

EXPLANATORY MEMORANDUM TO
THE DRIVER AND VEHICLE STANDARDS AGENCY TRADING FUND
(REVOCAION) ORDER 2021

2021 No. 96

1. Introduction

- 1.1 This explanatory memorandum has been prepared by Department of Transport and is laid before the House of Commons by Command of Her Majesty.
- 1.2 This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Purpose of the instrument

- 2.1 This instrument revokes the Driver and Vehicle Standards Agency Trading Fund Order 2015 (“the 2015 Order”). As a result of its revocation the trading fund established by the 2015 Order ceases to exist and the financial arrangements of the Driver and Vehicle Standards Agency (“the DVSA”) will no longer be separated from central government finances.

3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

- 3.1 None.

Matters relevant to Standing Orders Nos. 83P and 83T of the Standing Orders of the House of Commons relating to Public Business (English Votes for English Laws)

- 3.2 As the instrument is subject to negative resolution procedure there are no matters relevant to Standing Orders Nos. 83P and 83T of the Standing Orders of the House of Commons relating to Public Business at this stage.

4. Extent and Territorial Application

- 4.1 The territorial extent of this instrument is the United Kingdom.
- 4.2 The territorial application of this instrument is the same as the Orders it revokes.

5. European Convention on Human Rights

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

6. Legislative Context

- 6.1 The Government Trading Funds Act 1973 established a framework within which trading funds may be established by Order. A trading fund is a means of financing revenue-generating operations of a Government department. Income from charges made for the provision of goods and services is retained and used to meet the fund’s expenditure.
- 6.2 The 2015 Order established a trading fund for the operations of the DVSA.

- 6.3 This instrument revokes the 2015 Order under powers contained in sections 1 and 6(1) of the Government Trading Funds Act 1973. As a result of the revocation, the trading fund established by the 2015 Order ceases to exist. The operations of the DVSA as described in Schedule 1 of the 2015 Order cease to be financed by means of a trading fund, and its assets and liabilities are no longer appropriated to a trading fund.

7. Policy background

What is being done and why?

- 7.1 The DVSA is an Executive Agency of the Department for Transport (“DfT”). The DVSA was established on 1 April 2014 following the merger of the Driving Standards Agency (“DSA”) and the Vehicle and Operator Services Agency (“VOSA”).
- 7.2 DVSA has not been classified since its formation on 1 April 2014. Its two predecessor bodies (DSA and VOSA) are both classified to the Public Non-Financial Corporation sub-sector on the Public Sector Classification Guide. These two bodies are no longer operational.
- 7.3 The DVSA was established as a trading fund by the 2015 Order. In 2019, the Office for National Statistics undertook a review of the sector classification of the DVSA, at the request of Eurostat, the Statistical Office of the European Union, and in accordance with the provisions of the European System of Account 2010. The outcome of the Office for National Statistics review was that the DVSA should be reclassified as Central Government.
- 7.4 Revocation of trading fund Order will bring the DVSA within the DfT’s accounting boundary, meaning the financial impacts upon the DVSA will be more closely tied to the DfT. The DVSA underspends and overspends will directly impact the DfT’s financial position like other Arm’s Length Bodies (ALBs) within the boundary. However, the DVSA will continue to fund most of its activity from its fees.
- 7.5 Revocation of trading fund Order will have no direct effect on the services that the DVSA delivers to the public.
- 7.6 HM Treasury has mandated that the DVSA’s trading fund Order be revoked with effect from 1 April 2021, and has therefore approved the consequential revocation of the trading fund.
- 7.7 This instrument closes the trading fund.
- 7.8 The DVSA will remain an Executive Agency of the DfT. The purpose of Executive Agencies is to carry executive functions within Government with a clear focus on delivering specified outputs.
- 7.9 Executive Agencies are governed by framework agreements, which set out in detail the division of responsibilities between the agency and the sponsoring central Government department. Each agency has a Chief Executive, who is responsible for operational issues, while a Minister takes responsibility for policy decisions.

8. European Union (Withdrawal) Act/Withdrawal of the United Kingdom from the European Union

- 8.1 This instrument does not relate to withdrawal from the European Union / trigger the statement requirements under the European Union (Withdrawal) Act.

9. Consolidation

9.1 Consolidation is not a relevant issue for this Order because its sole purpose is to revoke the 2015 Order.

10. Consultation outcome

10.1 The revocation of trading fund Order is a one-off change to an internal Government accounting device. This instrument will not affect the costs incurred by business. In these circumstances it has not been thought necessary to undertake consultation.

11. Guidance

11.1 There is no need for guidance on this change, as the revocation of the trading fund is a one-off change in internal Government accounting for the operations of the DVSA.

12. Impact

12.1 There is no, or no significant, impact on business, charities or voluntary bodies.

12.2 There is no, or no significant, impact on the public sector.

12.3 An Impact Assessment has not been prepared for this instrument because trading funds are a means of financing the revenue generating operations of a Government department. It is an accounting/administrative change within Government and the operations of the DVSA will be unaffected.

13. Regulating small business

13.1 The legislation does not apply to activities that are undertaken by small businesses.

14. Monitoring & review

14.1 The approach to monitoring of this legislation is as follows. The revocation of the 2015 Order is a one-off change in internal Government accounting for the operations of the DVSA, and therefore there is no need for ongoing monitoring and review.

14.2 The regulation does not include a statutory review clause.

15. Contact

15.1 Archie Maitland at the Department for Transport Telephone: 03003303000 or email: Archie.Maitland@dft.gov.uk can be contacted with any queries regarding the instrument.

15.2 David BATTERY, Director for Road Safety, Standards and Services Directorate at Department for Transport, can confirm that this Explanatory Memorandum meets the required standard.

15.3 Baroness Vere of Norbiton, Minister for Roads, Buses and Places at the Department for Transport can confirm that this Explanatory Memorandum meets the required standard.