

EXPLANATORY MEMORANDUM TO
THE MOTOR VEHICLES (DRIVING LICENCES) (AMENDMENT) (No. 2)
REGULATIONS 2014

2014 No. 2580

1. This explanatory memorandum has been prepared by the Department for Transport and is laid before Parliament by Command of Her Majesty.

2. Purpose of the instrument

2.1 These Regulations reduce fees relating to driving licences, in particular for first time provisional driving licences and ten year renewal transactions by between 14% and 32%.

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None

4. Legislative Context

4.1 This instrument amends the Motor Vehicles (Driving Licences) Regulations (S.I. 1999/2864) and is made to reduce the statutory fees for first driving licences and for renewals of photocard licences.

5. Territorial Extent and Application

5.1 This instrument applies to Great Britain.

6. European Convention on Human Rights

6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

- What is being done and why:

7.1 The Driver and Vehicle Licensing Agency (the DVLA) which is an executive agency of the Department for Transport is required to recover its operating costs through statutory fees and wider commercial (non-statutory) charges. The only exceptions to this relate to vehicle excise duty and personalised registrations, where the monies go to the Treasury. As a result of the efficiency improvements already made, the DVLA's costs

have reduced and are forecast to continue to reduce over time. The DVLA needs to pass on reductions in costs to their customers by reducing fees.

7.2 Public sector organisations normally pass on the full cost of providing a service to each user of those services. The Department for Transport (Driving Licence and Vehicle Registration Fees) Order 2003 allows the DVLA to set fees to cover the cost which they incur in the course of service provision of the driver and vehicle schemes as a whole. Some of the DVLA services attract a fee while others do not if it is beneficial to provide them free of charge. For example, changing personal details is free as this encourages customers to comply with the legal requirement to let the DVLA know about changes, leading to more accurate records, which are essential to the police and other enforcement agencies dealing with crime reduction and road safety initiatives.

7.3 The fees DVLA currently charge are the same regardless of whether the transaction is carried out online, on paper or at Post Offices. Due to a drive towards digital transactions, the proposed fees will be reduced accordingly to reflect the cost associated with the channel used to transact. Online users will see a greater reduction in fees as it costs less for the DVLA to process these transactions.

- Consolidation:

7.4 There is no plan to consolidate these Regulations at present.

8. Consultation outcome

8.1 Motor industry stakeholders and the general public were consulted on the reduced fees policy over a four week period starting on 28th July 2014 and ending on 25th August 2014. The general response was that the proposal was positive and that fee reductions made by returning surplus monies to customers was very welcome. The consultation was widely publicised but the response rate was minimal compared to the number of people that were targeted. The consultation was advertised via GOV.UK and Twitter.

8.2 There were 94 responses to the consultation. Of these, 82 were from private individuals, 10 from organisations, one from the Northern Ireland Assembly and one from the Scottish Parliament.

8.3 48 responses were in favour of reducing the fees with the main reason being given that any savings that were being passed to the motorist were welcome. 9 responses were against the reduction in fees and the main reason was they believed there should be no discrimination in cost between paper and digital channels as user's needs had not been assessed. 37 respondents did not express an opinion for or against the reduction in fees or give an answer to any of the questions asked.

9. Guidance

9.1 These Regulations do not impose any new obligation. These changes will be communicated to drivers as part of the information given in forms and guidance on licence application and licence renewal.

10. Impact

10.1 There will be a positive impact on business, charities and voluntary bodies from the fee reductions for ten year renewals of the photocard licence - which are projected to save businesses £0.3 million per annum. The general public who renew their driving licences every ten years or are new drivers will also benefit from the reduced driving licence fees.

10.2 There is a neutral impact on the public sector; as the reduction in fee income reflects reductions in costs of administering these applications for new licences and licence renewals.

10.3 An Impact Assessment accompanies this memorandum and will be published alongside the Explanatory Memorandum on the legislation.gov.uk website.

11. Regulating small business:

11.1 Any Impact on small business as a result of fee decreases will be a positive one.

12. Monitoring & review

12.1 The DVLA will be conducting a comprehensive review of its funding focusing on the way it delivers services to customers in light of the introduction of further digital services. This will include reviewing appropriate fees for different DVLA services.

13. Contact

13.1 Russell Trowbridge-Matthews at the Driver and Vehicle Licensing Agency Tel: 01792 786767 or email: Russell.trowbridge-matthews@dvla.gsi.gov.uk can answer any queries regarding the instrument.