



Transport Committee

Oral evidence: Government motoring agencies – the user perspective, HC 1109

Tuesday 13 May 2014

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Members present: Mrs Louise Ellman (Chair); Sarah Champion, Jim Fitzpatrick; Karen Lumley; Karl McCartney; Mr Adrian Sanders, Chloe Smith; Graham, Stringer, Martin Vickers

Questions 110-193

Witnesses: **Alastair Peoples**, Chief Executive, Driver and Vehicle Standards Agency (DVSA), **Oliver Morley**, Chief Executive, Driver Vehicle Licensing Agency (DVLA), and **Paul Markwick**, Chief Executive, Vehicle Certification Agency (VCA), gave evidence.

Q110 Chair: Good afternoon and welcome to the Transport Select Committee. Would you give the Committee your names and the organisations you represent?

Alastair Peoples: My name is Alastair Peoples. I am the Chief Executive of the Driver Vehicle Standards Agency.

Oliver Morley: I am Oliver Morley. I am chief executive of the DVLA.

Paul Markwick: I am Paul Markwick, the chief executive of the Vehicle Certification Agency.

Q111 Chair: Thank you very much. Mr Morley, could you tell us what work the DVLA has undertaken this year towards achieving your savings target?

Oliver Morley: Absolutely. For the year gone by we have made considerable reductions, both in the wider local office network and also in some initial savings on the non-staff cost areas. There are some initial savings on IT, estates and so on, but I would say the main saving has been in the local office network reduction, which is around £26 million.

Q112 Chair: How much of this has come in moving from the switch to digital services? The office is part of that, is it not?

Oliver Morley: Yes. For the most part that has switched to services performed centrally within Swansea rather than digital. In the case of the local office network changes, a personalised registration service was not available at the time, but we have moved to 51.5% of our total services being online.

Q113 Chair: Is that following the programme you have? Are you on target with what you are doing?

Oliver Morley: We are on target in terms of digital delivery, except I would say that in terms of our targets we are missing them on the driver side. We are not quite where we would want to be in terms of people using our driving licensing services. That is partly because identity is obviously harder to assure online, whereas on the vehicle side it is quite easy to ensure that a vehicle is taxed online, it is much harder to ensure that you have the right person when it comes to identity. That means, for example, on provisional licences that quite often people drop out at that stage.

Q114 Chair: How often does that happen?

Oliver Morley: I couldn't give you the exact figures. It is not a technical issue. For example, we provide an automatic fulfilment with a passport photo if they have one that is up to date. If you are an 18-year-old you may not be that interested in using your passport photo from five years ago.

Q115 Chair: Mr Peoples, could you tell us what has happened since the merger of DSA and VOSA took place in terms of operations and the work that takes place? What has changed?

Alastair Peoples: At one level very little has changed in terms of front-line delivery. We have been at great pains to ensure that our customers do not see the merger issues which are clearly organisational and happening behind the scenes. We have been at great pains to ensure that we keep our front-line delivery as best as we can be. That has been a great sense of pride for me and the organisation.

Behind the scenes quite a lot has happened. We clearly have a new name. We launched the organisation on 2 April. We are looking at a single headquarters now. We have decided where that headquarters would be and informed the staff, and we are migrating folk along the way. We are looking to recruit a permanent board. At the same time we have largely met all of our targets for the last year, with some small exceptions. We have created one business plan for this year going forward. It is just under the name of DVSA.

Q116 Chair: What savings have you made?

Alastair Peoples: In terms of the savings to date, it would be fair to say that whatever savings we have made have been largely in the pipeline anyway. We have come out on the VOSA side a year ahead of our deficit reduction. We wanted to clear that £47 million deficit in five years; we have done that ahead of time. You may recall that when I was last here we were pushing the ATF strategy. We have now reached that magic figure of 80%

of all work outside VOSA. We now have some in the highlands and islands and, indeed, some of the Scottish islands as well. So we have done that.

On the DSA side, we have moved to look at a new regime in terms of ADI check testing and looking at the grading of that. There has been a lot of structural work behind the scenes in making sure we operate as one, and a lot of work to try and get one business plan that is improving services this year.

Q117 Chair: You are all operating digital by default systems. How sure can you be that people who find difficulty using those systems are not being left out and disadvantaged? Mr Markwick, can you give us your view on that?

Paul Markwick: The vast majority of the work that the VCA does is business to business. Again, the majority of that is testing and witnessing physical property. That is very difficult to do and does not fit within the digital by default environment. Most of our communication is now completely digitally, so it is a slightly different scenario from my colleagues here. We are not dealing with individual citizens as such. It is generally business to business.

Q118 Chair: As far as you are concerned in your work, there is not an issue here because it is business to business.

Paul Markwick: Absolutely. My engineers have to go and physically inspect the property being tested or inspect property in a technical environment, where you can witness drawings and so on at our clients' facilities.

Q119 Chair: That is not the same for everyone, is it? Mr Morley, what about you?

Oliver Morley: No. Quite clearly we have a considerable physical presence. I would say that, rather than digital by default, we are effectively multi-channel. We have over 100 million transactions a year. We have 55 million via online. Certainly, we do a considerable amount of transactions through the Post Office, and we would expect to continue to do so. For example, we receive now around 3.5 million cheques and postal orders a year—a considerable number of postal orders—which we still fully expect to continue seeing in the future.

Alastair Peoples: We clearly have a multi-channelled approach as well, Chair. Clearly in terms of a vehicle test or a driving test, people have to arrive in person. In terms of the application, we have digital, by post or we have a contact centre as well, recognising that people need a choice.

Q120 Sarah Champion: Mr Peoples, I want to take you back to the merger. Round about Christmas time I started to get an awful lot of casework coming from my constituents about how slow your organisation was to respond to them. Can you give any assurances that that backlog is going to be cleared or that you have dealt with whatever it was that was slowing it down?

Alastair Peoples: Was this in any particular area?

Q121 Sarah Champion: It was people with medical conditions trying to get changes to their licences.

Alastair Peoples: If it is on the driving licence side, it would not be the DVSA. We deal with the test or the theory test. We have been very keen to improve our customer service. Indeed, we were reappointed with the customer service excellence award. That was a commitment to saying that we do really need to put our customers first.

We have also had a look at what the complaints were about and how many of those were moving to the second level. We have moved swiftly to address some of those and pull those back. Indeed, looking at the most recent figures, our complaints are falling, which is good for the first year of a merger when things could have been potentially much worse.

Q122 Sarah Champion: Are you now reaching your targets on dealing with those complaints?

Alastair Peoples: In terms of our targets now, yes, but it is clearly very early in the year. We are working hard to look at what is causing the complaints rather than just dealing with them, but we do set out our stall by trying to deal with these within target.

Q123 Karl McCartney: Mr Morley, you obviously gave us some good news about your reduction in costs. Is that coming at a price that we are perhaps paying because you may be making more money by selling our data? Has that gone up or down in the past few years? How do you see the trend for that?

Oliver Morley: As a result of an FOI in the press, we are actually making a loss on every single one of those charges. We charge around £2.50 for the physical request on data. Certainly, it is not our intent either to lose or make money. It certainly seems that a charge at cost is appropriate. It is not something that DVLA is looking to do in the future.

Our focus is on delivering information to landowners, via parking companies if necessary, on those people who are parking based on reasonable cause, as defined by both the Information Commissioner and more generally. That is effectively what we are doing.

Q124 Karl McCartney: I want to drill down more on that one. In a fully commercial organisation, if you were doing something that was not making you any money and you were losing money, you would stop doing it. Are you going to stop or improve?

Oliver Morley: Or we would adjust the prices. The most important thing is that we both make sure that that is as digital as possible so that it is as low cost as possible. We want to make sure that the pricing is appropriate and that the fees we charge for that are appropriate, and then ensure that we are auditing properly, which I am sure you will come on to.

Q125 Karl McCartney: You can understand why I am asking the questions on behalf of my constituents.

Oliver Morley: Absolutely.

Q126 Karl McCartney: It is a topic that is raised quite often.

Oliver Morley: It is probably one of the biggest areas of complaints in terms of people not entirely understanding why we are providing the data after the right period and ensuring

that the right controls are in place so that that data are used properly. Parking is itself a significant industry, and it is important that landowners do have control over who parks on their land.

Q127 Karl McCartney: Mr Peoples, this question is regarding vehicles and whether they are Cat C, Cat D or being brought back on the road. Historically, there has been a long waiting list for people to get appointments, no matter at which office they try and make an appointment. You have a central booking system which is a nightmare to deal with, as I know from personal experience and you know from the questions I have asked you previously. Has that improved, worsened or stayed the same?

Alastair Peoples: As I said earlier on, we are clearly looking at the complaints and trying to make things a lot better. It is early days in terms of the joined-up organisation and looking at what is the best of both organisations and trying to move both along. We are looking at the hot spots, not just in terms of booking but examiners to conduct the test whenever the booking is made. Clearly, the process of recruiting is slightly protracted at times in terms of the process, but we are working very hard to try and look at the hot spots and address those issues.

Q128 Karl McCartney: I see the problem getting worse over time because of the way cars are made and the fact that people can perhaps repair them cheaper than insurance companies would like. Therefore, do you see the problem going away or getting better?

Alastair Peoples: We try our best to ensure that people understand how to prepare for the test, whether it is a driving test or a vehicle test. We try to deal with individuals in terms of what we put online. We deal with organisations that can represent folk who are preparing vehicles or drivers for test, and try and make them aware of exactly what the standard is.

Unfortunately, some people, particularly in vehicles, want to spend as little as possible. They quite often bring in a vehicle for test just to get a list and then only fix that, but we do what we can to try and ensure that people are well prepared.

Q129 Karl McCartney: I think you are missing my point, which is waiting six to eight weeks to get your vehicle booked in and checked regardless of how much work you want to do on it. I think that is an inordinate amount of time for anybody to wait to get their vehicle back on the road.

Alastair Peoples: Are you talking here about the IVA vehicle people?

Karl McCartney: Yes.

Alastair Peoples: We have been working very hard with the industry to understand what volumes of tests are coming along. We have been looking at providing more facilities. We have opened 20 private sector facilities to support that. We have doubled the resource in Swansea that deals with the applications, and we have trained more people to be able to do that. We are working very closely with the industry to understand what is coming down the pipeline to ensure that not only do we get the right people trained but also in the right area. I think the last time that we spoke it was around how far people would be prepared to travel. We have listened to that and we are trying to forecast exactly where we need folk. We do intend to get better. We have been recruiting additional vehicle examiners as well.

Q130 Chair: Were any disabled people involved when you set up your web systems—your digital systems?

Alastair Peoples: We would have had a wide consultation group in terms of that. Clearly, I do not have the detail on what was the former DSA side. Certainly on the VOSA side, we would have cast our net widely to try and understand all the interest groups, making sure that we addressed them. Because we are multi-channel, it meant that if we did not cover them, or were not able to cover them, on the digital side there was the opportunity to come in person, by telephone or to write in. We felt that we would cover all the bases in that way.

Q131 Chair: But were any disabled people involved in the design of it?

Alastair Peoples: I cannot say specifically. I am not aware of that, but I can check that out and write to you.

Q132 Chair: Mr Morley, can you tell us?

Oliver Morley: We conform with guidelines on assisted digital, particularly on our new system. Some of the older systems would not necessarily have conformed to those guidelines. We go through very extensive consultations. I would not be able to tell you how many, but I would be confident that we had.

Q133 Chair: Mr Markwick, I think you don't believe that your work is relevant.

Paul Markwick: Again, we are working business to business, so our business is set up to attend to the global international sector.

Q134 Chair: What about the standards of accessibility? Do you meet Web Content Accessibility Guideline standard 3, which is the maximum standard?

Oliver Morley: From our point of view, where it is a new service, we are conforming to the Government's guidelines on assisted digital. I could not speak specifically to that guideline, but I would expect that the guidelines on assisted digital included that.

Q135 Chair: Mr Peoples, can you tell me about that?

Alastair Peoples: We think the same. We have lots of legacy systems going back some time, but where there is a new system we would make sure that we conform. In regard to customer service excellence, where we are being challenged on what we do, we will always try and improve our service.

Paul Markwick: I cannot quote those standards, but we conform to the Government's requirements for web access.

Q136 Karen Lumley: Since the introduction of digital by default have complaints about your services gone up or down?

Alastair Peoples: Our complaints have actually started to fall. I am not aware whether, on the former DSA side, they went up or not. Certainly, because of the multi-channelled approach, if people were unable to access one way, we always had another opportunity for them to get in touch with us. The fact that it was either a driver or a vehicle that had to come in, we were able to check out whether or not people had difficulty in terms of accessing the systems. We are now starting to see a reduction in these complaints because we are looking at and analysing what is causing the complaints rather than just dealing with them when they arise.

Oliver Morley: I am just having a look at the statistics to see if I have got something back. I am sorry—I am creating a strange echo. In terms of our total volume of complaints, most of our complaints are not related to digital services. I am also fairly confident, but I do not have the figure to hand, that our complaints went down last year. In the round, I should say that our complaint volume is extremely low. If you compare us with large online services—for example, Amazon and LOVEFiLM—they are one of the few online services that beat us in terms of satisfaction. Our satisfaction quality is extremely high, particularly from the public sector.

Paul Markwick: Overall, we have very low numbers of complaints and none of them are about digital. There is the odd complaint about CO₂ figures, where we are publishing figures that we have not necessarily generated ourselves. People become dissatisfied with the fuel consumption figures for their own vehicles and we get involved with those questions.

Q137 Graham Stringer: Going back to Mr McCartney's question, you said you made a loss on providing data to car parking companies. How much do you lose per transaction and what is the annual figure?

Oliver Morley: I cannot recall exactly. I would have to come back to you on that.

Q138 Graham Stringer: You don't know how much you lost annually on that figure.

Oliver Morley: On the individual transaction we are charging £2.50. I think it wasn't a very significant amount per transaction, but I can't give you the exact amount.

Q139 Graham Stringer: How many transactions are there?

Oliver Morley: If you can give me a second, there are 2.2 million sets of keeper details, but that does not mean we are charging each of those at £2.50. I should say that is the total number; that does include the digital transactions, which are at a lower cost.

Q140 Graham Stringer: Is that transfer of information always to accredited trade associations?

Oliver Morley: It is, yes, or local authorities. No, sorry—the 2.2 million is to private parking companies.

Q141 Graham Stringer: Are they accredited?

Oliver Morley: They are accredited by the Parking Association.

Q142 Graham Stringer: Do the Department for Transport authorise that transfer of the information?

Oliver Morley: Yes; in terms of their relationship with DVLA, yes.

Q143 Graham Stringer: So beyond the people who accredit the trade association, which is another independent body, isn't it, do you have any knowledge of to whom you are passing that information?

Oliver Morley: Yes. Quite specifically, we expect them to adhere to the Parking Association's code of conduct. We also then conduct our own independent audit.

Q144 Graham Stringer: How much do you spend on that audit?

Oliver Morley: Again, I would have to come back to you with the exact figure.

Q145 Graham Stringer: Is it significant? This is a huge number of transactions.

Oliver Morley: Probably the best way to put it is that we suspended 22 private parking companies last year. I believe the last time we came to you we had suspended only four in that year.

Q146 Graham Stringer: If that.

Oliver Morley: A further 38 local authorities were also suspended as a result of data.

Q147 Graham Stringer: The last time you came we were concerned that you were passing information over to thugs and cowboys, essentially. Can you assure the Committee that you are not doing that now? I know it is now against the law to clamp vehicles, but can you assure the Committee that you are not passing over information to disreputable companies?

Oliver Morley: I can assure you that we would wish to be as robust as we possibly can with parking companies. Considering the scale of the industry, we cannot guarantee it, but certainly we would wish to be as confident as we can. That means a strong audit. That would mean that our audit is robust.

Q148 Graham Stringer: Are you satisfied that the data you transfer are secure and do not go further than to the people you give it to?

Oliver Morley: Yes. Our total number of data breaches last year was very, very small.

Q149 Graham Stringer: What percentage of fines on foreign drivers is collected?

Oliver Morley: That would be a matter for the police. In terms of fines on foreign drivers, could you be a bit more specific on what you mean—as in parking fines?

Q150 Graham Stringer: You do fine foreign drivers, do you?

Oliver Morley: Only in the case of vehicle tax enforcement.

Graham Stringer: My notes must be wrong; I will leave it at that.

Q151 Chair: Mr Morley, I want to clarify your answers to Mr Stringer about the Department for Transport. Do they specifically authorise what you are doing in this area?

Oliver Morley: In terms of reasonable cause, as I say, we have the guidance from the Information Commissioner, and the Government's overall policy would be that parking companies are given the information where there is reasonable cause—i.e. where a landowner has parking that is not in contractual agreement with them on their land.

Q152 Chair: So the Department authorise it.

Oliver Morley: Yes. Again, I am not entirely sure what you are looking for in terms of authorisation here. Do we have a specific piece of evidence from DFT to show that DVLA is authorised to pass that information on? I would have to come back to you on the grounds for this.

Chair: I would like you to do that. It is an important point.

Q153 Graham Stringer: I should have asked my question about the percentage of foreign drivers to Mr Peoples. My notes were wrong and I carried on. Can you tell us what percentage of the fines that are levied you collect from foreign trucks?

Alastair Peoples: One of the ones that we have most recently been supporting the Department on is the HGV levy. I can give you that one as an example. In the first three weeks we checked some 5,300 vehicles. There was about 95% compliance on the levy. We issued 249 fixed penalties in the first three weeks and took about £75,500 in terms of fines. Those were fixed penalties.

Q154 Graham Stringer: Was that on foreign trucks?

Alastair Peoples: Those were on foreign vehicles, yes.

Q155 Graham Stringer: What is the percentage of the fines levied on the fines collected?

Alastair Peoples: I do not have the exact breakdown of all of them. The main non-compliant vehicles were southern Irish vehicles at 17% and Dutch vehicles at 10.4% non-compliance. So, of those prohibitions, the percentage would be of that in those two particular countries.

Q156 Graham Stringer: Some of the written evidence we have had suggests that there is more income to be had from pursuing the fines more rigorously. What would be your comment on that criticism?

Alastair Peoples: On the levy, we are introducing automatic number plate data, which will make that much more robust. Clearly, in the early stages, this was more in terms of people

on the ground. As we introduce the ANPR scheme and widely roll that out and join it up with the existing DVSA network, we will be even better in terms of 24/7 on that.

In terms of the on-road enforcement that we do, we need to be consistent in relation to the proportionality of foreign vehicles to GB vehicles that we stop. It is fair to say that our targeting of foreign vehicles has got better, particularly at ports. We are looking at ensuring that we are very robust in that.

Where we see non-compliance on either foreign or GB vehicles we follow that up robustly. We either take a fine in lieu of attendance at court or we issue a fixed penalty. Where that is not paid, and it is appropriate, we will immobilise and impound the vehicle at the roadside and ensure that the penalty is paid before we mobilise it. We are robust in terms of what we do but we need to be proportionate in terms of who we stop.

Q157 Graham Stringer: What is the total outstanding on fines and penalties?

Alastair Peoples: In terms of fixed penalties, we would be taking that money at the roadside, so there will be very little. We do take a deposit in lieu of a fine. I would not say it is 100% but it is very high. I do not have the exact figures but I can follow that up with you. We are quite robust and quite experienced in terms of knowing our customer base, as it were, so we are quite robust in ensuring that we do pick the appropriate penalty and lift that amount of money where we can at the roadside.

Q158 Karl McCartney: I want to come back to you, Mr Morley. I know you had your hand up and wanted to say something. You go first and then I will ask my question.

Oliver Morley: Yes; I wanted to respond. The Protection of Freedoms Act allows for the time scales and the structure under which parking operators can both notify the keeper of a charge and also obtain keeper information from DVLA.

Q159 Karl McCartney: I want to quantify some of the answers you gave to my colleague, Mr Stringer. There are 2.2 million of the £2.50-ish—something like that—requests that are parking companies.

Oliver Morley: Yes, in that range.

Q160 Karl McCartney: On top of that there are local authorities as well, which is presumably another figure.

Oliver Morley: Exactly; I don't have that to hand.

Q161 Karl McCartney: Could you let us have that?

Oliver Morley: I can easily provide that.

Q162 Karl McCartney: There were 38 local authorities suspended because of data breaches.

Oliver Morley: Indeed.

Q163 Karl McCartney: That was compared with how many in total of the local authorities and parking companies? You suspended 22 parking companies.

Oliver Morley: There were 22 private parking companies and 38 local authorities.

Q164 Karl McCartney: That was 22 out of how many parking companies and 38 out of how many local authorities? That is what I am after.

Oliver Morley: I can give you that.

Q165 Karl McCartney: Those figures seem to infer that local authorities are not very good at looking after people's data.

Oliver Morley: I can't comment.

Q166 Karl McCartney: Is there anybody else that you sell the information to, such as insurance companies; and are you making a loss on what you sell to them?

Oliver Morley: We do also provide the information to insurance companies and also to some credit checking companies—Experian, for example.

Q167 Karl McCartney: Is that en bloc rather than individuals?

Oliver Morley: It can be. If it is en bloc it has to be fully audited, so we have to be confident that they are using it for the purpose to which it was assigned. For example, it might be being assigned to a vehicle leasing company. The information might be if someone is in default on a lease, for example.

Q168 Karl McCartney: Presumably you are not losing money on that.

Oliver Morley: I would presume not, but I would have to come back to you on that. I am quite happy to provide the Committee with the full detail on the data side of things.

Chair: I will suspend the meeting for about 10 minutes.

Sitting suspended for a Division in the House.

On resuming—

Q169 Chair: Mr Markwick, we have had some representations from Transport for London, who say that you are not active enough in certifying new technology. What do you have to say about that?

Paul Markwick: I think this is referring to the work we do for local authorities with the certification of enforcement cameras for parking and bus lanes. I am very lucky that I have two very top engineers who work on this. I am sorry, but I disagree with the TfL statement. I have an engineer who is highly regarded in digital engineering. I have an engineer who is from the television industry, so he fully understands what they are doing.

Part of their job is keeping up to date with technology, so I don't agree with the TfL observation.

Q170 Chair: There has been a comment that perhaps you are spending too much time looking for a private sector partner overseas and not concentrating on the work here. Is that a fair comment?

Paul Markwick: I do not see the relevance, Chair. What is the connection between the two there?

Q171 Chair: This is what has been suggested.

Paul Markwick: I am not looking for partners overseas at all. I don't understand the relevance. The work we do for the traffic cameras is only in the United Kingdom.

Q172 Chair: Are you looking for private sector partners more generally?

Paul Markwick: There is a separate process which is being run by the Department for Transport, which VCA is supporting, called the New Commercial Models Project. That is a totally separate project. It is a DFT-run project that we are supporting. It is part of Government policy to look at areas through the efficiency and reform agenda. It is a project that is looking for a joint venture partner for VCA in the future that will take it outside of the Department for Transport. The Department is definitely not necessarily looking for an overseas partner. It is looking for a commercial partner who will be a major shareholder in that project. The project is currently at the stage of the procurement process and is a very exciting project for everybody at VCA.

Chair: Thank you very much, gentlemen, for coming and answering our questions.

Examination of Witnesses

Witnesses: **Stephen Hammond MP**, Parliamentary Under-Secretary of State, and **Brian Etheridge**, Managing Director Motoring Services, Department for Transport, gave evidence.

Q173 Chair: Good afternoon, Minister. I am sorry for keeping you waiting. I understand that you want to make an opening statement.

Stephen Hammond: Thank you, Mrs Ellman. I would be grateful for that opportunity. You will have seen that the Department has already submitted extensive written evidence, but I think it would be helpful if I had the opportunity to make a short statement.

It is important because the Department for Transport and its motoring agencies are pursuing a programme of ambitious reform—a reform that will lead to better services and a reduction in costs. Where possible, this reduction in costs will be returned to service users in reduced fees and charges. As with any change of this nature there is a long way to go, but I hope that you will acknowledge that there has been some progress so far. Each agency has

published its business plan for the coming year and we have set out ways in which we are going to accelerate that transformation.

A number of changes for both the short and medium term are already in place. DVLA is embarking on a major programme of IT transformation to deliver new and better services online. It is committed to achieving £160 million of net savings on 2013-14 by the end of 2016-17. That represents a 30% efficiency saving over the next three years.

They are also leading the way in delivering Government digital services, changing from a paper-based to a modern digital organisation. Three of the Government's current 25 digital exemplars are being developed by the DVLA. You will have noted that the recent Riley review of the DVLA recommended that it accelerate the pace of digitalisation to bring a better customer experience. Further changes are on the way, such as new digital records, removal of the tax disc and the paper licence counterpart, and an opportunity to use direct debit to pay.

I believe the way that the DVLA is developing and delivering new digital services is impressive. These services are being delivered quickly, more cost-effectively, and can respond instantly to customer feedback and change. Applying the Government's digital standard, DVLA will provide a new generation of digital services that will match the best from the private sector. I would like to suggest, and I hope the Committee will take up my invitation to undertake, a visit to Swansea to see some of the developments that are being put in place.

On 2 April this year we launched the new Driver and Vehicle Standards Agency—the DVSA—which merged VOSA and the DSA. The combination of these two agencies together will improve the provision of services. The DVSA will focus on sharing ideas, expertise and functions more quickly and develop a single approach to common customers.

There has been a huge shift in the way that we deliver HGV testing, with now over 70% carried out at authorised testing facilities which are not owned or run by the Government. DVSA customers report that this saves them time and the costs of fuel and labour. This is a model that could potentially be used for other services. DVSA is already working with partners to model new approaches to bring the driving test closer to customers as well. DVSA is exploring sites where the services of the former DSA and VOSA can be combined. Those savings will be passed on to customers in the form of reduced fees.

Lastly, the Department has been exploring new commercial approaches to deliver better services. While we recognise that one size does not fit all, there are good reasons in the case of the VCA for moving it into a more commercial world and away from the Government. Therefore, the Department is looking at a joint venture with a private sector operator and a process is under way to identify the best partner through open competition.

The VCA provides a high-quality and trusted service internationally. I am convinced that we can move to this model without losing that. I want to maximise its opportunities for growth and its contribution to the UK automotive market.

I am very clear that the agencies must continue to grow and develop. They must embrace change and innovation. They must deliver customer needs and services and must deliver them in a convenient and effective manner. The motoring services strategy of late 2012 said that we would put customers at the heart of everything we do. I think we have made a good start in doing that. We have not shied away from some difficult decisions, but of course I recognise there is more to do.

Q174 Chair: Minister, you have spoken about making efficiency savings. How can we be assured that this does not just mean cuts in services?

Stephen Hammond: Some of the ways that we are delivering, for instance, the DVLA's digitalisation ensures that we still have the opportunity for people who need to have face-to-face contact through various methods to do so. You are already seeing a huge shift towards digitalisation. For instance, at the moment 96% of all new vehicle registrations are now being done online; 97% of driving theory tests and 94% of driving practical tests were booked online in the last year. It is making it easier for customers to access those services and making them more cost-efficient. As I talked about the ATFs in my opening statement, it is bringing services closer to the customer, making them more available and delivering cost savings.

Q175 Chair: What have you done to find out if any categories of customer are being left out in this—for example, people who live in rural areas where there might be access problems, and disabled people who may have difficulty using the systems? Have you done anything specific to see what is happening there?

Stephen Hammond: As I said, were there to be a problem for disabled people, there is an arrangement with the Post Office to provide value-for-money services, including taxing vehicles and renewing driving licences. If you do not have access to online, you can still do it in that manner.

If you look at the ATF spread, we have ensured that there is a very good geographic spread. In terms of the access to other services and the testing facilities, we have set a standard of having a test centre for everyone within 20 miles. We have hit a target of 93% on that so far. Is that right—93%?

Brian Etheridge: If you look at the nature of the services that are being provided, then none of them has been excluded by the changes that we are making. Although you mentioned a couple of times in the earlier session that it was digital by default, we are not saying we are going to all digital. All the agencies are keeping open various channels and looking to improve all the channels.

The ambition, of course, is to make the digital channel the preferable channel. The service will be so good that people will themselves choose to use it. In using it, as the Minister has already said, it is far cheaper for the agencies to do that and that is where the efficiency savings come from.

Q176 Chair: What mechanisms do you have in place to adjust the programmes if you find that people are being left out?

Stephen Hammond: I set out a moment ago that there are mechanisms. People would presumably most likely go to what they had seen as their previous source of access, particularly for the licensing of vehicles in terms of tax or whatever. That facility is still in place with the Post Office.

Q177 Chair: Has the Department specifically authorised driver data to be sold to third parties by the DVLA?

Stephen Hammond: I think you are probably referring to car parking data.

Chair: That is correct.

Stephen Hammond: There is a licensing and framework arrangement for data to be provided to car parking companies, but those car parking companies must be licensed either by their trade association or the local authority. The Government have therefore set up a framework such that this is properly monitored. Where there are breaches of that, the company is suspended from receiving that data, or local authorities are suspended from licensing those companies.

Q178 Chair: You have spoken about a framework. Does that mean that the Department authorises this activity?

Stephen Hammond: As a normal contractual arrangement the Department authorises car parking companies, regulated either by their trade association or their local authority, to receive data in the enforcement of car parking.

Q179 Chair: Are you satisfied that there is no improper use of that information?

Stephen Hammond: As I said a moment ago, Mrs Ellman, if there is improper use of that information and it is found, it is dealt with quickly and effectively. Hence in the last year there has been action taken against 20 companies, and 30 local authorities' ability to regulate has been suspended.

Q180 Chair: Do you consider that the DVSA pursues foreign drivers and hauliers for fines and penalties as diligently as they pursue domestic offenders?

Stephen Hammond: I believe that, quite rightly, the DVSA do do that. If you have had the opportunity to go with them in terms of their targeted enforcement vehicles, they absolutely do pick up. They have a huge database of knowledge through the automatic number plate recognition system. They are able to target hauliers effectively, both UK and foreign, who have a poor record of maintenance and driver operations, and therefore work very effectively to do so. They absolutely enforce against foreign drivers.

Q181 Chair: Are you satisfied with the requirements for the Certificate of Professional Competence? Do you think the requirements are rigorous enough? We have had some representation saying that they are not. Is that something you have ever looked at?

Stephen Hammond: We continually look at the Certificate of Professional Competence. As you know, it was introduced some few years ago. It requires 35 hours of training over five years. There are some issues about it, some of which we are considering at the moment. I am considering whether or not there should be a safety element within the element of training. We are also looking at some other representations from organisations we have had.

The concern for some people is that it might allow a repetition of the same training every year. If you speak to responsible hauliers, they understand the need to ensure their drivers are kept up to a level of professional competence. There is also a huge range of appropriate courses out there which are being offered, which people have to do.

We are continually reviewing—sorry, “continually” would be the wrong word. We are reviewing, have reviewed and are at the moment in the process of reviewing the CPC regulations. With particular regard to safety, as I said, we have had some representations and we are looking at that at the moment.

Q182 Graham Stringer: On that point I would like to read you a quote from Leon Daniels of Transport for London, which does not sit easily with what you have just said about the Certificate of Professional Competence. I apologise—it is a slightly long quote but it is important: “I went through a series of different sorts of syllabuses, including the safer urban driving module, where we make PCV and HGV drivers ride bicycles round London. That was hugely illuminating, mostly for the PCV and HGV drivers. I could have got my driver CPC by going to the same course in the same office on five consecutive days and sitting through the same syllabus on five consecutive days. At the end of that week I would have the same card as I have now. It is entirely inappropriate that there is a shortcut that allows people to get their driver CPC in that way.”

Stephen Hammond: First of all, I am aware of Mr Daniels’ point. I am also aware of what he and his organisation are lobbying for, which is a complete overhaul in terms of some of the rules, which is what I was alluding to a moment ago. You could, if you chose to do what he has just said, do that. That would be poor use of the driver’s time. It would be poor use of their employer’s time. If we were to go to the sort of regime he is talking about, we would have to accept that there would be a huge additional cost burden. It is not proven that it would do anything for safety. He and his organisation have yet to make that point.

However, as I said a moment ago in answer to Mrs Ellman, we are looking at some representations, principally about the construction of the CPC. There is also a broad European review, and the important thing is that we feed into that. The UK needs to make sure that we have drivers up to a level of professional competence while ensuring that the costs are proportionate.

Q183 Graham Stringer: As well as the safety aspect of what Mr Daniels says, he talks about doing the test for the Certificate of Professional Competence on five consecutive days. You implied that you had to do it on separate days over five years. I do not know very much about this but there seems to be a conflict between what you say and what he is saying.

Stephen Hammond: No; the two things are perfectly possible. What I am saying is that in a five-year period you have to have done 35 hours of training. He is saying that he undertook his seven hours of training for that particular year on five consecutive days.

Graham Stringer: That makes sense now; thank you.

Q184 Sarah Champion: I have two questions. I was with my local transport police and we were specifically talking about foreign vehicles. They were very concerned from a health and safety point of view. They spoke very highly of the DVSA team but said that they felt they were dramatically under-resourced for the scale of the potential problem. What are your thoughts on that?

Stephen Hammond: I cannot comment on that because I do not know exactly what they have said and how they are evidencing that. I am sure that in an ideal world everybody wants more money for every particular subject. I have had robust discussions with the chief executive of the DVSA to ensure that he has what he needs to make sure the UK roads remain the safest roads in Europe. You will have heard me say already that the targeted system they use enables us to be much more effective about stopping vehicles and

making sure we stop the vehicles that are most likely to be causing health and safety—or, indeed, vehicle maintenance—issues.

The enforcement of the new foreign vehicle duty means that we have particular ways of enforcing that through cameras. That again enables us to detect vehicles that are more likely to be coming into the United Kingdom and causing a problem.

Without substance to the comment, it would be very difficult to make a detailed remark, but I would reject the idea that we do not resource the DVSA. I would certainly reject the idea that we do not have safety as paramount in what that organisation and this Government are trying to do.

Q185 Sarah Champion: My second question goes back to the DVLA and the selling of data to third parties. I am not overly comfortable with that, but I was particular surprised to realise that we are losing money on each of these transactions. What are your thoughts on that?

Stephen Hammond: Losing money on?

Q186 Sarah Champion: We were told by the chief executive that the price they are selling the data for is not covering their costs.

Stephen Hammond: I assume that that is part of the framework that they have set up with the various companies. Overall, each agency has to set its fees at a level which will cover its costs. I assume they have decided that there is some cross-trade in that. Mr Etheridge, is there anything else that you want to add?

Brian Etheridge: The Minister is absolutely right that they have to do that. I do not think they are losing a great deal of money on this. It would be wrong if the impression is given that that is the case. There is a constant fluctuation when you set a fee. You have a number of fixed overheads, but your fee throughput is variable. We constantly ask the agencies to review their fees. That will happen again this year as it has happened in previous years. We work with the Treasury to make sure that we have a balance. We would not want it to be the case, going forward, that the agency does not fully recover its fees. It is quite difficult on a day-by-day or year-by-year basis to get that absolutely right. You have to keep readjusting to get that right, and I suspect that is the situation that was being described to you by the chief executive of the DVLA.

Q187 Chair: How will the VCA benefit by becoming a joint venture with a private partner? What are you trying to attain by doing that?

Stephen Hammond: Let me give you a very clear example which I hope will explain the point. The Vehicle Certification Agency has an international reputation for what it does in terms of certifying vehicles. The chief executive came to me almost 18 months ago and asked whether he might be allowed extra budget to exploit the possibility of setting up an office in Brazil, the cost of which—memory probably distorts—was about £600,000 to set the office up. Naturally, there was some concern and question as to why.

The reason is because the Brazilians recognise the international reputation of the VCA and it will allow them to certify vehicles coming into Brazil rather than the Brazilian Certification Agency. By simply setting up an office there, it will enable UK plc to export into Brazil and

to get certification significantly quicker. My point, therefore, is that this has been a huge boost to car exports into Brazil because it has that international reputation.

By the model we are suggesting and allowing it to partnership with the private sector, it will allow it to exploit further opportunities internationally to use its reputation as a certification agency. It will allow those opportunities to be brought forward more quickly without necessarily having to reference, through Government funding, some of the opportunities that are there, and yet at the same time remaining and having the benefit of Government backing as a type approval agency.

Q188 Chair: How is the project being run? How are you identifying an appropriate partner?

Stephen Hammond: This has now been an ongoing project for about a year. We first of all investigated the proposition about whether or not there was a benefit to moving it from the model it is currently into other models. We then tested which models would be most appropriate. We have finalised the model that we are now proposing is most appropriate. We are effectively now tendering for a private sector partner. That will be done in the usual rigorous way.

Q189 Chair: When do you expect that process to be completed?

Stephen Hammond: I am expecting that to be complete by July.

Brian Etheridge: At the moment this is a standard Government procurement process. That is the only avenue open to us to get a fair and open competition. At the moment we are at the stage of a pre-qualification questionnaire. We are looking at the prospective bidders. We will examine those; a certain number will be taken to the next stage. We will then negotiate with them. We hope to be clear about that and have a new partner up and running before the election in 2015.

Q190 Chair: How are you going to make sure that it is a good deal for the British taxpayer?

Brian Etheridge: As with any procurement, we will have a set of criteria against which we will measure the bidders. In setting up this arrangement we are very clear about a number of things. One is that we are expecting the partner to bring a great deal of benefit to the organisation. It will be a requirement that we do not change the services that we currently offer to our current customers in any way. We expect the same sort of level of service and expertise to go forward. This is bringing more to the organisation to enable it to grow in a way which it cannot do under the constraints of being a Government agency.

If you think about it, the logic is absolutely clear. In order to grow, it needs to continue to demonstrate the value that it already has to customers. It would not be in our interests, not in the organisation's and not in the joint venture partner's, to begin to offer anything other than an improved service going forward.

Stephen Hammond: Mrs Ellman, I apologise, because in my answer to the last question I said July. I meant that we would be through the pre-qualification process by July. Therefore, as Mr Etheridge said, we would be expecting to announce the partner prior to the election next year.

Q191 Chair: You have merged two of the motoring agencies. Why did you not merge DVLA with DSA and VOSA? Did you consider merging those three?

Stephen Hammond: The short answer is that we looked at a more joined-up working arrangement across the agencies. We continue looking to make the processes better and simpler. Effectively, we have put together an operational agency and a registration and licensing agency. I think the functions make sense at this stage. There is a lot of work to continue to do in order to achieve those efficiency savings out of the first merger. We will keep it under review, but as yet I am not convinced, because there were obvious areas of skill overlap and obvious areas of operation, whether they would fit more comfortably together, putting VOSA and DSA together. I am not yet convinced that we need to make the next step with the DVLA. As a Department, we will have gone from five agencies down to two by the time of the next general election.

Q192 Chair: Do you think that vehicle excise duty has a long-term future as a form of motoring taxation?

Stephen Hammond: Mrs Ellman, I think in the time-honoured fashion this is a matter for the Treasury. Were I to stroll into it, first of all the Treasury would be unhappy, and, secondly, my time scale in this job, whatever it will be, would be shortened.

Q193 Chair: Have you thought of any other ways of collecting it, should it continue?

Stephen Hammond: You will have seen, Mrs Ellman, the Green Paper that I was responsible for as the Minister which we published last year. That basically set out how the Highways Agency was going to move from an agency to a company. It also set out some ideas about funding. The final chapter of that discussed some methods of looking at potential ways of ensuring that we get private sector investment in the roads and highways sector in the future. The last chapter was very much a piece of blue-sky thinking. Some of those ideas reflected possible remedies were VED to be no longer appropriate. It is probably fair to say that we have deliberately set this as something for the future, not something for now.

Chair: If there are no further questions from members, thank you very much.