Driver & Vehicle Standards Agency

25/26

Annual Report and Accounts

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

HC 438

Driver and Vehicle Standards Agency

Annual report and accounts 2025-26

For the period 1 April 2025 to 31 March 2026

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Foreword

Chair’s Introduction

This has been another demanding year for DVSA, characterised by sustained public, parliamentary and media scrutiny alongside continued operational pressure, particularly in driver services. Against this backdrop, the Board has remained focused on ensuring that the Agency maintains the highest standards of governance, transparency and accountability, while delivering its vital role in keeping Britain moving safely and sustainably.

Despite delivering 2.2m driving tests this year, approximately 200,000 more than last year, demand for driving tests continued to exceed capacity, and waiting times for car practical tests remain above our long-term target. We recognise the impact this has on learners, and instructors. The Agency’s response has been evidence-led, proportionate and focused on sustainable recovery. We have worked closely with the Department for Transport (DfT) to strengthen governance arrangements, clarify accountabilities, and ensure appropriate oversight of what is a complex, end-to-end service challenge, while working in partnership to agree and implement an exceptional payment for driving examiners to support retention.

In December, the National Audit Office (NAO) conducted an independent investigation into car practical test waiting times. Its findings highlighted longstanding issues, including workforce capacity, booking system abuse, demand forecasting and the impact of the pandemic. The Board welcomed this external scrutiny, and DVSA has accepted the NAO’s recommendations in full and has clear plans in place to address them, as set out in the Performance Report.

Alongside these challenges, DVSA has continued to deliver significant volumes of core services, including millions of MOT tests, and record levels of theory tests whilst maintaining high customer satisfaction. The Agency has also strengthened its enforcement and counter-fraud capability, and progressed work to prepare for future vehicle technologies. The continued embedding of a whole service approach has supported more integrated decision-making and clearer accountability across end-to-end customer journeys.

This year also marked a change in leadership. I would like to thank Loveday Ryder for her leadership and commitment in guiding DVSA through a period of unprecedented operational and organisational challenge. In January, we welcomed Beverley Warmington as Chief Executive. She brings significant experience of leading large operational organisations, a strong commitment to inclusive leadership, and a clear focus on improving outcomes for customers and colleagues. The Board is confident that, under her leadership, the Agency is well placed to continue its recovery and transformation.

I would like to thank DVSA’s people for their professionalism, resilience and dedication throughout the year, and to recognise the ongoing support and constructive challenge provided by colleagues across the DfT and wider government. The Board will continue to provide robust oversight and support as the Agency addresses immediate pressures while building a more sustainable, service-led future.

Nick Bitel
DVSA Non-Executive Chair

Chief Executive's Introduction

This Annual Report and Accounts sets out DVSA's performance during 2025 to 2026, a year of significant challenge, alongside important progress in strengthening our services and laying the foundations for recovery.

I joined the Agency in January, at a time of sustained pressure on driver services. Demand for car practical driving tests continued to exceed capacity, with waiting times remaining unacceptably high. I recognise the impact this has on learners, instructors and those whose mobility and employment depend on timely access to our services. Addressing this challenge is my highest priority.

I have been struck by the professionalism and commitment of DVSA colleagues, who have worked tirelessly to increase capacity, improve fairness in the booking system and better support learners to be prepared for their test. Whilst recovery will take time, following robust analysis, informed by independent scrutiny, including the National Audit Office's review, we now have a clearer understanding of the scale of the challenge and a more sustainable plan to address it.

Alongside these pressures, DVSA has continued to deliver a broad and critical portfolio of work. We have maintained strong performance in theory testing, strengthened MOT oversight and enforcement activity, progressed reforms across vocational and motorcycle services, and continued to develop our capability to regulate emerging vehicle technologies safely. We have also made important strides in modernising our services, improving digital accessibility and embedding a whole service approach that puts customers and road safety outcomes firmly at the centre of how we operate.

Our people are central to everything we do. This year we have continued to invest in capability, leadership and wellbeing, while reinforcing our commitment to an inclusive and supportive workplace. I am committed to ensuring that colleagues feel valued, listened to and empowered to challenge constructively. Creating the right culture is essential if we are to deliver sustained improvement for the public we serve.

Looking ahead, DVSA will continue to operate in a complex environment, shaped by ongoing demand pressures, rapid technological change and the need to deliver value for money alongside service improvement. I am confident, however, that the Agency has the capability, commitment and clarity of purpose needed to meet these challenges. Working closely with the Department for Transport and our partners, we will remain focused on what matters most: improving road safety, increasing fairness, and delivering services that people can rely on.

I would like to thank colleagues across DVSA for their dedication and resilience, and our stakeholders for their continued engagement and challenge. I look forward to building on the progress set out in this report as we move into the year ahead.

B Warmington

Beverley Warmington
DVSA Chief Executive

Performance Report

Overview

Who we are and what we do

This Annual Report and Accounts sets out the performance of the Driver and Vehicle Standards Agency (DVSA) for the year 2025 to 2026, covering the Agency's accounting period for the year ended 31 March 2026. The Performance Report section provides information about our purpose, the work we have undertaken in the last year and the main risks to meeting our objectives. The Accountability Report (page 48) shows how we meet accountability requirements to Parliament and is concluded by the Accounts (page 80).

DVSA is an executive agency of the Department for Transport (DfT). We employ around 4,900 people across Great Britain. Our purpose is to help keep Britain moving, safely and sustainably. We do this by setting and enforcing standards for drivers, riders and vehicles, and by providing a range of testing, licensing and regulatory services that support road safety and public confidence in the transport system.

We deliver theory and practical driving tests, oversee the MOT scheme, regulate vocational drivers and operators, and carry out roadside enforcement to improve compliance and reduce harm on the road network. We also work closely with industry partners and other enforcement bodies, including the Office for the Traffic Commissioners (OTC) to support continuous improvement in road safety and how services are provided.

We operate in a complex and high-demand environment. High demand for driver services continued to influence performance, including long waiting times for customers.
We balance customer expectations, service reliability and value for money, while responding to wider government priorities including sustainability, digital change and workforce capability. During 2025 to 2026, safety remained at the heart of everything we do, alongside continued work on improving customer experience and service performance.

Taking a whole service approach

During 2025 to 2026, we continued to put in place our whole service approach. This shifted from managing activity within individual departments to managing services around complete end-to-end customer journeys.

We have defined five whole services, aligned to distinct customer needs, learning to drive, vehicle use and testing, commercial vehicle operation, professional driving, and vehicle approval.

These services provide a clearer, customer-focused framework for how we design, govern and improve our services.

Delivery Risks

Looking ahead, we continue to operate in a challenging environment and face several risks that could affect our ability to achieve outcomes in the year ahead. These include:

- sustained demand pressures across driver services, particularly where customer demand continues to exceed available capacity
- the ability to recruit, retain and use skilled staff to provide safe and reliable services
- implementing digital transformation while sustaining reliable, uninterrupted services

We also face risks related to the pace of change in vehicle technology and regulation, and its ongoing reliance on partners and third parties to provide critical services. We actively manage risk through improved governance, investment in people and systems, and close engagement with the DfT and our partners.

Performance Highlights

Helping you through a lifetime of safe driving

3,259,000
theory tests conducted

2,226,000
practical tests carried out

Keeping your vehicle safe to drive

42,564,000
MOT tests overseen

696,000
HGV tests carried out

Protecting you from unsafe drivers

116,000
vehicle and driver checks

70,000
licensed vehicle operators

Figures rounded to the nearest thousand

Performance Analysis

Key performance measures

Our performance targets directly assess how effectively we're delivering on our core mission of improving road safety across Britain. These targets, published in our 2025-26 Business Plan, provide a comprehensive framework for measuring our progress and impact. The full business plan is available at DVSA business plan, 2025 to 2026.

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

How performance monitoring supports delivery

Our performance monitoring system delivers three key benefits:

- transparency: clearly identifying and celebrating successes
- early warning: quickly spotting potential challenges before they escalate
- proactive management: enabling timely intervention to address emerging issues

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

Report structure

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

- helping you through a lifetime of safe and sustainable driving
- helping you keep your vehicle safe to drive
- protecting you from unsafe drivers and vehicles
- our people, customers and partners
- supporting our work, including financial performance, estates and digital
- delivering sustainability

Each section outlines our activities and achievements during the year, measured against key performance indicators. Where targets remain unmet, we provide transparent explanations of our efforts, the factors affecting delivery, and the ongoing challenges. Year-on-year comparisons are included for continuing metrics, newer measures do not yet have historical comparators.

Helping you through a lifetime of safe and sustainable driving

Areas of our work	What we do to accomplish our themes
Set standards, assess and test	• Set standards for safe driving • Carry out theory and driving tests
License and accredit, regulate and enforce	• Approve driving and motorcycle instructors • Approve courses for qualified drivers, including driver certificate of professional competence (CPC) and drink-drive rehabilitation courses
Inform, educate and advise	• Provide targeted digital and media channels to connect people with essential help and education • Maintain and develop the official Highway Code and other apps, books and e-learning

Key performance measure	Target	Outcome 2025 to 2026	Outcome 2024 to 2025
Theory test candidates waiting times average	4 weeks or less	3.4 weeks Met	3.3 weeks
Theory test candidates satisfied with the service they receive from DVSA	85%	96% Met	96%
We will work to provide as many car practical tests as possible by providing 1.975 million car practical tests	By March 2026	2.169m Met	1.96m
We will work to provide as many car practical tests as possible by achieving a national car practical driving test waiting time of 7 weeks or fewer	No date set	21.5 weeks Missed	21.9 weeks

Car practical driving test candidates (overall) satisfied with the service they receive from DVSA	75%	80% Met	65%
Car practical driving test candidates who passed their test satisfied with the service they receive from DVSA	85%	99% Met	88%
Approved Driving Instructor (ADI) satisfaction with the service they receive from DVSA	60%	42% Missed	47%
Vocational practical test waiting times 3 weeks or less	By March 2026	2.5 weeks Met	2.2 weeks
Vocational practical test candidates satisfied with the service they receive from DVSA	80%	74% Missed	79%
Motorcycle practical test waiting times 6 weeks or less	By March 2026	Module 1 – 3.4 weeks Module 2 – 4.3 weeks Met	Module 1 – 4.7 weeks Module 2 – 5.4 weeks
Motorcycle practical test candidates satisfied with the service they receive from DVSA	80%	86% Met	91%

Key outcomes

Car practical test waiting times

Reducing car practical test waiting times remains our most significant operational challenge.

The key challenge is not just the overall level of demand, but the pace, complexity and unpredictability of that demand, and the time required to scale examiner capacity in response. While demand has remained at historically high levels, limitations in forecasting and workforce mobilisation have made it difficult to respond quickly enough to reduce waiting times.

During the year, we provided 2.2 million car practical tests, significantly exceeding both the annual target and the previous year's performance. Despite this, continued high levels of demand mean waiting times remain persistently high at 21.5 weeks, well above target.

Working closely with DfT, we have improved our understanding of the demand by refining our modelling to better capture true demand, including previously under-represented factors. This has given us a more accurate picture of the level of examiner capacity required and underpins a more credible, evidence-based approach to tackling waiting times.

The published waiting time measure reflects the earliest week where 10% of slots are available in the booking window, capped at 24 weeks. We are working to develop additional measures, such as a median wait time – the time between first test booking and test taken.

National Audit Office findings and recommendations

During the year, the National Audit Office (NAO) conducted an investigation into car driving test waiting times, published on 17 December 2025. The NAO recommended that DVSA and DfT should:

- review governance arrangements and agree appropriate levels of support, including enabling DVSA to address abuse of the booking system
- increase the supply of test slots by strengthening recruitment and retention so the workforce can be scaled quickly in response to backlogs
- examine the causes of increased demand, including whether bookings are being made only by learners who are ready to take a test, and continuously improve demand and forecasting models
- explore alternative metrics to measure waiting times that better reflect the actual experience of learners.

We have accepted all NAO recommendations in full and have put actions in place.

Action taken to increase test supply and manage demand

To increase the supply of tests, we have:

- accelerated examiner recruitment, increasing the active car driving examiner workforce to around 1,604 full-time equivalents (FTE) in March 2026 – a 7% year-on-year increase and the highest level since 2018
- introduced schemes to support and reward colleagues for delivering additional tests and to improve retention
- worked with the Ministry of Defence (MOD) to use qualified MOD examiners to provide additional car practical test capacity

We plan to continue expanding capacity through sustained recruitment.

Joint analysis with the Department for Transport (DfT) has improved our understanding of demand pressures. This has led to the introduction of monthly waiting-time forecasts within performance dashboards, alongside new reporting on the customer lived experience through tracking the median time between test booking and test taken. This analysis indicates that an additional 450,000 to 500,000 tests, above normal capacity, are required to return waiting times to target levels, representing a backlog of demand that must be worked through over the next 18 months.

Improving test readiness and booking fairness

Around 50% of learners currently fail their test at the first attempt. Improving test readiness would benefit customers and significantly reduce the demand created by retests. To support this, we have continued to scale up the ‘Ready to Pass?’ campaign, encouraging learners to book only when they are genuinely prepared.

We have also announced reforms to the test booking system to make access fairer for customers. We introduced a limit on the number of times a candidate can change their test date to two changes, and will implement further reforms during 2026 to 2027 which include:

- restricting the resale of test slots
- blocking automated booking tools
- moderating movement between test centres

Preparing for the future

We are investing in a new digital platform to replace outdated systems that support driving tests. This will provide a more secure and user-friendly experience for customers, while enabling DVSA to allocate resources more efficiently.

Theory test service

During the year, demand for theory tests remained high, with the service operating efficiently against its key performance indicators.

On average, candidates were able to book a test within 28 days of their preferred date, and customer satisfaction consistently achieved 96%. This includes the continued delivery of a high-quality service to the Driver and Vehicle Agency (DVA) in Northern Ireland.

Theory test demand again reached unprecedented levels in 2025 to 2026, with 3.3m tests conducted across the year.

The current supply contracts for the test centre networks and test content are due to expire in September 2028. During this year work began on the re-procurement and improvement of these services. We are committed to ensuring continuity of service and value for money throughout the process.

In collaboration with the Government Digital Service (GDS), and our digital suppliers, we developed and launched the UK Government's first British Sign Language (BSL) service within a digital booking system.

To further improve the booking experience for BSL users, we also introduced measures, including the development of more accessible learning materials and better awareness of their needs at test centres.

We received the Government Support Award at the National Courier Awards 2025 for incorporating CPR guidance into theory test materials, a change that could help save lives.

Approved driving instructors (ADI)

The ADI register continued to grow in 2025 to 2026, with the number of qualified ADIs now exceeding 44,000 on the register and a further 5,500 trainee licence holders.

During the year, we received over 20,000 applications to start the ADI qualification process. The majority were processed within the expected service level of 10 working days.

This sustained high volume of applications has created pressure to conduct more ADI tests to meet demand. This has led to a rise in the number of trainee licence holders and over 1,000 appeals against refused or revoked trainee licences.

To address this, we have expanded the team and updated our internal processes to ensure we remain compliant with tribunal processes and case management directions, allowing us to resolve cases more efficiently for applicants.

We continued to work to improve the training and ongoing professional development available to ADIs and to make better use of data to encourage positive change across the register.

Vocational services

During the year, we continued to develop our vocational training and testing strategy, working to develop tests and assessment processes that are fit for purpose for the full range of vocational and specialist vehicle categories.

This included expanding the range of Driver Certificate of Professional Competence (CPC) courses available to drivers. For example, we launched a Vision Awareness Resource pack for bus and coach drivers, developed in partnership with Thomas Pocklington Trust and the Confederation of Passenger Transport.

The pack has helped to improve the safety of vulnerable road users such as pedestrians and cyclists and has received several road safety awards.
We also continued to ensure that compliance and test standards are maintained across delegated examiner and assessor services.

Making motorcycling safer

We continued to improve our understanding of the motorcycle training and testing business, working with the Motorcycle Strategic Focus Group to develop targeted improvements to rider training standards and road safety outcomes.

We worked on improving motorcycle instructor qualification and quality assurance processes and on enhancing the delivery of Compulsory Basic Training (CBT).

We continued to develop an online platform to better manage the CBT service, which will create a more integrated experience for riders, instructors and examiners.

In January 2026, the Government published its Road Safety Strategy and launched a public consultation on moped and motorcycle licensing and training, which closed in May 2026.

The consultation covers a broad range of reforms including:

- CBT linked to transmission type
- expanding approved training courses to include theory and hazard perception
- encouraging progression to a full licence
- updating and modernising the CBT syllabus
- offering progressive access to higher licence categories through training
- changes to instructor qualification
- digitising the CBT certification process

The government intends to publish its response and announce next steps by the end of 2026.

Driving test services: challenges

Sustained increase in demand

Demand for car practical tests remains high due to learner growth, repeat demand and system capacity utilisation patterns.

Customer behavioural change

Long waits altered booking behaviour, with early booking, rescheduling and cancellations reducing usable capacity.

Driving examiner recruitment

Examiner capacity growth has been constrained by training time and attrition.

Impact of bots on service

Booking misuse has undermined access and wasted capacity.

Impact of Warrant Card Holders (WCH)

WCH delivered a short term supply boost, reducing waiting times but not sustainably.

Progress and Forward Look

188

net gain in full-time equivalent driving examiners from 2024-25

1 million+

driving tests passed, with pass rates up by 1.4 percentage points

Improving test readiness

We will continue to provide clearer guidance through the "Ready to Pass?" campaign to help learners book at the right time, reducing cancellations and unnecessary re tests.

Tackling unfair booking practices

We will continue to implement stronger controls and anti bot technology to help ensure test slots are used fairly and by learners who are ready to take their test.

Maximising test delivery

We will continue to maximise the number of tests delivered by making full use of available examiners, incentives and additional short term capacity where appropriate.

Plans to continue improving:

- Increased driving examiner recruitment and expansion of schemes to reduce attrition
- Reforms to the test booking system and investment in a new digital platform
- Stronger forecasting and transparency

Helping you keep your vehicle safe to drive

Areas of our work	What we do to accomplish our themes
Set standards, assess and test	• Set standards for MOT testers and carry out MOTs for heavy goods vehicles, buses and trailers • Carry out vehicle approval tests for vehicles manufactured or imported in small numbers
License and accredit, regulate and enforce	• Approve MOT centres and MOT testers
Inform, educate and advise	• Carry out and evaluate insight-based behaviour change campaigns and e-learning • Publish information to help you look after your vehicle

Key performance measure	Target	Outcome 2025 to 2026	Outcome 2024 to 2025
Authorised testing facilities (ATF) satisfied with the service they receive from DVSA	85%	96% Met	98%
Operators satisfied with the service they receive from DVSA	80%	88% Met	84%
MOT centres satisfied with the service they receive from DVSA	78%	78% Met	75%

Key outcomes

MOT (light vehicle) service

Light vehicle MOTs are delivered through a network of approved MOT garages across Great Britain. The MOT test is designed to uphold road safety standards whilst providing flexible, convenient services for our customers. During the year our MOT garages carried out more than 42.5 million MOT tests – helping keep vehicles and roads safe.

We continued to develop and improve our MOT systems to enhance accuracy, reduce the risk of error and fraud, and improve the experience for both garages and customers.

For example, work continued on exploring the potential to test vehicle emissions more effectively, ensuring the MOT scheme keeps pace with developments in vehicle technology and environmental standards.

To reduce the risk of fraud, the capture of photos at MOT was expanded further during the year, building on the pilot activity undertaken in 2024 to 2025. This capability is now integrated in over 300 garages.

To support the increasing use of electric vehicle (EV) vans, the light vehicle MOT service is being expanded to include these heavier EV vans (up to 4.25 tonnes). During the year, we made the necessary system and process changes.

Customer feedback remained central to how we shape and improve our services. We continued to review insight from garages and the public, using these findings to identify areas for improvement and to track progress against our service commitments.

Heavy vehicle testing

During the year we carried out 848,491 heavy vehicle tests largely through a network of ATFs. These sites partner with us to provide services to vehicle operators – in many cases enabling a ‘one-stop-shop’ for vehicle maintenance and safety.

We continued to develop and improve the heavy vehicle testing regime during 2025 to 2026, working to ensure that tests are thorough, consistent and responsive to the needs of the haulage, bus and coach industries.

A major priority was ensuring that our network of ATFs continues to meet the needs of operators, with ongoing improvements to the digital services we provide to both ATFs and their customers making it easier to request, manage and plan testing activity.

We migrated vehicle testing manuals to GOV.UK during the year, making technical guidance more accessible and easier to maintain, and reducing reliance on legacy publishing platforms.

Additionally, the functionality to access Ministry Plates on GOV.UK through integration with commercial vehicle systems was completed, improving record accuracy and enabling access to critical vehicle information for operators and enforcement teams.

Vehicle approvals

We conduct vehicle approvals, such as Individual Vehicle Approval (IVA), to support specialist vehicle manufacturers, vehicle importers and amateur builders. This ensures that vehicles meet required safety standards prior to registration.

During the year, we conducted 44,101 vehicle approval tests through Privately Owned Testing Facilities (POTFs) and our network of Goods Vehicle Testing Stations (GVTS).

We continued with the modernisation of the service including completing the migration of online IVA applications to GOV.UK Smart Forms simplifying the process for customers and reducing the number of errors.

We also agreed a contractual approach for IVA tests carried out through partners’ premises, creating a pathway to expand capacity and offering customers greater choice in how and where their vehicles are assessed.

Connected and Automated Mobility Services (CAMS)

We worked alongside the Vehicle Certification Agency (VCA) and DfT to create regulatory and technical capabilities that support the safe introduction of automated vehicles to British roads.

This included leading the development of the first performance assessment standard of its kind for Automated Driving System (ADS). This will underpin the regulation of self-driving technology in the UK.

During the year, we put in place the regulatory and operational support structures required for Automated Passenger Service (APS) pilots which are anticipated to begin in 2026 subject to services meeting the necessary safety requirements and gaining local consent.

This work positions DVSA at the forefront of international efforts to develop proportionate and effective regulatory frameworks for emerging vehicle technologies.

Improving GOV.UK guidance

During the year, we conducted a major programme of improvement to the GOV.UK guidance available to commercial operators.

This was the most thorough review and improvement of commercial operator content since the Agency was formed in 2014 and has improved the quality of applications received from operators seeking licences and approvals.

Building capability and service sustainability

Alongside service improvements, we invested in organisational capability to support sustainable delivery. We achieved the Customer Service Excellence accreditation within vehicle services, reflecting the work of our teams to put customers at the centre of what we do.

We improved leadership and management capability through learning programmes for frontline managers and introduced a revised leadership structure within vehicle delivery teams.

Protecting you from unsafe drivers and vehicles

Areas of our work	What we do to accomplish our themes
Set standards, assess and test	• Carry out specialist tests for heavy goods vehicles (HGV), public service vehicles (PSV) and trailers • Monitor recalls of vehicles, parts and accessories
License and accredit, regulate and enforce	• Carry out roadside checks on commercial vehicle drivers • Visit vehicle operator premises • Support the Traffic Commissioner with licensing duties for vehicle operators for Great Britain
Inform, educate and advise	• Share information with around 100 educators, researchers and publishers • Publish GOV.UK pages to share intelligence

Key performance measure	Target	Outcome 2025 to 2026	Outcome 2024 to 2025
Risk-based targeted approach to detect serious roadworthiness defects and traffic offences[1]	28,000	28,837 Met	31,824
Maintain the number of MOT cases where we act upon the most serious fraud, dishonesty and negligence and increase by 10% the number of cases laid to court for prosecution from these investigations	Increase by 10% from the 2024 to 2025 target	829 cases 10% increase (35 cases) Met	783 cases 10% increase (35 cases)

[1] Our target is to detect at least 28,000 serious roadworthiness defects and traffic offences through a targeted approach to enforcement. Ensuring those who present the greatest risk to road safety are identified and reducing the burden on the compliant.

Key outcomes

An important part of the work we do is ensuring compliance with the standards we set. We carry out enforcement activity through several different approaches to protect road users from unsafe drivers and vehicles.

MOT compliance interventions

We continued to develop our approach to MOT garage compliance during the year, working towards the goal of reaching 90% of MOT garages through some form of intervention at least once every two years.

We use a blended approach, combining educational engagement with targeted enforcement action, designed to support compliant garages while ensuring that those falling short of the required standards are identified and managed appropriately.

Counter fraud

During 2025 to 2026, new legislation strengthened the UK government's approach to tackling public sector fraud, error and recovery, reinforcing expectations on public bodies to prevent, detect and respond to fraud effectively.

In addition, a new 'failure to prevent fraud' offence was introduced for large organisations, creating criminal liability where reasonable fraud prevention procedures are not in place, with penalties including unlimited fines.

During the year, we reviewed and relaunched our Fraud Strategy to ensure DVSA plays a full part in minimising fraud and meeting these increased expectations.

We conducted a thorough internal review to fully understand the opportunities for fraud to arise, and ensure controls are in place.

This included creating thematic fraud risk assessments to provide a clearer picture of where fraud risks exist across the organisation and our regulatory landscape and to ensure that mitigations are prioritised and acted upon.

Fraud savings against the previous year's baseline increased by 9.6% to £224,027. Progress is reported regularly to the Audit and Risk Assurance Committee as well as to the Public Sector Fraud Authority.

Intelligence and targeting

We continued to develop our Intelligence and Targeting capability during the year, resulting in a measurable shift in enforcement activity towards higher-risk vehicles, operators and individuals across commercial vehicle, MOT, and driver and rider services.

This capability is central to our ambition to move from reactive enforcement to proactive, intelligence-driven interventions.

Earned Recognition

The Earned Recognition (ER) scheme rewards exemplar operators which demonstrate, through an agreed set of key performance indicators, that they consistently meet driver and vehicle standards. In return, their vehicles are less likely to be stopped for roadside inspections.

The Road to ER trial has provided a successful pathway for newer operators to reach the standards required for full ER membership and will be established as a permanent route into the scheme for new operators.

We continued to identify further opportunities to use ER to improve compliance more broadly across the commercial vehicle sector, including through engagement with combined authority mayors and local authorities to encourage the use of ER standards in the selection of commercial vehicle operator contracts.

Commercial vehicle enforcement

Through evidence and targeting analysis, for the first time, in 2025 to 2026, our roadside enforcement teams stopped more high-risk vehicles than low-risk ones. High-risk vehicles are those rated red under the Operator Compliance Risk Score (OCRS).

However, enforcement activity alone will not achieve the behavioural change needed across the Light Goods Vehicle (LGV) sector. Targeted enforcement activity is accompanied by awareness-raising activity through industry bodies, publications, blogs, stakeholder engagement and national media coverage, including coverage on BBC platforms.

During the year, we continued to update and improve guidance for commercial vehicle operators. This included refreshed guidance on laden brake testing and tachograph compliance (due for publication in 2026 to 2027).

Working alongside the police, we were also involved in a campaign focusing on ensuring properly secured loads in LGVs. The high-profile campaign led to identification of 5,471 defects and offences, including 418 load-security-related defects.

At the request of ministers, we have also taken on additional responsibility to regulate bus punctuality and enforce Public Service Vehicles Accessibility Regulations (PSVAR) and Public Service Vehicles Accessible Information Regulations (PSVAIR).

Market surveillance

Our Market Surveillance Unit continued to improve the compliance of products, vehicles, components and services to meet legal standards, conducting a programme of activity across high-risk products and technologies during 2025 to 2026.

Our main work included:

- testing of aftermarket vehicle modifications to identify illegal products and take action where requirements were breached

- assessing e-scooters and other micromobility products against applicable safety standards, concentrating on high-volume imports and products associated with fire risk or unsafe braking

- examining tyres, lighting and other safety-critical components supplied to UK consumers, working with manufacturers to correct non-compliance where identified

We also continued to administer the vehicle recall process and establish a dedicated team to identify vehicle recall prohibited defeat devices – a design feature that enables a vehicle manufacturer to optimise emissions performance for regulatory testing, while reducing emissions control effectiveness in normal driving conditions. We will publish more on this work in autumn 2026.

Office of the Traffic Commissioner (OTC)

Areas of our work	What we do to accomplish our themes
Set and uphold standards	• License and regulate HGV and PSV operators across Great Britain • Set expectations for professional competence, good repute and compliance
Regulate and enforce compliance	• Hold operators, transport managers and vocational drivers to account where standards fall short • Take independent regulatory action to protect road safety and fair competition
Provide independent, transparent regulation	• Support Traffic Commissioners to make independent regulatory decisions through hearings and inquiries • Publish decisions and guidance to provide clarity and confidence to industry and the public

Key performance measure	Target	Outcome 2025 to 2026	Outcome 2024 to 2025
In support of the Traffic Commissioners' strategic objectives, we will continue our commitment to: • process HGV operator licence applications maintaining an average determination time below 35 working days	By March 2026	35 days Met	31 days
• process PSV operator licence applications maintaining an average determination time below 35 working days	By March 2026	42 days Missed	-
• list public inquiries to a date within 12 weeks of the Traffic Commissioner's decision to call the inquiry	95%	77% Missed	-

Key outcomes

We continued to carry out our core statutory functions throughout the year, maintaining oversight of operator licencing and supporting fair, consistent regulation of commercial vehicle operations.

HGV operator licensing saw an increase in volumes of applications, yet performance remained strong. Our average processing times consistently met the 35-day target, reflecting stable workflows and effective case management.

PSV licensing processing times remained above the target for much of the year. Targeted interventions – including enhanced overtime, redeployment of staff and the appointment of a dedicated manager – helped to stabilise performance, with early signs of improvement now evident.

Timeliness of public inquiries remained the OTC's most challenging measure. Our performance was around 75% against a 95% target, reflecting substantially higher case volumes and higher than usual staff turnover in one traffic area.

Mitigation actions, including redistribution of cases and staff redeployment, continued to support recovery, with all other offices performing at or better than target.

As remaining legacy cases are being cleared and new staff complete training, we expect overall performance to return to planned levels in 2026/27.

Looking ahead, we will concentrate on completing backlog recovery, reducing PSV processing times further, and continuing to enhance the operator journey through improved processes and digital support.

Our customers, people and partners

Our customers

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

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

Key performance measure	Target	Outcome 2025 to 2026	Outcome 2024 to 2025
Call handling times	70% of calls handled within 60 seconds	76% Met	64%
Achieve the Customer Contact Association Global Standard 8 accreditation for our contact centre	By March 2026	Met	Met
Achieve the Customer Service Excellence accreditation	By March 2026	Met	Met

Key outcomes

Customer insight

We continued to improve the way we capture and use customer feedback, developing more cost-effective and targeted approaches to surveying that enable us to track performance across a wider range of service touchpoints. This insight is central to our ambition to be a service-led organisation that responds to what customers tell us.

Customer Contact Centre

Our Customer Service Centre expanded its digital channel offer during the year, with the launch of webchat and WhatsApp as additional routes for customers to get in touch. Alongside the introduction of these additional channels, we saw a 20% increase in demand. Despite this, we exceeded our call handling time target by 6%.

We continued to enhance our analytics capability, including the use of natural language processing to better understand the reasons behind customer contacts and identify opportunities to reduce avoidable demand.

We retained our Customer Contact Centre Accreditation for the seventeenth consecutive year – a reflection of the commitment and professionalism of colleagues across our customer service operations.

We collect and monitor customer feedback across all our communication channels. The table below shows satisfaction scores from telephone calls:

Group	Total respondents	Satisfaction score (out of 5)
Practical	57,276	4.78
Theory	10,730	4.63
Vehicle	5,481	4.46
Total	73,478	4.73

Satisfaction levels remained consistently high across all services, with particularly strong results for practical and theory test customers.

We use this data to help review end-to-end customer journeys and identify where improvements could make the greatest difference to the customer experience.

Corporate communications

Our communications activity is guided by Government Communication Service professional standards and aligned with DVSA's Vision to 2030.

During the year, we continued to ensure our communications with customers, partners and stakeholders are clear, consistent and purposeful.

Publishing

We continued to improve the accessibility, reach and usefulness of our content on GOV.UK. We published important consultation documents, including the Agency's biggest ever in terms of responses, in English, Welsh and British Sign Language, ensuring that as many people as possible could engage with our work.

Customers viewed our GOV.UK pages 155 million times during the year, and on average rated our pages as useful 77% of the time, well above the site average.

There was an increase of 28% in the number of people and businesses using our service to licence copyright content, helping to educate learner drivers and riders as they prepare for their theory tests.

Commercially available publications supported over a million downloads and subscriptions, helping people and businesses stay safe and compliant on the road.

The Safe Driving for Life website attracted over 26 million page views from 1.2 million learners, trainees, instructors, trainers and, increasingly, general road users. The Ready to Pass? campaign website received over 973,000 page views from more than 296,000 users.

Whole Services

We launched the Learn to Drive whole service in October 2025, followed by the commercial vehicle and driver services in December 2025.

The remaining services—Use and Maintain a Car, Bike and Van (and Get it Tested), and Get a Vehicle Approved—were introduced in March 2026, completing the initial rollout of the whole service model.

This approach has established clear strategic ownership, replacing departmental structures and enabling more integrated, customer-focused decision-making. Teams are increasingly considering the end-to-end customer journey and downstream impacts of change.

While implementation will continue to mature, 2025 to 2026 has put in place the core structures, governance and behaviours to support sustained whole service improvement.

Our people

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

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

Key performance measure	Target	Outcome 2025 to 2026	Outcome 2024 to 2025
Continue to increase the percentage of our people from underrepresented groups: • 18 to 30-year-olds (8.8%) • people from ethnic minority background (11.1%) • women (32.1%) ○ women in frontline and enforcement roles (area specific targets) ○ ethnic minority in Grade 7 roles and above (3.8%) • disabled people (13.4%)	1% increase from February 2025 baseline	18-30 year-olds: 8.6% Ethnic minorities: 11.6% Women: 31.3% ○ Driving Examiners - 25.7% ○ Enforcement - 15.2% ○ Vehicle - 3.4% ○ Ethnic minority in Grade 7 roles and above: 2.9% Disabled people: 12.9% Partially met	16 to 24 year-olds: 1.77% People from ethnic minority background: 9.58% Women: 31.98% Disabled people: 12.92%

Key outcomes

A modern civil service

During the year, we continued to invest in building DVSA as a skilled, innovative and diverse organisation, aligned with the Government's vision for a Modern Civil Service.

We made further progress on implementing the government's shared service strategy in partnership with DfT, supporting the transition to a new Enterprise Resource Planning system that will modernise back-office processes across the DfT group.

Culture

We have continued to work towards our five cultural aspirations throughout 2025 to 2026: being respectful, valued, together, enabled, and ready for the future. These aspirations guide how we lead, how we develop colleagues, and how we support one another.

They are reflected in the range of initiatives we have conducted across equality and diversity, skills and learning, reward and recognition, and health and wellbeing.

Colleagues' engagement, as measured by the Civil Service engagement index, increased by 1 percentage point to 56%, reflecting continued improvement following sustained workforce pressures in recent years.

We continued to run pulse surveys and hold monthly webinars and face-to-face events across the country to provide colleagues with additional opportunities to share their views and hear directly from leaders.

Equality, diversity and inclusion

We exceeded our diversity targets for colleagues from ethnic minority backgrounds and women in driving examiner roles.

We carried out a programme of initiatives to incorporate protected characteristics into our leadership development training and rolled out the Sunflower Hidden Disability Scheme across the Agency. We were also re-accredited as Disability Confident Leaders during the year.

For the first time, we published disability and ethnicity pay gap reports alongside our established gender pay gap reporting, improving transparency and accountability in relation to pay equity across the Agency.

Our staff networks conducted awareness sessions on a range of topics including British Sign Language, the menopause and men's health.

We met our Life Chances recruitment target of 1.5% of new recruits at administrative officer (AO) and executive officer (EO) coming through supported employment and similar pathways. This year we brought three people into post through these schemes.

We raised our profile as an employer of choice, attending 35 career fairs nationwide and expanding our use of social media to advertise vacancies and reach a wider range of potential applicants.

Skills, learning and development

This year, 61 colleagues enrolled on apprenticeship programmes, of which 27 were external recruits, with a further 11 apprentices in the process of enrolling.

Female representation among Vehicle Standards Assessor apprentices has reached 20%, compared with Office for National Statistics data showing that only 1.7% of vehicle technicians, mechanics and electricians in the UK are women.

We held our annual awards ceremony in February to recognise the achievements of our apprenticeship graduates and announce the winners of our apprentice and manager of the year awards.

Our coaching and mentoring platform now supports over 90 active coaches, with 35 completed coaching relationships recorded during the year.

We secured an increased number of places on the Civil Service Beyond Boundaries talent programme, with 24 colleagues accepted this year compared to just 8 in 2023. We also worked with the Civil Service to pilot the new Achieving Your Potential programme, with 34 DVSA colleagues taking part.

Over 100 digital and data professionals are scheduled to take part in the upcoming annual capability assessment, helping us understand where our strengths lie and where further development is needed.

Reward, recognition and employee value

We refreshed our industrial relations strategy and improved our partnership working with trade unions.

We continued to review our allowances framework to ensure it reflects the skills and market conditions relevant to our specialist roles. We also continued to work across the DfT family to develop specialist technical skills for vehicle engineering roles.

Health, safety and wellbeing

Raising awareness, enhancing wellbeing resources and supporting colleagues and line managers remained important throughout the year.

Our approach to health and safety is proactive and targeted, combining a strong safety culture with a positive approach to physical and mental health.

We retained our ISO 45001 certification for occupational health and safety management during the year.

Communication and engagement

During the year, we refreshed our internal events programme, improving the range and quality of opportunities for colleagues to hear from senior leaders, ask questions and share their views, and strengthening two-way communication across the organisation.

We reviewed the effectiveness of our social media strategy and external communications channels to ensure they continue to reach the audiences who rely on our services.

We established a car training and testing forum, providing a structured route for industry stakeholders and their customers to influence service design and improvement.

We also engaged with a wide range of stakeholders to shape and inform the development of our strategy for 2025 to 2030.

Internal Stakeholders

Key performance measure	Target	Outcome 2025 to 2026	Outcome 2024 to 2025
Provide a response to Freedom of Information (FOI) requests	90% within 20 working days	100% Met	100%
Provide a response to Parliamentary questions (PQ)	100% by the due date	100% Met	100%
Provide a response to ministerial correspondence (MC)	95% within agreed timescale	99% Met	100%
Provide a response to official correspondence (TO)	80% within 20 working days	100% Met	100%

We exceeded all our official correspondence measures, despite increasing volumes of most correspondence.

Complaints to the DfT Independent Complaints Assessor (ICA)

The ICA reviewed 106 complaints during 2025 to 2026. Of those, 82 were not upheld, 20 were partially upheld and 2 were upheld in full. A further two cases were withdrawn.

Complaints to the Parliamentary & Health Service Ombudsman (PHSO)

The PHSO investigates complaints when referred by a Member of Parliament on behalf of a complainant.

PHSO did not accept any complaints about DVSA for formal investigation in 2025 to 2026.

Our financial performance

Our financial performance is summarised below

	2025 to 2026 Actual £m	2025 to 2026 Plan £m	2024 to 2025 Actual £m
Income	**437.2**	**427.4**	**424.5**
Expenditure:			
Staff costs	(267.4)	(257.8)	(224.8)
Other operating charges	(209.2)	(217.4)	(198.3)
Non-current assets related costs	(36.3)	(44.3)	(47.7)
Net finance costs	(10.9)	(11.4)	(10.4)
	(523.8)	**(530.9)**	**(481.2)**
Total net expenditure	**(86.6)**	**(103.5)**	**(56.7)**

Net expenditure for the year

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

Income was above plan at £437.2m (2024-25: £424.5m), reflecting continued strong demand and targeted operational measures to increase practical test delivery capacity.

Expenditure increased to £523.8m (2024-25: £481.2m), largely driven by higher staff costs for 4,858 FTE (2024-25: 4,589 FTE), due to increased driving examiners and digital capability, and also time-limited incentive and allowance payments to support delivery of additional practical driving tests.

Non-current asset-related costs of £36.3m (2024-25: £47.7m) include depreciation, amortisation and impairments. The decrease over the previous year is mainly due to an extension in the expected useful life of an intangible asset, specifically the MOT system, along with one-off in-year adjustments in the value of several leasehold properties.

Finance costs relate mainly to interest payments on leased assets.

Total net expenditure includes c£37.0m for specific initiatives and programmes aimed at improving road safety, driver education, and enforcement of vehicle standards for which we do not charge fees. The work is done at the request of DfT. Total net expenditure on fee related activity for the year was £50m (2024-25: £29.7m). Further information on financial performance by activity is available in note 2 to the Accounts.

Fees

Fees have remained largely unchanged for over 15 years. We have an agreed strategy to review and amend our fees such that fee related activity costs are offset by fee income, and we continue to work with DfT, ministers and HM Treasury to implement it.

Capital investment

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

Total capital investment during the year was £31.0m (2024-25 £45.2m). This included £10.0m of additions to tangible assets, reflecting continued investment in estate, vehicles, IT hardware and equipment; £6.0m (2024-25 £12.3m) of right of use asset additions; and £11.7m on digital investment (2024-25 £17.4m). The majority of the digital investment was directed towards preparatory work and initial delivery phases for the Driver services platform project.

Delegated budgets

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

Delivering value for money

Key performance measure	Target	Outcome 2025 to 2026	Outcome 2024 to 2025
Prompt payment of invoices – within 5 working days	90%	95% Met	94%

DVSA maximises value for money through strong financial discipline, effective cost control and clear, evidence-based decision-making. We strengthened governance and assurance during the year to focus resources on the highest priorities, supported by robust analysis and challenge. Regular forecasting, variance analysis and performance review ensured early identification of pressures and timely corrective action, maintaining alignment between spend, operational demand and strategic priorities.

During the year we delivered targeted efficiency savings primarily through estates rationalisation, strengthened commercial activity and increased digitisation, reducing the overall cost of delivery. Digital and process improvements continue to reduce manual effort and cost to serve, while ongoing review of estates and enabling services ensures they remain affordable and proportionate. We also continue to monitor fee income and cost recovery to support long-term financial sustainability.

Digital Highlights

Helping you through a lifetime of safe driving

2,226,000
driver tests on digital app

Keeping your vehicle safe to drive

894,000
vehicle tests on digital app

Protecting you from unsafe drivers

5,900,000
users of MOT reminder service

Figures rounded to the nearest thousand

Digital and data

We have improved our partnerships with DfT, the Department for Science, Innovation & Technology (DSIT) and government colleagues during 2025 to 2026, meeting the requirements of the Blueprint and Roadmap for modern digital government and the Cyber Action Plan.

We continued building digital and data capability through insourcing and upskilling, reducing our reliance on external resource in support of our Vision to 2030.

Our work this year has been structured around four strategic priorities: consolidate, collaborate, innovate and data. We have made progress against each of these, while continuing to make cyber security central to all digital and data work.

Consolidate

We continued to consolidate our digital and data service offering through targeted skills development and investment in our early talent pipeline.

We surpassed our target of 5% of our digital workforce coming from early careers routes with 9.72% (31 colleagues) coming through that route. With a further 12 colleagues joining the talent pipeline in 2026 to 2027, we anticipate the percentage to increase to 12.28% by the end of 2026.

Our Digital Apprenticeship Academy continued to attract strong candidates, and we broadened the range of programmes available.

We participated in shared Government Digital and Data pay arrangements, helping us to remain competitive in attracting and retaining specialist skills.

Collaborate

We worked more closely with partners across government, exploring the use of common services including GOV.UK One Login, Digital ID and GOV.UK Pay.

We successfully launched GOV.UK Pay on time and within budget across several of our services. We also added Apple Pay and Google Pay as payment options and updated our hosting infrastructure to improve flexibility and scalability.

Innovate

We developed and began implementing plans to respond to the changing technology landscape, establishing an emerging technology laboratory and an Artificial Intelligence (AI) Community of Practice.

During the year, we developed an approach to the use of artificial intelligence aligned with DfT's AI Action Plan – Transport artificial intelligence action plan.

We continued to use artificial intelligence and advanced analytics to support operational processes, including risk-based models to prioritise enforcement activity and using generative AI to quickly map out how users move through our services.

Secure by Design principles were applied throughout our technology development work, including the use of AI.

Data

We completed a data maturity assessment and continue to work on running this across all services, giving us a full picture of our data assets, capabilities and opportunities.

We produced customer journey maps to support evidence-based decision-making and built an ethical assessment framework to ensure that ethical considerations are properly integrated into how we use data.

We engaged in discussions about DVSA's potential contribution to the National Data Library and continued to work within the Government's Algorithmic Transparency Recording Standard framework.

Cyber security

Maintaining a well-managed and proportionate cyber security posture remained central to all our work throughout 2025 to 2026.

We actively assessed and reviewed the cyber security landscape in response to emerging threats. We ensured our plans and delivery remain aligned with the Government Cyber Security Strategy 2022 to 2030, the principles of Secure by Design and the newly introduced Government Cyber Action Plan.

We measured an additional service against the Cyber Assessment Framework under the GovAssure programme, conducting self-assessments followed by independent review.

We also ran a series of exercises to test our monitoring and incident response practices, using the findings to inform our plans for the coming year.

We review controls and information risks regularly, including across the Supply Chain, and all colleagues complete mandatory cyber security training, with more targeted provision for those in roles with greater responsibility for customer data.

To improve our cyber security capability over the longer term, we built closer ties across the DfT family through use of DfT-wide contracts and creating shared security and cyber career pathways. This has broadened the range of skills and experience within our teams and ensured that DVSA is part of a more resilient digital security community.

Our estate

During the year, we continued to implement our estate strategy in line with the Government Property Strategy – smaller, better, greener – rationalising our footprint where appropriate while investing in the quality and flexibility of our retained sites.

Contributing to the Government Property Strategy

We relocated our Newcastle offices in 2025, consolidating two separate locations into a single modern, centrally-located facility that better supports flexible and collaborative working.

We are planning to relocate to the Bristol Government Hub in early 2027, subject to the wider Government hubs programme.

Expanding and modernising our estate

We continued to work on increasing the number of locations within our corporate office estate by bringing frontline buildings into our corporate office network so they can serve as both operational and office hubs.

We continue to provide more flexible and modernised frontline working environments, improving resilience, accessibility and the experience of both colleagues and customers.

This includes rolling out smarter working across our Driver Test portfolio and remodelling Multi-Purpose Test Centres to better support both colleagues and customers.

Disposing of surplus sites

We continued to dispose of surplus GVTS and enforcement check sites as part of our estate rationalisation programme.

Having successfully completed our maintenance backlog in the previous year, our priority has shifted to managing a forward maintenance register, ensuring our retained estate remains safe, well-maintained and fit for purpose through planned rather than reactive maintenance.

Managing Reinforced Autoclaved Aerated Concrete (RAAC) across our estate

We are maintaining active management of the risks associated with RAAC throughout our estate.

In response to the ongoing national picture, we have continued to reassess our RAAC management practices and have implemented enhanced safeguards at affected sites to maintain the safety of colleagues and customers.

Our property valuations in the Accounts reflect RAAC-related considerations where relevant.

Delivering sustainability

Key performance measure	Target	Outcome 2025 to 2026	Outcome 2024 to 2025
DVSA will contribute towards the government's aim of net zero greenhouse emissions by 2050 through the 2026 to 2030 Greening Government Commitment (GGC) targets	In the absence of GGC target we set an internal target of 4,707 TCO2e	4,597 TCO2e Met	4,845 TCO2e Missed
Increase the number of roof-mounted solar panel installations by a further 60-kilowatt peak (kWp) over multiple sites, increasing our generating capacity and reducing our electricity costs	By March 2026	116 kWp 4 sites Met	145 kWp 6 sites Met

DVSA sustainability strategy

DVSA remains committed to supporting the government's ambition to achieve net zero greenhouse gas emissions by 2050. During 2025 to 2026, we continued to deliver against our update Sustainability Strategy, published in March 2024, which sets out how DVSA will reduce our deliver critical public services safely and environmental impact while continuing to deliver critical public services safely and effectively.

In the absence of a new set of Greening Government Commitments (GGCs) for the period, we continued to monitor performance against our previous commitments and internally agreed targets, ensuring continuity of reporting and accountability.

DVSA's emissions profile

Greenhouse gas emissions

Scope 1: Direct - Bulk fuels	2025 to 2026 Unit total	2025 to 2026 Tonnes CO2	2024 to 2025 Unit total	2024 to 2025 Tonnes CO2
Gas (kWh)	5,112,475	933	5,782,110	1,055
Oil (kWh)	284,510	76	181,245	48
LPG (kWh)	150,296	32	106,572	23
Other fuels (kwh)	18,960	5	13,250	0.3
Scope 1: Total (kWh)	**5,566,241**	**1,046**	**6,083,177**	**1,126**
Scope 1: Direct - F Gas (kg)	0	0	3	3
Scope 1: Direct - Pool fleet (km)	2,217,308	367	2,216,182	367

Scope 2: Energy indirect	2025 to 2026 Unit total	2025 to 2026 Tonnes CO2	2024 to 2025 Unit total	2024 to 2025 Tonnes CO2
Electricity (kWh)	**5,104,516**	**1,046**	**5,105,665**	**1,046**

Scope 3: Official business travel	2025 to 2026 Unit total	2025 to 2026 Tonnes CO2	2024 to 2025 Unit total	2024 to 2025 Tonnes CO2
Hire fleet (kms)	7,495,567	1,241	7,334,842	1,217
Non-DVSA vehicles (kms)	2,070,400	343	2,182,404	363
Air travel - Domestic (kms)	319,785	87	394,504	107
Air travel - International (kms)	307,873	55	112,010	21
DVSA leased fleet (kms)	2,358,608	392	2,355,294	390
Motorcycle fleet (kms)	1,385,495	154	1,375,956	153
Rail (kms)	1,547,981	54	1,470,498	52
Taxi - Regular cab (kms)	25,916	4	19,642	3
Taxi - Black cab (kms)	1,833	0	1,063	0
Scope 3: Total (kms)	**15,513,458**	**2,330**	**15,246,213**	**2,306**

	£'000		£'000	
Scope 1 & 2: Total expenditure	**2,568**		**3,563**	
Scope 3: Total expenditure	**4,088**		**3,680**	

Greenhouse gas emissions

The increase in reported oil and LPG usage reflects the timing of fuel purchases during the year, rather than a direct increase in operational consumption. Figures are based on volumes delivered within the reporting period, which can vary year-on-year depending on stock levels held at the end of the previous financial year. In particular, lower carry-over stock from the prior year resulted in higher replenishment activity in-year.

There was a significant reduction in gas consumption and, overall, Scope 1 energy consumption (kWh) decreased compared to the previous year, indicating that the increase in oil and LPG does not reflect a rise in total energy use.

Business travel

We are progressing towards a fully zero-emission car and van fleet by 2027, in line with the Government Fleet Commitment. As existing leases expire, vehicles are being replaced with electric alternatives, supported by the installation of charging infrastructure at suitable sites.

Business travel continues to be managed through internal travel guidance that promotes sustainable travel choices and challenges the need for travel where alternatives exist. While travel emissions increased during the year due to higher FTE and operational requirements, DVSA continues to focus on reducing avoidable travel and increasing the use of lower emission options.

Flights

Total flight distances during 2025 to 2026 are as follows:

	2025 to 2026	2024 to 2025
Domestic air travel (km)	319,785	394,504

International air travel (km)	2025 to 2026	2024 to 2025
Short haul economy	82,813	34,024
Long haul economy	81,053	11,458
Short haul business	0	0
Long haul business	144,007	66,528

Domestic flights are used to deliver our services, and to attend conferences and training, in remote areas of the UK.

Flights are taken within the UK where there is no alternative, due to location, distance, or time constraints.

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

We have begun closer monitoring of flights taken by DVSA employees. This will allow us to identify and support teams with alternative, more sustainable transport options.

Government fleet commitment

We are now working towards a 100% zero emission vehicle fleet for cars and vans. We are on track to meet the Government Fleet Commitment and have several hundred electric vehicles on order which will arrive in 2026 to 2027.

Finite resource consumption

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

Resource	Spend 2025 to 2026 £'000	Spend 2024 to 2025 £'000
Gas	482	615
Electricity	2,072	2,948
Other Fuels	492	760
Water	673	524

Decarbonisation of buildings

In 2025 to 2026, we completed decarbonisation projects at 3 Multi-Purpose Test Centres (MPTCs) which includes installation of roof-mounted solar panels. Increasing our own-generation capacity by 116kWp.

Bristol Kingswood MPTC and Chadderton have been completed with grant funding from the Public Sector Decarbonisation Scheme (PSDS3c).

Climate change adaptation

We continue to assess climate change risks and opportunities, integrating resilience, business continuity, as well as governance and implementation considerations.

We are observing the effects of climate change and the potential impact on our colleagues and services.

We are exploring ways to increase our resilience to reduce the potential impact on our people, service delivery, and infrastructure.

Our MPTC decarbonisation programme aims to reduce the impact of climate change on our colleagues and the local environment by replacing gas-fired systems with sustainable alternatives.

This includes installing Mechanical Ventilation with Heat Recovery (MVHR), air-source heating and cooling systems, and roof-mounted solar panels.

Nature recovery

For the fourth year, we held a ‘no-mow from May’ project to let the grass grow through to August and support biodiversity gain at 22 sites, where we have suitable significant grassed areas. This is aligned to the UN Sustainable Development Goal 15 – Life on Land.

Renewables

In 2025 to 2026, we expanded our solar generation capacity by an additional 116kWp through roof-mounted solar photovoltaic (PV) systems.

This brings our total capacity to 410kWp, generating 300,000kWh, equivalent to 5% of our annual electricity demand. This investment saves DVSA up to £90,000 in electricity costs.

Waste

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

Total waste (tonnes)	2025 to 2026	2024 to 2025
Landfill	8	7
Recycled (excluding ICT waste)	127	160
ICT waste (recycled externally)	13	23
Food waste / composting	-	-
Waste incinerated with energy recovery	217	249
Total waste arising	**365**	**439**
Total cost £'000	**30**	**56**

Single use plastics

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

Sustainable procurement

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

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

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

All DVSA contracts above the threshold of £139,000 will include an evaluation of social value.

Our primary approach to social value follows the Cabinet Office Social Value Guide, which includes multiple Model Award Criteria (MAC) for both social value and sustainability.

The relevant MACs are determined during the design phase of the commercial activity.

Sustainable construction

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

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

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

Task force on climate-related financial disclosures (TCFD)

We have prepared climate-related financial disclosures in line with HM Treasury's TCFD-aligned disclosure application guidance for the UK public sector.

Climate change is considered a relevant and evolving risk, but not a principal risk at the reporting date.

We have complied with the mandatory TCFD disclosure requirements, including governance, risk management, and scope 1 and scope 2 greenhouse gas emissions, reported in line with Government Financial Reporting Manual (FReM) requirements.

DVSA has partially complied with recommended disclosures relating to Metrics and Targets and Strategy. This reflects the Agency's current assessment that climate change does not constitute a principal risk. As a result, certain Strategy disclosures are not considered material to primary users at this stage.

Work is ongoing to strengthen:

- the alignment between climate-related risks, metrics and targets
- the integration of climate considerations into strategic and financial planning
- the development of scenario-based analysis to support longer-term adaptation assessments

DVSA will continue to enhance its disclosures in future reporting periods in line with the TCFD framework and HM Treasury guidance.

Governance

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

Executive oversight is provided through the Executive Committee, with responsibility for the day-to-day management of climate-related risks and opportunities delegated to senior leaders across the organisation. This ensures that climate considerations are embedded within operational decision-making and strategic planning.

Risk management

Climate-related risks are identified, assessed and managed through DVSA's established risk management framework. Climate considerations are integrated into wider organisational risk processes rather than managed in isolation, ensuring consistency with corporate governance and decision-making.

Although adaption to climate change remains important, it does not currently constitute a principal risk for the Agency.

An assessment of climate change impact during the year considered both physical risks (such as extreme weather and rising temperatures) and transitional risks associated with the shift to a net zero economy, with the following key considerations:

- **Road safety**: Extreme weather may impact road conditions and safety, but testing protocols can adapt.
- **Driver services**: Climate change may influence test conditions and accelerate the shift to zero-emission and autonomous vehicles. Dependencies on external stakeholders (e.g. National Highways, ADI industry) are noted.

  Driver testing will likely be able to adapt, and scenario planning is ongoing.
- **Vehicle services**: The transition to zero-emission vehicles will require changes in testing procedures and skills, but we believe adaptation is feasible.
- **Workforce**: Health and wellbeing risks, especially for outdoor working, are recognised. Mitigation is possible through revised working patterns and estate adaptations.
- **Estate**: As the Agency's services transform, the estate will change too. The future estate strategy is expected to support low-carbon operations and climate resilience.
- **Fleet**: The fleet is expected to transition to zero-emission vehicles, though some challenges remain (e.g. enforcement vans). Failure to deliver on government policy may represent a separate principal risk.

Climate change remains a relevant and evolving risk, particularly in relation to workforce wellbeing, estate resilience, and the transition to zero-emission vehicles.

Mitigation measures include investment in low-carbon technologies, estate adaptations, revised working practices to protect workforce health and wellbeing, and ongoing monitoring of emerging climate risks.

These risks continue to be actively monitored and managed through existing governance arrangements, and climate considerations are embedded within strategic planning and transformation activity.

Metrics and targets

DVSA monitors a range of environmental metrics to assess performance and manage climate-related risks, including Scope 1, Scope 2 and Scope 3 greenhouse gas emissions, energy consumption, business travel, water use and waste generation. Comparative information for prior years is disclosed to support transparency and trend analysis.

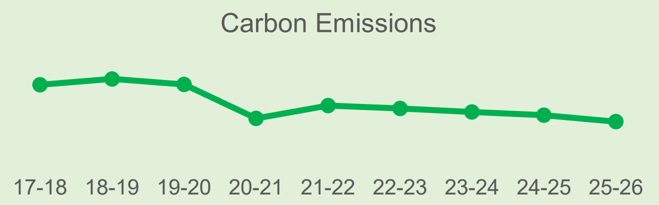
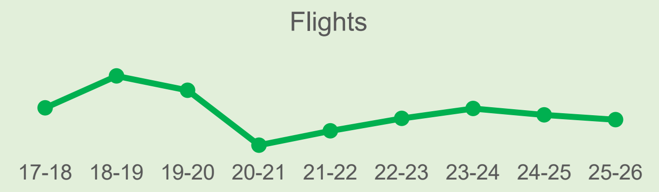
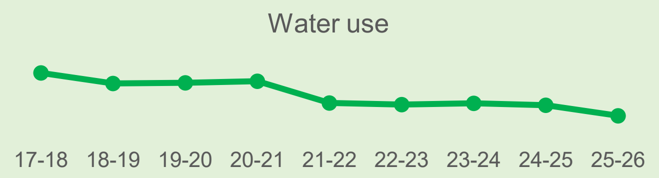
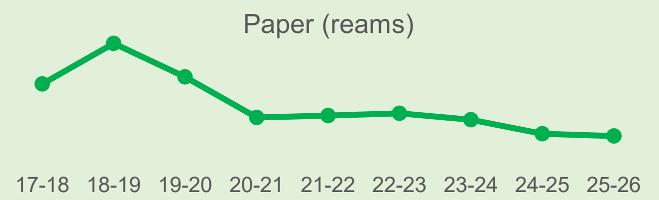
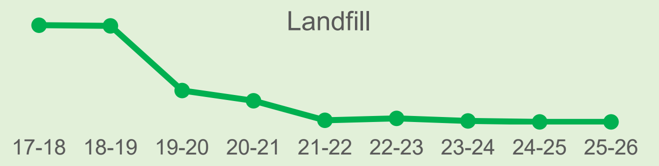
In the absence of refreshed cross-government targets for the period, DVSA has continued to use the 2021 to 2025 Greening Government Commitments as a reference point, alongside internal targets where appropriate. Performance data for 2025 to 2026 will be finalised and reported in line with Government Financial Reporting Manual (FReM) requirements.

Strategy

DVSA is delivering a range of sustainability initiatives, including developing new emissions testing methods, electrifying its fleet in line with the Government Fleet Commitment, and reducing the carbon footprint of buildings through renewable energy investments.

The outputs of climate risk assessments are being used to inform estate planning, prioritisation of decarbonisation projects and future investment decisions, supporting long-term service continuity and value for money.

The sustainability strategy is available at DVSA sustainability strategy - GOV.UK.

Greening government commitment	2017 to 2018 baseline	Progress from 2017 to 2018 to 2025 to 2026	2025 to 2026 target[2]	2025 to 2026 performance
Mitigating Climate Change				
Reduce Greenhouse gas emissions	8,820 tonnes of CO2		4,707 tonnes of CO2 equivalent	4,422 tonnes of CO2 equivalent
Reduce business flights	1,114 flights		780 flights	779 flights
Reduce Water use	14.9m3/FTE (Full Time Equivalent)		14.5 m3/FTE	6.27 m3/FTE
Paper use	21,000 reams		18,347 reams	6,635 reams
Minimising Waste				
Waste arising	1,116 tonnes		1,021 tonnes	352 tonnes
Waste to landfill	81%		< 5% to landfill	2%

[2] These targets were carried over from the previous year as we did not receive GGC targets for the reporting period.

Government greening commitment	Headline/sub target	Narrative
Reducing greenhouse gas emissions	Reduce the overall Greenhouse Gas emissions from the 2017 to 2018 baseline.	The 2025 to 2026 outturn reflects a 45% reduction in greenhouse gas emissions from the 2017 to 2018 baseline, demonstrating significant progress in reducing our carbon footprint. Total emissions have slightly decreased from last year due to reduced emissions from our buildings. Emissions from travel have exceeded our target owing to increased mobilisation of driving examiners around the UK. Since 2022, we have completed decarbonisation measures at 11 sites and emissions from buildings are 6% below our internal target.
Reducing business flights	Reduce the emissions from domestic business flights by at least 30% from the 2017 to 2018 baseline.	We aim to reduce emissions from domestic business flights by at least 30% from the 2017 to 2018 baseline. The 2025 to 2026 outturn indicates that this target has been met, with emissions reduced by 30% compared to the baseline. Flying remains the only viable option in some circumstances, for example when delivering services on Scottish islands. However, we have continued to reduce reliance on domestic flights, with a 20% decrease in the number of flights taken compared to the previous year. While international flight activity increased during the year, this reflects operational requirements such as attendance at international events, supplier engagement, and delivery of services where remote alternatives are not appropriate. We continue to prioritise reducing domestic air travel where viable, while ensuring that essential international travel is undertaken efficiently and only where necessary.
Reducing water use	Reduce water consumption by at least 8% from the 2017 to 2018 baseline.	The 2025 to 2026 outturn shows a 58% reduction in water usage compared to the 2017 to 2018 baseline, demonstrating strong improvements in water efficiency. This consumption figure includes visitors, predominately practical driving test candidates, and their instructors. Water usage has decreased across our administrative estate due to lower occupancy from hybrid working. However, this reduction is partially offset by increased water consumption by colleagues working from home.
Paper use	Reduce government's paper use by at least 50% from the 2017 to 2018 baseline.	The 2025 to 2026 outturn shows a 68% reduction in paper usage compared to the 2017 to 2018 baseline, reflecting significant success in reducing paper consumption. Paper usage has continued to reduce, driven by improved working practices and a growing preference for digital over printed information. Significant reductions have also been achieved in our legal and prosecution processes by transitioning from physical documents to digital formats.

Waste arising	Reduce the overall amount of waste generated by 15% from the 2017 to 2018 baseline.	The 2025 to 2026 outturn reflects a 68% reduction in total waste generation compared to the 2017 to 2018 baseline, showcasing significant progress in waste reduction. We have enhanced our segregated recycling processes to comply with updated regulations in Wales and are ready to implement similar measures in England ahead of anticipated regulatory changes. Additionally, we have established dedicated contracts to recycle or repurpose IT equipment and office furniture.
Waste to landfill	Reduce the amount of waste going to landfill to less than 5% of overall waste.	The 2025 to 2026 outturn shows a 68% reduction in the total waste sent to landfill compared to the 2017 to 2018 baseline, highlighting the organisation's significant progress in diverting waste from landfill.

Chief Executive and Accounting Officer
07 July 2026

Accountability Report

Overview

The Accountability Report consists of the:

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

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

The Remuneration and Staff Report sets out the Agency's remuneration policy for directors, reports on how that policy has been implemented, and sets out the amounts awarded to directors. It also provides information about staff numbers and staff remuneration, as set out in the HM Treasury's Government Financial Reporting Manual (FReM) 2025-26 Government Financial Reporting Manual: 2025-26 - GOV.UK (www.gov.uk).

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

Corporate Governance Report

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

Directors' Report

DVSA is led by Beverley Warmington, the Chief Executive and Accounting Officer. The Chief Executive is responsible for the leadership and management of DVSA and is accountable to the DfT Permanent Secretary and Principal Accounting Officer. The Chief Executive is supported by an advisory Board, chaired by a Non-Executive Chair and attended by both Non-Executive and Executive members. Membership of the Board is shown below (membership as of 31 March 2026). Information about the directors who served on the DVSA Board in the year ended 31 March 2026 is set out in the Governance Statement.

Register of interests

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

Personal Data related incidents

There were two personal data related incidents which required onward reporting to the Information Commissioner's Office (ICO).

Statement of Accounting Officer's Responsibilities

Under Section 7 (2) of the Government Resources and Accounts Act 2000, HM Treasury has directed DVSA to prepare a statement of accounts ("the Accounts") in the form and on the basis set out in the Accounts Direction and as stipulated in Dear Accounting Officer letter DAO 06/25.

The Accounts are prepared under UK adopted International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual (FReM), on an accruals basis and must give a true and fair view of the state of affairs of DVSA as at 31 March 2026 and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

HM Treasury has appointed the Permanent Secretary of DfT as Principal Accounting Officer of the Department. Our Chief Executive holds the role of Agency Accounting Officer for DVSA. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding DVSA's assets, are set out in the Accounting Officers' Memorandum, issued by HM Treasury and published in Managing Public Money (https://www.gov.uk/government/publications/managing-public-money).

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

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis

- state whether applicable accounting standards as set out in the FReM have been followed, and disclose and explain any material departures in the Accounts
- prepare the Accounts on a going concern basis
- confirm that the Annual Report and Accounts as a whole 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

Disclosure of audit information

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

Responsibility for the Annual Report and Accounts

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

Governance Statement

Accounting Officer's introduction

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

I am also required as Accounting Officer by HM Treasury's Managing Public Money and the HM Treasury's Government Financial Reporting Manual (FReM) to provide a statement on how I have discharged my responsibility to manage and control the resources for which I am responsible during the year. This Governance Statement outlines the approach to delivering effective corporate governance for the Agency in the year ended 31 March 2026.

Introduction

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

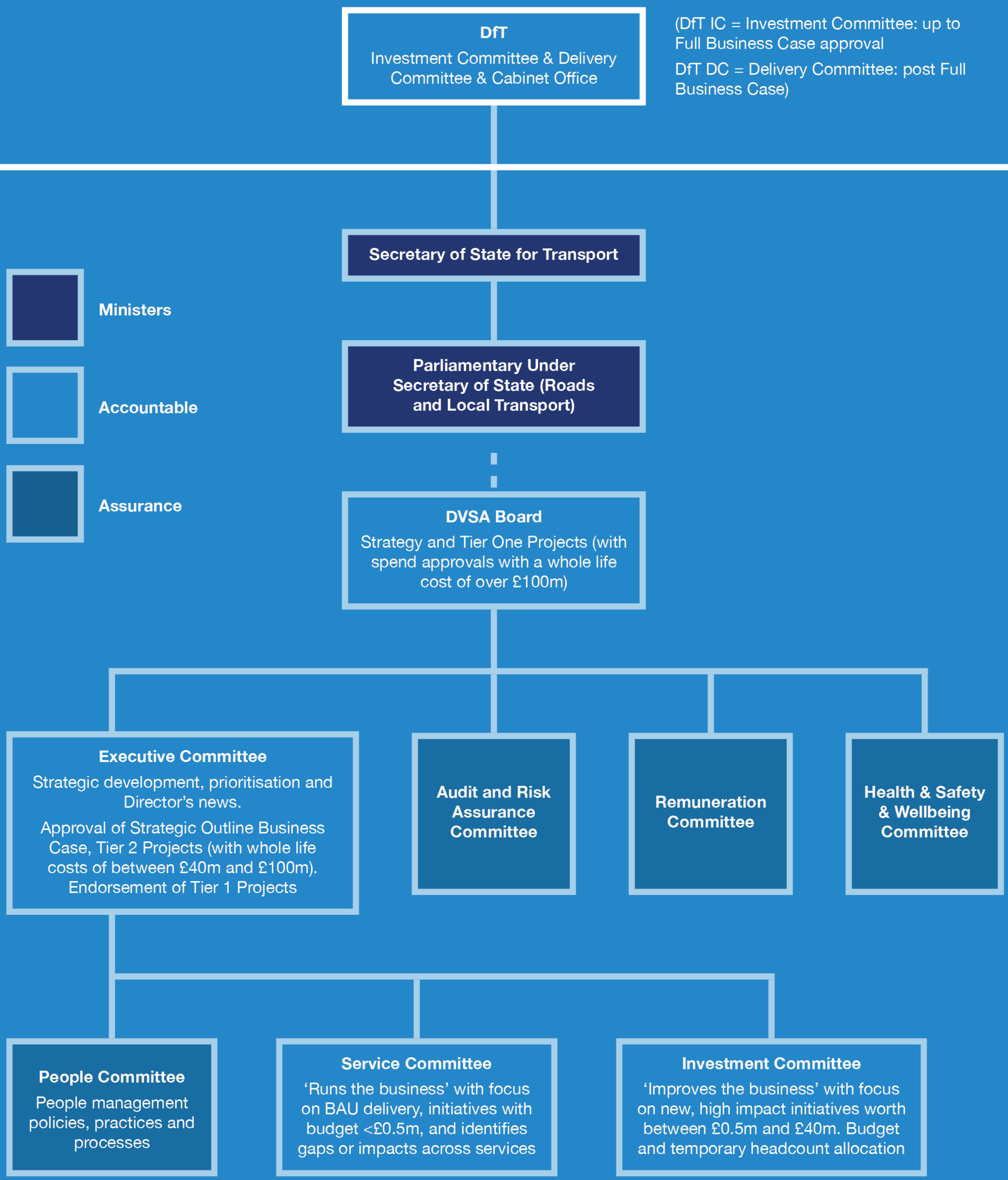
As Accounting Officer, the Chief Executive has responsibility for the proper, effective and efficient use of public funds and may be required to appear before Parliamentary Select Committees. The Chief Executive is accountable to the Secretary of State for Transport for our performance in accordance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

Governance framework

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 and the Remuneration Committee. The Executive team is responsible for the day-to-day management of the Agency and for delivering our commitments to the government and the public as set out in our annual business plan. The board and Executive team meetings are conducted in accordance with agreed terms of reference which are reviewed periodically. The high-level governance structure is shown below.

Governance Structure

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



Governance structure

DVSA Board

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

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

Executive and Non-Executive Director conflicts of interest are recorded in the Board Business Interests Register, which is updated as required and formally reviewed annually. At the start of each Board meeting, the Chair inquires if any members have new business interests, potential conflicts, or previously declared interests related to agenda items. All disclosures and responses are recorded in the meeting minutes.

Executive Committee

The Executive Committee, chaired by the Chief Executive, is held twice a month and holds accountability for the delivery of the annual business plan and the day-to-day management of the Agency. This Committee meets to review the key business of the Agency, provides leadership and sets culture of DVSA, reviewing performance to deliver against vision and strategy set by DVSA Board.

Audit and Risk Assurance Committee

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

Health and Safety and Wellbeing Committee

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

Remuneration Committee

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

Executive Directors

Beverley Warmington
Chief Executive

Clare Nichols
Chief Financial Officer

Peter Hearn
Chief Operating Officer, (OTC)

Adrian Long
Director of Corporate Affairs

Carrie Dolan MBE
Director of Corporate Services

Marian Kitson
Director of Services - Enforcement

Jane Reakes-Davies
Director of People

Pauline Reeves OBE
Director of Services - Driver

Richard Hennessy
Director of Services - Vehicle

Becky Thomas
Director of Policy, Digital and Data

Oliver Mulvey
Director of Policy

Non-Executive Directors

Nick Bitel
Non-Executive Director
& Chair of DVSA Board

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

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

Previously, Nick was:

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

Jacob Abboud
Non-Executive Director,
DVSA

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

Dr Jacob Abboud is the founder and Managing Partner of Petraenovus Consulting Ltd and has previously held Chief Information Officer roles at Legal & General, Allianz Insurance and AXA UK & Ireland (interim).

He currently serves as a Non-Executive Director at the Financial Ombudsman Service, the UK Statistics Authority and is the iNED Chair of MS Amlin Business Services.

Jacob has previously held non-executive roles at:

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

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

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

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

Helen is currently also chair of the Audit and Risk Assurance Committee at Defence Business Services (Ministry of Defence). She was a member of the Audit and Risk Assurance Committee at the Valuation Office Agency for five years and an Independent Person for Brighton and Hove City Council for four years. There, she attended the Audit Committee, acted as an independent assessor on member complains, and chaired a formal Standards Panel.

Helen has previously held non-executive / independent roles at:

- The Valuation Office Agency
- Brighton and Hove City Council

Board and Committee Attendance

Figures denote meetings attended (meetings eligible to attend) between 1 April 2025 and 31 March 2026. The Board met eight times in the year, with non-attendance agreed in advance on an exceptional basis.

DVSA Board effectiveness

	DVSA Board	Audit, Risk & Assurance Committee	Health & Safety & Wellbeing Committee	Remuneration Committee
	Meetings attended/Eligible meetings			
Current Board members				
Nick Bitel - Non-Executive Chair of DVSA and Remuneration Committee Chair	8/8	n/a	n/a	1/1
Helen Aston - Non-Executive Director and Audit, Risk & Assurance Committee Chair	8/8	4/4	n/a	1/1
Jacob Abboud - Non-Executive Director	6/8	3/4	n/a	0/1
Beverley Warmington – Chief Executive (from 01/01/2026)	2/2	1/1	1/1	n/a
Clare Nichols – Chief Financial Officer	7/8	4/4	n/a	n/a
Pauline Reeves - Director of Services – Driver	6/8	n/a	4/4	n/a
Richard Hennessy - Director of Services - Vehicle	8/8	n/a	4/4	n/a
Marian Kitson – Director of Enforcement	7/8	n/a	4/4	n/a
Adrian Long - Director of Corporate Affairs	7/8	n/a	n/a	n/a
Former Board members				
Loveday Ryder - Chief Executive (to 18/01/2026)	6/6	3/3	2/3	1/1
Matthew Campbell-Hill – Non-Executive Director and Health & Safety & Wellbeing Committee Chair (to 12/03/26)	2/8	1/4	1/4	0/1

Jacob Abboud gave notice of resignation from the DVSA on 21st May 2026, effective from 21st June 2026.

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

The Board undertakes an annual internal effectiveness review of its performance against Cabinet Office, National Audit Office (NAO) and external good business practice governance guidance, agreeing an annual action plan to respond to its conclusions. The last internal review was conducted in March 2026. The next planned external review will be conducted in 2026 to 2027.

Wider governance

The Agency is sponsored by DfT with representatives regularly attending DVSA Board meetings.

Regular reporting and structured participation in managing DVSA ensure that operational delivery, progress against business plan objectives, and risk management are appropriately prioritised in consultation with DfT.

This includes regular reporting to DfT on performance metrics, progress towards financial targets including efficiency savings, risk assessment, and other key activities. These reports are reviewed as necessary by both the DfT Executive Committee and the DfT Group Audit and Risk Committee.

Management of our risks

The DVSA's risk management policy promotes a no surprises, no blame culture, where well managed risk taking is supported. Our risk management process puts a strong focus on the identification and control of risk. We are committed to improving and automating risk management processes across the organisation and are currently implementing a new risk management IT tool to further improve processes. DVSA abides by the Orange Book Risk Control Framework (RCF) to guide its risks, governance and assurance activities and has in place a comprehensive Assurance Map that monitors second- and third-line assurance activity, including external assurance suppliers. The Risk Policy is aligned with the DfT Policy ensuring risks are escalated to the central department as and when necessary.

DVSA employs the three lines of assurance model with new risks being identified and managed at all levels across the agency, using a clear escalation trigger to ensure that the most severe risks are escalated to the Corporate Risk Register. The Corporate Risk Register is reviewed monthly by the Executive Committee, quarterly at Audit and Risk Assurance Committee (ARAC) and twice a year by the Agency's Board. Corporate risk reports are also shared with the Chair and Non-Executive Directors monthly via Dashboards.

The Chief Data & Cyber Security Officer provides the Senior Information Risk Owner (SIRO) and Chief Data & Information Officer (CDIO) with the necessary assurances in relation to the data and information for which we hold responsibility. The Head of Counter-Fraud and Investigations provides further assurance of the agency's risks relating to fraud, ensuring effective management of these risks. Both report to ARAC on a six-monthly basis. The Head of Health, Safety and Wellbeing Committee (HSWC) provides further assurance of the agency's health, safety and wellbeing risks ensuring effective management of these risks, reporting to the HSWC on a quarterly basis.

The Executive Team complete a monthly review of key risks, with any significant risks being escalated to the department in accordance with agreed processes. There are eleven directorates and five whole service areas each with a set of localised risk registers, with further risk registers being held at group level below the directorates and services. There is also a portfolio risk register in place to facilitate the escalation of programme and project related risks via our Investment Committee. All risk registers are reviewed monthly. Inherent risks, such as road safety standards, cyber and data security, and health and safety are managed at group level and escalated where necessary.

The key areas of risk during 2025-26 were:

Risk Title	Risk Description & Action	Risk Rating
The impact of not recovering the practical car test waiting times	One of the most significant risks managed during the year was the reputational and service delivery impact of not recovering car practical driving test waiting times at sufficient pace. In response, DVSA and the DfT operated a joint taskforce overseeing an agency-wide recovery plan. Examiner recruitment and training remained the primary mitigation, with a net increase of approximately 188 driving examiners during the year, supported by expanded trainer capacity and accelerated training models. To stabilise delivery while workforce capacity continued to build, DVSA deployed a limited set of short-term measures, including the reintroduction of incentive schemes, temporary redeployment of qualified colleagues into frontline testing roles, and the time-limited use of Ministry of Defence (MOD) driving examiners under Military Aid to the Civil Authorities (MACA). MACA support provided additional experienced examiner capacity in areas under sustained pressure and operated within DVSA's quality and governance framework. Significant progress was also made in improving demand management and system integrity. Policy and system changes have begun to be implemented to strengthen booking controls, reduce misuse and ensure fairer access to test slots, alongside consultation and action to address automated abuse of the booking system. Customer readiness continued to be promoted through the 'Ready to Pass?' campaign, supporting more effective use of available capacity. Despite these actions, car practical test waiting times remained high at the end of the year, reflecting strong demand and the scale of the backlog. The risk therefore remained a principal risk at year-end, but one under active and sustained management with clear governance, delivery oversight and mitigations continuing into 2026–27.	Very high
Testing & Registration System (TARS)	This focuses on the security and operational limitations of the TARS systems. During 2025-26 actions focused on improvements to protective monitoring and BOT protection and scaling up of the systems to better meet demand. Ultimate mitigation of this risk will be delivery of the replacement Driver Services Platform, with the project delivering this replacement currently in the Beta phase.	Very high
Technology Resilience & Reliability	This risk focuses on the need to ensure a robust technology infrastructure in an ever-increasing hostile cyber threat environment. During 2025-26 we have continued to work with the NCSC to understand the threats presented and mitigations required. We have also undertaken business continuity and incident management exercises relating to cyber threats at the Silver & Gold levels.	High

The implementation of the Fees Strategy	This focuses on the need to review and update the fees charged for our services and the significant time required to gain approvals and implement those changes. During the year work has continued with DfT, HM Treasury and ministers to agree the necessary changes. Updating fees will ensure the long-term financial sustainability of the agency and continued compliance with rules and regulations. The risk profile has reduced following HM Treasury approval to consult on amendments to some of our main fees.	High
Skills and Capabilities	This focuses on ensuring that we have the right skills and capabilities within the organisation to support autonomous vehicles and automated driving systems. Progress is being made in recruiting the necessary roles and creation of an engineering graduate programme.	Medium
Wellbeing	This focuses on ensuring colleagues' wellbeing is maintained throughout the period of sustained pressure to deliver our strategic aims whilst also delivering activities to reduce the practical car test waiting times. During 2025-26 actions included wellbeing pulse surveys, delivering activities and materials to support wellbeing week and the promotion of services available through the employee assistance programme. This is a medium scoring risk for the Agency that has reduced within this financial year as recruitments have progressed.	Medium
Responding to demands	This focuses on the unprecedented levels of demand facing our customer service, policy, external relations and external communication teams to support car test waiting times recovery. We continue to work closely with the DfT sponsorship team to manage demand and expectations, as well as seeking to increase resource in these areas. During the final quarter of the year, this risk was de-escalated to directorate level for ongoing mitigation and monitoring.	Medium

Assurance mechanisms and controls

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

a) Financial management and stewardship

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

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

b) Functional standards

DVSA has embedded clear ownership of Functional Standards and an established cycle of periodic assessments to drive continuous improvement and ensure ongoing compliance.

During the year, the Assurance Team completed an evidence-based review of how continuous improvement is captured. Some areas, such as Commercial and Security, also undergo external third-party assurance of Functional Standards compliance.

DVSA is compliant with all 12 standards relevant to the Agency.

c) Cyber and data controls

Data and Cyber controls are led by the Chief Data & Cyber Security Officer with Board accountability for information risk held by the Senior Information Risk Owner (SIRO). Risk management in this area is aligned to the Agency risk processes with specific risk appetites on security, data and digital areas. DVSA is independently audited against the National Cyber Security Centre's (NCSC) Cyber Assessment Framework (CAF) on defined services, and we report on our compliance with the Government Functional Standard 007: Security as part of our annual review encapsulated as part of a Departmental Security Health Check assessment. Controls and information risk for our services are reviewed regularly and are reported on internally to both the SIRO and Chief Digital and Information Officer (CDIO), as well as to the Audit and Risk Assurance Committee. DVSA has a network of Information Asset Owners who act as data owners for our data sets and are part of a governance framework that manages our data in accordance with our and wider government strategies and direction, supporting our customers.

d) Analytical assurance

DVSA has reviewed its current analytical model assurance framework and strengthened it so that it stays aligned with established DfT processes and procedures. This model aligns to best practice and recommendations in the MacPherson Review. Further guidance for Business-Critical Model owners has been provided to model owners, and all analytical models are on a 6-month review cycle. All business-critical models have been supplied to DfT for inclusion on the DfT Business-Critical Model register.

e) Project and portfolio assurance

The Agency is committed to maintaining strong portfolio and project assurance to ensure value for money across its investment portfolio. Our assurance framework is structured around the three lines, providing clear oversight and accountability. The first line comprises the Portfolio Management Office and Programme/Project Boards, the second line is delivered through the DVSA Corporate Assurance function, and the third line consists of independent external reviews, including audits and Cabinet Office scrutiny.

Our portfolio framework aligns with the DfT's Investment Approvals Framework. Assurance activities are conducted in accordance with established project management methodologies, including Management of Successful Programmes (MSP), National Infrastructure & Service Transformation Authority (NISTA) guidance, and the Gov002 Project Delivery Functional Standard. We work closely with DfT and the Cabinet Office to ensure adherence to spend controls, and we apply a proportionate, risk-management-led approach to portfolio governance. Collaboration with Government Digital Services (GDS) ensures visibility and compliance of the spend control pipeline, supporting the delivery of services that meet the required standards and technology code of practice.

f) Commercial controls

As a central government body, our commercial activity is governed by legislation within the Public Contracts Regulations 2015 and, from February 2025, the Procurement Act 2023. Our commercial team undertook extensive training and upskilling in preparation for the new Act. Our controls are aligned to DfT and Cabinet Office governance and commercial controls. Control of commercial activity is administered by the commercial function and overseen by the Chief Financial Officer. Our commercial function is responsible for working with the business to ensure that commercial practice is compliant with the relevant commercial legislation and controls. Controls are also in place to ensure we abide by the applicable government commercial standards and best practices as recommended by the Government Commercial Function and Chartered Institute of Procurement and Supply

(CIPS). DVSA is accredited to the CIPS standard for procurement excellence.

g) Fraud, bribery and whistleblowing processes

DVSA is committed to protecting the integrity of the driver and vehicle compliance services. Losses and recoveries are reported quarterly to the Cabinet Office via DfT. Whilst everyone in DVSA has a responsibility to report fraud, bribery and corruption concerns, overall responsibility for the policy sits with the Director of Enforcement. The Investigations and Counter Fraud Team is responsible for identifying and reducing fraud risks throughout the organisation. They review every Directorate to ensure any potential fraud is detected and handled appropriately. The Director of Enforcement is responsible for ensuring fraud concerns are fully considered at Board Level. We have updated our Counter Fraud, Bribery & Corruption strategy this will run through to 2029. The Counter Fraud Team is responsible for conducting thorough reviews across all DVSA directorates to identify fraud risks and prioritise mitigations. Progress is shared with the Audit and Risk Assurance Committee and the Public Sector Fraud Authority. The Raising a Concern process offers staff a safe method to report potential wrongdoing, supporting transparency and accountability.

h) Business Continuity, Incident Management and Organisational Resilience

DVSA recognises that maintaining continuity of business-critical services and organisational resilience is essential to delivering our vision and strategic objectives. Our Business Continuity & Resilience team provide advice, guidance and support across the Agency, supported by directorate champions, to reduce service delivery business continuity risks, strengthen preparedness and enable an effective response to any disruption. Regular reporting to the Executive Committee and the Audit and Risk Assurance Committee provides visibility of our framework effectiveness, policy compliance and emerging risks. DVSA maintains practical, risk-based business continuity plans informed by the UK National Risk Register and key business continuity risks. Business disruptive incidents follow the Bronze, Silver, Gold incident management mode. During the year, we prioritised cyber resilience through Gold and Silver level test exercises and delivered targeted training to strengthen cyber leadership capability. Lessons identified from incidents and exercises inform actions to mitigate risks, address gaps, and we continue to align with new guidance and emerging threats to minimise disruption and protect our customers, people and stakeholders.

i) The Management Assurance Return process

Executive Directors submit management assurance statements to evaluate the effectiveness of internal controls within their respective areas of responsibility. These statements are integral to the overall system of internal controls. Subject matter experts compile the responses, which are subsequently reviewed by Internal Audit, the Executive Committee, and the Department for Transport (DfT), before being approved by the Audit and Risk Assurance Committee. The statements are then presented to the DfT Group Audit and Risk Committee, serving as a primary source of assurance regarding governance standards. This year's submissions reflect continued improvement in assurance across diverse business functions. Of the 27 areas in this year’s return, there were three ‘limited’ ratings. These are Knowledge and Information Management, Artificial Intelligence, and Environmental Principles Policy Statement, with action plans provided.

Internal Audit

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

“The Government Internal Audit Agency (GIAA) operates to standards defined in the Global Internal Audit Standards. Its annual programme of work is based on (i) the analysis of risks to which the Agency is exposed, and (ii) key risks identified by the Audit and Risk Assurance Committee and Executive Team. 16 internal audit engagements were conducted at DVSA during 2025/26. Three engagements were advisory reviews, providing no formal assurance. Of 13 completed assurance reviews, 10 provided ‘moderate’ (yellow) assurance, 2 provided ‘substantial’ (green) assurance, and 1 provided ‘limited’ (orange) assurance.

The GIAA Head of Internal Audit's overall annual opinion provided 'moderate' (yellow) assurance regarding the adequacy and effectiveness of corporate governance, risk management and internal control arrangements at DVSA in 2025/2026. This opinion is the same as 2024/2025."

Accounting Officer's conclusion

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

I am in agreement with the assessments of the Agency's Head of Internal Audit and the executive directors' management assurance returns as outlined in this Governance Statement: namely that DVSA operated within a moderately effective control environment level of internal control during the reporting period and action plans exist for all weaknesses highlighted.

Chief Executive and Accounting Officer
07 July 2026

Remuneration and Staff Report

Remuneration Report

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

Service contracts

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

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

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

Remuneration policy

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

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

Remuneration (including salary) and pension entitlements

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

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

	Salary £000		Performance pay £000		Pension benefits £000		Total £000	
	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25
Current Board members								
Chief Executive								
Beverley Warmington (from 01/01/2026)	30-35[3]	-	-	-	11	-	40-45	-
Directors								
Richard Hennessy	110-115	105-110	0-5	0-5	34	42	145-150	150-155
Marian Kitson	105-110	100-105	5-10	5-10	33	184	145-150	290-295
Adrian Long	115-120	115-120	5-10	0-5	34	46[4]	155-160	160-165
Clare Nichols	105-110	105-110	0-5	0-5	40	41	150-155	150-155
Pauline Reeves (from 01/11/2024)	100-105	35-40[5]	0-5	-	28	49[6]	135-140	85-90
Non-Executive Chair								
Nick Bitel	25-30	25-30	-	-	-	-	25-30	25-30
Non-Executive Directors								
Jacob Abboud	10-15	10-15	-	-	-	-	10-15	10-15
Helen Aston	15-20	15-20	-	-	-	-	15-20	15-20
Previous Board members								
Non-Executive Director								
Matthew Campbell-Hill (to 12/03/2026)	15-20	15-20	-	-	-	-	15-20	15-20
Directors								
Loveday Ryder (to 18/01/2026)[7]	115-120[8]	140-145	-	-	46	82	150-155	225-230

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.

The value of benefits in kind during the year was £0 (2024-25: £0).

[3] Annualised salary for 2025-26 was £130-135k.
[4] Pension benefits disclosed in 2024-25 was £49k.
[5] Annualised salary for 2024-25 was £85-90k.
[6] Pension benefits disclosed in 2024-25 was £35k.
[7] Loveday stepped down as Chief Executive on 18/01/2026 but continued to be employed by DVSA until 30/04/2026. The above does not include her remuneration for the time after she ceased her role as Chief Executive.
[8] Annualised salary for 2025-26 was £145-150k.

Performance-related pay for Directors is based on clearly defined objectives set at the beginning of the financial year. These objectives are within the control of the Director and are formally agreed with the DfT. Addressing driving test wait times continues to be a key objective agreed between the Department and DVSA, including at Board-level. Other objectives for the 2026-27 year include effective enforcement activity, supporting the vehicle testing industry and promotion of road safety. As a critical issue, progress on driving test wait times continues to be reflected in both the DVSA business plan for 2026-27 and in staff objectives.

Notes to the remuneration tables (current and previous board members)

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

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

Salary

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

Performance pay

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

Benefits in kind

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

Fair pay disclosure (audited)

The remuneration for 2025-26 is derived from the annualised remuneration of all employees as at 31 March 2026. Part time employees' payments are adjusted to a full-time basis.

In 2025-26, 5 (2024-25: 1) staff received remuneration in excess of the highest-paid director, all of whom were contractors. Remuneration ranged from £24,349 to £233,260 (2024-25: £23,310 to £168,124). The remuneration banding for the highest paid employee was £230,000-£235,000 (2024-25: £165,000-£170,000). Contractors are appointed on a temporary basis to meet short term business needs.

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

	25th percentile		Median		75th percentile	
	Pay	Pay ratio	Pay	Pay ratio	Pay	Pay ratio
2025-26						
Total pay and benefits	£31,722	4.6	£35,722	4.1	£44,741	3.3
Salary component	£31,597		£35,597		£44,241	
2024-25						
Total pay and benefits	£30,145	4.7	£33,688	4.2	£39,505	3.6
Salary component*	£30,145		£33,691		£39,360	

The banded remuneration of the highest-paid director in DVSA in the financial year 2025-26 was £145,000-150,000 (2024-25: £140,000-£145,000).

The annual percentage change in the salary and allowances (based on mid-point of band) of the highest-paid director was an increase of 3.5% and the average change for employees was an increase of 3.7%.

The percentage change for performance pay (based on mid-point of band) of the highest-paid director was 0%. For employees there was on average an increase of 726.4% in performance pay. This was due to the reintroduction of the additional test award incentive scheme for driving examiners from June 2025.

Pension benefits (audited)

	Accrued pension at pension age as at 31/03/26 and related lump sum £000	Real increase in pension and related lump sum at pension age £000	CETV at 31/03/26 £000	CETV at 31/03/25 £000	Real increase in CETV £000
Chief Executive					
Beverley Warmington (from 01/01/2026)	45-50 plus 100-105 lump sum	0-2.5 plus a lump sum of 0	1,060	1,042[9]	8
Directors					
Richard Hennessy	20-25	0-2.5	293	254	18
Marian Kitson	55-60 plus 135-140 lump sum	0-2.5 plus a lump sum of 0	1,323	1,220	28
Adrian Long	40-45	0-2.5	747	680[10]	29
Clare Nichols	5-10	0-2.5	109	73	24
Pauline Reeves (from 01/11/2024)	45-50 plus 110-115 lump sum	0-2.5 plus a lump sum of 0	1,089	1,008[11]	20
Previous Director					
Loveday Ryder (to 18/01/2026)	50-55	2.5-5	1,015[12]	924	30

[9] CETV figure as at 01/01/2026.
[10] CETV figure disclosed in 2024-25 was £682k.
[11] CETV figure disclosed in 2024-25 was £997k.
[12] CETV figure as at 31/03/2026 which is considered reasonable proxy for position as at 18/01/2026.

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.

Civil Service pensions

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

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

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

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

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

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

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

As a result, steps are being taken to remedy those 2015 reforms, making the pension scheme provisions fair to all members. The Public Service Pensions Remedy is made up of two parts. The first part closed the PCSPS on 31 March 2022, with all active members becoming members of **alpha** from 1 April 2022. The second part removes the age discrimination for the remedy period, between 1 April 2015 and 31 March 2022, by moving the membership of eligible members during this period back into the PCSPS on 1 October 2023.

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

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

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

Cash equivalent transfer values

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

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

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

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

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

Real increase in CETV

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

Compensation for loss of office (audited)

No directors left under voluntary exit or voluntary redundancy terms during 2025-26 (2024-25: Nil). No compensation payments were paid (2024-25: Nil).

Staff Report

Staff costs (audited)

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

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

For 2025-26, employers' contributions of £46,235,000 were payable to the PCSPS (2024-25: £41,721,000) based on a flat rate of 28.97% applied across all bands (2024-25: 28.97%). Forecast employer's contributions for 2026-27 are £47,175,000. The scheme's actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 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 which is a stakeholder pension with an employer contribution. Employers' contributions of £286,000 (2024-25: £283,000) were payable to Legal & General, the appointed stakeholder pension provider. Employer contributions are age related and range from 8.0% to 14.75%. Employers also match employee contributions up to 3.0% of pensionable pay. In addition, employer contributions of £9,000, 0.5% of pensionable pay (2024-25: £9,000, 0.5%), were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions (included above) due to the partnership pension provider at the reporting period date were £25,000 (2024-25: £23,000).

6 persons (2024-25: 10 persons) retired on ill-health grounds during the year; no additional pension liabilities accrued in relation to these retirements (2024-25: Nil).

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

Employee numbers (audited)

Average numbers of persons employed	Permanently employed staff No.	Others No.	2025-26 Total No.	2024-25 Total No.
Directly employed				
Senior Civil Servant	10	-	10	9
Grade 6	30	-	30	26
Grade 7	146	2	148	125
Senior Executive Officer	369	6	375	336
Higher Executive Officer	732	5	737	687
Executive Officer	2,503	2	2,505	2,399
Administration Officer	1,041	6	1,047	999
Administration Assistant	6	-	6	8
Total	**4,837**	**21**	**4,858**	**4,589**

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

Civil service and other compensation schemes (audited)

Exit Package Cost Band	2025-26 Other departures agreed	2024-25 Other departures agreed	2025-26 Total exits	2024-25 Total exits
<£10,000	2	-	2	-
£10,000 - £25,000	2	-	2	-
£25,000 - £50,000	-	-	-	-
£50,000 - £100,000	-	-	-	-
Total Packages	4	**-**	**4**	**-**
Total Cost (£000)	**£40**	**-**	**£40**	**-**

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

During the financial year 2025-26 £40,000 exit costs were paid (2024-25: Nil) and no payments were made which were not covered by the Civil Service Compensation Scheme (2024-25: Nil).

Review of tax arrangements of public sector appointees

Off-payroll engagements for more than £245 per day as at	31 March 2026 No.
Number of existing engagements	59
Of which:	
Number that have existed for less than one year	58
Number that have existed for between one and two years	1
Number that have existed for between two and three years	0

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

Off-payroll engagements during the year ended 31st March 2025 earning more than £245 per day	2025-26 No.
Number of engagements in the year	153
Of which:	
Number not subject to off-payroll legislation	153
Number assessed as out of the scope of IR35 tax legislation	-

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

Board members, and/or senior officials with significant financial responsibility during the financial year	2025-26
Number of Board members and/or senior officials with significant financial responsibility. This figure includes both off-payroll and on-payroll engagements.	7
Number of off-payroll engagements	-

Gender equality

DVSA has a number of staff network groups to help promote equality, diversity and inclusion and advise on these issues. As at 31 March 2026:

- five of the nine members of the DVSA Board were female
- seven of the ten Senior Civil Servants employed by DVSA (including five members of the DVSA board) were female
- of the remaining workforce, 31% were female

The Agency's gender pay gap information is published as part of the DfT Gender Pay Gap Report DfT: gender pay gap report and data 2025 - GOV.UK (www.gov.uk) .

Sickness absence data

The Agency maintains records of sickness absence in line with Cabinet Office definitions. The rolling 12-month sickness absence was 9.04 days per person to the end of March 2026 (March 2025: 9.97 days).

Staff turnover data

The Agency monitors turnover rates in line with Cabinet Office guidelines to ensure an appropriate level of turnover is maintained. The turnover figure is calculated as the number of leavers within the reporting period divided by the average of staff in post over the period. DVSA's staff turnover rate for 2025-26 was 11.5% (2024-25: 11.4%).

Discrimination, bullying and harassment

The annual Civil Service People Survey, carried out in September 2025, identified that 9% of respondents had experienced discrimination (2024-25: 8%) and 8% (2024-25: 8%) had experienced bullying or harassment in the previous 12 months. The agency provides a mandatory training programme for all colleagues to build respect in the workplace and continues to ensure all receive this training.

Policy on employment of disabled persons

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

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

Employee involvement

The 2025 annual civil service staff engagement survey scored the Agency at 56%, an increase of 1 percentage point from 55% in 2024. The return rate for the survey was 68% in 2025 (2024: 70%).

Parliamentary Accountability and Audit Report

Parliamentary Accountability Disclosures (audited)

This section on Parliamentary Accountability Disclosures is produced to comply with the requirements of the Companies Act 2006, adjusted for the public sector context as required by the HM Treasury Government Financial Reporting Manual 2025-26.

Fees and charges

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

During the year, DVSA recorded the following income:

	2025-26 £m	2024-25 £m
Total income from operations	437.2	424.6
Of which:		
Income generated through fees and charges	436.7	420.6

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

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

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

Regularity of income and expenditure

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

The majority of DVSA's income is from statutory fees charging only what Parliament has authorised for the statutory services. The principal fees are set out in The Driving Theory Test Fees Regulations

2014, The Motor Vehicle (Driving Licences) Regulations 1999, The Goods Vehicles (Plating and Testing) Regulations 1988 and The Motor Vehicle (Tests) Regulations 1981.

Losses and Special Payments

Losses and special payments	2025-26	2024-25
Losses		
Total number of losses	116	3,113
Total value of losses	£387,000	£90,000
Special Payments		
Total number of special payments	6,803	7,200
Total value of special payments	£877,000	£797,000

In 2024-25, the volume of losses was notably higher due to c3,000 low value losses relating to driving examiner recruitment activity. Internal processes have subsequently been reviewed to avoid in future. While the number of losses has significantly reduced in the current year, the overall value has increased, primarily due to a one-off loss relating to a forfeiture of a lease.

Special payments include ex-gratia payments of £654,000 (2024-25: £660,000) in respect of 6,789 cases (2024-25: 7,191). These payments are to driving test candidates to cover out of pocket expenses when tests are cancelled by the Agency at short notice. All compensation payments are made in line with legal advice.

During the year there were no individual cases of losses or special payment over £300,000 (2024-25: none).

Remote contingent liabilities

There are no remote contingent liabilities.

Chief Executive and Accounting Officer
07 July 2026

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

Opinion on financial statements

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

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

- Statement of Financial Position as at 31 March 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 Standards Agency's affairs as at 31 March 2026 and its net expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

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

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024)*. 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 Standards Agency in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

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

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

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

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

Other information

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

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

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

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

I have nothing to report in this regard.

Opinion on other matters

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

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

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

Matters on which I report by exception

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

Responsibilities of the Accounting Officer for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

- considered the nature of the sector, control environment and operational performance including the design of the Driver and Vehicle Standards Agency's accounting policies.
- inquired of management, the Driver and Vehicle Standards Agency's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Driver and Vehicle Standards Agency's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and

  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Driver and Vehicle Standards Agency's controls relating to the Driver and Vehicle Standards Agency's compliance with the Government Resources and Accounts Act 2000, Managing Public Money, tax legislation, employment law and the relevant statutes pertaining to the delivery of services.
- inquired of management, the Driver and Vehicle Standards Agency'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 property valuers regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

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

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

Audit response to identified risk

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

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management and the Audit and Risk 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. 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 **10 July 2026**

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

The Accounts

Statement of comprehensive net expenditure for the year ended 31 March 2026

	Note	2025-26 £000	2024-25 £000
Income from operations		436,566	420,341
Income from contracts with customers			
Income from other operating activities		683	4,240
Total income from operations	2	**437,249**	**424,581**
	3	(267,482)	(224,802)
Expenditure from operations			
Staff costs			
Other operating charges	4	(209,201)	(198,345)
Depreciation, amortisation, impairment and profit / loss on asset disposal	6	(36,308)	(47,726)
Total expenditure from operations		**(512,991)**	**(470,873)**
Net operating expenditure		**(75,742)**	**(46,292)**
Finance income		16	16
Finance costs	5	(10,883)	(10,428)
Net finance costs		**(10,867)**	**(10,412)**
Net expenditure for the year		**(86,609)**	**(56,704)**
Other comprehensive net income			
Income and expenditure that will not be recycled through the statement of comprehensive net expenditure:			
Net gain on the revaluation of property, plant and equipment	6	5,364	20,070
Net loss on the revaluation of right-of-use assets	7	(1,692)	(1,337)
Total comprehensive net income / (expenditure) for the year		**(82,937)**	**(37,971)**

Accounting policies and notes forming part of the Accounts are on pages 85-110.

Statement of financial position

As at 31 March 2026	Note	31 March 2026 £000	31 March 2025 £000
Non-current assets			
Property, plant, and equipment	6	171,453	174,014
Right of use assets	7	116,727	118,333
Intangible assets	8	102,848	108,678
Trade and other receivables	10	1,663	1,803
Total non-current assets		**392,691**	**402,828**
Current assets			
Trade and other receivables	10	15,355	14,970
Assets held for sale	9	5,055	2,445
Cash and cash equivalents	16	120,347	110,797
Total current assets		**140,757**	**128,212**
Total assets		**533,448**	**531,040**
Current liabilities			
Trade and other payables	11	(132,918)	(119,400)
Lease liabilities	12	(17,782)	(17,503)
Provisions	13	(3,228)	(2,950)
Total current liabilities		**(153,928)**	**(139,853)**
Total assets less current liabilities		**379,520**	**391,187**
Non-current liabilities			
Lease liabilities	12	(110,249)	(111,110)
Provisions	13	(2,411)	(2,584)
Other payables	11	(13,751)	(13,610)
Total non-current liabilities		**(126,411)**	**(127,304)**
Net assets		**253,109**	**263,883**
Taxpayers' equity			
General fund	SoCTE	164,906	173,938
Revaluation reserve	SoCTE	88,203	89,945
Total taxpayers' equity		**253,109**	**263,883**

Accounting policies and notes forming part of the Accounts are on pages 85-110.

BUarrington

Chief Executive and Accounting Officer
07 July 2026

Statement of cash flows
for the year ended 31 March 2026

	Note	2025-26 £000	2024-25 £000
Cash flows from operating activities			
Net operating expenditure	SoCNE	(75,742)	(46,292)
Adjustments for non-cash transactions	16	44,267	49,752
(Increase)/ Decrease in trade and other receivables	10	(385)	(1,395)
Increase/ (Decrease) in trade and other payables	11	14,612	11,100
Use of provisions	13	(1,350)	(742)
Net cash inflow/ (outflow) from operating activities		**(18,598)**	**12,423**
Cash flows from investing activities			
Purchase of property, plant and equipment	6	(10,929)	(12,668)
Purchase of intangible assets	8	(11,776)	(18,300)
Proceeds of disposal of property, plant and equipment	6	5,896	4,130
Net cash (outflow) from investing activities		**(16,809)**	**(26,838)**
Cash flows from financing activities			
Interest received on cash balances		16	16
Payment of lease liabilities	12	(20,759)	(19,130)
DfT Supply funding received in year	SoCTE	65,700	34,650
Net cash inflow from financing		**44,957**	**15,536**
Net increase in cash and cash equivalents	16	**9,550**	**1,121**
Cash and cash equivalents at the beginning of the year		**110,797**	**109,676**
Cash and cash equivalents at the end of the year		**120,347**	**110,797**

Accounting policies and notes forming part of the Accounts are on pages 85-110.

Statement of changes in taxpayers' equity for the year ended 31 March 2026

	Note	General Fund £000	Revaluation Reserve £000	Total Taxpayers' Equity £000
Balance as at 1 April 2024		**191,194**	**75,880**	**267,074**
Changes in 2024-25				
Net expenditure for the year	SoCNE	(56,704)	-	(56,704)
Revaluation gains and losses	SoCNE	-	18,733	18,733
Transfers between reserves		4,668	(4,668)	-
Non-cash charges: auditors' remuneration	4	130	-	130
Supply funding from DfT		34,650	-	34,650
Total		(17,256)	14,065	(3,191)
Balance as at 31 March 2025		**173,938**	**89,945**	**263,883**
Changes in 2025-26				
Net expenditure for the year	SoCNE	(86,609)	-	(86,609)
Revaluation gains and losses	SoCNE	-	3,672	3,672
Transfers between reserves		5,414	(5,414)	-
Non-cash charges	4	6,463	-	6,463
Supply funding from DfT		65,700	-	65,700
Total		(9,032)	(1,742)	(10,774)
Balance as at 31 March 2026		**164,906**	**88,203**	**253,109**

Accounting policies and notes forming part of the Accounts are on pages 85-110.

Notes to the Accounts

Note 1 – Statement of accounting policies

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

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

International Financial Reporting Standard (IFRS) 17 *Insurance Contracts* became effective, as adapted and interpreted by the 2025-26 FReM, for accounting periods commencing on, or after, 1 April 2025. It requires a discounted cash flow approach to accounting for insurance contracts. An insurance contract under IFRS 17 is: "A contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder."

DVSA has reviewed its activities, contractual arrangements, and statutory services to assess whether any fall within the scope of IFRS 17. This assessment concluded that DVSA does not issue contracts that meet the definition of an insurance contract under the standard. DVSA's services are statutory and regulatory in nature, and do not involve providing compensation to customers or third parties for uncertain future events. In line with HM Treasury guidance, legislation, and regulatory requirements, in isolation, are not treated as insurance contracts for the purpose of applying IFRS 17 in central government.

Based on this assessment, IFRS 17 has no impact on its financial statements. DVSA will continue to monitor the requirements of the standard and reassess its applicability should new contractual arrangements be introduced in the future.

IFRS 18 *Presentation and Disclosure in Financial Statements* 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. The impact of IFRS 18 on the Public Sector is still being assessed, and a decision has not yet been taken on an implementation date.

IFRS 19 *Subsidiaries Without Public Accountability: Disclosures* allows eligible subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements and is effective for annual reporting periods beginning on or after the 1 January 2027 in the private sector. The impact of IFRS 19 on the Public Sector is still being assessed, and a decision has not yet been taken on an implementation date.

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

References to assets being held for their 'service potential' and the terms 'specialised / non-specialised' assets have been removed from the FReM. Non-investment assets are instead described as assets held for their 'operational capacity'. This change has no impact on the valuation basis of non-investment assets.

The option to measure intangible assets using the revaluation model is withdrawn.

a) Basis of preparation

The Accounts have been prepared under the historical cost convention, modified for the revaluation of property, plant and equipment. The financial statements have been prepared in accordance with the Accounts Direction issued by HM Treasury on 18 December 2025; **DAO 06/25 2025-26.**

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

b) Income recognition

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

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

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

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

c) Central departmental funding

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

d) Value Added Tax

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

VAT is charged on taxable business activities.

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

e) Segmental Reporting

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

f) Valuation of property, plant and equipment

DVSA's property portfolio is analysed into its categories for valuation purposes in accordance with the Government Financial Reporting Manual (FReM):

- Operational assets are valued at current value in existing use. Where market-based evidence is available, properties are valued on an Existing Use Value (EUV) basis. Where no market-based evidence exists, properties are valued on a Depreciated Replacement Cost (DRC) basis to reflect their service potential.

- Non-operational assets are valued at Market Value (MV), representing the net realisable value of the asset.

Operational properties are valued on a five-year rolling cycle. The values of those properties not subject to a full valuation in the current year are updated using appropriate indices in the intervening years.

Surplus properties planned for disposal are valued on an MV basis on a five-year rolling cycle. They continue to be depreciated until they meet the criteria to transfer to "held for sale" - see assets held for sale – note 1 j).

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

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

Title to properties

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

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

Capitalisation

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

g) Assets under construction

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

h) Intangible assets

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

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

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

i) Depreciation and amortisation

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

The asset categories and estimated useful lives are as follows:

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

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

j) Assets held for sale

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

k) Leases

Scope and classification

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

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

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

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

Initial recognition

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

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

The liability is based on payments that are fixed or in-substance fixed and excludes changes such as those arising from future rent reviews or changes in an index. For DVSA, the incremental cost of borrowing is the rate advised by HM Treasury for that calendar year 5.32% (2025: 4.81%). The lease liability is presented within note 12.

The right-of-use asset is initially measured at the value of the liability, adjusted for: any advance payments made or amounts due before the commencement date; lease incentives received; incremental costs of obtaining the lease; and any disposal costs at the end of the lease. However, where the lease requires nominal or nil consideration (a type of arrangement often described as a "peppercorn" lease), the FReM requires that the asset be measured at its current value in existing use.

Subsequent measurement

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

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

Lease expenditure

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

DVSA as lessor

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

Estimates and judgements

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

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

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

l) Cash and cash equivalents

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

m) Financial instruments

Financial instruments are contractual arrangements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Agency has considered the requirements of the relevant accounting standards (IAS 32 and IFRS 9) and has disclosed within note 17 the information it is required to report.

The carrying values of the Agency's financial assets and liabilities at 31 March 2026; are considered to represent fair value. This is due to the short-term nature of the financial instruments held.

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

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

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

n) Provisions

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

o) Contingent liabilities

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

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

p) Critical accounting judgements and estimates

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

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

Provision for liabilities and charges

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

Impairment

All assets are assessed at the end of each reporting period for indications for impairment. A review of intangible assets under construction is undertaken annually to ensure that the assets are carried at no more than their recoverable amount – the amount to be recovered through use or sale of the asset. This exercise firstly involves a review of the capital expenditure for costs that are judged not to contribute sufficiently to the final asset and secondly a general review of the costs versus benefits of the asset. The review

process relies on uncertain estimates of asset costs and benefits, as well as assumptions on technological obsolescence and future political or regulatory developments. These assumptions are regularly considered by management and costs and benefits for capital projects are scrutinised regularly by DVSA's Investment Committee and by DfT where applicable. Digital projects also follow Cabinet Office governance arrangements aimed at reducing the risk of obsolescence.
The results of the impairment review conducted during the year are summarised in notes 6 and 8.

Asset valuations

Management uses the advice of independent professional advisers to value the property estate in line with the policy stated in note 1(f) above. DRC is arrived at by determining a gross replacement cost for each asset which is then adjusted to reflect the remaining service potential of the asset. This adjusted gross replacement cost is the DRC. The determination of the gross replacement cost follows guidelines issued by RICS and requires certain assumptions, including the assessment of the costs of constructing a modern equivalent asset. The adjustment to DRC reflects management's best estimate of the future useful life of the asset.

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

Asset lives

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

Apportionment of costs to statutory activities

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

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

q) Graduated fixed penalties deposit collection

DVSA collects fixed penalties and bus fines on behalf of HM Treasury for vehicle related offences and bus services operator offences. Amounts collected are paid to HM Treasury. The transactions related to this activity do not form part of DVSA's Accounts. A memorandum of activity can be found in note 22 and is prepared in accordance with the accounting policies used by DVSA.

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

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

	2025-26					2024-25 Restated				
	Income			Expenditure		Income			Expenditure	
	Customer Contracts	Other	Total		Net income/ (expenditure)	Customer Contracts	Other	Total		Net income/ (expenditure)
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Activities funded by fees										
Driver services	258,821	399	**259,220**	(310,869)	**(51,649)**	245,292	340	**245,632**	(283,007)	**(37,375)**
Vehicle services	59,219	150	**59,369**	(77,577)	**(18,208)**	57,592	114	**57,706**	(73,791)	**(16,085)**
MOT service	71,322	32	**71,354**	(37,258)	**34,096**	71,032	32	**71,064**	(35,228)	**35,836**
Enforcement services	34,629	82	**34,711**	(39,175)	**(4,464)**	34,091	3,733	**37,824**	(39,268)	**(1,444)**
OTC services	12,575	20	**12,595**	(22,004)	**(9,409)**	12,334	21	**12,355**	(22,958)	**(10,603)**
	436,566	**683**	**437,249**	**(486,883)**	**(49,634)**	**420,341**	**4,240**	**424,581**	**(454,252)**	**(29,671)**
Activities not funded by fees				(36,975)	**(36,975)**				(27,033)	**(27,033)**
Total	**436,566**	**683**	**437,249**	**(523,858)**	**(86,609)**	**420,341**	**4,240**	**424,581**	**(481,285)**	**(56,704)**

DVSA is largely funded from fees charged for the provision of its operational activities. Services which are not funded by fees (such as some enforcement activity) are funded centrally via DfT. These are shown as activities not funded by fees in the table above. The increased funding from the previous year mainly arises from further commissioned work and some activities now being funded centrally rather than via grant income.

During the year, the analysis of activities funded by fees into services was revised to better align with how these services are managed and reported internally. This change ensures that the presentation of financial information is consistent with the principles of IFRS 8 *Operating Segments*, which requires information to be disclosed on the basis of internal management reporting to the chief operating decision maker. The updated analysis therefore provides a more meaningful representation of the nature, risks and performance of the Agency's service lines. In accordance with the Government Financial Reporting Manual (FReM), comparative numbers have been restated to reflect this.

Four out of DVSA's five services are in net expenditure positions. The Agency has a strategy including reviewing fees to address these imbalances. See the 'Fees and charges' section in the Parliamentary Accountability Disclosures for further information on fees.

Income from customer contracts has increased by £16.2 million from the previous year, primarily due to increased practical driving tests. Expenditure was higher than the previous year, mainly due to additional staff costs, inflationary pressures and investments in digital systems.

Driver services include practical tests, theory tests and related standards, accreditation and compliance activities. Increased practical and theory testing income was partially offset by decreased income from vocational driver post qualification training. Expenditure has risen from the previous year, primarily due to increased staff and theory test costs.

Vehicle services consist of commercial vehicle testing and specialist testing and approvals. Income has increased compared to the prior year, mainly due to additional vehicle approvals. Increased staff and IT costs are partially offset by lower estate costs.

Underlying performance of the MOT service has remained consistent. The decrease in net income arose from increased staff costs and investment in IT services. The net income in this area offsets unplanned net expenditure in other service areas at agency level.

Enforcement services include commercial vehicle compliance. Other income has reduced due to market surveillance and recalls work now being funded centrally by DfT (activities not funded by fees), rather than via grant income.

OTC services mainly include commercial vehicle operator licensing and compliance. Income remained consistent with 2024-25.

Note 3 – Staff costs

	Permanently employed staff £000	Others £000	2025-26 Total £000	2024-25 Total £000
Wages and salaries	192,631	2,787	195,418	165,926
Social security costs	25,595	-	25,595	17,164
Pension costs	47,092	-	47,092	42,140
Total costs	**265,318**	**2,787**	**268,105**	**225,230**
Less recoveries in respect of outward secondments	(80)	-	(80)	(80)
Less capitalised costs	(478)	(65)	(543)	(348)
Total net staff costs	**264,760**	**2,722**	**267,482**	**224,802**

Other staff costs consist of contractors and temporary staff. In addition to the costs in the above table, £1,210,000 (2024-25: £326,000) was spent on consultancy.

Note 4 – Other operating charges

	2025-26 £000	2024-25 £000
Outsourced theory test costs	60,999	57,660
Information Technology – running costs	52,601	45,897
Accommodation and equipment costs	40,975	45,496
Professional and contracted services	22,315	18,395
Travel and subsistence	12,901	10,936
Staff related costs	7,057	5,704
Rentals under operating leases	5,589	5,086
Information Technology – support to development programmes	605	3,293
Auditors’ remuneration and expenses	144	130
Other	6,015	5,748
Total other operating charges	**209,201**	**198,345**

No non-audit services were provided by the auditor in 2025-26 or 2024-25.

Note 5 – Finance costs

	Note	2025-26 £000	2024-25 £000
Interest charges on IFRS 16 lease liabilities	12	10,924	10,431
Unwinding of discount on provisions	13	(41)	(3)
Total finance costs		**10,883**	**10,428**

Note 6 – Property, plant and equipment

2025-26	Land	Buildings	IT Equipment	Plant and Machinery	Transport Equipment	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000
Cost or valuation							
At 1 April 2025	70,714	133,117	22,112	6,911	15,668	10,025	258,547
Additions	-	936	1,475	294	784	6,595	10,084
Disposals	(140)	(7)	(1,057)	(687)	(1,551)	-	(3,442)
Impairments	-	-	-	-	-	(115)	(115)
Reclassifications	(3,095)	(2,858)	401	299	895	(3,659)	(8,017)
Revaluations	(125)	4,317	1,589	790	267	-	6,838
At 31 March 2026	**67,354**	**135,505**	**24,520**	**7,607**	**16,063**	**12,846**	**263,895**
Depreciation							
At 1 April 2025	-	47,257	18,067	5,805	13,404	-	84,533
Charge for the year	-	7,004	2,572	487	1,036	-	11,099
Disposals	-	(7)	(1,057)	(671)	(1,547)	-	(3,282)
Reclassifications	-	(2,095)	-	-	-	-	(2,095)
Revaluations	-	5	1,292	665	225	-	2,187
At 31 March 2026	**-**	**52,164**	**20,874**	**6,286**	**13,118**	**-**	**92,442**
Carrying value							
At 1 April 2025	70,714	85,860	4,045	1,106	2,264	10,025	174,014
At 31 March 2026	**67,354**	**83,341**	**3,646**	**1,321**	**2,945**	**12,846**	**171,453**
Asset financing							
Owned assets	67,354	54,495	3,646	1,321	2,945	12,846	142,607
Enhancements to lease property	-	28,846	-	-	-	-	28,846
At 31 March 2026	**67,354**	**83,341**	**3,646**	**1,321**	**2,945**	**12,846**	**171,453**

Properties are valued in accordance with the policy outlined in note 1(f). Of the total net book value of land and buildings, 49% relates to operational assets which are held at depreciated replacement cost, 23% relates to operational assets which are held at existing use value, and 29% relates to non-operational assets, which are held at market value.
Leasehold assets comprise buildings on leased land including multi-purpose test centres and goods vehicle testing stations, and capitalised expenditure for works on properties held under operating leases. The majority of the closing assets under construction balance relates to buildings.

Additions in 2025-26 include £1,185,000 (2024-25: £2,030,000) in relation to accrued capital expenditure.

The net book value of reclassifications includes £5,922,000 (2024-25: £3,885,000) for land and buildings transferred to assets held for sale.

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

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

	Note	2025-26	2024-25
		£000	£000
Depreciation of property, plant and equipment	6	11,099	11,011
Amortisation of intangible assets	8	17,499	21,077
Depreciation of right of use assets	7	11,981	11,579
(Profit) on disposal of assets		(2,136)	(1,422)
Capital grant in kind		-	-
Net impairment of non-current assets	6&8	115	2,188
Net impairment of IFRS16 right of use assets	7	978	1,910
Gain on remeasurement of IFRS 16		(3,653)	-
Revaluation of property, plant and equipment not taken to the revaluation reserve	6	425	1,383
Total		**36,308**	**47,726**

Revaluations and impairments

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

	(Charged) / Credited to:				Total	
	SoCNE		Other comprehensive net income			
	2025-26	2024-25	2025-26	2024-25	2026-25	2024-25
	£000	£000	£000	£000	£000	£000
Revaluations	(425)	(1,383)	5,364	20,070	4,939	18,687
Impairments	(115)	(2,188)	-	-	(115)	(2,188)
Total	**(540)**	**(3,571)**	**5,364**	**20,070**	**4,824**	**16,499**

Proceeds of disposal of property, plant and equipment

	2025-26	2024-25
	£000	£000
Cash receipts, including those from assets held for sale	**5,896**	**4,130**

Proceeds include the sale of assets held for sale (note 9) with a net book value of £3,601,000 (2024-25: £2,708,000). Proceeds above or below the book value are recognised as profits or losses on disposal.

Note 7 – Right of use assets

2025-26	Land & Buildings £000	Vehicles £000	Total £000
Cost or valuation			
At 1 April 2025	138,223	17,276	155,499
Additions	3,631	2,329	5,960
De-recognition	(681)	(142)	(823)
Impairments	(1,553)	-	(1,553)
Revaluations	(1,118)	-	(1,118)
Remeasurement	7,176	(90)	7,086
At 31 March 2026	**145,678**	**19,373**	**165,051**
Depreciation			
At 1 April 2025	25,998	11,168	37,166
Charge for the year	8,099	3,882	11,981
De-recognition	(681)	(142)	(823)
At 31 March 2026	**33,416**	**14,908**	**48,324**
Carrying value			
At 1 April 2025	112,225	6,108	118,333
At 31 March 2026	**112,262**	**4,465**	**116,727**

Right-of-use assets are measured using the fair value model. DVSA considers the cost model to be a reasonable proxy for this, except for leases of land and property without regular rent reviews and leases for land only. Vehicles of net book value £4,465,000 (2024-25: £6,108,000) have been valued under the cost model as a proxy for fair value. Land and buildings are valued in accordance with the policy outlined in note 1(f). Of the total net book value of land and buildings, 90% are valued under the cost model as a proxy for fair value. The remaining 10% are revalued to fair value of which 50% relates to operational assets which are held at depreciated replacement cost, 30% relates to operational assets which are held at existing use value, and 20% relates to non-operational assets, which are held at market value.

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

Note 8 – Intangible assets

2025-26	IT Software £000	Contractual Arrangements £000	Assets Under Construction £000	Total £000
Cost or valuation				
At 1 April 2025	221,908	17,720	17,528	257,156
Additions	3,215	-	8,454	11,669
Disposal	(1,198)	-	-	(1,198)
Impairments	-	-	-	-
Reclassifications	12,711	-	(12,711)	-
At 31 March 2026	**236,636**	**17,720**	**13,271**	**267,627**
Amortisation				
At 1 April 2025	135,783	12,695	-	148,478
Charge for the year	13,951	3,548	-	17,499
Disposal	(1,198)	-	-	(1,198)
At 31 March 2026	**148,536**	**3,548**	**-**	**164,779**
Carrying value				
At 1 April 2025	86,125	5,025	17,528	108,678
At 31 March 2026	**88,100**	**1,477**	**13,271**	**102,848**

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

Additions in 2025-26 include £2,168,000 (2024-25: £2,060,000) in relation to accrued capital expenditure.

Assets under construction reclassifications relate to software bought into use in the year.

DVSA conducts an annual impairment review of intangible assets to ensure that their carrying value is no more than their recoverable amount. No impairments were identified during the year (2024-25: £2,189,000).

The useful life of the MOT system has been extended following further investment in the platform.

Analysis of Intangible assets	**Remaining Life At 31 March 2026**	**Net Book Value At 31 March 2026 £000**
MOT system	7 years	25,416
Vehicle operator licensing system	3 years	1,657
Driver practical test system and software	4 years	3,061
HGV testing system and software	7 years	17,502
Theory test service	6 years	18,312
Contractual arrangements	1 years	1,478
Enforcement casework transformation	8 years	7,251
Other in use systems	Up to 10 years	14,901
Assets under construction		
Driving Test Scheduling system	n/a	9,561
Other – assets under construction	n/a	3,709
Total		**102,848**

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

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

Note 9 – Assets held for sale

	2025-26 £000	**2024-25 £000**
At 1 April 2025	2,445	6,261
Disposals of assets	(3,601)	(2,708)
Transferred in year as assets held for sale	5,923	(215)
Revaluations	288	(893)
At 31 March 2026	**5,055**	**2,445**

Note 10 – Trade and other receivables

Amounts falling due within one year	**31 March 2026 £000**	**31 March 2025 £000**
Trade receivables	914	664
Recoverable VAT	4,126	4,482
Prepayments and accrued income	9,326	9,159
Other receivables	989	665
Total	**15,355**	**14,970**

Amounts falling due after more than one year	31 March 2026 £000	31 March 2025 £000
Other receivables	1,663	1,803
Total	**1,663**	**1,803**

Total trade and other receivables include £2,720,000 (2024-25: £3,462,000) of receivables relating to contracts with customers.

The increase in total trade and other receivables excluding non-cash movements during the year is £385,000 (2024-25: £1,395,000 increase).

Note 11 – Trade and other payables

Amounts falling due within one year	31 March 2026 £000	31 March 2025 £000
Trade payables	317	1,344
Other payables	11,999	8,956
Accruals	40,765	35,449
Deferred income – contracts with customers	79,837	73,651
Deferred income – grant funding	-	-
Total	**132,918**	**119,400**

Amounts falling due after more than one year	31 March 2026 £000	31 March 2025 £000
Deferred income – contracts with customers	13,751	13,610
Total	**13,751**	**13,610**

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

Deferred income – contracts with customers	£000
At 1 April 2025	87,261
Revenue recognised that was included in the deferred income balance at the beginning of the period	(73,651)
Increases due to cash received, excluding amounts recognised as revenue during the period	79,978
At 31 March 2026	**93,588**

The increase in trade and other payables during the year is £14,612,000 (2024-25: £11,099,000 increase).

Note 12 – Lease liabilities

2025-26	Land & Buildings	Vehicles	Total
	£000	£000	£000
Lease liability			
At 1 April 2025	123,796	4,817	128,613
Additions	3,491	2,329	5,820
Interest accrued in year	10,762	162	10,924
Payments	(17,007)	(3,752)	(20,759)
Remeasurement	3,515	(82)	3,433
At 31 March 2026	**124,557**	**3,474**	**128,031**
Current portion	15,325	2,457	17,782
Non-current portion	109,232	1,017	110,249
At 31 March 2026	**124,557**	**3,474**	**128,031**
Obligations under leases			
Not later than one year	16,836	2,450	19,286
Later than one year and not later than five years	60,831	1,090	61,921
Later than five years and not later than ten years	63,957	-	63,957
Later than ten years and not later than one hundred years	160,497	-	160,497
Later than one hundred years	9,734	-	9,734
	311,855	3,540	315,395
Less interest	(187,298)	(66)	(187,364)
At 31 March 2026	**124,557**	**3,474**	**128,031**
Lease Charges within SoCNE			
Expense relating to short term leases	994	2,458	3,452
Expense relating to VAT	2,757	399	3,156
Total	**3,751**	**2,857**	**6,608**
Cash outflow for Leases			
Cash outflow – interest	(10,476)	35	(10,441)
Cash outflow – capital element	(6,531)	(3,787)	(10,318)
Total cash outflow for leases	**(17,007)**	**(3,752)**	**(20,759)**

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

Note 13 – Provisions

2025-26	Property Obligations £000	Dilapid-ations £000	Restruct-uring £000	Legal and Other £000	Total £000
At 1 April 2025	2,248	348	611	2,327	5,534
Provided in the year	197	1,022	190	592	2,001
Provisions no longer required	(268)	(35)	-	(202)	(505)
Provision utilised in year	(204)	-	-	(1,146)	(1,350)
Unwinding of discount (note 5)	(4)	-	-	(37)	(41)
At 31 March 2026	**1,969**	**1,335**	**801**	**1,534**	**5,639**
Of which:					
More than five years	921	-	-	-	921
Between one and five years	828	-	591	71	1,490
Non-current	1749	-	591	71	2,411
Current / within one year	220	1,335	210	1,463	3,228
At 31 March 2026	**1,969**	**1,335**	**801**	**1,534**	**5,639**

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

Property Obligations

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

Dilapidations

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

Restructuring

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

Legal and Other

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

Note 14 – Capital commitments

	31 March 2026 £000	31 March 2025 £000
Contracted:		
Property, plant and equipment	2,196	226
Intangible assets	2,168	1,387
Total	**4,364**	**1,613**

Note 15 – Other financial commitments

DVSA has entered into a number of non-cancellable contracts which are not leases or PFI contracts. These contracts support the delivery of key operational services, including areas such as theory test provision and digital services. The payments to which the Agency is committed and which have not been provided for in these accounts are as follows:

	31 March 2026 £000	31 March 2025 £000
Not later than one year	163,769	142,527
Later than one year and not later than five years	258,847	407,795
Later than five years	-	14,821
Total	**422,616**	**565,143**

Note 16 – Cash and cash equivalents

	31 March 2026 £000	31 March 2025 £000
Balance at 1 April	110,797	109,676
Net increase/(decrease) in cash and cash equivalent balances	9,550	1,121
Balance at 31 March	**120,347**	**110,797**
The following balances at 31 March were held at		
Government Banking Services	119,368	109,819
Commercial banks and cash in hand	979	978
Balance at 31 March	**120,347**	**110,797**

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

Adjustments for non-cash transactions	Note	2025-26 £000	2024-25 £000
Depreciation, amortisation, impairment, and profit/loss on asset disposal	6	36,308	47,726
Provision provided in year / (written back)	13	1,496	1,896
Shared services	4	6,319	-
Auditors' remuneration	4	144	130
Total		**44,267**	**49,752**

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

Note 17 – Financial risk management

Fair Values – The carrying values of financial assets and liabilities at 31 March 2026 are considered to represent fair value. This is due to the short-term nature of the financial instruments held and carrying values of lease liabilities being based on the present value of future lease payments.

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

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

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

Financial Assets	Note	2025-26 £000	2024-25 £000
Trade and other receivables – non-current	10	1,663	1,803
Trade and other receivables – current	10	15,355	14,970
Cash and cash equivalents	16	120,347	110,797
Total		**137,365**	**127,570**

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

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

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

Note 18 – Contingent liabilities

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

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

There are no other identified contingent liabilities (2024-25: none).

Note 19 – Related party transactions

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

No Board member, key manager or other related party has undertaken any material transactions with the Agency during the year (2024-25: none).

Note 20 – Events after the reporting period

There have been no significant events between the 31 March 2026 and the date of authorising these financial statements.

Note 21 – Authorisation of accounts

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

Note 22 – Graduated fixed penalties and deposits

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

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

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

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

This note is produced under IFRS on an accruals basis and gives a true and fair view of the state of affairs as at 31 March 2026 relating to the collection and allocation of taxes, licence fees, fines and penalties for the year then ended. The transactions do not form part of DVSA's Accounts, instead the memorandum below shows the substance of activity.

Cash collections	**2025-26 £000**	**2024-25 £000**
Revenue for offences in:		
Fixed penalties	4,882	5,218
Net revenue for the Consolidated Fund	**4,882**	**5,218**

Balance held on behalf of HM Treasury	**31 March 2026 £000**	**31 March 2025 £000**
Current Assets:		
Debtors	28	21
Cash and cash equivalents held in trust	792	572
Total Assets	**820**	**593**
Current liabilities:		
Court deposits	(385)	(176)
Refunds due (returned cheques)	(5)	(176)
Unallocated receipts and refunds due	-	(176)
Total Liabilities	**(390)**	**(528)**
Balance due to Consolidated Fund	**430**	**64**

Cash balance movement	**2025-26 £000**	**2024-25 £000**
Net revenue for the Consolidated Fund	4,882	5,218
Decrease / (increase) in debtors	(7)	(2)
Increase in liabilities	216	9
Cash paid to the Consolidated Fund	(4,871)	(6,002)
Net increase / (decrease) in cash and cash equivalents	**220**	**(778)**
Cash and cash equivalents at the beginning of the year	572	1,350
Cash and cash equivalents at the end of the year	**792**	**572**

Glossary

ADI	Approved Driving Instructor	**IPA**	Infrastructure and Project Authority
ADS	Automated Driving System	**IVA**	Individual Vehicle Approval
AI	Artificial Intelligence	**kWp**	Kilowatt Peak
ANPR	Automatic Number Plate Recognition	**LGV**	Light Goods Vehicle
APS	Automated Passenger System	**LPG**	Liquid Petroleum Gas
ATF	Authorised Testing Facility	**MAC**	Model Award Criteria
AV	Automated Vehicles	**MOD**	Ministry of Defence
BCAF	Business Case Approval Framework	**MPTC**	Multi-Purpose Test Centres
BSL	British Sign Language	**MQ**	Ministerial Questions
CAF	Cyber Assessment Framework	**MSP**	Management of Successful Programmes
CAMS	Connected and Autonomous Mobility Services	**MSVA**	Motorcycle Single Vehicle Approval
CBT	Compulsory Basic Training	**MV**	Market Value
CCS	Crown Commercial Services	**MVHR**	Mechanical Ventilation with Heat Recovery
CETV	Cash Equivalent Transfer Value	**NAO**	National Audit Office
CIPS	Chartered Institute of Procurement & Supply	**NCSC**	National Cyber Security Centre
CPC	Certificate of Professional Competence	**OCRS**	Operator Compliance Risk Score
DfT	Department for Transport	**OTC**	Office of the Traffic Commissioner
DRC	Depreciated Replacement Cost	**PCSPS**	Principal Civil Service Pension Scheme
DSIT	Department for Science, Innovation & Technology	**PHSO**	Parliamentary and Health Service Ombudsman
DVA	Driver and Vehicle Agency	**POTF**	Privately Owned Testing Facility
DVLA	Driver and Vehicle Licensing Agency	**PQ**	Parliamentary Questions
DVSA	Driver and Vehicle Standards Agency	**PSDS3C**	Public Sector Decarbonisation Scheme
ER	Earned Recognition	**PSV**	Public Service Vehicle
EUV	Existing Use Value	**PSVAR**	Public Service Vehicles Accessibility Regulations
EV	Electric Vehicle	**PSVAIR**	Public Service Vehicles Accessible Information Regulations
FOI	Freedom of Information	**PV**	Photovoltaic
FReM	Financial Reporting Manual	**RAAC**	Reinforced Autoclaved Aerated Concrete
FTE	Full-time equivalent	**SCS**	Senior Civil Servant
FYE	Full Year Equivalent	**SIRO**	Senior Information Risk Owner
GBS	Government Buying Standards	**SoCNE**	Statement of Comprehensive Net Expenditure
GDS	Government Digital Service	**SoCTE**	Statement of Changes in Taxpayers' Equity
GGC	Greening Government Commitments	**SUP**	Single-use Plastic
GHG	Greenhouse Gasses	**TCFD**	Task force on Climate-related Financial Disclosures
GIAA	Government Internal Audit Agency	**TCN**	Test Centre Network
GVTS	Goods Vehicle Testing Station	**ULEV**	Ultra Low Emission Vehicles
HGV	Heavy Goods Vehicle	**UNECE**	United Nations Economic Commission for Europe
HSWC	Health, Safety and Wellbeing Committee	**VCA**	Vehicle Certification Agency
IAO	Information Asset Owner	**WCH**	Warrant Card Holder
ICO	Information Commissioner's Office	**ZEV**	Zero Emission Vehicle
IFRS	International Financial Reporting Standard		

Driver & Vehicle Standards Agency

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