



Written Evidence

Scrutiny of the work of the Driver and Vehicle Licensing Agency and the Driving Standards Agency

Response from:

British Vehicle Rental and Leasing Association

River Lodge

Badminton Court

Amersham

BUCKS HP7 0DD

Contact: Mr Jay Parmar, legal and policy director

Phone: +44 1494 545706

Fax: +44 1494 434499

Email: jay@bvrla.co.uk

1. Overview of response

- 1.1. The British Vehicle Rental and Leasing Association will be focussing its response on the work of the Driver and Vehicle Licensing Agency (DVLA). In particular, we will focus on areas which we have identified that would require little or no investment but could improve DVLA procedures, improve efficiencies and reduce costs.

2. Who we are and what we do

- 2.1. The BVRLA is the trade body for companies engaged in the leasing and rental of cars and commercial vehicles. Its members provide rental, leasing and fleet management services to corporate users and consumers. They operate and are the registered keepers of a combined fleet of 2.5 million cars, vans and trucks, buying nearly half of all new vehicles sold in the UK.
- 2.2. Through its members and their customers, the BVRLA represents the interests of more than two million business car drivers and the millions of people who hire a rental vehicle each year.

3. Interaction with DVLA

- 3.1. DVLA plays an integral role in our members' businesses. From registration of vehicles to disposal, the volume of transactions between DVLA and members' exceeds 11.2 million separate transactions per annum. To provide more detail on this, we have included a table below which tracks the interaction between our members and the DVLA whilst a vehicle is in our members' possession.
- 3.2. For many years we have been working with the DVLA to look at ways to reduce the number of out-dated methods of transactions and where possible modernise the process so that some transactions can either be removed or moved towards electronic solutions which will reduce the cost burden on the Agency and will help to reduce the cost of compliance on vehicle owners and registered keepers.
- 3.3. Whilst we have seen some positive signals being made by the DVLA in the past, it is disappointing that none of these have been converted into actions. This has now delayed other improvements previously identified, some of which lack complexity and require little or no financial investment from the DVLA.
- 3.4. We would therefore urge the committee to make recommendations to the Department for Transport (DfT) and its Agency to focus on areas which will help contribute towards real cost savings, both for the agency and for vehicle keepers, and also improve compliance.

4. DVLA documents for rental and leasing industry

| DVLA documents | Explanation | Leasing Industry Total Per Year | Rental Industry Total Per Year |
|--|---|------------------------------------|-----------------------------------|
| V5C – Vehicle Registration Certificate | This document is received for every new vehicle registered by all vehicle keepers. It has to be checked and sent back if there are any errors. If there are no errors, it is filed securely. | 500,000 | 350,000 |
| New tax disc in years 2 and 3 of the lease | A tax disc is purchased by our members, as the fleet owner, which is then forwarded to their customer, who is operating the vehicle during the vehicle lease | 1,800,000 | 110,000 |
| V14 – Vehicle Tax refunds/ SORN applications | The vast majority of vehicles on our members' fleets will have some monetary value remaining on the tax disc before they are sold. The vehicle keeper will therefore apply for a refund for the tax paid. | 480,000 | 336,000 |
| Vehicle Tax refund cheques | A cheque will be received for each vehicle tax refund application which is made | 480,000 | 336,000 |
| SORN applications where no refund is needed | A small proportion of vehicles at the end of the lease or rental period will have tax discs with no monetary value, therefore only a SORN application will be required. | 10,000 | 7,000 |
| SORN acceptance letters sent by DVLA | The DVLA post an acceptance letter back to members for every SORN application they receive. | 490,000 ¹ | 343,000 ¹ |
| Transfer to Trade notifications by members | For each vehicle our members' dispose of each year, they are required to notify the DVLA by post that the disposal has taken place and the vehicle is in the trade. | 500,000 | 350,000 |
| Letters acknowledging transfer of the vehicle into the trade | The DVLA post an acknowledgment letter back to our members for every transfer into trade application that they receive. | 500,000 | 350,000 |
| Total | | 9,170,000 | 2,072,000 |

¹ – 10,000 vehicles for leasing and 7,000 vehicles for rental may be disposed of immediately with no tax needing to be refunded or for the vehicles to be SORN'd.

5. Specific Comments

5.1. Inefficiencies of the DVLA

5.1.1. We believe that there are a number of inefficiencies of the DVLA and we have highlighted a few examples in more detail below. In our opinion, a process would fall under the category of 'inefficiencies' if there are other ways in which the task could be carried out which would be more efficient and/or more cost-effective.

5.1.2. Issue 1: Prepayment account – refund and purchase of VED

5.1.3. Our members receive approximately 816,000 cheques per annum from the DVLA, for vehicles that have been sold (VED refunds). The total cost of processing and banking these cheques, for DVLA and members, is estimated to be in the region of £8 million. Considering this refunded money is often sent back to DVLA a month later towards the purchase of new tax discs, we feel this illustrates inefficiency and that costs in this area could be greatly reduced. For example, this issue does not arise when the vehicle is being taxed, as members pay for their tax discs by direct debit or pre-funded customer account.

5.1.4. Solution 1

5.1.5. Expand the existing pre-funded accounts solution, currently used by our members to pay for tax discs, to allow monies to be refunded into it by DVLA. This solution would remove the need for cheques to be raised and posted.

5.1.6. We estimate that such a solution would save both the DVLA and businesses approximately £4 million per annum, based on the costs of raising, posting and processing cheques. Other benefits of the solution include faster payments and refunds of VED, as well as improved cash flow for the DVLA.

5.1.7. Issue 2: Vehicle registration certificate (V5C) on demand

5.1.8. As mentioned above, when rental and leasing companies receive the vehicle registration certificate, it must be checked for accuracy. If any anomalies are found, the document has to be posted back to the DVLA in order for the amendments to be made and the new certificate issued.

5.1.9. Once the correct version is received, it is filed away securely and will not be required again until the vehicle is disposed of.

5.1.10. In light of the above, we would question the rationale of issuing a paper version of the vehicle registration certificate.

5.1.11. *Solution 2*

5.1.12. To ensure accuracy, the data contained on the vehicle registration document could simply be sent to our members electronically by email, allowing the data to be easily checked and confirmed. Any amendments necessary could also be returned by email, ensuring correctness of the vehicle register database is achieved in a timely manner.

5.1.13. For our members, it would be beneficial if vehicles could be disposed into the motor trade without a V5C. The DVLA could then simply issue the certificate to the new keeper when each vehicle is sold.

5.1.14. The above solutions would not only reduce the volume of documents printed but could also improve compliance as errors would be highlighted using electronic checks, rather than manual. A more accurate registered keeper database would also assist with vehicle recalls, road traffic enforcement and continuous insurance enforcement.

5.1.15. By suppressing the issuance of the V5C, our members and the DVLA would save approximately £6 million per annum through postage costs, document printing and administration i.e. when dealing with amendments to errors in the data.

5.1.16. *Issue 3: SORN applications and notification of disposal into the trade*

5.1.17. When a vehicle is taken off fleet, our members are often unsure as to how long it will take to refurbish the vehicle and prepare it for sale. During this process, it is necessary for them to remove the tax disc and declare a statutory off road notification (SORN) on the vehicle. This process is essential as there will be no tax on the vehicle during this period. The only way our members can declare a SORN notification is to complete a paper application and post it to the DVLA. Once processed, the DVLA send a letter back to our members' acknowledging the SORN notification. Whilst this process could be workable if only one vehicle was involved, our members' can be disposing of up to several hundred vehicles at a time. It is imperative that our members retain all the paperwork, as it will be vital in proving that an application for SORN was made. For example, if a fine is received for continuous registration or an advisory letter received regarding insurance on the vehicle, the paperwork will be referred to as evidence.

5.1.18. Alternatively, the vehicle can be notified as going straight into the motor trade, in which case our members notify the DVLA of this by completing a paper application. Members will subsequently receive a paper acknowledgement to inform them that the notification has been received.

5.1.19. Solution 3

5.1.20. These procedures could be simplified by allowing our members to send the information electronically via secure email. This would notify DVLA of all the vehicles to be SORN'd or disposed of and allow DVLA to send acknowledgment back in the same format.

5.1.21. By removing the majority of this paperwork the DVLA could save over £7 million/per annum and businesses could see costs reduced by approximately £10 million/per annum. Postage costs, administration and filing would all benefit from the savings. In addition, the accuracy of the vehicle registration database would be increased and the information more up to date due to the speed of processing.

5.1.22. Issue 4: Removal of the tax disc

5.1.23. The committee may also wish to consider simplification, by removing the need to display the paper tax disc. We believe that since tax enforcement is now computerised through the vehicle keeper database, the paper tax disc is surplus to requirements. To take the example of council tax, there is no requirement to display proof of payment for this type of tax on the front door of a house. We fail to see why this should differ for vehicle tax and feel that it is now entirely unnecessary for a tax disc to have to be displayed.

5.1.24. Solution 4

5.1.25. We would therefore urge the committee to recommend to the DfT that the tax disc is abolished.

5.1.26. We have estimated that by removing the tax disc, DVLA would save in the region of £90 million/per annum through printing, postage and administration. We also believe that by removing the tax disc enforcement resources could be focussed on the electronic record and payment of tax, rather than the visual displaying of a disc.

5.1.27. Issue 5: Multi-year road tax

5.1.28. Solution 5

5.1.29. In addition to the above, we would recommend that the committee considers extending the maximum duration of the tax period for fleet operators, allowing road tax to be purchased for longer than one year. This could have a positive impact, especially with the current rates of tax for low polluting cars. The DVLA would see reduced costs as they would not be processing low value renewals as frequently, and it would also improve cash flow for the Exchequer.

5.1.30. Although popularity dependent, we estimate that the DVLA could be saving £4.5 million/per annum due to a reduction in the number of renewals it would need to process.

6. Closing Comments

- 6.1. We hope that the reasons we have outlined above provide a succinct overview of our concerns and if there is any additional information you require, we would be happy to provide it. We feel it is essential that these opportunities to improve efficiency are recognised and acted upon, especially given the costs savings that could be achieved. Currently, antiquated procedures which disregard the role of modern technology are costing both the DVLA and fleet operators money and in these austere times we hope the executive agency will be challenged on this. We trust that our comments will be taken into consideration and we hope that clear and reasonable timescales will be set to help deliver some of these very simple changes.

7. Glossary

7.1. Leasing Members

- 7.1.1. In general, vehicle leasing is an arrangement where the lessee simply hires use of the vehicle and assumes operational responsibility for a predetermined period and mileage, at a fixed monthly rental, from the lessor (the leasing company). Legal ownership is, in the majority of cases, retained by the leasing company.

7.2. Short Term Rental Members

- 7.2.1. Rental Members offer hourly, daily, weekly and monthly rental of vehicles to corporate customers and consumers. As explained above, rental members are the owners of the vehicle.