



Driver & Vehicle
Standards
Agency

Annual Report and Accounts

2024-2025

Keeping **Britain** moving, **safely** and **sustainably**

HC 1150

Driver and Vehicle Standards Agency

Annual Report and Accounts 2024-25

For the period 1 April 2024 to 31 March 2025

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Foreword

Chair's Introduction

Although road safety remains at the heart of everything we do at DVSA this year has presented significant challenges, particularly in meeting our waiting time targets for car practical driving tests.

We've responded decisively to these challenges through enhanced governance, more rigorous performance monitoring, and more frequent reviews of our operations to ensure the right actions are taken. We're continuously working to find practical solutions to these challenges, bringing together expertise from across the agency to develop innovative approaches that will improve service delivery.

Despite these challenges, I am encouraged by the progress we have made including developing our new corporate strategy, due for publication later this year. I'm also particularly proud of our environmental achievements, having reduced greenhouse gas emissions by 45% from our 2017-18 baseline. This demonstrates our commitment to environmental responsibility even during operationally challenging times.

The dedication of our staff has been exceptional. Whether administering tests, supporting colleagues, or engaging with stakeholders, their contributions have been invaluable in maintaining our essential services. We've successfully provided 1.96 million car practical tests this year, meeting our volume target, while maintaining high satisfaction rates among many of our service users.

Looking ahead, we're focused on addressing the current waiting time for car practical driving tests by a series of new measures. We're also working to improve satisfaction rates among approved driving instructors (ADI), which remain below our target.

We've continued to support the ongoing Public Body Review, led by the independent review team as part of the wider Cabinet Office Public Body Reform programme, looking into effectiveness and efficiency. We look forward to the published report during 2025-26. The Board remains fully committed to supporting the organisation while maintaining our focus on our core mission: Keeping Britain Moving, Safely and Sustainably.

I am confident that the improvements we have established this year will provide the foundation for better outcomes in the future. The dedication of my colleagues remains our greatest asset and continues to inspire confidence that we will keep Britain's roads safe.



A stylized, handwritten signature in white ink, appearing to read 'Nick Bitel'.

Nick Bitel
DVSA Non-Executive Chair

Chief Executive's Introduction

I am pleased to present our Annual Report and Accounts for 2024-25. This has been a year of significant challenge, progress, and renewed commitments.

Despite providing 1.96 million car driving tests this year we are not on track to meet our business plan target of reducing car practical test waiting times to 7 weeks or less by December 2025. We recognise the impact this has on learner drivers across the country and on driving instructors and their businesses. We are doing all we can to address this, working with the government quickly to develop a plan to tackle the car practical test waiting time, announced in December 2024. In April 2025, to help open up more tests and break down barriers to opportunity, the Secretary of State announced further measures, which can be viewed here: [Transport Secretary acts to make thousands of extra driving tests available each month - GOV.UK](https://www.gov.uk/government/news/transport-secretary-acts-to-make-thousands-of-extra-driving-tests-available-each-month)¹.

We continue to progress this work, continually reviewing the impact of action taken and looking for further opportunities to improve the situation. We recognise that there are no quick fixes and that we need to re-balance supply and demand for tests alongside tackling the systematic abuse of the test booking system. Becoming a driving examiner (DE) requires specific training, experience and qualifications, and not everyone has these. We continue to build the DE workforce we need.

Despite the challenges with car practical testing, we have maintained strong delivery of vocational and motorbike testing, and our commercial vehicle and enforcement services have gone from strength to strength, meeting our business plan targets with high levels of customer satisfaction.

Throughout the year we have remained steadfast in our commitment to health and safety, and I am particularly proud of our achievements in this area. We have enhanced our incident reporting systems, ensuring that near-misses and incidents are thoroughly investigated with findings reported back to the committee. This has led to a reduction in workplace incidents compared to previous years.

Our commitment to colleague wellbeing was reflected in the launch of our comprehensive mental health strategy, which included training over 100 mental health first aiders across the organisation. This initiative has been particularly important given the pressures our colleagues have faced while working to reduce waiting times and meet customer expectations.

This year also saw significant progress in developing our new corporate strategy, which will be published later this year. The strategy will place safety and sustainability at its core while we continue to focus on our current operational challenges.

None of our achievements would be possible without the dedication and resilience of our people. I want to express my profound gratitude to every member of the DVSA team who has shown extraordinary commitment during this challenging period. Whether administering tests, supporting colleagues, engaging with stakeholders, or developing new initiatives, your contributions have been invaluable.

¹ <https://www.gov.uk/government/news/transport-secretary-acts-to-make-thousands-of-extra-driving-tests-available-each-month>

In closing, I want to reaffirm our unwavering commitment to road safety. Despite the operational pressures we face, safety remains at the heart of everything we do. By maintaining this focus, continuously improving our services and supporting our dedicated workforce, I am confident that DVSA will continue to make significant contributions to keeping Britain moving, safely and sustainably.



A stylized, handwritten signature in white ink that reads "Ryder".

Loveday Ryder
DVSA Chief Executive



Performance Report

Overview

Who we are and what we do

This Annual Report and Accounts sets out the performance of the Driver and Vehicle Standards Agency (DVSA) for the year 2024-25, covering the agency's accounting period for the year ended 31 March 2025. The Performance Report section provides information about our purpose, the work we have undertaken in the last year and the main risks to delivering our objectives. The Accountability Report (page 45) shows how we meet key accountability requirements to Parliament and is concluded by the Accounts (page 77).

The DVSA is an executive agency, sponsored by the Department for Transport (DfT). We keep Britain moving, safely and sustainably. We employ around 4,600 people across Great Britain. Our organisation is structured to put road safety at the heart of everything we do, while giving our customers the best possible experience and making sure our services offer value for money.

We carry out theory and practical driving and riding tests, approve people to be driving instructors and MOT testers, carry out tests to make sure lorries and buses are safe to drive, conduct enforcement checks on drivers and vehicles, and monitor vehicle recalls. We also work with the Office of the Traffic Commissioner (OTC) to support the licensing and regulation of the heavy vehicle industry.

We missed our key target to reduce car practical waiting times. However, we provided 1.96 million car driving tests this financial year, significantly exceeding pre-pandemic levels which typically ranged between 1.6 and 1.8 million tests annually. Despite these efforts, the car practical driving test average wait time has increased from 16.1 weeks (as at 31 March 2024) to 21.9 weeks, as at 31 March 2025. We have been unable to meet the high level of demand, owing to there not being enough DEs in post to service the volume of demand. We acknowledge, with regret, that these prolonged waiting times are negatively impacting our customers. This area of work is our number one priority. Our focus on recruitment, training and retention is key to increasing supply, alongside exploration of booking system reforms, to ensure fairness and prevent misuse. We expect things to improve with additional tests being made available from June 2025 and are working to increase test availability further over the coming year. We continue to encourage drivers to be better prepared for their test and improving the rules for booking a driving test. Details of the plan are included in the 'Helping you through a lifetime of safe and sustainable driving' section (page 13).

Key risks include addressing the car practical test wait time, building the resources and capacity we need, and delivering our fees strategy. We have a comprehensive approach to our risk management process and ensure that risks are identified, and addressed, at the right level. For more information, please see the management of our risks section (page 54).

Performance Highlights

Helping you through a lifetime of safe driving



3,112,000

theory tests conducted



2,060,000

practical tests carried out

Keeping your vehicle safe to drive



42,380,000

MOT tests overseen



696,000

HGV tests carried out

Protecting you from unsafe drivers



118,000

vehicle and driver checks



72,000

licensed vehicle operators

Performance Analysis

Key performance measures

Our performance targets directly assess how effectively we're delivering on our core mission of improving road safety across Britain. These targets, published in our 2024-25 Business Plan, provide a comprehensive framework for measuring our progress and impact. You can view the full plan at [DVSA business plan, 2024 to 2025 - GOV.UK](#).

Collaborative development

We do not develop our performance measures in isolation. Working closely with colleagues across the Department for Transport and its agencies ensures our approach is holistic and aligned with broader transport objectives. This collaboration guarantees that our metrics support both DVSA's specific needs and contribute meaningfully to DfT's wider transport strategy.

Performance monitoring benefits

Our robust performance monitoring system delivers three key benefits:

- Transparency: Clearly identifying and celebrating successes
- Early warning: Quickly spotting potential challenges before they escalate
- Proactive management: Enabling timely intervention to address emerging issues

These insights drive strategic decision-making, helping us direct resources and support to areas requiring additional focus. Throughout this process, road safety remains our fundamental priority.

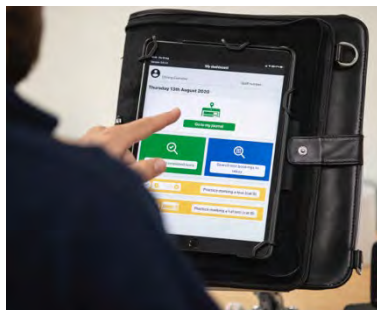
Report structure

This performance report is organised according to our six strategic themes:

- Helping you through a lifetime of safe and sustainable driving
- Helping you keep your vehicle safe to drive
- Protecting you from unsafe drivers and vehicles
- Our people, customers, and partners
- Supporting our work – including financial performance, estates and digital
- Delivering sustainability

Each section outlines our activities and achievements during the year, measured against key performance indicators. Where targets remain unmet, we provide transparent explanations of our efforts and the ongoing challenges. Year-on-year comparisons are included for continuing metrics, though some newer measures lack historical data as they weren't tracked in the same way previously.

Helping you through a lifetime of safe and sustainable driving



Areas of our work	What we do to accomplish our themes
Set standards, assess and test	<ul style="list-style-type: none"> Set standards for safe driving Carry out theory and driving tests
License and accredit, regulate and enforce	<ul style="list-style-type: none"> Approve driving and motorcycle instructors Approve courses for qualified drivers, including driver certificate of professional competence (CPC) and drink-drive rehabilitation courses
Inform, educate and advise	<ul style="list-style-type: none"> Provide targeted digital and media channels to connect people with essential help and education Maintain and develop the official Highway Code and other apps, books and e-learning

Key performance measure	Target	Outcome 2024-25	Outcome 2023-24
Theory test candidates waiting times average	4 weeks or less	3.3 weeks Met	3.6 weeks
Theory test candidates satisfied with the service they receive from DVSA	85%	96% Met	96%
We will work to provide as many car practical tests as possible by providing 1.95 million car practical tests	By March 2025	1.96m Met	-
We will work to provide as many car practical tests as possible by achieving a national car practical driving test waiting time of 7 weeks or fewer	By December 2025	21.9 weeks Missed as at 31 March 2025	16.1 weeks

Car practical driving test candidates (overall) satisfied with the service they receive from DVSA	75%	65% Missed	69%
Car practical driving test candidates who passed their test satisfied with the service they receive from DVSA	85%	88% Met	90%
ADI satisfaction with the service they receive from DVSA	60%	47% Missed	57%
Vocational practical test waiting times 3 weeks or less	By March 2025	2.2 weeks Met	3 weeks
Vocational practical test candidates satisfied with the service they receive from DVSA	80%	79% Missed	80%
Motorcycle practical test waiting times 6 weeks or less	By March 2025	Module 1 – 4.7 weeks Module 2 – 5.4 weeks Met	Module 1 – 4.7 weeks ² Module 2 – 5.1 weeks
Motorcycle practical test candidates satisfied with the service they receive from DVSA	80%	91% Met	92%

Key outcomes

Car practical test waiting times

During 2024-25, we have continued to experience unprecedented demand for driving tests across Great Britain, resulting in car practical test waiting times remaining considerably higher than target.

We provided 1.96 million car driving tests this financial year (2023-24: 2.07m including 150k from additional warrant cardholders), significantly exceeding pre-pandemic levels which typically ranged between 1.6 and 1.8 million tests annually.

The increase in demand has outpaced our ability to recruit, train and retain DEs. This has resulted in us acknowledging that we will not achieve our key performance

measure of reducing waiting times to 7 weeks or fewer by December 2025. We understand, and regret, the impact that these long wait times have on our customers. We continue to do all we can to match supply to much-increased demand. Our aim remains to reduce waiting times down to 7 weeks at the earliest opportunity.

In December 2024, we launched a comprehensive plan to tackle waiting times:

1. Recruiting and training 450 DEs
2. Reviewing and improving driving test booking rules

² Module 1 - the special manoeuvres part of the test undertaken on an off-road manoeuvring area. Module 2 - the on-road test lasting around 40 minutes riding in various road and traffic conditions.

3. Implementing tougher terms and conditions for driving instructors booking tests for their pupils
4. Consulting on extending the mandatory waiting period between tests in specific circumstances
5. Increasing the notice period required for test cancellations or changes without losing the fee
6. Exploring changes to the 24-week advance booking window
7. Expanding our 'Ready to Pass?' campaign to ensure learners are properly prepared

We remain focused on delivering each of the measures that contribute to lowering waiting times. The benefits of the plan will gradually build over the course of the next financial year.

Our customer satisfaction score has been missed this year; this reflects the challenge of customers being able to book a driving test within their preferred timeframe and is negatively impacting scores.

As of 31 March, we are on track to recruit 450 DEs, having already recruited and put into training 241, with 139 completing the training and going on to deliver tests.

Our latest 'Ready to Pass?' campaign videos featuring DEs have proven highly effective, generating over 700,000 views and 10,000 likes. The campaign has seen a 13% increase in followers since its December launch, helping to reduce avoidable test cancellations and improve overall pass rates.

We have begun working on a consultation on proposals to increase the mandatory waiting period between tests in certain situations, including:

- When candidates accumulate multiple serious or dangerous faults during their test
- In cases of physical or verbal assault against examiners
- When candidates fail to attend their test without notification

These proposals include potential penalties to further reduce wasted test slots and improve system efficiency.

Theory test service

We provided an unprecedented 3.1m theory tests in partnership with our private sector providers through a network of 204 theory test centres across Great Britain.

We have seen a decrease in the pass rate for theory tests, which is increasing demand for the service. Demand is also being affected by the increasing demand for driving licences.

Against a target to provide a test within 28 days of a learner's preferred date we achieved an average of 23.3 days. Through an additional 6 test centres we successfully supply the theory test service to the Driver and Vehicle Agency in Northern Ireland.

During the year we expanded test centre capacity including opening larger centres in Leeds, Leicester, and Cardiff.

We continued to improve our service offering by adding incremental improvements based on feedback from both internal and external users.

For example, we improved the learner booking experience by implementing several key features:

- making it easier to find available test slots
- enabling licence scanning for better data accuracy

- verifying email addresses for improved communication

These enhancements provide a smoother online experience while significantly reducing the load on our Customer Support Centre, with an 85% reduction in booking-related calls.

We've also invested in service improvements to support learners with additional needs, so they now have an equitable journey through the test booking process even though they have to provide evidence of their need for support. Furthermore, in collaboration with the Central Digital Data Office we completed a comprehensive review of the needs of d/Deaf learners, conducted in collaboration with the Central Digital Data Office team. This research generated key insights that have informed our service enhancement strategy, including the development of a roadmap for incorporating British Sign Language (BSL) into the booking journey. We have recruited team members with BSL skills and created a "what to expect" video with BSL translation to support the booking journey, scheduled for launch in Spring 2025.

To prepare for the future, we completed a discovery phase exploring the potential for remote invigilation and addressing previous concerns about fraud, security, and test consistency. This has helped inform the next set of procurements so that we can enable remote testing as part of the longer-term vision for theory test.

To ensure service continuity we issued two-year extensions to the test centre network (TCN) contracts. We have also established a dedicated team to re-procure TCN providers beyond the extensions.

ADI satisfaction

We have received positive feedback related to the service that ADIs have received with 85% reporting satisfaction with their interactions with the DVSA ADI

team. 82% of ADIs agree that the rules and standards are clear to understand. Unfortunately, the high waiting times for car practical tests are impacting our ADIs and only 28% are satisfied with the test booking service. This has impacted the average satisfaction score with a score of 47% for 2024-25.

Since 2018-19 we have seen a 152% increase in the number of those applying to start the ADI qualification process. This number continues to rise significantly and has increased to over 19,000 in 2024-25, a 17% increase compared to 2023-24. In order to manage this increase in demand we have expanded the resource in the administrative team to help ensure we continue to process applications within the expected service level of 10 days.

Vocational testing

We achieved our business plan target of waiting times that were 3 weeks or fewer by March 2025. However, we recognise that we did so whilst balancing the volume of available vocational tests against our focus on reducing high car practical waiting times. This balancing of service provision contributed to us only achieving a 79% vocational practical test customer satisfaction score against a target of 80%.

We provided approximately 40,000 vocational driving tests in 2024-25. Our partners in the training, haulage and bus industries also provided around 20,000 tests on our behalf. Following the split of the vocational test, approximately 592 assessors have conducted over 50,000 off road manoeuvres tests for a new generation of professional drivers in the last 12 months.

Making motorcycling safer

Our ongoing work with the Motorcycle Strategic Focus Group has yielded valuable insights and improvements to motorcycle safety. Through this collaborative approach, we have identified and developed targeted measures with industry stakeholders to enhance rider

training standards and improve road safety.

Compulsory Basic Training (CBT) is a training course all new motorcyclists must complete before they can ride on the road. We have commissioned the discovery phase for an electronic platform to better manage the CBT service. This digital solution will create a more integrated experience for riders, instructors, and examiners, potentially resulting in:

- Better service for riders, improved compliance, better enforcement, reduced fraud

- Road safety improved by better use of data to target riders of certificate expiry, digital entitlement checks enabled
- Roadside enforcement checks by police and online insurance checks can be supported digitally

This electronic platform will represent a significant step forward in our digital transformation journey and aligns with our strategic goal of helping riders through a lifetime of safe and sustainable motorcycling.



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Digital, Data and Technology at DVSA

DVSA's Digital Data and Technology (DDaT) team includes around 280 civil servants and apprentices. Using evidence based on research findings, they support colleagues by:

- **providing digital tools, networks and systems that are designed according to user need**
- **building and enhancing applications for colleagues and customers**
- **making sure our tools and systems are robust and always available**



DDaT achievements 2024 to 2025



£1.9 million saved through DDaT digital insourcing of tasks



£0.2 million saved by putting IT calls through Teams instead of landlines



£0.1 million saved by automating processes



10 new Digital and Data apprentices



We met the 'great' standard for 3 recognised digital services



Helping you keep your vehicle safe to drive



Areas of our work

What we do to accomplish our themes

Set standards, assess and test

- Set standards for MOT testers and carry out MOTs for heavy goods vehicles, buses and trailers
- Carry out vehicle approval tests for vehicles manufactured or imported in small numbers

License and accredit, regulate and enforce

- Approve MOT centres and MOT testers

Inform, educate and advise

- Carry out and evaluate insight-based behaviour change campaigns and e-learning
- Publish information to help you look after your vehicle

Key performance measure	Target	Outcome 2024-25	Outcome 2023-24
Authorised testing facilities (ATF) satisfied with the service they receive from DVSA	85%	98% Met	96%
Operators satisfied with the service they receive from DVSA	80%	84% Met	90%
Develop and implement a new digital way for ATFs and other third-party providers to apply for and manage their requests for assessors to carry out testing at their premises	By March 2025	Met	-
Determine a baseline for approvals' customer satisfaction through our surveys, enabling us to track improvements	By March 2025	Met	-
Simplify and improve our online application process for individual vehicle approval (IVA) and motorcycle single vehicle approval (MSVA) examinations and allow users to make	By March 2025	Met	-

payments and be able to book examinations online in the future			
MOT centres satisfied with the service they receive from DVSA	85%	75% Missed	89%

Key outcomes

We are responsible for MOT testing of heavy and light vehicles.

MOT (light vehicle) services

Light vehicle MOTs are delivered through a network of approved MOT garages across Great Britain. The MOT test is designed to uphold road safety standards whilst providing flexible, convenient services for our customers. During the year our MOT garages delivered more than 42 million MOT tests – delivering an essential service to the public across the country, helping keep the roads safe.

We have invested in improving how we go about enforcement activities. This has included improving the technology we use and having teams dedicated to MOT work. We have started a pilot on capturing photos at test – one of a number of enablers to improving test quality and reducing fraud.

To support motorists with keeping their vehicles as safe and up to date as possible we have made recalls information available through our enhanced MOT information services. This enables motorists to check for outstanding vehicle recalls.

In 2024-25 we changed the methodology for capturing MOT satisfaction, switching to online surveys from telephone interviews. This meant we were able to survey a much better representation of our customers. Following this change we saw a fall in our satisfaction score.

We believe that the change in methodology has been the main contributor to the reduction in the

percentage of satisfied customers. We will continue to use our action plan to help address other areas of concern, such as the feedback around the topic of MOT guidance and information.

Looking ahead we plan to continue investing in the systems we use – including the use of AI to help us target those most likely to be doing things wrong.

Commercial vehicle testing

During the year we carried out 696,000 heavy vehicle tests largely through a network of ATFs. These sites partner with us to deliver services to vehicle operators – in many cases enabling a ‘one-stop-shop’ for vehicle maintenance and safety.

We have improved digital services to make it easier for ATFs to request resources and communicate through the new MyVT online service.

This has included moving towards a model where testing days and hours are agreed with ATFs and changed by exception, moving away from the quarterly booking process and enabling better, longer-term planning.

We continued to increase the amount of testing time we provide to ATFs, and we now satisfy 97.81% of ATF requests. This helps them run their businesses and deliver a better service to the end customer – the operators of vehicles.

To further reduce paper use, we have moved to a digital-first approach for annual test certificates and made “ministry plates” more easily available online.

Vehicle approvals

We conduct vehicle approvals – such as Individual Vehicle Approval – to support specialist vehicle manufacturers, vehicle importers and amateur builders in showing that their vehicles meet safety standards – generally ahead of registration.

We have started transforming our end-to-end service for customers. This focuses on two main themes: developing new digital services and transitioning to a more flexible delivery model.

We have created new digital services for vehicle approvals, allowing applications to be submitted online reducing the need for customers to contact us directly.

Collaborating with our customers, we have designed detailed plans to shift a greater proportion of approvals work to locations that better suit their needs, often at their manufacturing or import premises.

New technology

We continue to work closely with colleagues in DfT to ensure our vehicle tests are ready for the future. This includes making changes to the test when needed – and piloting new approaches to how technologies we now see on the road could be tested – including new emissions testing methods and driver assistance systems.

We continued to shape national policy by supporting the implementation of the Automated Vehicles (AV) Act 2024, the United Nations Economic Commission for Europe (UNECE) regulations, and safety principles.

To prepare for automated vehicles, we have created implementation roadmaps and strengthened team capabilities through targeted learning initiatives. We have also supported various pilots of AVs – including dealing with incidents – both supporting the maturing of these technologies but also helping us and wider government establish the best ways to regulate in the future.

Protecting you from unsafe drivers and vehicles



Areas of our work	What we do to accomplish our themes
Set standards, assess and test	<ul style="list-style-type: none"> Carry out specialist tests for HGVs, buses and trailers Monitor recalls of vehicles, parts and accessories
License and accredit, regulate and enforce	<ul style="list-style-type: none"> Carry out roadside checks on commercial vehicle drivers Visit vehicle operator premises Support the Traffic Commissioner with licensing duties for vehicle operators for Great Britain
Inform, educate and advise	<ul style="list-style-type: none"> Share information with around 100 educators, researchers and publishers Publish GOV.UK pages to share intelligence

Key performance measure	Target	Outcome 2024-25	Outcome 2023-24
Risk-based targeted approach to detect serious roadworthiness defects and traffic offences	28,000	31,824 Met	30,307
Maintain the number of MOT cases where we act upon the most serious fraud, dishonesty and negligence and increase by 10% the number of cases laid to court for prosecution from these investigations	From the 2022 to 2023 baseline	783 cases 10% increase Met	833 cases 10% increase
In support of the Traffic Commissioners' strategic objectives, we will continue our commitment to process HGV operator licence applications maintaining the target below 35 working days	By March 2025	31.0 days Met	31.7 days

Key outcomes**Commercial vehicle enforcement**

We conduct enforcement checks on Heavy Goods Vehicles (HGVs) and Public Service Vehicles (PSVs) – as well as other commercial vehicles – on Great Britain's roads. This is done through roadside checks, remote enforcement, and also investigations – supporting the work of the Traffic Commissioners (TC).

During the year, we restructured our enforcement function to better direct specialist resources in the areas identified as the highest risk to road safety. This has provided a more consistent high quality enforcement regime.

We continued to build our remote enforcement capabilities, using digital information to identify non-compliance. This included expanding the trial of 'enforcement from the record' using Automatic Number Plate Recognition (ANPR) data to identify and target non-compliance. This has enabled us to remotely identify speed limiter breaches and driver's hours offences.

We continued to work with manufacturers to increase the use of remote sensing equipment to read Second Generation Smart Tachograph data remotely, allowing non-intrusive checking as a targeting tool.

We also continued to develop the range of available sanctions to ensure effective enforcement actions can be taken where necessary. For example, working with the Environment Agency to tackle fly-tipping we used our powers to prohibit non-compliant vehicles and drivers, and the Environment Agency used theirs to deal with the non-compliance in fly tipping, and using all evidence to ensure robust prosecution action.

In collaboration with HM Courts, we implemented better processes to deal with the most persistently non-compliant light goods vehicle operators. This led to one operator receiving fines of over £700,000.

Earned Recognition

Earned Recognition (ER) is a scheme for exemplar operators who evidence to us, through an agreed set of key performance indicators, that they meet all driver and vehicle standards. In return, for them sharing that compliance information, we're less likely to stop their vehicles on the roadside for inspections. It's a voluntary scheme for organisations of any size, that have held an operator licence for at least 2 years and it's free to join.

A programme of work has continued through the year to promote the ER scheme to combined authority mayors and local authorities. Through this engagement we encouraged the use of ER standards to select commercial vehicle operator contracts.

The road to ER trial has successfully enabled many new operators to meet the ER standards and will be established as a route into ER for new operators.

Market surveillance

Our market surveillance unit conducts enforcement across the automotive sector, ensuring that products placed on the market (including vehicles) are safe and legal.

We have continued to manage vehicle recalls, with the high volume of car recalls (67% increase in 2024 compared to 2023) reflecting the responsible attitudes of manufacturers towards safety.

During the year we continued our work on testing vehicle emissions, following up any issues with manufacturers.

We conducted campaigns across various sectors, combining educational activities

with enforcement measures (including prosecution) to improve compliance. These campaigns have focused on motorcycle safety helmets, electrically assisted pedal cycles, and e-scooters.

Our customers, people and partners

Our customers

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

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

Key performance measure	Target	Outcome 2024-25	Outcome 2023-24
Call handling times	70% of calls handled within 60 seconds	64% Missed	63%
Achieve the Customer Contact Association Global Standard 8 accreditation for our contact centre	By March 2025	Met	Met
Achieve the Customer Service Excellence accreditation	By March 2025	Met	N/A

Customer contact centre

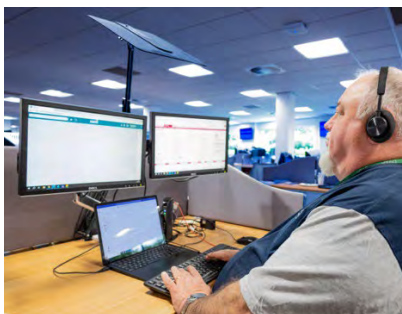
Call handling times were below target, however, have improved over the previous year. During the year we upskilled staff, and as a result have been consistently achieving our target measures since October. We have opened new digital channels, further enhancing our service offerings to our customers. This multifaceted approach ensures that we will continue to improve our customers' experience.

We also achieved the service level in each of the last six months.

We have made strides in digitalising contact with features such as webchat and WhatsApp, and we have successfully filled vacant posts to optimise our headcount.

We aim to put the customer at the heart of what we do. Customer satisfaction surveys are used by our public facing services to ensure they meet expectations. Surveys are designed to help us achieve our customer principles and we undertake additional research to improve our understanding of what people want from DVSA. This is a key part of being a service-led organisation.

Our people



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

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

Key performance measure	Target	Outcome 2024-25	Outcome 2023-24
<p>Continue to increase the percentage of our people from underrepresented groups:</p> <ul style="list-style-type: none"> • 16 to 24-year-olds • disabled people • people from ethnic minority background • women 	<p>16 to 24 year-olds: 5.31%</p> <p>disabled people: 15.2%</p> <p>people from ethnic minority background: 10.16%</p> <p>women: 33.79%</p>	<p>16 to 24 year-olds: 1.77%</p> <p>disabled people: 12.92%</p> <p>people from ethnic minority background: 9.58%</p> <p>women: 31.98%</p> <p>Missed</p>	<p>16 to 24 year-olds: 1.71%</p> <p>disabled people: 12.24%</p> <p>people from ethnic minority background: 8.75%</p> <p>women: 31.54%</p>
Continue to increase the number of apprentices with a headcount target of 5%	In 2024 to 2025	3.6% Missed	2.3%

Reduce the overall number of assaults on DVSA colleagues	10%	15% Met	N/A
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Skills and learning

This year, 76 colleagues enrolled on apprenticeship programmes, of which 23 were external recruits. This is an overall increase of 29 learners from 2023-24. We have a further 37 apprentices in the process of enrolling. Our apprenticeship opportunities continue to receive a high level of interest, and we will continue to broaden the range of apprenticeships available.

To develop the leadership skills and capability needed to drive the agency forward, we have delivered 26 management modules covering resilience, feedback, coaching and mentoring and building effective teams. Building on the success of the Women into Leadership programme, we launched an Ethnic Minority Leadership programme and delivered four Stepping into Leadership programmes. These initiatives develop our future talent and support our diversity and inclusion ambitions.

We piloted and promoted the new Government Practitioner and Foundation management programmes and rolled out the new Civil Service Line Management Standards across the agency.

A new Leadership Behaviour Framework was launched, demonstrating the Inclusive, Adaptive and Connected behaviours our leaders need to bring our culture aspirations to life and meet the DVSA Vision and Service Led approach as part of our Strategy. This initiative included the launch of a 360-degree feedback tool tailored to these behaviours, which received positive engagement from Corporate Senior Leadership. Data from this tool will guide customised development programmes for leaders.

The launch of our Coaching and Mentoring platform created opportunities for colleagues to share skills and expertise and build developmental relationships.

This year we successfully secured more spaces for applicants accepted onto the Civil Service Beyond Boundaries talent programme and supported colleagues' development through the programme.

Investment in Digital and Data professionals has grown through a three-year plan to enhance skills and capabilities in this area. The Digital Degree apprenticeship programme has been a great success, and we are now exploring and offering more digital apprenticeship programmes to attract a wider talent pool.

Health, safety and wellbeing

Raising awareness, improving wellbeing resources and supporting colleagues and line managers continued to be a key focus. We hosted our annual wellbeing week, offering virtual sessions covering a range of topics. The wellbeing week supplements ongoing physical health reminders and our wellbeing newsletter.

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

Diversity and inclusion

We set ourselves ambitious targets to improve representation across four of the most underrepresented groups within DVSA: 16–24-year-olds, people with disabilities, people from ethnic minorities, and women.

We introduced a range of initiatives aimed at attracting more people from diverse backgrounds. These included expanding our use of apprenticeships and participating in the Government's Life Chances schemes. This year, we launched a development programme specifically for colleagues from ethnic minority backgrounds, rolled out the Hidden Disabilities Sunflower Scheme, and enhanced our workplace adjustments guidance and processes. Our Diversity Forum—comprising of senior leaders—continues to drive progress through directorate-specific diversity action plans.

Our priority to reduce driving test waiting times has affected our ability to meet diversity targets. However, compared to last year, we have made progress across all four groups. We have had success changing the diversity profiles in some professions, particularly in digital and data roles, and we are beginning to see a positive shift in our frontline workforce.

We continue to promote the importance of declaring diversity details and are addressing gaps in the data shared by colleagues, which will enable us to better support underrepresented groups and foster a more diverse DVSA.

This year we have seen an increase in both the volume and diversity of applicants. Our efforts to raise awareness, educate, and enhance external engagement with potential candidates included:

- attending over 20 career fairs nationwide to boost our profile and increase visibility
- hosting events and sessions to support candidates in applying to DVSA
- expanding our media tools to advertise roles, including using radio to promote DE roles
- collaborating with an expert partner to create a DE recruitment video, strengthening our profile and attracting candidates from various backgrounds and professions

Communication and engagement

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

Colleagues' engagement, as measured by the Civil Service engagement index, increased by 2 percentage points to 55%. There was an increase in score for themes that had been a focus during the

year, such as 'leadership and 'managing change'. Other sections of the survey, that focus on resources to do a job and manager's development of their teams continue to match the Civil Service benchmark.

Work will continue to focus on similar areas, especially improving leadership skills and how colleagues are supported during change.

Internal Stakeholders

Key performance measure	Target	Outcome 2024-25	Outcome 2023-24
Provide a response to Freedom of Information requests	Within 20 working days	100% Met	100%
Provide a response to Parliamentary questions	By their due date	100% Met	100%
Provide a response to ministerial correspondence	Within agreed timescale	100% Met	100%
Provide a response to official correspondence	Within 20 working days	100% Met	100%

We met all our measures for Official Correspondence during 2024-25.

Complaints to the Parliamentary & Health Service Ombudsman

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

PHSO did not accept any complaints about DVSA for formal investigation in 2024-25.

Our Financial Performance

Our financial performance is summarised below.

	2024-25 Actual £m	2024-25 Plan £m	2023-24 Actual £m
Income	424.5	435.9	425.3
Expenditure:			
Staff costs	(224.8)	(229.1)	(227.6)
Other operating charges	(198.3)	(201.3)	(192.9)
Non-current assets related costs	(47.7)	(44.0)	(46.8)
Net finance costs	(10.4)	(9.8)	(9.2)
	(481.2)	(484.2)	(476.5)
Total net expenditure	(56.7)	(48.3)	(51.2)

Net expenditure for the year

During the year we continued to experience high demand for our main services, in particular the theory test and practical driving test.

Whilst income remained high at £424.5m (2023-24: £425.3m), it was below plan as we did not have the necessary capacity to fully service the demand for car practical tests. This was mainly due to the difficulties in recruiting and retaining DEs.

Expenditure increased to £481.2m (2023-24: £476.5m), which is slightly below plan with inflationary pressures offset in-part by an underspend on staff costs relating to recruitment challenges.

Non-current asset-related costs of £47.7m (2023-24: £46.8m) include depreciation, amortisation and impairments. The increase over the previous year is mainly due to adjustments to the values of some assets now no longer required following agreements with the EU, following EU Exit.

Finance costs relate mainly to interest payments on leased assets.

Total net expenditure includes c£27.0m for specific initiatives and programmes aimed at improving road safety, driver education, and enforcement of vehicle standards for which we do not charge fees. The work is done at the request of DfT. Total net expenditure on fee related activity for the year was £29.7m (2023-24: £26.8m). Further information on financial performance by activity is available in note 2 to the Accounts.

Fees

Fees have remained largely unchanged for over 14 years. We have an agreed strategy to review and amend our fees, and we continue to work with DfT, ministers and HM Treasury to implement it.

Capital investment

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

Total capital investment during the year was £45.2m (2023-24 £44.2m). This included £12.3m (2023-24 £9.9m) on right of use asset additions and £17.4m on digital investment (2023-24 £12.9m). The majority of the digital investment was

directed towards improving commercial vehicle testing and MOT testing services.

The 2024-25 plan included the commencement of the Driver Services Platform project, which has now been delayed into 2025-26 on the assumption it receives full spend approval.

Investment in tangible assets was £13.9m with continued investment in estate, vehicles, IT hardware and equipment. £12.3m of capital expenditure related to

the establishment of new right of use assets (i.e. leased properties and vehicles) and £1.6m for remeasurements during the year.

Delegated budgets

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

Delivering value for money

Key performance measure	Target	Outcome 2024-25	Outcome 2023-24
Prompt payment of invoices – within 5 working days	90%	94% Met	92%

Digital highlights

Helping you through a lifetime of safe driving



2,060,000

driver tests on digital app

Keeping your vehicle safe to drive



880,000

vehicle tests on digital app

Protecting you from unsafe drivers



5,770,000

users of MOT reminder service

Digital and data

Implementing the Government Central Digital and Data Office digital business plan is a key objective for DVSA. It is available at

[Transforming for a digital future: 2022 to 2025 roadmap for digital and data - updated September 2023 - GOV.UK](#)

In line with the plan, during the year we focussed on the cross-Government Digital and Data Roadmap to 2025 including the six shared cross Government missions and the Government Cyber Security Strategy 2022-2030.

This approach enabled us focus on shared Government and Data goals, whilst ensuring we also deliver in the context of our own needs within DVSA.

Key deliverables this year included meeting the 'great' standards for the top 75 digital services across government for three of our four recognised services.

During the year we continued to build our Digital and Data workforce capability and capacity. This enabled us to make improved resourcing decisions and reduce our reliance on contractors. We further developed our Digital and Data Apprenticeship Academy committing to a minimum of 10 new apprenticeships per annum in future.

The maturity of our enterprise architecture capability continues to develop ensuring DVSA has the right foundations and building blocks to support digital transformation initiatives in future and ensuring architecture designs optimise operational efficiency and support long-term sustainability.

In the world of Data, we have updated our Data Strategy to enable us to better focus the use of data to the benefit of our customers and stakeholders. We have conducted a maturity assessment in line with the cross-Government requirements. This will enable us to work with service owners in future and address areas where improvements could be made. It also supports our ambitions to adopt Artificial Intelligence (AI) technologies in future.

To support DVSA's ambition for the use of AI, we have established an AI Community of Practice to share ideas and bring insight from elsewhere within the DfT Group and beyond.

We have met all Government requirements in relation to publishing of data to support data sharing initiatives.

DVSA continues to operate in a product centric manner with continuous improvement teams in place supporting our Services. We have embedded Secure by Design Principals into our projects.

Our estate

We regularly examine our facilities to optimise efficiency, ensure they're fit for purpose and environmentally responsible, whilst retaining the flexibility to accommodate changing demands.

Our estate comprises:

- 373 driving test centres
- 48 goods vehicle testing stations (legacy GVTS sites – currently used for a number of purposes)
- 64 enforcement sites

We've advanced our smarter working initiatives, as set out in our 2024-25 plan. During the year we completed the refurbishment of our administration office in Swansea. We additionally completed the refurbishment work at our new office in Leeds where colleagues were relocated into a Government Hub, reducing our footprint by 70%. We also continue to prepare for the move into a similar office in Bristol that is scheduled for 2026.

Our ongoing assessment of all frontline facilities supports our estate rationalisation goals and informs our strategic decision-making. We continue to dispose of surplus GVTS and enforcement check sites. Additionally, we successfully completed the maintenance

back-log during this year.

We continued to invest into our estate to support our decarbonisation plans. We completed work at Burgess Hill, Hull, Leicester, St Helens, Scunthorpe and Bristol multi-purpose test centres (MPTC). This included a mixture of replacing the fossil-fuel heating systems with electric heat-pump systems and installing solar photo-voltaic panels for energy generation as well incorporating smarter working for frontline colleague accommodation. Our experiences guide how hybrid working might be best used to continue to deliver great customer service from across our estate.

Construction work for a new building at Scotch Corner has been delayed due to the building contractor entering into administration. This is now envisaged to complete in 2025-26.

We're maintaining active management of the risks associated with Reinforced Autoclaved Aerated Concrete (RAAC) throughout our estate. In response, we continued to reassess our RAAC management practices, implementing enhanced safeguards at affected sites to maintain safety. Our property valuations in the Accounts include RAAC-related considerations.

Delivering Sustainability

Key performance measure	Target	Outcome 2024-25	Outcome 2023-24
DVSA will contribute towards the government's aim of net zero greenhouse emissions by 2050 through the 2021 to 2025 Greening Government Commitments	Fourth year contribution to the Greening Government Commitments (4,763 TCO2e)	4,845 TCO2e Missed ³	4,820 TCO2e Met
Increase the number of roof-mounted solar panel installations by a further 60 kilowatt peak (kWp) over multiple sites, increasing our generating capacity and reducing our electricity costs	By March 2025	145kWp - 6 sites Met	69 kWp - 3 sites Met

DVSA sustainability strategy

DVSA is dedicated to fostering a sustainable future. In March 2024, we released our updated sustainability strategy to help us deliver our vision of keeping Britain moving, safely and sustainably.

Our sustainability strategy is available at:

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

Supported by our strategy, we have made significant progress towards meeting the 2021-2025 Greening Government Commitment targets

We remain committed to achieving Net Zero (carbon) by 2050.

DVSA's emissions profile

Greenhouse Gas Emissions (GHG)

Scope 1: Direct - Bulk fuels	2024-25 Unit total	2024-25 Tonnes CO2	2023-24 Unit total	2023-24 Tonnes CO2
Gas (kWh)	5,782,110	1,055	5,524,841	1,009
Oil (kWh)	181,245	48	346,461	93
LPG (kWh)	106,572	23	51,455	11
Scope 1: Total (kWh)	6,069,927	1,126	5,922,757	1,113

³ We have exceeded our overall contribution to the 2021 to 2025 Greening Government Commitments, the target for which was 5,520 TCO2e. In addition, we set ourselves a business plan measure that was more ambitious, which we missed in 2024-25.

Scope 1: Direct - F Gas (kg)	3	3	5	6
Scope 1: Direct - Pool fleet (kms)	2,216,182	367	2,532,853	419

Scope 2: Energy indirect	2024-25 Unit total	2024-25 Tonnes CO2	2023-24 Unit total	2023-24 Tonnes CO2
Electricity (kWh)	5,105,665	1,046	5,309,717	1,088

Scope 3: Official business travel	2024-25 Unit total	2024-25 Tonnes CO2	2023-24 Unit total	2023-24 Tonnes CO2
Hire fleet (kms)	7,334,842	1,217	6,956,568	1,151
Non-DVSA vehicles (kms)	2,182,404	363	2,362,134	391
Air travel - Domestic (kms)	394,504	107	458,163	124
Air travel - International (kms)	112,010	21	211,422	39
DVSA leased fleet (kms)	2,355,294	390	2,150,101	356
Motorcycle fleet (kms)	1,375,956	153	1,343,643	150
Rail (kms)	1,470,498	52	1,590,579	56
Taxi - Regular cab (kms)	19,642	3	19,115	3
Taxi - Black cab (kms)	1,063	0	1,498	0
Scope 3: Total (kms)	15,246,213	2,306	15,093,223	2,270

	£'000		£'000	
Scope 1 & 2: Total expenditure	3,563		3,456	
Scope 3: Total expenditure	3,680		3,168	

Business travel

Our target is to reduce business travel emissions by 5% per year. We reduced business travel emissions by 4.4% during the year.

We reviewed and updated our Travel Policy to promote sustainable travel choices, challenge traditional travel

decisions, and reduce both carbon emissions and unproductive travel time.

Flights

Total flight distances during 2024-25 are as follows:

	2024-25	2023-24
Domestic air travel (km)	394,504	458,163

International air travel (km)	2024-25	2023-24
Short haul economy	34,024	78,206
Long haul economy	11,458	44,246
Short haul business	0	2,088
Long haul business	66,528	86,882

Domestic flights are used to deliver our services, and to attend conferences and training, in remote areas of the UK. Where practical, flights are taken within the UK where there is no alternative, due to location, distance or time constraints.

International flights are used to attend global conferences, conduct supplier audits, and provide client training.

Government fleet commitment

We achieved our commitment to have 25% Ultra Low Emission Vehicles (ULEV) fleet by 2022 and are now working towards a 100% Zero Emission Vehicle (ZEV) fleet for cars and vans by 2027. As our ULEV car leases expire, we will transition to fully electric vehicles (EVs).

In addition to our EV pool car fleet, we are now replacing our Power to Stop enforcement cars with EVs and installing charging infrastructure at suitable sites.

Finite resource consumption

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

Resource	Spend 2024-25 £'000	Spend 2023-24 £'000
Gas	615	436
Electricity	2,948	3,020
Fuel	760	855
Water	524	458

Decarbonisation of buildings

In 2024-25, we completed decarbonisation projects at five Multi-Purpose Test Centres (MPTCs) which include installation of roof-mounted solar panels, increasing our own-generation capacity by 145kWp.

We were also awarded decarbonisation capital grant funding from the Public Sector Decarbonisation Scheme (PSDS3c) to replace end-of-life fossil fuel heating systems with air-source heat pump systems at a further 6 sites, due to complete in 2025-26.

Climate change adaptation

We continue to assess climate change risks and opportunities, integrating resilience, business continuity, as well as governance and implementation considerations. We are observing the effects of climate change and the potential impact on our colleagues and services. We are exploring ways to increase our resilience to reduce the potential impact on our people, service delivery, and infrastructure.

Our MPTC decarbonisation programme aims to reduce the impact of climate change on our colleagues and the local environment by replacing gas-fired systems with sustainable alternatives. This includes installing Mechanical Ventilation with Heat Recovery (MVHR), air-source heating and cooling systems, and roof-mounted solar panels.

Nature recovery

For the third year, we held a 'no-mow from May' project to let the grass grow through to August and support biodiversity gain at 22 sites, where we have suitable significant grassed areas.

Renewables

In 2024-25, we expanded our solar generation capacity by an additional 145kWp through roof-mounted solar photovoltaic (PV) systems. This brings our total capacity to 320kWp, generating 200,000kWh, equivalent to 4.5% of our annual energy consumption. This investment saves DVSA up to £70,000 in electricity costs.

Waste

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

Total waste (tonnes)	2024-25	2023-24
Landfill	7	18
Recycled (excluding ICT waste)	160	253
ICT waste (recycled externally)	23	-
Food waste /composting	-	-
Waste incinerated with energy recovery	249	256
Total waste arising	439	527
Total cost £'000	56	38

Single use plastics

Single-use plastics (SUP) are not reported due to the low volumes. Items such as disposable cups were removed in 2019, and other SUP usage is minimal, used only where essential for operational safety.

Sustainable procurement

DVSA primarily engages in commercial activities through Crown Commercial Services (CCS) frameworks, which prioritise sustainability in every aspect.

These frameworks adhere to Government Buying Standards (GBS) and consider the entire product lifecycle, evaluating whether items can be re-used, re-manufactured, or re-purposed.

For procurements outside the CCS frameworks, the DVSA continues to follow GBS and appropriate sourcing playbooks, maintaining a strong focus on sustainability.

All DVSA contracts above the threshold of £139,000 will include an evaluation of social value. Our primary approach to social value follows the Cabinet Office Social Value Guide, which includes multiple Model Award Criteria (MAC) for both social value and sustainability. The relevant MACs are determined during the design phase of the commercial activity.

Sustainable construction

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

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

Sustainability specifications criteria are embedded into quality assessments for all

professional services and construction procurements.

Task force on climate-related financial disclosures (TCFD)

DVSA has reported on climate-related financial disclosures consistent with HM Treasury's TCFD-aligned disclosure application guidance, which interprets and adapts the framework for the UK public sector. DVSA considers climate to be a principal risk, and has therefore complied with the TCFD recommendations around the core elements of recommended climate-related disclosures:

- **Governance** - the organisation's governance around climate-related risks and opportunities.
- **Risk Management** - the processes used by the organisation to identify, assess, and manage climate-related risks.
- **Metrics and Targets** - the metrics and targets used to assess and manage relevant 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.

Progress against TCFD recommendations (Phase 1 and 2)

Governance

The DVSA Board has overall governance responsibility for key business risks in the context of sustainability, including carbon reduction and climate-related impacts, and are reviewing progress on a quarterly basis.

Risk Management

We have integrated climate-related principal risks into our governance and risk management processes. We updated our sustainability principal risk and risk appetite

statement to include climate change, carbon reduction, and TCFD requirements. This helps us identify, quantify, assess, and mitigate potential physical and financial impacts on our business and service delivery.

Climate-related risks are part of our operational resilience and business continuity planning. We also assess adverse weather impacts as part of our Management Information suite and risk assessment.

Metrics and targets

We actively manage climate-related risks and opportunities by assessing our performance against the 2021-25 Greening Government Commitment targets. Specific metrics and targets related to Scope 1, 2, and 3 emissions are disclosed, providing transparency and accountability in our climate-related initiatives.

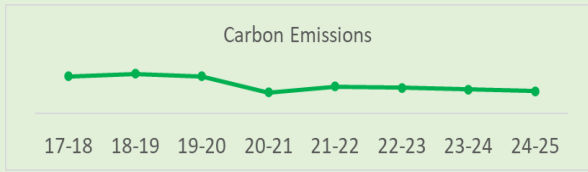
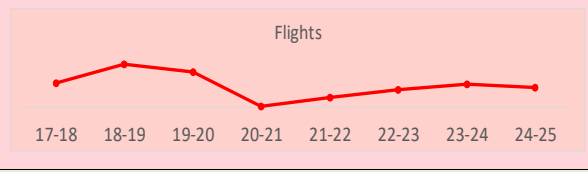
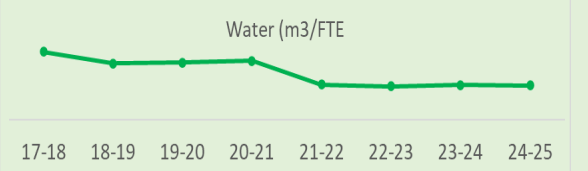



Strategy

DVSA is dedicated to building a sustainable future through key initiatives such as developing new emissions testing methods and integrating EVs into our fleet, aligning with the Government Fleet Commitment for cars and vans to be zero-emission by 2027. We are also reducing the carbon footprint of our buildings and investing in renewable energy by installing solar photovoltaic (PV) systems. These efforts reinforce our commitment to building a more sustainable future.

Greening government commitments (GGC)

We have made significant progress against our 2017-18 baseline and have met 5 of the 6 core GGC targets, as shown in the table below.

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

Greening Government Commitment	2017-18 Baseline	Progress from 2017-18 to 2024-25	2024-25 Target	2024-25 Performance
Mitigating Climate Change				
Reduce Greenhouse gas emissions	8,820 tonnes of CO ₂	 <p>Carbon Emissions</p>	4,763 tonnes of CO ₂ equivalent	4,845 tonnes of CO ₂ equivalent
Reduce business flights	1,114 flights	 <p>Flights</p>	754 flights	980 flights
Reduce Water use	14.9m ³ /FTE (Full Time Equivalent)	 <p>Water (m³/FTE)</p>	14.5m ³ /FTE	9.7m ³ /FTE
Paper use	21,000 reams	 <p>Paper (reams)</p>	18,347 reams	7,220 reams
Minimising Waste				
Waste arising	1,116 tonnes	 <p>Waste Arising</p>	1,021 tonnes	439 tonnes
Waste to landfill	81%	 <p>Landfill</p>	< 5% to landfill	<5% to landfill

Government greening commitment	Headline/Sub target	Narrative
Reducing greenhouse gas emissions	Reduce the overall Greenhouse Gas emissions from the 2017-18 baseline.	The 2024-25 outturn reflects a 45% reduction in greenhouse gas emissions from the 2017-18 baseline, demonstrating significant progress in reducing our carbon footprint.
		Total emissions have slightly increased from last year due to increased emissions from our buildings. Emissions from travel are within target due to a reduction in travel and the increased utilisation of electric vehicles.
		Although we have completed decarbonisation measures at six sites, emissions from buildings are 10.7% above target. This is due to delays in completing planned site disposals, which have been affected by market conditions and the discovery and mitigation of Reinforced Autoclaved Aerated Concrete (RAAC) at sites marked for disposal.
Reducing business flights	Reduce the emissions from domestic business flights by at least 30% from the 2017-18 baseline.	The 2024-25 outturn indicates a 12% reduction in business flights compared to the 2017-18 baseline. However, it remains 30% above our 2024-25 target, underscoring the need to further reduce business travel and encourage greener or virtual alternatives.
		Flying remains the only viable option in some circumstances, for example, delivering our service on Scottish islands.
		We have reduced the number of flights taken compared to the prior year.
Reducing water use	Reduce water consumption by at least 8% from the 2017-18 baseline.	The 2024-25 outturn shows a 35% reduction in water usage compared to the 2017-18 baseline, demonstrating strong improvements in water efficiency.
		Water usage has decreased across our administrative estate due to lower occupancy from hybrid working. However, this reduction is likely partially offset by increased water consumption by colleagues working from home.

Paper use	Reduce government's paper use by at least 50% from the 2017-18 baseline.	<p>The 2024-25 outturn shows a 66% reduction in paper usage compared to the 2017-18 baseline, reflecting significant success in reducing paper consumption.</p> <p>Paper usage has continued to reduce, driven by improved working practices and a growing preference for digital over printed information. Significant reductions have also been achieved in our legal and prosecution processes by transitioning from physical documents to digital formats.</p>
Waste arising	Reduce the overall amount of waste generated by 15% from the 2017-18 baseline.	<p>The 2024-25 outturn reflects a 61% reduction in total waste generation compared to the 2017-18 baseline, showcasing significant progress in waste reduction.</p> <p>We have enhanced our segregated recycling processes to comply with updated regulations in Wales and are ready to implement similar measures in England ahead of anticipated regulatory changes. Additionally, we have established dedicated contracts to recycle or repurpose IT equipment and office furniture.</p>
Waste to landfill	Reduce the amount of waste going to landfill to less than 5% of overall waste.	<p>The 2024-25 outturn shows a 95% reduction in the total waste sent to landfill compared to the 2017-18 baseline, highlighting the organisation's significant progress in diverting waste from landfill.</p>



Chief Executive and Accounting Officer
14 July 2025

Sustainability

Our sustainability strategy is aligned to the Greening Government Commitments (GGC) 2021-2025. We are also contributing towards the United Nations' Sustainable Development goals.



45% reduction in total DVSA emissions (CO₂e)

Paper reduction of **70%** (A4 equivalent)



Less than 0.5% of waste sent to landfill

Installation of **320kWp** solar generation



35% reduction in water consumption

These figures are measured against our baseline year, 2017-2018.



Accountability Report

Overview

The Accountability Report consists of the:

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

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

The Remuneration and Staff Report sets out the agency's remuneration policy for directors, reports on how that policy has been implemented, and sets out the amounts awarded to directors. It also provides information about staff numbers and staff remuneration, as set out in the HM Treasury's Government Financial Reporting Manual (FReM) 2024-25 [Government Financial Reporting Manual: 2024-25 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/government-financial-reporting-manual-2024-25)

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

Corporate Governance Report

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

Directors' Report

Information about the directors who served on the DVSA Board in the year ended 31 March 2025 is set out in the Governance Statement.

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

In 2024-25 there were no new incidents reported to the Information Commissioner's Office (ICO). There is one incident from 2023-24 which is still under investigation. We have changed business practices as a result of the incident.

Statement of Accounting Officer's Responsibilities

Under Section 7 (2) of the Government Resources and Accounts Act 2000, HM Treasury has directed DVSA to prepare a statement of accounts ("the Accounts") in the form and on the basis set out in the Accounts Direction and as stipulated in Dear Accounting Officer letter DAO 03/24.

The Accounts are prepared under UK adopted International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual (FReM), on an accruals basis and must give a true and fair view of the state of affairs of DVSA as at 31 March 2025 and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

HM Treasury has appointed the Permanent Secretary of DfT as Principal Accounting Officer of the Department. Our Chief Executive holds the role of Agency Accounting Officer for DVSA. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records

and for safeguarding DVSA's assets, are set out in the Accounting Officers' Memorandum, issued by HM Treasury and published in Managing Public Money (<https://www.gov.uk/government/publications/managing-public-money>).

In preparing the Accounts, the Accounting Officer is required to comply with the requirements of the FReM, and appropriate accounting standards and in particular to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the FReM have been followed, and disclose and explain any material departures in the Accounts

- prepare the Accounts on a going concern basis
- confirm that the Annual Report and Accounts as a whole are fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable

Disclosure of audit information

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

steps that she ought to have taken to make herself aware of any relevant audit information and to establish that the agency's auditors are aware of that information.

Responsibility for the Annual Report and Accounts

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

Governance Statement

Accounting Officer's introduction

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

I am also required as Accounting Officer by HM Treasury's Managing Public Money and the HM Treasury's Government Financial Reporting Manual (FReM) to provide a statement on how I have discharged my responsibility to manage and control the resources for which I am responsible during the year. This Governance Statement outlines the approach to delivering effective corporate governance for the agency in the year ended 31 March 2025.

Introduction

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

control, risk management and accountability.

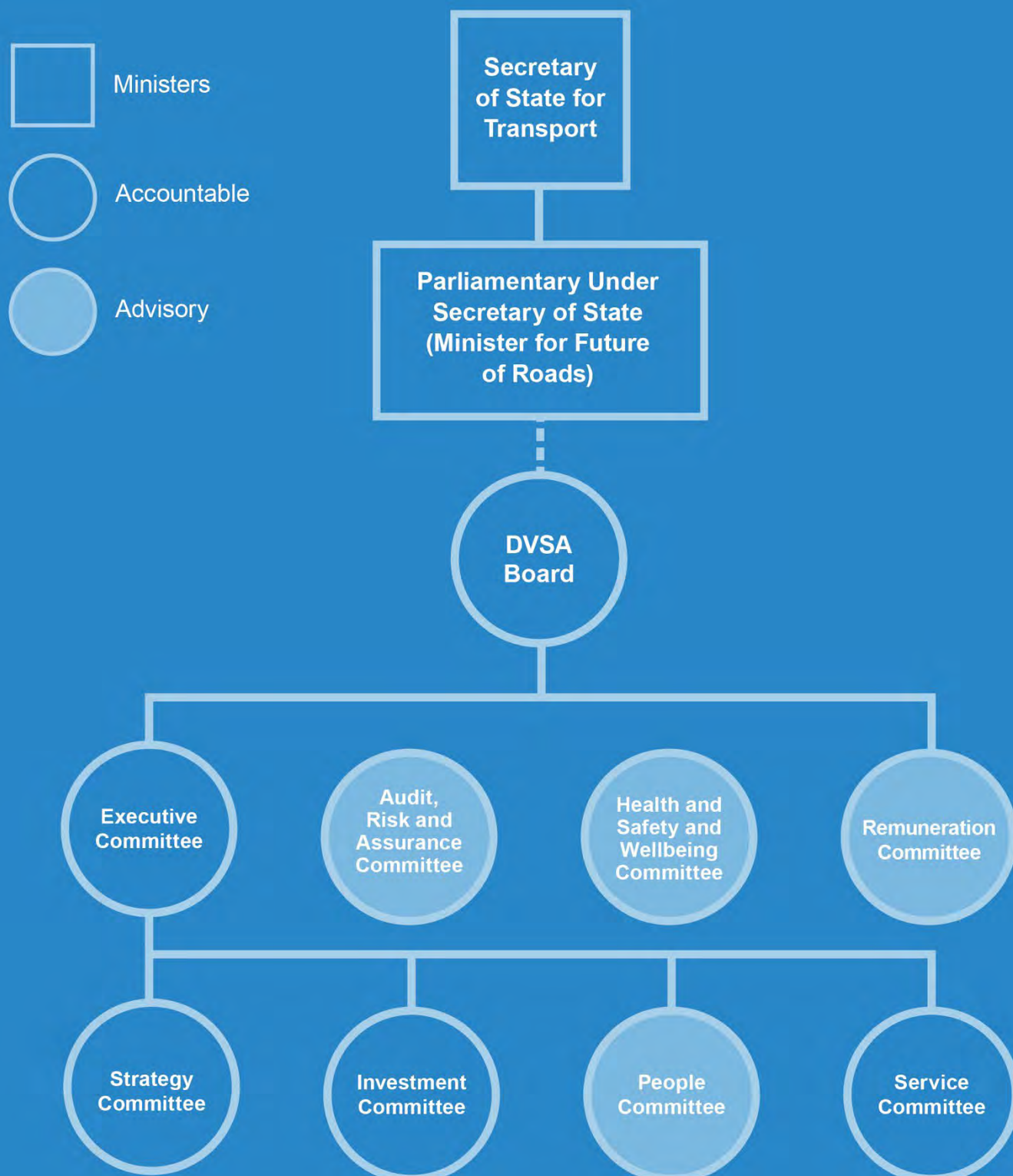
As Accounting Officer, the Chief Executive has responsibility for the proper, effective and efficient use of public funds and may be required to appear before Parliamentary Select Committees. The Chief Executive is accountable to the Secretary of State for Transport for our performance in accordance with the Framework Document, which sets out the accountability and key relationships between us and DfT.

Governance framework

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

Governance structure

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



Governance structure

DVSA Board

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

There is a clear demarcation between the responsibilities of the DVSA Board and the Executive Team. Our Board provides the Secretary of State for Transport with assurance on the effectiveness with which we are run and are meeting our strategic goals. It holds the Chief Executive and Executive Team to account for meeting these goals.

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

Executive Committee

The Executive Team, chaired by the Chief Executive, holds accountability for the delivery of the annual business plan and for day-to-day management of the agency. This committee convenes formally on a fortnightly basis.

advise on matters regarding health and safety policy, wellbeing, structure and communication, reviewing these against the respective legal obligations. The committee also ensures that incidents and near misses are properly investigated and reported back to the committee.

Audit, Risk & Assurance Committee

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

Remuneration Committee

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

Health and Safety and Wellbeing Committee

The Board is supported by the Health and Safety and Wellbeing Committee, also chaired by a Non-Executive Director to

Executive Directors



Loveday Ryder
Chief Executive



Clare Nichols
Chief Financial
Officer



Peter Hearn
Chief Operating Officer,
OTC



Adrian Long
Director of Corporate
Affairs



Carrie Dolan MBE
Director of Corporate
Services



Marian Kitson
Director of Services –
Enforcement



Paula Pitcher
Director of People



Pauline Reeves OBE
Director of Services –
Driver



Richard Hennessy
Director of Services –
Vehicle



Becky Thomas
Director of Policy,
Digital and Data

Non-Executive Directors



Nick Bitel
Non-Executive Director
& Chair of DVSA Board

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

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

Previously, Nick was:

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



Jacob Abboud
Non-Executive Director, DVSA

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

Dr Jacob Abboud is the founder and Managing Partner of Petraenovus Consulting Ltd and has previously held Chief Information Officer roles at Legal & General, Allianz Insurance and AXA UK & Ireland (interim). He currently serves as a Non-Executive Director at the Financial Ombudsman Service, the UK Statistics Authority and is the iNED Chair of MS Amlin Business Services. He is also a Trustee at the Workforce Development Trust.

Jacob has previously held non-executive roles at:

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



Matthew Campbell-Hill
Non-Executive Director, DVSA

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

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

Matthew's other current roles include:

- Senior Fellow at the University of Birmingham, College of Medical and Dental Sciences
- Anaesthesia Section Council Member for the Royal Society of Medicine, Section President Designate
- Chair, Teds Light CIC Ltd
- Director, The International Innovation House Ltd
- Expert Advisor, Connected and Automated Vehicles Process for Assuring Safety and Security Programme
- Board Advisor, MICA BioSystems Ltd
- Chair, Disabled Person's Transport Advisory Committee
- Non-Executive Director, Aegis Fibretech Ltd
- Professor at the University of Birmingham, College of Medical and Dental Sciences



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

Helen Aston was appointed as a Non-Executive Director at DVSA in February 2024

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

Helen's is non-executive director and chair of the audit and risk assurance committee at Defence Business Services (Ministry of Defence).

Board and Committee Attendance

Figures denote meetings attended (meetings eligible to attend) between 1 April 2024 and 31 March 2025. The Board met ten times in the year, with non-attendance agreed in advance on an exceptional basis.

	DVSA Board	Audit, Risk & Assurance Committee	Health, Safety & Wellbeing Committee	Remuneration Committee
	Meetings attended/Eligible meetings			
Current Board members				
Nick Bitel - Non-Executive Chair of DVSA and Remuneration Committee Chair	10/10	n/a	n/a	1/1
Helen Aston - Non-Executive Director and Audit, Risk & Assurance Committee Chair	4/10*	3/5	n/a	1/1
Jacob Abboud - Non-Executive Director	9/10	5/5	n/a	1/1
Matthew Campbell-Hill - Non-Executive Director and Health & Safety & Wellbeing Committee Chair	10/10	5/5	3/4	1/1
Loveday Ryder - Chief Executive	10/10	5/5	4/4	1/1
Clare Nichols – Chief Financial Officer	9/10	5/5	n/a	n/a
Pauline Reeves - Director of Services – Driver (from 01/11/2024)	4/5	n/a	2/2	n/a
Richard Hennessy - Director of Services - Vehicle	9/10	n/a	2/4	n/a
Marian Kitson – Director of Enforcement	9/10	n/a	2/4	n/a
Adrian Long - Director of Corporate Affairs	9/10	n/a	n/a	n/a
Former Board members				
Peter Hearn – Director of Services – Driver (to 08/10/2024)	5/5	n/a	1/4	n/a

*Helen Aston was unable to attend all meetings due to medical leave during 2024-25

DVSA Board effectiveness

The Chair meets periodically with the Non-Executive Directors and Chief Executive to discuss their performance

and to provide insights from their external perspective and experience.

The Board undertakes an annual internal effectiveness review of its performance

against Cabinet Office, National Audit Office (NAO) and external good business practice governance guidance, agreeing an annual action plan to respond to its conclusions.

In addition, the Board periodically seeks assurance from an independent external assessor that the results of its annual self-assessment present a fair and accurate reflection of its performance and capability. Following the last external review in 2022, whose conclusions informed the Board's improvement plan, the next review is scheduled for Q2 2025.

Wider governance

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

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

Management of our risks

DVSA applies the DfT risk management policy and HM Treasury guidance to identify and manage risks. The Board is committed to making sure the agency has an appropriate risk framework so that opportunities, uncertainties and threats can be assessed and are well managed. Risk registers are in place at team, directorate and corporate level and these are reviewed monthly to escalate risks as appropriate. Projects and programmes also maintain risk registers, escalating to the portfolio risk register, which is reviewed monthly at the Investment Committee. We are committed to enhancing and automating risk

management processes across the organisation and are currently developing a bespoke risk management IT tool, which will be implemented in 2025-26.

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

The Head of Information Management, Security and Data assures the Senior Information Risk Owner (SIRO) regarding the agency's data and information responsibilities. The Head of Counter-Fraud and Investigations ensures effective fraud risk management. The Head of the Health, Safety and Wellbeing Committee (HSWC) oversees health, safety and wellbeing risks, reporting to the HSWC quarterly.

The Executive Committee and the Board receive regular reporting where risks are outside of appetite, as well as details of the mitigating actions being taken. The Audit, Risk & Assurance Committee reviews the agency risk register and is updated on the risk management process on a quarterly basis.

The inherent risks such as road safety standards, cyber and data security, and health and safety, remain our priority through the governance forum. The key areas of risk during 2024-25 were:

- Practical car test waiting times –the risk of car practical test waiting times not reducing to agreed levels. In 2024-25 we launched a plan to address waiting times, however, have continued to see unprecedented demand for tests. The risk profile remains "very high"
- Resource and capacity – ensuring we have the resources we need to deliver our business plan and strategy and other Ministerial commitments. It is increasingly difficult to attract the

resources we need to deliver our strategy. Throughout the year, we have been continually conducting recruitment campaigns, participating in career fairs, and improved strategic workforce planning. Despite these efforts, building the capability and capacity we need remains a key risk

- Fees strategy – fees should cover the costs of the services they relate to, and to meet this objective fully requires updating many of our fees. We have an agreed strategy to review and amend our fees, and we continue to work with ministers and colleagues at DfT to implement this strategy. This will ensure the long-term financial sustainability of the agency and continued compliance with rules and regulations. The risk profile remains “very high”
- Wellbeing and burn out – ensuring that colleagues’ wellbeing is maintained. During the year, we have introduced a number of measures to support colleagues with their wellbeing and the promotion of services available through the employee assistance programme. This is a “medium” scoring risk, and has fluctuated throughout the year depending on progress with recruitment campaigns and attrition
- Customer and third-party aggression – ensuring that all reasonable steps are taken to protect colleagues from aggression and assaults. Throughout the year, we have prioritised several key initiatives, including developing a new health and safety incident reporting process, enhancing management information dashboards, updating operational instructions for body-worn cameras, delivery de-escalation training, and implementing call recording at customer service centres. This has led to a 15% reduction in assaults compared to 2023-24

, achieving the business plan measure to reduce assaults by 10% by the end of the year. The profile for this risk has been on a decreasing trajectory and is now a very low scoring risk for the agency

- Driver Services Platform - this is a key IT upgrade project that focuses on delivery of a new Driver Services Platform to replace the Testing and Registration system (TARS). During 2024/25 actions have focused on completing the Alpha phase, gaining the necessary approvals to begin the tender process, completing tender evaluations and developing the full business case to support internal and external approvals. The risk profile has remained “very high”
- Industrial relations – maintaining good relationships with trade unions and ensuring DVSA is prepared for industrial action should it be unavoidable

Assurance mechanisms and controls

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

a) Financial management and stewardship

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

Budgetary controls are supported by a network of Finance Business Partners

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

b) Functional standards

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

Following their introduction in 2021 Director ownership was established for each relevant functional standard and appropriate leads identified. DVSA's 2024-25 Business Plan refers to using functional standards to ensure efficient resource use, build confidence, and drive Continuous Improvement (CI).

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

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

Business Owner assessments considered that DVSA are compliant against all mandatory requirements in all 12 standards relevant to DVSA (GovS015 Grants is considered not applicable).

c) Cyber and data controls

Data and cyber controls are led by the Chief Data and Security Officer with Board accountability for information risk held by the Senior Information Risk Owner (SIRO), who receives monthly reports on information risks. The SIRO is accountable for information risk and is supported by a Head of Information Management and Security and Data, and by information asset owners, who are accountable for the day-to-day control of information. Information risk includes risk

emanating from data protection, cyber security and digital continuity.

Controls and information risks are regularly reviewed, and DVSA recently reported to the Cabinet Office under the GovAssure initiative. As part of this, we conduct self-assessments followed by independent audits against the National Cyber Security Centre's (NCSC) Cyber Assessment Framework (CAF) for defined services, with further assessments planned in the coming years.

All employees complete regular training, and targeted training is provided for roles that have higher levels of responsibility for customer data. DVSA has designated Information Asset Owners (IAOs) who support the SIRO, and enhanced training for IAOs has been delivered this year to strengthen their capability.

To provide assurance to all stakeholders, DVSA's digital and technology services are regularly assessed and tested to ensure robust controls and service availability that meet customer demand. Dedicated tools and personnel actively monitor performance and respond promptly to any issues, reinforcing confidence in our services.

d) Analytical assurance

The agency has established a quality assurance framework in line with DfT criteria that is used to assure all business-critical analytical models against the requirements arising from the Macpherson Review of quality assurance of government models.

e) Project and portfolio assurance

The agency operates a three-tiered approach to project and portfolio assurance; first tier is the Portfolio Management Office and Programme/Project Boards, the second tier is the DVSA Corporate Assurance function, and third tier is external reviews such as audit and Cabinet Office. Our portfolio framework aligns to DfT's Business Case Approval Framework

(BCAF), and our assurance function assures projects and programmes in accordance with project management principles and Management of Successful Programmes (MSP), Infrastructure and Project Authority (IPA) and Gov002 Project Delivery Functional Standards.

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

We work with the Government Digital Service (GDS) to ensure our spend control pipeline is visible, compliant and our investments will meet the service standard and technology code of practice.

f) Commercial controls

As a central government body, our commercial activity is governed by legislation within the Public Contracts Regulations 2015 and, from February 2025, the Procurement Act 2023. Our commercial team has undertaken extensive training and upskilling in preparation for the new Act. Our controls are aligned to DfT and Cabinet Office governance and commercial controls. Control of commercial activity is administered by the commercial function and overseen by the Chief Financial Officer.

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

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

g) Fraud, bribery and whistleblowing processes

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

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

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

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

h) The Management Assurance Return process

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

reported to the DfT Group Audit, Risk and Assurance Committee which considers them as a primary source of assurance of good governance.

Internal Audit

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

“The Government Internal Audit Agency (GIAA) operates to standards defined in Government’s Public Sector Internal Audit Standards. Its annual programme of work is based on (i) the analysis of risks to which the Agency is exposed, and (ii) key risks identified by the Audit, Risk & Assurance Committee and Executive Team.

15 internal audit engagements were conducted at DVSA during 2024/25. Two engagements were advisory reviews, providing no formal assurance. Of 13 completed assurance reviews, 7 provided ‘moderate’ (yellow) assurance, 1 provided ‘substantial’ (green) assurance, and 5 provided ‘limited’ (orange) assurance.

The GIAA Head of Internal Audit’s overall annual opinion provided ‘moderate’ (yellow) assurance regarding the adequacy and effectiveness of corporate governance, risk management and internal control arrangements at DVSA in 2024/2025. This opinion is the same as 2023/2024.”

Accounting Officer’s conclusion

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. At DVSA we aim to manage risk to a reasonable level, rather than to eliminate all risk. The system of internal control supports the implementation of our policies, aims and strategic goals, whilst safeguarding the funds and assets of the organisation, in accordance with HM Treasury’s Managing Public Money. I am supported by GIAA, the internal assurance team and management assurance reporting by our executive managers that make up the internal control framework.

I am in agreement with the assessments of the agency’s Head of Internal Audit and the executive directors’ management assurance returns as outlined in this Governance Statement: namely that DVSA operated within a moderately effective control environment level of internal control during the reporting period.



Chief Executive and Accounting Officer
14 July 2025

Remuneration and Staff Report

Remuneration Report

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

Service contracts

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

Unless otherwise stated below, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

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

Remuneration policy

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

From August 2014 the agency was required to adopt the DfT harmonised model including the Modernised Employment Contract as agreed between the trade unions, DfT and HM Treasury. This includes the terms and conditions relating to the remuneration (excluding pensions) and the payment of allowances for staff below Senior Civil Service grades.

Remuneration (including salary) and pension entitlements

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

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

	Salary £000		Performance pay £000		Pension benefits £000		Total £000	
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24
Current Board members								
Chief Executive								
Loveday Ryder	140-145	135-140	-	0-5	82	55	225-230	195-200
Director								
Richard Hennessy	105-110	105-110	0-5	0-5	42	40	150-155	145-150
Marian Kitson	100-105	85-90	5-10	5-10	184	36	290-295	125-130
Adrian Long	115-120	110-115	0-5	-	49	44	165-170	155-160
Clare Nichols	105-110	100-105	0-5	0-5	41	40	150-155	140-145
Pauline Reeves (from 01/11/2024)	35-40 (85-90)	-	-	-	35	-	70-75 (175-180)	-
Non-Executive Chair								
Nick Bitel	25-30	25-30	-	-	-	-	25-30	25-30
Non-Executive Director								
Jacob Abboud	10-15	10-15	-	-	-	-	10-15	10-15
Matthew Campbell-Hill	15-20	15-20	-	-	-	-	15-20	15-20
Helen Aston (from 01/02/2024)	15-20	0-5 (15-20)	-	-	-	-	15-20	0-5 (15-20)
Previous Board members								
Non-Executive Director								
Emir Feisal (to 07/02/2024)	-	15-20 (15-20)	-	-	-	-	-	15-20 (15-20)
Director								
Peter Hearn (to 08/10/2024)	60-65 (105-110)	100-105	5-10	5-10	59	33	125-130 (225-230)	140-145

The value of benefits in kind during the year was £0 (2023-24: £0).

Performance-related pay for Directors is based on clearly defined objectives set at the beginning of the financial year. These objectives are within the control of the Director and are formally agreed with the DfT. Addressing driving test wait times is a key objective agreed between the Department and DVSA, including at Board-level. Other objectives for the 2025-26 year include effective enforcement activity, supporting the vehicle testing

industry and promotion of road safety. As a critical issue, progress on driving test wait times will be reflected in both the DVSA business plan for 2025-26 and in staff objectives.

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

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

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

Salary

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

Performance pay

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

Benefits in kind

Benefits in kind cover the monetary value of benefits provided by the agency and

treated by HM Revenue and Customs as a taxable emolument.

Fair Pay Disclosure (audited)

The remuneration for 2024-25 is derived from the annualised remuneration of all employees as at 31 March 2025. Part time employees' payments are adjusted to a full-time basis.

In 2024-25, 1 (2023-24: 2) staff received remuneration in excess of the highest-paid director. That individual was engaged as a contractor. Remuneration ranged from £23,310 to £168,124 (2023-24: £21,209 to £159,455). The remuneration banding for the highest paid employee was £165,000-£170,000 (2023-24: £155,000-£160,000). Contractors are appointed on a temporary basis to meet short term business needs.

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

	25 th percentile		Median		75 th percentile	
	Pay	Pay ratio	Pay	Pay ratio	Pay	Pay ratio
2024-25						
Total pay and benefits	£30,145	4.7	£33,688	4.2	£39,505	3.6
Salary component	£30,145		£33,691		£39,360	
2023-24						
Total pay and benefits	£28,704	5.0	£32,009	4.5	£39,500	3.6
Salary component*	£28,704		£32,012		£39,260	

* These figures were previously disclosed as £28,269 (Median) and £28,269 (75th Percentile). The basis of calculation has been updated to include all aspects of salary and therefore the calculations have been reperformed to provide suitable comparatives.

The banded remuneration of the highest-paid director in DVSA in the financial year 2024-25 was £140,000-£145,000 (2023-24: £140,000-£145,000).

The annual percentage change in the salary and allowances (based on mid-point of band) of the highest-paid director was 0% and the average change for employees was an increase of 2.5%.

The percentage change for performance pay (based on mid-point of band) of the highest-paid director was a decrease of 100%. For employees there was on average a decrease of 76.7% in performance pay. This was due to incentive schemes introduced in 2023/24 to increase capacity to deliver car practical tests, which have not been continued in 2024/25.

Pension benefits (audited)

	Accrued pension at pension age as at 31/03/25 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31/03/25 or date of departure £000	CETV at 31/03/24 or date of departure £000	Real increase in CETV £000
Chief Executive					
Loveday Ryder	45-50	2.5-5	924	815	67
Directors					
Richard Hennessy	20-25	0-2.5	254	206	22
Marian Kitson	50-55 plus 130-135 lump sum	7.5-10 plus 17.5-20 lump sum	1,220	989	187
Adrian Long	35-40	2.5-5	682	581	42
Clare Nichols	5-10	0-2.5	73	38	24
Pauline Reeves (from 01/11/2024)	40-45 plus 105-110 lump sum	0-2.5 plus 0-2.5 lump sum	997	958	31
Previous Director					
Peter Hearn (to 08/10/2024) *	60-65 plus 155-160 lump sum	2.5-5 plus 2.5-5 lump sum	1,444	1,400	54

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

Civil Service Pensions

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

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

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

In **alpha**, pension builds up at a rate of 2.32% of pensionable earnings each year, and the total amount accrued is adjusted annually in line with a rate set by HM Treasury. Members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004. All members who switched to **alpha** from the PCSPS had their PCSPS benefits ‘banked’, with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **alpha**.

The accrued pensions shown in this report are the pension the member is

entitled to receive when they reach normal pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over normal pension age. Normal pension age is 60 for members of **classic**, **premium**, and **classic plus**, 65 for members of **nuvos**, and the higher of 65 or State Pension Age for members of **alpha**.

The pension figures in this report show pension earned in PCSPS or **alpha** – as appropriate. Where a member has benefits in both the PCSPS and **alpha**, the figures show the combined value of their benefits in the two schemes but note that the constituent parts of that pension may be payable from different ages.

When 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 (the “McCloud judgement”).

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.

The accrued pension benefits, Cash Equivalent Transfer Value and single total figure of remuneration reported for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the PCSPS for

the period between 1 April 2015 and 31 March 2022, following the McCloud judgement. The Public Service Pensions Remedy applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the PCSPS for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the **alpha** scheme for the period from 1 April 2015 to 31 March 2022.

The **partnership** pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Master trust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute but, where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme.

A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost.

CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

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

Compensation for loss of office (audited)

No directors left under voluntary exit or voluntary redundancy terms during 2024-25 (2023-24: Nil). No compensation payments were paid (2023-24: Nil).

Staff Report



Staff costs (audited)

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

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

For 2024-25, employers' contributions of £41,721,000 were payable to the PCSPS (2023-24: £37,405,000) based on a flat rate of 28.97% applied across all bands (2023-24: one of four rates in the range 26.6% to 30.3% of pensionable pay, based on salary bands). Forecast employer's contributions for 2025-26 are £47,755,000. The scheme's actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2024-25 to be paid when the member retires and not the benefits paid during this period to existing pensioners. Employees can opt to open a partnership pension account which is a stakeholder

pension with an employer contribution. Employers' contributions of £283,000 (2023-24: £277,000) were payable to Legal & General, the appointed stakeholder pension provider. Employer contributions are age related and range from 8.0% to 14.75%. Employers also match employee contributions up to 3.0% of pensionable pay. In addition, employer contributions of £9,000, 0.5% of pensionable pay (2023-24: £9,000, 0.5%), were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions (included above) due to the partnership pension provider at the reporting period date were £23,000 (2023-24: £23,000).

10 persons (2023-24: 5 persons) retired on ill-health grounds during the year; no additional pension liabilities accrued in relation to these retirements (2023-24: Nil).

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

Employee numbers (audited)

Average numbers of persons employed	Permanently employed staff No.	Others No.	2024-25 Total No.	2023-24 Total No.
Directly employed				
Senior Civil Servant	9	-	9	9
Grade 6	26	-	26	23
Grade 7	123	2	125	119
Senior Executive Officer	326	10	336	310
Higher Executive Officer	683	4	687	686
Executive Officer	2,397	2	2,399	2,425
Administration Officer	996	3	999	1,081
Administration Assistant	8	-	8	9
Total	4,568	21	4,589	4,662

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

Civil service and other compensation schemes (audited)

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

During the financial year 2024-25 no exit costs were paid (2023-24: Nil) and no payments were made which were not covered by the Civil Service Compensation Scheme (2023-24: Nil).

Review of tax arrangements of public sector appointees

Off-payroll engagements for more than £245 per day as at	31 March 2025 No.
Number of existing engagements	192
Of which:	
Number that have existed for less than one year	142
Number that have existed for between one and two years	49
Number that have existed for between two and three years	1

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

Off-payroll engagements during the year ended 31 st March 2025 earning more than £245 per day	2024-25 No.
Number of engagements in the year	337
Of which:	
Number not subject to off-payroll legislation	337
Number assessed as out of the scope of IR35 tax legislation	-

This includes direct engagements by DVSA and also engagements within our supply chains. Where an individual has engaged on several assignments during the year, they are counted several times.

Board members, and/or senior officials with significant financial responsibility during the financial year	2024-25
Number of Board members and/or senior officials with significant financial responsibility. This figure includes both off-payroll and on-payroll engagements.	6
Number of off-payroll engagements	-

Gender equality

DVSA has a number of staff network groups to help promote equality, diversity and inclusion and advise on these issues. As at 31 March 2025:

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

The agency's gender pay gap information is published as part of the DfT Gender Pay Gap Report [DfT: gender pay gap report and data 2024 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/gender-pay-gap-report-and-data-2024).

Sickness absence data

The agency maintains records of sickness absence in line with Cabinet Office definitions. The rolling 12-month sickness absence was 9.97 days per person to the end of March 2025 (March 2024: 8.54 days).

Staff turnover data

The agency monitors turnover rates in line with [Cabinet Office guidelines](#) to ensure an appropriate level of turnover is maintained. The turnover figure is calculated as the number of leavers within the reporting period divided by the average of staff in post over the period. DVSA's staff turnover rate for 2024-25 was 11.4% (2023-24: 11.9%).

Discrimination, bullying and harassment

The annual Civil Service People Survey, carried out in September 2024, identified that 8% of respondents had experienced discrimination (2023-24: 8%) and 8% (2023-24: 10%) had experienced bullying or harassment in the previous 12 months. The agency provides a mandatory training programme for all colleagues to build respect in the workplace and continues to ensure all receive this training.

Policy on employment of disabled persons

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

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

Employee involvement

The 2024 annual civil service staff engagement survey scored the agency at 55%, an increase of 2 percentage points from 53% in 2023. The return rate for the survey was 70% in 2024 (2023: 70%).

Trade union facility time

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

56 employees were trade union representatives during the year. No representatives spent more than 50% of their time on trade union facility activity. 13 of the representatives spent no time on trade union facility activity.

The cost to the agency of trade union facility time represents 0.04% of the pay bill of £226,400,000. None of the facility time was spent on paid trade union activities.

Parliamentary Accountability and Audit Report

Parliamentary Accountability Disclosures (audited)

This section on Parliamentary Accountability Disclosures is produced to comply with the requirements of the Companies Act 2006, adjusted for the public sector context as required by the HM Treasury Government Financial Reporting Manual 2024-25.

Fees and charges (audited)

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

During the year, DVSA recorded the following income:

	2024-25 £m	2023-24 £m
Total income from operations	424.5	425.3
Of which:		
Income generated through fees and charges	420.6	421.3

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

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

During the accounting period the agency continued the process of reviewing its fees to ensure that it remains compliant over the medium term with the necessary legislation and guidelines, in particular Managing Public Money. We have an agreed strategy to review and amend our fees, and we continue to work with DfT, ministers and HM Treasury to implement. The agency's current strategy is to take a staged approach to rebalancing income and costs by services over the medium to long term, commencing with driver services.

Regularity of income and expenditure

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

Goods Vehicles (Plating and Testing) Regulations 1988 and The Motor Vehicle (Tests) Regulations 1981.

Charging for large vehicle off-road manoeuvres test

In November 2021, as part of the then government's plan to tackle the lorry driver shortage, DVSA reformed delivery of lorry and bus driver testing to split the practical test for driving large vehicles into two parts:

- the large vehicle off-road manoeuvres test; and
- the (on-road) practical test

The aim of the reform was to allow DVSA approved third-party assessor organisations to carry out off-road tests, thus freeing up DVSA DEs to conduct more on-road practical tests.

The power for DVSA to charge fees for practical driving tests is set out in legislation under the Road Traffic Act 1988. That Act allows DVSA to make regulations to set the prescribed fee for each activity. The 2021 reforms were brought in at pace to contribute to achieving wider government objectives and were based on legal advice at that time as to the proper course of action to take. DVSA charges fees for both the large vehicle off-road manoeuvres test and the (on-road) practical test. Under their contracts with DVSA, third-party assessor organisations can also charge a fee up to the maximum charged by DVSA. This fee for the large vehicle off-road manoeuvres test was not individually provided for in legislation. Income received from the charging of these fees is therefore considered irregular.

DVSA has considered the potential risks and impacts of this issue whilst it works to correct the legal position at the earliest opportunity. Legislation was laid in Parliament on 24 April 2025 to bring into effect a £40 fee (from 15 May 2025) for the large vehicle off-road manoeuvres test conducted by DVSA and a £40 maximum fee for third-party assessor organisations. DVSA is also working to regularise the fees charged before this, to ensure that income from these fees is not erroneously retained by the agency. Approval has been received from Law Officers to make retrospective primary legislation and DVSA is actively seeking an opportunity for this.

As Accounting Officer, I have considered whether the historical charging by DVSA for the large vehicle off-road manoeuvres test is regular, and I have determined that this income is deemed irregular as the statutory instrument to set the fee was not in place. However, although this income is deemed irregular, I am satisfied that DVSA has acted within the broader intent of Parliament and services have been provided for the fees charged; also, the income is not material to DVSA's accounts as a whole. DVSA acted quickly to address the irregularity issue as soon as it came to light and has continued to charge for the service provided to its customers.

Up to 31 March 2025, DVSA earned approximately £1.3m (£0.1m during 2024-25) from the delivery of large vehicle off-road manoeuvres fees. Additionally, around 200,000 tests have been delivered by third-party assessor organisations which may have charged a fee; however no income was received by DVSA for these tests.

With the exception of the above matter, DVSA has otherwise complied with the regularity of income and expenditure requirements as set out in HM Treasury guidance.

Losses and Special Payments

Losses and Special Payments	2024-25	2023-24
Losses		
Total number of losses	3,113	103
Total value of losses	£90,000	£33,000
Special Payments		
Total number of special payments	7,200	7,610
Total value of special payments	£797,000	£1,115,000

Special payments include ex-gratia payments of £660,000 (2023-24: £697,000) in respect of 7,191 cases (2023-24: 7,593). These payments are to driving test candidates to cover out of pocket expenses when tests are cancelled by the agency at short notice. All compensation payments are made in line with legal advice.

During the year there were no individual cases of losses or special payment over £300,000 (2023-24: none)

Remote contingent liabilities

There are no remote contingent liabilities.



Chief Executive and Accounting Officer
14 July 2025

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

Opinion on financial statements

I certify that I have audited the financial statements of the Driver and Vehicle Standards Agency the year ended 31 March 2025 under the Government Resources and Accounts Act 2000.

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

- Statement of Financial Position as at 31 March 2025;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

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

In my opinion, the financial statements:

- give a true and fair view of the state of the Driver and Vehicle Standards Agency's affairs as at 31 March 2025 and its net expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

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

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of the Driver and Vehicle Standards Agency in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Driver and Vehicle Standards Agency's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

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

Other information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

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

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

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

Matters on which I report by exception

In the light of the knowledge and understanding of the Driver and Vehicle Standards Agency and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

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

- adequate accounting records have not been kept by the Driver and Vehicle Standards Agency or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

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

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Driver and Vehicle Standards Agency from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view and are in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- assessing the Driver and Vehicle Standards Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Driver and Vehicle Standards Agency will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

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

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

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

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and 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 Standards Agency's accounting policies.
- inquired of management, the Driver and Vehicle Standards Agency's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Driver and Vehicle Standards Agency's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Driver and Vehicle Standards Agency's controls relating to compliance with the Government Resources and Accounts Act 2000, Managing Public Money, tax legislation, employment law and the relevant statutes pertaining to the delivery of services.
- inquired of management, the Driver and Vehicle Standards Agency and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

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

I obtained an understanding of the Driver and Vehicle Standards Agency's framework of authority and other legal and regulatory frameworks in which the Driver and Vehicle Standards Agency operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Driver and Vehicle Standards Agency. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, employment law, tax legislation and relevant statutes pertaining to the delivery of services.

Audit response to identified risk

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

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management and the Audit and Risk Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports; and
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

15 July 2025

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP



The Accounts

**Statement of Comprehensive Net Expenditure
For the year ended 31 March 2025**

	Note	2024-25 £000	2023-24 £000
Income from operations			
Income from contracts with customers		420,341	421,164
Income from other operating activities		4,240	4,167
Total income from operations	2	424,581	425,331
Expenditure from operations			
Staff costs	3	(224,802)	(227,614)
Other operating charges	4	(198,345)	(192,879)
Depreciation, amortisation, impairment and profit / loss on asset disposal	6	(47,726)	(46,796)
Total expenditure from operations		(470,873)	(467,289)
Net operating expenditure		(46,292)	(41,958)
Finance income and costs			
Finance income		16	16
Finance costs	5	(10,428)	(9,235)
Net finance costs		(10,412)	(9,219)
Net expenditure for the year		(56,704)	(51,177)
Other comprehensive net income			
Income and expenditure that will not be recycled through the Statement of Comprehensive Net Expenditure:			
Net gain on the revaluation of property, plant and equipment	6	20,070	10,004
Net loss on the revaluation of right-of-use assets	7	(1,337)	580
Total comprehensive net income / (expenditure) for the year		(37,971)	(40,593)

Accounting policies and notes forming part of the Accounts are on pages 82-106.

Statement of Financial Position**As at 31 March 2025**

	Note	31 March 2025 £000	31 March 2024 £000
Non-current assets			
Property, plant, and equipment	6	174,014	151,341
Right of use assets	7	118,333	119,304
Intangible assets	8	108,678	114,454
Trade and other receivables	10	1,803	2,020
Total non-current assets		402,828	387,119
Current assets			
Trade and other receivables	10	14,970	13,382
Assets held for sale	9	2,445	6,261
Cash and cash equivalents	15	110,797	109,676
Total current assets		128,212	129,319
Total assets		531,040	516,438
Current liabilities			
Trade and other payables	11	(119,400)	(107,530)
Lease liabilities	12	(17,503)	(16,566)
Provisions	13	(2,950)	(2,141)
Total current liabilities		(139,853)	(126,237)
Total assets less current liabilities		391,187	390,201
Non-current liabilities			
Lease liabilities	12	(111,110)	(106,915)
Provisions	13	(2,584)	(2,242)
Other payables	11	(13,610)	(13,970)
Total non-current liabilities		(127,304)	(123,127)
Net assets		263,883	267,074
Taxpayers' equity			
General fund	SoCTE	173,938	191,194
Revaluation reserve	SoCTE	89,945	75,880
Total taxpayers' equity		263,883	267,074

Accounting policies and notes forming part of the Accounts are on pages 82-106.



Chief Executive and Accounting Officer
14 July 2025

Statement of Cash Flows
For the year ended 31 March 2025

	Note	2024-25 £000	2023-24 £000
Cash flows from operating activities			
Net operating expenditure	SoCNE	(46,292)	(41,958)
Adjustments for non-cash transactions	15	49,752	47,525
(Increase)/ Decrease in trade and other receivables	10	(1,395)	3,589
Increase/ (Decrease) in trade and other payables	11	11,100	(6,101)
Use of provisions	13	(742)	(1,602)
Net cash inflow from operating activities		12,423	1,453
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(12,668)	(4,959)
Purchase of intangible assets	8	(18,300)	(11,288)
Proceeds of disposal of property, plant and equipment	6	4,130	499
Net cash (outflow) from investing activities		(26,838)	(15,748)
Cash flows from financing activities			
Interest received on cash balances		16	16
Capital repayments made under lease liabilities	12	(9,173)	(9,543)
Interest payments made under lease liabilities	12	(9,957)	(9,274)
DfT Supply funding received in year	SoCTE	34,650	43,750
Net financing		15,536	24,949
Net (decrease) in cash and cash equivalents	15	1,121	10,654
Cash and cash equivalents at the beginning of the year		109,676	99,022
Cash and cash equivalents at the end of the year		110,797	109,676

Accounting policies and notes forming part of the Accounts are on page 82-106.

Statement of Changes in Taxpayers' Equity
For the year ended 31 March 2025

	Note	General Fund £000	Revaluation Reserve £000	Total Taxpayers' Equity £000
Balance as at 1 April 2023		195,660	68,132	263,792
Changes in 2023-24				
Net expenditure for the year	SoCNE	(51,177)	-	(51,177)
Revaluation gains and losses	SoCNE	-	10,584	10,584
Transfers between reserves		2,836	(2,836)	-
Non-cash charges: auditors' remuneration	4	125	-	125
Supply funding from DfT		43,750	-	43,750
Total		(4,466)	7,748	3,282
Balance as at 31 March 2024		191,194	75,880	267,074
Changes in 2024-25				
Net expenditure for the year	SoCNE	(56,704)	-	(56,704)
Revaluation gains and losses	SoCNE	-	18,733	18,733
Transfers between reserves		4,668	(4,668)	-
Non-cash charges: auditors' remuneration	4	130	-	130
Supply funding from DfT		34,650	-	34,650
Total		(17,256)	14,065	(3,191)
Balance as at 31 March 2025		173,938	89,945	263,883

Accounting policies and notes forming part of the Accounts are on pages 82-106.

Notes to the Accounts

Note 1 – Statement of accounting policies

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

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

International Financial Reporting Standard (IFRS) 17 *Insurance Contracts* becomes effective, as adapted and interpreted by the 2025-26 FReM, for accounting periods commencing on, or after, 1 April 2025. It requires a discounted cash flow approach to accounting for insurance contracts. 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 agency has assessed the impact of adopting IFRS 17 and concluded that it is not expected to have a material effect on DVSA's Accounts, as the agency does not issue or manage insurance contracts.

In December 2023 HM Treasury released an exposure draft on potential changes to make to valuing and accounting for non-investment assets (e.g. PPE, intangible assets). The following changes to the valuation and accounting of non-investment assets will be included in the 2025-26 FReM for mandatory implementation:

References to assets being held for their 'service potential' and the terms

'specialised / non-specialised' assets will be removed from the FReM. Non-investment assets will instead be described as assets held for their 'operational capacity'. This change will have no impact on the valuation basis of non-investment assets, which remains Existing Use Value (EUUV).

An adaptation to IAS 16 will be introduced to withdraw the requirement to revalue an asset where its fair value materially differs from its carrying value.

The option to measure intangible assets using the revaluation model will also be withdrawn.

a) Basis of preparation

The Accounts have been prepared under the historical cost convention, modified for the revaluation of property, plant and equipment. The financial statements have been prepared in accordance with the Accounts Direction issued by HM Treasury on 10 January 2025; [DAO 03/24 2024 25.docx](#).

In the context of entities in the public sector, the anticipated continuation of a service in the future is normally sufficient evidence of going concern. The Accounts should be prepared on a going concern basis unless there are plans for, or no realistic alternative other than, the dissolution of the agency without the transfer of its services to another entity within the public sector. There are no such plans for at least 12 months from the date of approval of the Accounts and consequently have prepared the Accounts on a going concern basis.

b) Income recognition

DVSA recognises income from contracts with customers when performance

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

Income outside the scope of IFRS 15 is

classified as income from other operating activities.

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

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

c) Central departmental funding

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

d) Value Added Tax

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

VAT is charged on taxable business activities.

Income and expenditure are shown net of VAT and VAT is charged to the relevant expenditure category where it is

irrecoverable or, if appropriate, capitalised within additions to non-current assets.

e) Segmental Reporting

An analysis of income and expenditure for key activities is provided in note 2. An analysis of assets and liabilities by activity is not provided given these are not regularly reported internally.

f) Valuation of property, plant and equipment

DVSA's property portfolio is analysed into its three categories for valuation purposes; specialist assets valued at depreciated replacement cost (DRC), non-specialist assets valued at existing use value (EUV) and surplus assets valued at market value (MV). Multi-purpose test centres and enforcement sites located near to major trunk roads are classified as specialist assets. Specialist properties are valued on a DRC basis on a four-year cycle with

the values of those properties not valued in the current year being indexed in the intervening years.

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

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

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

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

Title to Properties

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

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

Capitalisation

The minimum level for capitalisation as a non-current asset is £5,000 for individual assets. Items of a lower value may be capitalised and recognised as assets

where these form part of a larger group of assets or a specific project.

g) Assets under construction

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

h) Intangible assets

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

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

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

i) Depreciation and amortisation

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

The asset categories and estimated useful lives are as follows:

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

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

j) Assets held for sale

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

k) Leases

Scope and classification

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

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

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

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

Initial recognition

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

The lease liability is measured as the payments for the remaining lease term net of irrecoverable value added tax, discounted either by the rate implicit in the lease, or, where this cannot be determined, DVSA's incremental cost of borrowing. The lease term reflects DVSA's assessment of the likelihood that it will exercise lease extension or cancellation options.

The liability is based on payments that are fixed or in-substance fixed and excludes changes such as those arising from future rent reviews or changes in an index. For DVSA, the incremental cost of borrowing is the rate advised by HM Treasury for that calendar year 4.81% (2024: 4.72%). The lease liability is presented within note 12.

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

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

Subsequent measurement

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

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

Lease expenditure

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

DVSA as lessor

For these arrangements, DVSA assesses whether the leases are finance or operating leases. For finance leases, the asset is derecognised and a lease receivable recognised. Interest is accrued throughout the year and recognised as income. For operating leases, rental income is recognised on a systematic basis, usually straight-line, over the lease term.

Estimates and judgements

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

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

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

l) Cash and cash equivalents

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

m) Financial instruments

Financial instruments are contractual arrangements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The

agency has considered the requirements of the relevant accounting standards (IAS 32 and IFRS 9) and has disclosed within note 16 the information it is required to report.

The carrying values of the agency's financial assets and liabilities at 31 March 2025 are considered to represent fair value. This is due to the short-term nature of the financial instruments held.

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

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

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

n) Provisions

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

o) Contingent liabilities

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

obligation that arises from past events but is not recognised because either:

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

p) Critical accounting judgements and estimates

The preparation of these Accounts requires management to make judgements and estimates that affect the amounts reported for assets and liabilities as at the date of the Statement of Financial Position, and the amounts reported as income and expenditure during the year. Owing to the nature of these estimates, the actual outcome may differ from these estimates. Areas which the DVSA believes require the most critical accounting judgments and estimates are:

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

Provision for liabilities and charges

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

appropriate discount rate set by HM Treasury.

Impairment

All assets are assessed at the end of each reporting period for indications for impairment. A review of intangible assets under construction is undertaken annually to ensure that the assets are carried at no more than their recoverable amount – the amount to be recovered through use or sale of the asset. This exercise firstly involves a review of the capital expenditure for costs that are judged not to contribute sufficiently to the final asset and secondly a general review of the costs versus benefits of the asset. The review process relies on uncertain estimates of asset costs and benefits, as well as assumptions on technological obsolescence and future political or regulatory developments. These assumptions are regularly considered by management and costs and benefits for capital projects are scrutinised regularly by DVSA's Investment Committee and by DfT where applicable. Digital projects also follow Cabinet Office governance arrangements aimed at reducing the risk of obsolescence. The results of the impairment review conducted during the year are summarised in notes 6 and 8.

Asset valuations

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

cost follows guidelines issued by RICS and requires certain assumptions, including the assessment of the costs of constructing a modern equivalent asset. The adjustment to DRC reflects management's best estimate of the future useful life of the asset.

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

Asset lives

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

Apportionment of costs to statutory activities

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

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

q) Graduated fixed penalties deposit collection

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

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

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

	2024-25					2023-24				
	Income			Expenditure		Income			Expenditure	
	Customer Contracts	Other	Total	Net income/ (expenditure)		Customer Contracts	Other	Total	Net income/ (expenditure)	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Activities funded by fees										
Driver services	253,082	338	253,420	(294,843)	(41,423)	253,454	375	253,829	(291,945)	(38,116)
Vehicle services	81,387	3,841	85,228	(100,188)	(14,960)	82,368	3,648	86,016	(100,823)	(14,807)
MOT service	70,877	32	70,909	(35,185)	35,724	70,338	41	70,379	(36,916)	33,463
Licensing services	12,195	19	12,214	(20,199)	(7,985)	12,167	23	12,190	(20,544)	(8,354)
Other services	2,800	10	2,810	(3,837)	(1,027)	2,837	80	2,917	(1,972)	945
	420,341	4,240	424,581	(454,252)	(29,671)	421,164	4,167	425,331	(452,200)	(26,869)
Activities not funded by fees				(27,033)	(27,033)				(24,308)	(24,308)
Total	420,341	4,240	424,581	(481,285)	(56,704)	421,164	4,167	425,331	(476,508)	(51,177)

DVSA is largely funded from fees charged for the provision of its operational activities. Services which are not funded by fees (such as some enforcement activity) are funded centrally via DfT. These are shown as activities not funded by fees in the table above. Three out of DVSA's four main services are in net expenditure positions. We have a strategy to amend fees to address these imbalances.

Income from customer contracts has decreased by £823,000 from the previous year. This was primarily due to reduced practical tests, partially offset by increased theory tests. Expenditure was higher than the previous year, mainly due to the additional theory tests and inflationary pressures.

Driver services includes practical tests, theory tests and related standards, accreditation and compliance activities. Reduced practical testing income was largely offset by increased income from theory tests and vocational driver training activity. Expenditure has risen from the previous year, primarily due to additional theory tests and increased estate and system costs, partially offset by lower practical testing staff costs.

Vehicle services includes heavy vehicle testing, approvals and compliance activities. Income has decreased compared to the prior year, mainly on vehicle approvals. Reduced staff costs are partially offset by increased estate costs.

Underlying performance of the MOT service has remained consistent. The increase in net income arose from additional volumes combined with a reduction in IT system and innovation costs. The net income in this area offsets unplanned net expenditure in other service areas at agency level.

Licensing services income remained consistent with 2023-24. This, together with a reduction in staff costs, has led to the decrease in net expenditure. Other services mainly comprise publications and training activities. 2024-25 expenditure was impacted by system impairments.

Note 3 – Staff costs

	Permanently employed staff £000	Others £000	2024-25 Total £000	2023-24 Total £000
Wages and salaries	163,370	2,556	165,926	173,101
Social security costs	17,164	-	17,164	17,343
Pension costs	42,140	-	42,140	37,365
Total costs	222,674	2,556	225,230	227,809
Less recoveries in respect of outward secondments	(80)	-	(80)	(77)
Less capitalised costs	(348)	-	(348)	(118)
Total net staff costs	222,246	2,556	224,802	227,614

Other staff costs consist of contractors and temporary staff. In addition to the costs in the above table, £326,000 (2023-24: £680,000) was spent on consultancy.

Note 4 – Other operating charges

	2024-25 £000	2023-24 £000
Outsourced theory test costs	57,660	51,498
Information Technology – running costs	45,897	47,356
Accommodation and equipment costs	45,496	40,113
Professional and contracted services	18,395	17,721
Travel and subsistence	10,936	9,952
Rentals under operating leases	5,086	5,109
Staff related costs	5,704	5,836
Information Technology – support to development programmes	3,293	5,958
Auditors' remuneration and expenses	130	125
Other	5,748	9,211
Total other operating charges	198,345	192,879

No non-audit services were provided by the auditor in 2024-25 or 2023-24.

Note 5 – Finance costs

	Note	2024-25 £000	2023-24 £000
Interest charges on IFRS 16 lease liabilities	12	10,431	9,358
Unwinding of discount on provisions	13	(3)	(123)
Total finance costs		10,428	9,235

Note 6 – Property, plant and equipment

2024-25	Land £000	Buildings £000	IT Equipment £000	Plant and Machinery £000	Transport Equipment £000	Assets Under Construction £000	Total £000
Cost or valuation							
At 1 April 2024	58,585	121,152	27,521	6,097	14,685	5,451	233,491
Additions	-	1,908	3,181	423	869	7,508	13,889
Disposals	-	-	(9,033)	(47)	(637)	-	(9,717)
Reclassifications	(972)	3,773	362	58	161	(2,934)	448
Revaluations	13,101	6,284	81	380	590	-	20,436
At 31 March 2025	70,714	133,117	22,112	6,911	15,668	10,025	258,547
Depreciation							
At 1 April 2024	-	41,208	24,003	5,166	11,773	-	82,150
Charge for the year	-	5,816	3,032	367	1,796	-	11,011
Disposals	-	-	(9,033)	(47)	(637)	-	(9,717)
Reclassifications	-	233	-	-	-	-	233
Revaluations	-	-	65	319	472	-	856
At 31 March 2025	-	47,257	18,067	5,805	13,404	-	84,533
Carrying value							
At 1 April 2024	58,585	79,944	3,518	931	2,912	5,451	151,341
At 31 March 2025	70,714	85,860	4,045	1,106	2,264	10,025	174,014
Asset financing							
Owned assets	70,714	60,109	4,045	1,106	2,264	10,025	148,263
Enhancements to lease property	-	25,751	-	-	-	-	25,751
At 31 March 2025	70,714	85,860	4,045	1,106	2,264	10,025	174,014

Properties are valued in accordance with the policy outlined in note 1(f). Of the total net book value of land and buildings, 29% relates to specialist assets which are held at

depreciated replacement cost, 44% relates to non-specialist assets which are held at existing use value, and 27% relates to surplus assets, which are held at market value. Leasehold assets comprise buildings on leased land including multi-purpose test centres and goods vehicle testing stations, and capitalised expenditure for works on properties held under operating leases. The majority of the closing assets under construction balance relates to buildings.

Additions in 2024-25 include £2,030,000 (2023-24: £809,000) in relation to accrued capital expenditure.

The net book value of reclassifications includes £3,885,000 (2023-24: £2,513,000) for land and buildings transferred to assets held for sale.

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

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

	Note	2024-25 £000	2023-24 £000
Depreciation of property, plant and equipment	6	11,011	11,641
Amortisation of intangible assets	8	21,077	20,640
Depreciation of right of use assets	7	11,579	10,828
(Profit) on disposal of assets		(1,422)	(16)
Capital grant in kind		-	-
Net impairment of non-current assets	6&8	2,188	-
Net impairment of IFRS16 right of use assets	7	1,910	1,192
Revaluation of property, plant and equipment not taken to the revaluation reserve	6	1,383	2,511
Total		47,726	46,796

Revaluations and impairments

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

	(Charged) / Credited to:				Total	
	SoCNE		Other comprehensive net income			
	2024-25 £000	2023-24 £000	2024-25 £000	2023-24 £000	2024-25 £000	2023-24 £000
Revaluations	(1,383)	(2,511)	20,070	10,004	18,687	7,493
Impairments	(2,188)	-	-	-	(2,188)	-
Total	(3,571)	(2,511)	20,070	10,004	16,499	7,493

Proceeds of disposal of property, plant and equipment

	2024-25 £000	2023-24 £000
Cash receipts, including those from assets held for sale	4,130	499

Proceeds also include the sale of assets held for sale (note 9) with a net book value of £2,708,000 (2023-24: £484,000). Proceeds above or below the book value are recognised as profits or losses on disposal.

Note 7 – Right of use assets

2024-25	Land & Buildings £000	Vehicles £000	Total £000
Cost or valuation			
At 1 April 2024	131,476	13,763	145,239
Additions	8,415	3,883	12,298
De-recognition	(88)	(260)	(348)
Impairments	(1,910)	-	(1,910)
Revaluations	(1,337)	-	(1,337)
Remeasurement	1,667	(110)	1,557
At 31 March 2025	138,223	17,276	155,499
Depreciation			
At 1 April 2024	18,389	7,546	25,935
Charge for the year	7,697	3,882	11,579
De-recognition	(88)	(260)	(348)
At 31 March 2025	25,998	11,168	37,166
Carrying value			
At 1 April 2024	113,087	6,217	119,304
At 31 March 2025	112,225	6,108	118,333

Right-of-use assets are measured using the fair value model. DVSA considers the cost model to be a reasonable proxy for this, except for leases of land and property without regular rent reviews and leases for land only. Vehicles of net book value £6,108,000 (2023-24 £6,217,000) have been valued under the cost model as a proxy for fair value. Land and buildings are valued in accordance with the policy outlined in note 1(f). Of the total net book value of land and buildings, 83% are valued under the cost model as a proxy for fair value. The remaining 17% are revalued to fair value of which 18% relates to specialist assets which are held at depreciated replacement cost, 51% relates to non-specialist assets which are held at existing use value, and 31% relates to surplus assets, which are held at market value.

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

Note 8 – Intangible assets

2024-25	IT Software £000	Contractual Arrangements £000	Assets Under Construction £000	Total £000
Cost or valuation				
At 1 April 2024	219,957	17,720	5,765	243,442
Additions	2,748	-	14,742	17,490
Disposal	(1,587)	-	-	(1,587)
Impairments	(2,189)	-	-	(2,189)
Reclassifications	2,979	-	(2,979)	-
At 31 March 2025	221,908	17,720	17,528	257,156
Amortisation				
At 1 April 2024	119,841	9,147	-	128,988
Charge for the year	17,529	3,548	-	21,077
Disposal	(1,587)	-	-	(1,587)
At 31 March 2025	135,783	12,695	-	148,478
Carrying value				
At 1 April 2024	100,116	8,573	5,765	114,454
At 31 March 2025	86,125	5,025	17,528	108,678

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

Additions in 2024-25 include £2,060,000 (2023-24: £1,249,000) in relation to accrued capital expenditure.

Assets under construction reclassifications relate mainly to software for the Theory Test Service.

DVSA conducts an annual impairment review of intangible assets to ensure that their carrying value is no more than their recoverable amount. Impairments of £2,189,000 were identified during the year (2023-24: Nil). This relates to assets no longer required following EU Exit.

Analysis of Intangible assets	Remaining Life	Net Book Value
	At 31 March 2025 £000	At 31 March 2025 £000
MOT system	4 years	25,154
Vehicle Operator Licensing System	4 years	2,209
Driver practical test system and software	5 years	3,826
HGV testing system and software	8 years	20,384
Theory test service	7 years	21,619
Contractual arrangements	2 years	5,026
Enforcement Casework Transformation	9 years	8,167
Other in use systems	Up to 10 years	4,765
<u>Assets under construction</u>		
MOT System	n/a	4,367
Approvals Transformation Implementation (ATI)	n/a	4,377
CVDM	n/a	3,362
Other – assets under construction	n/a	5,422
Total		108,678

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

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

Note 9 – Assets held for sale

	2024-25 £000	2023-24 £000
At 1 April 2024	6,261	4,542
Disposals of assets	(2,708)	(484)
Transferred in year as assets held for sale	(215)	2,513
Revaluations	(893)	(310)
At 31 March 2025	2,445	6,261

Note 10 – Trade and other receivables

	31 March 2025 £000	31 March 2024 £000
Amounts falling due within one year		
Trade receivables	664	447
Recoverable VAT	4,482	6,110
Prepayments and accrued income	9,159	6,047
Other receivables	665	778
Total	14,970	13,382

	31 March 2025	31 March 2024
Amounts falling due after more than one year	£000	£000
Other receivables	1,803	2,020
Total	1,803	2,020

Total trade and other receivables include £3,462,000 (2023-24: £3,384,000) of receivables relating to contracts with customers.

The increase in total trade and other receivables excluding non-cash movements during the year is £1,395,000 (2023-24: £3,589,000 decrease).

Note 11 – Trade and other payables

	31 March 2025	31 March 2024
Amounts falling due within one year	£000	£000
Trade payables	1,344	1,528
Other payables	8,956	8,306
Accruals	35,449	30,436
Deferred income – contracts with customers	73,651	67,168
Deferred income – grant funding	-	92
Total	119,400	107,530

	31 March 2025	31 March 2024
Amounts falling due after more than one year	£000	£000
Deferred income – contracts with customers	13,610	13,970
Total	13,610	13,970

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

Deferred income – contracts with customers	£000
At 1 April 2024	81,138
Revenue recognised that was included in the deferred income balance at the beginning of the period	(67,168)
Increases due to cash received, excluding amounts recognised as revenue during the period	73,291
At 31 March 2025	87,261

The increase in trade and other payables during the year is £11,099,000 (2023-24: £6,101,000 decrease).

Note 12 – Lease liabilities

2024-25	Land & Buildings £000	Vehicles £000	Total £000
Lease liability			
At 1 April 2024	118,380	5,101	123,481
Additions	8,391	3,883	12,274
Interest accrued in year	10,237	194	10,431
Payments	(14,879)	(4,251)	(19,130)
Remeasurement	1,667	(110)	1,557
At 31 March 2025	123,796	4,817	128,613
Current portion	14,423	3,080	17,503
Non-current portion	109,373	1,737	111,110
At 31 March 2025	123,796	4,817	128,613
<i>Obligations under leases</i>			
Not later than one year	15,880	3,097	18,977
Later than one year and not later than five years	58,077	1,811	59,888
Later than five years and not later than ten years	62,027	-	62,027
Later than ten years and not later than one hundred years	161,640	-	161,640
Later than one hundred years	9,801	-	9,801
	307,425	4,908	312,333
Less interest	(183,629)	(91)	(183,720)
At 31 March 2025	123,796	4,817	128,613
<i>Lease Charges within SoCNE</i>			
Expense relating to short term leases	1,195	1,415	2,610
Expense relating to VAT	2,529	335	2,864
Total	3,724	1,750	5,474
<i>Cash outflow for Leases</i>			
Cash outflow – interest	(9,964)	7	(9,957)
Cash outflow – capital element	(4,915)	(4,258)	(9,173)
Total cash outflow for leases	(14,879)	(4,251)	(19,130)

2023-24	Land & Buildings £000	Vehicles £000	Total £000
Lease liability			
At 1 April 2023	103,260	3,600	106,860
Additions	4,293	5,581	9,874
Interest accrued in year	9,240	118	9,358
Payments	(14,674)	(4,143)	(18,817)
Remeasurement	16,261	(55)	16,206
At 31 March 2024	118,380	5,101	123,481
Current portion	13,578	2,988	16,566
Non-current portion	104,802	2,113	106,915
At 31 March 2024	118,380	5,101	123,481
<i>Obligations under leases</i>			
Not later than one year	14,941	2,968	17,909
Later than one year and not later than five years	54,170	2,194	56,364
Later than five years and not later than ten years	58,458	-	58,458
Later than ten years and not later than one hundred years	170,413	-	170,413
Later than one hundred years	9,868	-	9,868
	307,850	5,162	313,012
Less interest	(189,470)	(61)	(189,531)
At 31 March 2024	118,380	5,101	123,481
<i>Lease Charges within SoCNE</i>			
Expense relating to short term leases	1,731	186	1,917
Expense relating to VAT	2,485	326	2,811
Total	4,216	512	4,728
<i>Cash outflow for Leases</i>			
Cash outflow – interest	(9,222)	(52)	(9,274)
Cash outflow – capital element	(5,452)	(4,091)	(9,543)
Total cash outflow for leases	(14,674)	(4,143)	(18,817)

Note 13 – Provisions

	Property Obligations	Dilapid- ations	Restruct- uring	Legal and Other	Total
2024-25	£000	£000	£000	£000	£000
At 1 April 2024	1,492	52	1,041	1,798	4,383
Provided in the year	969	414	95	783	2,261
Provisions no longer required	-	(5)	(360)	-	(365)
Provision utilised in year	(231)	(113)	(165)	(233)	(742)
Unwinding of discount (note 5)	18	-	-	(21)	(3)
At 31 March 2025	2,248	348	611	2,327	5,534
<i>Of which:</i>					
More than five years	1,088	(1)	1	1	1,089
Between one and five years	914	-	400	181	1,495
Non-current	2,002	(1)	401	182	2,584
Current / within one year	246	349	210	2,145	2,950
At 31 March 2025	2,248	348	611	2,327	5,534

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

Property Obligations

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

Dilapidations

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

Restructuring

This provision relates to the ongoing costs associated with the restructuring of DVSA's vehicle testing and enforcement activities.

Legal and Other

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

Note 14 – Capital commitments

	31 March 2025 £000	31 March 2024 £000
Contracted:		
Property, plant and equipment	226	400
Intangible assets	1,387	2,519
Total capital commitments	1,613	2,919

Note 15 – Cash and cash equivalents

	31 March 2025 £000	31 March 2024 £000
Balance at 1 April	109,676	99,022
Net increase/(decrease) in cash and cash equivalent balances	1,121	10,654
Balance at 31 March	110,797	109,676
The following balances at 31 March were held at		
Government Banking Services	109,819	108,686
Commercial banks and cash in hand	978	990
Balance at 31 March	110,797	109,676

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

Adjustments for non-cash transactions	Note	2024-25 £000	2023-24 £000
Depreciation, amortisation, impairment, and profit/loss on asset disposal	6	47,726	46,796
Provision provided in year / (written back)	13	1,896	604
Auditors' remuneration	4	130	125
Total		49,752	47,525

The Statement of Cash Flows (SoCF) excludes finance costs (Note 5), as these are non-cash items, primarily interest, accounted for under lease liability accounting.

Note 16 – Financial risk management

Fair Values – The carrying values of financial assets and liabilities at 31 March 2025 are considered to represent fair value. This is due to the short-term nature of the financial instruments held and carrying values of lease liabilities being based on the present value of future lease payments.

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

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

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

Financial Assets	Note	2024-25 £000	2023-24 £000
Trade and other receivables – non-current	10	1,803	2,020
Trade and other receivables – current	10	14,970	13,382
Cash and cash equivalents	15	110,797	109,676
Total		127,570	125,078

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

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

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

Note 17 – Contingent liabilities

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

Following legal advice DVSA may be required to refund some customers for a specific test provided in good faith. It relates to historic tests and is contingent on those eligible applying for a refund. This applies to a relatively small number of tests and is substantially beneath materiality thresholds.

There are no other identified contingent liabilities (2023-24: none).

Note 18 – Related party transactions

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

No Board member, key manager or other related party has undertaken any material transactions with the agency during the year (2023-24: none).

Note 19 – Events after the reporting period

There have been no significant events between the 31 March 2025 and the date of authorising these financial statements.

Note 20 – Authorisation of accounts

These Accounts are laid before the Houses of Parliament by the Secretary of State for Transport. IAS 10 requires DVSA to disclose the date on which the accounts are authorised for issue. This is the date that the Comptroller and Auditor General signs the certificate.

Note 21 – Graduated fixed penalties and deposits

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

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

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

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

This note is produced under IFRS on an accruals basis and gives a true and fair view of the state of affairs as at 31 March 2025 relating to the collection and allocation of taxes, licence fees, fines and penalties for the year then ended. The transactions do not form part of DVSA's

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

	2024-25 £000	2023-24 £000
Cash collections		
Revenue for offences in:		
Fixed penalties	5,218	4,768
Net revenue for the Consolidated Fund	5,218	4,768

	31 March 2025 £000	31 March 2024 £000
Balance held on behalf of HM Treasury		
Current Assets:		
Debtors	21	18
Cash and cash equivalents held in trust	572	1,350
Total Assets	593	1,368
Current liabilities:		
Court deposits	(176)	(165)
Refunds due (returned cheques)	(176)	-
Unallocated receipts and refunds due	(176)	-
Total Liabilities	(528)	(165)
Balance due to Consolidated Fund	64	1,203

	2024-25 £000	2023-24 £000
Cash balance movement		
Net revenue for the Consolidated Fund	5,218	4,768
Decrease / (increase) in debtors	(2)	(1)
Increase in liabilities	9	23
Cash paid to the Consolidated Fund	(6,002)	(4,646)
Net increase / (decrease) in cash and cash equivalents	(778)	144
Cash and cash equivalents at the beginning of the year	1,350	1,206
Cash and cash equivalents at the end of the year	572	1,350

Glossary

AI	Artificial Intelligence	MSP	Management of Successful Programmes
ANPR	Automatic Number Plate Recognition	MSVA	Motorcycle Single Vehicle Approval
ATF	Authorised Testing Facility	MV	Market Value
AV	Automated Vehicles	MVHR	Mechanical Ventilation with Heat Recovery
BCAF	Business Case Approval Framework	NAO	National Audit Office
BSL	British Sign Language	NCSC	National Cyber Security Centre
CAF	Cyber Assessment Framework	OTC	Office of the Traffic Commissioner
CBT	Compulsory Basic Training	PCSPS	Principal Civil Service Pension Scheme
CCS	Crown Commercial Services	PHSO	Parliamentary and Health Service Ombudsman
CETV	Cash Equivalent Transfer Value	PSDS3C	Public Sector Decarbonisation Scheme
CIPS	Chartered Institute of Procurement & Supply	PSV	Public Service Vehicle
CPC	Certificate of Professional Competence	PV	Photovoltaic
DfT	Department for Transport	RAAC	Reinforced Autoclaved Aerated Concrete
DRC	Depreciated Replacement Cost	SCS	Senior Civil Servant
DVLA	Driver and Vehicle Licensing Agency	SIRO	Senior Information Risk Owner
DVSA	Driver and Vehicle Standards Agency	SoCNE	Statement of Comprehensive Net Expenditure
ER	Earned Recognition	SoCTE	Statement of Changes in Taxpayers' Equity
EUV	Existing Use Value	TCFD	Task force on Climate-related Financial Disclosures
EV	Electric Vehicle	TCN	Test Centre Network
FReM	Financial Reporting Manual	ULEV	Ultra Low Emission Vehicles
FYE	Full Year Equivalent	UNECE	United Nations Economic Commission for Europe
GBS	Government Buying Standards	ZEV	Zero Emission Vehicle
GDS	Government Digital Service	MSVA	Motorcycle Single Vehicle Approval
GGC	Greening Government Commitments	MV	Market Value
GIAA	Government Internal Audit Agency	MVHR	Mechanical Ventilation with Heat Recovery
HGV	Heavy Goods Vehicle	NAO	National Audit Office
HSWC	Health, Safety and Wellbeing Committee	NCSC	National Cyber Security Centre
IAO	Information Asset Owner	PCSPS	Principal Civil Service Pension Scheme
ICO	Information Commissioner's Office	PHSO	Parliamentary and Health Service Ombudsman
IFRS	International Financial Reporting Standard	PSDS3C	Public Sector Decarbonisation Scheme
IPA	Infrastructure and Project Authority	PSV	Public Service Vehicle
IVA	Individual Vehicle Approval	PV	Photovoltaic
kWp	Kilowatt Peak	RAAC	Reinforced Autoclaved Aerated Concrete
LPG	Liquid Petroleum Gas	SCS	Senior Civil Servant
MAC	Model Award Criteria	SIRO	Senior Information Risk Owner
MPTC	Multi-Purpose Test Centres	SoCNE	Statement of Comprehensive Net Expenditure



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