



Driver & Vehicle  
Licensing  
Agency

# Driver & Vehicle Licensing Agency Annual Report & Accounts **2025•26**



HC 502



# **Driver & Vehicle Licensing Agency**

## **Annual Report & Accounts 2025-26**

**For the period 1 April 2025 to 31 March 2026**

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

Report presented to the House of Commons by Command of His Majesty

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David Jones

## Non-Executive Chair's introduction

I am pleased to present the Driver and Vehicle Licensing Agency's annual report and accounts for the year ended 31 March 2026.

During the year the board focused on developing the new strategy, overseeing the transformation of our Drivers Medical services and developing our governance. We ensured appropriate oversight and assurance, while supporting the Executive team and providing constructive challenge. We monitored performance closely as DVLA continued to deliver services at significant scale and progress major transformation activity, recognising both the benefits of change and the need to manage the challenges that change can present.

The board maintained close oversight of DVLA's digital transformation agenda throughout the year. DVLA is playing an increasingly significant role in delivering the government's blueprint for a modern digital government, working in close partnership with Department for Science, Innovation and Technology (DSIT) and Government Digital Services (GDS) across a range of cross-government programmes. The board has been actively engaged in understanding the strategic importance of this work while recognising that these programmes present a distinct governance challenge: where DVLA operates as a delivery partner rather than the lead, accountability is shared across organisational boundaries, and the board's oversight role must adapt accordingly.

This sits alongside DVLA's own programme of digital work, where the board exercises more direct oversight and can apply conventional governance disciplines. Managing these two modes of accountability simultaneously has been a recurring theme for the board this year. The Executive team is managing this complexity, and the board will remain actively engaged as both the cross-government and DVLA-led programmes continue to develop.

While DVLA continues its strong customer focus as evidenced through its Customer Service Excellence assessment and high customer satisfaction levels for many of its core services, the board acknowledges that performance was not consistent across all areas, particularly in relation to Drivers Medical services.

We were pleased to see several improvements delivered during the year to address this, but also recognise further steps are needed to ensure customers with medical conditions receive the level of service that they would expect. During the coming year, the board will continue to maintain active oversight of the progress being made.

The board reviewed DVLA's financial performance and stewardship of public funds and provided input into the agency's new Efficiency Strategy. DVLA delivered efficiencies ahead of its Spending Review target for the period.

During the year a major focus for the board has been the strategic direction for 2026 to 2030. We have sought to support the Executive team as they navigate the need for balance between DVLA's own ambition for transformation – improved digital services, reduction in legacy, increased efficiency – with timely delivery of other important government objectives such as the introduction of Electric Vehicle Excise Duty (eVED). The board has continued to review delivery against the Public Bodies Review (PBR) recommendations. In the 2026-27 year we look forward to a number of these being drawn to conclusion.

Finally, I would like to thank DVLA colleagues for their continued hard work, professionalism and steadfast commitment to delivering outstanding public services, and the Chief Executive and Executive team for their constructive engagement with the board throughout the year.

**David Jones**  
Non-Executive Chair  
8 July 2026



**Tim Moss, CBE**

## Chief Executive's message

This year's accounts reflect the work of colleagues across DVLA and our continued focus on delivering reliable, secure services for the public and for the many organisations that rely on our data and systems.

The publication of these accounts also coincides with the introduction of DVLA's new strategic ambition for 2026 to 2030, which sets a clear direction for how we will continue to improve services, make better use of our data and create a workplace where our people can thrive, while improving efficiency and value for the taxpayer. The next few years will be exciting as we continue to deliver full end to end digital services, and embrace the opportunities AI is bringing, making life better for citizens and businesses.

Over the year, we have made progress in modernising the services people use every day. We have continued to improve our customer journeys and develop new services through our Driver and vehicles account. We have also invested in and strengthened our cyber capability, while continuing to replace our legacy systems. These changes are not always straightforward, but they are essential if we are to provide services that are ready for the future while continuing to meet today's demand. DVLA is working closely with DSIT and is helping drive digital innovation across government, including introducing cross-government digital access through GOV.UK One Login, becoming the first partner on Gov Voice, developing AI-enabled solutions for contact centres, and driving wider future transformation through partnering on the CustomerFirst Programme.

Putting the customer first remains central to how we work. Overall customer satisfaction for our core services has remained high, and DVLA retained the Customer Service Excellence standard for the eighteenth consecutive year. However, we also recognise that this year some customers, particularly those waiting for Drivers Medical decisions, have not received the experience they would expect. Demand in this area has also increased, and some cases are inherently complex, resulting in waiting times that are not acceptable. I know how frustrating this can be for customers, and we are accountable for improving this service. During the year, we implemented a new casework system to address long standing constraints in the way these cases were managed. We recognised

that introducing a new system would create short term pressures, but this investment is essential to delivering more timely, consistent and sustainable decision making. We have now embedded the system improving processes and strengthening capability, and I am closely monitoring progress to ensure that customers see real and lasting improvements. At the end of the year, we also delivered a new digital portal with the ability, for the first time, to deal with over 1,000 medical conditions. These changes along with the recruitment of more people will enable us to significantly improve the service to our customers in the coming year.

DVLA also continued to deliver strong value for the taxpayer. During the year, we collected over £9.03 billion in Vehicle Excise Duty at a cost of just 1 pence for every £1 collected and delivered another successful year for personalised registrations, raising over £163 million for HM Treasury to support public services. Alongside this, we continued to maintain the integrity of the driver and vehicle registers and support road safety, law enforcement and wider public services.

None of this is possible without the professionalism and commitment of our people. Our focus is on ensuring DVLA has the capability, resilience and culture needed to strengthen performance, respond to future demand and keep improving the services we provide. This report sets out where we have made progress, where we need to do better, and the actions we are taking to do so.

**Tim Moss, CBE**

Accounting Officer and Chief Executive, DVLA

8 July 2026

# Who we are and what we do



**We are an executive agency of the Department for Transport (DfT), responsible for maintaining accurate records for more than 53 million drivers in Great Britain and 48 million vehicles across the United Kingdom, as well as administering Vehicle Excise Duty (VED).**

This includes the collection and enforcement of VED, a major source of public revenue, with £9.03 billion being collected from licence fees and taxes in 2025-26.

Our work is delivered primarily from Swansea and Birmingham, and at the end of the reporting year, we employed 5,560 full time equivalent staff. DVLA operates as a large scale digital organisation, supporting billions of digital interactions each year for motorists, drivers, businesses and other government bodies.

Our services underpin a wide range of customer journeys and enable secure data sharing, where the law allows, to support digital public services across government. In addition to our day to day dealings with the public, we work closely with industry, charities, the police, medical professionals and other government departments. This collaboration supports the development of effective services and helps combat driver and vehicle related crime. ■



**Our services underpin a wide range of customer journeys and enable secure data sharing...**

# Performance report

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# Delivering against our 2025-26 business plan



| Strategic aim                               | DVLA measure                                                                                                                                                                                                                                                                                                 | Target                   | 2025-26 result                                             | 2024-25 result                                                 |
|---------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|------------------------------------------------------------|----------------------------------------------------------------|
| <b>1. To deliver great customer service</b> | <b>1.1</b> We will dispatch applications made online for a: <ul style="list-style-type: none"> <li>driving licence in 3 working days</li> <li>vehicle registration certificate in 3 working days</li> <li>tachograph in 3 working days</li> </ul>                                                            | 95%<br>95%<br>95%        | <b>99.7%</b><br><b>100.0%</b><br><b>100.0%</b>             | <b>100.0%</b><br><b>99.9%</b><br><b>100.0%</b>                 |
|                                             | <b>1.2</b> We will dispatch applications made by post for a: <ul style="list-style-type: none"> <li>driving licence in 10 working days</li> <li>vehicle registration certificate in 10 working days</li> <li>tachograph in 10 working days</li> <li>vocational driving licence in 10 working days</li> </ul> | 90%<br>90%<br>90%<br>90% | <b>99.9%</b><br><b>98.5%</b><br><b>100%</b><br><b>100%</b> | <b>99.6%</b><br><b>95.1%</b><br><b>100.0%</b><br><b>100.0%</b> |
|                                             | <b>1.3</b> The average time to make a licensing decision on medical cases will be within:                                                                                                                                                                                                                    | 50 working days          | <b>56.66</b> <sup>1</sup>                                  | <b>44.1</b> <sup>2</sup>                                       |
|                                             | <b>1.4</b> We will retain the Customer Service Excellence Standard.                                                                                                                                                                                                                                          | Retain standard          | <b>Achieved</b>                                            | <b>Achieved</b>                                                |
|                                             | <b>1.5</b> We will retain the Customer Contact Association Global Standard 8.                                                                                                                                                                                                                                | Retain standard          | <b>Achieved</b>                                            | <b>Achieved</b>                                                |
|                                             | <b>1.6</b> We will ensure that the number of customer complaints that the Independent Complaints Advisor (ICA) fully uphold is under 5% of overall ICA case referrals.                                                                                                                                       | March 2026               | <b>0%</b>                                                  | <b>0%</b> <sup>3</sup>                                         |

<sup>1</sup> During 2025-26 Drivers Medical moved to a new casework system and between July and February both systems were in operation, with significant training being undertaken for colleagues to transition to the new system. During this period there was also a focus on resolving older, more complex cases to mitigate the need for them to be migrated to the new casework system. These factors resulted in the average days to close cases increasing, impacting the overall year performance.

<sup>2</sup> This was not a business plan measure in 2024-25.

<sup>3</sup> This was not a business plan measure in 2024-25.

| Strategic aim                 | DVLA measure                                                                                                                                                                                                                                              | Target                                  | 2025-26 result                  | 2024-25 result                   |
|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|---------------------------------|----------------------------------|
| <b>2. To drive up digital</b> | <b>2.1</b> We will launch a new service allowing customers to sign up for digital reminders for their 10-year driving licence renewal through the DVLA Driver and vehicles account.                                                                       | November 2025                           | Achieved                        | N/A                              |
|                               | <b>2.2</b> We will introduce a new service allowing customers to apply to exchange their driving licence through the DVLA Driver and vehicles account.                                                                                                    | December 2025                           | Achieved                        | N/A                              |
|                               | <b>2.3</b> We will develop functionality to enable customers to download digital driving licence information from the DVLA Driver and vehicles account to the Government Digital Wallet.                                                                  | In line with DSIT development timetable | Achieved                        | N/A                              |
|                               | <b>2.4</b> We will exceed our total transactions processed through our digital channels.                                                                                                                                                                  | 84%                                     | 85.8% <sup>4</sup>              | 84.5% <sup>4</sup>               |
| <b>3. To be resilient</b>     | <b>3.1</b> We will develop an Operational Resilience policy and strategy that will integrate decision making, improve information management and increase collaboration.                                                                                  | December 2025                           | Partially achieved <sup>5</sup> | N/A                              |
|                               | <b>3.2</b> We will increase the number of zero emission vehicles (ZEV) to the business fleet from 20% to 40% in line with the government fleet commitment.                                                                                                | August 2025                             | Partially achieved <sup>6</sup> | N/A                              |
|                               | <b>3.3</b> We will deliver financial performance in line with the agreed DfT forecast accuracy target against Supplementary Estimate forecast.                                                                                                            | March 2026                              | Not achieved <sup>7</sup>       | Achieved                         |
|                               | <b>3.4</b> We will provide planned customer IT service availability of:<br><ul style="list-style-type: none"> <li>• vehicle tax</li> <li>• vehicle management</li> <li>• personalised registration</li> <li>• driver licensing online services</li> </ul> | 99.5%<br>99.5%<br>99.5%<br>99.5%        | 100%<br>99.9%<br>99.9%<br>99.9% | 99.9%<br>99.9%<br>99.8%<br>99.8% |
|                               | <b>3.5</b> We will deliver the public body recommendations to the scope and timescales agreed with DfT.                                                                                                                                                   | March 2026                              | Partially achieved <sup>8</sup> | N/A                              |
|                               | <b>3.6</b> We will complete the migration of all digital driver licensing services from our legacy digital platform and onto our new strategic cloud platform, and decommission all driver licensing services from the legacy platform.                   | March 2026                              | Partially achieved <sup>9</sup> | N/A                              |

<sup>4</sup> Digital transactions reflect the initial customer touchpoint. Underlying fulfilment may include manual or non-straight through processes. This was not a business plan measure in 2024-25.

<sup>5</sup> The policy was agreed in February 2026, this was achieved later than the December 2025 target and the strategy will be linked into the wider DVLA strategy work.

<sup>6</sup> This measure was achieved late due to delays in the supply chain affecting global electric vehicle delivery. Initial deliveries expected by summer 2025 were delayed, with the final delivery arriving in March 2026.

<sup>7</sup> DVLA did not achieve its forecast accuracy target of outturn gross expenditure being within 1% of the Supplementary Estimate forecast due to an underspend of 1.7%.

<sup>8</sup> This was partially achieved because some elements will now be delivered next year, as agreed with DfT.

<sup>9</sup> This was partially achieved as the migration of our customer facing services, Drivers Licensing Online (DLO), was delivered in year with the exception of one digital redirect to the paper channel delivered in April 2026, and the remaining drivers system migration is now expected to take place by October 2026.

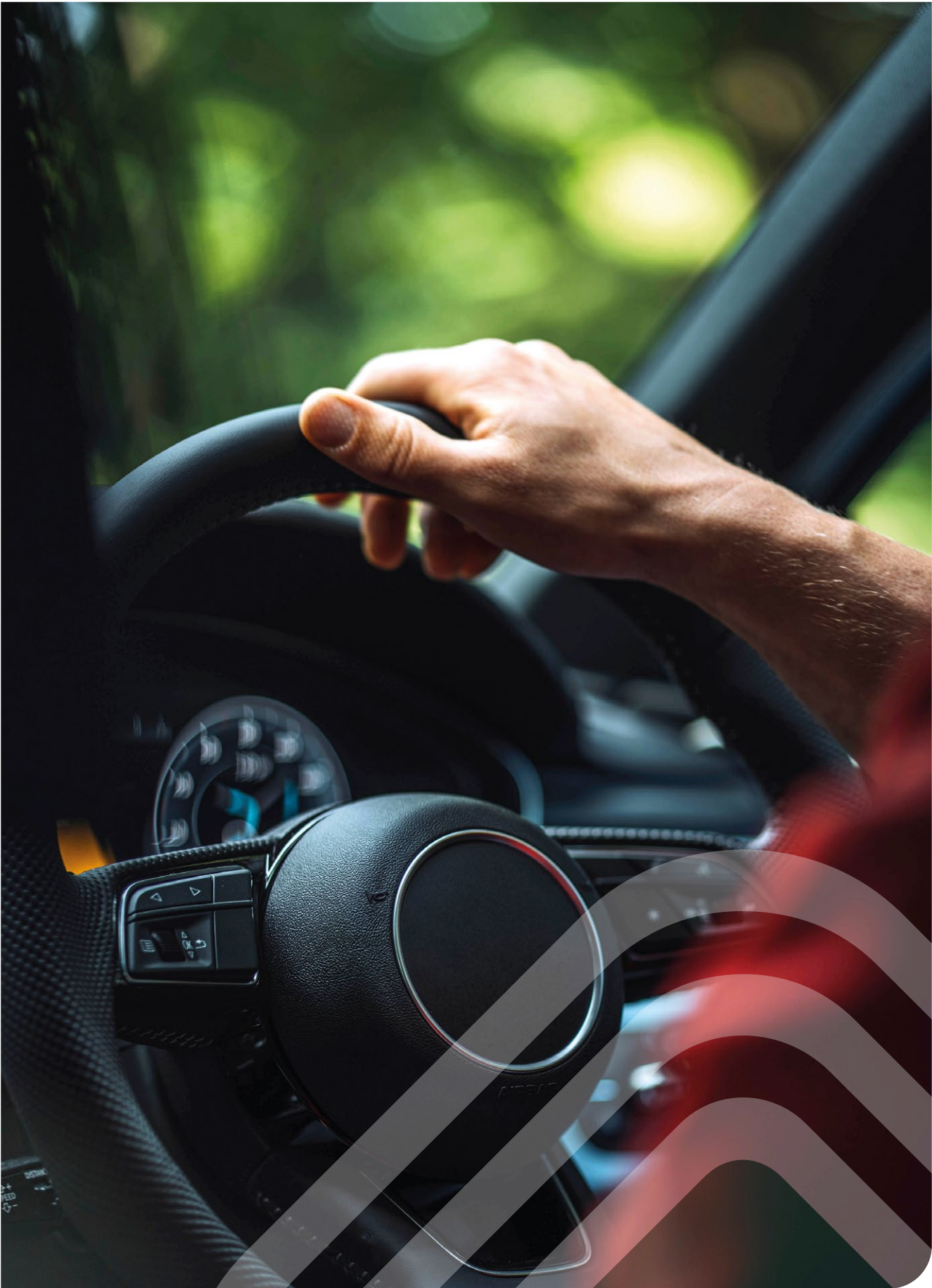
| Strategic aim                                                      | DVLA measure                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Target        | 2025-26 result                          | 2024-25 result                |
|--------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|-----------------------------------------|-------------------------------|
| <b>4. To develop our skilled, motivated and flexible workforce</b> | <b>4.1</b> In line with the talent management strategy our focus will be on attracting, developing and retaining talent. The work force planning strategy will provide data insight to determine future demand and gaps in the workforce.                                                                                                                                                                                                                                        | March 2026    | <b>Partially achieved</b> <sup>10</sup> | <b>N/A</b>                    |
|                                                                    | <b>4.2</b> We will maximise the use of both English and Welsh apprenticeships and aim to have a minimum of 110 apprentices. Working with suppliers we will offer bespoke apprenticeships aligning to public sector organisations including customer services, digital skills and business administration.                                                                                                                                                                        | March 2026    | <b>Achieved</b>                         | <b>Achieved</b> <sup>11</sup> |
|                                                                    | <b>4.3</b> We will continue the investment in our Talent Pipeline, with annual intakes to support 30 concurrent learners across our development programmes, developing skills in a number of digital professions in areas such as: <ul style="list-style-type: none"> <li>• year in industry</li> <li>• software engineering</li> <li>• cloud engineering</li> <li>• ethical hacking</li> <li>• software development engineering in test</li> <li>• business analysis</li> </ul> | March 2026    | <b>Achieved</b>                         | <b>Achieved</b> <sup>12</sup> |
|                                                                    | <b>4.4</b> We will strengthen our use of DVLA Enable and Life Choices schemes to provide opportunities to people who face barriers in employment.                                                                                                                                                                                                                                                                                                                                | March 2026    | <b>Achieved</b>                         | <b>N/A</b>                    |
|                                                                    | <b>4.5</b> Following the completion of One Big Thing – 'Innovation – One Big Thing starts with One Small Change' we will start to introduce the priority change initiatives identified.                                                                                                                                                                                                                                                                                          | December 2025 | <b>Achieved</b>                         | <b>N/A</b>                    |
|                                                                    | <b>4.6</b> Building a culture of continuous learning, physical and mental wellbeing and engagement. We will focus on mental health and wellness programmes, ensuring our strategy clearly supports a culture of diversity, inclusion and fairness for all.                                                                                                                                                                                                                       | March 2026    | <b>Partially achieved</b> <sup>13</sup> | <b>N/A</b>                    |

<sup>10</sup> The strategy was signed off in April 2026, so this was achieved late.

<sup>11</sup> The target in 2024-25 was 80 apprentices.

<sup>12</sup> The target for 2024-25 was 20 new recruits.

<sup>13</sup> Initiatives addressing wellness have been delivered, including Prevail mental health training (developed in conjunction with Swansea and Cardiff University), which over 1,500 colleagues attended and is part of our continuous improvement and significant investment in learning. However, sickness absence increased during the year and so improving attendance remains a continuing priority over the coming year – therefore this measure has been marked as partially achieved.



# DVLA

## by numbers

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

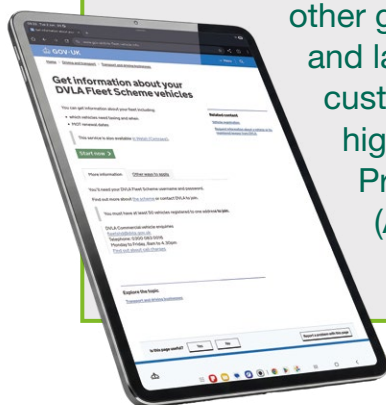
We raised over  
**£9.03 billion**

in **Vehicle Excise Duty (VED)**  
for **HM Treasury** this reporting year –  
up **8%** on last year – while continuing to  
collect it at a **cost of around 1p per £1 raised**.



We processed more than  
**6 billion**  
**digital interactions**,  
an **increase** of more than  
**20%** from last year.

Most of these digital interactions were automated enquiries between DVLA, other government departments and large scale business customers through our high-volume Application Programming Interface (API) enquiry platforms.



We supported **129**  
**active apprentices**  
during the year,  
**exceeding our target**  
and helping develop  
future skills across DVLA.

**£30,616**  
was **raised** for the  
**Motor Neurone Disease Association** by DVLA  
colleagues in 2025.

We issued

**12.3 million**  
driving licences  
and  
**18.5 million**



vehicle registration  
certificates (V5C).

The majority of which were  
sent to customers **within**  
**3 working days** following  
an online application.

We dealt

with more than

**100 million**

individual customer  
transactions.

An increase of  
**0.6 million** from  
last year, with over **85%**  
delivered through our  
digital channels.

We made

**751,058**  
medical licensing  
decisions.

A 9.7% decrease from last year,  
reflecting system transition activity.

A safer workplace across  
DVLA, with workplace  
accidents **reduced by**

**37%** compared to  
last year.

Our **multi-channel Contact Centre**  
answered just over

**13.4 million**

queries in total, that's

**1.2 customers every second**  
during our opening hours.



# Our performance at a glance

## Our strategic aims for this reporting year were to:

- deliver great customer service
- drive up digital
- be resilient
- develop our skilled, motivated and flexible workforce

The following section provides further detail on our performance during the reporting year against each of these aims.



## To deliver great customer service

**Good customer service matters – it matters to customers, and it matters to us. We want our customers to be able to access our services in ways that work for them wherever possible.**

### Timely dispatch of driving licence and vehicle applications

We exceeded all targets for the timely dispatch of applications across both digital and postal channels, including driving licences, vehicle registration certificates and tachographs.

For online services, performance ranged from 99.7% to 100% of applications dispatched within 3 working days, against a target of 95%. Postal applications also exceeded targets, with 98.5% to 100% dispatched within 10 working days, against a 90% target.

This strong performance was maintained throughout the year despite high demand, supported by continued operational focus and efficient processing.

## A modern Contact Centre – improving customer experience

**During the reporting period, we continued to modernise our Contact Centre by introducing AI-enabled tools that support quicker, more consistent and more efficient customer interactions.**

Trials of real time transcription, automated quality monitoring and agent assist technology are helping advisors access information faster and handle queries more effectively.

We also introduced WhatsApp as a new contact channel through a limited proof of concept pilot, making it available only to selected customers while we tested the approach.

Early feedback has been positive, indicating strong customer appetite for more flexible and accessible communication channels. Full rollout is expected in August 2026, strengthening our ability to provide a modern, responsive and high-quality service. Alongside investment in digital and AI-enabled technologies, we strengthened our frontline teams by recruiting additional people to support these services, helping to stabilise performance and improve waiting times. This work is an early step in transforming how we deliver customer service at scale.

During the year, overall telephone contact volumes reduced compared with the previous year, reflecting increased use of online and automated services.



**We also introduced WhatsApp as a new contact channel through a limited proof of concept pilot...**

However, delays in processing applications from customers with medical conditions resulted in increased customer contact, placing pressure on the Contact Centre and leading to periods of longer waiting times that fell below the level of service we aim to provide.

This was reflected in telephone performance, with 1,387,706 calls abandoned during the year, representing an abandonment rate of 16.5%.

## Customer satisfaction

We conducted monthly customer satisfaction research covering our four main services (taxing a vehicle, amending vehicle registration details, renewing a driving licence, and notifying us of a medical condition). This showed that DVLA customer satisfaction in 2025–26 stood at 91.8%, compared with 92.2% in 2024–25.

During the reporting year, DVLA ranked ninth among national public service organisations in the UK Customer Satisfaction Index in January 2026, compared with sixth place in July 2025.

In the same period, we achieved the Customer Service Excellence standard for the 18th consecutive year. This independent accreditation provides assurance that our customer service standards and delivery remain of a high standard.

While overall satisfaction remains high, the measure does not capture all services. Increased demand in some areas during the year, particularly within Drivers Medical services, has affected aspects of the customer experience. Cases

requiring further medical investigation have taken longer to process. This has led to increased contact with our contact centre, resulting in longer call waiting times, more unanswered calls, and an impact on complaints handling. This is also reflected in performance against our target for Drivers Medical case decisions, where the average time to decision was 56.6 days against a target of 50 days.

This performance was influenced by the transition to a new casework system during the year, with a period where both systems operated in parallel and significant colleague training was undertaken. At the same time, there was a focus on resolving older and more complex cases ahead of migration, which increased average case duration in the short term.

We are addressing these pressures through service improvements, including the expansion of online services and the introduction of a new casework system to support improved efficiency and resilience over time. We are also reviewing how we measure customer satisfaction to ensure it better reflects the full range of customer experiences.

## Customer Contact Association Global Standard accreditation retained for the 18th consecutive year

We retained Customer Contact Association (CCA) Global Standard Version 8 accreditation for the 18th consecutive year, recognising DVLA's Contact Centre as a leader in customer service excellence.

The independent assessment reviewed performance across customer experience, operational management, colleague development and continuous improvement, providing assurance that our services continue to meet high professional standards. The assessment highlighted strong leadership, effective people development and a continued focus on service improvement and innovation.



## Improved registration policies for classic car owners and enthusiasts

### We updated our vehicle registration policies to modernise how customers notify DVLA when a vehicle has been repaired, restored or modified.

As a result, like for like repairs and restorations no longer need to be reported, and more modified vehicles, including electric conversions, may retain their original identity when keepers notify us of the changes. These improvements simplify requirements, cut unnecessary administration and give classic and historic vehicle owners clearer, more consistent guidance.

The changes were shaped through extensive engagement with the classic vehicle sector, including more than 1,350 responses to a call for evidence. Clearer policies and a simpler process are expected to improve customer confidence, reduce avoidable delays and support more accurate records. This will help classic and historic vehicles stay on the road while maintaining the integrity of the register.

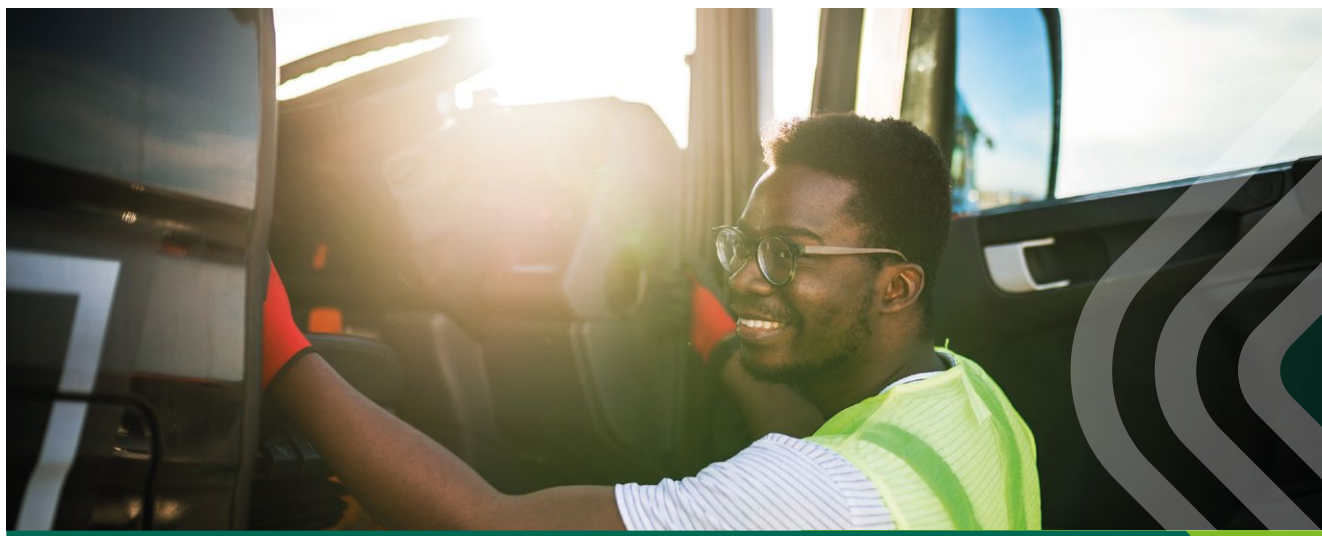


Dale Keller, Chief Executive of the Historic and Classic Vehicles Alliance, said:

*"These changes demonstrate the value of industry and government working collaboratively. DVLA's engagement has helped deliver pragmatic policies that provide greater clarity for historic vehicle owners while maintaining the integrity of the vehicle register."*

Ian Edmunds, Chief Executive of the Federation of British Historic Vehicle Clubs, said:

*"The Federation of British Historic Vehicle Clubs on behalf of its 250,000 individual members welcomes the clarity brought by these policy revisions and the contribution they will make to the continued preservation and enjoyment of historic vehicles of all types. It also wishes to express its appreciation for the manner in which the Federation's submissions were listened to and to acknowledge the obvious thought and effort invested in this revision exercise by DVLA staff."*



## Modernised diabetes rules for bus and lorry drivers

We modernised the medical licensing rules for professional bus, coach and lorry (Group 2) drivers with diabetes, enabling them to use Continuous Glucose Monitoring Systems (CGMS) to meet their glucose monitoring requirements when driving. Previously they could only use finger prick tests to check their glucose levels.

These monitors provide real time glucose readings and bring Group 2 drivers in line with the rules already available to car and motorcycle drivers. This change makes it easier for drivers with diabetes to manage their condition safely at work by giving them more flexibility and greater confidence through continuous, real time monitoring. It also reflects advances in diabetes care, with strong support from medical experts, diabetes charities and the road haulage industry.

## Working with VCA to make sure new vehicles meet updated GB standards

We worked with the Vehicle Certification Agency (VCA) to help introduce the new GB type approval scheme, which sets updated safety and environmental standards for all new vehicles before they can be used on UK roads.

By supporting VCA's certification team, our colleagues helped manufacturers get vehicles approved on time and ensured new models meet the latest requirements. This joint working strengthens service performance and helps keep unsafe vehicles off the road.

## DVLA chosen to lead the first phase of CustomerFirst with DSIT

DVLA was selected as the first organisation to support CustomerFirst, the government's new programme led by the Department for Science, Innovation and Technology

(DSIT) and Government Digital Service (GDS) to improve how people interact with major public services. The programme aims to transform services end to end by reducing friction, improving efficiency and designing services more closely around user needs.

DVLA was chosen due to our scale, high-volume services and experience of delivering complex services at pace. Further joint activity is planned for 2026 as CustomerFirst continues to develop shared approaches for improving customer experience across major government services.

## DVLA selected as the lead delivery partner for GOV Voice

DVLA worked with DSIT on GOV Voice, the government's programme to accelerate safe, responsible AI use in public services. We were selected as the first delivery partner due to our scale, high-volume services, established AI capability in the Contact Centre and experience of delivering at pace.

Through early discovery and workshops, DVLA identified where AI could drive efficiency, including call summarisation, case creation support and real-time advisor guidance. These insights have informed the development of an initial GOV Voice minimum viable product and will support future Contact Centre modernisation. The work also aims to deliver reusable AI components for wider government and further develop DVLA's role in enabling faster, more consistent services.

## Customer complaints

During the year, complaint volumes increased, largely due to delays in processing some Drivers Medical cases. Despite this, no complaints were fully upheld by the Independent Complaints Advisor (ICA), exceeding the target that fewer than 5% of referred cases should be upheld. This measure was introduced in 2025-26. ■

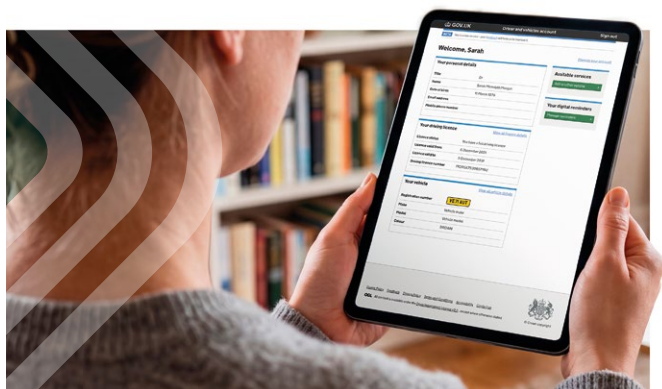
## Our performance at a glance...



# To drive up digital

Throughout the year we continued to improve our digital services, making them easier, faster and more reliable. This approach aligns with the blueprint for a modern digital government, particularly its focus on shared platforms, consistent user journeys and increasing digital take up.

During the year, we dealt with more than 100 million individual customer transactions, an increase of 0.6 million on the previous year, with over 85% delivered through our digital channels. We processed more than 6 billion digital interactions during the year, an increase of more than 20% on the previous year. Most of these interactions were automated enquiries between DVLA, other government departments and large-scale business customers through our high-volume application programming interface (API) platforms.



The **Driver and vehicles account** remained central to this work, with strong growth during the reporting period. By year end, more than **9.4 million customers** had signed up, **an increase of around 130%** on the previous year.

We added new services to the account to give customers more choice and flexibility, including digital reminders for 10-year licence renewals, exchanging a paper licence, renewing a licence at 70, and replacing a licence. These developments made it easier for customers to access services, manage their information in one place and reduce reliance on paper processes, supporting DVLA's strategy to deliver more efficient, digital-first services.

We made strong progress transitioning to GOV.UK One Login, the new single sign in for government services, with DVLA playing a leading role in its early adoption at scale. A significant share of One Login use has been driven through DVLA services, reflecting our high volume transactions and the central role of the Driver and vehicles account. This supports delivery of the blueprint for a modern digital government by increasing take up of shared platforms and providing customers with a simpler, more consistent and secure way to access government services.

## Digital driving licence pilot

As part of the government's plans to introduce GOV.UK Wallet, the digital driving licence was selected for the pilot scheme, with DVLA acting as the lead delivery partner.

This included developing and testing functionality to enable customers to access and download digital driving licence information from the Driver and vehicles account into the GOV.UK Wallet. Early testing ensured the service is secure, usable and ready for rollout, marking a transformational shift in how customers can access and use their driving licence.

DVLA successfully delivered the **'friends and family' pilot** on time, using a small, controlled group of early users, including DVLA colleagues and their close contacts. Through this pilot, users accessed digital licences via the Driver and vehicles account and GOV.UK Wallet.

The pilot has now concluded. User feedback helped refine the design, security and usability of the service, informing the next phase of development. DVLA continues to work with the GDS to align delivery with the GOV.UK Wallet and GOV.UK One Login.

## Modernising internal systems and tools

We modernised internal systems across drivers' and medical services by implementing new casework tools, providing colleagues with more reliable and efficient ways of working.

This included delivering a significantly expanded online medical service for car and motorcycle licence holders in March 2026, enabling customers to notify a much wider range of medical conditions online.

These changes reduce paper-based processes, improve consistency in case handling and create a stronger foundation for future service improvements.

Delivering change at this scale has been challenging and, during the transition, waiting times for some customers have been longer than acceptable, particularly within Drivers Medical services. This has led to delays in decisions and increased demand for customer contact, as reflected in performance against our target for Drivers Medical case decisions. We recognise the impact on customer experience and are focused on improving performance as the changes embed.

## Enhancing real time data sharing through Application Programming Interface (APIs)



**We expanded and improved our API services, enabling secure, real-time data sharing across government and with external organisations. These services support operational activity across law enforcement, insurance, transport and commercial services.**

Our APIs are used by organisations including police forces, the Home Office, the Driver and Vehicle Standards Agency (DVSA), HM Courts and Tribunals Service (HMCTS), insurers, local authorities and commercial providers.

For example:

- police forces access driver and vehicle records and check driving licence photos at the roadside (Law Enforcement Data Services (LEDS) and Photo at Roadside System (PARS))
- insurers validate driver entitlement and endorsements in real time when calculating insurance quotes (Insurance Industry Access to Driver Data (IIADD))
- local authorities, toll operators and parking providers identify vehicle keepers for enforcement activity (Keeper at Date of Event (KADOE))
- employers and vehicle hire companies check driver records to support compliance (Access Driver Data (ADD))
- commercial providers and developers use our Vehicle Enquiry Service to deliver vehicle checking services, applications and fleet tools

**We continued moving users onto more resilient, cloud-based API platforms, improving performance, security and reliability. This includes:**

- **KADOE surpassing 50 million enquiries** since migrating to its API platform
- **IIADD achieving 100% availability** against a 99.50% target
- **over 3,400 new users** onboarded to the Vehicle Enquiry Service during 2026 ■

## Our performance at a glance...



## To be resilient



### Supporting DfT's Road Safety Strategy

We supported the Department for Transport's (DfT) Road Safety Strategy by providing evidence and operational insight on older driver safety, helping to ensure policy development remains effective as the population continues to age. This included advising on the feasibility and impact of potential licensing changes, such as proposals for mandatory eyesight tests for drivers aged 70 and over.

During the year, we supported DfT in developing the public consultation on these proposals, which ran from 7 January to 11 May 2026. Joint work continues to inform policy development and implementation, ensuring that future road safety measures are proportionate, evidence led and resilient to demographic and behavioural change.

We also supported the Road Safety Strategy by working with DfT on issues relating to non-compliant ('ghost') number plates, helping to develop approaches to support effective enforcement and improve the identification of vehicles.

Alongside this work, we continued to deliver wider commitments agreed with DfT. Delivery of public body

recommendations arising from the Public Bodies Review was partially achieved, with some elements now scheduled for completion in 2026–27 as agreed with DfT.

### Reducing legacy risk and modernising infrastructure

Customer-facing IT services remained resilient throughout the year, exceeding availability targets across all core services, ranging from 99.9% to 100% against a target of 99.5%. This ensured a stable platform was maintained while new systems and services were introduced.

We continued to make progress in reducing legacy technology and modernising our infrastructure, while further developing plans to address remaining legacy risk in line with the government framework, including our ambition to remove red-rated legacy risk by 2030.

During the year, we completed the migration of customer-facing digital driver licensing services, including Driving Licence Online (DLO), from our legacy platform to our cloud platform. We also migrated a number of customer services from our older business-to-business messaging platform.

We also introduced modern Dynamics-based drivers and Drivers Medical case management services, supporting our transition away from legacy systems and contributing to the reduction of business risk and technical debt. Work to migrate the legacy D90 drivers system to a cloud platform was delayed due to the increased work on Drivers Medical systems and full migration is planned for completion in October 2026.

An operational resilience policy and strategy was agreed in February 2026, slightly later than originally planned, providing a framework to strengthen decision-making, information management and collaboration across the organisation.

## Sales of personalised registration numbers



**As a net contributor to government finances, in 2025-26 we raised more than £163 million (£157 million net of costs) for HM Treasury and the Department for Transport through the sale of personalised registrations.**

It was one of our strongest years, delivering the fourth highest income since the scheme began. The scheme also surpassed a major milestone, with the sale of personalised registrations generating total net income of £3 billion since it was launched in 1989.

Alongside registration sales, DVLA also generates significant revenue through the re-registration and transfer of existing personalised numbers between vehicles, commonly referred to as cherished transfers. In 2025-26, these transfers generated approximately £127 million in income, representing a substantial additional contribution to government finances.

Personalised registrations remain highly popular, with millions of people displaying them on their vehicles. Prices start from £250, including VAT and the assignment fee.



**The scheme also surpassed a major milestone, with the sale of personalised registrations generating **total net income of £3 billion since launch.****



## New supplier for personalised registration auctions

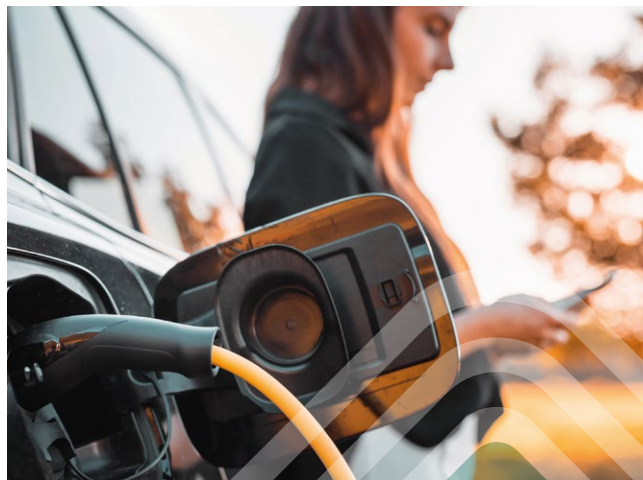
This year we appointed a new supplier for our personalised registrations auctions, strengthening the resilience of this high value service. We worked with the supplier to develop a new platform that improves the customer experience, including enhanced navigation, lower additional fees for buyers and a range of more intuitive website features.

The transition was completed with no disruption to service, and the platform went live on 1 October 2025, with the first auction also taking place in October. This work supports the ongoing delivery and sustainability of one of DVLA's most successful commercial services.

## Implementation of vehicle tax changes for electric vehicles

From 1 April 2025, electric, zero and low emission vehicles became subject to vehicle excise duty rates in line with changes announced by government. This applied to both new and existing vehicles and marked the first time many of these vehicles became liable for a payable rate of vehicle tax.

DVLA successfully implemented the changes across its digital services, operational processes and customer communications, ensuring vehicle keepers could continue to tax vehicles through existing channels with charges automatically applied where appropriate.



## National VED compliance campaign

We ran a VED campaign from January to March 2026 to encourage drivers to tax their vehicles on time and raise awareness of the consequences of non-compliance.

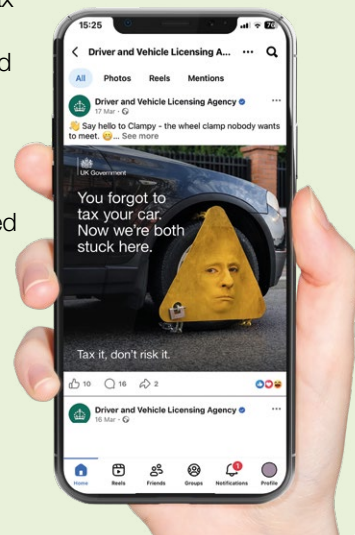


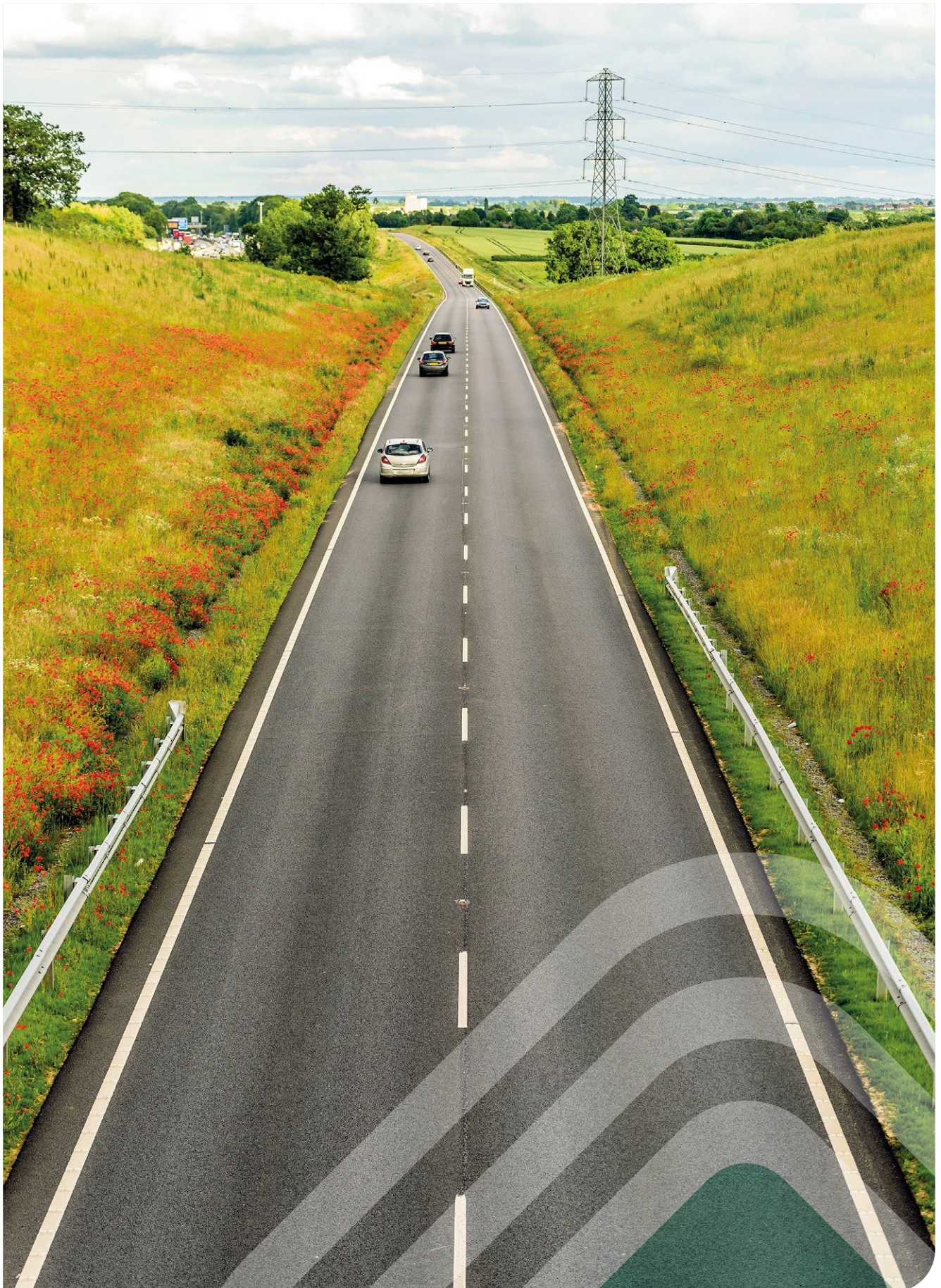
The campaign introduced 'Clampy' to highlight the disruption caused by vehicle clamping and continued the 'Tax it, don't risk it' message, targeting both forgetful and deliberate evaders.

Activity focused on areas with the highest evasion rates and was delivered across a range of media channels.

Post campaign evaluation indicates improved engagement compared to the previous year, with those who saw the campaign taking action, including checking their vehicle tax status, more frequently. The campaign reinforced awareness of the consequences of non-compliance, including belief that vehicles may be clamped if untaxed.

These outcomes supported efforts to maintain visibility of enforcement activity and encourage timely vehicle taxing. ■





## Our performance at a glance...



## To develop our skilled, motivated and flexible workforce

### Maintaining our Investors in People Gold accreditation

We have held Investors in People (IiP) Gold accreditation since 2019, reflecting our sustained focus on culture, leadership and people practices. Our most recent assessment drew on extensive colleague feedback and provided a clear view of what is working well and where we can continue to improve.

Maintaining Gold accreditation reflects our ongoing focus on developing our people, supporting wellbeing and creating a positive working environment. The findings are now being used by HR and senior leaders to plan further improvements, including strengthening leadership capability and refining our approach to reward, recognition and organisational values.

### Developing skills, learning and careers

Building on work completed in 2024-25, we continued to strengthen capability across the organisation by rolling out career frameworks across the remaining DVLA professions, supporting consistent recruitment, development and succession planning.

Alongside this, we continued to strengthen our workforce planning capability, using data and insight to identify future skills needs and address workforce gaps. We also developed tools to support effective succession planning, helping to identify and prepare talent for key roles.

We exceeded our target of at least 110 apprentices by year end, with 129 active apprentices in place. We also onboarded 12 new recruits through development programmes and apprenticeships as part of our digital and technology talent pipeline, resulting in 46 active learners against a target of 30.

As part of the Cabinet Office's One Big Thing initiative, colleagues completed 2 phases of learning focused on using artificial intelligence responsibly. We achieved an eLearning completion rate of 73%, demonstrating strong engagement with the programme. To help embed the learning and support its practical application, around 70% of colleagues also took part in follow-up discussions.

While engagement with Civil Service-wide learning was strong, completion of other mandatory training remains lower than expected, and actions are underway to improve completion across the agency.

We also supported programmes such as DVLA Enable and Life Choices, providing opportunities for people who face barriers to employment. During this period, we worked with DfT to offer 10 work experience places to young people not in education, employment and training, through the DWP Movement to Work Scheme. The programme provided an introduction to roles in the Civil Service, alongside a project-based programme aimed at developing teamwork, presentation and writing skills.



## Supporting and investing in our people

**Throughout the reporting period, we invested over £1.8 million in learning and development and delivered 53,914 hours of internal workshops.**

Colleagues also completed 34,338 hours of digital learning through Udemy online learning platform, Civil Service Learning and internally developed content on our learning management system.

We strengthened our mentoring offer to support an inclusive culture and progression pathways. Our MentorMe programme supported colleagues from lower socio-economic backgrounds, ethnic minority backgrounds, carers and those with disabilities, with around 30% of participants achieving a promotion or moving into a new role during the six month programme.

We also supported mental health and wellbeing by reintroducing the Prevail programme for colleagues and line managers. We delivered content, developed by Swansea and Cardiff University, to raise awareness of the four most common mental health conditions affecting colleagues. It also provided practical coping



**We strengthened our mentoring offer to support an inclusive culture and progression pathways.**

mechanisms and supported individuals to seek help through signposting to relevant services and resources, helping to reduce stigma associated with poor mental health. During this period, approximately 1,500 colleagues attended the programme, with further plans to roll out to everyone from 2026 onwards.



## Upskilling colleagues in artificial intelligence

During the year, we began a pilot to upskill colleagues in the use of artificial intelligence through Microsoft 365 Copilot. Colleagues were supported through structured enablement sessions, practical training and discovery workshops to help them apply AI in day-to-day tasks.

The pilot focused on building confidence, identifying high-value use cases and supporting colleagues to integrate AI into their workflows to improve productivity and reduce manual effort. Insights from the pilot are being used to inform an evidence-based business case and support future adoption at scale.

## Maintaining strong health and safety performance

We maintained a safe working environment across all DVLA sites, supported by clear leadership, regular checks and alignment to ISO 45001 health and safety management standards.

Across our estate, 94.2% of required health and safety checks were completed, rising to 96.3% where supporting documentation was provided to evidence full compliance.

Our safety record also compares favourably against national benchmarks. In 2025–26, DVLA recorded 64.28 reportable non-fatal workplace injuries per 100,000 employees, significantly lower than the Great Britain average of 209. This represents a 69% lower rate, although differences in sector risk should be taken into account. This strong performance is further reflected in a 37% reduction in accidents compared to the previous year.

Mandatory health and safety training performance remained strong, with high completion rates and no outstanding requirements at year end. Mandatory courses were assigned between March and June 2025, with refresher training scheduled from March to June 2027.

## Supporting STEM engagement and digital skills development

We continued to support STEM engagement through our DVLA STEM and wider Strategic Outreach programmes, with around 50 volunteers delivering engagement outreach activities including school, college and university engagement, after-school clubs, competitions and events across Wales.

These initiatives help children, young adults and career changers develop digital and coding skills, while raising awareness of career opportunities and pathways into DVLA.

During the year, colleagues also supported major events such as Swansea Science Festival, where interactive coding sessions reached more than 5,000 visitors.



Through this work, colleagues contribute to **developing future talent** while building their own skills, confidence and experience through volunteering and **community engagement**.

## Strengthening engagement through the Civil Service People Survey

The 2025 results showed a increase in staff engagement to 59% (+1% vs 2024) with participation rates remaining at 65%. The results highlighted strengths in teamwork, inclusion and fair treatment, and understanding of organisational objectives.

The survey also identified opportunities for improvement in leadership and managing change. In response, DVLA undertook targeted engagement activities to gather colleague feedback and support improvements in communication and involvement.

## Managing attendance and supporting wellbeing

Sickness absence increased during the year and remains above where we would want it to be. We recognise the impact on both service delivery and our people, and we are taking action to address this.

A dedicated attendance taskforce is examining the underlying causes and targeting interventions, supported by wider wellbeing initiatives across the organisation. Improving attendance will remain a key priority over the coming year.

## Recognising long service

During the year, we recognised the long service of colleagues across DVLA, with 205 awards for 25 years' service, 18 for 35 years and 34 for 45 years, alongside one TUPE-related award. These milestones reflect the experience, commitment and continuity of our workforce, and the contribution colleagues make to delivering DVLA services.

## Supporting inclusion through Staff Networking Groups

During the year, DVLA continued to support a range of colleague-led Staff Networking Groups, which play an important role in building an inclusive workplace. These voluntary groups bring colleagues together to share experiences, provide peer support and mentoring, and help shape policies and practices by contributing diverse perspectives.

The networks cover a wide range of communities and priorities, including disability, carers, LGBTQ+, gender equality, mental health, and ethnic and cultural diversity. Supported by senior champions, the groups provide safe spaces for colleagues, raise awareness of key issues and support DVLA's ambition to create a diverse, inclusive and supportive working environment.

## Developing coaching capability

During the year, our Operations and Customer Service Directorate further developed and implemented the Coaching Academy, a structured, tiered programme designed to build coaching capability and create a strong internal coaching network. It identifies and develops aspiring coaches, providing a clear development pathway alongside quality assurance and peer support for those delivering coaching.

The academy is aligned to the directorate's people priorities, supporting the development of a coaching culture across learning, leadership and day-to-day operations. This contributes to improved engagement, collaboration, performance, talent development and customer service outcomes.

## National award for our Private Finance Initiative (PFI) exit

In 2025–26, DVLA's programme to exit its 20 year PFI contract received national recognition, winning the Government Commercial Function Award for Collaboration and Partnership. The programme, delivered in 2024–25, successfully put new facilities management arrangements in place with no disruption to operations.

The award recognised the strong cross-government collaboration involved in delivering the programme, including work with departments such as DWP, HMRC and the Crown Commercial Services. DVLA is now sharing lessons learned with other public sector bodies preparing for similar transitions.

## Supporting digital inclusion through laptop donations

As part of our commitment to digital inclusion and sustainable IT practices, DVLA was an early signatory of the Government's IT Reuse for Good charter. During the year, we donated 677 refurbished devices to charity and education organisations for distribution to children and

young people without access to technology. Devices were allocated through social services, education and youth teams, as well as to individuals accessing specialist support services.

This work supports access to online learning and employment opportunities while helping to reduce waste and carbon emissions by extending the life of IT equipment, demonstrating our commitment to sustainability and responsible resource management.

## Reducing waste and supporting local schools through paper reuse

We introduced a paper reuse initiative, led by our Sustainability team and Output Services Group, to reduce waste and support local schools and community partners. Through this initiative, surplus paper from printing operations was repurposed and redistributed for reuse, including paper rolls, cut sheets and pads for classroom and creative use.

During the year, more than 1 tonne of paper was donated to 22 local schools and our on-site nursery, with further material made available for colleagues to reuse internally. This approach reduces environmental impact while supporting local education and delivering cost efficiencies.

## Charity of Choice

**During 2025, DVLA colleagues raised £30,616 for the MND Association.**

Colleagues across the agency took part in a wide range of fundraising activities in their own time. The funds raised will help the MND Association continue providing care and support, raising awareness and investing in research to improve outcomes for people affected by motor neurone disease.

**DVLA colleagues raised over £30,000 for MND Association!**



## DVLA hosted Swansea stop on Kevin Sinfield's 7 in 7 challenge

DVLA supported the MND Association by hosting a stop on Kevin Sinfield's 7 in 7: Together challenge at our Morriston site in December 2025. Working with the MND Association and event organisers, we coordinated the logistics for the visit and enabled colleagues to take part in the "Extra Mile" segment. The event helped raise awareness of the charity and our partnership. ■

# Financial responsibilities

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

### Business Account

The Business Account comprises:

- fees and costs of running the driver and vehicle databases and related services
- sale of personalised registrations, which is income generated directly from the public and traders – we retain income to recover our costs in administering personalised registrations services with the excess paid to HM Treasury and DfT as Consolidated Fund Extra Receipts (CFERs)
- costs of the collection and enforcement of Vehicle Excise Duty (VED) including enforcement recoveries (the income stream from the collection of VED is accounted for within the Trust Statement)
- services provided to other government departments, including Clean Air Zones for Joint Air Quality Commission (JAQU), mail and print notification service for Government Digital Service (GDS)

### Financial results

Total income for the year was £694 million (2024–25: £672 million), representing an increase of £22 million.

The main movements in income were:

- Personalised registration income increased by £8.0 million, reflecting higher volumes across both web and auction sales. The availability of high-value registrations during 2025–26 contributed to the increase
- Income from fees and charges increased by £13.2 million. Key drivers of this movement included:
  - (i) £6.9 million increase in requests for vehicle keeper information (keeper at date of event)
  - (ii) £5.0 million increase in vehicle first registration fees, driven by higher volumes of new vehicle registrations

- (iii) £4.6 million increase in mail and print notification services provided to GDS, reflecting both a 0.9 million increase in volumes and higher postage costs
- (iv) £4.6 million increase in fees for customers transferring personalised registrations between vehicles

These increases were partially offset by a reduction of £6.1 million in driver fee income, due to lower volumes of first applications and duplicate driving licence transactions.

### Expenditure

Total expenditure for the year was £570 million (2024–25: £538 million), representing an increase of £32 million.

The main increases in expenditure were:

- Staff costs increased by £15.1 million, primarily reflecting the Civil Service pay award (3.75%), £6.2 million, and an increase in employer National Insurance contributions of £5.5 million
- Postage and printing costs increased by £8.0 million. This is mainly due to a £10.6 million increase in postage costs as follows:
  - (i) £4.4 million increase attributable to postage for services provided to other government departments, reflecting both a 0.9 million increase in volumes and higher postage costs. The majority of this is for GDS. These costs are fully recovered
  - (ii) £6.2 million due to a combination of price increases offset partially by postage efficiencies

The above were partly offset by the cessation of biometric residence permit (BRP) card purchases following the move away from BRP cards resulting in a decrease of £1 million and a reduction due to a VAT adjustment, £1.1 million.

- IT charges increased by £6.1 million, reflecting investment to support hybrid working, replacement of end-of-life technology, and additional project expenditure. Key investments included modernisation of the network platform and delivery of drivers' transformation programmes, including the digital driving licence
- Credit and debit card processing costs increased by £2.7 million, which includes the impact of the annual uplift in VED as well as the introduction of Vehicle Excise Duty (VED) for electric vehicles resulting in additional transaction volumes and associated processing costs

There was a £2.7 million reduction in accommodation and associated estates costs following the exit from the Private Finance Initiative (PFI) contract in 2024-25. An agreed approach between DVLA and Telereal Trillium (TT) was implemented to support an orderly contract closure. This includes partial retention of monthly unitary charge payments pending completion of agreed rectification and maintenance works.

Remediation works continued during 2025-26, with payments released upon satisfactory completion. Further details are provided in the Notes to the Accounts ([page 100](#)) and Note 13: Commitments under Private Finance Initiative (PFI) ([page 116](#)).

Further savings are expected to be realised once all remaining payments under the PFI contract have been completed.

Further information on the financial performance against the Supplementary Estimate forecast can be found in Delivering against our 2025-26 business plan on [page 10](#) and under Financial controls within the Governance Statement on [page 70](#).

## Trust Statement

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

### Financial results

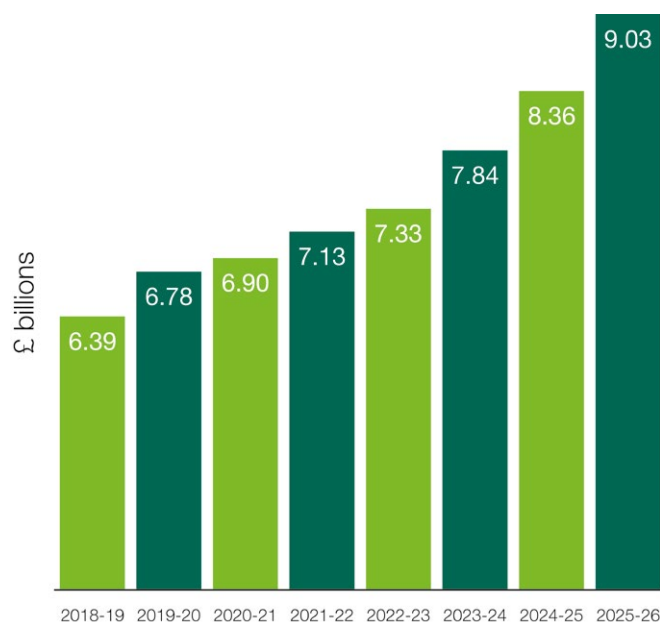
During the year, the Trust Statement VED revenue amounted to £9.03 billion, after amounts refunded, against £8.36 billion in 2024-25.

The net cost of collection of VED (brought to account in the Business Account) was £102 million, compared to £98 million in 2024-25.

**For each £1 of gross VED collected, the cost of collection is just over 1p.**



### Annual VED revenue trend



### HGV Road User Levy

In addition, there was £170 million in HGV Road User Levy (2024-25 £163 million).

# Compliance

## Collecting Vehicle Excise Duty (VED)

By the end of 2025-26, we had collected £9.03 billion in VED – an 8% increase on the previous year. This marks the highest amount we have ever collected. The VED collected covers the United Kingdom, which is Great Britain (England, Scotland and Wales) and Northern Ireland.

## Managing VED compliance

DVLA's priority is ensuring that vehicle keepers remain compliant, and we aim to make it as easy as possible for them to do so. We offer a variety of channels for our customers to engage and transact with us, and this includes being able to license or make a Statutory Off-Road Notification (SORN) online for their vehicle 24 hours a day, 7 days a week. We offer a variety of payment methods including Direct Debit, which includes an option for our customers to spread the amount due monthly, over a 6 or 12 month period.

We follow an established process for managing compliance with a focus on education, encouragement and enforcement. Our aim is to maximise compliance levels.

A graduated compliance approach is taken, with interventions increasing in severity where non-compliance persists.

Our educational approach features publicity campaigns led by our Corporate Communications team, who use various channels including both traditional advertising and social media.

DVLA's systems automatically produce tailored reminder letters as required, which we know result in many customers taking direct and appropriate action as a result of receiving them.

Further activity, beyond issuing reminder letters, is inevitably necessary and this includes:

- aiming to provide support for financially vulnerable customers before they fall into arrears, promoting options such as monthly Direct Debit payments and, if required, providing appropriate signposting to relevant money or debt advice such as the Money Advice Service
- issuing Last Chance Reminder letters following the initial reminder to support vehicle tax compliance – they are generated following a scan of the vehicle record 14–15 days after the date of liability, where the record indicates that the vehicle remains unlicensed and is not declared SORN

- issuing a Late Licensing Penalty (LLP) letter to vehicle keepers who fail to either relicense or make a SORN following a reminder letter – this includes information on the legal basis for payment and outlines the action that may be taken if they do nothing
- issuing out of court settlement (OCS) letters where an untaxed vehicle is identified as being used or kept on the public road
- taking prosecution action, if the OCS is not paid, as a criminal offence the case may be pursued through the magistrates' court
- working closely with our Automatic Number Plate Recognition (ANPR) and wheel-clamping contractor as well as Devolved Power Partners (DPPs) – including local authorities and the police on enforcement activity for those who have still failed to comply; not only does this increase our on-road deterrent but we can focus activity including targeting of high evasion areas and tackling untaxed, uninsured, and potentially dangerous vehicles

## Estimating non-compliance

In line with the National Audit Office good practice guide, Estimating and Reporting Fraud and Error in the annual report and accounts, which advises reporting estimates for areas with the most significant risk, DVLA estimates the level and cost of VED non-compliance, reflecting the significance of this income stream.

DVLA takes compliance with VED requirements seriously. Compliance is monitored on an ongoing basis using vehicle record data. This is a different measure from Department for Transport's (DfT) vehicle excise duty evasion statistics, as it is based on DVLA administrative records and assesses whether vehicle keepers have met their legal obligations by either renewing their licence or submitting a SORN.

It is important to note that non-compliance in this context does not necessarily indicate that VED is payable. Enforcement action may be initiated where a vehicle is identified as unlicensed and not declared SORN, regardless of whether a charge to VED arises. This includes vehicles that attract a zero rate of VED, where there remains a legal requirement to either license the vehicle or make a SORN declaration.

## Overall compliance levels

For 2025-26, compliance based on the vehicle record is estimated at approximately 98.8%.

This estimate is derived from compliance following the issue of reminder letters, and is supplemented by other data sources, including records of vehicles that have been scrapped, exported, or are held in trade.

This assessment is broadly consistent with other measures of compliance, including:

- Automatic Number Plate Recognition (ANPR) data, which indicates a compliance rate between 98.6% and 98.9%
- DfT's 'Vehicle Excise Duty evasion statistics: 2023', which reported compliance of 98.7% – this is a separate measure from the DVLA administrative estimate presented here

While these measures are derived using different methodologies and are therefore not directly comparable, they provide a strong degree of assurance. In the absence of a single common approach, a range of analytical techniques and data sources have been used in line with best practice, with results closely aligned across three independent methods. The close alignment of these provides confidence that overall compliance remains high and supports the robustness of the DVLA administrative estimate.

## Estimated revenue forgone

Estimating the potential VED revenue lost through non-compliance is complex due to the range and changes in VED rates over time.

As set out above, overall compliance is corroborated through multiple sources, including ANPR data and DfT's evasion statistics. These provide context for the level of non-compliance used within the revenue forgone estimate.

To reflect uncertainty, a range of estimates has been calculated for 2025-26 using different assumptions on VED rates and duration of non-compliance. These scenarios are summarised below:

- **Low estimate (£52.5 million):**  
Assumes lower average VED rates and shorter periods of non-compliance, informed by DfT's 'Vehicle Excise Duty evasion statistics: 2023'. Uses an average VED rate of £230.99
- **High estimate (£133.3 million):**  
Assumes higher average VED rates and that non-compliant vehicles remain unlicensed for a full year. Uses an average VED rate of £230.99

- **Alternative estimate (£126.1 million):**

Uses the same base assumptions as the high estimate but uses an average VED rate of £218.52 based on DfT's 'Vehicle Excise Duty evasion statistics: 2021' (adjusted for inflation)

The high estimate remains below the Trust Statement materiality threshold of £190 million. To exceed this threshold, non-compliance would need to increase to approximately 1.7%–4.4%, based on the assumptions applied.

These figures represent the theoretical maximum revenue that could be due. In practice, the actual loss is expected to be lower.

The high estimate assumes a full year of unpaid VED whereas in DfT's 'Vehicle Excise Duty evasion statistics: 2023', 54% of observed unlicensed vehicles had been unlicensed for less than 2 months.

DVLA also recovers some unpaid duty through enforcement activity and through retrospective payments made by motorists. Further information on enforcement fines and penalties is provided in Note 4 see [page 141](#).

## Key assumptions and limitations

There are several important limitations to this estimate:

### Reliance on reminder letter data:

Compliance is primarily measured based on actions taken after reminder letters are issued. This is supplemented with other datasets (for example, scrapped and exported vehicles) to improve coverage.

### Timing differences in data:

Reminder letter data is monitored monthly, while other datasets are updated quarterly. This means different cohorts of vehicles have different periods in which compliance can be observed.

### Coverage of the vehicle population:

The reminder letter process covers approximately 26.5 million vehicles. However, some vehicles fall outside this process (such as those licensed via direct debit or where the vehicle's keeper has changed). The compliance rate has therefore been extrapolated to apply to the wider population of approximately 48.1 million active vehicle records.

### Use of average VED rates:

There is no single standard average VED rate. Estimates are therefore based on a range of averages derived from vehicle stock and VED receipts, and from DfT's 'Vehicle Excise Duty evasion statistics: 2021' (adjusted for inflation). These averages range from £218.52 to £230.99.

Differences in population definitions (for example, exclusion of SORN vehicles in some datasets) may result in a higher implied average rate.

Using the 'Vehicle Excise Duty evasion statistics: 2021' and adjusting for inflation, risks changes to VED, such as VED for electric vehicles not being taken into consideration.

#### **Assumptions about licensing duration:**

The high estimate assumes a full year of unpaid VED, whereas the low estimate reflects shorter periods of non-compliance, based on evidence from the DfT's 'Vehicle Excise Duty evasion statistics: 2023'. It is recognised that this does not indicate whether individuals became compliant after that period; rather, it captures the duration of non-compliance at the point of detection. However, it is also unlikely that all evaders would remain non-compliant for a full year, as assumed in the high estimate.

#### **Basis of calculation:**

The estimate is derived from vehicle record data. However, VED is only payable when a vehicle is used or kept on a public road, which may not always be fully reflected in the data.

### **Key measure**

Importantly, the evasion percentage remains the key measure used within DVLA as this indicator will also take account of compliance for vehicles for which no VED is required to be paid. It should be stressed that the percentage will include both deliberate non-payment and also error.

### **Ongoing development**

The agency continues to refine its methodology and data sources used to estimate non-compliance.

Work is also ongoing with DfT to develop a more robust long-term approach to estimating the cost of VED non-compliance. This will be reflected in future DfT Vehicle Excise Duty evasion statistics publications through methodological enhancements to improve estimates of potential income lost.

During the year DVLA finalised its compliance and enforcement strategy for 2026–2030.

As part of developing the strategy, DVLA carried out a review of enforcement activities and associated return on investment (ROI), using the figures from the DVLA's 2024-25 direct enforcement costs and fine income received. As a minimum, there is a 2.1:1 ROI on the direct costs and direct income (income received at DVLA) for enforcement activity including Continuous Insurance Enforcement.

Further analysis is to be undertaken to determine the ROI when taking account of income collected externally (for example, following prosecution), as well as through compliance and the deterrent effect, with this expected to give significantly higher returns. As models are refined these will be developed to include unit costs and compliance rates at a more granular level. This will be subject to review and scrutiny by the Executive team and Agency Board.

In addition, there are non-quantifiable benefits, for example the road safety benefit from checking a valid MOT plus the wider benefit of the vehicle register being kept up to date for law enforcement and accuracy of the vehicle record.

## **Fraud, error and debt reporting**

The total unrecovered amount for losses is reported in Parliamentary Accountability, Losses and special payments – audited, [page 85](#). Of the cash losses reported for 2025-26, £0.5 million is related to VED (£0.6 million in 2024-25).

We have processes in place that automatically capture overpayment and underpayment of VED which will be investigated. Where an overpayment has taken place, this will be refunded. Underpayments will only be recorded as a loss once DVLA has taken all reasonable steps to pursue any amounts due and recovery has not been possible.

### **Fraud Return on Investment (ROI)**

DVLA worked with DfT economists to ensure our approach to Fraud Risk Management was proportionate. Economists analysed data provided by DVLA and external sources such as Credit Industry Fraud Avoidance System (CIFAS). This showed that the cost of fraud prevention was £3.6 million, while estimated benefits totalled £12.6 million, providing a £3.50 ROI for every £1 spent. Efforts focused on vehicle fraud (for example, applications for a replacement registration document and vehicle cloning) and driver fraud (for example, identity theft through licences), highlighting significant economic and road safety benefits.

## Counter Fraud

During the reporting period, the Counter Fraud function strengthened proactive detection and prevention controls across the organisation. This included the targeted issuing of fraud alerts mandating the referral of specified identity documents and high-risk applications to the operational fraud team for specialist review, ensuring consistent escalation and scrutiny at key decision points. We also implemented an enhanced fraud intelligence database, improving the capture, analysis and dissemination of actionable intelligence to support faster, evidence-led decision-making. Engagement activity was broadened with public and private sector partners and law enforcement agencies to establish and explore intelligence-sharing opportunities, reinforcing a collaborative approach to tackling emerging threats.

DVLA are committed to focusing on developing further in the following key areas:

### **Fraud heat mapping:**

Commissioned fraud heat mapping provided an assessment across transactional processing and service delivery. Future development will focus on strengthening preventative measures through enhanced public messaging on safe practice when buying or selling vehicles privately, alongside the expansion of open-source intelligence capabilities and improved monitoring of social media platforms to identify and disrupt fraudulent activity, including the promotion and sale of counterfeit documentation.

### **Fraud Breach and Irregularities (FBI) reporting:**

Currently the Head of Fraud Policy Investigation (FPI) attends each Audit and Risk Assurance Committee (ARAC) and provides an overview of Fraud and Raising a Concern (Whistleblowing) referrals made. FPI has also commence routine reporting on Single Tender Actions (now known as Direct Awards). Further work is proposed for 2026-27.

# Sustainability



**The purpose of sustainability reporting is to present accountability and transparency on sustainability performance. It also supports preparedness for climate-related risks and ensures progress toward the government’s environmental and sustainability commitments.**

Whilst awaiting the finalisation of the Greening Government Commitments (GGC) for 2025 to 2030, our sustainability strategy during 2025-26 is aligned to the previous GGC targets for 2021 to 2025 and the 2030 Agenda for Sustainable Development adopted by all United Nations member states.

A key part of this report includes climate-related disclosures mandated by HM Treasury, which aim to improve decision-making by offering essential insights into future climate risks and opportunities. This enables DVLA to strategically plan and build resilience, ensuring value and transparency to stakeholders, while enhancing climate risk management and response capabilities.

DVLA continued to deliver improved performance across several environmental aspects of our operations and estate. Significant progress has been achieved in several areas, and further action is being taken to strengthen performance where results have not yet met our objectives. Further details can be found on [pages 41 and 42](#).

## Greenhouse gas emissions

### Net zero



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

**26%**

of the baseline 2017-18 exceeding the target of a reduction to 41% of the baseline.

We reduced overall carbon emissions on our estate and from business travel to

**35%**

of the 2017-18<sup>1</sup> baseline (CO<sub>2</sub>e).



We reduced domestic business flight kilometres to **33%** of the 2017-18 baseline, exceeding the target.



In 2025-26, we flew 31,284km domestically compared to our baseline of 94,555km in 2017-18.

## Minimising waste and promoting resource efficiency

We cut waste by...

**29%**



compared to 2017-18, exceeding the 15% target reduction.

Recycled or composted

**82%**

of waste last year.



DVLA sent less than



of waste to landfill.

## Water consumption<sup>2</sup>



During the year we used 51%<sup>3</sup> more than 2017-18, when we used 48,459m<sup>3</sup>.

<sup>1</sup> 2017-18 is the baseline year for the Greening Government Commitments.

<sup>2</sup> Referred to as 'Clean and plentiful water' within the Greening Government Commitments.

<sup>3</sup> A major leak was identified contributing to water use of 35,287m<sup>3</sup> during April and May. This represented over 75% of our annual target of 44,582m<sup>3</sup>.

## Task Force on Climate-related Financial Disclosures (TCFD)

HM Treasury has set out requirements for the government's application of TCFD-aligned disclosures. The Task Force recommendations are structured around 4 thematic areas. These are:

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

For the 2025-26 annual report and accounts, DVLA has complied with HM Treasury's adoption of all 3 Phases of the Task Force recommendations, including the last phase which concentrates on the strategic theme and scenario analysis.

Our sustainability disclosures comply with TCFD guidelines for an organisation where climate is not considered a principal risk or significant component of a principal risk.

DVLA's Executive team currently do not consider climate to be a principal risk or a significant component of a principal risk for DVLA because environmental risks are not expected to critically impact on our ability to deliver our strategic objectives and organisational viability. We continue to take actions to transform our property and IT estates into a more efficient and less carbon-intensive agency.

Mandatory compliance with the governance process is presented on [page 38](#), with metrics and targets disclosure (Scope 1, Scope 2 and where material, Scope 3 GHG emissions) on [pages 40 to 43](#).

Compliance with climate-related risk management is integrated and continues to be assessed and mitigated as part of our current overall risk management process, as it is not deemed necessary to form a bespoke process. See [page 60](#) for compliance with risk management disclosure. Additional metrics and targets disclosures are not required.

Strategy disclosures are not required at present, as climate-related risks are not considered material to DVLA. Notwithstanding this, the Sustainability team has begun to incorporate scenario analysis into its climate change risk assessment, using Representative Concentration Pathways in the first instance to identify and assess longer term climate-related risks and opportunities. Further details on adapting to climate change can be found on [page 47](#).

## Governance

### Board oversight

DVLA governance structure provides a board oversight of the agency's risks and opportunities which are monitored through existing, embedded arrangements (see Governance statement on [page 60](#)). DVLA will address significant climate-related risks through the same governance processes, disclosure controls and procedures used for financial management and risk management.

During the year the following was discussed either within the Agency Board or Audit and Risk Assurance Committee:

- the principal risk register – where it was felt proportionate that climate-related risks did not appear
- horizon scanning of overall risks and opportunities where climate change was discussed and conclusion made that climate change was not designated as a principal risk for 2025-26
- tier 1 and tier 2 business cases, which include environmental impact from the intervention
- Estates 4-year strategy was reviewed that included plans for risk mitigation and planning of decarbonisation pathway





## Management's role

Climate-related issues are considered as part of the monthly review of progress against the GGC at Executive team level. The Director of Human Resources and Estates Directorate (HRED) is responsible for climate-related risks and opportunities and to ensure climate-related issues are considered. The Head of Estates with the support of the Head of Corporate Sustainability, leading the Sustainability team in HRED, is responsible for developing a net zero strategy, setting objectives to achieve our GGC targets and identify and inform stakeholders on climate-related risks.

The Executive team reviews monthly environmental management data and regular updates on sustainability matters, which includes climate-related information, from the Sustainability team. In addition, the Executive team reviewed and discussed the progress highlighted in the annual ISO14001 certified Environmental Management System (EMS).

Risks identified by the Sustainability team are placed on the Estates Management Group (EMG) risk register or reported to the department best placed to manage that risk, clearly referencing GGC targets, such as meeting the Government Fleet Commitment and the Government ICT and Digital commitments.

Further information on ongoing climate risk analysis and related mitigation activity is set out on [page 47](#).

## Metrics and targets

### Greening Government Commitments (GGC)

The GGC outline targets to reduce our environmental impact, improving the sustainability of our estate and operations. The GGC also support DEFRA's 25 Year Environment Plan goal of enhancing the environment within a generation and aim to achieve net zero emissions by 2050.

In the absence of finalised GGC targets, DVLA used performance from the final year of the 2021 to 2025 commitments as a reference point to identify opportunities for continued improvement.

### Mitigating climate change: working towards net zero by 2050

| Target towards the Greening Government Commitment                                                                                             | UN SDG             | Outturn 2024-25 | Outturn 2025-26 | Result      |
|-----------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-----------------|-----------------|-------------|
| Reduce total carbon emissions levels (energy and business travel) to 41% of the 2017-18 baseline (tCO <sub>2</sub> e)                         | 13: Climate action | 44%             | 35%             | Achieved    |
| Reduce direct carbon emissions (Scope 1 only) to 41% of the 2017-18 baseline (tCO <sub>2</sub> e)                                             | 13: Climate action | 30%             | 26%             | Achieved    |
| Meet the Government Fleet Commitment for 100% of the government car fleet to be zero emission vehicles (ZEV) by 31 December 2027 <sup>1</sup> | 13: Climate action | 20%             | 40%             | In progress |
| Reduce domestic business travel flight emissions to 70% of 2017-18 levels (total flight kilometres)                                           | 13: Climate action | 42%             | 33%             | Achieved    |

<sup>1</sup> This measure is for the Government Greening Commitments which is different to the business plan measure which reflects the progress in 2025-26 towards the overall target of 100% by December 2027.

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

Reporting guidelines require DVLA to report all Scope 1 and Scope 2 emissions. Reporting of Scope 3 emissions is not mandatory; however, emissions regarded as materially significant to DVLA's business operations and activities continue to be reported. DVLA will therefore continue to report emissions arising from business travel.

Our GHG emissions are measured in equivalent tonnes of carbon dioxide ((tCO<sub>2</sub>e). This includes all seven greenhouse gases covered by the Kyoto Protocol – carbon dioxide (CO<sub>2</sub>), sulphur hexafluoride (SF<sub>6</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and nitrogen trifluoride (NF<sub>3</sub>).

Last year we were required to reduce overall and direct carbon emissions to at least 41% of the 2017-18 baseline. We did not meet our overall GHG target, achieving a 56% reduction (or 44% of the 2017-18 baseline). This year, following infrastructure improvements, sustainability focused projects and decarbonisation of the grid we have been able to meet the target. We have reduced emissions to 35% compared to the baseline year.

We met our Scope 1 (Direct Emissions) target last year by achieving a 70% reduction to 30% of the 2017-18 baseline. This year we have made further improvements, reducing direct emissions by 74%, which is just 26% of emissions recorded during the baseline year.

## Scope 1– Direct GHG emissions

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

Natural gas is our primary source of heating for our estate. This year natural gas made up 26% of our overall carbon emissions. Diesel oil is used for external lighting and power at satellite sites and to power contingency generators onsite. During 2025-26, diesel oil accounted for nearly 6% of our carbon emissions. This is greater than last year and is a result of increased run times for essential maintenance completed earlier in the year.

Scope 1 emissions also includes business travel using our own fleet vehicles. We completed 40% of our business travel using our own fleet vehicles (695,610km). This accounted for 56% of total travel emissions. Travel related emissions account for a little over 4% of DVLA total emissions.

During the year we have either completed or started projects to reduce our Scope 1 emissions. This includes:

- ongoing refurbishment to replace older, less efficient gas boilers with air-source heat pumps (ASHP)
- commencing the installation of additional electric charger points to maintain operational resilience of our expanding zero emission fleet, which includes fully electric minibuses

### Greenhouse gas emissions

| Scope 1                                             |                             | Baseline<br>2017-18 |                    | 2023-24   |                    | 2024-25   |                    | 2025-26   |                    |
|-----------------------------------------------------|-----------------------------|---------------------|--------------------|-----------|--------------------|-----------|--------------------|-----------|--------------------|
|                                                     |                             | kWh                 | tCO <sub>2</sub> e | kWh       | tCO <sub>2</sub> e | kWh       | tCO <sub>2</sub> e | kWh       | tCO <sub>2</sub> e |
| Fuel combustion and fugitive emissions <sup>1</sup> | Gas                         | 26,434,399          | 4,868              | 2,632,104 | 481                | 6,931,708 | 1,268              | 5,551,461 | 1,016              |
|                                                     | LGP                         | 0                   | 0                  | 0         | 0                  | 0         | 0                  | 0         | 0                  |
|                                                     | Oil                         | 256,134             | 71                 | 5,218,704 | 1,339              | 407,817   | 96                 | 859,115   | 220                |
|                                                     | Fugitive emissions          | 652                 |                    | 131       |                    | 251       |                    | 154       |                    |
|                                                     | Subtotal tCO <sub>2</sub> e | 5,591               |                    | 1,951     |                    | 1,615     |                    | 1,390     |                    |
| Transport we operate                                |                             | 129                 |                    | 114       |                    | 122       |                    | 100       |                    |
| Total tCO <sub>2</sub> e                            |                             | 5,720               |                    | 2,065     |                    | 1,737     |                    | 1,490     |                    |

<sup>1</sup> Fugitive emissions are emissions from leaks or other unintended releases of gases, for example, from refilling air conditioning units.

## Scope 2 – Indirect GHG emissions from energy

Scope 2 emissions are emissions which result from using energy we don't directly own or control, electricity supplied by the national grid. As we decarbonise our estate we increasingly turn to electric as a primary power source. The grid increasingly uses renewable sources, reducing emissions to generate this power. Scope 2 emissions accounted for 60% of total emissions on the estate.

Work aimed at reducing our power consumption on the estate has included:

- completing additional LED lighting to reduce the power demand of lighting across the estate
- work commenced on cold aisle containment in data centres which will improve energy efficiency
- started improvements to our building management system (BMS) which will also reduce energy across our estate

Other energy and carbon initiatives have included:

- reviewing building management system with occupancy data to make smarter decision with energy use
- DVLA auditing as part of our ISO14001 environmental management system to identify potential energy savings across our estate
- continuously promoting a culture of sustainable energy use, encouraging staff to turn off equipment and lighting when it is not in use

### Greenhouse gas emissions

| Scope 2                                 |                                        | Baseline<br>2017-18 |                    | 2023-24      |                    | 2024-25      |                    | 2025-26      |                    |
|-----------------------------------------|----------------------------------------|---------------------|--------------------|--------------|--------------------|--------------|--------------------|--------------|--------------------|
|                                         |                                        | kWh                 | tCO <sub>2</sub> e | kWh          | tCO <sub>2</sub> e | kWh          | tCO <sub>2</sub> e | kWh          | tCO <sub>2</sub> e |
| Purchased electricity <sup>1</sup>      | Mains standard grid electricity        | 13,756,562          | 4,836              | 14,219,283   | 2,944              | 13,859,107   | 2,870              | 13,375,611   | 2,367              |
|                                         | Mains green tariff electricity         | 0                   | 0                  | 0            | 0                  | 0            | 0                  | 0            | 0                  |
|                                         | Good quality CHP purchased electricity | 0                   | 0                  | 0            | 0                  | 0            | 0                  | 0            | 0                  |
|                                         | <b>Subtotal tCO<sub>2</sub>e</b>       | <b>4,836</b>        |                    | <b>2,944</b> |                    | <b>2,870</b> |                    | <b>2,367</b> |                    |
| Purchased heat, steam and cooling (CHP) |                                        | 0                   |                    | 0            |                    | 0            |                    | 0            |                    |
| <b>Total tCO<sub>2</sub>e</b>           |                                        | <b>4,836</b>        |                    | <b>2,944</b> |                    | <b>2,870</b> |                    | <b>2,367</b> |                    |

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

Figures may differ from previously reported due to reconciliation and amended conversion factors.

## Scope 3 – Other indirect emissions

Scope 3 emissions are other indirect emissions and are not subject to mandatory reporting under current guidance. However, DVLA continues to report Scope 3 emissions that are materially significant to its operations, including emissions from non fleet business travel. This reflects both their materiality and previous GGC reporting requirements. Business travel reporting includes travel by road, rail, air and sea, but excludes international air travel.

During the reporting year, non-fleet business travel accounted for under 2% of overall emissions. Domestic flights accounted for 31,284 kilometres of business travel.

### Greenhouse gas emissions

| Scope 3                                                             | Baseline<br>2017-18 | 2023-24    | 2024-25    | 2025-26    |
|---------------------------------------------------------------------|---------------------|------------|------------|------------|
| Indirect emissions from electrical grid losses (tCO <sub>2</sub> e) | 452                 | 255        | 254        | 248        |
| Indirect emissions from water distribution (tCO <sub>2</sub> e)     | 17                  | 10         | 9          | 14         |
| Business travel (non fleet) (tCO <sub>2</sub> e)                    | 133                 | 79         | 84         | 76         |
| <b>Total tCO<sub>2</sub>e</b>                                       | <b>602</b>          | <b>344</b> | <b>347</b> | <b>338</b> |
| Other <sup>1</sup> (unknown scope or international air travel)      | 8                   | 2          | 38         | 3          |

<sup>1</sup> Other – emissions that do not fall or is explicitly excluded from the scopes e.g. international air

| Financial indicators       | Baseline<br>2017-18 | 2023-24    | 2024-25    | 2025-26    |
|----------------------------|---------------------|------------|------------|------------|
| <b>Energy <sup>1</sup></b> | £2,565,649          | £4,804,825 | £5,183,625 | £4,714,140 |
| <b>Business travel</b>     | £594,063            | £252,528   | £280,717   | £306,468   |

<sup>1</sup> These figures align to the costs recorded in the accounts and include credits from suppliers.

## Government Fleet Commitment

Under the Greening fleet commitment, we have a target to achieve 100% zero emissions at tailpipe across our fleet by December 2027. We are actively working towards meeting this commitment by transitioning our fleet from petrol and diesel vehicles to electric vehicles.

As a business plan measure, we have stated we want to increase the number of zero emission vehicles (ZEV) in the business fleet from 20% to 40%. DVLA's fleet currently stands at 40% electric, reflecting continued progress toward our long-term electrification target. All pool cars within the organisation are now fully electric, demonstrating strong progress in areas where suitable electric alternatives are readily available. Further progress has been slowed due to supply chain issues delaying procurement.

However, achieving a 100% electric fleet remains constrained by two key operational areas:

#### **ANPR (Automatic number plate recognition) Fleet:**

ANPR runs a significant number of our fleet vehicles, and these rely on specialised fitting to equip them for operational activities. Current availability of electric vehicles to fully meet those demands poses a substantial challenge. A trial of a specially fitted EV was carried out. The trial provided positive indications that in certain locations it is possible to utilise electric vehicles, however it also highlighted that in many areas charging facilities limited operational activities. Unfortunately, many of the overnight secure parking locations have no EV charging provided. Also, a number of ANPR base locations are relatively rural and do not have a ready source to charge during the day. This continues to be the primary obstacle to full fleet electrification.

#### **Stores Operations:**

Our stores team currently operate two diesel tail lift vans. At present, there are no electric tail lift options on the market that meet the required operational specifications, making replacement unfeasible at this time.

DVLA will continue to monitor market developments and emerging electric technology to support future transition opportunities.

### **Minimising waste and promoting resource efficiency**

During the year, DVLA made significant changes to the way waste is managed, with a focus on both treatment and waste minimisation. This is aimed to align with UN SDG 12 promoting responsible consumption and UN SDG 13 to tackle climate change. Working with our soft services provider, ESS, several initiatives were introduced.

#### **On site waste segregation:**

While waste segregation facilities were already in place across office spaces, a risk of contamination between waste streams was identified. In collaboration with ESS, all waste bins are now routinely checked and incorrectly disposed items are re segregated, ensuring that recycling and composting routes are maximised.

#### **Bio processor trial:**

Our waste contractor undertook a trial of a bio processor to complement the waste segregation service. The trial demonstrated the potential to eliminate the transportation of food and compostable waste to off site facilities, delivering both cost efficiencies and a reduction in Scope 3 carbon emissions. The resulting output can be reused by the grounds maintenance team to fertilise trees, shrubs and planted areas across the estate.

This year we generated 814 tonnes of waste. This was treated as:

- Just under 82% was recycled or composted
- 18% was sent for incineration with energy recovery (Energy from Waste)
- Less than 1% of went to a landfill site

We continue to meet the GGC waste objectives from 2021-25 which are to recycle at least 70% of waste and to send less than 5% of our waste to landfill.

This reporting year we generated 28 tonnes of food waste. Food waste is currently sent for anaerobic digestion, where it is converted into biofuel and soil improver. Building on this approach, DVLA plans to treat food waste on site using a bio processor. This will reduce carbon emissions associated with off-site transportation and provide a ready source of nutrients to support green spaces across the estate.

We generated 6.05 tonnes of hazardous waste. As a registered hazardous waste producer, DVLA ensured the safe and compliant disposal of all types of hazardous waste. Most of the hazardous waste comprises of electronic and electrical goods, IT equipment, batteries, fluorescent tubes and materials included under COSHH regulations (Control of Substances Hazardous to Health).

We generated approximately 23 tonnes of redundant IT equipment, over 28% was reused or donated and just under 72% recycled. Our service provider ensured no IT waste was sent to landfill. DVLA continues to operate its Digital Inclusion Scheme, through which functional IT equipment that is no longer suitable for operational use is securely wiped, reconditioned and redistributed to schools and community organisations. This prevents IT hardware from entering landfill while supporting the reduction of digital exclusion.

DVLA's commitment to reuse has been strengthened through becoming a signatory to DSIT's IT Reuse for Good Charter, committing to a reuse first approach for IT asset disposal. Where equipment does not meet the standard for reuse, it is responsibly recycled through third party suppliers.

| Minimising waste and promoting resource efficiency |                                                    | Baseline<br>2017-18 | 2023-24       | 2024-25       | 2025-26       |
|----------------------------------------------------|----------------------------------------------------|---------------------|---------------|---------------|---------------|
| <b>Waste (tonnes)</b>                              |                                                    |                     |               |               |               |
| <b>Non-financial indicators</b>                    | Waste recycled externally (excluding ICT waste)    | 774.65              | 669.67        | 731.00        | 619.96        |
|                                                    | Reused (excluding IT)                              | 44.83               | 43.82         | 0.62          | 3.69          |
|                                                    | IT waste (recycled externally)                     | 31.90               | 26.35         | 9.69          | 16.39         |
|                                                    | IT waste (reused externally)                       | –                   | 8.29          | 1.45          | 6.44          |
|                                                    | IT waste (other)                                   | –                   | –             | –             | –             |
|                                                    | Waste composted or sent to anaerobic digestion     | 11.78               | 16.08         | 27.70         | 28.28         |
|                                                    | Energy from waste                                  | 246.88              | 129.12        | 163.06        | 148.75        |
|                                                    | Waste sent to incineration without energy recovery | 0.03                | 0.004         | 0.064         | –             |
|                                                    | Landfill                                           | 82.87               | 3.98          | 4.24          | 1.22          |
| <b>Total waste (excluding reused)</b>              |                                                    | <b>1,148.11</b>     | <b>845.21</b> | <b>935.75</b> | <b>814.60</b> |
|                                                    | Project Waste                                      | N/A                 | N/A           | N/A           | 53.43         |
| <b>Financial indicator</b>                         | Waste expenditure                                  | –                   | –             | –             | –             |

Project waste is excluded from total waste as it cannot be separately categorized. It relates to estate projects delivered by previous facilities management providers during 2025-26, who are no longer required to report to DVLA. While the agency does not control its disposal, it maintains oversight to ensure compliance with waste legislation and monitors the volumes generated.

Expenditure on waste disposal is unavailable to be split out from the total all-inclusive cost under our current contract. This total cost includes disposal costs as well as purchase and management of licences.

A contract framework was used to procure an inclusive soft facilities management service, unfortunately this did not include the option to disaggregate the cost of individual components such as the waste management service. When we consider renewal of the contract, we will determine whether we are able to extract waste management costs from the overall contract cost for full disclosure.

## Reuse schemes and consumer single use plastic reduction

During the year, DVLA took further action to reduce waste, including tackling single use plastics and paper consumption. Working with our soft services provider, ESS, reusable cups were introduced at restaurant and vending points, removing the need for approximately 100,000 disposable cups each year across the Morriston and Swansea Vale sites.

DVLA has also reduced paper waste by reusing surplus paper from printing operations. More than 3,500kg of plain paper has been donated to local schools, a nursery and for staff use. In addition, our print facility team is repurposing surplus paper into A4 sheets for operational areas. To date, approximately 210,000 sheets have been reused that would otherwise have been sent for shredding and recycling.

These activities align with UN SDG 12 – Responsible Consumption and Production.

## Reducing finite resource consumption and water use

Water use during 2025-26 was significantly higher than we've seen in recent years. A major leak was identified contributing to water use of 35,287m<sup>3</sup> during April and May. This represents over 75% of our annual target of 44,582m<sup>3</sup>.

As a result of water leaks identified at our main site over the last 18-months DVLA are reviewing a project to renew the water ring main across the site.

There was no net cost as a result of the leak. Whilst we were charged for water and sewerage based on the volumes reported, this has been credited to our account.

We continue to monitor water use with the help of our hard services team and contractors, with a view to identifying efficiencies to reduce water use.

| Finite resource consumption |                                   |                     | Baseline<br>2017-18 | 2023-24              | 2024-25  | 2025-26  |
|-----------------------------|-----------------------------------|---------------------|---------------------|----------------------|----------|----------|
| Non-financial<br>indicators | Water<br>(m <sup>3</sup> )        | Supplied            | 48,459              | 54,589               | 55,977   | 72,933   |
|                             |                                   | Harvested           | 769                 | 0                    | 0        | 0        |
|                             |                                   | Consumption per FTE | 8                   | 10                   | 10       | 13       |
| Financial<br>indicators     | Water and sewerage<br>expenditure |                     | £147,884            | £30,077 <sup>1</sup> | £220,948 | £244,343 |

<sup>1</sup> Initial payments in year are made on estimate. 2023-24 includes a credit from previous year

## Other reporting requirements

### Procuring sustainable products and services

Sustainability considerations are embedded within DVLA's commercial processes from procurement planning through to contract management. All business cases are required to consider the three pillars of sustainability – economic, social and environmental – and are subject to appropriate governance. A sustainability assessment is undertaken for all procurements, with input from sustainability subject matter experts, to ensure relevant requirements, including mandatory Government Buying Standards and the UK Government Timber Procurement Policy, are incorporated. Sustainability is also embedded within IT procurement, with a focus on recycling and reuse of equipment to reduce waste and support zero landfill.

DVLA's commercial contracts continue to deliver sustainability benefits. During 2025-26, 935 laptops were sent to E-Cycle for STEM processing, a further 3,622 assets were sent to E-Cycle which were either re-used or recycled. In October 2025, DVLA was recognised as 'Company of the Year' at the Wales 'STEM' Awards.

The Woodland Trust certified that DVLA has supported the planting of 8,165m<sup>2</sup> of native UK woodland with an estimated carbon removal of 244,940kg. The World Land Trust certified that DVLA's Print Managed Services

contract supports supply-chain carbon reduction by using carbon-balanced paper for security watermark paper for 2025, the equivalent of 150,375kg of CO<sup>2</sup>, enabling World Land Trust to protect 28,722m<sup>2</sup> of critically threatened tropical forest.

These activities align with UN SDG 12 – Responsible Consumption and Production.

### Nature recovery – making space for thriving plants and wildlife

During the year, DVLA took direct responsibility for grounds maintenance across the Swansea estate and introduced a revised mowing regime to increase areas managed with minimal intervention. This has resulted in increased wildflowers and invertebrates, supporting biodiversity and improved habitats for wildlife.

DVLA continues to introduce native trees and plants across the estate and is preparing to publish an updated Biodiversity Action Plan (BAP) covering the period to 2030, which will protect and enhance species and habitats listed under Section 7 of the Environment (Wales) Act 2016. Biodiversity considerations are embedded across estate projects, including the use of grass and wildflower seed mixes to support pollinators.

## Adapting to climate change

During the year, further work was undertaken to refine the climate change risk assessment completed in the previous reporting period, supporting UN SDG 13 – Climate Action. Members of the Sustainability team facilitated workshops with risk process owners across the organisation to identify climate related risks, impacts and opportunities.

Outputs from these workshops, together with additional climate data, informed an updated assessment covering short, medium and long term risks and opportunities across two emissions scenarios, based on Representative Concentration Pathways broadly aligned to two and four degree temperature increases by 2100. The assessment considers physical risks from extreme weather and longer term climate change, as well as transition risks associated with the move to a low carbon economy.

The updated assessment was reviewed by the Sustainability Steering Group, with further work underway to prioritise significant risks and implement mitigating actions through a climate adaptation plan.

Immediate climate related risks continue to be managed through existing risk management processes.

Climate change considerations include increased risk from flooding and greater risks to both health and IT infrastructure from extreme temperature incidents. Mitigating actions are taken using a collaborative approach with the Corporate Business Continuity and Resilience team and operational areas which could be affected. Ongoing work includes mitigating the impact of flooding, heatwaves, water scarcity and severe adverse winter weather conditions. Further details about Corporate Business Continuity and Resilience can be found on [page 67](#).

## Reducing environmental impacts from ICT and digital

The continued expansion of DVLA's digital services is supporting a sustained move away from paper based processes, reducing the environmental impacts associated with printing, postage and physical handling. The Driver and vehicles account is central to this shift, providing over 9.4 million customers with a secure digital channel to manage their information online and reducing reliance on paper correspondence.

The migration of the business-to-business (B2B) service, through replacement of the B2B Message Broker with a modern, secure and resilient platform, has enabled the initial process of decommissioning of legacy components, therefore reducing operational risk and reduced environmental and financial impacts.



**Tim Moss, CBE**

Accounting Officer and Chief Executive, DVLA

8 July 2026





# Accountability report

## Corporate governance report

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# Corporate governance report

## Directors' report

### Purpose of the directors' report

This report is presented in accordance with the requirements of the Companies Act 2006, adjusted for the public sector context as required by the HM Treasury Financial Reporting Manual (FRoM) 2025-26, to report on the governance, remuneration, performance and staff issues.

### Members of the board

Full disclosure of the serving directors for 2025-26 is available in the Governance statement ([page 52](#)) of this document. Directors have declared they, or any close or dependant family member, hold no significant third-party interests that may conflict with their board duties.

### Pension liabilities

Our employees are civil servants to whom the conditions of the Superannuation Act 1972 and the Public Service (Civil Service and Others) Pension Regulations 2014 and subsequent amendments apply.

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

### Employees

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

### External auditors' remuneration

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

### Sickness absence data

Our sickness absence data is shown in the Remuneration report on [page 84](#).

### HM Treasury cost allocation and charging requirements

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

### Personal data related incidents

DVLA is responsible for the personal data of millions of GB drivers and UK vehicle keepers and handles many millions of customer transactions each year. The agency takes the protection of personal data very seriously and has a robust process in place for the investigation and reporting of personal data related incidents in line with regulatory guidance. During 2025-26, DVLA notified 3 breaches to the Information Commissioner's Office (ICO), with no further action taken on 2 of them and we are still awaiting a response for the remaining one.

| Nature of incident                  | 2025-26 total |
|-------------------------------------|---------------|
| Alteration of personal data         | 1             |
| Change of address not recognised    | 1             |
| Data emailed to incorrect recipient | 1             |

### Future developments

Our future developments will be included as part of the 2026-27 business plan which will be published in due course.

## Statement of Accounting Officer's responsibilities

### Business Account

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

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

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed and disclose and explain any material departures in the financial statements
- prepare the financial statements on a going concern basis
- confirm that the annual report and accounts as a whole is fair, balanced and understandable and take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable

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

### Trust Statement

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

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

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed and disclose and explain any material departures in the Trust Statement
- prepare the financial statements on a going concern basis
- confirm that the annual report and accounts as a whole is fair, balanced and understandable and take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable

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

### Disclosure of audit information

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

### Responsibility for the annual report and accounts

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

# Governance statement

## Introduction

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

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

During 2025-26 we were sponsored by the Department for Transport (DfT) Road Transport Group (RTG). We are responsible for providing driver licensing services in Great Britain and the registration of vehicles and collection of VED throughout the UK.

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

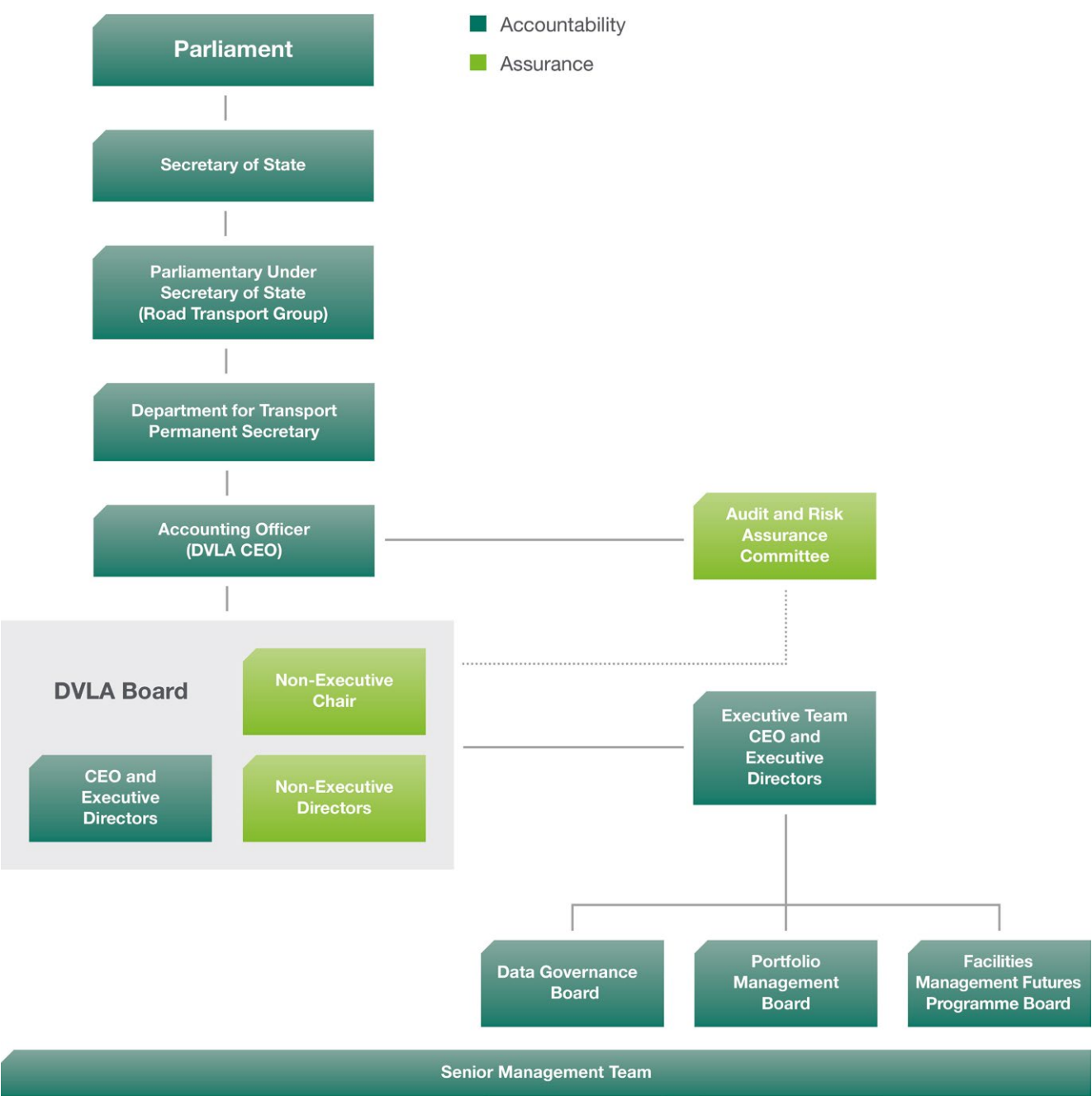
## Governance framework

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

We are managed by an Executive team and the board. The board is advisory, chaired by a Non-Executive Director and has strategic responsibilities. It is supported by the Audit and Risk Assurance Committee. The Executive team is responsible for the day-to-day management of the agency and for delivering our commitments to the government and the public as set out in our annual business plan. The board and Executive team meetings are conducted in accordance with agreed terms of reference which are reviewed periodically.

The agency's governance arrangements have been assessed against the Corporate Governance Code for Central Government and Arms Length Body guidance. The arrangements broadly aligned to the code, recognising its advisory status and departmental role in certain governance functions. A programme of governance improvements has been established, including clarifying roles and responsibilities, strengthening board structures, and progressing development of the agency's strategy. The high-level governance structure is shown on [page 53](#).

Governance structure



# DVLA board

Our board consists of a Non-Executive Chair, the Chief Executive, Executive Directors and Non-Executive Directors. Its principal focus is on shaping our strategic direction, but it also oversees the business and monitors progress.

There is a clear distinction between the duties of the DVLA board and those of the Executive team.

The board offers the Secretary of State for Transport assurance regarding the organisation's operational effectiveness and fulfilment of strategic objectives. Additionally, it ensures accountability by holding the Chief Executive and Executive team to account for delivering these goals.

The Secretary of State appoints the Non-Executive Chair, while the Chief Executive, with approval from the Permanent Secretary, appoints the Executive Directors. Non-Executive Directors are recommended to the Secretary of State for Transport by the Non-Executive Chair in collaboration with the Chief Executive and Director General of RTG at DfT. The Corporate Secretary keeps an updated record of external business interests for all board members, which is reviewed annually.

At each board meeting, the Chair asks members to declare any new or existing business interests or conflicts, and these disclosures are noted in the minutes.

## The board considers:

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

The Executive Directors have specific areas of functional responsibility and accountability ([page 56](#)).

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

The board receives regular and structured management information to support decision-making, including performance against business plan metrics, risk reporting, and financial updates. An independent review of board effectiveness concluded that there were some strengths, for example, quality of information provided is generally good, however there are a number of areas where further focus would be beneficial going forward. These are being considered in line with plans outlined by external reviewers.

The board receives monthly updates on the agency's performance against an evolving set of key indicators and the agreed business plan commitments. The structure of board meetings has been a key focus during the year, and these now follow a format where a performance review is followed by governance matters and then a deep dive into key focus areas for the agency on a rotational basis. Regular consideration is also given to progress being made against the recommendations of the Public Bodies Review.

A summary of the matters covered by the ARAC is outlined on [page 58](#).

Formal nomination and remuneration arrangements are led by DfT, however succession considerations, workforce plans and capability requirements are kept under Executive review.

## Non-Executive Directors



David Jones

### Non-Executive Chair

#### Chair of Agency Board

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

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

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



Charmion Pears

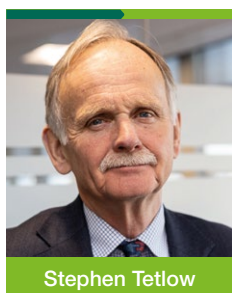
### Non-Executive Director

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

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

Charmion has been a chartered accountant with the Chartered Accountants of Australia and New Zealand (CAANZ) for 28 years. She is a Non-Executive Director and Chair of the Audit and Risk Assurance Committee for the Civil Aviation Authority, and an Independent Member of the Audit and Risk Assurance Committee for both the Health and Safety Executive (HSE) and DfT Group.

Charmion's previous roles include Non-Executive Director and Chair of the Audit and Risk Committee of the Care Quality Commission (CQC), Non-Executive Director and Chair of the Audit and Risk Assurance Committee of Corserv Ltd, Senior Independent Non-Executive Director of Bristol Waste Company, Audit and Risk Assurance Committee member for Bristol Holding Company and Trustee of Blue Cross UK and Demelza Hospice for Children. Charmion's executive career comprised leadership roles in strategic planning and innovation within the airline industry and financial services.



Stephen Tetlow

### Non-Executive Director

**Stephen Tetlow** was appointed in January 2024 and took up his post as Non-Executive Director of DVLA in February 2024.

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

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

Stephen was also the CEO of the Vehicle and Operator Services Agency, during which time he led the computerisation of the award-winning national MoT system, working closely with DVLA to enable online vehicle licensing.



Sarah Williams-Gardener

### Non-Executive Director

**Sarah Williams-Gardener** was appointed in January 2024 and took up her post as Non-Executive Director of DVLA in February 2024.

Sarah is chair of Fintech Wales, a members collective focused on empowering the FinTech and financial services in Wales and leading the organisation in establishing Wales as a globally recognised FinTech hub of excellence. She sits as an independent member of the Port Talbot transition Board, is the Chair of Business Beats Cancer Cymru and is also a trustee for Surviving Economic Abuse.

Sarah spent 17 years at IBM, latterly as Government Affairs Director working with government departments including DVLA, as well as working on commercial and innovation projects. Sarah was a founding member of the team behind the challenger bank Starling.

# Executive Team



Tim Moss, CBE

Chief Executive



Tony Ackroyd

Executive Director  
Operations and  
Customer  
Service Directorate



Lynette Rose

Executive Director  
Strategy, Policy and  
Communications  
Directorate



Brian Sullivan

Executive Director  
Information Technology  
Services



Sarah Stacey

Executive Director  
Human Resources  
and Estates  
Directorate



Tracy Nash

Executive Director  
Finance and  
Assurance Services



Darren Thompson

Executive Director  
Commercial  
Directorate

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

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

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

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

## Board and Audit and Risk Assurance Committee

Figures denote meetings attended/meetings available to attend between 1 April 2025 and 31 March 2026. The board met 11 times in the year with non-attendance agreed in advance on an exceptional basis.

| Directors' attendance business year ending<br>31 March 2026                            | DVLA Board | Audit and Risk<br>Assurance Committee |
|----------------------------------------------------------------------------------------|------------|---------------------------------------|
| David Jones, Non-Executive Chair                                                       | 11/11      | N/A                                   |
| Tim Moss, Chief Executive                                                              | 11/11      | 4/4                                   |
| Sarah Stacey (from 23 June 2025)                                                       | 7/9        | N/A                                   |
| Cennydd Powell (to 4 July 2025)                                                        | 1/2        | N/A                                   |
| Helen B Davies (to 4 July 2025)                                                        | 1/2        | N/A                                   |
| Tony Ackroyd                                                                           | 11/11      | N/A                                   |
| Darren Thompson                                                                        | 11/11      | N/A                                   |
| Lynette Rose                                                                           | 9/11       | N/A                                   |
| Brian Sullivan                                                                         | 10/11      | N/A                                   |
| Tracy Nash                                                                             | 10/11      | 4/4                                   |
| Charmion Pears, Non-Executive Director and<br>Audit and Risk Assurance Committee Chair | 10/11      | 4/4                                   |
| Sarah Williams-Gardener, Non-Executive Director                                        | 11/11      | 4/4                                   |
| Stephen Tetlow, Non-Executive Director                                                 | 10/11      | 4/4                                   |
| Matthew Crane, Independent Member<br>(from 13 November 2025)                           | N/A        | 2/2                                   |

DVLA board effectiveness

The Public Bodies Review (PBR) (November 2024) identified recommendations to strengthen governance and board effectiveness, which are being progressed; however, it is recognised that a number of these improvements remain in progress.

During this reporting year, an external review assessing the board’s effectiveness was completed, with results delivered in July 2025. The evaluation was commissioned to provide an objective evaluation of how effectively the board is operating, individually and collectively, against the expectations set out in the Corporate Governance Code for Central Government Departments and the Board Effectiveness Reviews Principles and Resources for ALBs.

Overall, the review found that although the board demonstrates strengths and is engaged with the agency’s business plan and future strategic planning, systemic issues hinder its optimal performance and effective oversight. Key areas to address include:

- agreeing the strategy
- clarifying roles and responsibilities
- Board and Executive team development and coaching

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

Remuneration Committee

The Government sets the remuneration for Senior Civil Servants (SCS) following input from the Senior Salaries Review Body. Formal arrangements for a Remuneration Committee are currently in development. Pending full establishment, Non-Executive Directors continue to operate in an advisory capacity, supporting the Chief Executive in discussions with the Department for Transport, with a focus on changes to the objectives of the senior and Executive team for 2026-27.

Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee (ARAC) supports the Accounting Officer and board in reviewing the comprehensiveness and reliability of assurances in relation to risk management, internal control and governance. It also reviews the integrity of the annual report and accounts (ARA) and recommends these to the Accounting Officer for approval.

ARAC meetings are attended by the four members (three Non-Executive Directors and one DfT Independent Member), the Accounting Officer and the Finance and Assurance Services Director. External Auditors (National Audit Office and KPMG as their subcontractor) attend as does the Head of Internal Audit (Government Internal Audit Agency). Executive team members have a standing invitation to attend if they wish but also required to attend when the Committee has asked to discuss matters for which they are accountable. Following each meeting the ARAC Chair provides an update to the board.

The ARAC has four meetings per year, with additional meetings to support the preparation of the ARA as required. These meetings include a number of standing items such as a review of the Principal Risk Register, review of Internal Audit Progress, Performance, Assurance Reports and Advisory Commissions, Fraud and Bribery Risk Reporting and themes from Whistleblowing. At appropriate times of the year the Committee also reviews:

- the External Audit Plan, findings, completion report/ management letter, and post-audit lessons learned
- the ARA, including any significant financial reporting judgements and impacts of change in accounting policies
- the Internal Audit Plan and Annual Opinion
- the report from the Senior Information Risk Officer (SIRO)
- the Management Assurance Statement (MAS) provided from the Accounting Officer to DfT
- the Government Functional Standards Compliance Reporting

Audit and Risk Assurance Committee

| Name                    | Status                 | Responsibility | Date of appointment |
|-------------------------|------------------------|----------------|---------------------|
| Charmion Pears          | Non-Executive Director | Chair          | January 2024        |
| Stephen Tetlow          | Non-Executive Director | Member         | January 2024        |
| Sarah Williams-Gardener | Non-Executive Director | Member         | January 2024        |
| Matthew Crane           | Independent Member     | Member         | November 2025       |

During the year the Committee also undertook a series of Deep Dives into areas related to Principal Risk-related areas. This financial year this included reviews into cybersecurity controls, operational resilience, the agency's evolving approach in relation risk and assurance relating to Data Sharing arrangements.

The Committee relies heavily on comprehensive programme of assurance provided by the Government Internal Audit Agency (GIAA). The annual opinion of the Head of Internal Audit provided an overall moderate assurance rating (2024-25: Moderate). Their opinion noted a slight reduction in the strength of their moderate rating, which they attribute to a more targeted Audit Plan, rather than any systemic weakening in internal control. It incorporates a Limited Assurance view in relation to governance.

The ARAC Members provide an Annual Assurance Report to the Accounting Officer and the board. For the 2025-26 year, this provided a view that the system of risk management and internal control was satisfactory. They concurred with the view of independent parties that there are weaknesses in governance that need to

be addressed. A number of these were first highlighted by the governance-related recommendations from the Public Bodies Review (undertaken by J Beinart in 2023, published 2024) that have yet to be fully actioned and have recurred as themes within the Board Effectiveness Review (undertaken by BDO) in the current year. It also takes account of further findings outlined by GIAA in their opinion.

## Wider governance

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

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



## Risk management

Robust risk management underpins DVLA's ability to deliver its strategic objectives effectively. The agency operates a comprehensive Risk Control Framework that supports its approach to risk identification, governance and assurance. This framework is aligned with Department for Transport (DfT) policy, enabling the timely escalation of risks to the Department where appropriate, and is consistent with the principles set out in HM Treasury's Orange Book (the UK government's official handbook for risk management in the public sector and which outlines the core principles and concepts that central government departments and arm's length public bodies must follow to identify, assess, and address risk) and the Corporate Governance Code.

DVLA's approach to risk management is underpinned by the established three lines of defence model:

- management ownership of risks supported by sound internal controls
- specialist functions that provide oversight, advice and challenge in relation to risk
- independent assurance delivered through internal audit

The board has overall responsibility for the effectiveness of the risk management framework and provides oversight to ensure that the agency's principal risks are identified, evaluated and managed proactively.

## Risk Management Framework

The agency's risk management framework is designed to:

- identify and assess both existing and emerging risks
- implement proportionate controls and mitigations for significant risks
- embed risk awareness into strategic planning and operational decision-making
- respond dynamically to changes in the internal and external environment

A structured and consistent risk assessment process is applied across DVLA. This includes:

- six directorates, each maintaining its own set of local risk registers
- a Portfolio Board, which maintains oversight of risks arising across the four key programmes and their associated projects

Directorate risk registers and portfolio-level risks are reviewed on a monthly basis by Directorate Senior Management Teams and the Portfolio Board respectively. Risks are escalated in line with the agency's agreed escalation process.

Specialist boards provide additional assurance in key risk areas. The Data Governance Board supports the Senior Information Risk Owner by providing assurance over the management of data and information risks. The Fraud, Error and Debt Board provides oversight and assurance over risks associated with fraud, error and debt, helping to ensure these risks are effectively controlled.

The Executive team plays an active role in risk management through regular engagement with Directors via monthly one-to-one meetings and through a monthly review of corporate risks. Corporate risks are formally considered by the Audit and Risk Assurance Committee at each meeting and were also reviewed by the board.

## Principal risks

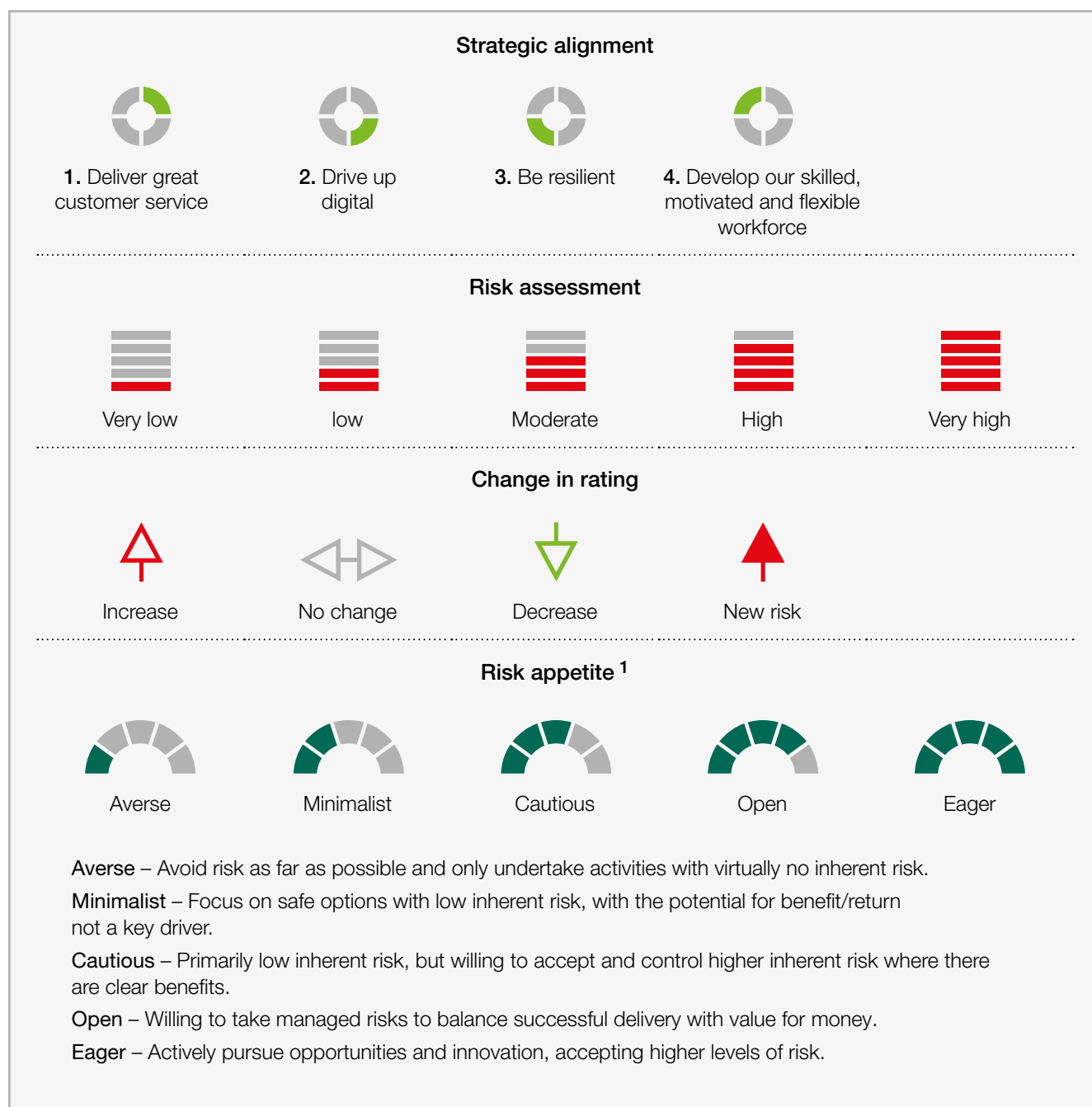
DVLA actively identifies, monitors and reports on its 10 principal risks, which represent the most significant threats to the delivery of the agency's strategic objectives. These risks are informed by ongoing horizon scanning activity and consideration of both the internal operating environment and wider external factors, including climate change, geopolitical developments and technological change.

Each principal risk is clearly defined, assessed and supported by agreed mitigating actions. Ownership is assigned at a senior level to ensure accountability and effective management. The principal risks are reviewed regularly through the corporate risk management process and are reported to the Executive team on a monthly basis.

Oversight of the 10 principal risks is provided by the Audit and Risk Assurance Committee at each meeting, with the board formally reviewing these risks annually. This ensures that the board retains clear visibility of the most significant risks facing the agency, the effectiveness of mitigating actions, and any changes in the agency's overall risk profile.

This structured approach enables DVLA to maintain a strong understanding of its principal risks and supports timely, informed decision making in pursuit of its strategic priorities.

## Key for Principal Risks tables on pages 62 to 66



<sup>1</sup> The risk appetite has been agreed by the Executive team and is subject to ongoing review with ARAC and the board.

## People and Capability

### Nature of the risk

DVLA's services depend on a skilled, resilient and engaged workforce, supported by effective leadership and specialist capability. There is a risk that the agency may not have the capacity or capability required to deliver its priorities, particularly in a highly competitive labour market and in specialist digital, technology and operational roles.

#### Strategic alignment



1 and 4

#### Risk assessment



High

#### Change in rating



No change

#### Risk appetite



Cautious

### Risk management and mitigation

Mitigating actions include development of workforce and succession planning, use of leadership development programmes, talent management activity, and ongoing monitoring of capacity and employee wellbeing. Flexible and hybrid working arrangements are used to support recruitment and retention.

## Financial Sustainability

### Nature of the risk

There is a risk that DVLA may not have sustainable funding to deliver statutory services and transformation priorities within a constrained public expenditure environment. Unmanaged financial pressures could impact service delivery, investment capability and value for money.

#### Strategic alignment



1, 2 and 4

#### Risk assessment



High

#### Change in rating



Decrease

#### Risk appetite



Cautious

### Risk management and mitigation

Mitigating actions included robust financial planning, forecasting and in year monitoring, alongside active engagement with the Department for Transport and HM Treasury. Financial risks are integrated into decision making processes, with strong controls over budgeting and expenditure.

## Change Portfolio

### Nature of the risk

The agency has been, and continues to, be subject to substantial transformational changes and challenges to deliver planned outcomes and benefits within agreed timeframes and budgets. This risk arises from a combination of factors including supplier performance issues, delivery complexity, competing priorities (particularly legislative change), and broader market and economic uncertainty.

#### Strategic alignment



1, 2, 3 and 4

#### Risk assessment



High

#### Change in rating



No change

#### Risk appetite



Open

### Risk management and mitigation

A dedicated and professional project delivery function operates across the portfolio. All roles are aligned to the Government Project Delivery Capability Framework and Government Functional Standards, supported by a comprehensive programme of training and accreditation to maintain a highly skilled workforce.

## Customer Experience

### Nature of the risk

DVLA may fail to improve customer experience in line with strategic objectives, resulting in reduced satisfaction, trust and service effectiveness.

#### Strategic alignment



1

#### Risk assessment



Very high

#### Change in rating



Increase

#### Risk appetite



Open

### Risk management and mitigation

Mitigations include customer insight and feedback mechanisms, user centred service design, structured improvement processes, and engagement with stakeholders to understand evolving expectations. Transformation of a number of driver services have also taken place to enhance the customer experience.

## Legal and Regulatory Compliance

### Nature of the risk

DVLA operates within a complex legal and regulatory framework. Failure to comply could result in legal challenge, financial penalties and reputational damage.

#### Strategic alignment



3

#### Risk assessment



High

#### Change in rating



No change

#### Risk appetite



Cautious

### Risk management and mitigation

Clear governance, access to legal advice, mandatory training, and proactive monitoring of regulatory change are in place to mitigate this risk.

## Estate, Safety and Environment

### Nature of the risk

DVLA faces a principal risk that failures in estate condition, physical security, health and safety or environmental management could result in harm to staff, service disruption, asset failure or non-compliance with statutory and environmental obligations. This includes risks associated with maintaining safe workplaces, securing DVLA premises and achieving government sustainability, net zero and biodiversity commitments.

Inadequate management of these risks could lead to increased maintenance and energy costs, legal or regulatory non-compliance, reputational damage, or impacts on operational resilience.

#### Strategic alignment



3

#### Risk assessment



High

#### Change in rating



No change

#### Risk appetite



Minimalist

### Risk management and mitigation

The board recognises effective estate and environmental management is essential to safe and resilient operations. Clear executive accountability is in place for estate management, supported by a contracted service to manage elements of the day to day running. A robust safety management system, aligned to ISO and HSG, is in place. A pipeline of planned estate maintenance and asset condition management is monitored and immediate response to failures acted upon.

A dedicated set of physical security measures and security officer patrols are in place to protect staff, assets and information.

## Commercial

### Nature of the risk

DVLA faces a risk that commercial or supplier failures could disrupt services or reduce value for money. This includes risks arising from supply chain disruption, supplier performance issues, economic uncertainty, market volatility and challenges associated with procurement activity or “in housing” arrangements.

Failure to manage these risks effectively could impact service continuity, delivery timelines, costs and operational capability.

#### Strategic alignment



1 and 2

#### Risk assessment



Moderate

#### Change in rating



Increase

#### Risk appetite



Cautious

### Risk management and mitigation

Commercial risk is managed through structured procurement and contract management arrangements, supported by governance and assurance processes.

Key mitigations include:

- active supplier and contract performance management
- strategic sourcing and market engagement to manage supply risks
- robust needs analysis and forecasting to inform procurement decisions
- oversight of procurement activities to manage risk, transparency and compliance

These arrangements support resilience in the supply chain and effective delivery of services.

## Data Quality and Governance

### Nature of the risk

There is a risk that deficiencies in data quality, governance or protection could impair decision-making, service delivery or compliance with data protection obligations.

#### Strategic alignment



2 and 3

#### Risk assessment



High

#### Change in rating



No change

#### Risk appetite



Cautious

### Risk management and mitigation

Mitigation includes clear data governance frameworks, defined ownership, assurance processes, and controls to protect confidentiality, integrity and availability of data. A Data Governance Board is in place to monitor and review occurrences of data breach, agree approach to any further mitigations and determine any areas for improvement.

## Fraud, Error and Debt

### Nature of the risk

DVLA faces a principal risk that fraudulent activity, administrative or processing errors, or the accumulation of unrecoverable debt could undermine financial integrity, operational effectiveness and public trust. These risks may arise from internal or external threats, control weaknesses, or systemic inefficiencies.

If not effectively managed, such risks could result in financial loss, regulatory non-compliance and reputational damage.

#### Strategic alignment



1 and 2

#### Risk assessment



High

#### Change in rating



New risk

#### Risk appetite



Minimalist

### Risk management and mitigation

The board recognises the importance of strong controls to prevent, detect and address fraud, error and debt. Clear accountability is in place for financial integrity and counter fraud activity.

Key mitigations include:

- preventive and detective fraud controls and policies
- financial control frameworks to reduce the risk of error
- monitoring and management of debt to mitigate losses
- investigation and escalation processes to address identified issues

These controls are reviewed regularly to ensure they remain proportionate and effective.

## Technology Resilience, Reliability

### Nature of the risk

DVLA relies on complex digital and technology platforms, including legacy systems, to deliver critical public services. A failure of key systems could disrupt services, impact customers, and affect the agency's ability to meet statutory obligations.

#### Strategic alignment



1, 2 and 3

#### Risk assessment



High

#### Change in rating



No change

#### Risk appetite



Cautious

### Risk management and mitigation

This risk is managed through ongoing investment in resilience and modernisation, proactive management of legacy technology, strong change governance, and tested business continuity and disaster recovery arrangements.

In addition to the principal risks noted above, DVLA has also managed risks on 'cyber security' and the impacts on customers both individual and commercial, but due to the security sensitivity, their disclosures have not been disclosed.

Continuity and disaster recovery in relation to Cyber are going to ARAC in September 2026.

## Emerging risks

DVLA maintains continuous oversight of emerging risks, including those driven by geopolitical uncertainty and rapid technological change. These risks are regularly reviewed to evaluate their potential impact and relevance to the agency's long-term objectives and strategic direction.

During the year, the board conducted a formal horizon scanning and risk identification exercise. This process assessed the ongoing relevance of existing risks while also identifying potential future risks for further consideration. One area of concern was fraudulent activity. This has been recognised as a threat which will undergo further review and assessment during the coming financial year.

## Risk appetite

During the year, DVLA reviewed its risk appetite to ensure it remains appropriate and aligned with best practice. This work was informed by guidance set out in HM Treasury's Orange Book, together with benchmarking against risk appetite statements adopted by other government departments.

The agency's approach to risk appetite continues to mature. Progress has been made during the year to clarify the level of risk appetite the Executive team are willing to accept in pursuit of its objectives. The agency has identified and set an appetite level for key risk categories. This is subject to ongoing review with ARAC and the board. The agency has identified and set an appetite level for key risk categories. This underpins the decision-making process to ensure that a balanced approach is used in pursuit of its objectives and identifies areas where additional mitigations may be required to achieve opportunities presented. Further development is planned during 2026–27, with the aim of embedding risk appetite more consistently into decision making processes and the wider risk management framework.

## Internal controls and assurance

The effectiveness of DVLA's risk management arrangements is supported by an internal control and assurance framework. Key elements of this framework include:

- independent assurance provided through the Government Internal Audit Agency
- routine management review, monitoring and reporting processes
- external assurance activity where appropriate

DVLA remains committed to promoting a positive risk culture and to strengthening its risk management capability. We continue to develop our three lines of defence assurance work to ensure that risks are managed effectively in support of the successful delivery of its objectives.

## Operational Resilience, Business Continuity and Incident Management

Corporate Business Continuity, Operational Resilience and Incident Management is managed through the Human Resources and Estates Directorate. Business Continuity are responsible for coordinating DVLA resilience and business continuity planning across the agency, supported by the Executive team, Senior Management and a network of nominated staff representing business areas. Output Services Group business continuity arrangements have maintained ISO 22301 certification. The principal objective of resilience and business continuity planning is to reduce operational risk and increase organisational resilience.

DVLA has a dedicated and qualified team to provide advice, guidance and support to the agency to continuously improve resilience. The team are an integral member of the Cross Government Business Continuity Forum (led by the Department for Work and Pensions) sharing best practice and developing standardisation across Government.

DVLA understands the potential impact to customers in the event of any issues with our services and have business continuity and disaster recovery plans in place to respond and recover from business disruptions. The Specialist Business Continuity Risk Register includes risks identified by business areas and threats highlighted in the National Risk Register (NRR). Risk registers identify new and evolving threats, allowing the focus on risk management and inform prioritisation of resilience planning against plausible worst-case scenarios.

Significant business risks with the potential to impact DVLA inform specific business continuity plans (BCP), examples include cybersecurity threats, IT system outages, infrastructure outages affecting premises, natural hazards, climate change, industrial action, counter terrorism security, national power outage and pandemic flu outbreak to name a few. These plans are reinforced by operational business continuity plans with business dependencies mapped, during 2025-26 seventy BCPs have been rigorously revised.

DVLA recognises that there is more work to be done to improve BCP processes. On the back of audit work there are some weaknesses that we are addressing this year. Improvements have been made in the business continuity planning processes and arrangements implementing business continuity software consolidating business impact analyses and BCPs into an integrated system.

Significant business disruptions are escalated and managed following the Bronze, Silver, Gold Incident Management model. Establishing command, control and coordination of resources required to implement the strategies, plans and solutions to maintain the acceptable level of service. During 2025-26, incident management plans and arrangements were improved aligning with

national arrangements, guidance and training. Business disruptions during the reporting period were within tolerance, including IT outages, snow conditions and a key customer affected by a cyber incident.

DVLA validate and rehearse plans, procedures and arrangements through exercising and testing, reacting to a variety of scenarios to ensure arrangements remain fit for purpose. During 2025-26, exercises included taking part in the UK Health Security Agency national pandemic exercise with DfT, seventy-two Operational BCP verification exercises, twenty-four printing service specific exercises, internal loss of key IT applications, physical security response exercises, Identity Threat Detection and Response (ITDR) supplier exercises and an external cyber exercise with National Cyber Security Centre (NCSC).

Lessons learnt from exercises and real-life incidents are captured during debriefings, identifying corrective and preventative actions that are tracked until closed.

DVLA's level of resilience and preparedness is a continuous improvement process, benefiting UK Government, customers, interested parties, stakeholder groups and staff.

## Change and investment

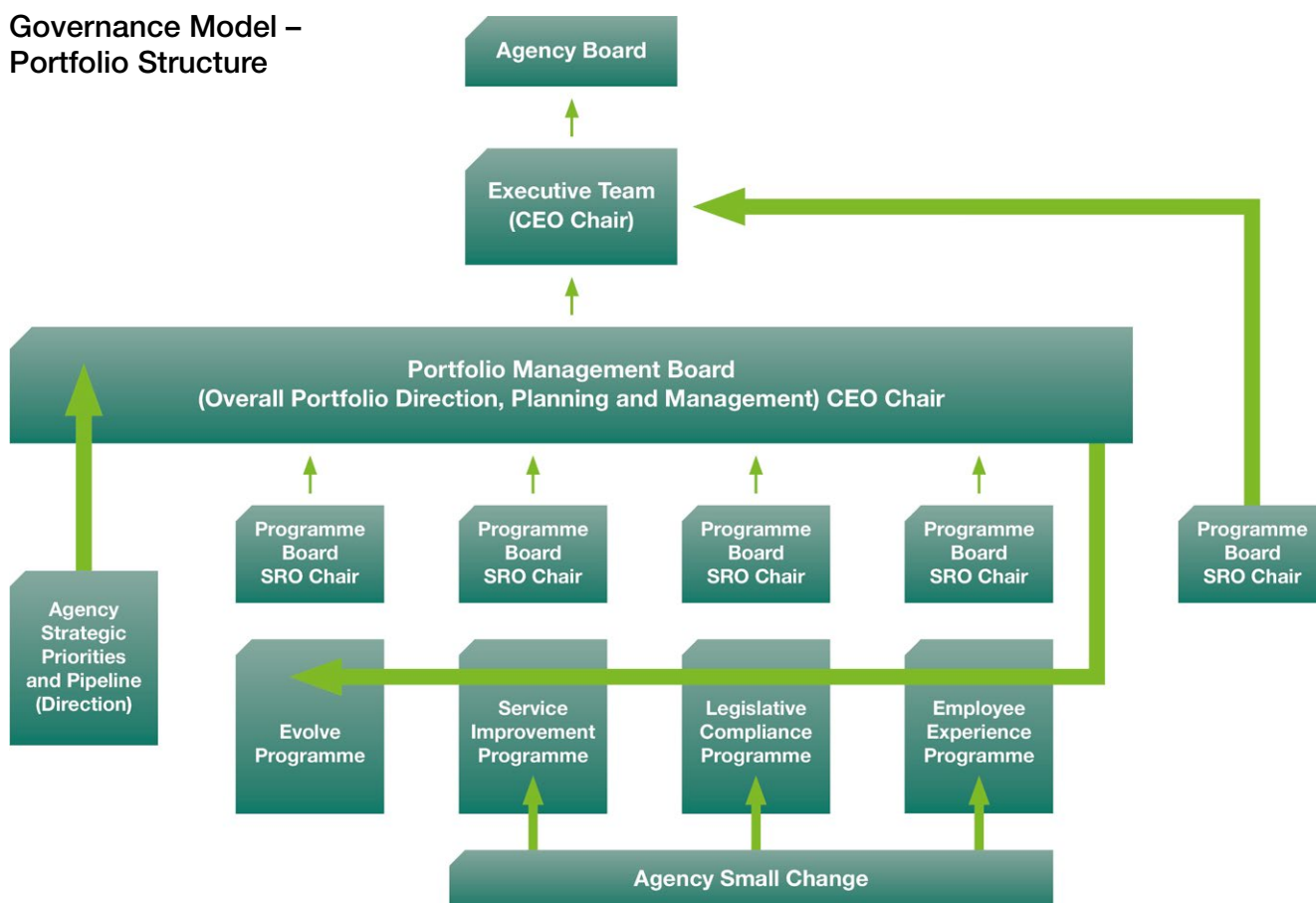
All potential change initiatives must be sponsored by a director and be approved at the Portfolio Management Board (PMB), where a strategic priority gets assigned, to go onto the Strategic Pipeline before being presented to the relevant programme board for approval of limited initial funding.

The main features of this process are:

- a single view rolling pipeline of planned change
- a monthly PMB consisting of the Executive team, Senior Responsible Officers (SRO), Portfolio Leads and representatives from across the agency, which acts as the first decision making forum in the pipeline process
- monthly programme boards consisting of an SRO, Executive team members, Portfolio Leads and representatives from business areas
- our investment governance process, for initiatives costing greater than £100,000, determines the proportionate governance route for each investment (typically, a three-stage business case process is undertaken for initiatives with a whole life cost greater than £10 million, two-stage for £5 million - £10 million and under £5 million initiatives require a single stage case, following HM Treasury Green Book guidance and the DfT Investment Approvals Framework)
- each business case follows the HM Treasury 5 case model (strategic, economic, commercial, finance and management), the economic dimension includes a value for money assessment
- a Continuous Assurance team manage the provision of proportionate assurance of all projects and programmes within the DVLA – the team is independent of project and programme delivery and essentially assures DVLA investment in change



## Governance Model – Portfolio Structure



## Cabinet Office spending controls

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

We have continued to work with DfT and DSIT to maintain ways of working and ensure Digital and Technology (D&T) Spend Control approval for all IT change is in place as part of an approved D&T Spend Pipeline (during this financial year DSIT took on responsibility for the D&T Spend Control on behalf of CO).

In conjunction with D&T Spend Controls Version 6, projects and programmes are subject to assurance assessments that consider plans, activities, risks and how well the proposed activities and approach to delivery complies with digital and technology standards.

In line with GDS guidance, the agency's strategic pipeline has been assessed against pipeline standards and this assessment has confirmed that we have appropriate levels of governance, reporting and controls in place.

The Strategic Pipeline continues to be monitored and endorsed by the Portfolio Management Board (PMB) ensuring the GDS pipeline standards can be met, and ongoing arrangements maintained.

Commercial controls follow the latest published Government guidance, and all procurements are entered on the Government Commercial Assurance Management System. All procurements are in scope of the DfT Commercial Lifecycle Assurance process.

Contingent Labour spend requests are approved through the DfT Departmental Approvals Committee.

Learning and Development procurement follows the latest published guidance, and all spend is initially directed through the Cabinet Office skills curriculum to call off centralised contracts. If an appropriate centralised contract is not available, then DVLA commercial protocols are followed to source a local supplier.

Advertising, marketing and communication controls apply to campaigns, projects and programmes with planned communications expenditure of £100,000 or more in one financial year. Any such planned expenditure is approved by ministers before being submitted to Cabinet Office. Any planned campaigns over the £100,000 threshold adhere to the Cabinet Office's Red-Amber-Green (RAG) Assurance Framework to mitigate financial risk and ensure value for money.

From the 1 April 2026 as part of HMT Project Reset, all Cabinet Office Spend Controls will move to an assurance model, with the exception of Advertising, Marketing and Communication which will remain as is.

## Financial controls

Review of operational budgets and project affordability takes place at the monthly Finance Executive team meeting with an update of affordability given by the Finance and Assurance Services (FAS) Director. Budgetary controls are supported by a monthly planning and re-forecasting cycle, monitoring volume and change demand. A summary of the results is reported monthly to our board with a formal report presented by the FAS Director each quarter. In 2025-26 the forecast accuracy target was not met. A lessons learned exercise has been undertaken and actions are in progress to strengthen forecasting, including enhanced central challenge, greater use of trend based analysis, and improved identification and escalation of risks and opportunities.

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

FAS provide assurance for cost models that are included in business cases and exception reports across the agency. The report provides an overall confidence rating in the output and provides detail on the strengths, weaknesses and areas of uncertainty. The Analytical Assurance reports also provides a confidence for each benefit or disbenefit which is then added to the relevant benefit profiles. Analytical assurance is also provided on an ad-hoc basis for papers, reports submissions or responses that are sent to the Executive team, the Department for Transport or wider Government. In both these areas we continue to adhere to the principles in the HM Treasury Aqua Book and we continue to evolve the report structure to meet our audience's needs.

Work is underway to develop a new Agency Volume and Costing (AVAC) model, a key component of our financial framework providing unit cost and volume analysis that underpins funding requirements and informs fee setting. The new model will enhance scope and improve analysis by providing a clearer and more comprehensive view of activities across the business, the associated costs, and how these link to transactions and service levels.

## Functional standards

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

DVLA has continued to enhance procedures for reviewing and evaluating compliance with Government Functional Standards and has concluded rigorous, evidence-based assessments in 2025-26.

The ARAC reviewed the Compliance Report in February 2026, where the self-assessments continue to show full compliance with mandatory elements. The ARAC takes comfort from the assurances provided by Government Internal Audit Agency (GIAA), which has both audited the approach taken by DVLA to self-assessment in general and, on a rolling basis, its assessment against each specific standard. Actions have been taken forward in 2025-26, to address recommendations resulting from the review of GovS13 Counter Fraud, where GIAA provided a Moderate Assurance Opinion.

Additional assessment against the recommended, non-mandatory elements of the Functional Standards has been conducted again this financial year with continued improvement evidenced in several areas. Appropriate, proportionate actions for further improvement have been identified and will be reviewed as part of the 2026-27 assessment.

## Fraud, error and debt

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

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

Counter fraud initiatives, and internal fraud investigations are undertaken by the Fraud Policy and Investigations (FPI) team, which reports to the FED Board and the Audit and Risk Assurance Committee. External investigations are undertaken with our criminal intelligence officers based within the operational fraud team. Intelligence reports are shared with the police and other law enforcement agencies where appropriate.

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

Within the last twelve months, fraud investigators have obtained the accredited counter fraud specialist training as well as undertaking PSFA's fraud risk assessment training. Risk assessments will form a rolling programme.

Further information on fraud, error and debt, including the cost of non-compliance for VED is detailed on [page 32](#), under the Compliance section of the performance report.

## Raising a Concern

The agency had adopted the Department's raising a concern (Whistleblowing) process. All referrals are logged and information passed quarterly to our Audit and Risk assurance committee (ARAC) and then to DfT. The ARAC reviews themes quarterly.

It allows staff the opportunity to raise issues from criminal activity to financial malpractice and corruption. The process is impartial and secure, ensuring concerns are handled by fraud policy staff with investigative experience. To facilitate staff reporting, there are several accessible routes for office-based staff and those working a hybrid pattern. There is a telephone hotline, an email contact address and an anonymous digital reporting system. Hard copy forms, and physical boxes, are deployed across all Swansea sites for staff who prefer this communication method. A similar postal arrangement is in place in the Birmingham customer service centre. Two Nominated Officers have been appointed. One is located within the FPI team and the other in the GIAA.

Mandatory fraud awareness sessions, for newly appointed staff, form part of the induction process and take place in the first six weeks of employment.

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

During the year, the National Audit Office gave an informative best practice presentation on whistleblowing involving the Department and another executive agency.

## Post Office

The Post Office provides a limited number of customer facing services on behalf of DVLA, which includes Vehicle Excise Duty (VED) payment, the service to renew your driving licence every 10 years and Statutory Off-Road Notification (SORN) application.

For 2025-26, DVLA's assurance over the income and balances relating to Post Office transactions derives from our assessment of our internal controls and processes.

## Shared Services

DVLA's back-office services are delivered by Unity Business Services (UBS), a HMRC led Government Shared Service Centre.

Whilst this does not operate via a contractual arrangement, it does have a partnership agreement in place between HMRC and DfT, which establishes working practices and service performance mechanisms.

DVLA has a dedicated commercial relationship lead, who manages the relationship with the DfT Programme Team

and co-ordinates performance monitoring and change and release processes for DVLA.

DfT receives an International Standards of Assurance Engagement (ISAE) 3402 report, produced by KPMG, on UBS's operation and control of the working environment at the Shared Service Centre. We place reliance on this report for assurance over UBS's environment during the 2025-26 financial year.

During the year, we have been working with DfT as part of the wider Unity programme which aims to transition the existing SAP platform onto a new cloud-based solution. No actual migration of any services occurred during 2025-26.

## Commercial controls

As a central government body, our commercial activity is governed by legislation within the Public Contracts Regulations 2015 and The Procurement Act 2023 (PA23). Commercial Directorate has taken all the necessary steps to ensure that this legislation has been adopted in all relevant commercial activity. Governance and control of commercial activity is administered by the Commercial Directorate and overseen by the Commercial Director.

Our Commercial Directorate is responsible for ensuring that commercial practice is compliant with the regulations. In line with the government's transparency agenda, and where practicable, all tender opportunities are published, including single tender actions and contracts over £12,000.

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

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

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

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

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

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

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

At an organisational level, we successfully renewed our professional corporate certification with the Chartered Institute of Procurement & Supply, which demonstrates that our policy, processes and procedures are in line with best practice. DVLA assesses commercial performance against Government Functional Standards through completion of the Commercial Continuous Improvement Assessment Framework.

## Data controls

The Senior Information Risk Officer (SIRO), our Strategy, Policy & Communications Director, is accountable at board level for information risk and is supported by Information Assurance and Governance Head/Deputy SIRO.

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

The overarching data management framework is managed and overseen by Information Assurance and Governance (IAG). This includes data breach reporting and management.

The Data Governance Board (DGB) is the focal point for reporting and initial escalation of data issues and risks, reporting to the Executive team where appropriate. The DGB meets approximately every 8 weeks.

The SIRO submits their report to the ARAC annually for review. The report this year highlighted some good progress but also identified a number of issues from data incidents and audit work that we are addressing. ARAC reviewed aspects of Data Governance and Control Deep Dives.

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

## Agency Accounting Officer's assurance

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

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

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

## Internal audit

Our internal audit team are part of the Government Internal Audit Agency (GIAA), an Executive Agency of HM Treasury. The team operated in accordance with the requirements of the Global Internal Audit Standards (GIAS) which came into effect from April 2025 and complied with procedures and standards set by the GIAA. The internal audit reports provide an independent and objective opinion on the adequacy and effectiveness of our system of internal control, together with recommendations agreed to by management for improvement to address identified areas of risk or control enhancement.

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

## Head of Internal Audit opinion

Based on evidence obtained during 2025-26, the Head of Internal Audit was able to provide a moderate level of assurance that the framework of governance, risk management and control is appropriately defined and was working effectively throughout 2025-26 (a moderate opinion was also provided in 2024-25).

The Head of Internal Audit has advised that this opinion reflects the maturing Risk Management Framework and our continued focus on further strengthening existing governance arrangements. The control environment established over recent years had been broadly sustained, and established controls were found to be generally working effectively, but with some improvement opportunities agreed with management to enhance arrangements, consistent with the moderate opinion provided.

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



# Remuneration and staff report

## Remuneration report

### Remuneration policy

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

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

### Service contracts

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

Unless otherwise stated below, the officials covered by this report hold appointments that are open-ended.

Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. The standard period of notice to be given by directors is 3 months.

Further information about the work of the Civil Service Commission can be found at

[www.civilservicecommission.org.uk](http://www.civilservicecommission.org.uk)

### Salary and pension entitlements

The remuneration and pension interests of the Chief Executive and directors are set out on [pages 76 to 79](#).

SCS performance related bonuses are non-consolidated payments, awarded on the basis of assessed in-year performance to those rated as exceeded or high performing. They are intended to reward exceptional delivery against agreed objectives and significant short term contributions to wider organisational priorities.

### Salary

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

### Performance bonus

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

### 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 (CSOPS) 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 2 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 judgment').

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 2 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.

For members who are in scope of the public service pension remedy, the calculation of their benefits for the purpose of calculating their Cash Equivalent Transfer Value (CETV) and their single total figure of remuneration, as of 31 March 2025 and 31 March 2026, reflects the fact that membership between 1 April 2015 and 31 March 2022 has been rolled back into the PCSPS. Although members will in due course get an option to decide whether that period should count towards PCSPS or alpha benefits, the figures show the rolled back position i.e. PCSPS benefits for that period.

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

Further details about the Civil Service pension arrangements can be found at [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

## Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value 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, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

## Remuneration of the executive board members – audited

|                                                                                               | Salary                        |                                 | Performance bonus <sup>1</sup> |                 | Pension benefits (to nearest £1,000) |                 | Total                            |                                   |
|-----------------------------------------------------------------------------------------------|-------------------------------|---------------------------------|--------------------------------|-----------------|--------------------------------------|-----------------|----------------------------------|-----------------------------------|
|                                                                                               | 2025-26<br>£000               | 2024-25<br>£000                 | 2025-26<br>£000                | 2024-25<br>£000 | 2025-26<br>£000                      | 2024-25<br>£000 | 2025-26<br>£000                  | 2024-25<br>£000                   |
| <b>Chief Executive</b>                                                                        |                               |                                 |                                |                 |                                      |                 |                                  |                                   |
| Tim Moss<br>Chief Executive                                                                   | 145-150                       | 0-5<br>(145-150) <sup>2</sup>   | –                              | –               | 92                                   | –               | 240-245                          | 0-5<br>(145-150) <sup>2</sup>     |
| Lynette Rose<br>Interim Chief Executive<br>from 8 November 2024<br>to 6 April 2025            | 0-5<br>(100-105) <sup>3</sup> | 40-45<br>(100-105) <sup>3</sup> | 5-10                           | –               | –                                    | 100             | 5-10<br>(110-115) <sup>3</sup>   | 140-145<br>(200-205) <sup>3</sup> |
| <b>Executive team members</b>                                                                 |                               |                                 |                                |                 |                                      |                 |                                  |                                   |
| Sarah Stacey<br>HR and Estates<br>Director<br>from 23 June 2025                               | 65-70<br>(90-95) <sup>4</sup> | –                               | –                              | –               | 28                                   | –               | 95-100<br>(115-120) <sup>4</sup> | –                                 |
| Cennydd Powell<br>Interim HR and Estates<br>Co-Director<br>from 8 July 2024 to<br>4 July 2025 | 20-25<br>(85-90) <sup>5</sup> | 60-65<br>(85-90) <sup>5</sup>   | 0-5                            | –               | 9                                    | 25              | 35-40<br>(100-105) <sup>5</sup>  | 85-90<br>(110-115) <sup>5</sup>   |
| Helen B Davies<br>Interim HR and Estates<br>Co-Director<br>from 8 July 2024 to<br>4 July 2025 | 20-25<br>(75-80) <sup>6</sup> | 55-60<br>(75-80) <sup>6</sup>   | –                              | –               | 27                                   | 87              | 45-50<br>(105-110) <sup>6</sup>  | 140-145<br>(160-165) <sup>6</sup> |
| Darren Thompson<br>Permanent Commercial<br>Director                                           | 90-95                         | 90-95                           | –                              | –               | 32                                   | 62              | 125-130                          | 150-155                           |

<sup>1</sup> This includes performance related bonuses and non-consolidated, non-pensionable payments.

<sup>2</sup> Full year equivalent. Tim Moss in post from 31 March 2025.

<sup>3</sup> Full year equivalent. Lynette Rose – Strategy, Policy and Communications Director until 7 November 2024 and resumed the role from 7 April 2025. From 8 November 2024 to 6 April 2025, she deputised as Interim Chief Executive.

<sup>4</sup> Full year equivalent. Sarah Stacey in post from 23 June 2025.

<sup>5</sup> Full year equivalent. Cennydd Powell deputising as Interim HR and Estates Co-Director from 8 July 2024 to 4 July 2025.

<sup>6</sup> Full year equivalent. Helen Davies deputising as Interim HR and Estates Co-Director from 8 July 2024 to 4 July 2025.

## Remuneration of the executive board members – audited (continued)

|                                                                                                                          | Salary                                       |                               | Performance bonus <sup>1</sup> |                 | Pension benefits (to nearest £1,000) |                 | Total                                           |                                 |
|--------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|-------------------------------|--------------------------------|-----------------|--------------------------------------|-----------------|-------------------------------------------------|---------------------------------|
|                                                                                                                          | 2025-26<br>£000                              | 2024-25<br>£000               | 2025-26<br>£000                | 2024-25<br>£000 | 2025-26<br>£000                      | 2024-25<br>£000 | 2025-26<br>£000                                 | 2024-25<br>£000                 |
| Tony Ackroyd<br>Operations and<br>Customer Service<br>Director                                                           | <b>110-115</b>                               | 105-110                       | –                              | 5-10            | <b>43</b>                            | 42              | <b>150-155</b>                                  | 155-160                         |
| Dudley Ashford<br>Interim Strategy, Policy<br>and Communications<br>Director<br>from 18 November 2024<br>to 6 April 2025 | <b>0-5</b><br><b>(80-85)</b> <sup>7</sup>    | 25-30<br>(80-85) <sup>7</sup> | –                              | –               | <b>1</b>                             | 34              | <b>0-5</b><br><b>(80-85)</b> <sup>7</sup>       | 60-65<br>(110-115) <sup>7</sup> |
| Lynette Rose<br>Strategy, Policy and<br>Communications Director<br>to 7 November 2024 and<br>from 7 April 2025           | <b>90-95</b><br><b>(95-100)</b> <sup>3</sup> | 55-60<br>(90-95) <sup>3</sup> | –                              | 0-5             | <b>18</b>                            | –               | <b>110-115</b><br><b>(110-115)</b> <sup>3</sup> | 55-60<br>(95-100) <sup>3</sup>  |
| Brian Sullivan<br>Chief Technology Officer                                                                               | <b>120-125</b>                               | 120-125                       | <b>0-5</b>                     | 10-15           | <b>47</b>                            | 47              | <b>170-175</b>                                  | 180-185                         |
| Tracy Nash<br>Finance and Assurance<br>Services Director                                                                 | <b>90-95</b>                                 | 85-90                         | <b>5-10</b>                    | –               | <b>31</b>                            | 51              | <b>130-135</b>                                  | 140-145                         |

<sup>1</sup> This includes performance related bonuses and non-consolidated, non-pensionable payments.

<sup>3</sup> Full year equivalent. Lynette Rose – Strategy, Policy and Communications Director until 7 November 2024 and resumed the role from 7 April 2025. From 8 November 2024 to 6 April 2025, she deputised as Interim Chief Executive.

<sup>7</sup> Full year equivalent. Dudley Ashford deputising as Interim Strategy, Policy and Communications Director from 18 November 2024 to 6 April 2025.

Performance bonuses paid to executive directors in 2025-26 were determined in accordance with the [Senior Civil Service Pay Award 2025-26 – practitioner guidance – GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/senior-civil-service-pay-award-2025-26-practitioner-guidance).

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

Accrued pension benefits included in this table for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the legacy scheme for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. 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 relevant legacy scheme 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.

## Fair pay disclosures – audited

Reporting bodies are required to disclose their relationship between the remuneration of the highest-paid director in the organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce. The ratios below compare the mid-point pay of our highest-paid director to the average pay of our workforce.

The highest-paid directors' pay band remained the same in 2025-26 resulting in a 0% change when compared to 2024-25. The movement in the banded salary and allowances for the highest-paid director is calculated by comparing the mid-point of the pay band in each respective year in line with FReM guidance (6.5.19 to 6.5.20). The annual percentage change for DVLA employees, which is based upon average salaries, was an increase of 4.5%.

Performance bonus for the highest-paid director remained the same in 2025-26 resulting in a 0% change when compared to 2024-25, whilst the average percentage change for DVLA employees increased by 14%.

| Year                          | 25th percentile<br>pay ratio | Median pay ratio | 75th percentile<br>pay ratio |
|-------------------------------|------------------------------|------------------|------------------------------|
| <b>2025-26</b>                |                              |                  |                              |
| Ratio                         | 5.4:1                        | 5.2:1            | 4.1:1                        |
| <b>Total pay and benefits</b> | <b>27,196</b>                | <b>28,412</b>    | <b>35,909</b>                |
| Salary component              | 26,124                       | 26,291           | 30,852                       |
| <b>2024-25</b>                |                              |                  |                              |
| Ratio                         | 5.7:1                        | 5.5:1            | 4.3:1                        |
| <b>Total pay and benefits</b> | <b>25,686</b>                | <b>26,893</b>    | <b>33,960</b>                |
| Salary component              | 24,722                       | 24,722           | 29,777                       |

The banded total remuneration of the highest-paid director in DVLA in the financial year 2025-26 was £145,000-£150,000 (2024-25: £145,000-£150,000). In 2025-26, no employee (2024-25: none) received remuneration in excess of the highest-paid director. Remuneration ranged from £24,000 to £150,000 (2024-25: £23,000-£145,000).

Salary increases were proportionately higher at the lower quartile, contributing to a narrowing of the pay gap between the highest paid director and the wider workforce. This is due to there being no change in the mid-point band of the highest-paid director, alongside workforce changes resulting in a decrease in the number of Administrative Assistant roles during the year, and an increase in the number of Administrative Officer roles which make up 57% of our workforce.

There have been no significant changes to pay policies for staff across the agency during the year. Accordingly, we consider the median pay ratios are consistent with the pay, reward and progression policies for employees taken as a whole.

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

## Pension benefits of the executive board members – audited

|                             | Real increase in pension and related lump sum at pension age during year | Total accrued pension at pension age and lump sum at 31 March 2026 | Cash Equivalent Transfer Values (CETV) |                    | Real increase in CETV as funded by employer in year | Employer contribution to partnership pension account |
|-----------------------------|--------------------------------------------------------------------------|--------------------------------------------------------------------|----------------------------------------|--------------------|-----------------------------------------------------|------------------------------------------------------|
|                             |                                                                          |                                                                    | At 31 March 2026                       | At 31 March 2025   |                                                     | (To the nearest £100)                                |
|                             | £000                                                                     | £000                                                               | £000                                   | £000               | £000                                                | £                                                    |
| Tim Moss                    | 2.5-5 plus a lump sum of 2.5-5                                           | 45-50 plus a lump sum of 105-110                                   | 1,150                                  | 1,006 <sup>3</sup> | 82                                                  | –                                                    |
| Lynette Rose                | 0-2.5 plus a lump sum of 0                                               | 45-50 plus a lump sum of 120-125                                   | 1,147                                  | 1,114              | 9                                                   | –                                                    |
| Sarah Stacey <sup>1</sup>   | 0-2.5                                                                    | 15-20                                                              | 289                                    | –                  | 20                                                  | –                                                    |
| Cennydd Powell <sup>2</sup> | 0-2.5                                                                    | 20-25                                                              | 335                                    | 325 <sup>3</sup>   | 6                                                   | –                                                    |
| Helen B Davies <sup>2</sup> | 0-2.5 plus a lump sum of 2.5-5                                           | 35-40 plus a lump sum of 90-95                                     | 898                                    | 862 <sup>3</sup>   | 28                                                  | –                                                    |
| Darren Thompson             | 0-2.5 plus a lump sum of 0                                               | 45-50 plus a lump sum of 110-115                                   | 1,084                                  | 1,000              | 23                                                  | –                                                    |
| Tony Ackroyd                | 2.5-5                                                                    | 30-35                                                              | 583                                    | 527 <sup>3</sup>   | 39                                                  | –                                                    |
| Dudley Ashford <sup>2</sup> | 0-2.5 plus a lump sum of 0-2.5                                           | 30-35 plus a lump sum of 75-80                                     | 690                                    | 689 <sup>3</sup>   | 1                                                   | –                                                    |
| Brian Sullivan              | 2.5-5                                                                    | 20-25                                                              | 400                                    | 342 <sup>3</sup>   | 43                                                  | –                                                    |
| Tracy Nash                  | 0-2.5                                                                    | 35-40                                                              | 699                                    | 641                | 18                                                  | –                                                    |

<sup>1</sup> Or at date of appointment as director if later.

<sup>2</sup> Or at date of cessation as director if earlier.

<sup>3</sup> Opening balances for pension disclosures for some members are not consistent with the closing balances reported in the prior year. This is due to the availability in 2025-26 of more up to date data relevant to the calculation of the prior year benefits.

## Remuneration of the Non-Executive board members – audited

|                         | 2025-26<br>£000 | 2024-25<br>£000 |
|-------------------------|-----------------|-----------------|
| David Jones             | 75-80           | 80-85           |
| Charmion Pears          | 20-25           | 20-25           |
| Stephen Tetlow          | 15-20           | 15-20           |
| Sarah Williams-Gardener | 15-20           | 15-20           |

The above include travel and subsistence expenses in accordance with Civil Service rates. As a result the overall bandings may vary due to movements in travel and subsistence expenses despite the base remuneration remaining consistent.

## Staff report

We are one of the largest employers in the Swansea area, employing in total 5,560 full time equivalent staff as at 31 March 2026.

### Workforce 2024-26 Full time equivalents (FTE)<sup>1</sup>

|                     |       |
|---------------------|-------|
| As at 31 March 2024 | 5,715 |
| As at 31 March 2025 | 5,481 |
| As at 31 March 2026 | 5,560 |

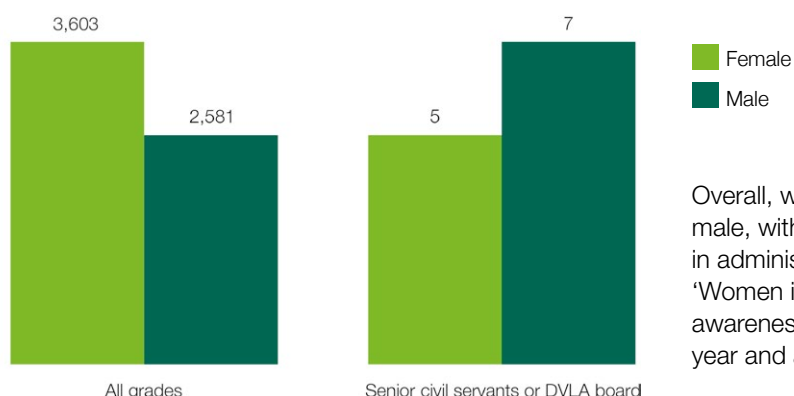
### Number of Senior Civil Service staff by band at March 2026

| SCS band            | 2025-26  | 2024-25  |
|---------------------|----------|----------|
| Band 2              | 1        | 2        |
| Band 1              | 7        | 7        |
| <b>Total number</b> | <b>8</b> | <b>9</b> |

<sup>1</sup> The headcount as at 31 March 2026 was 6,184 (31 March 2025: 6,150).

### Staff composition by gender

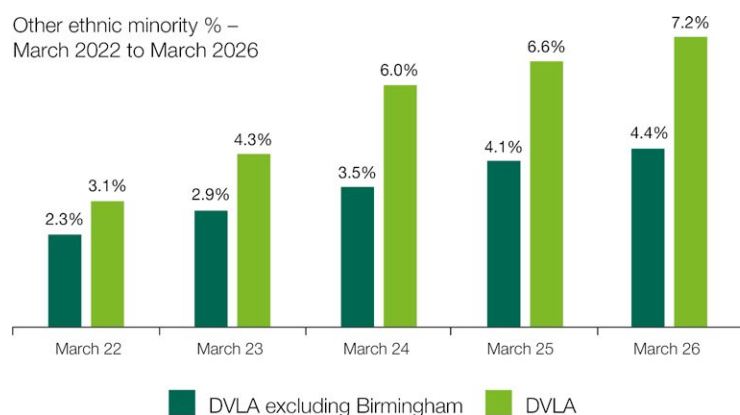
The figures shown in the graphs represent headcount as at 31 March 2026.



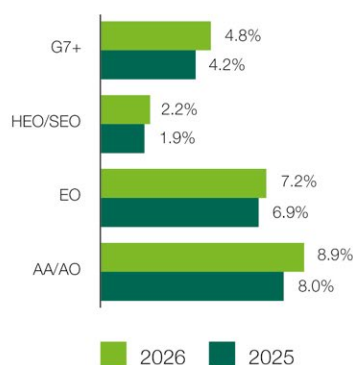
Overall, we employ more female staff than male, with 69% of our female colleagues in administrative roles. To help promote 'Women into Leadership' there are agency awareness workshops held throughout the year and annual events.

### Ethnicity

Other ethnic minority % –  
March 2022 to March 2026



Other ethnic minority % – Grade



Ethnic minority representation has increased across all grades; however, remains lower at senior levels (HEO and above). Swansea representation has risen (4.1% to 4.4%) but remains below the economically working age population in Wales (6.1%). Targeted development, including Mentor Me programmes, supports progression for colleagues from diverse backgrounds.

## Staff numbers and related costs – audited

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

| 2025-26                                      | Permanently<br>employed staff | Other staff  | 2025-26<br>Total |
|----------------------------------------------|-------------------------------|--------------|------------------|
|                                              | £000                          | £000         | £000             |
| Wages and salaries                           | 188,071                       | 832          | 188,903          |
| Social security costs                        | 23,080                        | 75           | 23,155           |
| Other pension costs                          | 49,473                        | 197          | 49,670           |
| Total gross salary costs                     | 260,624                       | 1,104        | 261,728          |
| Staff capitalisation                         | (3,253)                       | –            | (3,253)          |
| <b>Total net salary costs</b>                | <b>257,371</b>                | <b>1,104</b> | <b>258,475</b>   |
|                                              | <b>FTEs</b>                   | <b>FTEs</b>  | <b>FTEs</b>      |
| <b>Total directly employed<br/>(average)</b> | <b>5,403</b>                  | <b>23</b>    | <b>5,426</b>     |

| 2024-25                                      | Permanently<br>employed staff | Other staff  | 2024-25<br>Total |
|----------------------------------------------|-------------------------------|--------------|------------------|
|                                              | £000                          | £000         | £000             |
| Wages and salaries                           | 180,226                       | 2,171        | 182,397          |
| Social security costs                        | 16,654                        | 110          | 16,764           |
| Other pension costs                          | 47,874                        | 392          | 48,266           |
| Total gross salary costs                     | 244,754                       | 2,673        | 247,427          |
| Staff capitalisation                         | (4,059)                       | –            | (4,059)          |
| <b>Total net salary costs</b>                | <b>240,695</b>                | <b>2,673</b> | <b>243,368</b>   |
|                                              | <b>FTEs</b>                   | <b>FTEs</b>  | <b>FTEs</b>      |
| <b>Total directly employed<br/>(average)</b> | <b>5,511</b>                  | <b>62</b>    | <b>5,573</b>     |

Total staff costs shown above are net of £3.3 million capitalised costs in the year (2024-25: £4.1 million).

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

For 2025-26, employer's contributions of £49.3 million were payable to the CSOPS (2024-25: £47.9 million) at 28.97% of pensionable earnings (2024-25: 28.97% of pensionable earnings). The scheme's actuary reviews employer contributions usually every 4 years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2025-26 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £351,788 (2024-25: £373,118) were paid to one or more of a panel of 2 appointed stakeholder pension providers. Employer contributions are age-related and ranged from 8% to 14.75% (2024-25: 8% to 14.75%). Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £11,284 – 0.5% of pensionable pay (2024-25: £11,580 was 0.5%) – were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

## Civil Service and other compensation schemes – exit packages – audited

(Comparative data is shown in brackets for 2024-25).

| Exit package cost band (£) <sup>1</sup>      | Number of compulsory redundancies agreed | Number of other departures agreed | Total number of exit packages by cost band |
|----------------------------------------------|------------------------------------------|-----------------------------------|--------------------------------------------|
| <10,000                                      | – (–)                                    | 37 (63)                           | 37 (63)                                    |
| 10,000 – 25,000                              | – (–)                                    | 7 (8)                             | 7 (8)                                      |
| 25,000 – 50,000                              | – (–)                                    | 5 (–)                             | 5 (–)                                      |
| 50,000 – 100,000                             | – (–)                                    | 2 (–)                             | 2 (–)                                      |
| 100,000 – 150,000                            | – (–)                                    | 1 (–)                             | 1 (–)                                      |
| <b>Total number of exit packages by type</b> | <b>– (–)</b>                             | <b>52 (71)</b>                    | <b>52 (71)</b>                             |
| <b>2025-26 Total cost (£)</b>                | <b>–</b>                                 | <b>739,141</b>                    | <b>739,141</b>                             |
| <b>2024-25 Total cost (£)</b>                | <b>–</b>                                 | <b>316,376</b>                    | <b>316,376</b>                             |

<sup>1</sup> Exit packages include contractual CILON/PILON payments within the disclosed exit package values and corresponding disclosure bandings. Comparative figures for 2024–25 have been restated to reflect this.

Total cost relates to exit payments only. Redundancy and other departure costs have been agreed in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. The table above shows the total cost of exit packages agreed and accounted for in 2025-26 (2024-25 comparative figures are also given). £739,992 exit costs were paid in 2025-26 (2024-25: £316,376) of which £851 relates to exit packages settled in the year following exit. Where we have agreed early retirements, the additional costs are met by us and not by the Civil Service Pension Scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

## Consultancy expenditure

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

## Off-payroll engagement

**Off-payroll engagements as at 31 March 2026, for more than £245 per day and that last longer than 6 months.**

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

|                                                                               | 31 March 2026 | 31 March 2025 |
|-------------------------------------------------------------------------------|---------------|---------------|
| Number of existing engagements as of 31 March                                 | 105           | 91            |
| Number that have existed for less than one year at the time of reporting      | 51            | 54            |
| Number that have existed for between one and 2 years at the time of reporting | 31            | 26            |
| Number that have existed for between 2 and 3 years at the time of reporting   | 18            | 9             |
| Number that have existed for between 3 and 4 years at the time of reporting   | 5             | 2             |

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

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

|                                                                                        | 31 March<br>2026 | 31 March<br>2025 |
|----------------------------------------------------------------------------------------|------------------|------------------|
| Number of temporary off-payroll workers engaged during the year ended 31 March 2026.   | <b>146</b>       | 155              |
| <b>Of which:</b>                                                                       |                  |                  |
| Not subject to off-payroll legislation <sup>1</sup>                                    | <b>146</b>       | 147              |
| Subject to off-payroll legislation and determined as in-scope of IR35                  | –                | 6                |
| Subject to off-payroll legislation and determined as out-of-scope of IR35              | –                | 2                |
| Number of engagements reassessed for compliance or assurance purposes during the year. | –                | 2                |
| <b>Of which:</b>                                                                       |                  |                  |
| Number of engagements that saw a change to IR35 status following review                | –                | –                |

<sup>1</sup> Contingent labour workers employed by an umbrella company (as defined by HM Treasury guidance) are automatically out-of-scope of IR35 and are therefore not subject to the off-payroll legislation.

**Off-payroll engagements of board members, and senior officials with significant financial responsibility, between 1 April and 31 March**

|                                                                                                                                                                                       | 2025-26   | 2024-25 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|---------|
| Number of off-payroll engagements of board members and, senior officials with significant financial responsibility, during the financial year                                         | –         | –       |
| Total number of individuals on payroll and off-payroll that have been deemed board members and, senior officials with significant financial responsibility, during the financial year | <b>12</b> | 13      |

Policy and procedures for staff

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

Policy on employment of people with a disability

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

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

Sickness absence

The number of days lost (by full time equivalents) through sickness absence was 14.30 (2024-25: 12.01). Please see section Managing attendance and supporting wellbeing in the Performance report, [page 28](#), on what is being done to address the increase.

Staff turnover

|                             | 2025-26 | 2024-25 |
|-----------------------------|---------|---------|
| Civil Service turnover rate | 7.6%    | 8.9%    |
| Departmental turnover rate  | 9.2%    | 10.9%   |

The staff turnover figure is calculated as the number of leavers within the financial year divided by the average number of staff in post over the financial year. Civil Service turnover rate includes all leavers from DVLA, however, it excludes transfers to another government department.

Departmental turnover rate includes all leavers from DVLA. Both rates are aligned to Cabinet Office guidelines.

Civil Service People Survey results

The Civil Service People Survey ran from 23 September to 21 October 2025 and was available for all staff to complete. There were 3,981 respondents which equates to a 65% response rate (2024-25: 4,315 respondents, a 69% response rate).

There are 9 theme scores derived from the People Survey results, each used to measure a different element of employee experience at work.

The Employee Engagement Index is a key measure of the survey, and is a summary of how proud staff feel working at DVLA and whether they would recommend DVLA as a great place to work.

The Employee Engagement Index increased by 1% to 59% in 2025-26 against the Civil Service benchmark of 65% (2024-25: 64%).

More information on index and benchmarks can be found on [www.gov.uk/government/publications/civil-service-people-survey-2025-results](https://www.gov.uk/government/publications/civil-service-people-survey-2025-results)

# Parliamentary accountability

## Losses and special payments – audited

|                                   | 2025-26<br>Number of<br>cases | 2025-26<br>Value<br>£ | 2024-25<br>Number<br>of cases | 2024-25<br>Value<br>£ |
|-----------------------------------|-------------------------------|-----------------------|-------------------------------|-----------------------|
| <b>Losses written off in year</b> |                               |                       |                               |                       |
| Cash losses <sup>1</sup>          | 9,700                         | 717,466               | 10,172                        | 629,531               |
| Fruitless payments <sup>2</sup>   | 1                             | (14,449) <sup>3</sup> | 1                             | 385,181               |
| Constructive loss                 | 1                             | 4,744,053             | -                             | -                     |
| <b>Special payments</b>           |                               |                       |                               |                       |
| Ex-gratia payments <sup>4</sup>   | 1,264                         | 322,510               | 1,227                         | 355,010               |
| Payments to staff <sup>5</sup>    | -                             | -                     | 2                             | 27,015                |

<sup>1</sup> Cash losses mainly relate to small mis-payments once DVLA has taken all reasonable steps to pursue any amounts due and recovery has not been possible. 2025-26 includes a one-off loss in relation to Disqualified Drivers Licence Renewal Fee, further detail is included in the notes.

<sup>2</sup> A fruitless payment is a payment which cannot be avoided because the recipient is entitled to it even though nothing of use to the agency will be received in return.

<sup>3</sup> The figure relates to a single instance of a fruitless payment in 2025-26 and an adjustment to the prior year's value. There was one fruitless payment in 2025-26 with a value of £4,920 which was due to rescheduling of construction work. In 2024-25 there was one instance with an estimate of £385,181. This was for interest due to HMRC relating to late VAT payment for services provided to Government Digital Services. The actual value was lower than anticipated at £365,812. These two instances have resulted in a net credit in 2025-26.

<sup>4</sup> Ex-gratia payments are made to customers (without legal liability) in recognition of errors on the part of DVLA. In 2025-26, this included £9,570 in respect of 5 consolatory payments, each with a value exceeding £1,000 (2024-25 £20,450, 6 payments).

<sup>5</sup> Payments to staff relate to special severance payments outside of normal statutory or contractual requirements. Due to the small number of payments, no further information is disclosed, as in doing so would conflict with the Data Protection Act 2018.

## Losses and special payments over £300,000

The agency has identified a constructive loss within the financial year.

The Mark Management and Personalised Registrations (MMPR) transformation project commenced in 2018, which included the development and integration of personal registration mark web sales. In May 2020, a decision was taken to pause the project due to the impact of the Covid-19 pandemic and the need to reprioritise resources to support operational delivery of essential services to our customers.

The project was originally intended to deliver a system capable of transitioning into live service and in subsequent years internal reviews supported the position that the

developed outputs would be utilised. However, evolving strategic priorities, particularly the focus on large-scale and legislatively driven initiatives, have delayed the MMPR transformation and significantly altered the Vehicles systems landscape.

As a result, it is no longer considered likely that the asset will deliver future economic or service potential. Consequently, the expenditure incurred is now assessed as a constructive loss.

Total project expenditure amounted to £4.7 million of which £2.7 million was capitalised.

There were no other individual losses or special payments above the £300,000 reporting threshold in 2025-26.

## Disqualified Drivers Licence Renewal Fee

A system issue was identified in the driver licence renewal process where, following expiry and removal of a disqualification endorsement, an incorrect fee was applied, resulting in customers being undercharged through refunds being incorrectly issued. The total value of these incorrect refunds was £104,815, which has been reported within cash losses in the losses and special payments table. A system fix was implemented to prevent recurrence.

## Fees and charges – audited

Fees and charges income and confirmation of compliance with cost allocation and charging requirements are shown in Note 2 of the Business Account. DVLA has over 40 statutory fees and therefore individual unit costs have not been reported. Individual fees charged by DVLA can be found at [www.gov.uk](http://www.gov.uk).

Our financial objective is to recover, over the medium-term (that is over 5 years), the full cost of administering the vehicle registration and driver licensing schemes as a whole by charging statutory fees, as permitted under the Department for Transport (Driver Licensing and Vehicle Registration Fees) Order 2003. This cost recovery objective aligns with HM Treasury guidance and applies to all statutory fees covered by the Order referred to above.

In 2025-26, our outturn was a fee deficit of £23.4 million (2024-25: fee deficit of £9.3 million) in respect of all relevant statutory fees and charges. This equated to a cost recovery rate of 94% in 2025-26 (2024-25: 97%).

During the accounting period, we continued to review our statutory fees to ensure that the agency's financial position remains aligned over the medium-term with legislative requirements and HM Treasury guidance, particularly the principles set out in Managing Public Money. This proactive approach supports the realisation of the agency's objective of achieving full cost recovery over the medium-term, with appropriate measures being taken when necessary.

## Regularity of expenditure

All expenditure has complied with the regularity of expenditure requirements set out in HM Treasury guidance and as per Department for Transport, Corporate Governance: 2025-26 Delegation of Responsibilities for Driver and Vehicle Licensing Agency (DVLA).

## Remote contingent liabilities – audited

In accordance with IAS 37, the agency has assessed the following items as contingent or remote contingent liabilities. As such, no provision has been recognised.

Over time, the agency manages a number of employee-related matters. The agency is not able to reliably quantify the likely outflow associated with these due to the extent of the uncertainties associated with estimation (2024-25: none).

The agency is involved in an ongoing legal matter initiated by a third party. The outcome and potential financial impact remain uncertain and cannot be reliably estimated at this stage. In view of the sensitivity of the case, further detail has not been disclosed (2024-25: none).

## Government Functional Standards

Compliance with the Government Functional Standards, as explained in the Governance statement, is monitored and reported to the Audit and Risk Assurance Committee.



**Tim Moss, CBE**

Accounting Officer and Chief Executive, DVLA

8 July 2026

# Financial statements

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

## Business Account

### Opinion on financial statements

I certify that I have audited the financial statements of the Driver and Vehicle Licensing Agency for the year ended 31 March 2026 under the Government Resources and Accounts Act 2000.

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

- Statement of Financial Position as at 31 March 2026;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

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

In my opinion, the financial statements:

- give a true and fair view of the state of the Driver and Vehicle Licensing Agency's affairs as at 31 March 2026 and its net income for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

### Opinion on regularity

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

### Basis for opinions

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

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2024. I am independent of the Driver and Vehicle Licensing Agency in accordance with the ethical requirements

that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### Conclusions relating to going concern

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

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

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

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

### Other information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report 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 Licensing Agency and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Report

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

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

## Responsibilities of the Accounting Officer for the financial statements

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

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

## Auditor's responsibilities for the audit of the financial statements

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

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

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

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

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

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

- considered the nature of the sector, control environment and operational performance including the design of the Driver and Vehicle Licensing Agency's accounting policies.
- inquired of management, the Driver and Vehicle Licensing Agency's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Driver and Vehicle Licensing Agency's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Driver and Vehicle Licensing Agency's controls relating to the Driver and Vehicle Licensing Agency's compliance with the Government Resources and Accounts Act 2000, Managing Public Money, Road Traffic Act 1988, Motor Vehicles (Driving Licences) Regulations 1999, Road Vehicles (Registration and Licences) Regulations 2002, employment law, pensions legislation, financial reporting legislation, and tax legislation;
- inquired of management, the Driver and Vehicle Licensing Agency's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud,

- discussed with the engagement team and the relevant internal specialists, including IT auditors regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

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

I obtained an understanding of the Driver and Vehicle Licensing Agency's framework of authority and other legal and regulatory frameworks in which Driver and Vehicle Licensing Agency operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Driver and Vehicle Licensing Agency. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, Road Traffic Act 1988, Motor Vehicles (Driving Licences) Regulations 1999, Road Vehicles (Registration and Licences) Regulations 2002, employment law, pensions legislation, financial reporting legislation, and tax legislation.

### **Audit response to identified risk**

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

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Assurance 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;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and

- I addressed the risk of fraud in relation to revenue by testing transactions posted around the year end to ensure that they were accounted for in the correct period and testing post year end credit notes to verify that income received around year end had not been subsequently reversed.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including internal specialists 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

### **Other auditor's responsibilities**

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

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

### **Report**

I have no observations to make on these financial statements.

**Gareth Davies**

**Comptroller and Auditor General**

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP  
10 July 2026

# DVLA Business Account

## Statement of Comprehensive Net Expenditure for the year ended 31 March 2026

|                                                                        | Note | 2025-26<br>£000  | 2024-25<br>£000 |
|------------------------------------------------------------------------|------|------------------|-----------------|
| <b>Revenue from contracts with customers</b>                           | 2    | <b>694,372</b>   | 672,069         |
| Operating costs                                                        | 3    | <b>(293,159)</b> | (280,196)       |
| Staff costs (i)                                                        |      | <b>(258,475)</b> | (243,368)       |
| Depreciation, amortisation, impairment and loss on disposal            | 5&6  | <b>(18,417)</b>  | (13,719)        |
| <b>Net operating income</b>                                            |      | <b>124,321</b>   | 134,786         |
| Finance costs                                                          | 4    | <b>(109)</b>     | (606)           |
| <b>Net income for the year</b>                                         |      | <b>124,212</b>   | 134,180         |
| <b>Other comprehensive net expenditure</b>                             |      |                  |                 |
| <b>Items that will not be reclassified to net operating costs:</b>     |      |                  |                 |
| Net gain on revaluation of property, plant and equipment               | 5    | <b>2,660</b>     | 739             |
| Net gain on revaluation of intangibles                                 | 6    | <b>–</b>         | 1,122           |
| <b>Total comprehensive net income for the year ended 31 March 2026</b> |      | <b>126,872</b>   | 136,041         |

(i) A breakdown of staff costs is shown on [page 81](#) in the Accountability report.

All income and expenditure are derived from continuing operations. Notes forming part of these accounts appear on [pages 96 to 117](#).

## Statement of Financial Position as at 31 March 2026

|                                                        | Note | 2025-26<br>£000  | 2024-25<br>£000  |
|--------------------------------------------------------|------|------------------|------------------|
| <b>Non-current assets</b>                              |      |                  |                  |
| Property, plant and equipment                          | 5    | 75,473           | 70,611           |
| Intangible assets                                      | 6    | 54,591           | 53,884           |
| <b>Total non-current assets</b>                        |      | <b>130,064</b>   | <b>124,495</b>   |
| <b>Current assets</b>                                  |      |                  |                  |
| Trade and other receivables                            | 7    | 44,882           | 45,828           |
| Cash and cash equivalents                              | 8    | 33,239           | 16,350           |
| <b>Total current assets</b>                            |      | <b>78,121</b>    | <b>62,178</b>    |
| <b>Total assets</b>                                    |      | <b>208,185</b>   | <b>186,673</b>   |
| <b>Current liabilities</b>                             |      |                  |                  |
| Trade and other payables due within one year           | 9    | (124,794)        | (103,900)        |
| Lease liabilities                                      | 12   | (1,367)          | (1,735)          |
| Provisions for liabilities and charges                 | 11   | (261)            | (419)            |
| <b>Total current liabilities</b>                       |      | <b>(126,422)</b> | <b>(106,054)</b> |
| <b>Non-current assets less net current liabilities</b> |      | <b>81,763</b>    | <b>80,619</b>    |
| <b>Non-current liabilities</b>                         |      |                  |                  |
| Lease liabilities                                      | 12   | (3,098)          | (3,373)          |
| Provisions for liabilities and charges                 | 11   | (585)            | (719)            |
| <b>Total non-current liabilities</b>                   |      | <b>(3,683)</b>   | <b>(4,092)</b>   |
| <b>Assets less liabilities</b>                         |      | <b>78,080</b>    | <b>76,527</b>    |
| <b>Taxpayer's equity</b>                               |      |                  |                  |
| General fund                                           |      | 7,534            | 7,534            |
| Revaluation reserve                                    |      | 70,546           | 68,993           |
| <b>Total taxpayers' equity</b>                         |      | <b>78,080</b>    | <b>76,527</b>    |

Notes forming part of the accounts appear on [pages 96 to 117](#).



**Tim Moss, CBE**

Accounting Officer and Chief Executive, DVLA

8 July 2026

## Statement of Cash Flows for the year ended 31 March 2026

|                                                                                      | Note | 2025-26<br>£000 | 2024-25<br>£000 |
|--------------------------------------------------------------------------------------|------|-----------------|-----------------|
| <b>Cash flows from operating activities</b>                                          |      |                 |                 |
| <b>Net operating income</b>                                                          |      | <b>124,321</b>  | 134,786         |
| <b>Adjustments for non-cash items:</b>                                               |      |                 |                 |
| Finance costs                                                                        | 4    | 19              | (485)           |
| Loss on disposal, depreciation, amortisation and impairment                          | 5&6  | 18,417          | 13,719          |
| Decrease/(Increase) in trade and other receivables                                   | 7    | 946             | (9,730)         |
| Increase in trade payables                                                           | 9    | 20,894          | 12,212          |
| (Less) or add movements relating to supply funding                                   | 9    | (30,689)        | 3,115           |
| (Less) movements relating to CFER payables                                           | 9    | (434)           | (2,014)         |
| Add movements relating to capital element of PFI contracts                           | 9    | –               | 3,364           |
| (Less) movements relating to capital accruals                                        | 9    | (742)           | (688)           |
| Auditor's remuneration – notional charges                                            | 3    | 185             | 181             |
| UBS recharge – notional charges                                                      | 3    | 7,526           | –               |
| (Decrease) in provisions                                                             | 11   | (287)           | (1,298)         |
| <b>Net cash inflow from operating activities</b>                                     |      | <b>140,156</b>  | 153,162         |
| <b>Cash flows from investing activities</b>                                          |      |                 |                 |
| Purchase of property, plant and equipment                                            | 5    | (7,588)         | (1,499)         |
| Purchase of intangible assets                                                        | 6    | (11,757)        | (15,275)        |
| <b>Net cash outflow from investing activities</b>                                    |      | <b>(19,345)</b> | (16,774)        |
| <b>Cash flows from financing activities</b>                                          |      |                 |                 |
| Payment of lease liabilities                                                         | 12   | (1,883)         | (1,383)         |
| Interest on lease liabilities                                                        | 12   | (132)           | (99)            |
| Capital element of payments in respect of leases and on-balance sheet PFI contracts  | 9    | –               | (3,364)         |
| DfT supply funding received in year                                                  |      | 182,000         | 137,000         |
| <b>Net cash received in financing activities</b>                                     |      | <b>179,985</b>  | 132,154         |
| Payments of amounts in respect of cherished transfers and personalised registrations |      | (283,907)       | (272,461)       |
| <b>Net increase/(decrease) in cash and cash equivalents in the year</b>              | 8    | <b>16,889</b>   | (3,919)         |
| Cash and cash equivalents at the beginning of the year                               | 8    | 16,350          | 20,269          |
| <b>Cash and cash equivalents at the end of the year</b>                              | 8    | <b>33,239</b>   | 16,350          |

Notes forming part of these accounts appear on [pages 96 to 117](#).

## Statement of Changes in Taxpayers' Equity for the year ended 31 March 2026

|                                                               | General<br>fund<br>£000 | Revaluation<br>reserve (i)<br>£000 | Total<br>reserves<br>£000 |
|---------------------------------------------------------------|-------------------------|------------------------------------|---------------------------|
| <b>Balance at 31 March 2024</b>                               | <b>7,534</b>            | <b>67,132</b>                      | <b>74,666</b>             |
| Net operating income for the year to 31 March 2025            | 134,180                 | –                                  | 134,180                   |
| Non-cash charge – auditor's remuneration                      | 181                     | –                                  | 181                       |
| DfT supply funding                                            | 140,115                 | –                                  | 140,115                   |
| <b>Consolidated Fund Extra Receipts (CFERs) payable:</b>      |                         |                                    |                           |
| Cherished transfers                                           | (123,939)               | –                                  | (123,939)                 |
| Personalised registrations                                    | (150,537)               | –                                  | (150,537)                 |
| <b>Other comprehensive income</b>                             |                         |                                    |                           |
| Net gain on revaluation of property, plant and equipment      | –                       | 739                                | 739                       |
| Net gain on revaluation of intangible assets                  | –                       | 1,122                              | 1,122                     |
| <b>Balance at 31 March 2025</b>                               | <b>7,534</b>            | <b>68,993</b>                      | <b>76,527</b>             |
| Net operating income for the year to 31 March 2026            | 124,212                 | –                                  | 124,212                   |
| Non-cash charge – auditor's remuneration                      | 185                     | –                                  | 185                       |
| Non-cash charge – UBS recharge                                | 7,526                   | –                                  | 7,526                     |
| DfT supply funding                                            | 151,311                 | –                                  | 151,311                   |
| <b>Consolidated Fund Extra Receipts (CFERs) payable (ii):</b> |                         |                                    |                           |
| Cherished transfers                                           | (126,938)               | –                                  | (126,938)                 |
| Personalised registrations                                    | (157,403)               | –                                  | (157,403)                 |
| Transfers to General Fund from reserves                       | 1,107                   | (1,107)                            | –                         |
| <b>Other comprehensive income</b>                             |                         |                                    |                           |
| Net gain on revaluation of property, plant and equipment      | –                       | 2,660                              | 2,660                     |
| Net gain on revaluation of intangible assets                  | –                       | –                                  | –                         |
| <b>Balance at 31 March 2026</b>                               | <b>7,534</b>            | <b>70,546</b>                      | <b>78,080</b>             |

(i) The Revaluation Reserve reflects the accumulated revaluation gains relating to non-current assets. The amount of the revaluation reserve that relates to intangible assets as at 31 March 2026 is £22.3 million (31 March 2025: £24.3 million).

(ii) Of the total £284.3 million (2024-25: £274.5 million), £150 million (2024-25: £150 million) was payable to the Consolidated Fund as an Extra Receipt, while £134.3 million (2024-25: £124.5 million) was payable to DfT under an agreement between HM Treasury and the Department.

## Notes to the accounts

### Note 1. Statement of accounting policies

The financial statements have been prepared in accordance with the 2025-26 Government Financial Reporting Manual (FReM) issued by HM Treasury, to give a true and fair view of that basis. The accounting policies contained in the FReM apply UK adopted International Accounting Standards (IAS) as adapted or interpreted for the public sector context.

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

#### Adoption of new and revised standards

International Financial Reporting Standard (IFRS) 17 Insurance Contracts applies to accounting periods beginning on or after 1 January 2023. For UK government bodies, the standard has been implemented through HM Treasury's Government Financial Reporting Manual (FReM) with effect from 1 April 2025.

Under IFRS 17, an insurance contract is defined as 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 adversely affects the policyholder.

The accounting treatment for such contracts is based on a risk-adjusted, probability-weighted estimate of discounted future cash flows. Contracts are grouped according to the nature of the risks and their inception date, with measurement undertaken at a portfolio (group) level.

We adopted IFRS 17 on 1 April 2025. A review of existing contractual arrangements has been undertaken. This confirmed that IFRS 17 has no material impact on our contracts for 2025-26.

#### 2026-27 and beyond

IFRS 18 will replace IAS 1 Presentation of Financial Statements and is effective for annual reporting periods beginning on or after the 1 January 2027 in the private sector. This standard has been endorsed by the UK Endorsement Board (UKEB) but not yet adopted by HM Treasury. A decision on the implementation date for the public sector has not yet been made. DVLA will undertake an assessment of its potential impact in advance of implementation and will reflect any material implications in future financial statements, as appropriate.

### Accounting convention

These financial statements have been prepared under the historical cost convention except where otherwise noted in these policies.

The financial statements have been prepared in accordance with the revised Accounts Direction issued by HM Treasury on 18 December 2025. They meet the relevant requirements of the FReM adapted IFRS. We are not aware of any disclosures or circumstances where these are inappropriate. International Accounting Standard 1 (IAS1) requires management to assess, as part of the process of preparing the financial statements, the agency's ability to continue as a going concern. The FReM interprets IAS 1 for the public sector context and states that, for non-trading entities, the anticipated continuation of the provision of a service in the future is normally sufficient evidence of going concern. The financial statements should be prepared on a going concern basis unless there are plans for, or no realistic alternative other than, the dissolution of the agency without the transfer of its services to another entity within the public sector. As an executive agency, DVLA receives direct funding from DfT with this income included within DfT's estimate. There is no reason to believe that DVLA will not continue to receive the funding necessary to maintain operations vital to the infrastructure of the UK for the period of 12 months. As such, management has concluded it is appropriate to continue to prepare the agency's financial statements on the going concern basis.

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

### Income

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

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

| Income stream                                      | Nature and timing of satisfaction of performance obligations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Operating segment – Note 2   |
|----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|
| Income from the sale of personalised registrations | Income from the sale of personalised registrations is recognised on receipt of payment for fixed price sales and for sales at auction. Payment is immediate for fixed price transactions and within 5 days of auction. Uncompleted sales are written out of sales after 12 months, with the related marks becoming available for resale.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Personalised registrations   |
| Income from the sale of cherished transfers        | Fee income from the assignment, transfer and retention of cherished registration marks is recognised on receipt of payment. This satisfies the performance obligation in line with IFRS 15 – Revenue from Contracts with Customers, where the buyer obtains control of the right to display the mark.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Cherished transfers          |
| Driver transactions fee income                     | <p>Driver transactions fee income is recognised in accordance with IFRS 15 – Revenue from Contracts with Customers, based on the point at which the associated performance obligation is satisfied. The most material component within this driver income stream relates to first applications. Statutory fee income is received on application, with the corresponding performance obligation being the subsequent production of the licence with revenue recognised upon completion of the application process.</p> <p>For online driver transactions, we take payment straight away. The income is only recognised when the service is fully completed. For postal and Post Office transactions, income is recognised when the transaction is processed, as this is when the service is considered complete.</p> <p>We monitor transaction turnaround times closely. Where appropriate, we defer or accrue revenue to ensure it is recorded in the same financial year as the service is delivered.</p>                                                                                                       | Fees and charges             |
| Vehicle transactions fee income                    | <p>Vehicle transaction fee income is recognised in accordance with IFRS 15 – Revenue from Contracts with Customers, which requires revenue to be recorded when the related performance obligation is satisfied. The most material components of vehicle income relate to fees from vehicle first registrations, vehicle enquiries and replacement of vehicle registration documentation. Statutory fee income is received on application, with the corresponding performance obligation being the production of a registration document or enquiry being dealt with, resulting in revenue recognised upon completion of these processes.</p> <p>For vehicle online transactions, this happens immediately, as the service is delivered at the same time as payment. For postal and Post Office transactions, income is recognised when the transaction is processed, as this is when the service is considered complete.</p> <p>We monitor transaction turnaround times closely. Where appropriate, we defer or accrue revenue to ensure it is recorded in the same financial year the service is delivered.</p> | Fees and charges             |
| Fees from Other Government Departments (OGDs)      | We invoice OGDs in arrears recognising income once our performance obligation for services provided has been satisfied.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Other government departments |

## Finance income and finance costs

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

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

## Taxation

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

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

## Cash and cash equivalents

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

## Accounting policy for leases

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

In addition, the right of use asset is reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability on a monthly basis. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, HMT issued

incremental borrowing rate of 4.81%. This rate applies to existing leases or leases entered into before 1 January 2026. For leases for the full 2026 calendar year (that is 1 January 2026 to 31 December 2026) it is 5.32%.

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

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

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

## Non-current assets: property, plant and equipment

HM Treasury has updated valuation requirements for non-investment assets within the Government Financial Reporting Manual (FReM), effective from 1 April 2025. These changes introduce a single classification of assets held for operational capacity, replacing the previous distinction between specialised and non-specialised assets, and aligning valuation with the service potential of assets used in delivering public services.

Operational land and buildings are measured at current value in existing use, reflecting their service capacity rather than market exit value. Where there is no active market, valuations are determined using depreciated replacement cost (DRC), representing the cost of replacing the asset's remaining service potential in its existing use.

DVLA has adopted these requirements from 1 April 2025. The changes have been applied prospectively, with no restatement of prior periods. The agency undertakes quinquennial professional valuations, with values updated in intervening years using appropriate indices.

The most recent full valuation was undertaken as at 31 March 2024 by Joseph M L Funtek BSc (Hons) MRICS of Gerald Eve LLP. This valuation was prepared under the previous FReM framework, which distinguished between specialised and non-specialised assets. Under that basis, EUV was applied to the majority of assets, with specialised assets valued on a DRC basis. The valuation covered DVLA-owned sites at Morriston, Swansea Vale and Ty Felin; leased properties are excluded as they are accounted for under IFRS 16.

Within the Morriston site, a number of buildings were valued, of which only X Block was classified as specialised. Ty Felin is also a purpose-built specialised industrial facility. Both assets were therefore valued on a DRC basis in accordance with RICS Valuation Standards, while the remainder of the estate, comprising general office accommodation, was valued on an EUV basis.

Under the updated FReM requirements, these assets are now recognised as a single category of operational assets held for their operational capacity.

As no external valuation was required in 2025–26, values at 31 March 2025 have been updated using indices provided by the Valuation Office Agency (VOA). Indices have been applied to buildings only, as application to land resulted in minimal movement. This approach will be kept under review in future years, subject to the availability of appropriate land indices.

Management has reviewed the valuation of the DVLA estate, including consideration of any residual maintenance matters following exit from PFI arrangements in 2024–25. No indicators of material change have been identified, and therefore there is considered no material impact on the valuation as at 31 March 2026.

Plant and machinery, fixtures and fittings, computer equipment, motor vehicles and office equipment are revalued annually using price indices published by the Office for National Statistics (ONS).

For 2025–26, the Producer Price Index (PPI) time-series dataset has been applied. In prior years, valuation was based on the MM22 Producer Price Indices, which are no longer available.

The change in index from MM22 to the PPI time-series dataset has not had a material impact.

Surpluses and deficits arising on revaluation are charged to the revaluation reserve.

Where it is not possible for any such deficit to be offset by previous surpluses in the revaluation reserve, it is charged to revenue as permanent diminutions in the value of fixed assets. Ownership of our assets is vested in the Secretary of State for Transport. The minimum level for capitalisation is £5,000.

## Non-current assets: intangible assets

The value of software licences to operate the driver and vehicle systems are capitalised. Software development costs are capitalised, excluding any costs incurred in the planning and design stages of the project, which are clearly defined and separate from the build phase of a project. New expenditure on IT systems development is written off in the period in which it is incurred, unless a beneficial relationship to a future period can be established with reasonable certainty, in which case the charge is capitalised. The agency assesses at each reporting date whether there is any indication that intangible assets or

assets under construction may be impaired, in accordance with IAS 36 Impairment of Assets.

Intangible assets are subject to quarterly reviews, reflecting their sensitivity to technological and operational change. Impairment reviews are carried out annually that includes assets under construction, or more frequently where indicators of impairment arise.

In determining whether an impairment review is required, the agency considers both external and internal indicators of impairment.

Where such indicators exist, the recoverable amount of the asset is estimated and compared to its carrying value. An impairment loss is recognised where the carrying amount exceeds recoverable amount.

For assets under construction, specific consideration is given to whether projects continue to meet the criteria for asset recognition, including whether future economic benefits or service potential are expected to be realised.

The adoption of the updated FReM valuation requirements means that assets are now carried at historical cost, with the carrying value at 31 March 2025 treated as deemed cost on transition and amortised thereafter. This does not result in a material impact on the financial statements for 2025–26.

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

## Depreciation and amortisation

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

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

The estimated remaining useful lives of buildings on 31 March 2026 are:

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

The estimated remaining useful lives of right of use buildings on 31 March 2026 are:

- 3 years 5 months, Contact Centre

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

## Provisions

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

## Pensions

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

## Research and development

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

In accordance with IAS 38 Intangible Assets, expenditure incurred on pure and applied research is treated as an operating charge in the year in which it is incurred. Development expenditure is for the development of specific business systems. Expenditure which does not meet the criteria for capitalisation is treated as an operating

cost in the year in which it is incurred. Development costs meeting the criteria for capitalisation are treated as intangible fixed assets and amortised as explained in the intangible non-current asset note (Note 6). Non-current assets acquired for use in development are depreciated over the expected useful life of the underlying system.

## Private Finance Initiative (PFI) contract for estates

The 20-year Private Finance Initiative (PFI) contract with Telereal Trillium (TT) was exited on 31 March 2025.

As part of exit preparations, DVLA agreed a variation with TT in November 2023 to remove all services classified as "Facilities Management Soft Services" from the PFI arrangement. These services comprised cleaning, catering and vending, and waste management and pest control.

The remaining "hard services", covering building maintenance across the Swansea estate, continued under the PFI contract until its expiry on 31 March 2025.

To support an orderly exit, DVLA and TT implemented an agreed approach that includes the partial retention of unitary charge payments, pending completion of agreed rectification and maintenance works as documented in a "Survey on Expiry". Remediation works continued during 2025–26, with payments released upon satisfactory completion of agreed works.

Further detail regarding the remaining value of the monthly unitary charge withheld as at 31 March 2026 is provided in Note 13, Commitments under Private Finance Initiative (PFI), [page 116](#). All other provisions relating to the contract have been fully utilised or released in line with accounting requirements; see Note 11, Provisions for liabilities and charges, [page 112](#).

The Facilities Management Soft Services contract commenced on 1 November 2023 for an initial term of four years, with an option to extend for a further year. These services are invoiced monthly and recognised as revenue expenditure within service charges in the Statement of Comprehensive Net Expenditure.

New contracts for hard services, covering all building maintenance across the Swansea estate, commenced on 1 April 2025. There is one core contract that was awarded for a term of five years, with an option to extend for up to two years. This includes building maintenance, Lifecycle Replacement (LCR) (the replacement of equipment at the end of its life), and any associated works and discretionary Estates projects. Expenditure under this arrangement is recognised in accordance with the nature of the underlying activity, including capitalisation where relevant under applicable accounting standards.

In addition, lower-value contracts are in place to deliver Grounds Maintenance and Health and Safety Compliance services, including fire safety, asbestos management, and water hygiene.

## Financial instruments

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

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

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

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

## Impairment of financial assets

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

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

We do not hold any derivative financial instruments.

## Contingent liabilities

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

In addition to contingent liabilities disclosed in accordance with IAS 37, we disclose for Parliamentary reporting and accountability purposes certain statutory and non-statutory

contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of Managing Public Money.

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

## Contingent assets

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

## Use of estimates and judgements

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

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

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

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

## Consolidated Fund Extra Receipts

Payments due to the Consolidated Fund from the Business Account represent amounts in excess of costs for our personalised registration and cherished transfer transactions. The income from these transactions is only deemed as due to the Consolidated Fund after the recovery of these costs. The surplus Consolidated Fund Extra Receipts are recognised in the Statement of Changes in Taxpayers' Equity in compliance with the 2025-26 FReM. Under an arrangement between the Department for Transport (DfT) and HM Treasury, Consolidated Fund Extra Receipts in excess of £150 million are payable to DfT.

## Supply funding

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

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

| 2025-26<br>Operating segments | Fees and<br>charges <sup>1</sup> | Cherished<br>transfers | Personalised<br>registrations | VED<br>collection<br>and<br>enforcement | Other<br>government<br>departments | Total          |
|-------------------------------|----------------------------------|------------------------|-------------------------------|-----------------------------------------|------------------------------------|----------------|
|                               | £000                             | £000                   | £000                          | £000                                    | £000                               | £000           |
| External revenue              | 350,466                          | 138,253                | 163,163                       | 9,716                                   | 32,774                             | 694,372        |
| Expenditure                   | (373,891)                        | (11,315)               | (5,760)                       | (146,420)                               | (32,774)                           | (570,160)      |
| <b>Net income/(cost)</b>      | <b>(23,425)</b>                  | <b>126,938</b>         | <b>157,403</b>                | <b>(136,704)</b>                        | <b>–</b>                           | <b>124,212</b> |

<sup>1</sup> Fees and charges excludes the cherished transfers with this shown separately in the table above.

| 2024-25<br>Operating segments | Fees and<br>charges <sup>1</sup> | Cherished<br>transfers | Personalised<br>registrations | VED<br>collection<br>and<br>enforcement | Other<br>government<br>departments | Total          |
|-------------------------------|----------------------------------|------------------------|-------------------------------|-----------------------------------------|------------------------------------|----------------|
|                               | £000                             | £000                   | £000                          | £000                                    | £000                               | £000           |
| External revenue              | 341,928                          | 133,625                | 155,129                       | 9,845                                   | 31,542                             | 672,069        |
| Expenditure                   | (351,262)                        | (9,686)                | (4,592)                       | (140,807)                               | (31,542)                           | (537,889)      |
| <b>Net income/(cost)</b>      | <b>(9,334)</b>                   | <b>123,939</b>         | <b>150,537</b>                | <b>(130,962)</b>                        | <b>–</b>                           | <b>134,180</b> |

<sup>1</sup> Fees and charges excludes the cherished transfers with this shown separately in the table above.

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

Within net operating income/(cost) are Consolidated Fund Extra Receipts (CFERs) as set out in the Statement of Changes in Taxpayers' Equity ([page 95](#)).

We comply with the cost allocation and charging requirements set out in Managing Public Money. For fee setting purposes, rather than ring-fencing fees and related expenditure, The Department for Transport (Driver Licensing and Vehicle Registration Fees) Order 2003 allows us to pool these fees and costs: the total fees, costs and surplus are disclosed in the above note. Our financial objective is to recover the full cost of keeping the vehicle and driver registers over the medium-term and fees (where applicable) are set to cover these costs. This objective of cost recovery applies to all streams except cherished transfer transactions and personalised registrations, in line with the Order referred to above. Our outturn against this breakeven objective for pooled fees and charges was a deficit of £23.4 million (2024-25: deficit of £9.3 million) in respect of all fees and charges excluding the cherished transfers. As disclosed above, net operating income for cherished transfer transactions and personalised registrations is transferred to the Consolidated Fund with a proportion of this revenue retained by DfT (see Statement of Changes in Taxpayers' Equity [page 95](#)).

## Note 3. Operating costs

|                                                    | 2025-26<br>£000 | 2024-25<br>£000 |
|----------------------------------------------------|-----------------|-----------------|
| <b>ICT Services:</b>                               |                 |                 |
| Operational                                        | 51,459          | 48,364          |
| Programme                                          | 10,328          | 7,217           |
| Agents' fees                                       | 52,593          | 52,297          |
| Postage and printing                               | 86,879          | 78,955          |
| PFI Estates unitary charge <sup>1</sup>            | 3,080           | 14,583          |
| Card charges                                       | 22,479          | 19,801          |
| Accommodation                                      | 17,201          | 8,362           |
| Medical practitioners                              | 18,968          | 19,774          |
| Shared Services <sup>2</sup>                       | 13,821          | 13,477          |
| Professional services                              | 4,761           | 5,930           |
| Maintenance of machinery and vehicles              | 2,619           | 2,523           |
| Travel and subsistence                             | 988             | 1,242           |
| Staff related                                      | 2,546           | 2,416           |
| Consultancy <sup>3</sup>                           | 163             | 237             |
| Auditor's remuneration <sup>4</sup>                | 185             | 181             |
| Other                                              | 5,108           | 4,513           |
| Net increase/(decrease) in provisions <sup>5</sup> | (19)            | 324             |
| <b>Total operating costs</b>                       | <b>293,159</b>  | <b>280,196</b>  |

<sup>1</sup> The PFI contract was exited on 31 March 2025, however, remediation works continued throughout 2025–26, with payments released upon satisfactory completion. See note 13 for further information.

<sup>2</sup> Shared services expenditure includes a fee in respect of UBS charges of £7,526,000 (2024-25: £6,308,989). This amount was treated as a notional charge in 2025-26.

<sup>3</sup> Consultancy expenditure is categorised based on the definition in Annex 4 of the Government Financial Reporting Manual.

<sup>4</sup> As an executive agency, the auditor's remuneration is a notional fee for the DVLA Business Account of £137,000 (2024-25: £135,000) along with a notional fee for the statutory audit of the Trust Statement of £48,000 (2024-25: £46,500).

<sup>5</sup> Before unwinding (note 4) and utilisation (no effect on expenditure).

## Note 4. Finance costs

|                                                                                                    | 2025-26<br>£000 | 2024-25<br>£000 |
|----------------------------------------------------------------------------------------------------|-----------------|-----------------|
| <b>Finance costs</b>                                                                               |                 |                 |
| HMRC interest                                                                                      | (19)            | 385             |
| Interest on imputed finance lease part of on-balance sheet PFI contracts                           | –               | 100             |
| Interest on lease liabilities                                                                      | 132             | 99              |
| Creation/(unwinding) of discount and impact of changes in discount rate on provisions <sup>1</sup> | (4)             | 22              |
| <b>Total finance costs</b>                                                                         | <b>109</b>      | <b>606</b>      |

<sup>1</sup> Discount rate changes made to reflect future liability payments at today's prices, based on the latest discount rates published by HM Treasury.

## Note 5. Property, plant and equipment

| 2025-26                                | Land         | Buildings     | IT hardware   | Plant and machinery | Furniture and fittings | Right of use assets | Assets under construction | Total          |
|----------------------------------------|--------------|---------------|---------------|---------------------|------------------------|---------------------|---------------------------|----------------|
|                                        | £000         | £000          | £000          | £000                | £000                   | £000                | £000                      | £000           |
| <b>Cost or valuation</b>               |              |               |               |                     |                        |                     |                           |                |
| At 1 April 2025                        | 4,585        | 75,787        | 10,574        | 23,702              | 25,090                 | 12,074              | 3,204                     | 155,016        |
| Additions <sup>1</sup>                 | –            | –             | –             | –                   | –                      | 1,239               | 8,232                     | 9,471          |
| Remeasurement                          | –            | –             | –             | –                   | –                      | –                   | –                         | –              |
| Disposals                              | –            | –             | (26)          | –                   | (58)                   | (392)               | –                         | (476)          |
| Transfer                               | –            | 7             | 4,043         | 787                 | 21                     | –                   | (4,858)                   | –              |
| Revaluations                           | –            | 425           | 769           | 3,973               | 148                    | –                   | –                         | 5,315          |
| <b>At 31 March 2026</b>                | <b>4,585</b> | <b>76,219</b> | <b>15,360</b> | <b>28,462</b>       | <b>25,201</b>          | <b>12,921</b>       | <b>6,578</b>              | <b>169,326</b> |
| <b>Depreciation</b>                    |              |               |               |                     |                        |                     |                           |                |
| At 1 April 2025                        | –            | 31,909        | 9,449         | 11,164              | 24,257                 | 7,626               | –                         | 84,405         |
| Charged in year                        | –            | 1,962         | 875           | 2,389               | 195                    | 1,649               | –                         | 7,070          |
| Impairments                            | –            | –             | –             | –                   | 199                    | –                   | –                         | 199            |
| Disposals                              | –            | –             | (26)          | –                   | (58)                   | (392)               | –                         | (476)          |
| Revaluations                           | –            | –             | 687           | 1,856               | 112                    | –                   | –                         | 2,655          |
| <b>At 31 March 2026</b>                | <b>–</b>     | <b>33,871</b> | <b>10,985</b> | <b>15,409</b>       | <b>24,705</b>          | <b>8,883</b>        | <b>–</b>                  | <b>93,853</b>  |
| Net book value at 31 March 2025        | 4,585        | 43,878        | 1,125         | 12,538              | 833                    | 4,448               | 3,204                     | 70,611         |
| <b>Net book value at 31 March 2026</b> | <b>4,585</b> | <b>42,348</b> | <b>4,375</b>  | <b>13,053</b>       | <b>496</b>             | <b>4,038</b>        | <b>6,578</b>              | <b>75,473</b>  |
| <b>Asset financing</b>                 |              |               |               |                     |                        |                     |                           |                |
| Owned                                  | 4,585        | 42,348        | 4,375         | 13,053              | 496                    | –                   | 6,578                     | 71,435         |
| Leased                                 | –            | –             | –             | –                   | –                      | 4,038               | –                         | 4,038          |
| <b>Net book value at 31 March 2026</b> | <b>4,585</b> | <b>42,348</b> | <b>4,375</b>  | <b>13,053</b>       | <b>496</b>             | <b>4,038</b>        | <b>6,578</b>              | <b>75,473</b>  |

<sup>1</sup> Additions in 2025-26 include £1,195,759 (2024-25: £551,138) in relation to accrued capital expenditure.

## Note 5. Property, plant and equipment (continued)

| 2024-25                                | Land         | Buildings     | IT hardware   | Plant and machinery | Furniture and fittings | Right of use assets | Assets under construction | Total          |
|----------------------------------------|--------------|---------------|---------------|---------------------|------------------------|---------------------|---------------------------|----------------|
|                                        | £000         | £000          | £000          | £000                | £000                   | £000                | £000                      | £000           |
| <b>Cost or valuation</b>               |              |               |               |                     |                        |                     |                           |                |
| At 1 April 2024                        | 4,585        | 75,787        | 11,006        | 22,609              | 25,020                 | 11,742              | 1,824                     | 152,573        |
| Additions                              | –            | –             | –             | –                   | –                      | 97                  | 1,873                     | 1,970          |
| Remeasurement                          | –            | –             | –             | –                   | –                      | 738                 | –                         | 738            |
| Disposals                              | –            | –             | (968)         | –                   | –                      | (503)               | –                         | (1,471)        |
| Transfer                               | –            | –             | 493           | –                   | –                      | –                   | (493)                     | –              |
| Revaluations                           | –            | –             | 43            | 1,093               | 70                     | –                   | –                         | 1,206          |
| <b>At 31 March 2025</b>                | <b>4,585</b> | <b>75,787</b> | <b>10,574</b> | <b>23,702</b>       | <b>25,090</b>          | <b>12,074</b>       | <b>3,204</b>              | <b>155,016</b> |
| <b>Depreciation</b>                    |              |               |               |                     |                        |                     |                           |                |
| At 1 April 2024                        | –            | 29,756        | 10,010        | 8,302               | 23,917                 | 6,346               | –                         | 78,331         |
| Charged in year                        | –            | 2,153         | 367           | 2,466               | 309                    | 1,770               | –                         | 7,065          |
| Disposals                              | –            | –             | (968)         | –                   | –                      | (490)               | –                         | (1,458)        |
| Revaluations                           | –            | –             | 40            | 396                 | 31                     | –                   | –                         | 467            |
| <b>At 31 March 2025</b>                | <b>–</b>     | <b>31,909</b> | <b>9,449</b>  | <b>11,164</b>       | <b>24,257</b>          | <b>7,626</b>        | <b>–</b>                  | <b>84,405</b>  |
| Net book value at 31 March 2024        | 4,585        | 46,031        | 996           | 14,307              | 1,103                  | 5,396               | 1,824                     | 74,242         |
| <b>Net book value at 31 March 2025</b> | <b>4,585</b> | <b>43,878</b> | <b>1,125</b>  | <b>12,538</b>       | <b>833</b>             | <b>4,448</b>        | <b>3,204</b>              | <b>70,611</b>  |
| <b>Asset financing</b>                 |              |               |               |                     |                        |                     |                           |                |
| Owned                                  | 4,585        | 43,878        | 1,125         | 12,538              | 833                    | –                   | 3,204                     | 66,163         |
| Leased                                 | –            | –             | –             | –                   | –                      | 4,448               | –                         | 4,448          |
| <b>Net book value at 31 March 2025</b> | <b>4,585</b> | <b>43,878</b> | <b>1,125</b>  | <b>12,538</b>       | <b>833</b>             | <b>4,448</b>        | <b>3,204</b>              | <b>70,611</b>  |

Further details of Right of use assets are in Note 12.

## Valuation of assets

The net book value of land includes freehold £3.5 million (2024-25: £3.5 million) and leasehold £1.1 million (2024-25: £1.1 million). Leasehold is made up of Richard Ley Development Centre £0.3 million (125 year lease commenced 2004) and Ty Felin £0.8 million (999 year lease commenced 2006).

The net book value of buildings includes:

- £31.2 million of property is valued on an Existing Use Basis, including Morriston site £28.2 million (2024-25: £29.4 million), J and E blocks £0.1 million (2024-25: £0.1 million) and Richard Ley Development centre £2.9 million (2024-25: £3.0 million)
- £11 million (2024-25: £11.3 million) of property is valued on a Depreciated Replacement Cost basis, comprising Ty Felin print centre £10.8 million (2024-25: £11 million) and X block £0.2 million (2024-25: £0.3 million)

The net book value of right of use buildings includes £2.1 million for the Contact Centre (2024-25: £2.7 million), £0.7 million for Ty Fforest (2024-25: £nil million) and £nil million for Baskerville House, Birmingham (2024-25: £0.5 million).

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

|                                                                   | Note | 2025-26<br>£000 | 2024-25<br>£000 |
|-------------------------------------------------------------------|------|-----------------|-----------------|
| Depreciation of property, plant and equipment                     | 5    | 7,070           | 6,650           |
| Amortisation of intangible assets                                 | 6    | 8,466           | 7,065           |
| Impairment of property, plant and equipment                       | 5    | 199             | –               |
| Impairment of intangible assets                                   | 6    | 2,681           | –               |
| Loss on disposal of property, plant and equipment and intangibles |      | 1               | 4               |
|                                                                   |      | <b>18,417</b>   | 13,719          |

## Note 6. Intangible assets

| 2025-26                                | Software<br>licences<br>£000 | Software<br>development<br>£000 | Assets under<br>construction<br>£000 | Total<br>£000  |
|----------------------------------------|------------------------------|---------------------------------|--------------------------------------|----------------|
| <b>Cost or valuation</b>               |                              |                                 |                                      |                |
| At 1 April 2025                        | 3,018                        | 301,833                         | 10,932                               | 315,783        |
| Additions <sup>1</sup>                 | –                            | –                               | 11,854                               | 11,854         |
| Disposals                              | (75)                         | –                               | –                                    | (75)           |
| Impairment <sup>2</sup>                | –                            | –                               | (2,681)                              | (2,681)        |
| Transfer                               | 151                          | 6,849                           | (7,000)                              | –              |
| <b>At 31 March 2026</b>                | <b>3,094</b>                 | <b>308,682</b>                  | <b>13,105</b>                        | <b>324,881</b> |
| <b>Amortisation</b>                    |                              |                                 |                                      |                |
| At 1 April 2025                        | 2,894                        | 259,005                         | –                                    | 261,899        |
| Charged in year                        | 105                          | 8,361                           | –                                    | 8,466          |
| Disposals                              | (75)                         | –                               | –                                    | (75)           |
| <b>At 31 March 2026</b>                | <b>2,924</b>                 | <b>267,366</b>                  | <b>–</b>                             | <b>270,290</b> |
| Net book value at 31 March 2025        | 124                          | 42,828                          | 10,932                               | 53,884         |
| <b>Net book value at 31 March 2026</b> | <b>170</b>                   | <b>41,316</b>                   | <b>13,105</b>                        | <b>54,591</b>  |

<sup>1</sup> Additions in 2025-26 include £874,951 (2024-25: £777,390) in relation to accrued capital expenditure.

<sup>2</sup> This is in relation to the The Mark Management and Personalised Registrations (MMPR) constructive losses. See Losses and special payments over £300,000 in Parliamentary accountability for further information.

There were no contractual commitments for intangibles as at 31 March 2026 or 31 March 2025.

| 2024-25                                | Software<br>licences<br>£000 | Software<br>development<br>£000 | Assets under<br>construction<br>£000 | Total<br>£000  |
|----------------------------------------|------------------------------|---------------------------------|--------------------------------------|----------------|
| <b>Cost or valuation</b>               |                              |                                 |                                      |                |
| At 1 April 2024                        | 3,014                        | 290,569                         | 5,489                                | 299,072        |
| Additions                              | –                            | –                               | 15,589                               | 15,589         |
| Disposals                              | –                            | –                               | –                                    | –              |
| Transfer                               | –                            | 10,146                          | (10,146)                             | –              |
| Revaluations                           | 4                            | 1,118                           | –                                    | 1,122          |
| <b>At 31 March 2025</b>                | <b>3,018</b>                 | <b>301,833</b>                  | <b>10,932</b>                        | <b>315,783</b> |
| <b>Amortisation</b>                    |                              |                                 |                                      |                |
| At 1 April 2024                        | 2,783                        | 252,466                         | –                                    | 255,249        |
| Charged in year                        | 111                          | 6,539                           | –                                    | 6,650          |
| Disposals                              | –                            | –                               | –                                    | –              |
| <b>At 31 March 2025</b>                | <b>2,894</b>                 | <b>259,005</b>                  | <b>–</b>                             | <b>261,899</b> |
| Net book value at 31 March 2024        | 231                          | 38,103                          | 5,489                                | 43,823         |
| <b>Net book value at 31 March 2025</b> | <b>124</b>                   | <b>42,828</b>                   | <b>10,932</b>                        | <b>53,884</b>  |

**Significant intangible assets controlled by DVLA are detailed below:**

| Asset                                                                     | 31 March 2026                  |                | 31 March 2025                  |                |
|---------------------------------------------------------------------------|--------------------------------|----------------|--------------------------------|----------------|
|                                                                           | Remaining useful economic life | Net book value | Remaining useful economic life | Net book value |
| Asset                                                                     | (months)                       | £000           | (months)                       | £000           |
| VED Reform <sup>1</sup>                                                   | –                              | –              | 38                             | 3,761          |
| Trailer Registration                                                      | 35                             | 3,186          | 47                             | 4,278          |
| VED for Electric Vehicles                                                 | 72                             | 3,300          | –                              | –              |
| Tacho Digital Services                                                    | 59                             | 3,727          | 71                             | 4,485          |
| Drivers FAP                                                               | 62                             | 4,244          | 74                             | 5,066          |
| Drivers Medical and Drivers Casework                                      | 83                             | 5,554          | 95                             | 6,356          |
| Strategic Application Platform                                            | 83                             | 7,546          | 95                             | 6,152          |
| Others                                                                    |                                | 13,929         | –                              | 12,854         |
| Assets under construction:                                                |                                |                |                                |                |
| D90 to AWS migration                                                      | –                              | 5,018          | –                              | 2,513          |
| Drivers Medical and Drivers Casework                                      | –                              | 3,449          | –                              | –              |
| DLO Legacy Migration                                                      | –                              | 2,022          | –                              | 874            |
| Mark Management and Personalised Registration Transformation <sup>2</sup> | –                              | –              | –                              | 2,681          |
| VED for Electric Vehicles                                                 | –                              | –              | –                              | 3,673          |
| Other assets under construction                                           | –                              | 2,616          | –                              | 1,191          |
| <b>Total</b>                                                              |                                | <b>54,591</b>  |                                | <b>53,884</b>  |

<sup>1</sup> VED Reform net book value of £2.573 million is included in Others as at 31 March 2026 (Remaining useful economic life of 26 months).

<sup>2</sup> Mark Management and Personalised Registration Transformation project has been fully impaired during 2025-26 as it is no longer considered likely that the asset will deliver future economic or service potential.

The 6 major software development intangible assets are included within the above table based on their current carrying net book value. Remaining useful economic lives are in accordance with the agency's IT strategy.

Intangible assets included in Others are detailed below:

|                                                 | 31 March<br>2026<br>£000 | 31 March<br>2025<br>£000 |
|-------------------------------------------------|--------------------------|--------------------------|
| Enquiries Digital Services                      | 2,220                    | 2,732                    |
| Build of Customer Account                       | 2,671                    | 2,650                    |
| Data Standards and Business Intelligence        | 1,316                    | 1,536                    |
| Domestic Certificate of Professional Competence | 951                      | 1,229                    |
| Enquiries Vehicle and Keeper History model      | 1,633                    | 1,825                    |
| VED Reform                                      | 2,573                    | –                        |
| Other Intangible assets < £1 million            | 2,565                    | 2,882                    |
| <b>Total</b>                                    | <b>13,929</b>            | <b>12,854</b>            |

## Note 7. Trade and other receivables

|                                             | 31 March<br>2026<br>£000 | 31 March<br>2025<br>£000 |
|---------------------------------------------|--------------------------|--------------------------|
| <b>Amounts falling due within one year:</b> |                          |                          |
| Contract receivables <sup>1</sup>           | 4,101                    | 15,377                   |
| Other receivables <sup>2</sup>              | 1,625                    | 1,101                    |
| Prepayments <sup>3</sup>                    | 24,450                   | 17,955                   |
| Accrued income                              | 14,706                   | 11,395                   |
| <b>Total</b>                                | <b>44,882</b>            | <b>45,828</b>            |

<sup>1</sup> Contract receivables include £647,000 (2024-25 £8,773,000) of receivables relating to DfT customers and other government departments.

<sup>2</sup> Other receivables include £1,210,000 (2024-25 £809,000) relating to cash collected in the Trust Statement due to the Business Account, and £63,600 (2024-25: £nil) relating to pension hardship loans – In line with an agreed Civil Service-wide policy to provide support in cases of financial hardship, DVLA has offered pension hardship loans to Civil Service Pension Scheme members who have been impacted by delays in payment of their benefits. Loan criteria and approvals are as agreed within a policy approved by Department for Transport and will be managed in accordance with agreed repayment terms.

<sup>3</sup> The increase in prepayments is primarily driven by ITS software licences, reflecting the timing of payments around year-end.

## Note 8. Cash and cash equivalents

|                                                 | 2025-26<br>£000 | 2024-25<br>£000 |
|-------------------------------------------------|-----------------|-----------------|
| At 1 April                                      | 16,350          | 20,269          |
| Net change in cash and cash equivalent balances | 16,889          | (3,919)         |
| <b>At 31 March</b>                              | <b>33,239</b>   | <b>16,350</b>   |

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

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

|                                                                                       | 31 March<br>2026<br>£000 | 31 March<br>2025<br>£000 |
|---------------------------------------------------------------------------------------|--------------------------|--------------------------|
| <b>Amounts falling due within one year</b>                                            |                          |                          |
| Trade payables <sup>1</sup>                                                           | 20,862                   | 20,552                   |
| Accruals                                                                              | 25,263                   | 30,269                   |
| Deferred revenue                                                                      | 4,193                    | 4,019                    |
| Cash balance payable in respect of cherished transfers and personalised registrations | 26,104                   | 25,670                   |
| Amounts due to DfT in respect of supply funding                                       | 43,211                   | 12,522                   |
| Other – capital accrual                                                               | 2,071                    | 1,329                    |
| VAT                                                                                   | 3,090                    | 9,539                    |
| <b>Total</b>                                                                          | <b>124,794</b>           | <b>103,900</b>           |

<sup>1</sup> Trade payables include £9,000 (2024-25 £nil) payable to DfT.

| Deferred income                                                                           | 2025-26<br>£000 |
|-------------------------------------------------------------------------------------------|-----------------|
| At 1 April 2025                                                                           | 4,019           |
| Revenue recognised that was included in deferred income at the beginning of the period    | (4,019)         |
| Increases due to cash received, excluding amounts recognised as revenue during the period | 4,193           |
| <b>At 31 March 2026</b>                                                                   | <b>4,193</b>    |

## Note 10. Financial instruments

### Financial risk management

Our activities expose us to the following financial risks:

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

### Credit risk

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

## Exposure to credit risk

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

| Financial assets                   | Note | 31 March<br>2026<br>£000 | 31 March<br>2025<br>£000 |
|------------------------------------|------|--------------------------|--------------------------|
| Cash and cash equivalents          | 8    | 33,239                   | 16,350                   |
| Loans and receivables              |      |                          |                          |
| – Contract receivables             | 7    | 4,101                    | 15,377                   |
| – Other receivables                | 7    | 1,625                    | 1,101                    |
| – Accrued income                   | 7    | 14,706                   | 11,395                   |
| <b>Total loans and receivables</b> |      | <b>20,432</b>            | <b>27,873</b>            |
| <b>Total financial assets</b>      |      | <b>53,671</b>            | <b>44,223</b>            |

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

|                      | 31 March<br>2026<br>£000 | 31 March<br>2025<br>£000 |
|----------------------|--------------------------|--------------------------|
| Not past due         | 19,071                   | 27,505                   |
| Past due 0-30 days   | 216                      | 93                       |
| Past due 31-120 days | 781                      | 268                      |
| More than 120 days   | 363                      | 7                        |
| <b>Total</b>         | <b>20,432</b>            | <b>27,873</b>            |

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

## Liquidity risk

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

## Market risk

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

## Note 11. Provisions for liabilities and charges

| 2025-26                                                                         | Modernisation<br>of network<br>services (i) | Tax officers'<br>pension<br>costs | Other | Total |
|---------------------------------------------------------------------------------|---------------------------------------------|-----------------------------------|-------|-------|
|                                                                                 | £000                                        | £000                              | £000  | £000  |
| <b>Balance at 1 April 2025</b>                                                  | –                                           | 851                               | 287   | 1,138 |
| Provided in the year                                                            | –                                           | –                                 | –     | –     |
| Provision not required written back                                             | –                                           | (19)                              | –     | (19)  |
| Provisions utilised in the year                                                 | –                                           | (113)                             | (156) | (269) |
| Creation/(unwinding) of discount and<br>impact of changes in discount rate (ii) | –                                           | (4)                               | –     | (4)   |
| <b>Balance at 31 March 2026</b>                                                 | –                                           | 715                               | 131   | 846   |

| 2024-25                                                                         | Modernisation<br>of network<br>services (i) | Tax officers'<br>pension<br>costs | Other | Total   |
|---------------------------------------------------------------------------------|---------------------------------------------|-----------------------------------|-------|---------|
|                                                                                 | £000                                        | £000                              | £000  | £000    |
| <b>Balance at 1 April 2024</b>                                                  | 1,485                                       | 735                               | 192   | 2,412   |
| Provided in the year                                                            | 57                                          | 254                               | 301   | 612     |
| Provision not required written back                                             | –                                           | –                                 | –     | –       |
| Provisions utilised in the year                                                 | (1,542)                                     | (160)                             | (206) | (1,908) |
| Creation/(unwinding) of discount and<br>impact of changes in discount rate (ii) | –                                           | 22                                | –     | 22      |
| <b>Balance at 31 March 2025</b>                                                 | –                                           | 851                               | 287   | 1,138   |

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

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

## Analysis of expected timing of discounted cash flows

| 2025-26                                           | Tax officers' pension costs | Other      | Total      |
|---------------------------------------------------|-----------------------------|------------|------------|
|                                                   | £000                        | £000       | £000       |
| Not later than one year                           | 130                         | 131        | 261        |
| Later than one year and not later than five years | 249                         | –          | 249        |
| Later than five years                             | 336                         | –          | 336        |
| <b>Balance at 31 March 2026</b>                   | <b>715</b>                  | <b>131</b> | <b>846</b> |

| 2024-25                                           | Tax officers' pension costs | Other      | Total        |
|---------------------------------------------------|-----------------------------|------------|--------------|
|                                                   | £000                        | £000       | £000         |
| Not later than one year                           | 132                         | 287        | 419          |
| Later than one year and not later than five years | 324                         | –          | 324          |
| Later than five years                             | 395                         | –          | 395          |
| <b>Balance at 31 March 2025</b>                   | <b>851</b>                  | <b>287</b> | <b>1,138</b> |

### Modernisation of network services

In 2012-13 we implemented plans for the phased closure of 39 local offices and 10 enforcement area offices to centralise operations in Swansea by December 2013. Although the local offices had closed, DVLA remained contractually obligated to continue paying the monthly unitary charges for these offices until the PFI contract ended on 31 March 2025.

### Tax officers' pension costs

Under the Pension Increase Act 1971, we have a liability to contribute to the pensions of ex local taxation office staff. These staff were employed on driver and vehicle licensing work before the creation of the Driver and Vehicle Licensing Centre. Under the Vehicle and Driving Licence (Compensation to Officers) Regulations 1977, we make compensation payments to local authority staff in respect of loss of emoluments when the local taxation offices closed. The provision is based on advice from the Government Actuary's Department, and is re-assessed normally every 3 years with a full revaluation last carried out on 31 March 2025.

Following the estimations of future cash flows provided by the Government Actuary's Department future payments to be made in relation to this provision have been discounted at the HM Treasury advised rate of 2.95% (2024-25: 2.4%).

### Other

This is for a specific provision relating to restructuring charges for a department within the Information Technology Services (ITS) Directorate, following a restructure announced in April 2024. These are the remaining payments to be made.

## Note 12. Leases

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

|                                                                 | 31 March<br>2026<br>£000 | 31 March<br>2025<br>£000 |
|-----------------------------------------------------------------|--------------------------|--------------------------|
| <b>Lease liabilities in the Statement of Financial Position</b> |                          |                          |
| Current                                                         | 1,367                    | 1,735                    |
| Non-current                                                     | 3,098                    | 3,373                    |
| <b>Total</b>                                                    | <b>4,465</b>             | <b>5,108</b>             |

|                                      | 2025-26<br>£000 | 2024-25<br>£000 |
|--------------------------------------|-----------------|-----------------|
| Cash outflow – interest              | 132             | 99              |
| Cash outflow – capital element       | 1,883           | 1,383           |
| <b>Total cash outflow for leases</b> | <b>2,015</b>    | <b>1,482</b>    |

| Net Book Value<br>of right of use assets | Buildings<br>£000 | Plant and<br>machinery<br>£000 | Motor<br>vehicles<br>£000 | Total<br>£000 |
|------------------------------------------|-------------------|--------------------------------|---------------------------|---------------|
| <b>Cost or valuation</b>                 |                   |                                |                           |               |
| At 1 April 2025                          | 4,009             | 158                            | 281                       | 4,448         |
| New leases                               | 714               | 177                            | 348                       | 1,239         |
| Remeasurements                           | –                 | –                              | –                         | –             |
| Disposals                                | –                 | (392)                          | –                         | (392)         |
| Derecognition                            | –                 | –                              | –                         | –             |
| Depreciation for the year                | (1,353)           | (65)                           | (231)                     | (1,649)       |
| Depreciation on disposal                 | –                 | 392                            | –                         | 392           |
| <b>At 31 March 2026</b>                  | <b>3,370</b>      | <b>270</b>                     | <b>398</b>                | <b>4,038</b>  |

## Maturity analysis

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

|                                                   | 31 March<br>2026<br>£000 | 31 March<br>2025<br>£000 |
|---------------------------------------------------|--------------------------|--------------------------|
| <b>Buildings</b>                                  |                          |                          |
| Not later than one year                           | 1,032                    | 1,621                    |
| Later than one year and not later than five years | 2,528                    | 3,320                    |
| Later than five years                             | 976                      | –                        |
| Less interest element                             | (658)                    | (235)                    |
| <b>Present value of obligations</b>               | <b>3,878</b>             | <b>4,706</b>             |

|                                                   | 31 March<br>2026<br>£000 | 31 March<br>2025<br>£000 |
|---------------------------------------------------|--------------------------|--------------------------|
| <b>Other</b>                                      |                          |                          |
| Not later than one year                           | 452                      | 218                      |
| Later than one year and not later than five years | 158                      | 199                      |
| Later than five years                             | –                        | –                        |
| Less interest element                             | (23)                     | (15)                     |
| <b>Present value of obligations</b>               | <b>587</b>               | <b>402</b>               |

|                                                                              | 2025-26<br>£000 | 2024-25<br>£000 |
|------------------------------------------------------------------------------|-----------------|-----------------|
| <b>Amounts charged in the Statement of Comprehensive Net Expenditure</b>     |                 |                 |
| Depreciation charge of right of use assets                                   | 1,649           | 1,770           |
| Variable lease payments not included in the measurement of lease liabilities | 336             | 249             |
| Interest on lease liabilities                                                | 132             | 99              |
| Expense relating to short term leases                                        | 51              | 33              |
| Expense relating to leases of low value assets                               | 36              | 46              |
| <b>Total</b>                                                                 | <b>2,204</b>    | <b>2,197</b>    |

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

The 20-year Private Finance Initiative (PFI) contract with Telereal Trillium (TT) was exited on 31 March 2025. To support an orderly exit, DVLA and TT implemented an agreed approach that includes the partial retention of unitary charge payments, pending completion of agreed rectification and maintenance works as documented in a "Survey on Expiry".

Remediation works continued throughout 2025-26, with payments released upon satisfactory completion.

The commitment below represents the remaining unitary charge amounts retained as at 31 March 2026, pending completion of outstanding remediation works. Together with a £2.1 million accrual, this totals £7.8 million retained. The balance is analysed by expected payment date as follows:

### Total commitment under on-balance sheet estates PFI contract

|                         | 2025-26<br>£000 | 2024-25<br>£000 |
|-------------------------|-----------------|-----------------|
| Not later than one year | 5,697           | 9,000           |
| <b>Total</b>            | <b>5,697</b>    | <b>9,000</b>    |

The unitary charge was separated between capital repayments, finance interest and a service charge element. The capital element of the charge was fully realised upon exit of the contract.

Further details regarding the exit arrangements can be found in Note 1. Statement of accounting policies, [page 100](#).

### Charge to the Statement of Comprehensive Net Expenditure

The total amount charged to the Statement of Comprehensive Net Expenditure in respect of the service part of on-balance sheet PFI transactions was £3 million. This is the amount that was as agreed as "performed" under the contract during 2024-25, with payments released in 2025-26. (2024-25: £14.6 million).

## Note 14. Other financial commitments

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

- wheelclamping services
- merchant acquirer services
- outbound mail

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

|                                                   | 2025-26<br>£000 | 2024-25<br>£000 |
|---------------------------------------------------|-----------------|-----------------|
| Not later than one year                           | 121,893         | 74,275          |
| Later than one year and not later than five years | 358,029         | 40,861          |
| Later than five years                             | 15,464          | –               |
| <b>Total</b>                                      | <b>495,386</b>  | <b>115,136</b>  |

## Note 15. Related parties

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

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

None of the board members or managerial staff or other related parties have undertaken any material transactions with the agency during the year.

## Note 16. Events after the reporting period

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

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

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

## Trust Statement

### Opinion on financial statements

I certify that I have audited the financial statements of the Driver and Vehicle Licensing Agency Trust Statement for the year ended 31 March 2026 under the Government Resources and Accounts Act 2000.

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

- Statement of Financial Position as at 31 March 2026;
- Statement of Revenue and Expenditure and Statement of Cash Flows for the year then ended; and
- the related notes including the significant accounting policies.

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

In my opinion, the financial statements:

- give a true and fair view of the state of the Driver and Vehicle Licensing Agency Trust Statement's affairs as at 31 March 2026 and its net revenue for the Consolidated Fund for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

### Opinion on regularity

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

### Basis for opinions

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

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2024. I am independent of the Driver and Vehicle Licensing Agency in accordance with the ethical requirements

that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### Conclusions relating to going concern

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

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

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

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

### Other information

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

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

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

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

I have nothing to report in this regard.

### Opinion on other matters

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

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

### Matters on which I report by exception

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

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

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

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

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

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

### Auditor's responsibilities for the audit of the financial statements

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

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

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

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

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

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

- considered the nature of the sector, control environment and operational performance including the design of the Driver and Vehicle Licensing Agency Trust Statement's accounting policies.
- inquired of management, the Driver and Vehicle Licensing Agency's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Driver and Vehicle Licensing Agency's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Driver and Vehicle Licensing Agency's controls relating to the Driver and Vehicle Licensing Agency Trust Statement's compliance with the Government Resources and Accounts Act 2000, Managing Public Money, Vehicle Excise and Registration Act 1994, Finance Act 2022 and financial reporting legislation;
- inquired of management, the Driver and Vehicle Licensing Agency's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud,

- discussed with the engagement team and the relevant internal specialists, including IT auditors regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

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

I obtained an understanding of the Driver and Vehicle Licensing Agency's framework of authority and other legal and regulatory frameworks in which the Driver and Vehicle Licensing Agency operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Driver and Vehicle Licensing Agency. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, Vehicle Excise and Registration Act 1994, Finance Act 2022, and financial reporting legislation.

### **Audit response to identified risk**

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

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

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including internal specialists 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

### **Other auditor's responsibilities**

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

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

### **Report**

I have no observations to make on these financial statements.

**Gareth Davies**

**Comptroller and Auditor General**

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP  
10 July 2026

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

## Summary

### Background

- 1 The Driver and Vehicle Licensing Agency (DVLA) is responsible for the collection of Vehicle Excise Duty (VED) on behalf of HM Treasury. VED is payable to the Consolidated Fund; it is a tax which must be paid for most types of vehicles used (or kept) on public roads in the United Kingdom.
- 2 VED revenue increased to £9.0 billion in 2025-26, up £0.7 billion (8%) from 2024-25. This increase reflects the removal of the exemption for zero-emission vehicles from 1 April 2025, which brought more vehicles into scope. Revenue also increased due to annual uprating of VED rates and growth in the number of licensed vehicles. DVLA collected £113 million in fines and penalties, compared with £110 million in 2024-25.

### Scope of my audit work

- 3 Section 2 of the Exchequer and Audit Departments Act 1921 permits me to report to Parliament having examined:
  - the VED revenue accounts (reported in the DVLA Trust Statement) in order to ascertain whether adequate regulations and procedures are in place, and being duly carried out, to secure an effective check on the assessments, collection and proper allocation of revenue; and
  - the correctness of the sums brought to account in those accounts.
- 4 I have audited the VED revenue collected by DVLA as part of the statutory audit of the Trust Statement. This Section 2 report fulfils my other statutory responsibilities as described above. My examination does not consider the allocation of VED receipts after they are paid to the Consolidated Fund.
- 5 My findings are informed by an examination of DVLA systems supporting VED collection and of evidence over whether VED regulations had been correctly applied. I also performed additional enquiries with DVLA and HM Treasury and reviewed relevant data, including DVLA's own information on compliance and enforcement activity; and forecasts made in respect of VED by the Office for Budget Responsibility (Part One).

- 6 This year I have also examined two specific areas relevant to DVLA's management of VED collection:
  - DVLA's approach to compliance and enforcement as set out in its new 2026–2030 strategy (Part Two); and
  - DVLA's preparedness for the introduction of 'Electric Vehicle Excise Duty' (eVED) for electric and plug-in hybrid cars from 1 April 2028 (Part Three).
- 7 I also set out DVLA's progress against the recommendations I made in last year's Section 2 report in Appendix One.

### Key findings

#### Assessment and proper allocation of VED revenue

- 8 **DVLA's controls for assessing, collecting and allocating VED revenue remain adequate and effective.** My work on the Trust Statement confirmed that DVLA's systems apply the correct rates to calculate the amount of VED chargeable, and that DVLA recognises income correctly according to the accounting policies disclosed (paragraph 1.4).

#### DVLA's approach to compliance and enforcement

- 9 **DVLA estimates that up to £133 million of VED revenue was lost to non-compliance in 2025-26.** The non-compliance rate from DVLA's internal data is 1.2% for March 2026. DVLA estimates that this equates to between £52 million and £133 million in lost revenue in 2025-26. These estimates are based on DVLA's vehicle record data because the Department for Transport's roadside survey, last published in December 2023, and used to estimate compliance rates in the past, is now considered out of date. DVLA's internal estimate is not directly comparable with the survey, due to methodological differences. DVLA is working with the Department for Transport to develop a longer-term approach to estimating non-compliance through the roadside survey (paragraphs 2.3 to 2.7).

**10 DVLA has refreshed its compliance and enforcement strategy and aims to make better use of technology to target evasion.** Earlier this year, DVLA finalised its compliance and enforcement strategy for 2026–2030. In agreeing the new strategy, DVLA has sought to address some of my previous recommendations but has been unable to provide evidence of an evaluation of its previous compliance and enforcement strategy. It has also carried out an assessment of the cost-effectiveness of its enforcement activities. However, DVLA has not yet determined unit costs for all of its individual enforcement activities. This would allow it to better assess and compare the cost effectiveness of these activities and is included within the actions set out in DVLA's 2026–2030 strategy. DVLA also has further work to do in understanding customer behaviours. This includes on Statutory Off-Road Notification (SORN) declarations by vehicle owners, which, as a proportion of the UK's vehicle population, have continued to increase and reached a record high in February 2026 (paragraphs 2.8 to 2.12).

## Introduction of Electric Vehicle Excise Duty

**11 DVLA is in the early delivery phase of the eVED project.** A new 'pay-per-mile' tax for electric and plug-in hybrid vehicles – eVED – will be introduced from April 2028. The government's public consultation on eVED set out proposals and sought views from individuals and organisations with an interest in its design and implementation. The consultation closed on 18 March 2026, with HM Treasury leading the review of responses and using these to inform refinements to the tax policy. As policy decisions are finalised following the consultation, DVLA will need to work closely with HM Treasury to input into their detailed design and operational arrangements (paragraphs 3.1 to 3.5).

**12 DVLA is working with HM Treasury and key stakeholders across government on the eVED project.** Both HM Treasury and DVLA have established project boards to oversee delivery, including monitoring project risks and overall programme progress. In developing these governance arrangements, DVLA has reflected on lessons learned from the previous year's project to remove the electric vehicle tax exemption (paragraphs 3.6 to 3.8).

**13 DVLA has further work to do to fully assess and understand how people will behave in response to eVED, and how this may impact the risk of fraud.** Given the nature of the tax, which requires initial mileage estimates from vehicle owners and then accurate readings to assess the amount owed, there is an inherent risk of fraud. DVLA and HM Treasury have been considering the potential for fraud when assessing different design options for eVED. It will be important to ensure that all relevant fraud risks are identified and assessed to support compliance and maximise revenue collection (paragraph 3.11 and Figures 4 and 5).

## Conclusion

**14** In respect of my core statutory responsibilities, I conclude that DVLA's controls over its most core responsibilities of properly assessing, collecting and allocating tax revenue remain adequate and that the relevant DVLA systems and procedures have operated effectively during the reporting period.

**15** However, I note in respect of my wider remit to consider issues around DVLA's management of VED that DVLA could do more to understand the cost of its compliance and enforcement activities to allow an approach that is proportionate and cost-effective for the expected rate of non-compliance. As DVLA continues its work to ensure a successful introduction of eVED in April 2028, it also needs to ensure that it is considering, and mitigating, the full range of risks that are posed by the introduction of this new tax. I make the following recommendations.

## Recommendations

- a I recommend that DVLA develops a continued systematic review to assess cost-effectiveness of its compliance and enforcement activities, including determining all the associated unit costs, to support DVLA in prioritising its activities. For example, by focusing effort where it delivers the greatest impact, or scaling back activity in areas where compliance is already high.
  - b I recommend that DVLA considers and manages the wider risks to VED compliance associated with the introduction of eVED, such as the impact of changing customer behaviour and fraud risk.
- 16** Appendix One shows how DVLA and the Department for Transport have progressed against recommendations made in previous years. These have included recommendations on topics such as estimating VED non-compliance and developing a new compliance and enforcement strategy.

## Part One: Assessment and proper allocation of Vehicle Excise Duty revenue

- 1.1 Since 2017, Vehicle Excise Duty (VED) due in the first year for a new car has been based on CO<sub>2</sub> emissions. VED rates for cars in subsequent years have been based on the fuel type and initial list price of the vehicle. However, since April 2025, those rates are no longer differentiated by fuel types. The rules are summarised using rates applicable for the period 1 April 2025 to 31 March 2026 in **Figure 1**.<sup>1</sup>

**Figure 1**

### Vehicle Excise Duty (VED) rates applicable for the period 1 April 2025 to 31 March 2026 for cars registered on or after 1 April 2017

The rate of VED payable is based on a vehicle's age, CO<sub>2</sub> emissions and list price

|                                                 |                                |                                                      |
|-------------------------------------------------|--------------------------------|------------------------------------------------------|
| VED due in year 1                               |                                | £10 to £5,490 depending on CO <sub>2</sub> emissions |
| VED due from second licence for next five years | List price at or below £40,000 | £195                                                 |
|                                                 | List price above £40,000       | £620 (£195 plus £425 expensive car supplement)       |
| VED due in subsequent years                     |                                | £195                                                 |

#### Notes

1. This is an extract of applicable VED rates for petrol, diesel, alternative fuel (hybrid, bioethanol and liquid petroleum gas) and zero-emission cars registered on or after 1 April 2017. Different rates apply to cars registered prior to April 2017.
2. The Driver and Vehicle Licensing Agency allocates levels of CO<sub>2</sub> emissions to VED bands based on results of the Worldwide Harmonised Light Vehicle Test Procedure, a laboratory test that determines a vehicle's official fuel consumption and emissions data.
3. Cars with a list price exceeding £40,000 that were first registered on or after 1 April 2017 pay an expensive car supplement in addition to the standard rate. For 2025-26 the additional supplement was £425. The supplement is paid for a period of five years from the start of the second year of being licensed.
4. From 1 April 2025, zero-emission and low-emission vehicles have been taxed at the same rates as petrol or diesel vehicles from the second year of being licensed.

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

- 1.2 Revenue from VED was £9,031 million in 2025-26, a £669 million (8%) increase on 2024-25. The increase is primarily due to the following factors.

- The annual increase in VED rates – for newly registered cars, first-year VED rates increased by at least 100%, varying based on the car's CO<sub>2</sub> emissions. For cars first registered more than a year ago, VED rates increased by between 2.6% and 3.3%.
- The removal of the VED exemption for zero-emission vehicles from 1 April 2025.
- The 1.4% increase in the average number of licensed vehicles over the year.

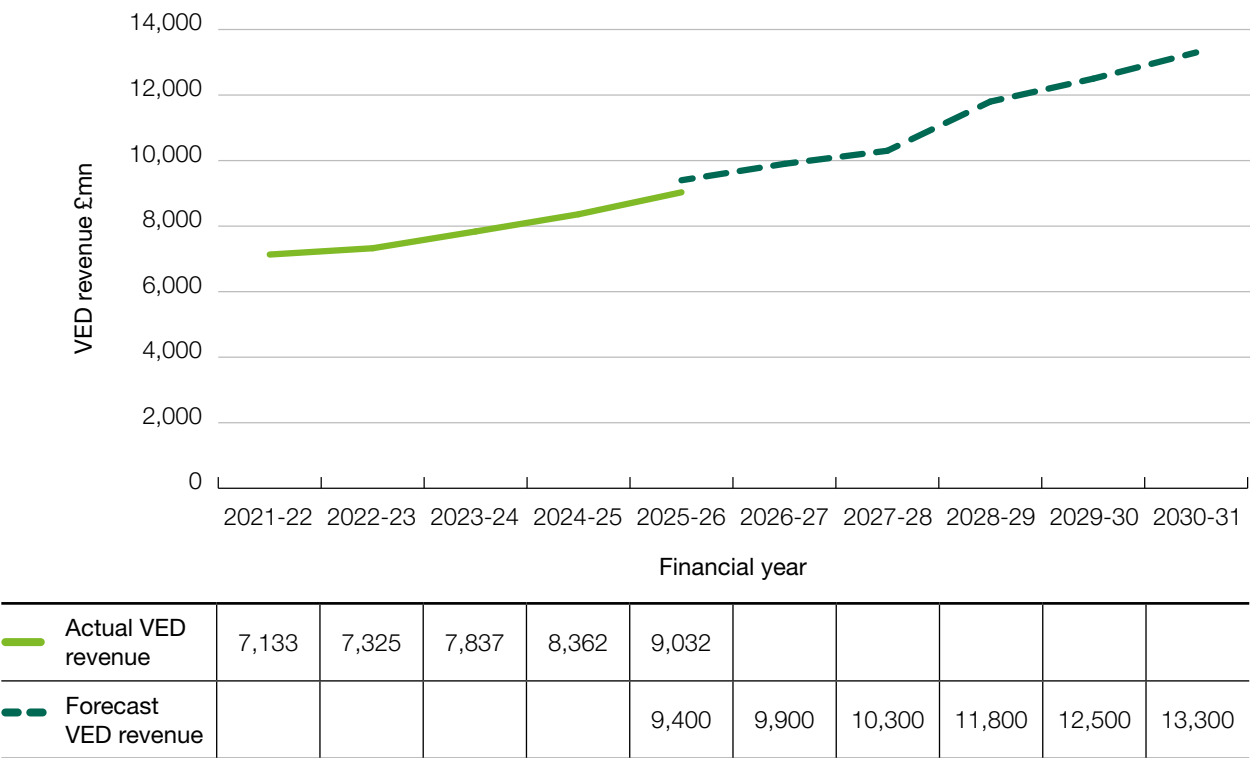
The Driver and Vehicle Licensing Agency (DVLA) also collected £113 million in fines and penalties relating to VED, up from £110 million in 2024-25.

- 1.3 The Office for Budget Responsibility (OBR) prepares a regular forecast of VED revenue as part of its Economic and Fiscal Outlook series. The OBR's most recent forecast, made in March 2026, projected 2025-26 VED revenue to be £9.4 billion, 4% higher than the actual amount collected.<sup>2</sup> OBR's forecast projects a sustained rise in revenue from 2025-26 into 2030-31, reaching over £13.3 billion by the end of the forecast period (**Figure 2**).

<sup>1</sup> Current rates can be found at <https://www.gov.uk/vehicle-tax-rate-tables>.

<sup>2</sup> Office for Budget Responsibility, Economic and fiscal outlook, March 2026, available at: <https://assets.publishing.service.gov.uk/media/69a6d7b62e1f4fbda4252208/economic-and-fiscal-outlook-march-2026-web-accessible.pdf>.

**Figure 2**  
**Vehicle Excise Duty (VED) revenue collected by the Driver and Vehicle Licensing Agency, 2021-22 to 2025-26, and the Office for Budget Responsibility's (OBR's) forecasts of VED, 2025-26 to 2030-31**  
The OBR forecasts that the rise in VED revenue will continue throughout its forecast period to 2030-31



**Note**  
1. Revenue figures are in cash terms and not adjusted for inflation.  
Source: National Audit Office analysis of Driver and Vehicle Licensing Agency and Office for Budget Responsibility data

1.4 In my financial audit work on the Trust Statement, I reviewed the change controls which operate over DVLA's VED system and confirmed that the changes to VED rates have been appropriately approved and tested prior to being implemented. I also confirmed that the correct rates have been applied for the period 1 April 2025 to 31 March 2026.

## Part Two: The Driver and Vehicle Licensing Agency's approach to compliance and enforcement

- 2.1 The Driver and Vehicle Licensing Agency's (DVLA's) established model for administering Vehicle Excise Duty (VED) revenue is based on the fact that, historically, most people have paid VED on their vehicles when they should. DVLA seeks to maximise compliance through focusing on encouragement and education first and then enforcement, identifying three distinct groups for their actions: inadvertent, vulnerable and persistent evaders. DVLA encourages the timely payment of VED by issuing a reminder, either by post or digitally, to the registered owner of the vehicle and through ease of payment online.
- 2.2 Where the registered owner of a vehicle does not pay their VED on time – either from deliberate action or error – then the vehicle becomes 'non-compliant' and is subject to enforcement action. For persistent evaders, DVLA relies on escalating enforcement methods to deter and address persistent non-compliance, starting from lower-cost methods such as stickering and penalties and escalating to methods such as prosecutions, impounding and wheel clamping, if required, which are more costly to undertake. Enforcement actions are carried out by DVLA, its on-road contractor and Devolved Power Partners (DPPs), including local authorities and police forces, who have authority to wheel clamp and impound unlicensed vehicles.
- 2.4 In the absence of an up-to-date estimate of VED compliance from the roadside survey, DVLA has used its internal data to report a compliance rate. The compliance rate is based on timely renewals of VED and also action taken in response to vehicle tax reminder letters that tell registered keepers their VED needs to be renewed. DVLA estimates that compliance was 98.8% at the end of March 2026, and 98.5% at the end of March 2025. For 2025-26, DVLA has refined how its compliance estimate considers management information for vehicles currently in trade, being scrapped or exported. DVLA has also updated its methodology to reflect vehicles where the date of tax due may have changed or the registered keeper has complied outside of the vehicle tax reminder letter. These DVLA compliance estimates are not comparable with the roadside survey estimate of compliance due to a number of differences in methodology, including how they define whether a vehicle is compliant.
- 2.5 In 2024-25, DVLA noted challenges in calculating a monetary value for non-compliance, due to the range of VED rates that would need to be profiled. As a result, it did not produce a corresponding monetary estimate based on the estimated compliance rate. However, for 2025-26, DVLA has estimated that the 1.2% rate of non-compliance equates to between £52 million and £133 million in lost revenue. This range is a result of assumptions on how long a vehicle remains non-compliant – from 4.7 months, the average non-compliance length at the point of detection during the 2023 roadside survey, up to the full year. The calculations also apply assumptions about the average VED rate that non-compliant vehicles would be subject to.
- 2.6 DVLA also monitors ongoing compliance levels through the internal data supplied by its fleet of 17 Automatic Number Plate Recognition (ANPR) vehicles and from the vehicle records it holds. DVLA then uses these ANPR data to identify non-compliance 'hot spots' where it can conduct targeted communications, deterrent and enforcement campaigns, including joint operations with DPPs, and monitor their local impact.
- 2.3 The Department for Transport (DfT) previously conducted a roadside survey of vehicles in traffic across the UK every two years. DfT used these data to estimate the volume of untaxed vehicles being used across the country. DfT last carried out the survey in 2023, with an estimated non-compliance rate of 1.3%, but this was not directly comparable with previous surveys due to changes in methodology, and is now considered out of date.<sup>3</sup> The next roadside survey is expected to be run in 2027, with DVLA and DfT exploring how the surveys can more accurately estimate the cost of non-compliance.

### Compliance monitoring and evaluation

<sup>3</sup> The results of the 2023 survey can be found at <https://www.gov.uk/government/statistics/vehicle-excise-duty-evasion-statistics-2023/vehicle-excise-duty-evasion-statistics-2023> and previous survey data are available at <https://www.gov.uk/government/collections/vehicles-statistics#vehicle-excise-duty-evasion-statistics>.

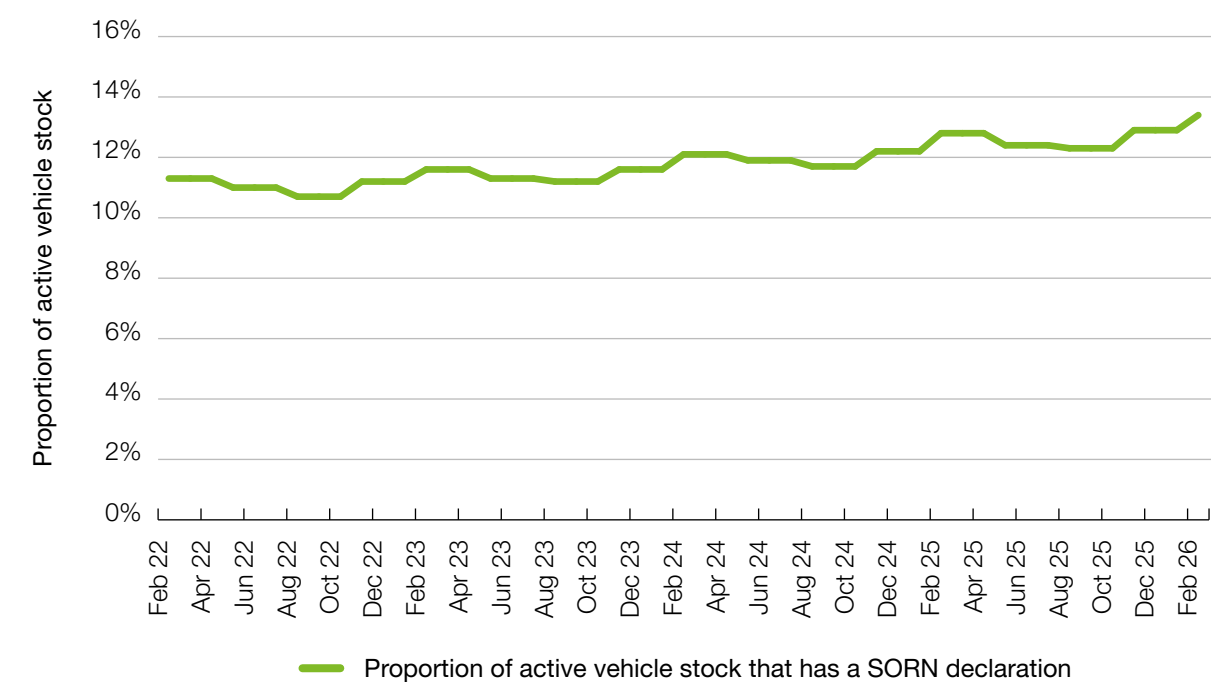
- 2.7 In addition, DVLA monitors VED performance through management information on each stage of the licensing process, for example the volumes of transactions. It does not set targets to assess performance given the expected stable rate of compliance, but instead it looks to spot any unusual patterns for investigation.

## 2026–2030 compliance and enforcement strategy

- 2.8 DVLA has agreed its new compliance and enforcement strategy covering the period 2026–2030, which was approved by its Executive Team and Board in early 2026. The new strategy continues DVLA's 'Educate-Encourage-Enforce' approach to VED compliance but also strengthens intelligence led targeting, technology use, and partnership working. The strategy was developed through consultation across the organisation and considered some of my recommendations from the previous year's Section 2 report. Although DVLA told us that it had reviewed what worked well from the previous compliance and enforcement strategy, and used these discussions to inform its new 2026–2030 strategy, it has been unable to provide any documentary evidence of this evaluation.
- 2.9 As part of the development of the new strategy, DVLA undertook targeted assessments of the cost-effectiveness of its enforcement activities to inform future approaches. This included calculating the return on investment (ROI) of key interventions such as wheel clamping and the use of ANPR. DVLA does not consider that findings from this exercise materially changed the strategic direction set out in its new strategy. However, it has identified further work to determine a unit cost for each enforcement activity as an action within its new strategy.
- 2.10 DVLA has also sought to engage externally with other revenue-collecting government bodies to identify best practice and opportunities for innovation. This is reflected in its strategy, which sets out this ambition alongside an action for DVLA to take forward. The strategy also sets out DVLA's intention to explore the use of artificial intelligence and emerging technologies.
- 2.11 The strategy reflects developments to the tax system, most notably the introduction of Electric Vehicle Excise Duty (eVED), with the approach to compliance and enforcement for this new tax expected to align with the existing enforcement framework. However, given the strategy was developed at a time when there was still uncertainty over the eVED proposals, it does not set out any specific measures to address eVED-specific nuances or potential changes in customer behaviour arising from the introduction of this tax.
- 2.12 The number of Statutory Off-Road Notification (SORN) declarations registered by vehicle owners has been on an upward trend since 2022. The increase has continued during 2025-26, with a record high in February 2026 of 6.5 million out of the 48 million vehicles in the UK. SORN vehicles also now represent a larger proportion of the UK's vehicle population, rising from 11.3% in February 2022 to 13.4% in February 2026, despite the overall vehicle population also increasing (**Figure 3**). In seeking to understand behavioural drivers behind SORN, DVLA has identified an increasing trend, but not its causes, and is considering targeted research to better understand these behaviours.

**Figure 3**  
**Proportion of the UK’s vehicle population with a Statutory Off-Road Notification (SORN),**  
**February 2022 to February 2026**

Vehicles with a SORN represent an increasing proportion of the UK’s vehicle population over the last three years, rising from 11.3% in February 2022 to 13.4% in February 2026



**Notes**

1. Vehicle owners may apply for a SORN and refund for any full months of remaining tax, if they take their vehicle off the road.

2. The active vehicle stock represents all vehicles in the UK registered in the Driver and Vehicle Licensing Agency's records.

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

## Part Three: Introduction of Electric Vehicle Excise Duty

- 3.1 In the 2025 Autumn Budget, the government announced that from 1 April 2028, electric and plug-in hybrid vehicles will be subject to a new tax, referred to as Electric Vehicle Excise Duty (eVED). This will be in addition to existing Vehicle Excise Duty (VED). This will operate as a 'pay-per-mile' charge, proposed at a rate of 3 pence per mile for fully electric vehicles and 1.5 pence per mile for plug-in hybrid vehicles.
- 3.2 The intention of this new tax is to address the long-term decline in fuel duty revenues resulting from increased uptake of electric vehicles. The Office for Budget Responsibility (OBR) forecasts that eVED will generate £1.1 billion in its first year of operation, rising to £1.9 billion in its third year.<sup>4</sup>
- 3.3 Under the current proposal, when electric and plug-in hybrid vehicle owners renew their VED each year, they will estimate their mileage for the year ahead and either pay the corresponding charge upfront or spread payments across the year. At the end of the year, actual mileage will be submitted by vehicle owners. Where actual mileage exceeds the estimate, an additional payment will be required. Where actual mileage is lower, any overpayment will be carried forward and offset against the following year's liability. The government intends to use the mileage data collected at annual MOTs to ensure that user-supplied mileage is consistent and up to date. It is also exploring what approach to take for cars under three years old, which are not currently required to have an annual MOT. Electric and plug-in hybrid vehicles will be subject to eVED from the point at which the vehicle's VED is due to be renewed after 1 April 2028.
- 3.4 The current proposals for eVED include a new approach whereby any paid or outstanding mileage remains attached to the vehicle itself rather than the registered keeper. As a result, upon sale, the mileage position will transfer with the vehicle and be visible to prospective buyers, with the new keeper's liability commencing from the point at which ownership is transferred.
- 3.5 The Driver and Vehicle Licensing Agency (DVLA), in conjunction with HM Treasury, has established a project to support the delivery of eVED by April 2028. A minimum viable product was developed to provide the foundation for the detailed requirements and subsequent actions being taken forward by DVLA. The overall design of eVED will continue to evolve to reflect feedback and concerns raised

through the consultation process, which closed on 18 March 2026. Additional policy decisions, including how fleet vehicles will report mileage, are yet to be finalised and will be subject to ministerial agreement led by HM Treasury. These decisions, expected in summer 2026, will impact on how DVLA will design and operate the system.

### Governance arrangements for eVED

- 3.6 DVLA and HM Treasury have structured the project into several workstreams, including the new mileage service, fleet vehicles and disposing of a vehicle. The discovery phase, which officially commenced in October 2025, has now completed with DVLA having moved into the delivery phase from April 2026. DVLA is currently establishing an internal project team to support the implementation of eVED, with an emphasis on clear organisational design. DVLA plans to use internal resourcing and external contractors on an interim basis while it completes permanent recruitment.
- 3.7 As part of preparations for the introduction of eVED, DVLA has been engaging with a range of stakeholders, including HM Treasury, the Department for Transport (DfT) and the Driver and Vehicle Standards Agency (DVSA). In developing its approach to implementation, DVLA is also incorporating lessons learned from the removal of the electric vehicle tax exemption in the previous year with a more joined up approach at the senior levels across DVLA, HM Treasury and DfT.
- 3.8 Governance arrangements have been established at both DVLA and HM Treasury, with dedicated boards in place within each organisation to oversee the programme, including monitoring risks and timelines. These include representatives from DVLA, HM Treasury and DfT.
- 3.9 Prior to the official public announcement of eVED, the National Infrastructure and Service Transformation Authority (NISTA) conducted early reviews of the programme, assessing delivery confidence and identifying initial risks and concerns. These reviews, undertaken in April 2025 and October 2025, rated the April 2028 delivery timeline as 'amber', indicating that immediate mobilisation and an accelerated pace of decision-making would be required to meet the target date.

<sup>4</sup> Office for Budget Responsibility, Economic and Fiscal Outlook, November 2025, available at: <https://obr.uk/efo/economic-and-fiscal-outlook-november-2025>.

- 3.10 A 'pay-per-mile' charging system for electric vehicles has already been implemented in countries such as Iceland and New Zealand. In developing a similar approach for the UK, DVLA and HM Treasury have been reviewing international examples and comparisons.

## Key eVED project risks

- 3.11 DVLA has identified risks to the eVED project, which it is monitoring. The most significant risks that DVLA has identified are set out in **Figure 4**. At March 2026, the risk register for the project recorded 21 open risks, of which eight have been assessed as tolerated. These risks include some associated with the project being in its early stages, such as the development of the policy framework and the approach to implementing the new tax. Where some policy or delivery decisions remain subject to further refinement, DVLA will also need to manage any further risks that result from these. There are some additional wider risks to the successful implementation of the project which DVLA has, so far, only partially considered (**Figure 5**). DVLA expects to reflect on further risks as work on the project progresses towards implementation.

**Figure 4**

### Driver and Vehicle Licensing Agency's (DVLA's) top project risks for Electric Vehicle Excise Duty (eVED), May 2026

DVLA's key risks focus on short term implementation risks rather than longer-term project delivery and customer risks

| Risk                                                             | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Policy and design assumptions                                    | <p>Outstanding questions on eVED design has meant DVLA has made assumptions across policy, technical and operational areas to maintain project momentum. If these assumptions prove to be incorrect, this could lead to rework, impacting delivery timelines and costs.</p> <p>In April and May 2026, DVLA, HM Treasury and DVSA carried out work to review and update the list of key requirements of eVED to reflect how their understanding of how it will operate has evolved since October 2025 and to clarify points of ambiguity.</p> |
| Outcomes from the consultation process                           | The consultation closed in March 2026, and a formal response addressing the issues and feedback raised is expected to be published in summer 2026.                                                                                                                                                                                                                                                                                                                                                                                           |
| Data provision by the Driver and Vehicle Standards Agency (DVSA) | <p>DVSA is setting up work to share mileage data feeds which will be an important part of the eVED programme.</p> <p>Since May 2026, DVSA is not expected to be required to introduce new processes to collect mileage data and that existing systems will be used.</p>                                                                                                                                                                                                                                                                      |
| Mobilising and deploying resources                               | Delays in recruiting additional headcount for the delivery of the eVED project had the potential to impact the programme's ability to meet planned delivery timescales. However, as of April 2026, the majority of roles were in place, with further recruitment planned in future months.                                                                                                                                                                                                                                                   |

#### Note

1. As the eVED project progresses towards implementation, DVLA expects to update its risk register, introducing additional risks.

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

**Figure 5**
**Wider risks for the Electric Vehicle Excise Duty (eVED) project and the Driver and Vehicle Licensing Agency's (DVLA's) consideration of them**

There are wider risks to the eVED project's successful implementation, which DVLA is currently only partially considering

| Risk                                | Detail                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | DVLA's consideration of risk                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Customer education                  | <p>There is a risk that the public does not understand how eVED will work, so DVLA, as the delivery body, will need to consider public acceptance and customer understanding of the tax. This should be considered at an early stage and feed into the design of the tax policy.</p> <p>DVLA should proactively develop behavioural insights to inform its communications approach and increase public awareness. This will help mitigate resistance and support smoother adoption.</p>                                          | <p>DVLA has registered the importance of early customer communications on eVED to reduce confusion when it comes into force.</p> <p>DVLA is monitoring awareness of eVED within DVLA's customer base through a monthly survey. In May 2026, 60% of respondents were aware that eVED was being introduced in April 2028, with awareness higher at 73% among those with electric or hybrid cars.</p>                                                                         |
| Customer behaviour                  | <p>As eVED is introduced at the point when VED becomes due, there is a risk that vehicle owners may bring forward their VED renewals ahead of 2028 to delay the onset of eVED charges, impacting the expected increase in revenues from eVED. This potential behavioural response is consistent with patterns observed by DVLA following the removal of the electric vehicle tax exemption in April 2025, as highlighted in the Comptroller and Auditor General's Section 2 Report for 2024-25.<sup>2</sup></p>                  | <p>HM Treasury and DVLA are aware of these risks and have been discussing potential mitigating actions, but further work is needed to agree and implement these.</p>                                                                                                                                                                                                                                                                                                       |
| Customer compliance including fraud | <p>A key risk associated with the introduction of eVED is the potential for under-reporting or manipulation of mileage data to reduce tax liabilities. Where the system relies on self-reported odometer readings or digital submissions, there is a risk that motorists may deliberately misstate their mileage by tampering with vehicle systems to suppress accurate recording. This is compounded by risks of third-party involvement, such as fraudulent service providers or software designed to alter odometer data.</p> | <p>DVLA currently sees high levels of compliance for VED and intends to apply the same approach to compliance and enforcement for eVED, even though it is expected to operate differently.</p> <p>DVLA and HM Treasury have been considering the potential for fraud when assessing different design options for eVED. It will be important to ensure that all relevant fraud risks are identified and assessed to support compliance and maximise revenue collection.</p> |
| Working with other bodies           | <p>DVLA is reliant on a number of external organisations in order to meet its project timetable. For example, the Driver and Vehicle Standards Agency (DVSA), which is responsible for regulating MOT testing in the UK, is expected to provide agreed mileage data feeds to DVLA as part of the eVED process. However, DVSA has only recently commenced the discovery phase of its programme to put in place the changes needed for eVED to be implemented.</p>                                                                 | <p>DVLA has identified this as a key project risk and is working with DVSA to address it. This includes a joint working group to collectively work through eVED aspects that are impacting both DVSA and DVLA's scope, overall solution or interdependencies.</p>                                                                                                                                                                                                          |

**Notes**

1. We identified these additional risks through drawing on evidence collected for the purpose of this year's Section 2 report, as well as from the 2024-25 Section 2 report's examination of DVLA preparations for the removal of VED exemptions for zero-emission vehicles.
2. The Comptroller and Auditor General's Section 2 Report for 2024-25 can be found from [page 110](#) of DVLA's 2024-25 Annual Report and Accounts.

Source: National Audit Office analysis of Driver and Vehicle Licensing Agency documents and the public consultation on the Introduction of eVED

- 3.12 Following the Autumn Budget 2025, and prior to the official announcement on eVED, DVLA conducted work to identify the systems requiring updates and the changes needed to support delivery. Beyond the eVED programme, reliance on legacy systems has been identified as a 'red-rated risk' for DVLA. DVLA is also progressing broader plans to replace its legacy systems, with an aim to decommission these by 2030 and transition to more modernised solutions.

## Appendix One: Actions taken in respect of previous recommendations

1. I made six recommendations in my Section 2 report last year (**Figure 6**). One recommendation from my 2023-24 report also remained in progress, at the time of publishing the 2024-25 Section 2 report.

**Figure 6**

### The Driver and Vehicle Licensing Agency's (DVLA's) actions against the Comptroller and Auditor General's recommendations from previous years' Section 2 reports

DVLA has three recommendations which have now been closed; it has three in progress from previous years' Section 2 reports; and one which has been superseded by this year's findings and recommendations

| Year    | Recommendation                                                                                                                                                                                                                                                                                                                                                                                                                                    | Update                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|---------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2023-24 | <p><i>For DVLA</i></p> <p>"I recommend that DVLA continues to meet regularly with Devolved Power Partners (DPPs) and uses the findings to understand the key factors impacting their enforcement activities and supports DPPs in tackling wilful and persistent evaders. For example, by increasing the volume of joint operations and sharing intelligence."</p>                                                                                 | <p><b>In progress</b></p> <p>There are currently 106 police and local authorities (2024-25: 105) signed up as DPPs which therefore have enforcement powers to help tackle Vehicle Excise Duty (VED) non-compliance. Additional organisations have also expressed interest in obtaining these powers in the coming months. However, not all those signed up are active.</p> <p>DVLA has undertaken 101 joint operations during the year with police forces and local authorities. Data show that the overall level of DPP enforcement actions, either wheel clamping or impounding, has increased in 2025-26, with a 9.1% increase compared with 2024-25.</p> <p>However, DVLA did not hold any regional cluster meetings with DPPs during 2025-26. These are scheduled in for 2026-27 and will be used to discuss best practice and the new compliance and enforcement strategy.</p> |
| 2024-25 | <p><i>For DVLA and the Department for Transport (DfT)</i></p> <p>"I recommend that DVLA and DfT develop a long-term approach for estimating reliably the cost of VED non-compliance to help DVLA target and deliver enforcement and compliance activity more cost-effectively and to enhance Parliamentary visibility of revenue lost to the taxpayer. This should include considering a range of options as to how they might achieve this."</p> | <p><b>In progress</b></p> <p>DVLA is working with DfT to incorporate an improved approach to estimating the cost of non-compliance into the roadside survey planned for 2027. DVLA and DfT are also exploring longer-term approaches to ensure more accurate estimates.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 2024-25 | <p><i>For DVLA</i></p> <p>"I recommend that, until a long-term solution is put into place, DVLA use the data it holds to produce the best estimate it can of the cost of VED non-compliance for reporting next year and include any limitations of its estimate in its reporting."</p>                                                                                                                                                            | <p><b>Closed</b></p> <p>In the absence of a long-term solution, DVLA has developed an estimate of non-compliance for 2025-26 using internal data sources. It has also produced a corresponding monetary estimate of non-compliance, which has been reported in its 2025-26 Annual Report and Part Two of my report.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

| Year    | Recommendation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Update                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|---------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2024-25 | <p><i>For DVLA</i></p> <p>"I recommend that as part of developing and implementing its next compliance and enforcement strategy, DVLA:</p> <ul style="list-style-type: none"> <li>i. collect all relevant cost data on its compliance and enforcement activities to assess whether its current compliance and enforcement activities are cost effective and proportionate;</li> <li>ii. undertake a full evaluation of its performance and outcomes achieved against its 2022–2025 strategy and incorporate relevant findings into its plans for future activities;</li> <li>iii. explore potential wider behaviour trends that might affect VED revenue, for example understanding why the number of vehicles that have a Statutory Off-Road Notification (SORN) continues to increase; and</li> </ul> | <ul style="list-style-type: none"> <li>i. <b>Superseded by this year's recommendation a</b><br/>           DVLA has reviewed its 2024-25 income and expenditure for compliance and enforcement activities and concluded that these had a positive return on investment, with the exception of wheel clamping. Based on this exercise no changes have been made to the compliance and enforcement strategy. However, DVLA has not yet determined unit costs for all of its individual enforcement activities.</li> <li>ii. <b>Closed – no longer relevant</b><br/>           DVLA has told us that it reviewed what had worked well from the previous compliance and enforcement strategy and used these discussions to inform its new 2026–2030 strategy. However, DVLA has been unable to provide any documentary evidence of this evaluation.<br/><br/>           Evaluation is important for learning whether policies and approaches are working and to demonstrate accountability for the use of public money. By carrying out and documenting evaluations of its strategies, DVLA can decide whether approaches should be continued, expanded, improved or stopped altogether.<br/><br/>           Given the 2026–2030 strategy has now been agreed and is being delivered we have closed this recommendation rather than keeping it open.</li> <li>iii. <b>In progress</b><br/>           DVLA carried out a survey into reasons for SORN but does not believe this provided any new reasons for SORN or any additional insight into customer behaviours that it was not already aware of. Some of the main reasons for SORN continue to be due to customers awaiting repairs, seasonal use, waiting to scrap, etc.<br/><br/>           DVLA is considering commissioning additional specific research on customer behaviours around SORN as well as holding discussions with social researchers and economists in the Department for Transport to see if they have any useful insights. This recommendation therefore remains in progress.</li> </ul> |

| Year    | Recommendation                                                                                                                                                                                                                                                                                                                | Update                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2024-25 | iv. explore a wider range of options to innovate and further improve VED compliance and enforcement, for example in how it may use new technologies; this could include engagement with other organisations, both government and private sector, that collect revenue to ensure that up-to-date best practice is considered." | <p><b>iv. Closed</b></p> <p>DVLA has engaged with Transport for Wales and the BBC to discuss approaches to tackling evasion and reducing non-compliance rates; it has plans in place to extend this engagement to other organisations across government.</p> <p>As part of its new compliance and enforcement strategy, DVLA is placing increased emphasis on the use of emerging technologies and has identified a range of actions to take forward, including the application of artificial intelligence to support detection and prevention of evasion.</p> |

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

**Gareth Davies**  
**Comptroller and Auditor General**  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP  
10 July 2026

# DVLA Trust Statement

## Statement of Revenue and Expenditure for the year ended 31 March 2026

|                                                           | Note | 2025-26<br>£m | 2024-25<br>£m |
|-----------------------------------------------------------|------|---------------|---------------|
| <b>Revenue</b>                                            |      |               |               |
| Licence fees and taxes – VED                              | 3    | 9,031         | 8,362         |
| Fines and penalties – enforcement                         | 4    | 113           | 110           |
| HGV Road User Levy                                        | 5    | 170           | 163           |
| <b>Total revenue and other income</b>                     |      | <b>9,314</b>  | <b>8,635</b>  |
| <b>Expenditure</b>                                        |      |               |               |
| Credit losses – amounts written off or otherwise impaired | 6    | (45)          | (42)          |
| <b>Total expenditure</b>                                  |      | <b>(45)</b>   | <b>(42)</b>   |
| <b>Net revenue for the Consolidated Fund</b>              |      | <b>9,269</b>  | <b>8,593</b>  |

There were no recognised gains or losses accounted for outside the above Statement of Revenue and Expenditure.

Notes forming part of these accounts appear on [pages 139 to 143](#).

## Statement of Financial Position as at 31 March 2026

|                                                                 | Note | 31 March<br>2026<br>£m | 31 March<br>2025<br>£m |
|-----------------------------------------------------------------|------|------------------------|------------------------|
| <b>Current assets</b>                                           |      |                        |                        |
| Trade and other receivables                                     | 6    | 120                    | 84                     |
| Cash and cash equivalents                                       |      | 99                     | 103                    |
| <b>Total current assets</b>                                     |      | <b>219</b>             | <b>187</b>             |
| <b>Current liabilities</b>                                      |      |                        |                        |
| Deferred revenue                                                | 7    | (3,260)                | (2,786)                |
| Trade payables                                                  | 7    | (2)                    | (1)                    |
| <b>Total current liabilities</b>                                |      | <b>(3,262)</b>         | <b>(2,787)</b>         |
| <b>Total net liabilities</b>                                    |      | <b>(3,043)</b>         | <b>(2,600)</b>         |
| Represented by:                                                 |      |                        |                        |
| <b>Balance on Consolidated Fund Account as at 31 March 2026</b> | 8    | <b>(3,043)</b>         | <b>(2,600)</b>         |

Notes forming part of these accounts appear on [pages 139 to 143](#).



**Tim Moss, CBE**

Accounting Officer and Chief Executive, DVLA

8 July 2026

## Statement of Cash Flows for the year ended 31 March 2026

|                                        | Note | 2025-26<br>£m | 2024-25<br>£m |
|----------------------------------------|------|---------------|---------------|
| Net cash flow from revenue activities  |      | 9,708         | 8,719         |
| Cash paid to Consolidated Fund         | 8    | (9,712)       | (8,713)       |
| <b>Increase in cash in this period</b> |      | <b>(4)</b>    | <b>6</b>      |

## Notes to the Statement of Cash Flows

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

|                                                    |   | 2025-26<br>£m | 2024-25<br>£m |
|----------------------------------------------------|---|---------------|---------------|
| Net revenue for the Consolidated Fund              | 8 | 9,269         | 8,593         |
| Decrease/(increase) in trade and other receivables | 6 | (36)          | 16            |
| Increase in trade and other payables               | 7 | 475           | 110           |
| <b>Net cash flow from revenue activities</b>       |   | <b>9,708</b>  | <b>8,719</b>  |

### B. Analysis of changes in net funds

|                                            | 2025-26<br>£m | 2024-25<br>£m |
|--------------------------------------------|---------------|---------------|
| (Decrease)/increase in cash in this period | (4)           | 6             |
| Net funds as at 1 April                    | 103           | 97            |
| <b>Net funds as at 31 March</b>            | <b>99</b>     | <b>103</b>    |

Notes forming part of these accounts appear on [pages 139 to 143](#).

## Notes to the Trust Statement

### Note 1. Statement of accounting policies

#### Basis of accounting

We prepare a Trust Statement ('the Statement') for the financial year ended 31 March 2026 for the revenue and other income, as directed by HM Treasury, collected by the agency as an agent for others. It is done in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual by HM Treasury ('FReM') which is in force for 2025-26.

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

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

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

#### Accounting convention

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

#### General accounting policies

##### VED revenue

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

#### Fines and penalties revenue

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

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

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

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

In accordance with IFRS 9 we recognise credit loss allowances on an expected loss, rather than an incurred loss basis. To give a true and fair view, it is necessary to make allowance for those VED and enforcement receivables that we believe will be unlikely to be received in the future. A provision for Late Licensing Penalties (LLP) has been estimated using analysis of historic trends in debt recovery and write-offs, and is supported by management judgement. With regard to fines and penalties where there are usually no specific performance obligations associated with receiving revenue, the revenue is considered to be non-exchange transactions and therefore outside the scope of IFRS 15.

#### HGV Road User Levy revenue

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

## Business Account

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

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

## Use of estimates and judgements

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

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

## Evasion

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

[Pages 32 to 35](#) provide further information on our approach to compliance and enforcement. This includes a percentage estimate of the current level of on the road evasion.

## Related party disclosure

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

## Deferred revenue

The deferred revenue balance relates to VED. As stated above, VED licence fees are deemed to accrue evenly over the period for which the licence is valid, as such we defer revenue collected in respect of any post financial year end period. Any one-off payments in respect of 6 or 12 months VED received in 2025-26 relating to 2026-27 are deferred.

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

A proportion of the deferred revenue balance will be claimed as a refund of duty during 2025-26. The value of refunds for 2025-26 is shown in Note 3.

## Note 2. Direct Debit

Motorists have the option of either paying a one-off amount in respect of 6 or 12 months VED or alternatively, paying for VED in monthly instalments. As at 31 March 2026, £1.8 billion (2024-25: £1.7 billion) was committed for payment through pre-existing Direct Debit mandates in respect of VED monthly instalments to be settled as they fall due in the next financial year. This balance is not recognised within the Statement of Financial Position as these monies will not be collected should the vehicles be sold or declared off road and all the balance represents VED income to be recognised in the next financial year.

## Note 3. Licence fees and taxes – VED

|                  | 2025-26<br>£m | 2024-25<br>£m |
|------------------|---------------|---------------|
| Total Gross VED  | 9,495         | 8,802         |
| Amounts refunded | (464)         | (440)         |
| <b>Total</b>     | <b>9,031</b>  | <b>8,362</b>  |

## Note 4. Analysis of enforcement fines and penalties

|                 | Late Licensing Penalties (LLP) | Traditional enforcement | Wheelclamping | Continuous Insurance (CIE) | Total      |
|-----------------|--------------------------------|-------------------------|---------------|----------------------------|------------|
| 2025-26         | £m                             | £m                      | £m            | £m                         | £m         |
| Offences in:    |                                |                         |               |                            |            |
| 2024-25 (i)     | 8                              | 2                       | –             | –                          | 10         |
| 2025-26         | 66                             | 20                      | 14            | 9                          | 109        |
| Commission paid | (6)                            | –                       | –             | –                          | (6)        |
| <b>Total</b>    | <b>68</b>                      | <b>22</b>               | <b>14</b>     | <b>9</b>                   | <b>113</b> |

|                 | Late Licensing Penalties (LLP) | Traditional enforcement | Wheelclamping | Continuous Insurance (CIE) | Total      |
|-----------------|--------------------------------|-------------------------|---------------|----------------------------|------------|
| 2024-25         | £m                             | £m                      | £m            | £m                         | £m         |
| Offences in:    |                                |                         |               |                            |            |
| 2023-24 (i)     | 8                              | 3                       | –             | –                          | 11         |
| 2024-25         | 62                             | 20                      | 15            | 8                          | 105        |
| Commission paid | (6)                            | –                       | –             | –                          | (6)        |
| <b>Total</b>    | <b>64</b>                      | <b>23</b>               | <b>15</b>     | <b>8</b>                   | <b>110</b> |

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

## Note 5. HGV Road User Levy

|                 | 2025-26<br>£m | 2024-25<br>£m |
|-----------------|---------------|---------------|
| UK hauliers     | 140           | 133           |
| Non-UK hauliers | 30            | 30            |
| <b>Total</b>    | <b>170</b>    | <b>163</b>    |

## Note 6. Trade and other receivables

|                                           | 31 March<br>2026<br>£m | 31 March<br>2025<br>£m |
|-------------------------------------------|------------------------|------------------------|
| Licence fees and taxes – VED              | 91                     | 58                     |
| Fines and penalties – enforcement         | 87                     | 81                     |
| HGV Road User Levy                        | 2                      | 1                      |
| <b>Total before estimated impairments</b> | <b>180</b>             | <b>140</b>             |
| Less estimated provision for impairments  | (60)                   | (56)                   |
| <b>Total</b>                              | <b>120</b>             | <b>84</b>              |

Licence fees and taxes – VED receivable includes amounts due from the Post Office £13 million (2024-25: £14 million) and Register a vehicle (RAV) £64 million (2024-25: £35 million).

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

### Change to impairments

|                                          | 2025-26<br>£m | 2024-25<br>£m |
|------------------------------------------|---------------|---------------|
| Balance as at 1 April 2025               | (56)          | (52)          |
| Change in estimated value of impairments | (4)           | (4)           |
| <b>Balance as at 31 March 2026</b>       | <b>(60)</b>   | <b>(56)</b>   |

A provision is made for potential bad debts based on the value of open cases as at 31 March 2026. The provision does not represent actual write-offs to date but is simply an accounting estimate to reflect the proportion of those debts outstanding at the end of the financial year which may not be recovered.

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

### Credit losses

|                                                                 | 2025-26<br>£m | 2024-25<br>£m |
|-----------------------------------------------------------------|---------------|---------------|
| VED                                                             | –             | –             |
| VED enforcement                                                 | 41            | 38            |
| Change in the value of impairments                              | 4             | 4             |
| <b>Total recognised in Statement of Revenue and Expenditure</b> | <b>45</b>     | <b>42</b>     |

## Note 7. Trade and other payables

|              | Trade payables<br>31 March 2026 | Deferred<br>revenue<br>31 March 2026 | Total<br>31 March 2026 | 31 March<br>2025 |
|--------------|---------------------------------|--------------------------------------|------------------------|------------------|
|              | £m                              | £m                                   | £m                     | £m               |
| VED          | –                               | (3,260)                              | (3,260)                | (2,786)          |
| Motor trade  | (1)                             | –                                    | (1)                    | –                |
| Other        | (1)                             | –                                    | (1)                    | (1)              |
| <b>Total</b> | <b>(2)</b>                      | <b>(3,260)</b>                       | <b>(3,262)</b>         | <b>(2,787)</b>   |

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

Other payables include an accrued cost of £1.3 million relating to cash collected in the Trust Statement due to the Business Account (31 March 2025: £0.8 million).

## Note 8. Balance on Consolidated Fund account

|                                                                     | 2025-26<br>£m  | 2024-25<br>£m  |
|---------------------------------------------------------------------|----------------|----------------|
| Balance as at 1 April                                               | (2,600)        | (2,480)        |
| Net revenue for the Consolidated Fund                               | 9,269          | 8,593          |
| Less amount paid to Consolidated Fund                               | (9,712)        | (8,713)        |
| <b>Balance on the Consolidated Fund Account as at 31 March 2026</b> | <b>(3,043)</b> | <b>(2,600)</b> |

## Note 9. Events after the reporting period

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

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

# Annex A:

## Accounts Directions

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

1. This direction applies to a government department listed in the appendix on [page 145](#) in respect of the executive agencies which are also listed in the appendix next to the department on [page 145](#).
2. These executive agencies shall prepare accounts for the year ended 31 March 2026 in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual ('the FReM') 2025-26.
3. The accounts shall be prepared so as to:
  - (a) give a true and fair view of the state of affairs as at 31 March 2026 and of the income and expenditure (or, as appropriate, net resource outturn), changes in taxpayers' equity and cash flows of the agency for the financial year then ended; and
  - (b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
4. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with HM Treasury.
5. In relation to the accounts prepared by a government department under this direction, section 7 of the Government Resources and Accounts Act 2000 ("the Act") shall have effect as if references to the department were substituted for the references to the Treasury in subsection (3)(b) and (c). Accordingly –
  - (a) the Comptroller and Auditor General shall send the certified accounts and the report to the department under section 7(3)(b) of the Act, and
  - (b) the department shall lay the certified accounts and the report before the House of Commons under section 7(3)(c) of the Act.

**Charlotte Goodrich**

Deputy Director  
Government Financial Reporting  
His Majesty's Treasury  
18 December 2025

## Application of the Accounts Direction

This Accounts Direction applies to the following executive agencies:

| Name                                                          | Department                                   | Name                                      | Department          |
|---------------------------------------------------------------|----------------------------------------------|-------------------------------------------|---------------------|
| Government Legal Department                                   | HM Procurator General and Treasury Solicitor | Wilton Park                               | FCDO                |
| Insolvency Service                                            | DBT                                          | Forest Research                           | Forestry Commission |
| UK Space Agency                                               | DSIT                                         | Forest England                            | Forestry Commission |
| Companies House                                               | DBT                                          | Valuation Office Agency                   | HMRC                |
| Government Property Agency                                    | CO                                           | UK Debt Management Office                 | HMT                 |
| Planning Inspectorate                                         | MHCLG                                        | Government Internal Audit Agency          | HMT                 |
| Animal and Plant Health Agency                                | DEFRA                                        | HM Courts and Tribunals Service           | MOJ                 |
| Centre for the Environment, Fisheries and Aquaculture Science | DEFRA                                        | HM Prison and Probation Service           | MOJ                 |
| Forestry Commission                                           | DEFRA                                        | Office of the Public Guardian             | MOJ                 |
| Rural Payments Agency                                         | DEFRA                                        | Legal Aid Agency                          | MOJ                 |
| Veterinary Medicines Directorate                              | DEFRA                                        | Criminal Injuries Compensation Authority  | MOJ                 |
| Standards and Testing Agency                                  | DfE                                          | Defence Science and Technology Laboratory | MOD                 |
| Education and Skills Funding Agency                           | DfE                                          | Defence, Equipment and Support            | MOD                 |
| Teaching Regulation Agency                                    | DfE                                          | Submarine Delivery Agency                 | MOD                 |
| UK Health Security Agency                                     | DHSC                                         |                                           |                     |
| Medicines and Healthcare Products Regulatory Agency           | DHSC                                         |                                           |                     |
| Active Travel England                                         | DfT                                          |                                           |                     |
| Driver and Vehicle Licensing Agency                           | DfT                                          |                                           |                     |
| Driver and Vehicle Standards Agency                           | DfT                                          |                                           |                     |
| Maritime and Coastguard Agency                                | DfT                                          |                                           |                     |
| Vehicle Certification Agency                                  | DfT                                          |                                           |                     |

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

1. This direction applies to a government department listed in the appendix on [page 147](#) in respect of the executive agencies which are also listed in the appendix next to the department on [page 147](#).
2. In this direction, any reference to money received or collected by an executive agency (however expressed) is a reference to money received or collected by that executive agency in its capacity as an agent for others.
3. The Agency shall prepare a Trust Statement ('the Statement') for the financial year ended 31 March 2026 for the revenue and other income, collected by the Agency, in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual by HM Treasury ('FReM') 2025-26.
4. The Statement shall be prepared so as to give a true and fair view of (a) the state of affairs relating to the collection and allocation of taxes, licence fees, fines and penalties and other income by the Agency as agent and of the expenses incurred in the collection of those taxes, licence fees, fines and penalties insofar as they can properly be met from that revenue and other income; (b) the revenue and expenditure; and (c) the cash flows for the year then ended.
5. The Statement shall also be prepared so as to provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
6. When preparing the Statement, the Agency shall comply with the guidance given in the FReM (Chapter 11). The Agency shall also agree with HM Treasury the format of the Principal Accounting Officer's Foreword to the Statement, and the supporting notes, and the accounting policies to be adopted, particularly in relation to revenue recognition. Regard shall also be given to all relevant accounting and disclosure requirements in Managing Public Money and other guidance issued by HM Treasury, and to the principles underlying International Financial Reporting Standards.
7. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with HM Treasury.
8. In relation to the accounts prepared by a government department under this direction, section 7 of the Government Resources and Accounts Act 2000 ("the Act") shall have effect as if references to the department were substituted for the references to the Treasury in subsection (3)(b) and (c). Accordingly –
  - (a) the Comptroller and Auditor General shall send the certified accounts and the report to the department under section 7(3)(b) of the Act, and
  - (b) the department shall lay the certified accounts and the report before the House of Commons under section 7(3)(c) of the Act.

### Charlotte Goodrich

Deputy Director  
Government Financial Reporting  
His Majesty's Treasury  
18 December 2025

## Trust Statement for the year ended 31 March 2026

### 1. The Trust Statement shall include:

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

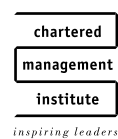
### 2. The notes shall include among other items:

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

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



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