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**Department for Transport**

**consultation**

**on the proposed**

**Motoring Services Strategy**

**Submission from:**

***The British Vehicle Rental and Leasing Association (BVRLA)***

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## **About the BVRLA 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 3.8 million cars, vans and trucks.
- BVRLA members buy nearly 50% of all new vehicles sold in the UK, an estimated 1 million vehicles (including 308,000 UK-made vehicles) per annum.
- Collectively, members of the BVRLA support around 317,000 jobs and contribute over £24.9 billion to the UK economy each year.
- Through its members and their customers, the BVRLA represents the interests of over 2 million business car drivers and 10 million people per year who choose to rent a vehicle.
- As well as informing the Government and policy makers on issues affecting the sector, the BVRLA regulates the industry through a mandatory code of conduct, helping its members deliver safe, sustainable and affordable road transport to millions of consumers and businesses. For more information, please visit [www.bvrla.co.uk](http://www.bvrla.co.uk).

## Introduction

The BVRLA welcomes the Department for Transport's consultation into its strategy for the motoring services. We believe that this review is a timely one, and offers the opportunity to address several issues within the work of the executive agencies which has made both commercial and private motoring more time consuming and expensive than it could otherwise be.

BVRLA members are key commercial customers of the Government's motoring services which are provided by DVLA and DVSA, and are therefore able to contribute a user-based perspective on the strengths and weaknesses of these services, as well as propose any solutions to overcome some of the issues identified. In addressing such issues, the BVRLA believes that a win-win solution must be sought in all changes to current systems of registering, testing, maintaining, and enforcing standards of vehicles in the UK. For this reason, the BVRLA has attempted to quantify the benefits of its proposals in terms of both our members and the Government or executive agency.

Implementing stable and resilient longer term changes to the structure and organisation of all the current motoring agencies can be achieved without compromising vital safety or maintenance standards, or the tax contribution to HM Treasury. The BVRLA believes that the proposals outlined throughout this submission will generate important efficiency savings, reduce operating costs, and boost the performance and economic contribution of the rental, lease and commercial vehicle sector in the UK, and we commend it to the Department.

## Summary of recommendations

- Transfer the work of testing commercial vehicles by DVSA officials to accredited testers at authorised test facilities
- Implement DVSA's proposed 'earned recognition' enforcement scheme, with particular recognition of fleets conforming to higher codes and standards of vehicle testing and maintenance
- Remove all unnecessary duplication of digital services between the executive motoring agencies through a detailed review
- In cases where vehicles have been incorrectly registered, provide refunds for Vehicle Excise Duty by e-payment to the customer's online account, rather than in the form of individual cheques for individual vehicles – this is particularly important when dealing with managers of large fleets
- Allow fleet operators to pay Vehicle Excise Duty across several years at once, rather than one year at a time
- Use MOT data more widely to help improve road safety – this should include making annual test data available to respective HGV operators in order for them to assess any persistent faults or issues, and steps that could be taken to address these

## Consultation questions

### **10. What more can we do to meet the needs of users, so that vehicle testing services could continue to meet industry's needs? (para 2.25)**

Having discussed at length the issue of testing services and facilities with members (particularly our Commercial Vehicle members), it is apparent that while current authorised testing facilities (ATFs) for commercial vehicles are available, the requirement that vehicle examiners are those directly employed by DVSA means that testing opportunities can be fixed and inflexible. In addition, the time taken in booking a vehicle in for an inspection can be considerable and potentially damaging to the sector – in one case, a BVRLA member was informed that the earliest time in which he could book a vehicle in for an Individual Vehicle Approval (IVA) would be in six months' time. This obviously threatens a profound negative impact on commercial vehicle businesses, especially SMEs. For this reason, the BVRLA believes that an alternative solution is required to guarantee ATFs are both effective, and that disruption for commercial vehicle operators can be reduced to a minimum.

The solution which the BVRLA proposes is the introduction of the testing model which is already available for private cars and light commercial vehicles, namely where test centres (with appropriate facilities) are free to use their own staff to carry out required vehicle inspections and issue IVAs, with standards monitored and enforced by an independent body such as DVSA.

Adopting this proposed approach will not only enhance the choice of testing locations available, but will help to foster healthy growth of ATF sites across the UK. The success of this approach will be supported by the fact that ATF owners will be in direct control of the time and day the tester is available to meet the testing needs. Cost savings under this approach would benefit commercial vehicle owners, operators and the UK economy as a whole. Further benefits of this approach would include the following:

- Ease the current pressure on the backlog of vehicles requiring inspection and IVA
- Allow for greater flexibility in the days and times available for vehicle testing to be carried out (for example, evenings and weekends, where possible/available)
- Ensure that the location at which a Heavy Goods Vehicle ("HGV") can be tested is closer to the point of maintenance and inspection
- Improved efficiency of HGV use through reduced vehicle downtime
- Improved efficiency through less restrictive employment requirements for testing officials
- Reduce travel and inspection costs for the DVSA, as well as providing a speedier and easier-to-manage process for the commercial vehicle operator. The total cost savings to DVSA from this approach could be considerable, as well as providing an additional source of income to private testing operators.

The existing testing model for car and vans already has governance and is fully overseen and audited by DVSA. This approach has stood the test of time in terms of both standards and road safety



outcomes, as commercial vehicles registered in the UK are already maintained to a high standard, and annual test failure rates (both before and after minor rectification) are at a record low level. In addition, the BVRLA believes that implementation of the above proposal, which would give industry unequivocal responsibility for high standards of maintenance, would lead to safety standards being strengthened not diminished. The risks and penalties would be much higher in commercial vehicles than for cars and vans – for an in-house workshop, the risk of directly losing good repute; and for a third party workshop, the risk both to reputation and of putting at risk a customer’s good repute.

We therefore urge the Department for Transport to consider transferring testing of commercial vehicles to accredited testers.

**11. Would an expansion in the number of LGV testers to include private sector testers be welcomed? Does industry have the appetite and capability to provide such an expansion? (para 2.27)**

The BVRLA would support this proposal for the reasons outlined in the previous question.

**12. Is there an appetite amongst LGV/PSV operators to be involved in an 'earned recognition' enforcement scheme? What more do you think DVSA could do to process vehicles more quickly during roadside checks? (para 2.30)**

The BVRLA supports the proposed 'earned recognition' scheme, and has participated in discussions alongside both the Department for Transport and DVSA to consider how this could be introduced. The current DVSA process, where around 10,000 roadside checks are carried out randomly per month, is expensive for both commercial vehicle operators and for DVSA themselves, disruptive for business, and an ineffective method of checking for compliance with vehicle operation and other legislation requirements. According to DVSA, a single roadside check can cost up to £4,000, due to the time-sensitive nature of its operation.

As the only motoring trade association with a mandatory Code of Conduct<sup>1</sup> – which includes standards on vehicle maintenance, safety, and vehicle loading – as well as required compliance in a newly constituted vehicle audit programme, members of the BVRLA operate some of the safest and most well-maintained vehicles on UK roads, with transparency at the heart of all interactions with their customers and testing officials. For these reasons, recognition of higher safety and maintenance standards would be extremely welcome. By utilising industry technology such as telematics to regulate vehicles and their drivers remotely and subsequently file them onto a compliance scale, this approach can both benefit safe and compliant operators through fewer roadside checks (thus reduced negative

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<sup>1</sup> BVRLA Code of Conduct can be accessed at:  
[http://www.bvrla.co.uk/sites/default/files/documents/code\\_of\\_conduct.pdf](http://www.bvrla.co.uk/sites/default/files/documents/code_of_conduct.pdf)

business impact), plus allow DVSA to focus on the serial non-compliant operators, with what it labelled as a Continual Focused Targeting Regime.

The BVRLA endorses the proposed scheme, and looks forward to further information being published in due course.

**15. What more could be done to expand and increase the use of digital services offered by the motoring agencies, and what should be done for those who cannot or choose not to use a digital service? (para 3.5)**

The BVRLA believes that the Government must question the core role of its executive motoring agencies and to remove all unnecessary duplication of activities by conducting a detailed root and branch review. This would help create a one-stop-shop for motorists for all their motoring needs and improve compliance.

Our view is that the DVLA is effectively a holder of vehicle keeper and drivers details and they should therefore have sole responsibility for managing and keeping those records and databases up to date.

The Driver and Vehicle Standards Agency (DVSA) should, as the enforcement body for road safety focus solely on all enforcement issues relating to vehicles and drivers. This would, for example, mean areas such as fines for VED evasion, continuous insurance enforcement and continuous vehicle registration are all enforced by DVSA.

The DVLA would take responsibility for all data relating to vehicle registration and driving licences. Efficiencies for Government would be delivered through a streamlined enforcement approach, removal of duplication and shared functionality and intelligence.

From a motorist and business perspective this back office functionality should be fronted by one portal, a “one-stop-shop”, which allows a business to transact with Government on all aspects of a vehicle from it being registered, taxed, taking an MOT/Annual Test, or being disposed of.

By making these longer term improvements to the service we believe that the Government will help support innovation and growth within UK businesses and particularly for the full-service vehicle leasing and short-term rental sectors by reducing the administration burden currently faced by the sector.

The above approach will also help Government with their own objectives of cutting red tape, offering a high quality service, enhancing compliance and putting the customer at the heart of their service delivery. Digitalisation of services leads to greater efficiencies, and reflects modern business practices, leading to improved productivity and improved compliance.

Below is a sample diagram showing how the responsibilities for DVSA and DVLA could be split:



DVLA	DVSA
Vehicle data	Continuous licensing enforcement
Driving licence data	Graduated fixed penalties
Fleet services	Continuous insurance enforcement
Whole vehicle type approval	All other motoring offences
MOT test data	Operator licence
	HGV Road User Charge
	MOT testing standards
	Vehicle safety recalls

The BVRLA believes that this approach would help Government provide a service for motorists which recognises their needs and benefits. For the Government it will reduce the need for duplicate systems, reduce enforcement and IT budgets and improve road safety through greater compliance.

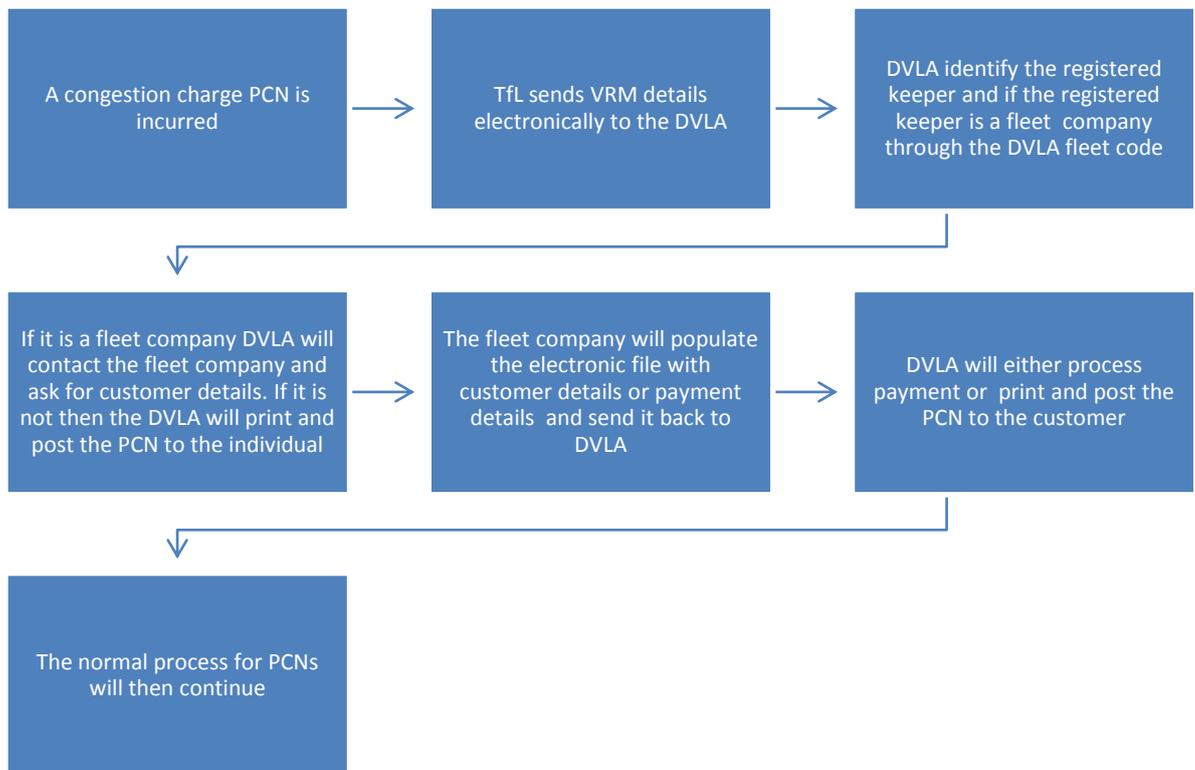
### Specific uses of digital technology

#### a) Parking

The BVRLA continues to endorse recommendation 4 from Mary Reilly’s review of the DVLA, that: “Significant experience will be gained through delivery of IT transformation and further development of digital services. Early work suggests that DVLA will be best served by an operating model which utilises in-house capability aligned to best practice and industry standards. The DVLA should use this experience to leverage its brand and become a digital leader in both the public and private sectors. DVLA should aim to be recognised as a symbol for digital excellence. This could attract growth opportunities for the business and benefit the local economy.”

If the DVLA’s IT transformation is successful, the BVRLA believes that this could position the DVLA to play a key role in supporting the electronic issuance of parking and speeding fines for any offence which requires contacting the registered keeper. We believe this would deliver significant cost savings for organisations such as TfL and other local authorities as the administration would be handled by the DVLA, and if this was on an electronic basis for fleets this would also give a local authority more efficient access to the true offender.

A simple diagram is provided below to demonstrate how this would work in practice:



The above process could facilitate multiple PCNs being sent to a single fleet owner or operator, from all enforcement regimes operated by a local authority.

#### b) Processing VED refunds

The DVLA has incorporated interim solutions to attempt to address issues where vehicles have been incorrectly registered. However, a robust and long-term solution is required to reduce the administration and expense for both DVLA and vehicle operators in resolving such cases.

VED refunds are currently made on the basis of one cheque per vehicle, which can be extremely time consuming and costly for BVRLA members to process, particularly for rental companies which can dispose of hundreds of vehicles every month. In order to overcome this, the BVRLA proposes that VED refunds are credited via e-payments to BVRLA members' pre-funded accounts, in order for the refunded monies to be used to pay for future VED payments. The View Vehicle Record system could be used to show when an amount has been credited back and to which vehicle it refers. The BVRLA estimates the cost savings for this to be £1.2 million.

Secondly, there remain a high volume of refunds for vehicles which have only just been taxed. This is due to a historic requirement when the requirement to display a tax disc was still in place, which resulted in vehicles needing to be taxed no less than six weeks in advance. The BVRLA strongly recommends that the DVLA works closely with relicensing providers such as Epyx to change the online



systems to reduce the time required for taxing vehicles. This would reduce the volume of VED refunds for both members and DVLA.

The BVRLA has discussed these proposed solutions with our members who are supportive of this approach.

**22. We would be interested to hear from respondents what operating models for the agencies would best promote ever increasing efficiency, improve user service, maintain standards and deliver accountability to Parliament. (para 5.2)**

In order to achieve increased efficiency savings, as well as improved user service by drivers and operators, the BVRLA proposes that drivers and/or vehicle operators be given the option of paying two or more years' worth of vehicle excise duty (VED) in one payment, instead of the current system which only allows VED to be paid one year at a time.

VED in the first year is paid when the vehicle is registered (normally by the motor dealer) through a computerised system which registers and licences vehicles. At little or no cost to DVLA, and a minimum of administration, this same system could also take the payment for years 2 and 3 for leased vehicles. BVRLA members would benefit from the ability to purchase a multi-year road tax as they lease vehicles to their customers for periods of more than one year. Being able to pay road tax up-front for the full duration of the lease term (typically three years) would substantially reduce administrative costs, as they currently have to purchase the VED annually.

The benefits to BVRLA members would include a reduction in the number of transactions for BVRLA members by 4.6 million. 80% of lease members vehicle relicensing transactions are conducted online and 20% are at the post office. If the cost benefit analysis was extended to all fleet vehicles the volume of transactions would grow significantly. The BVRLA estimates that the total cost savings for members over two years in removing these transactions would total between £2 and £5 million per year. In addition, this would also contribute to greater peace of mind for business operators, having satisfied their tax obligations on vehicles registered to them for two or more years at a time.

Allowing advance multi-year VED payments would also improve tax contributions to the Treasury, for two reasons: firstly, more tax would be paid in advance, and secondly, this would also bring annual administrative savings for the DVLA, as it will no longer have to process renewals annually. To illustrate this, we offer the following example:

The average fleet car CO<sub>2</sub> emissions are 123g/km in 2012. The vehicle tax rate for vehicles in band D in years 2 and 3 is £100. Tax contributions to HM Treasury will therefore be boosted by £300 million in year 1 of the lease agreement. For vans the improvement in cash flow would be approximately £63 million, and for HGVs the improvement in cash flow would be approximately £22 million.

**25. Are there any other areas of regulation administered or enforced by the motoring agencies, which you consider should be reviewed and potentially be safely reduced during the next four years? (para 6.13)**

The BVRLA would recommend a wider use of MOT data to help improve road safety. This data is already available through DVSA, however it can be difficult to analyse this data in depth. In recent years, DVSA has conducted a review of its MOT database, and changed its IT provider. This could have been an opportunity for MOT test data to be made more accessible to those drivers and operators of the vehicles in question, but this recommendation was not acted upon.

This approach would have been particularly useful for fleet operators as this would have enabled them to track data on common failure items, helped manage maintenance budgets more effectively and offer advice to drivers on failure items which could relate to poor or unsafe driver technique. Currently, all cars and vans (up to 3.0 tonne gross vehicle weight) are classed in one category, it is therefore difficult to conduct detailed analysis on why vehicles are failing and what can be done to improve the failure rate. We would recommend a review of the classes to provide greater specificity in data analysis to address the reasons why these vehicles are failing.

Finally, DVLA do not currently provide annual test data in the View Vehicle record system for HGVs fleets. This is a fundamental failing, which the BVRLA recommends should be addressed as early as possible.

### **Closing comments**

The BVRLA welcomes the opportunity to provide its experience, and that of its members, and hope that this submission is beneficial to the Department for Transport in considering improvements and efficiency savings for the various motoring agencies. We would be happy to provide any additional information, or present our views to relevant officials, if desired.