company Ltd.

Stephen's previous roles include Director of Electrical and Mechanical Engineering for the British Army and Director of Operations for the Defence Logistics Organisation in the Ministry of Defence, and the CEO of the Institution of Mechnical Engineers group of companies.


Sarah Williams-Gardener

Non-Executive Director

Sarah Williams-Gardener was appointed in January 2024 and took up the post of Non-Executive Director at DVLA from February 2024.

Sarah is Chair of the Western Gateway Partnership and the Chair at FinTech Wales, a members collective focused on empowering the FinTech and financial services in Wales and leading the organisation in establishing Wales as a globally recognised FinTech hub of excellence. Sarah is also a trustee for Surviving Economic Abuse.

Sarah spent 17 years at IBM, latterly as Government Affairs Director working with government departments including DVLA, as well as working on commercial and innovation projects. Sarah was a founding member of the team behind the challenger bank Starling. After leaving Starling in June 2019, Sarah held an interim CEO role at the charity 'Hope for Children', followed by a consultancy contract at Fair 4 All Finance.

Executive Team

Julie Lennard*

Chief Executive

Tony Ackroyd

Executive Director
Operations and Customer Service Directorate

Darren Thompson

Executive Director
Commercial Directorate

Louise White

Executive Director
Human Resources and Estates Directorate

Lynette Rose

Executive Director
Strategy, Policy and Communications Directorate

Brian Sullivan

Executive Director
Information Technology Services

Tracy Nash

Executive Director
Finance and Assurance Services

* Julie Lennard left the DVLA on 24 November 2024. Lynette Rose was appointed Accounting Officer and Interim Chief Executive with effect from 25 November 2024.

Week	Executive Team Meetings – Chaired by the Chief Executive Focus
1	IT operations and live service
2	Operations and business plan performance
3	Commercial, Strategy, Policy and Communications
4	Human Resources, Estates, Finance and Assurance
5	Open agenda (in five week months)

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

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

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

Board, Audit and Risk Assurance Committee and Remuneration Committee attendance

Figures denote meetings attended and meetings available to attend between 1 April 2023 and 31 March 2024. The Board met 11 times in the year with non-attendance agreed in advance on an exceptional basis.

Directors' attendance business year ending 31 March 2024	DVLA Board	Audit and Risk Assurance Committee	Remuneration Committee
David Jones, Non-Executive Chair (from 1 February 2024)	2/2	N/A	N/A
Lesley Cowley, Non-Executive Chair (to 31 January 2024)	8/9	N/A	2/2
Julie Lennard, Chief Executive	11/11	4/4	2/2
Louise White	11/11	1/1	2/2
Tony Ackroyd	8/11	N/A	N/A
Darren Thompson	10/11	N/A	N/A
Lynette Rose	11/11	1/1	N/A
Brian Sullivan	11/11	N/A	N/A
Tracy Nash	11/11	3/4	N/A
Charmion Pears, Non-Executive Director and Audit and Risk Committee Chair (from 1 February 2024)	2/2	1/1	N/A
Sarah Williams-Gardener, Non-Executive Director (from 1 February 2024)	2/2	1/1	N/A
Stephen Tetlow, Non-Executive Director (from 1 February 2024)	1/2	1/1	N/A
Matt King, Non-Executive Director and Interim Audit and Risk Committee Chairman (to 31 January 2024)	8/9	3/3	2/2
Chris Morson, interim Non-Executive Director (to 31 January 2024)	9/9	2/3	N/A
Helen John, Independent Member (to 30 June 2023)	N/A	2/2	N/A
John Parkinson, Independent Member	N/A	4/4	N/A

DVLA Board effectiveness

The Chair meets regularly with the Non-Executive Directors to discuss their performance and to ensure we gain the greatest value from their external perspectives and experience. The Board undertakes an annual self-assessment of its performance and capability, 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.

However, since this was the final exercise before the new Board assumed its responsibilities, it was decided not to commit the incoming Board to a pre-determined plan. The DVLA is engaging external assessors to conduct a baseline survey for the new Board. Additionally, the usual internal assessment will be conducted in December 2024 to ensure continuity in the results.

Remuneration Committee

The remuneration framework and pay award guidance for Senior Civil Servants (SCS) is set by the government following independent advice from the Senior Salaries Review Body. The role of the Remuneration Committee is to make recommendations to the Chief Executive (and DfT) on aspects of remuneration decisions for the DVLA's SCS in accordance with current pay guidance. The committee meets at least once a year. During 2023-24, they met in May and again in July.

Audit and Risk Assurance Committee

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

The ARAC has agreed terms of reference which are reviewed on an annual basis. The Committee provides assurance, advice and support to the Chief Executive in discharging her responsibilities as Agency Accounting Officer. The Chair of the ARAC produces a formal Letter of Assurance and Letter of Representation in relation to fraud for the Agency Accounting Officer each year. Key areas of focus in 2023-24 included Cyber Security, Information Risk Management, and Fraud, Error and Debt.

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

Audit and Assurance Risk Committee

Name	Status	Responsibility	Date of appointment
Charmion Pears	Non-Executive Director	Chair from 1 February 2024	January 2024
Stephen Tetlow	Non-Executive Director	Member from 1 February 2024	January 2024
Sarah Williams-Gardener	Non-Executive Director	Member from 1 February 2024	January 2024
Matt King	Non-Executive Director	Interim Chair from 14 January 2023 to 31 January 2024	November 2020
Chris Morson	Interim Non-Executive Director	Member to 31 January 2024	February 2023
Helen John	Independent Member	Member to 30 June 2023	October 2016, re-appointed November 2019. Tenure complete June 2023
John Parkinson	Independent Member	Member	August 2020, re-appointed for another three years from August 2023

The ARAC has access to all internal audit reports, major project assurance reports, external reviews, risk registers, management reports, results of external audit reviews and subsequent management letter. The agenda follows a cyclical pattern to support external financial reporting but considers the following across the four meetings:

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

The ARAC reviews the agency's Management Assurance Statement (MAS) and Government Functional Standards Compliance Report, seeking additional assurance where necessary. The ARAC also recommends to the Agency Accounting Officer whether she should accept and sign the Annual Report and Accounts.

Wider governance

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

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

Managing our risks

The DVLA's risk management process puts a strong focus on the identification and control of risk. DVLA utilises the DfT Risk Control Framework to guide its risk, governance and assurance activities. The risk policy is aligned with DfT policy ensuring risks are escalated to the central department when necessary. DVLA risk management processes adhere to the HMT Orange Book principles and the HMT's Corporate Governance Code.

DVLA employs the Three Lines of Defence model. New risks are identified and managed at all levels across the agency, considering the business plan measures, global trends and ongoing risks of national interest. They are managed with an established process for escalation of risks to the Corporate Risk Register. The Corporate Risk Register is reviewed on a monthly basis, by the Executive Team, at three ARAC meetings and twice a year by the Agency Board.

The Data Governance Board (DGB) provides the Senior Information Risk Owner (SIRO) with the necessary assurances in relation to the data and information for which we hold responsibility. The Fraud Error and Debt Board (FED) provides further assurance of the agency's risks relating to fraud error and debt, ensuring effective management of these risks.

DVLA Risk Management – Risk Register Escalation Process

The Executive Team complete a monthly review of the agency's corporate risks and any significant risks escalated from within the business. The Corporate Risk Register is shared with DfT and any significant risks escalated to the department in accordance with agreed processes.

There are six directorates, each with a set of localised registers, a Portfolio Management Board with overview of risks that are identified across the 4 key programmes and their associated projects and a FM Futures Risk register managed at an additional monthly meeting of the Executive Team. These are reviewed monthly at Directorate Senior Management Team, Portfolio Management Board meetings and Executive Team meetings respectively.

Any risks that score above a certain level are escalated accordingly to the next tier of assurance for consideration.

An annual risk identification exercise took place to assess the accuracy of current risks and identify future risks on the horizon. Safeguarding our data, the threat of cyber-attack or insider threat, along with exiting the PFI contract in 2025, remain key priorities.

Other corporate risks during the year 2023-24 included:

- The impact of inflation on service provision.
  This focuses on the risk of high levels of inflation impacting on third party contracts increasing operational costs for the agency. During 2023-24, actions focused on the following controls:
  - updated medium term finance plans, including updating the comprehensive view of controllable spend to be used for any prioritisation required
  - assessed strategic Commercial pipeline to understand ability to mitigate impacts of inflation
- Vehicle Excise Duty evasion and payments.
  This focuses on the risk of a decrease in timely payments and increased level of evasion. During 2023-24, actions focused on the following controls:
  - maintain compliance through communication campaigns
  - reducing evasion through enforcement activities

Business Continuity

Corporate business continuity is managed through the Human Resources and Estates Directorate, coordinating business continuity planning across the agency, supported by business areas. The principal objective of business continuity planning is to reduce operational risk and increase organisational resilience. Output Services Group business continuity arrangements are certified to ISO 22301 standards.

We have a dedicated Corporate Business Continuity Team providing advice, guidance and support across the agency. We are an integral member of the Cross Government Business Continuity Forum (led by the Department of Work and Pensions) sharing business continuity best practice and standards across government.

We understand the potential impact on our customers in the event of any issues with our services and hold a suite of specific business continuity plans to respond to and recover from business disruptions. The specialist Corporate Business Continuity Risk Register includes risks raised by individual business areas and threats highlighted in the National Risk Register (NRR). Our risk registers inform and focus the prioritisation of work, with the aim to mitigate against new and evolving threats and the consequences of plausible worst-case scenarios.

Examples of business risks and specific plans include Cyber security threats, IT system outages, Flooding, Counter Terrorism, National Power Outage and Pandemic amongst others. These are underpinned by local business continuity plans implemented at an operational business team level.

We have strengthened our business continuity planning processes. We have business continuity software to consolidate our business impact analyses and hold our plans. Managers are empowered to take ownership, to maintain, and continuously improve the information relied on to inform our wider response and recovery plans.

We manage business disruptions following the Bronze, Silver, Gold incident management model that establishes the command, control and coordination of resources, implementing the specific strategies and plans needed.

We validate our plans, procedures, and arrangements through exercising to ensure that procedures and arrangements remain fit for purpose and rehearse incident management when reacting to various scenarios. During 2023-24 we tested our cyber resilience plans, disruption to print facilities and an exercise to test the response to an environmental pollution incident.

Change and investment

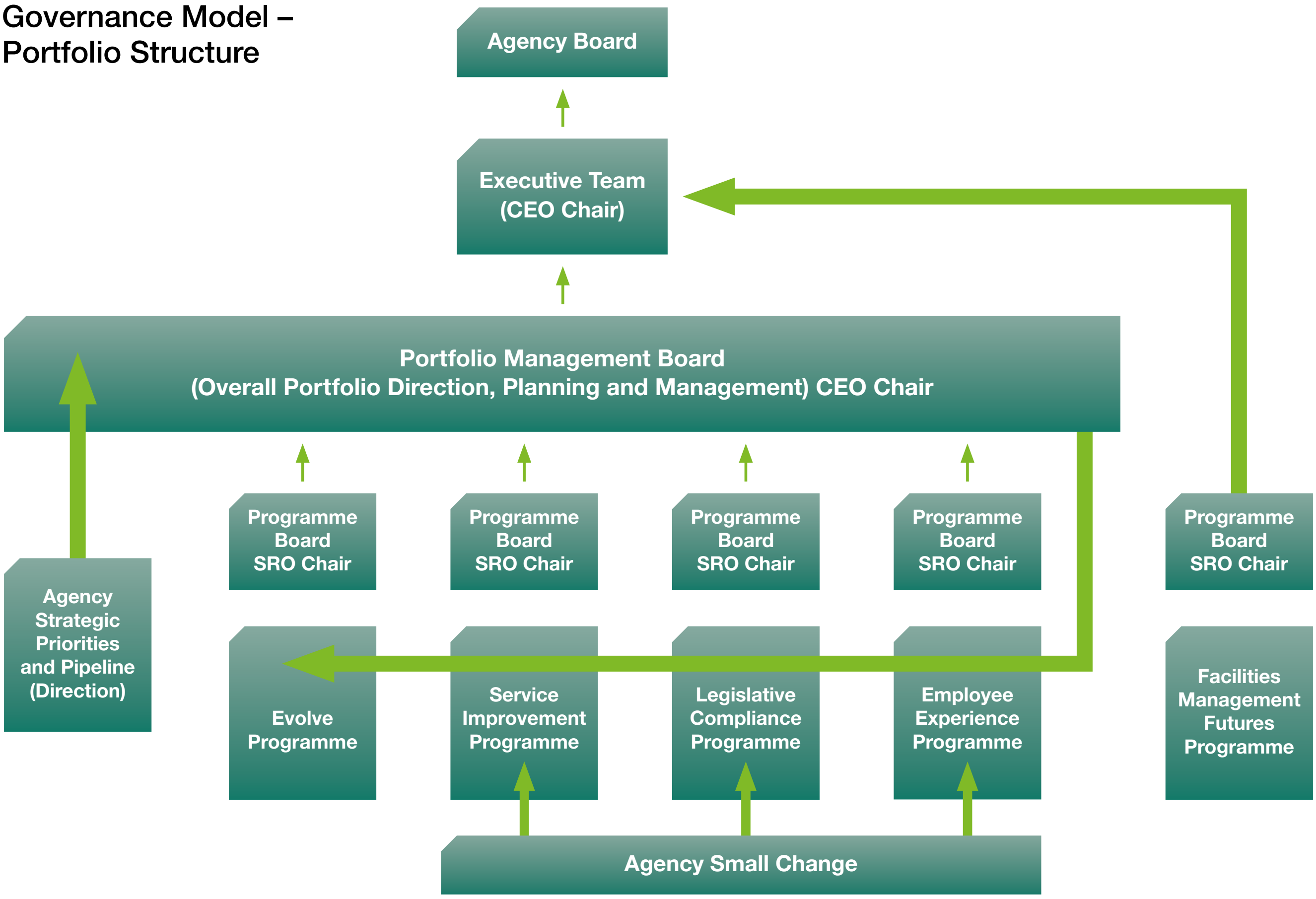
We manage the introduction of change through the Strategic Change Pipeline along with assignment of strategic priority. All potential change initiatives must be sponsored by a director and approved onto the change pipeline at the Portfolio Management Board (PMB), before being presented to the relevant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

The main features of this process are:

- a rolling pipeline of planned change
- a monthly PMB consisting of the Executive Team, Senior Responsible Officers (SRO), Portfolio Leads and representatives from across the Agency, which acts as the first decision making forum in the pipeline process
- monthly Programme Boards consisting of an SRO, Executive Team members, Portfolio Leads and representatives from business areas
- our business case process determines the appropriate governance route for each investment – a three-stage business case process (following HM Treasury Green Book guidance) is undertaken for changes with a lifecycle cost greater than £1 million with smaller value investments requiring a cost benefit analysis
- each business case follows the HM Treasury five case model (strategic, economic, commercial, finance and management), the economic section includes a value for money assessment
- a Continuous Assurance Team manage the provision of proportionate assurance of all projects and programmes within DVLA – the team is independent of project and programme delivery and essentially assures DVLA investment in change

The Facilities Management Futures (FMF) Programme reports directly to a dedicated Executive Team Meeting on a monthly basis. This is due to its significance and the associated risk management, along with the need to share experience with other government departments also exiting Private Finance Initiative (PFI) contracts.

Governance Model – Portfolio Structure



Cabinet Office spending controls

In addition to the rules set out in Managing Public Money, Cabinet Office (CO) operates certain spending controls. These relate to Commercials; Digital and Technology; Advertising, Marketing and Communications; Contingent Labour; Property; Facilities Management; Redundancy and Compensation; Learning and Development. All controls have designated owners within the agency and are subject to ongoing review to ensure compliance is sustained.

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

The ICT spend pipeline is subject to quarterly review and approval at an Assurance Board (including DfT/CO representation). This is a major benefit to our change programme and supports our business and technology transformation agenda.

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

During the last period, the requirement for the third tier of approval, the Joint Assurance Review (JAR), has been removed by CO. Further amendments are being made to the spend control process. These have not yet been confirmed or implemented, however, Version 6 of the spend controls includes the introduction of assessment against Strategic Commitments (SCs). These SCs align to the Transforming for a Digital Future Roadmap and ensure departments are implementing requirements. An online tool, Get Approval to Spend, has also been developed by Cabinet Office which incorporates the SCs and through which submissions can be made for approval. Version 6 of the CO spend controls and the new tool is being piloted and is due to be rolled out across government for implementation during the 2024-25 financial year. DVLA is engaged in this work.

Financial controls

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

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

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

Finance provide assurance for cost models that are included in Business Cases and Exception reports across the agency. The report provides an overall confidence rating in the output and provides detail on the strengths, weaknesses and areas of uncertainty. The Analytical Assurance reports also provides a confidence for each benefit or disbenefit which is then added to the relevant benefit profiles. Analytical assurance is also provided on an ad-hoc basis for papers, reports submissions or responses that are sent to the Executive Team, DfT or wider government. In both these areas we continue to adhere to the principles in the HM Treasury Aqua book and we continue to evolve the Analytical Assurance Report structure to meet our audience needs.

Functional standards

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

DVLA has introduced improved procedures for reviewing and evaluating compliance with Government Functional Standards, including rigorous, evidence-based assessments and increased assurance.

The report endorsed at DVLA Audit and Risk Assurance Committee in February 2024, demonstrates full compliance with the mandatory elements of the Government Functional Standards. DVLA will maintain focus to ensure that this compliance is sustained.

Additional assessment against the recommended, non-mandatory elements of the Functional Standards has also been conducted this financial year. Actions for improvement have been identified and will be reviewed as part of the 2024-25 assessment.

Fraud, error and debt

The management of fraud, error and debt is a critical part of good governance. Losses and recoveries are reported quarterly to the Public Sector Fraud Authority through DfT.

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

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

The Government Internal Audit Agency (GIAA) provides support and input to fraud investigations, advising on aspects of control and risk management. The Fraud Policy and Investigations Team reviews change, whether project inspired or through the small change process. It also assesses contract awards and renewals. Finally, the team works closely with individual business areas to fraud risk-assess business processes and practices, providing support and advice to mitigate fraud opportunities.

Raising a Concern

There is a Raising a Concern (whistleblowing) process. It allows staff the opportunity to raise issues from criminal activity to financial malpractice and corruption. The process is impartial and secure ensuring concerns are handled by nominated officers with investigative experience. To facilitate staff reporting, there are several accessible routes. There is a telephone hotline and an email contact address and an anonymous digital reporting system. Hard copy forms, and physical boxes, are deployed across all Swansea sites for staff who might prefer this communication method. A trial is being conducted in the Birmingham Customer Service Centre, whereby hard copy forms can be posted to the DVLA Fraud Policy and Investigations Team in Swansea, through the standard mail service, using pre-paid or pre-addressed envelopes. Birmingham staff can also raise concerns through the existing telephone hotline, e-mail and anonymous digital reporting routes.

Mandatory fraud awareness sessions for staff have been undertaken throughout the year, these include details of Raising a Concern routes.

For our customers and suppliers, contact details for our fraud investigators, are provided on forms and on our website. Telephone details are also provided to contact centre staff who can transfer calls from external customers where the need arises.

Post Office

The Post Office provides a limited number of customer-facing services on behalf of DVLA and which includes Vehicle Excise Duty (VED) payment, Drivers Ten Year Renewal service and Statutory Off-Road Notification (SORN) application.

DVLA's assurance over the Post Office's control environment, in relation to DVLA income and balances derives from a combination of:

- internal controls in DVLA including reconciliation of receipts
- external assurance including reports received from PwC as the external auditors of the Post Office

The assurance from PwC that we receive is based on work they perform in accordance with the International Standard on Related Services (ISRS) 4400 'Agreed-Upon Procedures Engagements'. This work covers a range of tests that PwC perform on the VED collection services that Post Office have undertaken for the DVLA during the year. One element of the PwC report includes reliance on an International Standard of Assurance Engagement (ISAE) 3402 report that is produced by EY for the Post Office. EY report in their capacity as external auditors of Fujitsu, and this report provides assurance to the Post Office in relation to their Horizon system as a whole.

The PwC report is ordinarily received by DVLA in May/June time to allow finalisation of the Annual Report and Accounts in July each year, and DVLA had received a draft report in August 2024. However, this year saw delays in the receipt of the final PwC report, which was due to a later than expected finalisation of EY's ISAE 3402 report on Fujitsu's controls relating to the Horizon system. DVLA received the final report in November 2024.

Shared Services

During the reporting year, Arvato Bertelsmann was the service provider of back office shared services for DfT and various arms-length bodies including DVLA. Contract management and service performance was managed by a DfT programme team who also provided a level of assurance that Shared Services Arvato (SSA) continued to meet its contractual obligations.

DfT received an International Standards of Assurance Engagement (ISAE) 3402 report, produced by KPMG, on Arvato's operation of the control environment at the Shared Service Centre. We place reliance on these reports to DfT for assurance over SSA's environment during the 2023-24 financial year. We have a dedicated commercial relationship lead, who manages the relationship with the DfT Programme Team and co-ordinates performance monitoring and change and release processes for DVLA.

During the year, we worked closely with DfT as part of the wider Unity programme which aims to deliver a standardised shared services platform for HM Revenue and Customs, DfT and Ministry of Housing, Communities and Local Government. On 31 May 2024 the contract with Arvato came to an end and the service provision transferred to Unity Business Services (UBS) on 1 June 2024. In 2023-24 and ahead of this change, we supported the programme to ensure transition and contingency plans enabled DfT to successfully exit the Arvato contract.

Commercial controls

As a central government body, our commercial activity is governed by legislation within the Public Contracts Regulations 2015 and The Procurement Act 2023. The new regulations will come into force in February 2025. Commercial Directorate are taking the necessary steps to ensure that this legislation is adopted in all relevant commercial activity. Governance and control of commercial activity is administered by the Commercial Directorate and overseen by the Commercial Director.

The Commercial Directorate is responsible for ensuring that commercial practice is compliant with the regulations, with all tender opportunities and contract awards over £12,000 published.

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

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

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

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

In accordance with the Cabinet Office External Spending Controls, Commercial Directorate ensure that all in scope procurement exercises are subjected to the appropriate levels of governance and assurance within the DfT and Cabinet Office processes.

In addition, all procurements over the Find a Tender Service (FTS) threshold (currently £139,688) are subjected to independent assurance by the DfT Commercial Lifecycle Assurance Team, and endorsed by the DfT Commercial Assurance Board, before award of contract.

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

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

DVLA assesses commercial performance against Government Functional Standards through completion of the Commercial Continuous Improvement Assessment Framework.

Data controls

The Senior Information Risk Officer (SIRO), our Strategy, Policy and Communications Director is accountable at board level for information risk and is supported by a Chief Data Officer (CDO)/Deputy SIRO.

Information Asset Owners (IAOs) are responsible for the day-to-day management and use of information assets and must approve any change to their use including the approval of Data Protection Impact Assessments.

The overarching data management framework is managed and overseen by Information Assurance and Governance (IAG), with the CDO leading this area. This includes data breach reporting and management.

The Data Governance Board (DGB) is the focal point for reporting and initial escalation of data issues and risks, reporting to the Executive Team where appropriate. The DGB is chaired by the CDO and meets approximately every eight weeks.

The Data Protection Officer is based in DfT but has a Data Protection Manager based at DVLA who reports on data issues.

Accounting Officer's assurance

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

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

A full Management Assurance Statement (MAS) review and Functional Standards Assessment is undertaken every year, to review all facets of management assurance, policy and practice.

Internal audit

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

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

Head of Internal Audit opinion

On the basis of evidence obtained during 2023-24, the Head of Internal Audit was able to provide a moderate level of assurance that the framework of governance, risk management and control is appropriately defined and was working effectively throughout 2023-24 (a moderate opinion was also provided in 2022-23).

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

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

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

Remuneration and staff report

Remuneration report

Remuneration policy

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

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

We have a remuneration committee in line with board best practice, chaired by our Non-Executive Chair. Further details can be found within the Governance Statement.

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 that are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. The standard period of notice to be given by directors is three months.

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

Salary and pension entitlements

The remuneration and pension interests of the Chief Executive and directors are set out on **pages 70 to 72**.

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

Salary

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

Performance bonus

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

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 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 the government introduced new public service pension schemes 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".

Any members affected by the Public Service Pensions Remedy were reported in the 2015 scheme for the period between 1 April 2015 and 31 March 2022 in 2022-23, but are reported in the legacy scheme for the same period in 2023-24. 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 (PCSPS benefits) for that period.

The partnership pension account is an occupational defined contribution pension arrangement. 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 because of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

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

Real increase in CETV

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

Remuneration of the Executive Team members – audited

	Salary		Performance bonus		Pension benefits (to nearest £1000)		Total	
	2023-24 £000	2022-23 £000	**2023-24 £000**	2022-23 £000	**2023-24 £000**	2022-23 £000	**2023-24 £000**	2022-23 £000
Chief Executive								
Julie Lennard Chief Executive	**140-145**	130-135	**0-5**	5-10	**55**	52	**195-200**	190-195
Executive Team members								
Louise White HR and Estates Director	**90-95**	85-90	**5-10**	5-10	**40**	(41)[3]	**140-145**	50-55[4]
Darren Thompson Interim Commercial Director 3 April 2023 to 3 December 2023	**55-60 (85-90)[1]**	–	**0-5**	–	**–**	–	**60-65 (90-95)[1]**	–
Darren Thompson Permanent Commercial Director from 4 December 2023	**25-30 (85-90)[1]**	–	**0-5**	–	**–**	–	**30-35 (85-90)[1]**	–
Andrew Falvey Commercial Director[2]	**–**	50-55 (80-85)[2]	**–**	5-10	**–**	22	**–**	80-85
Tony Ackroyd Operations and Customer Service Director	**100-105**	95-100	**0-5**	0-5	**40**	38	**140-145**	135-140
Lynette Rose Strategy, Policy and Communications Director	**85-90**	80-85	**5-10**	5-10	**37**	(31)[3]	**130-135**	55-60[4]
Brian Sullivan Chief Technology Officer	**120-125**	120-125	**5-10**	0-5	**47**	47	**175-180**	165-170
Tracy Nash Finance and Assurance Services Director	**85-90**	75-80	**5-10**	–	**67**	39	**150-155**	115-120

1 Full year equivalent. Darren Thompson was on loan from CCS between 3 April 2023 to 3 December 2023, with permanency from 4 December 2023.

2 Full year equivalent. Andrew Falvey partially retired, 31 October 2021 and fully retired 31 March 2023.

3 The negative pension benefits reported reflects the impact of high inflation rates against closed pension schemes where contributions made during the year were not enough to offset the negative impact on inflation.

4 The reduction in the total remuneration reflects the impact referenced in footnote 3.

Performance bonuses paid to Executive Directors in 2023-24 were determined in accordance with the Senior Civil Service Pay Award 2023-24 – practitioner guidance – GOV.UK **(www.gov.uk)**.

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

Fair pay disclosures – audited

Reporting bodies are required to disclose their relationship between the remuneration of the highest-paid director in the organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

The highest paid directors pay band moved from the £130,000-£135,000 band last year to the £140,000-£145,000 band this year which is an increase in the mid-point of the band of 8%. The movement in the banded salary and allowances for the highest paid director is calculated by comparing the mid-point of the pay band in each respective year in line with FReM guidance (6.5.19 to 6.5.20). The percentage change for DVLA employees, which is based upon average salaries including the £1,500 cost of living payment, was an increase of 9%.

Performance bonus for the highest paid director decreased by 67% in 2023-24 when compared to 2022-23, whilst the average percentage change for DVLA employees decreased by 10%.

Year	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2023-24			
Ratio	5.6:1	5.3:1	4.2:1
Total pay and benefits[1]	**25,661**	**26,750**	**33,929**
Salary component	23,274	23,508	28,849
2022-23			
Ratio	6.1:1	5.6:1	4.5:1
Total pay and benefits	23,300	25,522	31,780
Salary component	22,151	22,278	27,225

1 Total pay and benefits for 2023-24 includes the £1,500 cost of living payment.

The banded total remuneration of the highest-paid director in DVLA in the financial year 2023-24 was £140,000-£145,000 (2022-23: £140,000-£145,000). In 2023-24, nil (2022-23: nil) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £22,000 to £145,000 (2022-23: £19,000-£145,000).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind, except in the case of the lower range where it does not include non-consolidated performance related pay as not all staff would have been eligible. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Pension benefits of the Executive Board members – audited

	Real increase in pension and related lump sum at pension age during year	Total accrued pension at pension age and lump sum at 31 March 2024	Cash Equivalent Transfer Values (CETV)[1,3]		Real increase in CETV as funded by employer in year	Employer contribution to partnership pension account
			At 31 March 2024	At 31 March 2023		(To the nearest £100)
	£000	£000	£000	£000	£000	£
Julie Lennard	2.5-5	40-45	653	452	38	–
Louise White	0-2.5 plus a lump sum of 0-2.5	45-50 plus a lump sum of 130-135	1,151	938	30	–
Darren Thompson[2]	0-2.5 plus a lump sum of 0-2.5	35-40 plus a lump sum of 100-105	904	–	–	–
Andrew Falvey	–	–	–	437	–	–
Tony Ackroyd	0-2.5	20-25	452	341	36	–
Lynette Rose	0-2.5 plus a lump sum of 0-2.5	40-45 plus a lump sum of 105-110	991	816	29	–
Brian Sullivan	2.5-5	10-15	273	185	42	–
Tracy Nash	2.5-5	30-35	577	387	51	–

1 Or at date of appointment as director if later.

2 Pension benefits for Darren Thompson have been calculated from the date of permanent appointment 4 December 2023.

3 The pension benefits of any members affected by the public service pensions remedy which were reported in 2022-23 on the basis of alpha membership for the period between 1 April 2015 and 31 March 2022 are reported in 2023-24 on the basis of PCSPS membership for the same period.

Remuneration of the Non-Executive Board members – audited

	2023-24	2022-23
	£000	£000
David Jones (i)	**25-30 (75-80)[1]**	–
Lesley Cowley (ii)	**70-75 (80-85)[1]**	55-60
Charmion Pears (iii)	**0-5 (15-20)[1]**	–
Stephen Tetlow (iv)	**0-5 (10-15)[1]**	–
Sarah Williams-Gardener (v)	**0-5 (10-15)[1]**	–
Jeremy Boss (vi)	**–**	10-15 (15-20)[1]
Chris Morson (vii)	**15-20 (15-20)[1]**	0-5 (10-15)[1]
Matt King (viii)	**15-20 (15-20)[1]**	15-20
Cheryl McCuaig (ix)	**–**	5-10 (10-15)[1]

(i) Mr Jones became Non-Executive Chair on 1 February 2024.

(ii) Ms Cowley completed her term as Non-Executive Chair on 31 January 2024.

(iii) Ms Pears became a Non-Executive Director on 1 February 2024.

(iv) Mr Tetlow became a Non-Executive Director on 1 February 2024.

(v) Ms Williams-Gardener became a Non-Executive Director on 1 February 2024.

(vi) Mr Boss completed his term as Non-Executive Director on 13 January 2023.

(vii) Mr Morson became an interim Non-Executive Director on 6 February 2023 and completed his term on 31 January 2024.

(viii) Mr King completed his term as Non-Executive Director on 31 January 2024.

(ix) Ms McCuaig resigned on 28 September 2022.

1 Full year equivalent.

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

Staff report

We are one of the largest employers in the Swansea area, employing in total 5,715 full time equivalent staff as of 31 March 2024.

Workforce 2022-24 Full-time equivalents (FTE)[1]

As at 31 March 2022	5,610
As at 31 March 2023	5,505
As at 31 March 2024	5,715

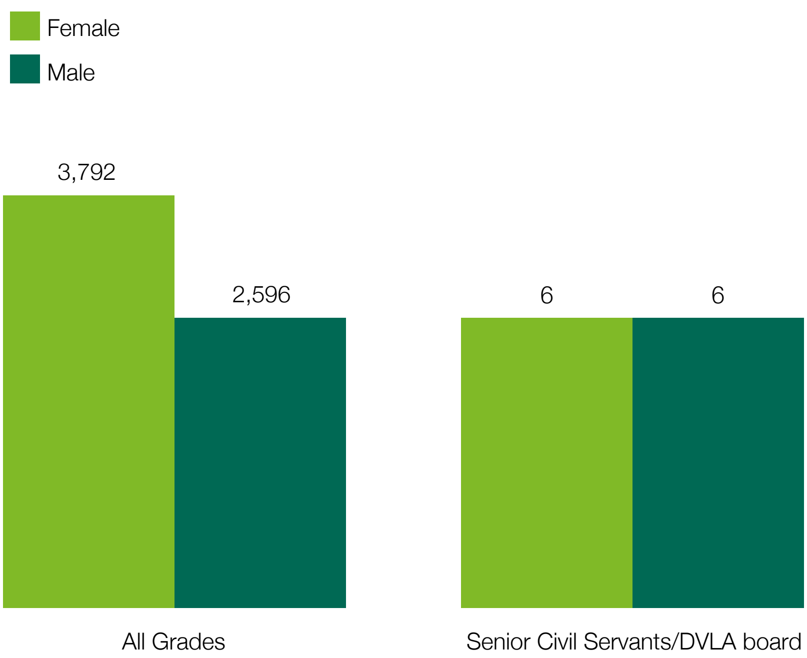
[1] The headcount as at 31 March 2024 was 6,388 (31 March 2023: 6,237).

Number of senior Civil Service staff by band at March 2024

SCS band	2023-24	2022-23
Band 2	1	1
Band 1	7	7
Total Number	**8**	**8**

Staff composition by gender

The figures shown in the graphs represent headcount as at 31 March 2024.



Staff numbers and related costs – audited

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

2023-24	Permanently employed staff	Other staff	2023-24 Total
	£000	£000	£000
Wages and salaries	172,298	3,421	175,719
Social security costs	15,956	205	16,161
Other pension costs	41,052	743	41,795
Total gross salary costs	229,306	4,369	233,675
Staff capitalisation	(2,824)	–	(2,824)
Total net salary costs	226,482	4,369	230,851
	FTEs	**FTEs**	**FTEs**
Total directly employed (average)	5,314	133	5,447

2022-23	Permanently employed staff	Other staff	2022-23 Total
	£000	£000	£000
Wages and salaries	160,069	4,794	164,863
Social security costs	15,069	231	15,300
Other pension costs	39,369	925	40,294
Total gross salary costs	214,507	5,950	220,457
Staff capitalisation	(2,046)	–	(2,046)
Total net salary costs	212,461	5,950	218,411
	FTEs	**FTEs**	**FTEs**
Total directly employed (average)	5,415	188	5,603

Total staff costs shown above are net of £2.8m capitalised costs in the year (2022-23: £2.0m).

The PCSPS and CSOPS (known as alpha) are unfunded multi-employer defined benefit schemes but we are unable to identify DVLA's share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2020. Details can be found in the resource accounts of the CO: Civil Superannuation (**www.civilservicepensionscheme.org.uk**).

For 2023-24, employer's contributions of £41.4 million were payable to the PCSPS (2022-23: £39.9 million) 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 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, a stakeholder pension with an employer contribution. Employers' contributions of £346,376 (2022-23: £351,088) were paid to one or more of a panel of two appointed stakeholder pension providers. Employer contributions are age-related and ranged from 8% to 14.75% (2022-23: 8% to 14.75%). Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £11,020 – 0.5% of pensionable pay (2022-23: £11,211 – 0.5%) were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Civil Service and other compensation schemes – exit packages – audited

(Comparative data is shown in brackets for 2022-23).

Exit package cost band (£)	Number of compulsory redundancies agreed	Number of other departures agreed	Total number of exit packages by cost band
<10,000	– (–)	11 (7)	11 (7)
10,000 – 25,000	– (–)	4 (2)	4 (2)
25,000 – 50,000	– (–)	6 (–)	6 (–)
50,000 – 100,000	– (–)	– (–)	– (–)
100,000 – 150,000	– (–)	– (–)	– (–)
Total number of exit packages by type	– (–)	21 (9)	21 (9)
2023-24 Total cost (£)	**–**	**303,721**	**303,721**
2022-23 Total cost (£)	–	60,907	60,907

Total cost relates to exit payments only. Redundancy and other departure costs have been agreed in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. The table above shows the total cost of exit packages agreed and accounted for in 2023-24 (2022-23 comparative figures are also given). £310,319 exit costs were paid in 2023-24 (2022-23: £200,907) including exit packages settled in the year following exit. Where we have agreed early retirements, the additional costs are met by us and not by the civil service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Consultancy expenditure

Expenditure on consultancy is shown in Note 3 of the Business Account.

Off-payroll engagement

Off-payroll engagements as of 31 March 2024, for more than £245 per day and that last longer than 6 months.

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

	31 March 2024	31 March 2023
Number of existing engagements as of 31 March	**72**	71
Number that have existed for less than one year at the time of reporting	**54**	48
Number that have existed for between one and two years at the time of reporting	**12**	19
Number that have existed for between two and three years at the time of reporting	**4**	4
Number that have existed for between three and four years at the time of reporting	**2**	–

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

All highly paid off-payroll workers engaged at any point during the year ended 31 March 2024, earning £245 per day or greater

	31 March 2024	31 March 2023
Number of temporary off-payroll workers engaged during the year ended 31 March 2024. **Of which:**	**134**	152
Not subject to off-payroll legislation [1]	**132**	145
Subject to off-payroll legislation and determined as in-scope of IR35	**1**	3
Subject to off-payroll legislation and determined as out-of-scope of IR35	**1**	4
Number of engagements reassessed for compliance or assurance purposes during the year. **Of which:**	**2**	6
Number of engagements that saw a change to IR35 status following review	**–**	–

[1] Temporary workers employed by an umbrella company (as defined by HMT Guidance) or workers employed by and on the payroll of an agency or another organisation in the supply chain.

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

	2023-24	2022-23
Number of off-payroll engagements of Board members and/or senior officials with significant financial responsibility, during the financial year	**–**	–
Total number of individuals on payroll and off-payroll that have been deemed Board members and/or senior officials with significant financial responsibility, during the financial year	**9**	9

Trade Union facility time

Relevant union officials

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

	2023-24	2022-23
Number of employees who were relevant officials during the financial year	**25**	26
Full time equivalent employee number	**24**	23

Percentage of time spent on facility time

	2023-24	2022-23
0%	**2**	1
1%-50%	**23**	25

No relevant union official spent over the 50% of their time on trade union facility activity.

Percentage of pay bill spent on facility time

	2023-24	2022-23
	£000	£000
Total cost of facility time	**46**	44
Total pay bill	**226,481**	212,460
Percentage of total pay bill spent on facility time	**0.02%**	0.02%

Paid trade union activities

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

Policy and procedures for staff

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

Policy on employment of people with a disability

We want to ensure that all staff are treated fairly and that no-one experiences a disadvantage due to a disability. Our aim is to provide accessible services and to demonstrate we are a disability confident employer which supports all staff to reach their full potential.

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

Sickness absence

The number of days lost (by full time equivalents) through sickness absence was 12.19 (2022-23: 13.08).

Staff turnover

The staff turnover percentage for 2023-24 is 8.4% (2022-23: 9.5%). The staff turnover figure is calculated as the number of leavers within the financial year divided by the average of staff in post over the financial year. Leavers reported are aligned to CO guidelines, therefore include retirements and resignations however they do not include transfer to another government department.

Civil Service People Survey results

The Civil Service People Survey ran from 19 September to 23 October 2023 and was available for all staff to complete. There were 4,066 respondents which equates to a 67% response rate (2022-23: 4,109 respondents which equates to a 64% response rate). The Employee Engagement Index was 54% which was equal to the 2022 result of 54% with the Civil Service Benchmark for 2023 being 64% (2022-23: 65%).

Parliamentary accountability

Losses and special payments – audited

	2023-24 Number of cases	2023-24 Value £	2022-23 Number of cases	2022-23 Value £
Losses written off in year				
Cash losses (i)	**18,257**	**754,474**	9,839	639,536
Special payments				
Ex-gratia payments (ii)	**833**	**210,829**	1,185	298,331
Payments to staff (iii)	**2**	**37,000**	2	140,000

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

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

(iii) Payments to staff relate to special severance payments outside of normal statutory or contractual requirements. Due to the small number of payments no further information is disclosed as in doing so would conflict with the Data Protection Act 2018.

Fees and charges – audited

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

Remote contingent liabilities – audited

There are no contingent liabilities remote or otherwise at 31 March 2024 (2022-23: None).

Contingent assets – audited

There are no contingent assets.

Lynette Rose
Accounting Officer and Interim Chief Executive, DVLA
9 December 2024

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

Business Account

Opinion on financial statements

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

The financial statements comprise the Driver and Vehicle Licensing 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 Licensing Agency's affairs as at 31March 2024 and its net income for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

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

Basis 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 Licensing 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 Licensing 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 Licensing 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 Licensing 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 there on. 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 Licensing 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 Licensing 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 Licensing 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 Licensing 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 Licensing 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 regulations[1], including fraud. The extent to which my procedures 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 Licensing Agency's accounting policies, and key performance indicators.
- inquired of management, the Driver and Vehicle Licensing Agency's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Driver and Vehicle Licensing 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 Licensing 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 Licensing 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 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 Licensing 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 Licensing Agency's framework of authority and other legal and regulatory frameworks in which the Driver and Vehicle Licensing 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 Licensing 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.

[1] 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.

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

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

10 December 2024

DVLA Business Account

Statement of Comprehensive Net Expenditure for the year ended 31 March 2024

	Note	2023-24 £000	2022-23 £000
Revenue from contracts with customers	2	**669,878**	628,719
Operating costs	3	**(275,153)**	(262,952)
Staff costs (i)		**(230,851)**	(218,411)
Depreciation, amortisation, impairment and loss on disposal	5&6	**(12,585)**	(11,971)
Net operating Income		**151,289**	135,385
Finance costs	4	**(299)**	(309)
Net Income for the year		**150,990**	135,076
Other comprehensive expenditure			
Items that will not be reclassified to net operating costs:			
Net gain on revaluation of property, plant and equipment	5	**4,012**	1,249
Net gain on revaluation of intangibles	6	**2,080**	2,385
Total comprehensive income for the year ended 31 March 2024		**157,082**	138,710

(i) A breakdown of staff costs is shown on page 74 in the accountability report.

All income and expenditure are derived from continuing operations. Notes forming part of these accounts appear on pages 88 to 108.

Statement of Financial Position as at 31 March 2024

	Note	2023-24 £000	2022-23 £000
Non-current assets			
Property, plant and equipment	5	**74,242**	75,010
Intangible assets	6	**43,823**	40,213
Total non-current assets		**118,065**	115,223
Current assets			
Trade and other receivables	7	**36,098**	25,402
Cash and cash equivalents	8	**20,269**	31,275
Total current assets		**56,367**	56,677
Total assets		**174,432**	171,900
Current liabilities			
Trade and other payables due within one year	9	**(93,217)**	(90,444)
Provisions for liabilities and charges	11	**(1,807)**	(1,756)
Total current liabilities		**(95,024)**	(92,200)
Non-current assets less net current liabilities		**79,408**	79,700
Non-current liabilities			
Trade and other payables due after more than one year	9	**(4,137)**	(8,674)
Provisions for liabilities and charges	11	**(605)**	(2,452)
Total non-current liabilities		**(4,742)**	(11,126)
Assets less liabilities		**74,666**	68,574
Taxpayers' equity			
General fund		**7,534**	7,534
Revaluation reserve		**67,132**	61,040
Total taxpayers' equity		**74,666**	68,574

Notes forming part of the accounts appear on pages 88 to 108.

Lynette Rose
Accounting Officer and Interim Chief Executive, DVLA
9 December 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 income		**151,289**	135,385
Adjustments for non-cash items:			
Loss on disposal, depreciation, amortisation and impairment	5&6	**12,585**	11,971
(Increase)/decrease in trade and other receivables	7	**(10,696)**	8,300
Increase/(decrease) in trade payables	9	**(4,577)**	(2,015)
Auditor's remuneration – notional charges	3	**176**	151
Increase/(decrease) in provisions	11	**(1,713)**	(1,308)
Net cash inflow from operating activities		**147,064**	152,484
Cash flows from investing activities			
Purchase of property, plant and equipment	5	**(2,298)**	(4,592)
Purchase of intangible assets	6	**(7,297)**	(7,647)
Net cash outflow from investing activities		**(9,595)**	(12,239)
Cash flows from financing activities			
Finance costs	4	**(382)**	(579)
Payment of lease liabilities	12	**(1,791)**	(2,314)
Capital element of payments in respect of finance leases and on-balance sheet PFI contracts	9	**(3,187)**	(3,019)
DfT supply funding received in year		**130,000**	114,000
Net cash received in financing activities		**124,640**	108,088
Payments of amounts in respect of cherished transfers and personalised registrations		**(273,115)**	(261,931)
Net (decrease)/increase in cash and cash equivalents in the year	8	**(11,006)**	(13,598)
Cash and cash equivalents at the beginning of the year	8	**31,275**	44,873
Cash and cash equivalents at the end of the year	8	**20,269**	31,275

Notes forming part of these accounts appear on pages 88 to 108.

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

	General fund £000	Revaluation reserve (i) £000	Total reserves £000
Balance at 31 March 2022	7,534	57,406	64,940
Net operating income for the year to 31 March 2023	135,076	–	135,076
Non-cash charge – auditor's remuneration	151	–	151
DfT supply funding	124,833	–	124,833
Consolidated Fund Extra Receipts (CFERs) payable:			
Cherished transfers	(109,588)	–	(109,588)
Personalised registrations	(150,472)	–	(150,472)
Other comprehensive income:			
Net gain on revaluation of property, plant and equipment	–	1,249	1,249
Net gain on revaluation of intangible assets	–	2,385	2,385
Balance at 31 March 2023	**7,534**	**61,040**	**68,574**
Net operating income for the year to 31 March 2024	**150,990**	–	**150,990**
Non-cash charge – auditor's remuneration	**176**	–	**176**
DfT supply funding	**125,616**	–	**125,616**
Consolidated Fund Extra Receipts (CFERs) payable (ii):			
Cherished transfers	**(119,760)**	–	**(119,760)**
Personalised registrations	**(157,022)**	–	**(157,022)**
Other comprehensive income:			
Net gain on revaluation of property, plant and equipment	**–**	**4,012**	**4,012**
Net gain on revaluation of intangible assets	**–**	**2,080**	**2,080**
Balance at 31 March 2024	7,534	67,132	74,666

(i) The revaluation reserve reflects the accumulated revaluation gains relating to non-current assets. The amount of the revaluation reserve that relates to intangible assets as at 31 March 2024 is £23.13 million (31 March 2023: £21.05 million).

(ii) Of the total £276.8 million (2022-23: £260.1 million), £150 million (2022-23: £150 million) was payable to the Consolidated Fund as an Extra Receipt, while £126.8 million (2022-23: £110.1 million) was payable to DfT under an agreement between HM Treasury and the department.

Notes to the accounts

Note 1. Statement of accounting policies

The financial statements have been prepared in accordance with the 2023-24 Government Financial Reporting Manual (FReM) issued by HM Treasury, to give a true and fair view of that basis. The accounting policies contained in the FReM apply UK adopted International Accounting Standards (IAS) as adapted or interpreted for the public sector context.

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

Adoption of new and revised standards

No new standards were issued or standards revised during 2023-24.

2024-25 and beyond

International Financial Reporting Standard (IFRS) 17 Insurance Contracts becomes effective for accounting periods commencing on, or after, 1 January 2023.

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

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

We will adopt IFRS 17 in the financial year commencing 1 April 2025. The impact of IFRS 17 is not expected to be significant based upon an initial review of existing contractual arrangements. A full review will be undertaken well ahead of adoption to assess the complete impact.

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

Accounting convention

These financial statements have been prepared under the historical cost convention modified by the revaluation of assets except where otherwise noted in these policies.

The financial statements have been prepared in accordance with the revised Accounts Direction issued by HM Treasury on 14 December 2023 under Section 7 of the Government Resources and Accounts Act 2000. They meet the relevant requirements of the FReM adapted IFRS. We are not aware of any disclosures or circumstances where these are inappropriate. International Accounting Standard 1 (IAS1) requires management to assess, as part of the process of preparing the financial statements, the agency’s ability to continue as a going concern. The FReM interprets IAS 1 for the public sector context and states that, for non-trading entities, the anticipated continuation of the provision of a service in the future is normally sufficient evidence of going concern. The financial statements should be prepared on a going concern basis unless there are plans for, or no realistic alternative other than, the dissolution of the agency without the transfer of its services to another entity within the public sector. As an executive agency, DVLA receives direct funding from DfT with this income included within DfT’s estimate. There is no reason to believe that DVLA will not continue to receive the funding necessary to maintain operations vital to the infrastructure of the UK for the period of 12 months. As such, management has concluded it is appropriate to continue to prepare the agency’s financial statements on the going concern basis.

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

Income

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

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

Income stream	Nature and timing of satisfaction of performance obligations
Income from the sale of registration marks including cherished transfers	Income from the sale of registration marks is recognised on receipt of payment for fixed price sales and for sales at auction. Payment is immediate for fixed price transactions and within five days of auction. Uncompleted sales are written out of sales after 12 months, with the related marks becoming available for resale. Fee income from the assignment, transfer and retention of cherished registration marks is recognised on receipt of payment. This satisfies the performance obligation in line with IFRS 15, where the buyer obtains control of the right to display the mark.
Driver transactions fee income	Fee income from driver transactions is recognised on the receipt of payment. Payment is immediate for online transactions, however recognised upon processing for postal and Post Office income. Our transaction turnaround times are closely monitored and when appropriate, income is deferred so it is accounted for in the same financial year that performance obligation is satisfied.
Vehicle transactions fee income	Fee income from vehicle transactions is recognised on the receipt of payment. Payment is immediate for online transactions, however recognised upon processing for postal and Post Office income. Our transaction turnaround times are closely monitored and when appropriate, income is deferred so it is accounted for in the same financial year that performance obligation is satisfied.
Fees from Other Government Departments (OGDs)	We invoice OGDs in arrears recognising income once our performance obligation for services provided has been satisfied.

Finance income and finance costs

As an executive agency, we do not earn interest on funds invested.

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

Taxation

We are not liable to pay Corporation Tax. Expenditure is shown net of recoverable VAT.

Irrecoverable VAT is charged to the relevant expenditure category or, if appropriate, capitalised with additions to non-current assets (excludes right of use assets under IFRS 16). Income and expenditure are otherwise shown net of VAT.

Cash and cash equivalents

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

Accounting policy for leases

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

In addition, the right of use asset is reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability on a monthly basis. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, HMT issued incremental borrowing rate of 3.51%. This rate applies to existing leases or leases entered into before 1 January 2024. For leases for the full 2024 calendar year (i.e. 1 January 2024 to 31 December 2024) it is 4.72%.

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

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

We have applied the recognition exemption of low value leases (less than £5,000) and short-term leases (duration less than 12 months). For these leases, the lease payments are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the lease term.

Non-current assets: property, plant and equipment

We revalue our non-current asset portfolio on 31 March each financial year in accordance with the requirements of the FReM. A full valuation of our estate is carried out every 5 years. The last full valuation was undertaken as at 31 March 2024 by Joseph M L Funtek BSc (Hons) MRICS of Gerald Eve LLP.

The Existing Use Valuation (EUV) basis is applied to the majority of assets save for those which are considered to be specialised in which case those assets are valued on a Depreciated Replacement Cost (DRC) basis. The valuation of our estate covers DVLA sites at Morriston, Swansea Vale and Ty Felin. Other sites utilised by DVLA are leased and therefore excluded from the valuation as these are covered under IFRS 16. The Morriston site comprises a number of buildings of which only X Block is considered to be specialised. Ty Felin is also a specialised industrial facility constructed solely for its purpose. As such both assets qualify under the definition in the RICS Valuation Standards as a specialised industrial property and are therefore valued on a DRC basis. The remainder of the estate is therefore considered to be generic office accommodation.

DVLA currently successfully operates out of multiple sites across Swansea and in Birmingham (noting that this office is leased). It is our assumption that this multi-location operating model would be able to continue in the theoretical event that the Morriston site needed to be replaced. As a result, the site has been valued on an EUV basis based upon comparable market prices and assuming an ability to use multiple sites.

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

Non-current assets: intangible assets

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

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

Depreciation and amortisation

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

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

The estimated remaining useful lives of buildings on 31 March 2024 are:

- 25 years, Morriston site
- 25 years, Ty Felin print centre at Fforestfach
- 20 years, Richard Ley Development Centre at Swansea Vale
- 10 years, J and E blocks (Morriston site)

The estimated remaining useful lives of right of use buildings on 31 March 2024 are:

- 5 years 5 months, Contact Centre
- 1 years 9 months, Baskerville House, Birmingham

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

Provisions

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

Pensions

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

Research and development

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

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

Private Finance Initiative (PFI) contract for estates

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

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

In November 2023 DVLA entered into an agreement with Telereal Trillium to remove all service elements deemed as a 'Facilities Management Soft Service' from the PFI provision. These included:

- cleaning
- catering and vending
- waste management and pest control

On 1 November 2023 DVLA awarded a contract for the provision of facilities management for soft services (to include the services noted above).

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

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

Financial instruments

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

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

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

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

Impairment of financial assets

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

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

We do not hold any derivative financial instruments.

Contingent liabilities

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

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

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

Contingent assets

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

Use of estimates and judgements

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

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

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

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

The valuation of land and buildings – a full valuation exercise was carried out for land and buildings as at 31 March 2024 and factored into our balance sheet. Further disclosure on the basis of the valuation can be found under Note 1 Non-current assets: property, plant and equipment.

Consolidated Fund Extra Receipts

Payments due to the Consolidated Fund from the Business Account represent amounts in excess of costs for our personalised registration and cherished transfer transactions. The income from these transactions is only deemed as due to the Consolidated Fund after the recovery of these costs. The surplus Consolidated Fund Extra Receipts are recognised in the statement of taxpayers' equity in compliance with the 2023-24 FReM. Under an arrangement between the Department for Transport (DfT) and HM Treasury, Consolidated Fund Extra Receipts in excess of £150 million are payable to DfT.

Supply funding

Supply funding is provided by DfT and is recognised as financing within the Statement of Changes in Taxpayers' Equity. At the end of the financial year, timing differences can result in an under or overpayment. This is reflected in the Statement of Financial Position.

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

2023-24 Operating segments	**Fees and charges**	**DVLA personalised registrations**	**VED collection and enforcement**	**Other government departments**	**Total**
	£000	£000	£000	£000	£000
External revenue	**466,014**	**161,077**	**8,733**	**34,054**	**669,878**
Expenditure	**(344,845)**	**(4,055)**	**(135,934)**	**(34,054)**	**(518,888)**
Net income/(cost)	**121,169**	**157,022**	**(127,201)**	**–**	**150,990**

2022-23 Operating segments	**Fees and charges**	**DVLA personalised registrations**	**VED collection and enforcement**	**Other government departments**	**Total**
	£000	£000	£000	£000	£000
External revenue	439,076	154,157	5,224	30,262	628,719
Expenditure	(334,843)	(3,685)	(124,853)	(30,262)	(493,643)
Net income/(cost)	104,233	150,472	(119,629)	–	135,076

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

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

We comply with the cost allocation and charging requirements set out in Managing Public Money. For fee setting purposes, rather than ring-fencing fees and related expenditure, the Department for Transport (Driver Licensing and Vehicle Registration Fees) Order 2003 allows us to pool these fees and recover the costs of the vehicle registration and driver licensing schemes as a whole – the total fees, costs and surplus are disclosed in the above note. The order also allows us to charge fees for some transactions and to offer some services free of charge if it is beneficial to do so. For example, changes to vehicle keeper details are processed for free as this information helps to maintain the accuracy of our records and promotes road safety. Our outturn against this breakeven objective for pooled fees and charges was a surplus of £1.4m (2022-23: Deficit of £5.4m) being the net income in respect of all fees and charges excluding cherished transfers.

Personalised registrations and cherished transfer transactions are not covered by the order referred to above. Net operating income for cherished transfer transactions and personalised registrations is transferred to the Consolidated Fund with a proportion of this revenue retained by DfT (see Statement of Changes and Taxpayers' equity page 87)

Note 3. Operating costs

	2023-24 £000	2022-23 £000
ICT Services:		
Operational	**44,124**	49,860
Programme	**5,901**	8,290
Agents' fees	**47,603**	38,445
Postage and printing	**75,415**	63,036
PFI Estates unitary charge	**22,814**	22,251
Card charges	**18,548**	16,345
Accommodation	**10,031**	8,335
Medical practitioners	**20,112**	25,401
Shared Services	**13,536**	13,592
Professional services	**6,086**	5,849
Maintenance of machinery and vehicles	**2,480**	2,292
Travel and subsistence	**928**	1,264
Staff related	**2,768**	3,138
Consultancy	**182**	311
Auditor's remuneration (i)	**176**	151
Other	**4,486**	4,187
Net (decrease)/increase in provisions (ii)	**(37)**	205
Total operating costs	**275,153**	262,952

(i) As an executive agency, the auditor's remuneration is a notional fee for the DVLA Business Account of £131,000 (2022-23: £108,000) along with a notional fee for the statutory audit of the trust statement of £45,000 (2022-23: £43,000).

(ii) Before unwinding (note 4) and utilisation (no effect on expenditure).

Note 4. Finance costs

Finance costs	2023-24 £000	2022-23 £000
Interest on imputed finance lease part of on-balance sheet PFI contracts	**277**	446
Interest unwind on lease liabilities	**105**	133
(Unwinding) of discount and impact of changes in discount rate on provisions (i)	**(83)**	(270)
Total finance costs	**299**	309

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

Note 5. Property, plant and equipment

2023-24	Land	Buildings	IT hardware	Plant and machinery	Furniture and fittings	Right of use assets	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation								
At 1 April 2023	4,585	71,690	12,298	24,875	24,454	12,130	1,051	151,083
Additions	–	–	101	139	–	38	1,864	2,142
Remeasurement	–	–	–	–	–	124	–	124
Disposals	–	–	(2,077)	(2,798)	–	(550)	–	(5,425)
Transfer	–	102	567	422	–	–	(1,091)	–
Revaluations	–	3,995	117	(29)	566	–	–	4,649
At 31 March 2024	4,585	75,787	11,006	22,609	25,020	11,742	1,824	152,573
Depreciation								
At 1 April 2023	–	27,766	11,502	8,776	23,069	4,960	–	76,073
Charged in year	–	1,990	477	2,329	314	1,936	–	7,046
Disposals	–	–	(2,077)	(2,798)	–	(550)	–	(5,425)
Revaluations	–	–	108	(5)	534	–	–	637
At 31 March 2024	–	29,756	10,010	8,302	23,917	6,346	–	78,331
Net book value at 31 March 2023	4,585	43,924	796	16,099	1,385	7,170	1,051	75,010
Net book value at 31 March 2024	**4,585**	**46,031**	**996**	**14,307**	**1,103**	**5,396**	**1,824**	**74,242**
Asset financing								
Owned	3,845	25,025	996	14,307	410	–	1,824	46,407
Leased	–	–	–	–	–	5,396	–	5,396
On-balance sheet PFI contracts	740	21,006	–	–	693	–	–	22,439
Net book value at 31 March 2024	**4,585**	**46,031**	**996**	**14,307**	**1,103**	**5,396**	**1,824**	**74,242**

Note 5. Property, plant and equipment (continued)

2022-23	Land £000	Buildings £000	IT hardware £000	Plant and machinery £000	Furniture and fittings £000	Right of use assets £000	Assets under construction £000	Total £000
Cost or valuation								
At 1 April 2022	4,585	71,690	11,589	27,830	23,016	11,875	3,832	154,417
Additions	–	–	–	–	–	421	1,605	2,026
Remeasurement	–	–	–	–	–	120	–	120
Disposals	–	–	(29)	(8,818)	–	(286)	–	(9,133)
Transfer	–	–	413	4,144	–	–	(4,386)	171
Revaluations	–	–	325	1,719	1,438	–	–	3,482
At 31 March 2023	4,585	71,690	12,298	24,875	24,454	12,130	1,051	151,083
Depreciation								
At 1 April 2022	–	25,779	10,464	14,878	21,443	3,180	–	75,744
Charged in year	–	1,987	762	2,102	301	2,040	–	7,192
Disposals	–	–	(18)	(8,818)	–	(260)	–	(9,096)
Revaluations	–	–	294	614	1,325	–	–	2,233
At 31 March 2023	–	27,766	11,502	8,776	23,069	4,960	–	76,073
Net book value at 31 March 2022	4,585	45,911	1,125	12,952	1,573	8,695	3,832	78,673
Net book value at 31 March 2023	**4,585**	**43,924**	**796**	**16,099**	**1,385**	**7,170**	**1,051**	**75,010**
Asset financing								
Owned	3,510	22,962	796	16,099	512	–	1,051	45,265
Leased	–	–	–	–	–	7,170	–	7,170
On-balance sheet PFI contracts	1,075	20,962	–	–	873	–	–	22,575
Net book value at 31 March 2023	**4,585**	**43,924**	**796**	**16,099**	**1,385**	**7,170**	**1,051**	**75,010**

	31 March 2024 £000	31 March 2023 £000
Net book value property, plant and equipment owned	**68,846**	67,840
Net book value right of use assets	**5,396**	7,170
Total	**74,242**	75,010

Valuation of assets

The net book value of land includes freehold £3.5 million (2022-23: £3.5 million) and leasehold £1.1 million (2022-23: £1.1 million). Leasehold is made up of Richard Ley Development Centre £0.3 million (125 year lease commenced 2004) and Ty Felin £0.8 million (999 year lease commenced 2006).

The net book value of buildings includes:

- £34.1 million of non-specialised operational property valued on an existing use basis, including Morriston site £30.8 million, J and E blocks £0.1 million and Richard Ley Development centre £3.2 million
- £11.9 million of specialised operational property valued on a depreciated replacement cost basis, comprising Ty Felin print centre (£11.6 million) and X block (£0.3 million)

The net book value of right of use buildings includes £3.6 million for the Contact Centre (2022-23: £4.1 million) and £1.2 million for Baskerville House, Birmingham (2022-23: £1.9million).

Analysis of depreciation, amortisation and impairment line in Statement of Comprehensive Net Expenditure.

	2023-24	2022-23
	£000	£000
Depreciation of property, plant and equipment	**7,046**	7,192
Loss/(profit) on disposal of property, plant and equipment and intangibles	**–**	11
Amortisation of intangible assets (Note 6)	**5,539**	4,768
	12,585	11,971

Note 6. Intangible assets

2023-24	**Software licences**	**Software development**	**Assets under construction**	**Total**
	£000	**£000**	**£000**	**£000**
Cost or valuation				
At 1 April 2023	3,246	281,846	5,076	290,168
Additions	–	–	7,069	7,069
Disposals	(245)	–	–	(245)
Transfer	–	6,656	(6,656)	–
Revaluations	13	2,067	–	2,080
At 31 March 2024	**3,014**	**290,569**	**5,489**	**299,072**
Amortisation				
At 1 April 2023	2,923	247,032	–	249,955
Charged in year	105	5,434	–	5,539
Disposals	(245)	–	–	(245)
At 31 March 2024	**2,783**	**252,466**	**–**	**255,249**
Net book value at 31 March 2023	323	34,814	5,076	40,213
Net book value at 31 March 2024	**231**	**38,103**	**5,489**	**43,823**

There were no contractual commitments for intangibles as at 31 March 2024 or 31 March 2023.

Note 6. Intangible assets (continued)

2022-23	Software licences £000	Software development £000	Assets under construction £000	Total £000
Cost or valuation				
At 1 April 2022	3,246	271,814	4,906	279,966
Additions	–	–	7,988	7,988
Disposals	–	–	–	–
Transfer	–	7,647	(7,818)	(171)
Revaluations	–	2,385	–	2,385
At 31 March 2023	**3,246**	**281,846**	**5,076**	**290,168**
Amortisation				
At 1 April 2022	2,813	242,374	–	245,187
Charged in year	110	4,658	–	4,768
Disposals	–	–	–	–
At 31 March 2023	**2,923**	**247,032**	**–**	**249,955**
Net book value at 31 March 2022	433	29,440	4,906	34,779
Net book value at 31 March 2023	**323**	**34,814**	**5,076**	**40,213**

Significant intangible assets controlled by DVLA are detailed below:

	31 March 2024		31 March 2023	
Asset	**Remaining useful economic life (months)**	**Net book value £000**	**Remaining useful economic life (months)**	**Net book value £000**
VED Reform	**50**	**4,796**	62	5,623
Tacho Digital Services	**83**	**5,080**	95	5,500
Trailer Registration	**58**	**5,204**	70	5,923
Enquiries Digital Services	**76**	**3,144**	88	3,443
Drivers FAP	**86**	**5,705**	98	6,020
Strategic Application Platform	**107**	**3,404**	–	–
Others	**–**	**11,002**	–	8,630 [1]
Assets under construction	**–**	**5,488**	–	5,074
Total		**43,823**		40,213

1 Included in others as at 31 March 2023 is £1,862,000 net book value for the Strategic Application Platform asset (119 months remaining useful economic life).

Remaining useful economic lives are in accordance with the agency's IT strategy. 2023-24 assets under construction is made up of VED for Electric Vehicles (£1.2 million), Mark Management and Personalised Registration Transformation (£2.7 million) and Other (£1.6 million). 2022-23 assets under construction is made up of Data Standards and BI (£1 million), Mark Management and Personalised Registration Transformation (£2.7 million) and Other (£1.4 million).

Note 7. Trade and other receivables

	31 March 2024 £000	31 March 2023 £000
Amounts falling due within one year:		
Contract receivables	**971**	1,095
Other receivables	**261**	274
Public sector receivables	**1,077**	3,994
VAT receivables	**663**	–
Other prepayments	**13,100**	10,560
Accrued income (i)	**20,026**	9,479
Total	**36,098**	25,402

(i) Accrued income 2023-24 of £20.0 million (2022-23: £9.5 million) includes £4.1 million (2022-23: £nil million) in relation to our personalised registrations auctions. This amount will, after deduction of costs, be paid over to HM Treasury during the subsequent financial year.

Note 8. Cash and cash equivalents

	2023-24 £000	2022-23 £000
At 1 April	**31,275**	44,873
Net change in cash and cash equivalent balances	**(11,006)**	(13,598)
At 31 March	**20,269**	31,275

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

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

	31 March 2024 £000	31 March 2023 £000
Amounts falling due within one year		
Trade payables	**21,147**	22,701
Public sector payables	**1,352**	–
Accruals and deferred revenue	**25,893**	28,329
Lease liabilities	**1,528**	1,986
Current part of imputed finance lease part of on-balance sheet Estates PFI contract	**3,364**	3,187
Cash balance payable in respect of cherished transfers and personalised registrations	**23,655**	19,988
Amounts due to DfT in respect of supply funding	**15,637**	11,253
Other – capital accrual	**641**	1,061
VAT	**–**	1,939
	93,217	90,444
Amounts falling due after more than one year:		
Lease liabilities	**4,137**	5,310
Imputed finance lease part of on-balance sheet Estates PFI contract	**–**	3,364
Total	**97,354**	99,118

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

Imputed finance lease part of on-balance sheet Estates PFI contract	2023-24 £000	2022-23 £000
At 1 April	**6,551**	9,570
Amount paid in relation to assets capitalised	**(3,187)**	(3,019)
At 31 March	**3,364**	6,551

Further details of lease liabilities are in Note 12.

Note 10. Financial instruments

Fair values

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

Financial liabilities	**2023-24 Fair value £000**	**2023-24 Carrying amount £000**	2022-23 Fair value £000	2022-23 Carrying amount £000
Imputed finance lease part of on-balance sheet PFI contracts	**3,326**	**3,364**	6,432	6,551
Total financial liabilities	**3,326**	**3,364**	6,432	6,551

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

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

Financial risk management

Our activities expose us to the following financial risks:

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

Credit risk

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

Exposure to credit risk

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

Financial assets	31 March 2024 £000	31 March 2023 £000
Cash and cash equivalents (Note 8)	20,269	31,275
Loans and receivables (Note 7)		
– Trade receivables	971	1,095
– Other receivables	261	274
– Public sector receivables	1,077	3,994
– Accrued income	20,026	9,479
Total loans and receivables	22,335	14,842
Total financial assets	42,604	46,117

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

	31 March 2024 £000	31 March 2023 £000
Not past due	21,951	11,234
Past due 0-30 days	85	3,271
Past due 31-120 days	268	310
More than 120 days	31	27
Total	22,335	14,842

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

Liquidity risk

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

Market risk

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

Note 11. Provisions for liabilities and charges

2023-24	Modernisation of network services (i)	Tax officers' pension costs	Other	Total
	£000	£000	£000	£000
Balance at 1 April 2023	**2,945**	**900**	**363**	**4,208**
Provided in the year	**–**	**–**	**14**	**14**
Provision not required written back	**(40)**	**(11)**	**–**	**(51)**
Provisions utilised in the year	**(1,361)**	**(136)**	**(179)**	**(1,676)**
Unwinding of discount and impact of changes in discount rate (ii)	**(59)**	**(18)**	**(6)**	**(83)**
Balance at 31 March 2024	**1,485**	**735**	**192**	**2,412**

2022-23	Modernisation of network services (i)	Tax officers' pension costs	Other	Total
	£000	£000	£000	£000
Balance at 1 April 2022	4,051	1,239	496	5,786
Provided in the year	185	–	28	213
Provision not required written back	–	(8)	–	(8)
Provisions utilised in the year	(1,216)	(139)	(158)	(1,513)
Unwinding of discount and impact of changes in discount rate (ii)	(75)	(192)	(3)	(270)
Balance at 31 March 2023	2,945	900	363	4,208

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

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

Analysis of expected timing of discounted cash flows

2023-24	Modernisation of network services	Tax officers' pension costs	Other	Total
	£000	£000	£000	£000
Not later than one year	**1,485**	**130**	**192**	**1,807**
Later than one year and not later than five years	**–**	**275**	**–**	**275**
Later than five years	**–**	**330**	**–**	**330**
Balance at 31 March 2024	**1,485**	**735**	**192**	**2,412**

2022-23	Modernisation of network services	Tax officers' pension costs	Other	Total
	£000	£000	£000	£000
Not later than one year	1,427	147	182	1,756
Later than one year and not later than five years	1,518	355	181	2,054
Later than five years	–	398	–	398
Balance at 31 March 2023	2,945	900	363	4,208

Modernisation of network services

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

Tax officers' pension costs

Under the Pension Increase Act 1971, we have a liability to contribute to the pensions of ex local taxation office staff. These staff were employed on driver and vehicle licensing work before the creation of the Driver and Vehicle Licensing Centre. Under the Vehicle and Driving Licence (Compensation to Officers) Regulations 1977, we make compensation payments to local authority staff in respect of loss of emoluments when the local taxation offices closed. The provision is based on advice from the Government Actuary's Department, and is re-assessed normally every three years with a full revaluation last carried out on 31 March 2022.

Following the estimations of future cash flows provided by the Government Actuary's Department future payments to be made in relation to this provision have been discounted at the HM Treasury advised rate of 2.45% (2022-23: 1.7%).

Other

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

Note 12. Leases

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

	31 March 2024 £000	31 March 2023 £000
Lease liabilities in the Statement of Financial Position		
Current	**1,528**	1,986
Non-current	**4,138**	5,310
Total	**5,666**	7,296

	2023-24 £000	2022-23 £000
Cash outflow – interest	**105**	133
Cash outflow – capital element	**1,791**	2,314
Total cash outflow for leases	**1,896**	2,447

Net Book Value of right of use assets	**Buildings £000**	**Plant and machinery £000**	**Motor vehicles £000**	**Total £000**
Cost or valuation				
At 1 April 2023	6,411	119	640	7,170
New leases	38	–	–	38
Remeasurements	(9)	120	13	124
Disposals	(550)	–	–	(550)
Derecognition	–	–	–	–
Depreciation for the year	(1,613)	(78)	(245)	(1,936)
Depreciation on disposal	550	–	–	550
At 31 March 2024	**4,827**	**161**	**408**	**5,396**

Maturity Analysis

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

	31 March 2024 £000	31 March 2023 £000
Buildings		
Not later than one year	**1,071**	1,793
Later than one year and not later than five years	**3,925**	4,139
Later than five years	**149**	1,063
Less interest element	**(245)**	(343)
Present Value of obligations	**4,900**	6,652

	31 March 2024 £000	31 March 2023 £000
Other		
Not later than one year	**550**	300
Later than one year and not later than five years	**231**	354
Later than five years	**–**	–
Less interest element	**(16)**	(10)
Present Value of obligations	**765**	644

	2023-24 £000	2022-23 £000
Amounts charged in the Statement of Comprehensive Net Expenditure		
Depreciation charge of right of use assets	**1,936**	2,040
Variable lease payments not included in the measurement of lease liabilities	**322**	418
Interest on lease liabilities	**105**	133
Expense relating to short term leases	**40**	37
Expense relating to leases of low value assets	**51**	40
Total	**2,454**	2,668

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

The service element payments to which we are committed during the next year, excluding amounts already provided for in the modernisation of network services provision (Note 11) and PFI contract imputed finance lease (Note 9), analysed by the date of payment are as follows:

Total commitment under on-balance sheet Estates PFI contract

	2023-24	2022-23
	£000	£000
Not later than one year	**25,424**	26,876
Later than one year and not later than five years	**–**	29,202
Total	**25,424**	56,078

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

PFI finance interest is expensed at a constant periodic rate on the outstanding balance of the liability.

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

PFI commitments relating to contract elements analysed as minimum lease payments

	31 March 2024	31 March 2023
	£000	£000
Future payments under on-balance sheet Estates PFI contract for the following periods comprise:		
Not later than one year	**3,464**	3,464
Later than one year and not later than five years	**–**	3,464
	3,464	6,928
Less interest element	**(100)**	(377)
Total	**3,364**	6,551

Charge to the Statement of Comprehensive Net Expenditure and future commitments

The total amount charged to the Statement of Comprehensive Net Expenditure in respect of the service part of on-balance sheet PFI transactions was £22.8 million (2022-23: £22.3 million).

Note 14. Other financial commitments

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

- wheelclamping services
- merchant acquirer services
- outbound mail

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

	2023-24	2022-23
	£000	£000
Not later than one year	**96,853**	55,407
Later than one year and not later than five years	**54,984**	89,596
Later than five years	**–**	–
Total	**151,837**	145,003

Note 15. Related parties

We are sponsored by the Roads and Local Group (RLG) at DfT and apply the requirements of the Financial Reporting Manual (FReM) in respect of disclosure of related party transactions with government related entities including DfT.

DfT is regarded as a related party and we have a significant number of material transactions with DfT, most notably in respect of the supply funding. In addition, we have had a significant number of material transactions with other government departments and central government bodies. Most of these transactions have been with Cabinet Office, Home Office and HM Revenue and Customs.

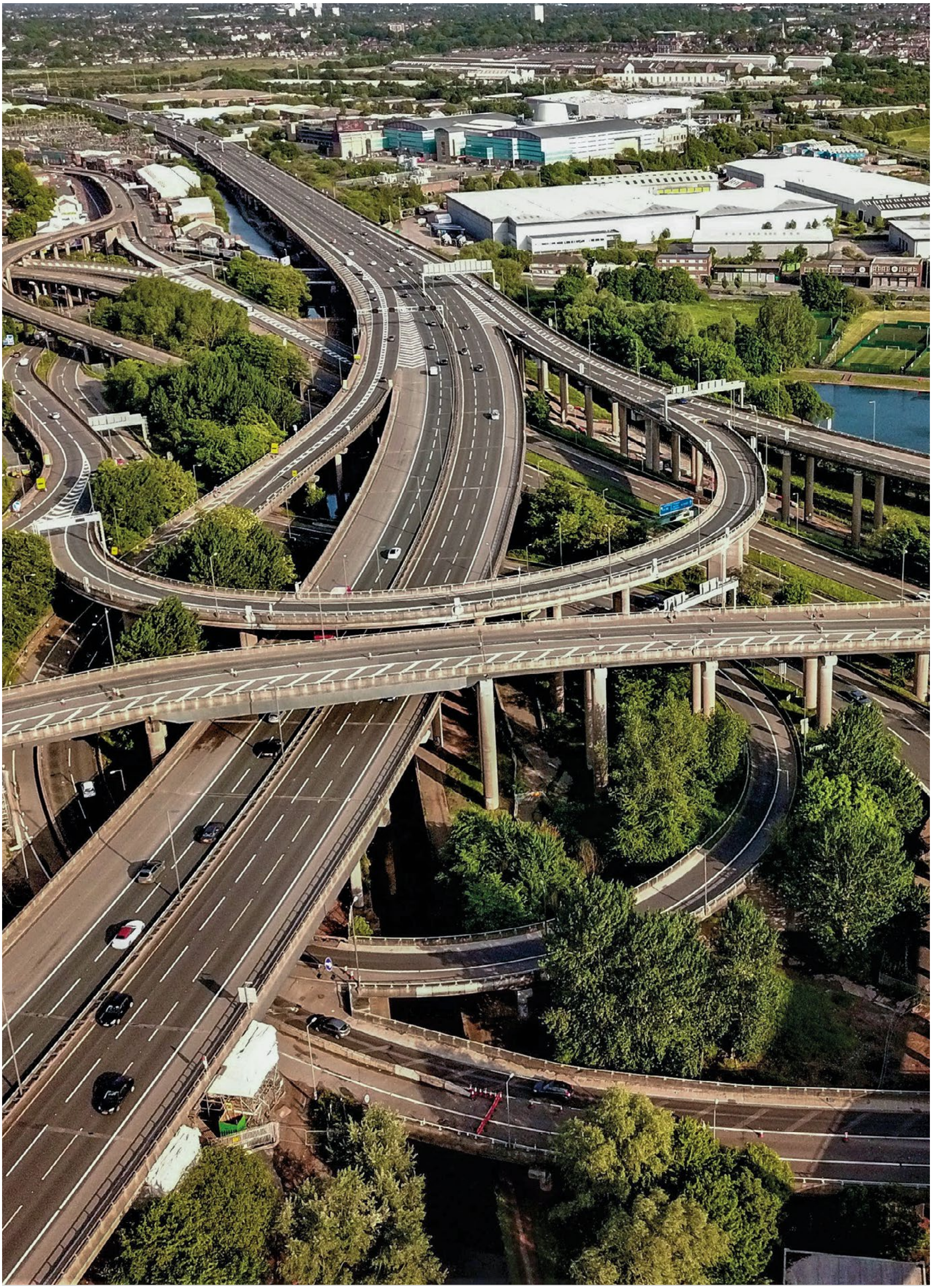
None of the Board members or managerial staff or other related parties have undertaken any material transactions with the agency during the year. Details of remuneration for key management personnel can be found in the Remuneration and Staff Report on **pages 68 to 77**.

Note 16. Events after the reporting period

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

Julie Lennard left DVLA on 24 November 2024. Lynette Rose was appointed Accounting Officer and Interim Chief Executive with effect from 25 November 2024.

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



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

Trust Statement

Opinion on financial statements

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

The financial statements comprise the Driver and Vehicle Licensing Agency Trust Statement's:

- Statement of Financial Position as at 31 March 2024;
- Statement of Revenue and Expenditure, and Statement of Cash Flows 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 Licensing Agency Trust Statement's affairs as at 31 March 2024 and its net revenue for the consolidated fund 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 Licensing 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 Licensing Agency Trust Statement'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 Licensing 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 Licensing 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, 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 Licensing Agency Trust Statement 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 Licensing 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 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 Licensing 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 Licensing 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 Licensing 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 regulations, including fraud. The extent to which my procedures 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 Licensing Agency Trust Statement's accounting policies and key performance indicators.
- inquired of management, the Driver and Vehicle Licensing Agency's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Driver and Vehicle Licensing 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 Licensing Agency's controls relating to the Driver and Vehicle Licensing Agency's compliance with the Government Resources and Accounts Act 2000, Managing Public Money and the Vehicle Excise and Registration Act 1994;
- inquired of management, the Driver and Vehicle Licensing Agency's head of internal audit 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 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 Licensing Agency for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. 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 Licensing Agency's framework of authority and other legal and regulatory frameworks in which the Driver and Vehicle Licensing 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 Licensing Agency. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, and Vehicle Excise and Registration Act 1994.

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, the Audit and Risk Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports;
- 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; and
- In addressing the risk of fraud through revenue recognition, I tested the appropriateness of revenue controls, whether revenue has been recorded in the correct period and tested whether the correct Vehicle Excise Duty (VED) rates have been appropriately applied.

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

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

10 December 2024

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

Background

1. The Driver and Vehicle Licensing Agency (DVLA) is responsible for the collection of Vehicle Excise Duty (VED) on behalf of HM Treasury. VED is a tax which must be paid for most types of vehicles used (or kept) on public roads in the United Kingdom. VED revenue is paid directly into the Consolidated Fund.[1]

2. Following an increase in 2022-23, VED and enforcement revenue continued to rise in 2023-24. Revenue was higher than expected, recorded at £7.8 billion in the 2023-24 DVLA Trust Statement, an increase of £0.5 billion (7%) on 2022-23 and £0.2 billion (2%) lower than the Office for Budget Responsibility (OBR)'s March 2024 forecast of £8.0 billion.[2]

Scope of my audit work

3. Section 2 of the Exchequer and Audit Departments Act 1921 permits me to report to Parliament having examined:
   - the VED revenue accounts (reported in the DVLA Trust Statement) in order to ascertain whether adequate regulations and procedures are in place, and being duly carried out, to secure an effective check on the assessments, collection, and proper allocation of revenue; and
   - the correctness of the sums brought to account in those accounts.

4. I discharge my responsibility in respect of the correctness of sums brought to account in my opinion of the Trust Statement. This Section 2 report fulfils my other statutory responsibilities as described above.

5. My findings are informed by my team's work supporting my audit opinions on the Trust Statement, especially in respect of ongoing assessment and collection activities. This included an examination of the DVLA systems supporting VED collection, and evidence over whether VED regulations had been correctly applied.

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

Key findings

7. **My examination shows that the DVLA's controls in respect of the assessment, collection and proper allocation of revenue remain adequate and that they are operating effectively.** My work on the Trust Statement confirmed that the DVLA's systems apply the correct rates to calculate VED chargeable, and that the DVLA recognises income correctly according to the accounting policies disclosed.

8. **The Roadside survey, published in December 2023 by the Department for Transport (DfT) estimates that 1.3% of vehicles in traffic were unlicensed for 2023, a compliance rate of 98.7%, whereas the comparable estimate for unlicensed vehicles in active stock was 1.2% (a compliance rate of 98.8%), equating to around half a million vehicles that were untaxed and unlicensed in 2023. However, there is no estimate of the value of potential revenue loss to taxpayers attributable to VED evasion.** DfT has previously produced estimates, including the previous roadside survey in 2021 which was estimated at up to £119 million in lost revenue annually, however the DVLA continues to pursue evaders to recover monies lost due to evasion. DfT has concerns that its existing methodology was no longer capable of producing estimates of sufficient quality to estimate the value of VED evasion. DfT and the DVLA are working to develop a new methodology which will enable it to produce an estimate in future.

1 House of Commons Library. Vehicle Excise Duty (VED) Briefing Paper, 19 December 2023

2 Vehicle excise duty – Office for Budget Responsibility (obr.uk)

9. **A key area of focus for the DVLA currently is to raise awareness of the changes announced by the government in November 2022 to remove VED exemptions for zero emission and electric vehicles.** These changes have led to a significant increase in the OBR's forecast of future VED revenue. Under the new arrangements, which apply to all electric vehicles regardless of registration date from 1 April 2025, zero emission vehicles will no longer be exempt from VED, being charged at the 1-50g/km first-year rate with equalisation in VED between all zero-emission and internal combustion engine (ICE) vehicles from the second year of registration onwards. The Expensive Car Supplement exemption for Electric Vehicles (EVs) will also be withdrawn. The OBR forecasts that revenue will now continue rising from £8.3 billion in 2024-25 to £10.4 billion in 2028-29 (Figure 2).[3] The DVLA has developed a communication strategy with a range of activities targeted at raising awareness of the changes amongst existing and potential new owners of the vehicle types affected to ensure that they are aware of the changes coming from 1 April 2025.
10. **The number of SORN (off-road) declarations registered by vehicle keepers has been on an upwards trajectory for the last two years and, at February 2024, actives SORNs stood at a record high of 5.6 million vehicles.** The DVLA has no evidence as to the reason for this rise.
11. **The DVLA has a lot to deliver in the final year of its Vehicle Excise Duty Compliance and Enforcement Strategy 2022-2025. Of the 31 actions listed in its action plan for 2023-24, 16 were complete, 6 were ongoing and 9 were re-prioritised to complete in 2024-25.** The DVLA has highlighted resourcing across all areas of operations as a barrier to greater progress but the DVLA told us the intention is that outstanding actions will be implemented in this final year of the strategy. The DVLA has explained that it is working with statisticians at DfT to examine the results of the 2023 roadside survey and what they mean for its future strategy.
12. **The Roadside Survey methodology has not changed in the past two decades and the DVLA is reviewing the approach with DfT.** In particular, DfT has advised that whilst the Roadside Survey has been carried out in Northern Ireland, no new traffic surveys have been undertaken since 2014. This means that higher evasion rates in Northern Ireland may be partly attributable to use of historic data and DfT is considering impacts on future Roadside Surveys.

Assessment and proper allocation of VED revenue

13. Since 2017, VED due in the first year for a new car has been based on CO_2 emissions and fuel type, with subsequent years based on the fuel type and initial purchase price of the vehicle. An additional amount is due if the list price exceeds £40,000.
14. Car emissions are allocated to VED bands based on results of the World Harmonised Light Vehicle Test Procedure (WLTP), a laboratory test that determines a vehicle's official fuel consumption and emissions data. The rules are summarised using rates applicable for the period 1 April 2023 – 31 March 2024[4] in the table below.

Figure 1: Vehicle excise duty (VED) rates applicable for the period 1 April 2023 – 31 March 2024

		Petrol or Diesel	Alternative fuel	Zero Emission
VED due in year 1		£0 – £2,605 depending on CO_2 emissions	£0 – £2,595 depending on CO_2 emissions	Nil
VED due from second licence for next 5 years	List price below £40,000	£180	£170	Nil
	List price above £40,000	£570 (including £390 additional rate)	£560 (including £390 additional rate)	Nil
VED due in subsequent years		£180	£170	Nil

Source: Driver and Vehicle Licensing Agency, Rates of vehicle tax for cars, motorcycles, light goods vehicles and private light goods vehicles

Note: This is an extract of applicable rates. Alternative fuel vehicles include hybrids, bioethanol and liquid petroleum gas

3 Vehicle excise duty – Office for Budget Responsibility (obr.uk)

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

15. In my financial audit work on the Trust Statement, I reviewed the change controls which operate over the DVLA's VED system and confirmed that the changes to VED rates have been appropriately approved and tested prior to being implemented. I also confirmed that the correct rates have been applied for the period 1 April 2023 – 31 March 2024.

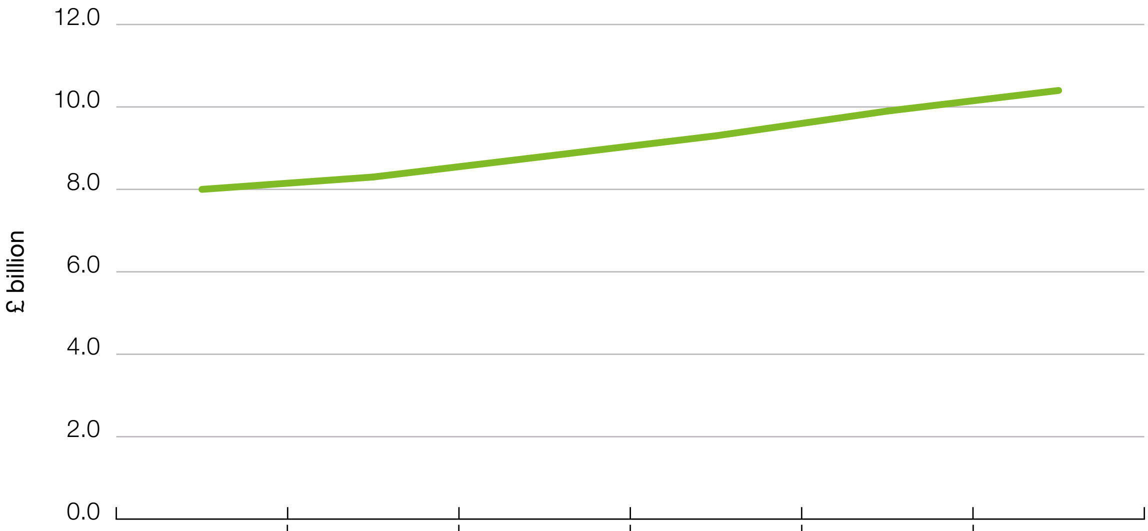
16. VED receipts are surrendered to the Consolidated Fund. My examination does not include any consideration of its allocation to specific investment priorities.

Future Revenue Expectations

17. The OBR prepares a regular forecast of VED revenue as part of its Economic and Fiscal Outlook series. The OBR's most recent forecast, made in March 2024[5], is consistent with its November 2023 forecast, and projects a sustained rise in revenue from 2024-25 into 2028-29 (Figure 2).

Figure 2: Office for Budget Responsibility (OBR) forecasts of Vehicle Excise Duty (VED) revenue, 2023-24 – 2028-29

The OBR has forecast a sustained rise in revenue between 2024-25 and 2028-29



	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
March 2024 Forecast	8.0	8.3	8.8	9.3	9.9	10.4

Financial year

Source: Office for Budget Responsibility, Economic and Fiscal Outlook, March 2024

18. Earlier OBR forecasts had predicted a plateau in VED revenue from 2024-25 due to faster than expected uptake of electric and hybrid vehicles, a category of vehicles which were exempt from or attracted discounted rates of VED. However, a change in VED policy to remove the 'Band A' first-year rate for zero-emission vehicles from April 2025, the removal of the Expensive Car Supplement exemption for EVs with a list price over £40,000 registered after April 2025, and the equalisation of VED due from the second year of registration (including the removal of the £10 discount for alternatively fuelled vehicles) all contribute to the sustained rise in revenue forecast from 2024-25.

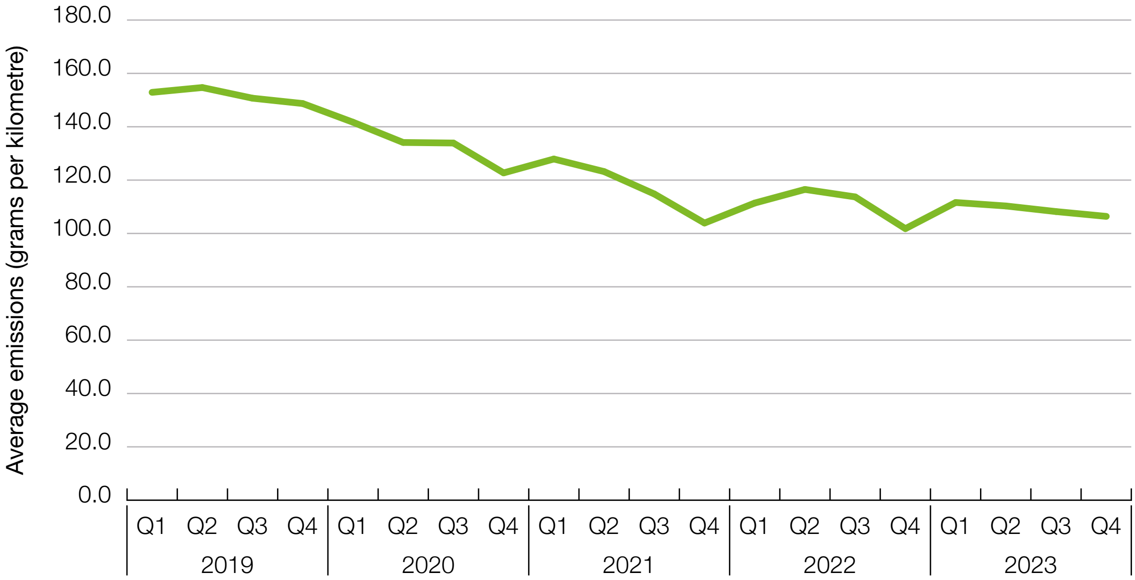
5 Office for Budget Responsibility, Economic and Fiscal Outlook, March 2024, available at: Economic and fiscal outlook – March 2024 – Office for Budget Responsibility (obr.uk)

19. According to data from DfT, at the end of 2023, battery electric cars and plug-in hybrids comprised around 25% of new car registrations, an increase of around 20% compared to 5 years ago. This is supported by recent data from the Society of Motor Manufacturers and Traders which puts the percentage share of the market in March 2024 at 15.2% for battery electric cars and 7.7% for plug-in hybrids.[6] Average CO_2 emissions for new car registrations have largely been on a downwards trajectory since 2019 (Figure 3). In introducing the changes to VED HM Treasury considered that whilst there would be a marginal reduction in incentive to switch to electric vehicles, the impact was likely to be minimal given the marginal cost of VED compared to the overall cost of a vehicle.[7]

20. The DVLA has developed a communication strategy to raise awareness of the changes to existing and potential new owners of affected vehicles to ensure they are aware of the changes coming from 1 April 2025. It intends to launch a public information campaign in Summer 2024, with targeted communications to existing electric vehicle owners planned for the final quarter of 2024. The DVLA estimates that collecting the additional revenue associated with the increased volume of vehicle owners eligible to pay VED will cost in the region of £50 million for the 8-year period starting in 2025-26. The project is currently at Outline Business Case stage and the DVLA have stated this estimate is likely to be refined and updated as the project progresses.

Figure 3: Average Worldwide Harmonised Light Vehicle Test Procedure (WLTP) emissions for all newly registered cars, 2019 to 2023

Average CO_2 emissions for new car registrations have been on a downwards trajectory since 2019



Source: National Audit Office analysis of published Driver and Vehicle Licensing Agency vehicle licensing statistical dataset, table VEH0156 (accessed 17 May 2024)

Note: WLTP stands for Worldwide Harmonised Light Vehicle Test Procedure. The WLTP is a laboratory test that determines a vehicle's official fuel consumption and emissions data

Stabilisation of on-road activity

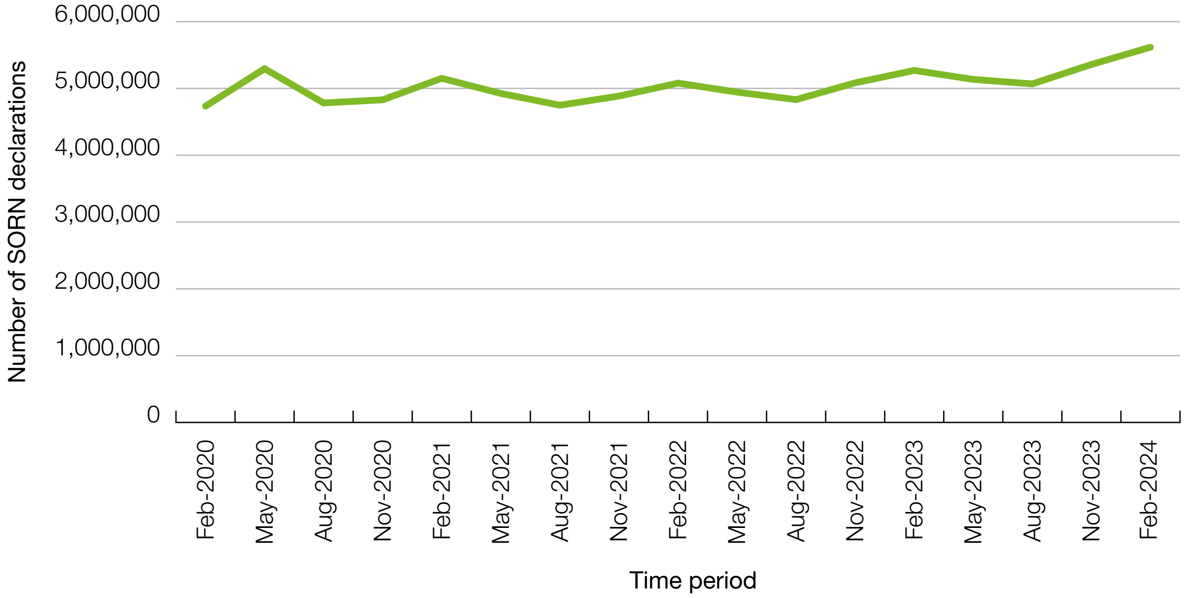
21. Vehicle keepers may apply for a 'Statutory Off-Road Notification' (SORN), and refund of tax for any full months of remaining tax, if they take their vehicle off the road. The number of SORN declarations increased rapidly during the pandemic and first lockdown in early 2020 as a result of people not using their cars, and then decreased significantly as on-road activity returned to normal levels. However, since February 2022, the number of SORN declarations has been on an upwards trajectory (Figure 4). At February 2024, the number of active SORNs stood at a record high of 5.6 million vehicles. The DVLA has no evidence as to the reason for this.

6 UK new car registration data, UK car market – SMMT

7 Introduction of Vehicle Excise Duty for zero emission cars, vans and motorcycles from 2025 – GOV.UK (www.gov.uk)

Figure 4: Active Statutory Off-Road Notices (SORN), February 2020 to February 2024

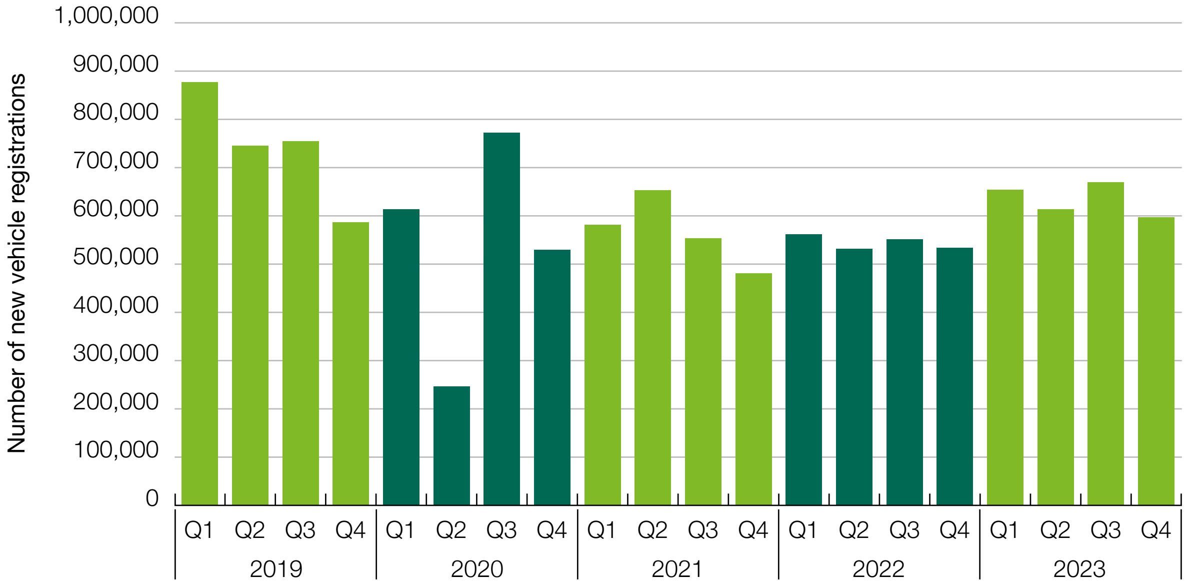
The number of active SORNs has fluctuated significantly in recent years and stood at a record high of 5.6 million at February 2024



Source: National Audit Office analysis of Driver and Vehicle Licensing Agency data

Figure 5: New vehicle registrations, 2019 to 2023

The number of new vehicle registrations has been relatively stable since the significant decrease during the pandemic



Source: National Audit Office analysis of published Driver and Vehicle Licensing Agency vehicle licensing statistical dataset, table VEH0150 (accessed 15 May 2024)

22. Following a significant drop in new vehicle registrations in the second quarter of 2020, numbers have since been relatively stable. Since the first quarter of 2023, new vehicle registrations have been at or around 600,000, reaching 670,000 in quarter 3, the highest level for 3 years (Figure 5).

Collection of VED revenue

Compliance

23. All vehicles registered in the UK must be correctly taxed if they are driven or kept on a public road. In order to monitor compliance levels, DfT carries out a roadside survey every two years. The data collected are used primarily to create the Vehicle Excise Duty (VED) evasion estimates. The most recent survey results were published by DfT in December 2023 based on observations of vehicle registrations via a roadside survey carried out and data collected at 269 sites across the UK in June and early July 2023.[8] The survey reports statistics on evasion in traffic and evasion in active stock. Evasion 'in traffic' is the rate of unlicensed vehicles observed in traffic and evasion 'in active stock' is the number of distinct vehicles which are unlicensed as a proportion of all vehicles that may use UK roads at any time.

24. The survey estimated that 1.3% of vehicles in traffic were unlicensed for 2023 whereas the comparable estimate for unlicensed vehicles in active stock was 1.2%, corresponding to 498,000 vehicles that were untaxed. DfT reports that the slightly higher rate of VED evasion seen in traffic compared to active stock suggests that some vehicles evading VED are not being kept off the roads but are actively being driven. DfT does not have a current estimate of the value of potential revenue loss from VED evasion. Although it has produced estimates in previous years (£118.6 million in 2021 and £93.7 million in 2019)[9], it reports that it has identified a risk that the existing methodology is no longer capable of producing an estimate it considers to be sufficiently robust and which complies with expected standards. DfT attributes this risk to the challenge of reflecting the intricacies of assigning VED rates into the calculations and methodology used to estimate the value of evasion from a large sample of vehicles. DfT is working with the DVLA to explore a new methodology which will enable it to produce an estimate in future.

25. Estimated VED evasion rates in traffic are consistent across England (1.3%), Scotland (1.3%) and Wales (1.2%) but Northern Ireland had a higher estimated rate of evasion at 2.9%. The DVLA told us that the survey methodology has not changed in the past two decades and that it is reviewing the approach with DfT. In particular, higher evasion rates in Northern Ireland may be partly attributable to use of historic data and DfT is undertaking a "deep dive" to review the accuracy of the data used.

26. The DVLA reports that although trends show an increase in compliance, survey data for 2023 cannot be compared to 2021 due to changes in the way 2023 estimates were produced, though the overall methodology remained the same as in previous years. Specific changes related to online applications for the movement of a personalised numberplate from one vehicle to another. Previously, whilst DVLA's main records were maintained for these vehicles, tax status was not identifiable for the purposes of the survey and vehicles in this category were assumed to be evasive for estimate production purposes. The changes mean that these online applications are now included in the survey results, improving the accuracy of the data.

The DVLA's approach to compliance

27. Although most vehicle keepers comply with VED requirements, the DVLA focuses on encouragement, education, and enforcement with the aim of maximising compliance levels. The DVLA takes action based on three types of evader: inadvertent, vulnerable, and persistent evaders. Its approach to compliance seeks to improve compliance and reduce the requirement for enforcement in these distinct groups.

28. In 2022-23, the DVLA began to implement their Vehicle Excise Duty Compliance and Enforcement Strategy 2022-25 (the Strategy) with the aim of setting out how the DVLA will:
    - Maintain and improve already high levels of compliance;
    - Respond to customer behaviour and trends in the light of the COVID-19 pandemic;
    - Respond to growing financial pressures around the cost of living; and
    - Respond to changes to the way customers will interact with DVLA in the future.

8 Vehicle excise duty evasion statistics: 2023 – GOV.UK (www.gov.uk)

9 VED0301: Revenue lost from unlicensed vehicles in Great Britain, Department for Transport (DfT) Roadside Survey and Road Traffic Statistics, and Vehicle Licensing Agency (DVLA)

29. The Strategy included a roadmap and action plan focused on maximising compliance and enforcement levels. Of the 31 actions included for year 2 of its strategy (2023-24), the DVLA reports that:
    - more than half (16) have been delivered;
    - 6 are ongoing; and
    - 9 have been re-prioritised to complete in 2024-25 due to backlogs, resourcing or dependency on other actions being delivered.[10] The DVLA explained that 5 of the "on hold" actions relate to small changes which would support achievement of its actions but competing priorities have held up progress. 2 of these actions are also dependent on Other Government Departments.

30. The DVLA recognises that not all evasion is intentional and of the 1.3% non-compliance reported in the 2023 roadside survey, the majority (54%) of these unlicensed vehicles had been unlicensed for under two months which the DVLA considers to be mainly short-term non-payers. 11% of unlicensed vehicles had been unlicensed for over 12 months, a decrease of 2% on the 13% unlicensed for over 12 months reported in the 2021 roadside survey. To reduce inadvertent evasion, the DVLA continues to use 'nudge' letters for unlicensed vehicle keepers, which have been shown to have a positive impact on licensing activity. Vehicle excise duty is then paid from the date it was originally due, rather than the eventual renewal date meaning there is no overall impact on the DVLA's revenue receipt. Automated e-mail and text reminders entered a public beta period during 2023-24 but DVLA told us that fewer vehicle keepers (65,175) than expected signed up to its digital reminder service. The DVLA are looking to increase digital reminder take up through additional functionality of the driver and vehicle account, and more advertising. Last year's report noted that the upcoming roadside survey would inform part of the new strategy to use more cost-effective mechanisms such as stickering, where stickers are put on untaxed vehicles, to achieve the biggest impact on compliance levels from available resources. DVLA are working with statisticians at DfT to examine the results of the 2023 roadside survey and what they mean for its future strategy.

31. For the financially vulnerable, the DVLA aims to support customers before they fall into arrears such as promoting direct debit payments to spread the cost and if required, providing appropriate signposting to relevant money/debt advice such as the Money Advice Service. The DVLA told us that its advertising campaign to encourage more vehicle owners to pay by direct debit has been effective, as evidenced by increases in direct debt payments.

32. For persistent evaders, the DVLA aims to take robust action. It relies on escalating enforcement methods to deter and address persistent non-compliance. Such methods include stickering, penalties, prosecutions, impounding, and wheel clamping. These are carried out by both the DVLA's on-road contractor and in the case of the latter two, by Devolved Power Partners (DPPs) including local authorities, councils and police forces.

Enforcement action in 2023-24

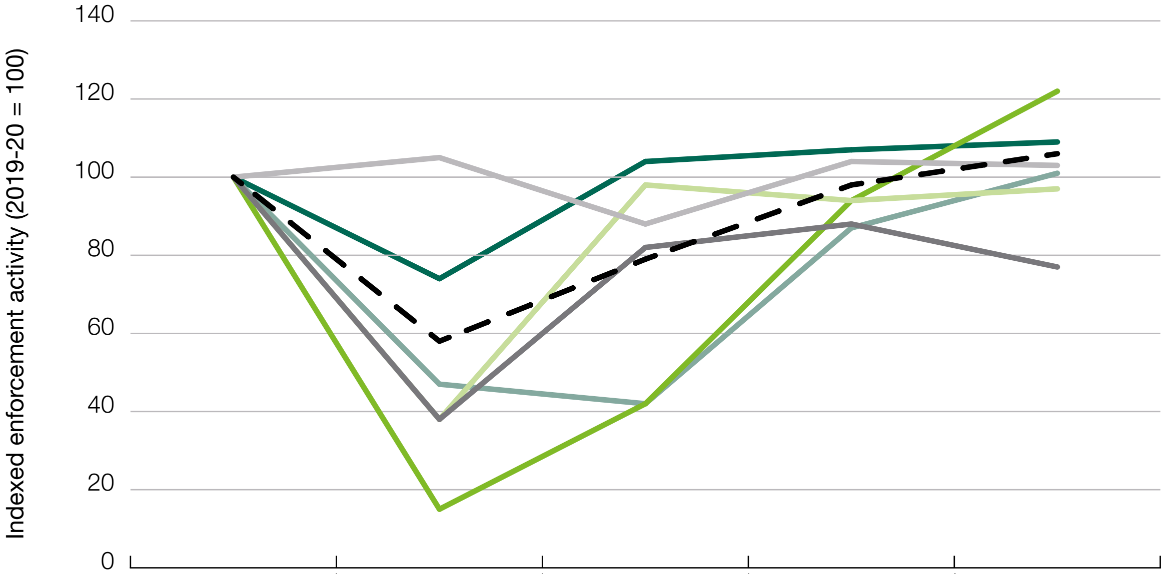
33. Enforcement activity has largely returned to pre-pandemic levels, with the notable exception of clamping and impounding (Figure 6). There is a clear trend upwards, with total enforcement activity in 2023-24 6% higher than in 2019-20, and 8% higher than in 2022-23, following a decrease of 42% in 2020-21.

34. Prosecutions have shown the most significant recovery across all categories of enforcement activity. The number of prosecutions is 22% higher in 2023-24 than in 2019-20 following an 85% decrease in prosecutions in 2020-21 due to reduced enforcement activity during the pandemic. The DVLA explained that digital links with HM Courts & Tribunals Service, specifically the use of Automated Track Case Management (ATCM), have reduced the need for manual data entry, made information directly accessible to magistrates, and increased prosecution numbers. Other notable activity this year shows that, compared to 2022-23, out-of-court settlements are up 16%, while the impounding of vehicles has decreased 13%.

[10] National Audit Office analysis of Driver and Vehicle Licensing Agency data

Figure 6: Enforcement activity, 2019-20 to 2023-24

Most types of enforcement activity have returned to pre-pandemic levels



	2019-20	2020-21	2021-22	2022-23	2023-24
Penalties	100	74	104	107	109
Out-of-court settlements	100	47	42	87	101
Prosecutions	100	15	42	94	122
Clamping	100	38	98	94	97
Impounding	100	38	82	88	77
Stickering	100	105	88	104	103
Total Enforcement Activity	100	58	79	98	106

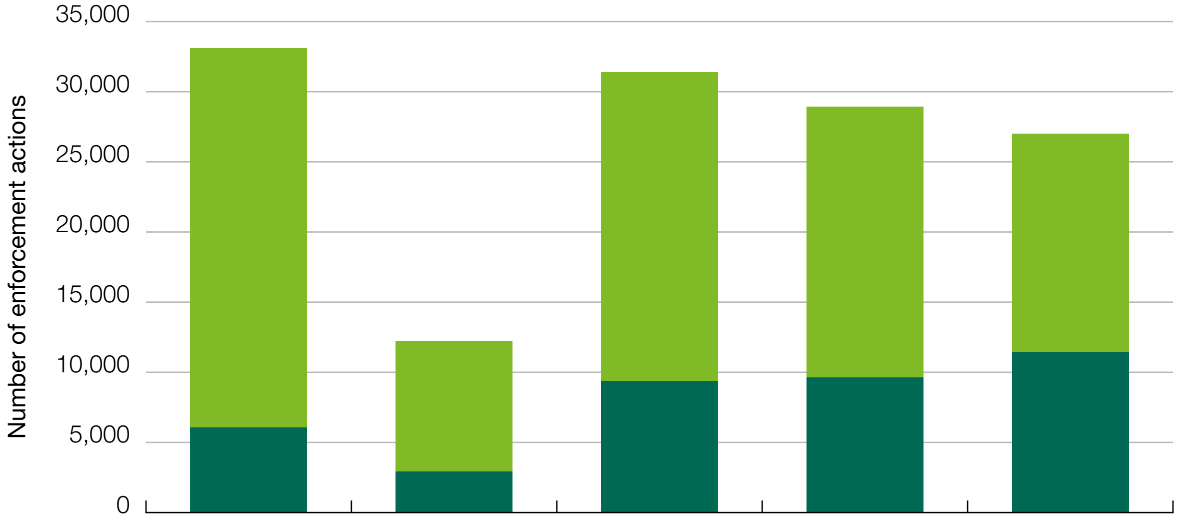
Source: National Audit Office analysis of Driver and Vehicle Licensing Agency data

35. Devolved Power Partners (DPPs), which include local authorities, councils, and police forces, have enforcement powers to help tackle VED evasion. The level of enforcement activity undertaken, such as road wheel clamping and impounding, continues to account for a small proportion of enforcement activity. The total number of actions in 2023 was 6.6% lower than in 2022, and 18.4% lower than in 2019 (Figure 7). The DVLA told us last year that downward trends in activity was attributable to sustained budgetary pressures on DPPs. As part of its enforcement strategy, it is trying to encourage partners to utilise their powers more effectively and maximise opportunities for enforcement.

36. During 2023-24, the DVLA held meetings with DPPs to discuss best practice, understand different working practices and the key factors impacting their enforcement activities. The DVLA is looking at whether the charging structure for the removal, storage and disposal of vehicles on enforcement activity is a factor, and whether a new charging structure, and the ability to increase vehicle recovery charges, will support an increase in enforcement activity. The DVLA has also engaged with police forces who have enforcement powers but have not been utilising them due to other priorities. It told us that it has observed a positive correlation between it delivering training to DPPs and the corresponding increase in enforcement actions. But the DVLA cannot mandate DPPs to use their enforcement powers – it can only encourage them. It is up to individual DPPs to decide their priorities and how to use their resources. The DVLA told us that several police forces have requested training which it expects to conduct in 2024.

Figure 7: Enforcement actions by Devolved Power Partners (DPPs), 2019 to 2023

Enforcement activity undertaken by DPPs bounced back after the pandemic but the overall number of enforcement actions has decreased each year since 2021



	2019	2020	2021	2022	2023
Impounded	27,040	9,304	22,030	19,305	15,543
Clamped	6,068	2,931	9,365	9,612	11,457

Source: National Audit Office analysis of Driver and Vehicle Licensing Agency data
Note: Devolved Power Partners (DPPs) have enforcement powers to help tackle Vehicle Excise Duty evasion

Actions taken in respect of previous recommendations

37. In my Section 2 report in 2022-23 I raised one recommendation for the DVLA and DfT that they use the findings from meetings with DPPs to understand the key factors impacting DPP enforcement activities and inform the new strategy to support DPPs in tackling wilful and persistent evaders. The DVLA continues to work with partner organisations and, as outlined, has held regular cluster meetings with DPPs to identify and address potential issues that prevent DPPs from maximising their enforcement activities (paragraph 37).

38. In my Section 2 report in 2021-22 I also raised one recommendation for HM Treasury to use the findings from the call for evidence to determine the most suitable future for VED, both in respect of any tactical opportunities to improve decarbonisation incentives and to address the long-term erosion of the VED tax base expected as zero emission vehicle uptake accelerates. As discussed, VED will be charged on electric vehicles from 2025 and it is unclear what impact this is likely to have on decarbonisation efforts.

Conclusion and recommendations

39. In respect of my core statutory responsibilities, I conclude that the DVLA's controls in respect of the assessment, collection and proper allocation of revenue remain adequate and that the relevant DVLA systems and procedures have operated effectively during the reporting period.

40. In respect of the effective collection and administration of VED more generally, I make the following recommendations.

For the DVLA

I recommend that the DVLA reviews the remaining open actions in this final year of its compliance and enforcement strategy and ensures that it has a plan in place to implement them.

I recommend that the DVLA continues to meet regularly with DPPs and uses the findings to understand the key factors impacting their enforcement activities and supports DPPs in tackling wilful and persistent evaders. For example, by increasing the volume of joint operations and sharing intelligence.

For the DVLA and DfT

I recommend that the DVLA continues to pro-actively engage with DfT on the value and adequacy of the current approach to monitoring VED evasion through the biannual roadside survey. The approach to the survey has not changed in the past two decades. I support and encourage action by the DVLA to examine the results of the survey and consider what they mean for future enforcement activity.

I also recommend that the DVLA works with DfT to re-design its methodology so that it is able to produce an evidence-based estimate of taxpayer monies lost to fraud and error as a result of VED evasion and disclose this in the Annual Report and Accounts. DfT has produced these estimates in previous years but has identified concerns about the robustness of the methodology. It is mandatory for government departments to make an evidenced based estimate of the extent of the level of fraud and error in the schemes they administer and to disclose details of material fraud and error in their Annual Report and Accounts in respect of receipts and payments recorded in the Trust Statement.[11]

Gareth Davies

Comptroller and Auditor General

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

10 December 2024

[11] HM Treasury, PES (2024) 01 Guidance on the preparation of annual reports and accounts (ARA) for 2023-24

DVLA Trust Statement

Statement of revenue and expenditure for the year ended 31 March 2024

	Note	**2023-24 £m**	2022-23 £m
Revenue			
Licence fees and taxes – VED	3	**7,837**	7,325
Fines and penalties – enforcement	4	**100**	93
HGV Road User Levy	5	**106**	–
Total revenue and other income		**8,043**	7,418
Expenditure			
Credit losses – amounts written off or otherwise impaired	6	**(43)**	(42)
Total expenditure		**(43)**	(42)
Net revenue for the Consolidated Fund		**8,000**	7,376

There were no recognised gains or losses accounted for outside the above statement of revenue and expenditure.

Notes forming part of these accounts appear on pages 127 to 131.

Statement of Financial Position as at 31 March 2024

	Note	**31 March 2024 £m**	31 March 2023 £m
Current assets			
Trade and other receivables	6	**100**	58
Cash and cash equivalents		**97**	95
Total current assets		**197**	153
Current liabilities			
Deferred revenue	7	**(2,676)**	(2,459)
Trade payables	7	**(1)**	(2)
Total current liabilities		**(2,677)**	(2,461)
Total net liabilities		**(2,480)**	(2,308)
Represented by:			
Balance on Consolidated Fund Account as at 31 March 2024	8	**(2,480)**	(2,308)

Notes forming part of these accounts appear on pages 127 to 131.

Lynette Rose
Accounting Officer and Interim Chief Executive, DVLA
9 December 2024

Statement of cash flows for the year ended 31 March 2024

	Note	**2023-24 £m**	2022-23 £m
Net cash flow from revenue activities		**8,174**	7,525
Cash paid to Consolidated Fund	8	**(8,172)**	(7,503)
Increase in cash in this period		**2**	22

Notes to the statement of cash flows

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

		2023-24 £m	2022-23 £m
Net revenue for the Consolidated Fund	8	**8,000**	7,376
(Increase)/decrease in trade and other receivables	6	**(42)**	17
Increase in trade and other payables	7	**216**	132
Net cash flow from revenue activities		**8,174**	7,525

B. Analysis of changes in net funds

	2023-24 £m	2022-23 £m
Increase in cash in this period	**2**	22
Net funds as at 1 April	**95**	73
Net funds as at 31 March	**97**	95

Notes forming part of these accounts appear on pages 127 to 131.

Notes to the Trust Statement

Note 1. Statement of accounting policies

Basis of accounting

We prepare a Trust Statement ('the Statement') for the financial year ended 31 March 2024 for the revenue and other income, as directed by HM Treasury, collected by the agency as an agent for others. It is done in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual by HM Treasury ('FReM') which is in force for 2023-24.

The Trust Statement is prepared in accordance with the Accounts Direction issued by HM Treasury under Section 7 of the Government Resources and Accounts Act 2000. The Trust Statement is prepared in accordance with the accounting policies detailed below. These have been agreed between DVLA, DfT and HM Treasury and have been developed with reference to International Financial Reporting Standards and other relevant guidance.

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

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

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

Accounting convention

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

International Accounting Standard 1 (IAS1) requires management to assess, as part of the process of preparing the financial statements, the agency's ability to continue as a going concern. The FReM interprets IAS 1 for the public sector context and states that, for non-trading entities, the anticipated continuation of the provision of a service in the future is normally sufficient evidence of going concern. The financial statements should be prepared on a going concern basis unless there are plans for, or no realistic alternative other than, the dissolution of the agency without the transfer of its services to another entity within the public sector. As an executive agency, DVLA receives direct funding from DfT with this income included within DfT's estimate. There is no reason to believe that DVLA will not continue to receive the funding necessary to maintain operations vital to the infrastructure of the UK for the period of 12 months. As such, management has concluded it is appropriate to continue to prepare the agency's financial statements on the going concern basis.

General accounting policies

VED revenue

The Vehicle and Registration Act (VERA) 1994 provides for the charging of VED. The taxable event for VED is the registration of a relevant vehicle on the road. VED licence revenue is deemed to accrue evenly over the period for which the licence is valid. Under FReM 11.3.3, we do not recognise income in relation to evasion. Repayments are accounted for on a cash basis and recognised in the year in which payment is made. As there are usually no specific performance obligations associated with receiving revenue from taxation, the revenue is considered to be non-exchange transactions and therefore outside the scope of IFRS 15.

Fines and penalties revenue

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

Late Licensing Penalty (LLP) letters are issued to vehicle keepers who fail to relicense or declare Statutory off Road Notification (SORN). Fine payments are made through our online penalty payment system or our Contact Centre. Utilising the Crown Commercial Services (CCS) Framework Debt Resolution Services (DRS), fully regulated debt recovery specialists are appointed and issued cases monthly to pursue. Revenue is either recovered by the debt specialists and paid over to DVLA gross or paid directly to us from customers. Commission earned by debt specialists is invoiced to us separately. We pay LLP income net of commission to HM Treasury as CFERs under a specific arrangement.

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

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

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

HGV levy revenue

HGV Levy restarted on 1 August 2023 following its suspension on 1 August 2020. The HGV Road User Levy applies to HGVs weighing 12 tonnes or more and is aimed at ensuring these vehicles make a contribution to the wear and tear of the UK road network. The income recognition point for UK hauliers is consistent with VED and non-UK hauliers must pay the Levy prior to utilisation of the UK road network. In line with VED policy, the revenue is considered to be non-exchange transactions and therefore outside the scope of IFRS 15.

Business Account

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

- fixed assets
- losses
- cost of collection and enforcement of VED

Use of estimates and judgements

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

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

Bad and doubtful debts

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

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

Evasion

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

Related party disclosure

We are an executive agency of DfT. Due to the nature of DVLA's business, we have a large number of transactions, relating to VED income, with other government departments and other central government bodies.

Deferred revenue

The deferred revenue balance relates to VED. As stated above, VED licence fees are deemed to accrue evenly over the period for which the licence is valid, as such we defer revenue collected in respect of any post financial year end period. Any one-off payments in respect of 6 or 12 months VED received in 2023-24 relating to 2024-25 are deferred.

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

A proportion of the deferred revenue balance will be claimed as a refund of duty during 2024-25. The value of refunds for 2023-24 is shown in Note 3.

Note 2. Direct Debit

Motorists have the option of either paying a one-off amount in respect of 6 or 12 months VED or alternatively, paying for VED in monthly instalments. As at 31 March 2024, £1.5 billion (2022-23: £1.3 billion) was committed for payment through pre-existing Direct Debit mandates in respect of VED monthly instalments to be settled as they fall due in the next financial year. This balance is not recognised within the Statement of Financial Position as these monies will not be collected should the vehicles be sold or declared off road and all the balance represents VED income to be recognised in the next financial year.

Note 3. Licence fees and taxes – VED

	2023-24 £m	2022-23 £m
Total Gross VED	**8,241**	7,677
Amounts refunded	**(404)**	(352)
Total	**7,837**	7,325

Note 4. Analysis of enforcement fines and penalties

2023-24	Late Licensing Penalties (LLP) £m	Traditional enforcement £m	Wheelclamping £m	Continuous Insurance (CIE) £m	Total £m
Offences in:					
2022-23 (i)	6	2	–	–	8
2023-24	57	18	16	6	97
Commission paid	(5)	–	–	–	(5)
Total	**58**	**20**	**16**	**6**	**100**

2022-23	Late Licensing Penalties (LLP) £m	Traditional enforcement £m	Wheelclamping £m	Continuous Insurance (CIE) £m	Total £m
Offences in:					
2021-22 (i)	4	1	–	–	5
2022-23	57	14	16	5	92
Commission paid	(4)	–	–	–	(4)
Total	57	15	16	5	93

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

Note 5. HGV Road User Levy

	2023-24 £m	2022-23 £m
UK hauliers	**88**	–
Non-UK hauliers	**18**	–
Total	**106**	–

Note 6. Trade and other receivables

	31 March 2024 £m	31 March 2023 £m
Licence fees and taxes – VED	78	33
Fines and penalties – Enforcement	74	73
Total before estimated impairments	152	106
Less estimated provision for impairments	(52)	(48)
Total	100	58

The Licence Fees and Taxes – VED receivable includes amounts due from the Post Office £18 million (2022-23: £11 million) and Register a vehicle (RAV) £50 million (2022-23: £10 million).

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

Change to impairments

	2023-24 £m	2022-23 £m
Balance as at 1 April	(48)	(39)
Change in estimated value of impairments	(4)	(9)
Balance as at 31 March	(52)	(48)

A provision is made for potential bad debts based on the value of open cases as at 31 March 2024. The provision does not represent actual write-offs to date but is simply an accounting estimate to reflect the proportion of those debts outstanding at the end of the financial year which may not be recovered.

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

Credit losses

	2023-24 £m	2022-23 £m
VED	1	1
VED enforcement	38	32
Change in the value of impairments	4	9
Total recognised in Statement of Revenue and Expenditure	43	42

Note 7. Trade and other payables

	Trade payables 31 March 2024 £m	Deferred Revenue 31 March 2024 £m	Total 31 March 2024 £m	31 March 2023 £m
VED	–	(2,676)	(2,676)	(2,459)
Motor trade	–	–	–	(1)
Other	(1)	–	(1)	(1)
Total	(1)	(2,676)	(2,677)	(2,461)

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

Other payables include an accrued cost of £1.1 million relating to cash collected in the Trust Statement due to the Business Account (31 March 2023: £0.6 million).

Note 8. Balance on Consolidated Fund account

	2023-24 £m	2022-23 £m
Balance as at 1 April	(2,308)	(2,181)
Net revenue for the Consolidated Fund	8,000	7,376
Less amount paid to Consolidated Fund	(8,172)	(7,503)
Balance on the Consolidated Fund Account as at 31 March	(2,480)	(2,308)

Note 9. Events after the reporting period

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

Julie Lennard left DVLA on 24 November 2024. Lynette Rose was appointed Accounting Officer and Interim Chief Executive with effect from 25 November 2024.

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

Annex A: Accounts Directions

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

1. This direction applies to a government department listed in the appendix on page 133 in respect of the executive agencies which are also listed in the appendix next to the department on page 133.
2. These executive agencies shall prepare accounts for the year ended 31 March 2024 in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual ('the FReM') 2023-24.
3. The accounts shall be prepared so as to:
   (a) give a true and fair view of the state of affairs as at 31 March 2024 and of the income and expenditure (or, as appropriate, net resource outturn), Changes in Taxpayers' Equity and cash flows of the agency for the financial year then ended; and

   (b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
4. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with HM Treasury.
5. In relation to the accounts prepared by a government department under this direction, section 7 of the Government Resources and Accounts Act 2000 ("the Act") shall have effect as if references to the department were substituted for the references to the Treasury in subsection (3)(b) and (c). Accordingly –
   (a) the Comptroller and Auditor General shall send the certified accounts and the report to the department under section 7(3)(b) of the Act, and

   (b) the department shall lay the certified accounts and the report before the House of Commons under section 7(3)(c) of the Act.

Charlotte Goodrich

Deputy Director
Government Financial Reporting
His Majesty's Treasury

14 December 2023

Application of the Accounts Direction

This Accounts Direction applies to the following executive agencies:

Name	Department
Government Legal Department	HM Procurator General and Treasury Solicitor
Insolvency Service	DBT
UK Space Agency	DSIT
Companies House	DBT
Government Property Agency	CO
Building Digital UK	DBT
Planning Inspectorate	DLUHC
Animal and Plant Health Agency	DEFRA
Centre for the Environment, Fisheries and Aquaculture Science	DEFRA
Rural Payments Agency	DEFRA
Veterinary Medicines Directorate	DEFRA
Standards and Testing Agency	DFE
Education and Skills Funding Agency	DFE
Teaching Regulation Agency	DFE
UK Health Security Agency	DHSC
Medicines and Healthcare Products Regulatory Agency	DHSC
Active Travel England	DfT
Driver and Vehicle Licensing Agency	DfT
Driver and Vehicle Standards Agency	DfT
Maritime and Coastguard Agency	DfT
Vehicle Certification Agency	DfT

Name	Department
Wilton Park	FCDO
Forest Research	Forestry Commission
Forestry Commission	DEFRA
Valuation Office Agency	HMRC
UK Debt Management Office	HMT
Government Internal Audit Agency	HMT
The National Infrastructure Commission	HMT
HM Courts and Tribunals Service	MOJ
HM Prison Service	MOJ
Office of the Public Guardian	MOJ
Legal Aid Agency	MOJ
Criminal Injuries Compensation Authority	MOJ
Defence Science and Technology Laboratory	MOD
Defence, Equipment and Support	MOD
Submarine Delivery Agency	MOD

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

1. This direction applies to a government department listed in the appendix on **page 135** in respect of the executive agencies which are also listed in the appendix next to the department on **page 135**.
2. In this direction, any reference to money received or collected by an executive agency (however expressed) is a reference to money received or collected by that executive agency in its capacity as an agent for others.
3. The Agency shall prepare a Trust Statement ('the Statement') for the financial year ended 31 March 2024 for the revenue and other income, collected by the Agency, in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual by HM Treasury ('FReM') 2023-24.
4. The Statement shall be prepared so as to give a true and fair view of (a) the state of affairs relating to the collection and allocation of taxes, licence fees, fines and penalties and other income by the Agency as agent and of the expenses incurred in the collection of those taxes, licence fees, fines and penalties insofar as they can properly be met from that revenue and other income; (b) the revenue and expenditure; and (c) the cash flows for the year then ended.
5. The Statement shall also be prepared so as to provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
6. When preparing the Statement, the Agency shall comply with the guidance given in the FReM (Chapter 11). The Agency shall also agree with HM Treasury the format of the Principal Accounting Officer's Foreword to the Statement, and the supporting notes, and the accounting policies to be adopted, particularly in relation to revenue recognition. Regard shall also be given to all relevant accounting and disclosure requirements in Managing Public Money and other guidance issued by HM Treasury, and to the principles underlying International Financial Reporting Standards.
7. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with HM Treasury.
8. In relation to the accounts prepared by a government department under this direction, section 7 of the Government Resources and Accounts Act 2000 ("the Act") shall have effect as if references to the department were substituted for the references to the Treasury in subsection (3)(b) and (c). Accordingly –
   (a) the Comptroller and Auditor General shall send the certified accounts and the report to the department under section 7(3)(b) of the Act, and
   (b) the department shall lay the certified accounts and the report before the House of Commons under section 7(3)(c) of the Act.

Charlotte Goodrich

Deputy Director
Government Financial Reporting
HM Treasury

14 December 2023

Trust Statement for the year ended 31 March 2024

1. The Trust Statement shall include:

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

2. The notes shall include among other items:

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

Sponsoring department	Income stream	Responsible entity
Ministry of Justice	Fines, penalties, costs awarded by the Courts, compensation ordered by the Courts and confiscation orders	HM Courts and Tribunals Service
Department for Transport	Vehicle Excise Duty (VED) and VED enforcement i.e. fines and penalties and HGV Road user levy	Driver and Vehicle Licensing Agency
Department for Business and Trade	Late filing penalties	Companies House

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