



Driver & Vehicle  
Licensing  
Agency

## Consultation Document

**Driving Licence Fees: A proposal to reduce driving licence fees for first time applicants, 10 years renewals and for smart Tachograph users.**

**Response from:**

***British Vehicle Rental and Leasing Association***

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## Response to Driver & Vehicle Licensing Agency

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### ***Bona-fides***                      **BVRLA, the industry and its members**

- Established in 1967, the British Vehicle Rental and Leasing Association is the UK trade body for companies engaged in the rental and leasing of cars and commercial vehicles. Its members operate a combined fleet of 3.3 million cars, vans and trucks.
- BVRLA members buy nearly half of all new vehicles sold in the UK, supporting around 184,000 jobs and contributing more than £14bn to the economy each year.
- By consulting with government and maintaining industry standards, the BVRLA helps its members deliver safe, sustainable and affordable road transport to millions of consumers and businesses. For more information, visit [www.bvrla.co.uk](http://www.bvrla.co.uk).

### **Executive Summary**

The BVRLA welcomes the opportunity to comment on the Driver and Vehicle Licence Agency's (DVLA) strategy for driving licence fees and their proposal for them to be reduced.

We also believe the review presents an ideal opportunity for the DVLA to look at both short and long term objectives of their services and at the same time deliver greater efficiencies and fairer charges.

In addition, we fully support the aim of the DVLA to continue the digital transformation of their services and very much welcome the DVLA's move in becoming a modern, efficient electronic business.

We support the DVLA's objective to pass surplus fees back to businesses, motorists and fleet users. However, we would like to see the DVLA undertake a further examination of its fee structure as it relates to the first registration vehicle fee. Specifically, we believe the first registration fees should be abolished and instead replaced with a small annual fee for all registered keepers to pay. To help reduce the administration of collecting this payment, we believe this fee should be collected at the same time a Vehicle Excise Duty (VED) payment is made.



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This proposal would offer a fairer basis for collecting fees that are used to help maintain the vehicle keeper register, but would also help to ensure there is greater income stability for the DVLA as it becomes less reliant on the total number of new vehicles sold each year.

### Specific Comments

**A. The DVLA believes that Option One – Phase One fee reduction proposal should be preferred to doing nothing on the basis of the rationale set out in the associated impact assessment. Do you agree?**

The BVRLA welcomes the passing on of savings to drivers (both private and professional) and we have fully noted the agency's projected savings to businesses of £16.4 million.

We therefore support option one, and specifically the Phase One fee reduction proposal.

**B. If you agree that Option One should be implemented, please explain why.**

We specifically support the option one as the primary policy aim is to reduce driving licence fees. We believe there are additional benefits from this proposal which will help to stimulate economic growth as a long-term objective through potential mobility and employment benefits.

Many of our members use the DVLA's services each year and any proposal that encourages the use of electronic services to make savings is welcomed and will be of benefit to them and their customers.

**E. What vehicle related transaction fees do you think the DVLA should reduce to lower customer costs and promote economic growth?**

We support the DVLA's view that customers should be charged the additional cost of offering its service through its various channels. For example, if web or e-services are more cost efficient way for the DVLA than using a postal service, the fees charged should reflect this fact. The added benefit of taking this approach would help to encourage customers to use the most cost efficient method.

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Our members alone manage over 5 million separate paper transactions with the DVLA each year. By providing more efficient services that our members can use and passing the surplus fees back will help to reduce the administrative and compliance burdens facing businesses.

We therefore wish to take this opportunity to recommend a complete overhaul of the way first vehicle registration fees are structured, and would suggest that this fee is abolished and replaced by a smaller annual vehicle keeper fee.

	Proposed →	
New Vehicle registration fee (current)	Abolition of New Vehicle Registration fee	Annual Vehicle Keeper fee
£55	£0	£4

Under our proposed fee structure the income the DVLA collects annually will be less reliant on the total number of new vehicles sold each year and instead offer greater financial stability to the DVLA from the economic conditions.

We note that there were a total of 44.6 million VED renewals between April 2013 and March 2014. By abolishing the first vehicle registration fee and replacing this with a small annual vehicle keeper fee of £4 would help to generate an annual keeper fee of £138 million.

The 24.4 million keepers who purchase an annual VED would pay the full £4 and the 10.1 million that purchased a VED every 6 months would pay £2.

This system of charging would also make it a fairer as all registered keepers would be responsible for covering the costs of the database and remove the cost burden currently imposed on buyers of new vehicles.

The diagram below shows the variation of new car registrations from 2009 to 2013 and payments collected from this compared to proposed annual keeper fee.



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2009 New Car Registrations	2010 New Car Registrations	2011 New Car Registrations	2012 New Car Registrations	2013 New Car Registrations	Proposed keeper fee 2013 - 2014
1,994,999	2,030,846	1,941,253	2,044,609	2,264,737	44,600,000
£109,724,945	£111,696,530	£106,768,915	£112,453,495	£124,560,535	£138,000,000

### Closing Comments

We look forward to continuing our work with DVLA and hope that our ideas will be taken forward by the department to help deliver an effective and efficient service for customers that will help promote further economic growth.

### Leasing Members

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

### Short Term Rental Members

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.



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