Driver & Vehicle
Licensing
Agency

Driver & Vehicle Licensing Agency
Annual Report & Accounts
2024·25

HC 1226

Driver & Vehicle Licensing Agency

Annual Report & Accounts 2024-25

For the period 1 April 2024 to 31 March 2025

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David Jones

Non-Executive Chair's introduction

I am pleased to present the Driver and Vehicle Licensing Agency's annual report and accounts for the financial year 1 April 2024 to 31 March 2025.

During the year, DVLA has continued to enhance its digital services, improve customer experience, and strengthen operational resilience.

Towards the end of 2024, I was pleased to see the publication of an independent Public Bodies Review into DVLA. This report was wide-ranging, covering the agency's governance, accountability, efficiency and our capacity to deliver high quality services to customers whilst ensuring value for money for the taxpayer. The review made a number of helpful recommendations to further strengthen DVLA's capabilities, including a range of strategic work which we are taking forward.

One of the notable achievements this year is the further development of the Driver and vehicles account service. This platform has expanded to include new functionalities, such as the share my driving licence feature, allowing customers to generate share codes within their account. These enhancements reflect our commitment to providing secure, reliable, and user-friendly digital services.

The agency has also successfully implemented the system changes required for electric and low emission vehicles, ensuring readiness for the Vehicle Excise Duty adjustments effective from 1 April 2025.

I would like to acknowledge the exceptional efforts of our colleagues, whose dedication and professionalism have been instrumental in achieving these milestones. Their commitment ensures that DVLA continues to deliver high-quality services to millions of customers across the UK.

I was delighted to welcome Tim Moss as our new Chief Executive in March 2025. His leadership, vast experience and skill will navigate several exciting projects for DVLA, and I have thoroughly enjoyed working with him these last few months.

These are exciting times for DVLA, and I am especially excited to see the launch later this year of the GOV.UK Wallet, which will enable users to securely store and share government-issued documents using their mobile phone. DVLA will play a central role in this project by developing a digital driving licence through our Driver and vehicles account. As we look to the future, we are also exploring how artificial intelligence can enhance our services, helping us to both understand and meet the needs of our customers.

In summary, the board remains focused on driving digital innovation, enhancing service delivery, and ensuring that DVLA remains a resilient and customer-centric organisation. I am confident that the agency is well-positioned to meet future challenges and continue its trajectory of excellence.

David Jones
Non-Executive Chair
16 July 2025

Tim Moss, CBE

Chief Executive's message

I was honoured to join DVLA as Chief Executive in March, and in my short time here, I've already seen the pride, professionalism, and commitment that define this organisation.

It's clear from looking through these accounts that this year has been one of continued growth, continued modernisation and a continued and unwavering commitment to delivering for our customers. At the heart of everything we do is a simple but powerful principle: putting the customer first. Whether it's through our digital services, contact centres, or correspondence teams, we strive to provide a seamless, accessible, and efficient experience for every individual and business we serve. We recognise that we do not always achieve that and are committed to learning from our mistakes and having a culture of continuous improvement.

As we look to the future, I'm excited about the opportunities ahead. In the coming months, we will launch a new strategy that will set out a bold and clear direction for DVLA. Our strategy will reflect our continued ambition to be a modern, efficient customer-focused organisation that delivers real value to our customers and stakeholders. It will also recognise the importance of the data we hold – data that supports road safety, law enforcement, and public services – and our responsibility to manage it with the highest standards of security and integrity.

Our people are at the heart of this journey. I am committed to ensuring DVLA becomes an even better place to work, where colleagues feel more supported, empowered, and proud of the difference they make.

I look forward to working with our teams, partners, and stakeholders in the year ahead as we shape the next chapter of DVLA's story.

Tim Moss, CBE
Accounting Officer and Chief Executive, DVLA
16 July 2025

Who we are and what we do

We are an award-winning executive agency of the Department for Transport (DfT) with sites in Swansea and Birmingham. At the end of the reporting year, we employed 5,481 full time equivalent staff.

We are responsible for maintaining accurate records of nearly **53 million drivers** in Great Britain and more than **47 million vehicles** across the United Kingdom. We're also responsible for the collection and enforcement of Vehicle Excise Duty (VED) with **£8.4 billion** passed to HM Treasury during this reporting year.

As one of the most advanced large scale digital organisations in government, we're proud to be a centre of excellence for IT and digital skills. We operate at a huge scale, dealing with billions of digital interactions every year which support a wide range of customers, stakeholders and businesses right across the UK.

In addition to our day-to-day dealings with the public, we work closely with a wide range of stakeholders. Our close collaboration with industry, charities, the police, medical professionals and other government departments enables us to develop services that work for them. It also allows us to securely share information, where the law allows, to support digital services across government and to help combat driver and vehicle related crime.

We operate at a huge scale, dealing with billions of digital interactions every year...

Performance report

DVLA by numbers

The statistics below show the growth, scale and reach of DVLA operations throughout the reporting period.

We run an efficient service, passing

£8.4 billion

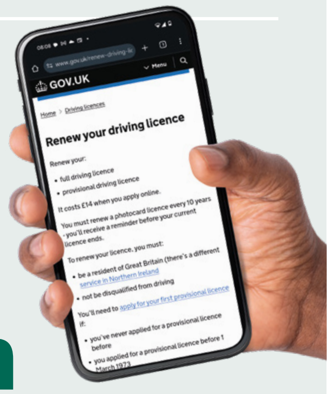
in VED to HM Treasury this reporting year – **an increase of 7% from last year.**

We processed nearly

5 billion

digital interactions,

an increase of **more than 13%** from last year. Most of these digital interactions were automated enquiries between DVLA, other government departments and large-scale business customers through our high-volume Application Programming Interface (API) enquiry platforms.



We dealt with

99.4 million

individual customer transactions,

an increase of **4%** from last year, with **84%** of this year's transactions processed through our digital channels.

We issued:

12.5 million driving licences and **17.9 million vehicle registration certificates (V5C).** The majority of which were sent to customers within 3 working days following an **online application.**

We made more than

832,000

medical licensing decisions, an increase of **15%** from last year.

Our multi-channel Contact Centre answered just over

14 million

queries in total, a **2.6% increase** from last year, that's **1.3 customers every second** during our opening hours.

Our performance at a glance

Our strategic aims for this reporting year were to:

- drive up digital
- be resilient
- deliver great customer service
- develop our skilled, motivated and flexible workforce

The following section provides further detail on our performance during the reporting year against each of these aims.

To drive up digital

Driver and vehicles account service

The Driver and vehicles account service, which allows customers to access their driver and vehicles information in one place, continued to grow in popularity throughout the reporting period. By the end of the financial year, just **over 4 million customers** had signed up for an account, **an increase of more than 300%** from the previous year.

We made several service enhancements during the year including the introduction of a new share my driving licence function within the account service. We also successfully completed the discovery phase of a new online service to allow vocational drivers to apply to renew their driving licence through the account service.

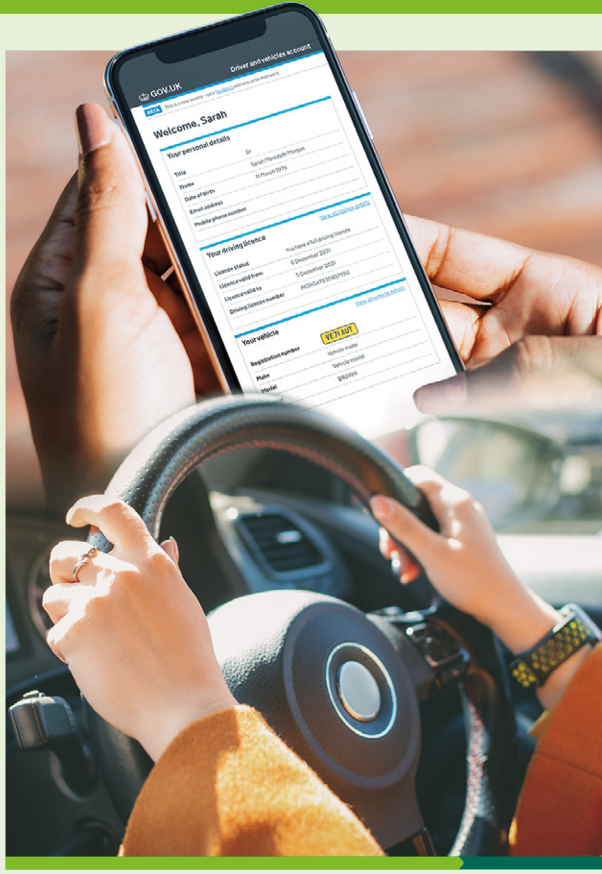
...over 4 million customers had signed up for an account, an **increase of more than 300%**

Supporting the blueprint for modern digital government

During the year, we have taken steps to support the government's aim to provide citizens with government issued documents in one wallet.

We played a leading role in supporting the Department for Science, Innovation and Technology (DSIT)'s blueprint for the modern digital government flagship programme. The GOV.UK digital wallet will allow customers to hold government-issued documents in a secure government wallet, available to store and share via your mobile phone. We have been working closely with DSIT on developing a digital driving licence through the Driver and vehicles account. Discovery has been completed, and development is about to commence with the aim to add a digital driving licence to the GOV.UK Wallet by the end of 2025.

To support the cross government One Login service, we successfully piloted the service on our Fitness to Drive service allowing customers to choose between our own identity process or One Login. Since that pilot we have integrated One Login into our Driver and vehicles account and our services to apply for a first provisional licence and renew a driving licence photo. From April 2025 all customers using these services use One Login. This allows more customers to use the Driver and vehicles account service and means they can reuse their username and password as well as proven identity across a growing range of government services.



A new digital service for the police

Throughout the year we worked closely with Home Office and National Police Chiefs' Council colleagues to deliver a new Law Enforcement Data Service (LEDS) which replaced the outdated Police National Computer system. The service, which uses Application Programming Interface (API) technology, gives the police better search capabilities when making enquiries about our vehicle data. Thanks to the hard work of the dedicated teams involved, the service was rolled out to police forces across Great Britain, delivering benefits to front line policing.

Digital and automated interactions

We processed **5 billion digital interactions**. This is the highest number of interactions we have recorded in a reporting year and **an increase of more than 13%** from last year. Most of these digital interactions were automated enquiries between DVLA, other government departments and large-scale business customers and organisations through our high-volume Application Programming Interface (API) enquiry platforms.

By the end of the reporting year, **5,801 customers** were using these data services, **an increase of 130%** during the last 5 years.

Our performance at a glance...

To be resilient

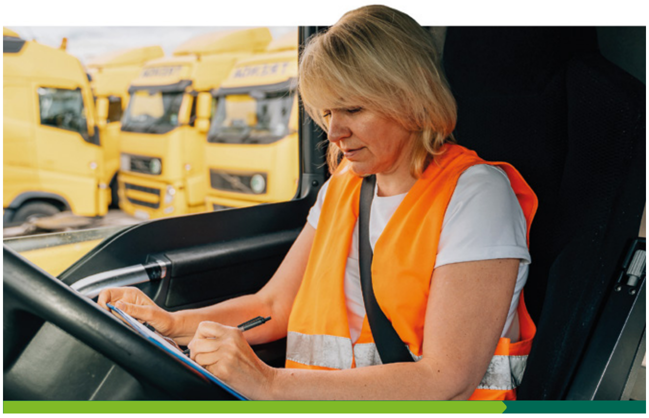
Changes to VED for electric and low emission vehicles

We successfully delivered all of the changes ahead of the introduction of changes to vehicle tax for electric vehicles, which came into force on 1 April 2025. From this date, new and existing electric cars, vans, and motorcycles will pay VED. The change also brings Alternative Fuel Vehicles (AFVs) and zero and low emission cars, first registered between 1 March 2001 and 30 March 2017, into scope to pay VED. This was a significant piece of work which involved technical changes to several of our systems. We also ran a communications campaign so existing owners of electric vehicles and potential buyers were aware of the changes ahead of 1 April 2025.

This was a **significant piece of work** which involved technical changes to several of our systems.

Certificate of Professional Competence

We made it easier for professional drivers to return to driving and retain their qualification. We did this by developing and delivering a new system for issuing the domestic Certificate of Professional Competence (CPC) for driving in the UK.



Exit of PFI contract

We successfully made an exit from our 20-year Private Finance Initiative (PFI) contract. This marked a significant achievement and was the end of 5 years of hard work, which has seen us transition to 3 new service providers for our core hard services, health and safety services and grounds maintenance contracts.

Sales of personalised registration numbers

As a net contributor to government finances, in 2024-25, **we raised more than £274 million** for HM Treasury and the Department for Transport, through the sale and processing of personalised registrations and transfers.

Personalised registrations continue to be extremely popular with the public with millions of people displaying them on their vehicles. Fixed prices start from just £250, which includes VAT and assignment fee.

Personalised Registrations
Driver & Vehicle Licensing Agency

To deliver great customer service

Good customer service matters – it matters to customers, and it matters to us. We want our customers to be able to access our services in ways that work for them wherever possible.

Customer satisfaction

We conduct monthly customer satisfaction research which shows that DVLA overall customer satisfaction in 2024-25 stands at 92.20%, up from 90.60% in 2023-24. In comparison to other national public service organisations, DVLA ranks seventh in the UK Customer Satisfaction Index research conducted by the Institute of Customer Service.

During the year, we retained our Customer Service Excellence standard for the 17th consecutive year. This independent accreditation provides organisations with an independent check that our customer service standards and our service delivery are of a high standard.

We exceeded our target for planned IT service availability for our vehicle tax, vehicle management, personalised registrations and driver licensing online services.

Drivers with medical conditions

We have seen an increase in customer demand, with 854,106 customer applications in the reporting period. This is an increase of 16% from 2023-24. To mitigate this increase we have continued to invest in multi-skilling across Drivers Medical and in developing the framework for our new medical casework system which is scheduled to be fully operational by April 2026. This system will significantly increase the number of customers who can apply online, thereby streamlining the application process. Customers will also be able to track the progress of their application which will reduce demand on the DVLA Contact Centre.

Our operational team made 832,859 licensing decisions, an increase of 15% from 2023-24. For customer applications and renewals where DVLA does not need to seek further information from third parties, the average time from receipt to decision was 8 days. We made a licensing decision in medical cases within 90 working days in 85% of cases, against a target of 90%. When DVLA requires clinical information to make a safe and proportionate licensing decision it has no control over the timescales for that information to be returned. This impacts the overall time to make a licensing decision, which was on average 44 days during the year, a 21% improvement from the previous reporting period even though timescales for return of third party information had increased.

A modern Contact Centre

Our Contact Centre received accreditation against the Customer Contact Association (CCA) Global Standards for the 17th consecutive year. The accreditation assessment recognised the outstanding work and leadership shown across both our Swansea and Birmingham offices.

We also successfully gained CCA accreditation for our Contact Centre's learning and development functions. We were delighted to be the first organisation to receive this newly established standard across both the private and public sector. The standard recognises best practice across the contact centre industry, whilst fostering a culture of continuous improvement, people development and colleague engagement.

During the reporting period, to give our customers a better user experience, we rolled out Natural Language Processing into our Interactive Voice Recognition (IVR) system across all our telephony channels. This allows customers to tell us the reason for their call, resulting in much faster navigation of the telephony channels, quickly routing them through to the correct advisor. This was great news for our customers, with average time savings of 87 seconds for calls about vehicles and 73 seconds for calls about drivers. We also introduced an option for customers to receive an SMS message with useful links to further information, with around 6,000 customers a week opting to use this service.

In further enhancements to our IVR system, we introduced auto data capture, which offers customers the chance to tell us about their personal details at IVR stage. This means the call handler already has all these details when the caller is put through to an advisor, saving the customer time as the calls are shorter. By the middle of December, we had rolled this change out across our telephony channels, which is proving popular with customers with a 21% average daily take up rate.

In February 2025, we introduced an out of hours IVR service. This new IVR offers customers the opportunity to call the Contact Centre outside of normal working hours and navigate IVR channels to hear pre-recorded information or receive optional SMS messages with useful GOV.UK links. **More than 4,000 customers use the service every week.**

Historic, classic and rebuilt vehicles – a call for evidence

Historic and classic vehicles form part of our heritage and are enjoyed by many people across the country. We recognised that technology was changing the way vehicles were being rebuilt and restored, as well as an increasing move towards converting older vehicles to electric. Therefore, the time was right to review the existing policies and processes relating to how these vehicles were registered.

We launched a call for evidence in May 2024 on registering historic, classic, rebuilt vehicles and vehicles converted to electric. It ran for 8 weeks and received 1,371 responses. The analysis of responses was published on 9 December, and, at the time of publication of this report, next steps are being considered in conjunction with historic vehicle stakeholders.

Dispatch of applications

We exceeded our dispatch of applications business plan targets for the year for both online and postal applications for driving licences, vehicle registration certificates, and tachograph cards.

To develop our skilled, motivated and flexible workforce

We successfully rolled out **career frameworks** across the remaining DVLA professions. These act as the basis for recruitment, retention, development, career planning, talent management and succession planning.

Following the relaunch of our **apprenticeship programme** in 2023-24, we set out at the beginning of this reporting period to have a minimum of 80 people in apprenticeships across DVLA by the end of the year. We exceeded this target by year end by having 94 people in apprenticeships.

At the beginning of the reporting period, we set out to on-board 20 new recruits through our continued use of our **development programmes** to provide our digital and technology talent pipeline. We exceeded this target by year end by on-boarding 38 people as part of our talent pipeline intake.

We took part in the Cabinet Office wide initiative called **One Big Thing**, with the aim of delivering a learning initiative organisation wide. This year's topic was One Small Change. Colleagues took part in 3 phases of learning which shared the concepts on how to identify and undertake small changes to make a big difference. We achieved an 82% engagement and completion rate, which was a significant achievement and contributed to DfT's overall completion as second in the cross Civil Service leadership board.

...more than 22,500 days of learning and development training

Supporting and investing in our people

Throughout the reporting period, we undertook several initiatives to ensure our people have the tools for the job, and the support and opportunities they need to thrive in their roles. This included arranging more than **22,500 days of learning and development training**.

We believe mentorship schemes help to create more inclusive leadership and a culture that embraces diversity and progression. Our **MentorMe programme** focused on supporting colleagues including those from lower socio-economic backgrounds, ethnic minority backgrounds, carers, and those with disabilities. On average more than 30% of those who took part in the programme gained promotion or progressed into a different role within this 6-month programme.

We value our workforce and are committed to encouraging open discussions around mental health. Previously, we worked with Swansea University to design and develop **Prevail**, a mental health training programme targeted at a cross section of colleagues of different grades. It is designed to equip people at all levels with the skills and knowledge to recognise, manage, and support mental health within themselves and their teams, and to reduce stigma associated with mental health disorders.

During the reporting period we delivered the training to more than **1,000 colleagues**. The training proved to be a valuable tool in encouraging a culture of mental health awareness and support and was well received by colleagues.

Education Programmes for Patients (EPP Cymru) provided a range of self-management courses for our colleagues who are either living with long-term health conditions or are carers. During the year, colleagues benefited from taking part in programmes such as 'Chronic pain self-management, 'Caring for me and you' and 'Managing type 2 diabetes'.

We launched the line manager standards in July, providing toolkits and a leadership induction to bring out the best in individuals and teams, and to deliver high-quality business outcomes.

During the year, we reintroduced the **'Crossing Thresholds' development programme**. This 12-month career mentoring programme was open to women at all grades. While the majority of our workforce are women, they are under-represented in leadership roles at senior grades. At the end of year point, there were 2 cohorts running with a total of 36 colleagues taking part.

Our Science, Technology, Engineering and Mathematics (STEM) programme

We have a STEM engagement programme led by our volunteer STEM ambassadors. This award-winning programme – now in its 10th year – sees DVLA colleagues engage with people across the region on a voluntary basis to inspire the next generation through academic partnerships and within schools in Wales.

The 2024 Code Challenge took place in December. This is a competition to help encourage and grow digital skills in the next generation. The competition was open to all primary and secondary schools in Wales. The event was, as always, supported by a number of sponsors who are so integral to the success of the challenge. The event proved yet again to be a huge success. Congratulations to Parkland Primary School who took first place in the 7 to 11 years category and to Gowerton Comprehensive School who took first place in the 11 to 16 years category.

Digital Voices

Now in its fourth year, our Digital Voices advocacy group, whose ongoing focus is to attract the right talent for our digital roles, continues to go from strength to strength.

By the end of the reporting period, we had 286 members from across DVLA, with 48% identifying as female, engaged in promoting digital skills and careers. The group focused on highlighting DVLA's digital diversity including women in IT and underrepresented groups.

Efa Gruffudd Jones, Welsh Language Commissioner (left) and Lynette Rose, DVLA Strategy, Policy and Communications Director

Proud of our Welsh roots

We are very proud of our Welsh roots, having had our headquarters in Swansea for more than 50 years. We took several positive steps throughout the year to encourage more Welsh speakers to join DVLA. Having more Welsh speakers in customer-facing roles demonstrates our ability to continue to make a positive difference to the Welsh-speaking public in the services we provide. We also revised our Welsh language scheme in August, building on the foundation of our previous schemes, ensuring that our commitment to the Welsh language remains relevant and fit for purpose.

In October, we welcomed Efa Gruffudd Jones, the Welsh Language Commissioner, to DVLA to allow Efa to see first-hand some of the hard work we put in towards delivering services in Welsh and the efforts to increase the number of Welsh speaking colleagues.

Charity of Choice

Our colleagues chose Alzheimer's Society as their Charity of Choice for 2024.

Using their own time, colleagues took part in a variety of different fun-filled and often challenging fund-raising activities throughout the year. These included clothes donations, summer and winter colleague events, bake sales, a football tournament, the race for life, choir performances and half marathons, which all led to a total of **£31,716** raised for this amazing charity.

Over the last 10 years, our colleagues have raised an incredible total of **£450,248** for a number of charities, which is something we're incredibly proud of.

Our chosen charity for 2025 is the Motor Neurone Disease Association.

...a total of £31,716 raised

And the winners are…

We are proud of all our colleagues who were recognised at a number of awards and events throughout the year. These include the following:

Elinor Lewis, a webchat and chatbot manager at our Contact Centre, won the **Leadership in Technology Award at this year's CCA Women in Leadership Awards** in December.

Karen Pitt, a senior telecoms engineer at DVLA, was recognised in the King's New Year Honours 2025. Karen was awarded the **British Empire Medal in recognition of her services to STEM.**

Our **Telephony and Communications Technology project team** took the **Best Technology Partnership award** at the prestigious **CCA Global Awards**.

Kate Crocker, a member of the Drivers Medical team in our Contact Centre, won **bronze for the Development Award at the Operational Delivery Profession Awards** in April.

Our **HR team** were shortlisted for the **Chartered Institute of Personnel and Development (CIPD) in Wales Awards for the Prevail programme**, supporting mental health.

Samantha Thomas, a team leader in our Contact Centre, won **'Emerging Superstar' at the Cnect Wales Awards** in October.

DVLA was formally recognised by the National Police Chiefs' Council (NPCC) for our outstanding contribution and an unwavering standard of excellence. We were commended by NPCC and the Home Office for the dedication, commitment, and professionalism in delivering for UK police services, the Home Office and wider law enforcement agencies over the last 50 years.

Delivering against our 2024-25 business plan

Strategic aim	DVLA measure	Target	2024-25[1] result	2023-24[1] result
1. To drive up digital	1.1 We will complete 'Discovery' and commence development of a new online service, to allow vocational drivers to apply to renew their licence through our Driver and vehicles account	December 2024	Achieved	N/A
	1.2 We will introduce a new service to view or share your driving licence through our Driver and vehicles account, allowing customers to generate share codes within their account	March 2025	Achieved	N/A
	1.3 We will support the Home Office and police by enhancing DVLA's vehicle and keeper APIs that the police have access to	In line with agreement between Home Office and DVLA	Achieved	N/A
	1.4 We will exceed our total digital and automated interactions	90%	Achieved	Achieved
2. To be resilient	2.1 We will deliver Vehicle Excise Duty technical changes required for electric vehicles and low emission vehicles which will take effect from 1 April 2025	March 2025	Achieved	N/A
	2.2 We will develop systems to issue a domestic Driver Qualification Card for the introduction of the reformed national training for Certificate of Professional Competence (CPC)	In line with legislative timescales	Achieved	N/A
	2.3 In preparation for the expiry and exit of DVLA's PFI contract on 31 March 2025, we will design, procure and commence transition to alternative hard services facilities management (FM) arrangements	March 2025	Achieved	N/A
	2.4 We will deliver financial performance in line with the agreed DfT forecast accuracy target against Supplementary Estimate forecast	March 2025	Achieved	N/A

1 All figures are rounded to the nearest percent except 3.7 which is stated to one decimal place in line with the target.

Strategic aim	DVLA measure	Target	2024-25[1] result	2023-24[1] result
3. To deliver great customer service	3.1 We will dispatch applications made online for a: • driving licence in 3 working days • vehicle registration certificate in 3 working days • tachograph in 3 working days	 95% 95% 95%	 100% 100% 100%	 99% 98% 100%
	3.2 We will dispatch applications made by post for a: • driving licence in 10 working days • vehicle registration certificate in 10 working days	 90% 90%	 100% 95%	 98% 92%
	3.3 We will dispatch applications made by post for a: • tachograph in 10 working days • vocational driving licence in 10 working days	 90% 90%	 100% 100%	 N/A N/A
	3.4 We will make a licensing decision on medical cases within 90 days	90%	85%[2]	83%
	3.5 We will retain the Customer Service Excellence Standard	Retain standard	Achieved	Achieved
	3.6 We will retain the Customer Contact Association Global Standard 8	Retain standard	Achieved	Achieved
	3.7 We will provide planned customer IT service availability of: • vehicle tax • vehicle management • personalised registration • driver licensing online services	 99.5% 99.5% 99.5% 99.5%	 99.9% 99.9% 99.8% 99.8%	 100.0% 99.9% 99.8% 99.4%
4. To develop our skilled, motivated and flexible workforce	4.1 To roll out career frameworks across the remaining DVLA professions – these act as a basis for recruitment, retention, development, career planning, talent management and succession planning	March 2025	Achieved	N/A
	4.2 Following the relaunch of our apprenticeship programme in 2023 to 2024, we will work with local education providers to have a minimum of 80 people in apprenticeships across digital, data and technology, operational delivery, human resources, finance, commercial, communication and property	March 2025	Achieved	N/A
	4.3 We will continue to use our apprenticeships and development programmes to provide our digital and technology talent pipeline, working with local education partners in areas such as: • year in industry • software engineering • cloud engineering • ethical hacking • software development engineering in test • business analysis Totalling a minimum of 20 new recruits	March 2025	Achieved	Achieved
	4.4 Building on the success of the Civil Service One Big Thing data skills initiative in 2023, all DVLA staff will be required to complete follow-on learning to improve their digital skills	December 2024	Achieved	N/A

2 Delays in receiving medical information from third parties, as well as increasing numbers of applications, have impacted the achievement of this measure.

Financial responsibilities

Our accounts are made up of the Business Account and the Trust Statement.

Business Account

The Business Account comprises:

- fees and costs of running the driver and vehicle databases and related services
- sale of personalised registrations, which is income generated directly from the public and traders – we retain income to recover our costs in administering personalised registrations services with the excess paid to HM Treasury and DfT as Consolidated Fund Extra Receipts (CFERs)
- costs of the collection and enforcement of Vehicle Excise Duty (VED) including enforcement recoveries (the income stream from the collection of VED is accounted for within the Trust Statement)
- services provided to other government departments, including Clean Air Zones for Joint Air Quality Commission (JAQU), mail and print notification service for Government Digital Service (GDS) and biometric residence permits for the Home Office

Financial results

Our total income for the year was £672 million against £670 million in 2023-24. The main year on year changes to income were:

- income from fees and charges increased by £9.5 million as a result of an increase in both driver and vehicles transactions, with the main increases being:
  (i) £5.0 million for customers transferring personalised registrations to alternative vehicles
  (ii) £3.4 million for requests for vehicle keeper information (keeper at date of event)
- personalised registration income decreased by £6.1 million, due to the timing of auction sales with 9 auctions held in 2024-25 compared to 10 in 2023-24

Our total expenditure for the year was £538 million against £519 million in 2023-24, with the main increases relating to:

- staff costs increasing by £12.5 million, this is mainly due to a combination of an increase of 126 average FTEs across the year (although by the end of the year and as at 31 March 2025 FTEs were below 31 March 2024 levels) and Civil Service pay award. The variance in FTEs was mainly due to timing of recruitment to fill vacancies. There was also an increase of 1.65% in the Civil Service pension scheme employer pension contribution rates from 1 April 2024, creating an increase in costs of £2.7 million
- IT charges increasing by £5.6 million, including necessary updates to end of life technology and additional IT project spend – key projects such as the digital driving licence and digital trade licences also started, as well as more work on drivers' transformation and enhancing the customer and staff experience for the Contact Centre
- agents' fees increasing by £4.7 million (this includes wheel clamping, Direct Debit transaction processing and counter services provided by the Post Office – while wheel clamping and Direct Debit volumes have increased, the majority of the movement is due to price increases)
- postage and printing costs increasing by £3.6 million (this includes an increase of £7.7 million in postage costs due to volume and price increases, offset by a decrease in biometric residence permit (BRP) card purchases with a move from physical BRP cards to digital cards at the end of October 2024)

The above increases have been partially offset by a reduction of £8.2 million due to timing in the recognition of PFI unitary charges. Remediation works are ongoing and payments released upon completion and which will align with recognition of the remaining PFI unitary charge.

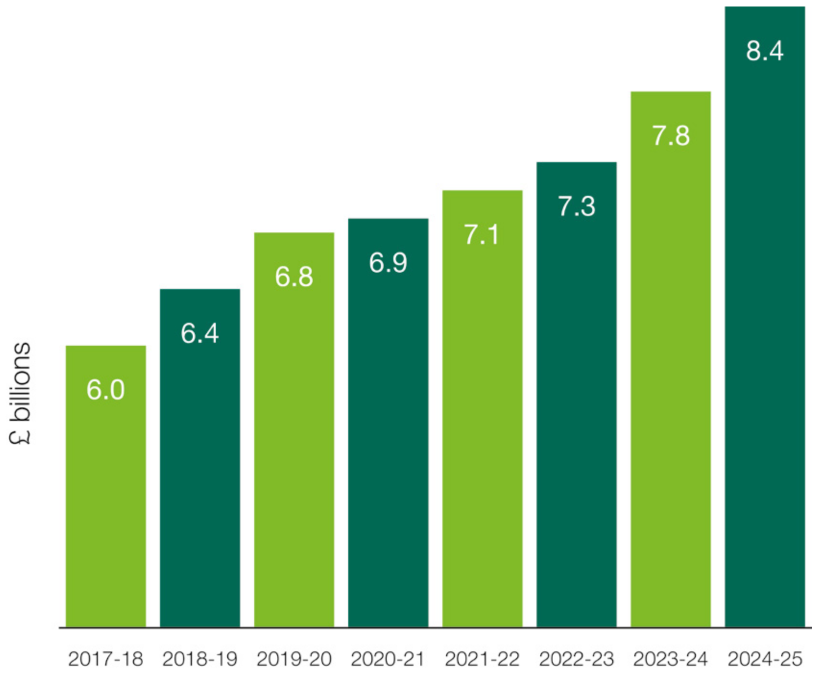
Trust Statement

Our Trust Statement details the revenue in respect of VED, fines and penalties, and HGV Road User Levy falling outside of the boundary of our Business Account and payable to the Consolidated Fund.

Financial results

During the year, the Trust Statement VED revenue amounted to £8.4 billion, after amounts refunded, against £7.8 billion in 2023-24. The net cost of collecting VED (brought to account in the Business Account) was £98 million, compared to £96 million in 2023-24. For each £1 of gross VED collected, the cost of collection is just over 1p.

Annual VED revenue trend



Compliance

Collecting Vehicle Excise Duty (VED)

By the end of 2024-25, we had passed £8.4 billion in VED to HM Treasury – a 7% increase on the previous year. This marks the highest amount we have ever collected and exceeds the Office for Budget Responsibility (OBR) forecast of £8.2 billion.

Managing VED compliance

DVLA's priority is ensuring that vehicle keepers remain compliant, and we aim to make it as easy as possible for them to do so. We offer a variety of channels for our customers to engage and transact with us, and this includes being able to license or make a Statutory Off-Road Notification (SORN) online 24 hours a day, 7 days a week. We offer a variety of payment methods including Direct Debit, which includes an option for our customers to spread the amount due over a 6 or 12 month period.

We follow an established process for managing compliance with a focus on education, encouragement and enforcement. Our aim is to maximise compliance levels.

Our educational approach features publicity campaigns led by our corporate Communications team, who use various channels including both traditional advertising and social media.

DVLA's systems automatically produce individual and specific reminder letters as required, which we know result in many customers taking direct and appropriate action as a result of receiving them.

Further activity, beyond issuing reminder letters, is inevitably necessary and this includes:

- aiming to provide support for financially vulnerable customers before they fall into arrears, promoting options such as monthly Direct Debit payments and, if required, providing appropriate signposting to relevant money or debt advice such as the Money Advice Service
- issuing a Late Licensing Penalty (LLP) letter to vehicle keepers who fail to either relicense or make a SORN following a reminder letter – this includes the legal basis for payment and outlines the action that may be taken if they do nothing
- working closely with our Automatic Number Plate Recognition (ANPR) and wheel-clamping contractor as well as Devolved Power Partners (DPPs) – including local authorities – and the police on enforcement activity for those who have still failed to comply. Not only does this increase our on-road deterrent but we can focus activity including targeting of high evasion areas and tackling untaxed, uninsured, and potentially dangerous vehicles

Estimating 'on road' evasion

Payment of VED is only due to DVLA when a vehicle is used or kept on the road. Therefore, to robustly estimate VED evasion, DfT conducts a roadside survey every 2 years which provides data that enables DfT statisticians to estimate the volume of untaxed vehicles actually being used on the road across the country.

The latest roadside survey took place in 2023-24. This survey estimated that 98.7% of vehicles in traffic were compliant, comparable to 98.8% of active stock. In previous years, volume estimates were also produced to estimate the potential revenue loss, which in 2021 was £118.6m resulting from 1.9% evasion at that time, compared to 1.3% in 2023-24. Since 2021, additional complexity has been added to VED and it was agreed that a monetary estimate in 2023-24 should not be produced pending development of a revised methodology. That survey included the following explanation:

"This release does not feature an estimate of the value of potential revenue loss from VED evasion, although this has been calculated in previous years."

"As the guidance used to assign VED rates for vehicles has evolved and become more intricate, the challenge of reflecting this into the calculations and methodology used to estimate the value of VED evasion from a large sample of vehicles has greatly increased."

As a result, DVLA is currently working with DfT to develop a new methodology to derive a robust monetary estimate from the evasion volume estimate and which will need to take into account the intricacies of assigning VED rates in the calculation.

Whilst a new roadside survey was not scheduled for 2024-25, DVLA can monitor evasion rates through the ANPR data we hold. According to this data, the evasion rate has remained fairly stable at an estimated 1.39% in 2024-25 compared to 1.36% in 2023-24. The rate differs slightly to the roadside survey due to the different methodology used.

Importantly, the evasion percentage remains the key measure used within DVLA as this indicator will also take account of compliance for vehicles for which no VED is required to be paid. It should be stressed that the percentage will include both deliberate non-payment and also error.

In terms of materiality in relation to the Trust Statement, whilst there are challenges in calculating an estimated monetary value, the percentage evasion from both the most recent roadside survey, and our ANPR data, indicate that this is not a material value. Materiality for the Trust Statement in 2024-25 is 2% or £160 million.

Estimating non-compliance from the vehicle record

DVLA takes compliance seriously and we monitor compliance on an ongoing basis using data from our vehicle records. This is different to evasion that is identified from vehicles being seen on the road while unlicensed. This is about ensuring customers have made required declarations on the vehicle record and that the vehicle keeper has either re-licensed or made a SORN. It doesn't necessarily mean that VED is payable. As at 31 March 2025 the level of compliance on the vehicle record was estimated at around 98.5%. This includes vehicles currently in trade, scrapped or exported – this level can fluctuate and historically our intelligence informs a view that these vehicles would account for around 1-2% of compliance. The compliance on the vehicle record excluding these was 96.5%.

VED is only payable where a vehicle is used or kept on the road. We are inevitably unable to establish this key fact (whether a vehicle is being used or kept on the road) directly from the vehicle records held within DVLA. We also know that there are various reasons why VED may not actually be paid, including but not limited to the following:

- the vehicle is being kept off the road and a SORN should be made – the result of our action would be the customer making a SORN and not paying VED
- the vehicle keeper is in the process of changing the tax class of the vehicle, potentially to a class with a reduced or nil rate of duty – alternatively, the vehicle may already be in a nil rate tax class, meaning that no VED is payable
- there is a transfer of personalised registration number taking place, that is the vehicle is being taxed under a different registration number

Civil action, where vehicle keepers fail to re-license or make a SORN, is taken under the Section 7a of The Vehicles Excise and Registration Act. A Late Licensing Penalty (LLP) is issued to the registered keeper of a vehicle that has been unlicensed for more than one month. Debt in reference to LLP is reported in Note 6. Trade and other receivables within the Trust Statement, page 134. The process is outlined in Note 1. Statement of accounting policies (Fines and penalties revenue, page 131), in the Notes to the Trust Statement.

Fraud, error and debt reporting

The total unrecovered amount for losses is reported in Parliamentary Accountability, Losses and special payments – audited, page 72. Of the cash losses reported for 2024-25, £0.6 million is related to VED.

We have processes in place that automatically capture overpayment and underpayment of VED which will be investigated. Where an overpayment has taken place, this will be refunded. Underpayments will only be recorded as a loss once DVLA has taken all reasonable steps to pursue any amounts due and recovery has not been possible.

DVLA, in conjunction with the Audit and Risk Assurance Committee are committed to focusing on developing further in the following key areas:

- enforcement strategy and return on investment
- a road map on broader work on fraud
- fraud, breaches and irregularity reporting

Sustainability

Our sustainability strategy is aligned to the Greening Government Commitments (GGC) 2021-2025 and the 2030 Agenda for Sustainable Development adopted by all United Nations member states.

At DVLA, we have driven forward the work to achieve the target sets during this final year of the GGC objectives for 2021-25. With few exceptions, we were able to meet those targets. We will continue to develop plans to ensure we make progress in all areas, as we anticipate the publication of the 2025-30 objectives planning to drive continuous improvement to meet net zero commitments.

This section also covers climate-related disclosures mandated by HM Treasury, which aim to improve decision-making by offering essential insights into future climate risks and opportunities. This enables DVLA to strategically plan and build resilience, ensuring value and transparency to stakeholders, while enhancing climate risk management and response capabilities.

Greenhouse gas emissions

Net zero

CO_2

by 2050

We have reduced direct carbon emissions from sources owned or controlled by DVLA, to...

30%

of the baseline 2017-18 **exceeding** the target of a reduction to 41% of the baseline.

We reduced overall carbon emissions on our estate and from business travel to 44% of the 2017-18[1] baseline (CO_2e), not quite achieving the target of 41%.

We reduced domestic business flight kilometres to 42% of the 2017-18 baseline, **exceeding** the target.

DVLA is also required to report and aim to reduce international business flight kilometres. **In 2024-25, we flew 79,331km internationally compared to our baseline of 94,514km in 2017-18.**

Minimising waste and promoting resource efficiency

We cut waste by...

18%

compared to 2017-18, **exceeding** the 15% target reduction.

We recycled

79%

of waste last year.

DVLA sent **less** than

1%

of **waste to landfill.**

Through our administrative paper contract, we reduced paper consumption by...

60% compared to 2017-18.

Water consumption[2]

During the year we used 16% more than 2017-18, when we used 48,459m^3.

[1] 2017-18 is the baseline year for the Greening Government Commitments.

[2] Referred to as 'Clean and plentiful water' within the Greening Government Commitments.

Task Force on Climate-related Financial Disclosures (TCFD)

HM Treasury has set out requirements for the government's application of TCFD-aligned disclosures. The Task Force recommendations are structured around 4 thematic areas. These are:

- governance – the organisation's governance around climate-related risks and opportunities
- strategy – the actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy, and financial planning
- risk management – the processes the organisation uses to identify, assess, and manage climate-related risks
- metrics and targets – the metrics and targets the organisation uses to assess and manage relevant climate-related risks and opportunities

For the 2024-25 annual report and accounts, DVLA has complied with HM Treasury's adoption of Phase 1 and Phase 2 of the Task Force recommendations, with plans for Phase 3 recommendations to be implemented in line with the central government timetable in 2025-26.

Phases 1 and 2 focus on a high-level overview and requires the TCFD recommended disclosures for:

- governance
- metrics and targets
- risk management

This is in line with the central government's TCFD-aligned disclosure implementation timetable.

Compliance with the governance process of the first phase of implementation is presented on page 30, with metrics and targets disclosure (Scope 1, Scope 2 and if appropriate, Scope 3 GHG emissions and related risks) on page 32 to 40.

Phase 2 additional disclosures are not required because the DVLA's Executive team currently don't consider climate to be a principal risk for DVLA because environmental risks are not expected to critically impact our ability to deliver our strategic objectives. We are taking actions to transform our property and IT estates into a more efficient and less carbon-intensive agency. Our sustainability disclosures comply with TCFD guidelines for an organisation where climate is not considered a principal risk.

Climate-related risks are integrated and continue to be assessed and mitigated as part of our current risk management process, as it is not deemed necessary to form a bespoke process. See page 51 for compliance to risk management disclosure. Additional metrics and targets disclosures are not required.

Governance

Board oversight

DVLA governance structure provides the board oversight of the agency's risks and opportunities which are monitored through existing, embedded arrangements (see Governance statement on page 51). DVLA will address significant climate-related risks through the same governance processes, disclosure controls and procedures used for financial management and risk management.

During 2024-25 the board discussed:

- the principal risk register which has now replaced the corporate risk register, where climate-related risks form part of its review – during the reporting year, no risks with a climate-related impact were identified that required sharing at board level
- the Management Assurance Statement (MAS), including the Greening Government best practice through the ARAC chair report
- tier 1 and tier 2 business cases, including environmental impact from the intervention

Management's role

Climate-related issues are considered as part of the monthly review of progress against the GGC at Executive team level. The Director of Human Resources and Estates Directorate (HRED) is responsible for climate-related risks and opportunities and to ensure climate-related issues are considered. The Head of Estates with the support of the Head of Corporate Sustainability, leading the Sustainability team in HRED, is responsible for developing a net zero strategy, setting objectives to achieve our GGC targets and identify and inform stakeholders on climate-related risks.

The Executive team reviews monthly environmental management data and regular updates on sustainability matters, which includes climate-related information, from the Sustainability team. In addition, the Executive team reviewed and discussed the progress highlighted in the annual ISO14001 certified Environmental Management System (EMS).

Risks identified by the Sustainability team are placed on the EMG risk register or reported to the department best placed to manage that risk, clearly referencing GGC commitments, such as meeting the Government Fleet Commitment and the Government ICT and Digital commitments. In addition, the Sustainability team conducted a climate risk analysis and produced a climate change risk assessment for estate and operational activities. This has been shared across the agency to establish owners for each risk. This assessment is a live document for regular review.

Metrics and targets

Greening Government Commitments (GGC)

The GGC targets provide a framework in delivering both environmental sustainability and enhanced operating efficiencies on our estate. They align to the UK government's 25 year Environment Plan and aim to achieve net zero emissions by 2050.

In this final year of the GGC for 2021-25, DVLA achieved all but 2 of the targets benchmarked against our performance in 2017-18. When targets are missed, they are reported in further detail later in this report.

Mitigating climate change: working towards net zero by 2050

Target towards the Greening Government Commitment	UN SDG	Target	Outturn 2024-25	Result
Reduce total carbon emissions levels (energy and business travel) to 41% of the 2017-18 baseline (tCO_2e)	13: Climate action	≤ 41%	44%	Not achieved
Reduce direct carbon emissions by 59% (Scope 1 only) to 41% of the 2017-18 baseline (tCO_2e) [1]	13: Climate action	≤ 41%	30%	Achieved
Meet the Government Fleet Commitment for 25% of the government car fleet to be ultra-low emission vehicles (ULEV) by 31 December 2022	13: Climate action	≥ 25%	42%	Achieved
Reduce domestic business travel flight emissions to 70% of 2017-18 levels (total flight kilometres)	13: Climate action	≤ 70%	42%	Achieved

1 Greenhouse gas (GHG) emissions within the scope of the GGC can be broken down into Scope 1 (direct emissions), Scope 2 (indirect emissions) and Scope 3 (other indirect emissions).

Our GHG emissions are measured in equivalent tonnes of carbon dioxide (tCO_2e). This includes all 7 greenhouse gases covered by the Kyoto Protocol – carbon dioxide (CO_2), sulphur hexafluoride (SF_6), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and nitrogen trifluoride (NF_3). As previously outlined, we are required to reduce overall and direct carbon emissions to 41% of the 2017-18 baseline.

As an agency, we have aligned our annual sustainability targets to meet this objective. We did not meet our overall GHG target in this final year, achieving a 56% reduction to 44% of the 2017-18 baseline. The reasons for this include delays in delivering net zero projects beyond our control and maintenance of infrastructure which required using oil instead of gas for part of the year. Oil produces more carbon emissions per kilowatt hour (kWh). However, we met our direct emissions (Scope 1) target by achieving a 70% reduction to 30% of the 2017-18 baseline.

Scope 1– Direct GHG emissions

Scope 1 emissions are those that occur from sources owned or controlled by us. DVLA includes emissions from combustion in our boilers, fugitive emissions from air conditioning systems and emissions from our fleet vehicles.

Natural gas is our primary source of heating for our estate and accounts for 26% of our overall carbon emissions. Diesel oil is used for external lighting and power at satellite sites and to power contingency generators onsite. During 2024-25, diesel oil accounted for 2% of our carbon emissions.

Scope 1 emissions also include transport we operate for travel undertaken in vehicles that we own or lease. We completed 43% of our business travel using our own fleet vehicles (754,680km). This accounted for 50% of total travel emissions, which is around 2% of emissions overall.

Work began across the estate to reduce the amount of Scope 1 emissions generated. These include:

- replacement of older, less efficient gas boilers with air-source heat pumps (ASHP), optimising climatic conditions to building occupancy
- a trial of electric Automatic Number Plate Recognition (ANPR) vehicle to determine operational capability – a successful trial will mean replacing our traditional internal combustion engine (ICE) vehicles to vehicles with zero emissions at tailpipe (ZEV), which could achieve a reduction in emissions of 87 tCO_2e each year

Greenhouse gas emissions Scope 1		Baseline 2017-18		2022-23		2023-24		2024-25	
		kWh	tCO_2e	kWh	tCO_2e	kWh	tCO_2e	kWh	tCO_2e
Fuel combustion and fugitive emissions[1]	Gas	26,434,399	4,868	7,918,459	1,445	2,632,104	481	6,931,708	1,268
	LGP	0	0	0	0	0	0	0	0
	Oil	256,134	71	153,543	39	5,218,704	1,339	407,817	96
	Fugitive emissions	652		147		131		251	
	Subtotal tCO_2e	**5,591**		**1,631**		**1,951**		**1,615**	
Transport we operate		129		111		114		122	
Total tCO_2e		**5,720**		**1,742**		**2,065**		**1,737**	

[1] Fugitive emissions are emissions from leaks or other unintended releases of gases, for example, from refilling air conditioning units. Figures may differ from previously reported due to reconciliation and amended conversion factors.

Scope 2 – Indirect GHG emissions from energy

Scope 2 emissions are energy indirect emissions. This is electricity we consume, supplied by another party, for example the National Grid. Scope 2 emissions accounted for 58% of total emissions on the estate.

Work aimed at reducing our power consumption on the estate has included:

- completing additional LED lighting at our learning and development facility to reduce the power demand of lighting across the estate
- work commenced on the installation of 3 air source heat pumps on site with plans to install additional units

Other energy and carbon initiatives have included:

- Building Management System (BMS) schedule review and amendments to better match occupancy (utilising data from the occupancy sensor system)
- DVLA audits as part of EMS which identify lighting issues – for example, external lighting being left on during the day
- ongoing improvements by contractor (for example, correcting and optimising BMS settings, investigating high and low temperature reports and correcting issues identified) as reported through the monthly Advanced Monitoring Reports
- continuously promoting a culture of sustainable power consumption, encouraging staff to turn off equipment and lighting when it is not in use

Greenhouse gas emissions Scope 2		**Baseline 2017-18**		**2022-23**		**2023-24**		**2024-25**	
		kWh	**tCO_2e**	**kWh**	**tCO_2e**	**kWh**	**tCO_2e**	**kWh**	**tCO_2e**
Purchased electricity[1]	Mains standard grid electricity	13,756,562	4,836	15,578,972	3,013	14,219,283	2,944	13,859,107	2,870
	Mains green tariff electricity	0	0	0	0	0	0	0	0
	Good quality CHP purchased electricity	0	0	0	0	0	0	0	0
	Subtotal tCO_2e	**4,836**		**3,013**		**2,944**		**2,870**	
Purchased heat, steam and cooling (CHP)		0		0		0		0	
Total tCO_2e		**4,836**		**3,013**		**2,944**		**2,870**	

1 Carbon for purchased electricity includes only that captured under Scope 2. A proportion (transmission and distribution losses from the grid) is reported under Scope 3.

Figures may differ from previously reported due to reconciliation and amended conversion factors.

Scope 3 – Other indirect emissions

Scope 3 emissions are other indirect emissions. Under the GGC this is specifically business travel, using public transport, road, rail, air and sea, and transmission and distribution losses related to our electricity and water supplies.

Transmission and distribution losses accounted for 5% of overall emissions. Non-fleet business travel (travel by vehicles not owned by DVLA) accounted for 2% of overall emissions. Domestic flights accounted for 39,714 kilometres of business travel.

Greenhouse gas emissions Scope 3	Baseline 2017-18	2022-23	2023-24	2024-25
Indirect emissions from electrical grid losses (tCO_2e)	452	276	255	254
Indirect emissions from water distribution	17	6	10	9
Business travel (non fleet) (tCO_2e)	133	81	79	84
Total tCO_2e	**602**	**363**	**344**	**347**
Other[1] (unknown scope or international air or rail travel)	8	10	2	38

1 Other – emissions that do not fall or is explicitly excluded from the scopes, for example, international air or rail travel. Figures may differ from previously reported due to reconciliation and amended conversion factors.

Financial indicators	Baseline 2017-18	2022-23	2023-24	2024-25
Energy	£2,565,649	£4,023,309	£4,804,825	£5,183,625[1]
CRC gross	£154,335	–	–	–
Business travel	£594,063	£87,060	£252,528	£280,717

1 These figures align to the costs recorded in the accounts and include credits from suppliers.

We are required to report the distance travelled on international flights. The table below details our international flights compared to the baseline year.

Flights in kilometres (km)	Baseline 2017-18	2022-23	2023-24	2024-25
Domestic	94,555	29,227	53,799	39,714
International	94,514	58,123	9,131	79,331

DVLA Business Travel and Accommodation team promotes sustainable travel. All travel must be taken by public transport where possible, with flights requiring approval at a director level. In total there were 32 international flights, of which 26 were short haul flights using economy class. There were 6 long-haul flights, 4 using business class and 2 premium economy class.

Government Fleet Commitment

The Government Fleet Commitment (GFC), set in 2021, is a 2-phase target. The first phase required the transition of 25% our fleet cars to ultra-low emission vehicles (ULEV) by 31 December 2022. We achieved the first phase of the target. We are now making progress toward meeting the second phase of the target, to transition all DVLA fleet (cars and vans) to fully zero emission vehicles (ZEV) by the end of 2027.

DVLA continues to work towards meeting the GFC by electrifying our fleet. DVLA's fleet currently consists of 32 vehicles, 9 of which are electric. DVLA will receive delivery of 8 new electric vehicles in 2025, bringing the total number of fully electric vehicles to 17 by the end of 2025. DVLA is also piloting the use of electric vehicles for its ANPR fleet, which will support the move to a fully electric fleet by December 2027 in line with the GFC.

Minimising waste and promoting resource efficiency

Target towards the Greening Government Commitment	UN SDG	Target	Outturn 2024-25	Result
Reduce the overall amount of waste generated by 15% from the 2017-18 baseline	12: Responsible consumption and production	>15%	18%	Achieved
Reduce the amount of waste going to landfill to less than 5% of overall waste	12: Responsible consumption and production	<5%	0.45%	Achieved
Increase the amount of waste recycled to at least 70% of waste	12: Responsible consumption and production	>70%	79%	Achieved
Reduce government's paper use by at least 50% from a 2017-18 baseline	12: Responsible consumption and production	>50%	60%	Achieved

The waste we produce is directly linked to occupancy rates at our sites. Of the 936 tonnes of waste generated, 79% was recycled, surpassing the 70% target set by the GGC. Just 0.45% of waste, 4 tonnes, went to a landfill site. This met our commitment to send less than 5% of waste to landfill.

We generated 56 tonnes of hazardous waste. As a registered hazardous waste producer, DVLA ensured the safe and compliant disposal of all types of hazardous waste. Most of the hazardous waste comprises of electronic and electrical goods, IT equipment, batteries, fluorescent tubes and materials included under COSHH regulations (Control of Substances Hazardous to Health).

We generated 11 tonnes of IT waste, with 13% being reused or donated and 87% recycled. No IT waste was sent to landfill.

This reporting year we generated 28 tonnes of food waste. Food waste is sent for anaerobic digestion, where it is converted into biofuel and soil enricher.

We sent 163 tonnes of waste to incineration where the energy from the process was recovered back to the National Grid.

Reuse schemes and consumer single use plastic reduction

The GGC also sets an objective to remove consumer single use plastic (CSUP) from the government estate. CSUP includes plastic items designed to be used once before disposal – this includes plastic items labelled as bio-based, biodegradable or compostable.

This year more CSUP has been removed from the DVLA estate and operations. This includes the removal of single-use wrap used to secure mail trays delivered on pallets by UK Mail.

Paper use and reduction

DVLA has achieved its target to reduce paper use by at least 50%. During the year, we used 16,867 A4 reams for administration. This is a 60% reduction compared to our baseline in 2017-2018. This has mainly been possible through efficiencies in processes, including digitalising services.

Minimising waste and promoting resource efficiency		Baseline 2017-18	2022-23	2023-24	2024-25
Administrative paper (A4 reams equivalent)		42,609	18,643	16,579	16,867
Waste (tonnes)					
Non-financial indicators	Waste recycled externally (excluding ICT waste)	774.65	808.59	669.67	731.00
	Reused (excluding IT)	44.83	13.68	43.82	0.62
	IT waste (recycled externally)	31.90	21.47	26.35	9.69
	IT waste (reused externally)	–	2.62	8.29	1.45
	IT waste (other)	–	–	–	–
	Waste composted or sent to anaerobic digestion	11.78	8.71	16.08	27.70
	Energy from waste	246.88	63.59	129.12	163.06
	Waste sent to incineration without energy recovery	0.03	0.40	0.004	0.064
	Landfill	82.87	6.33	3.98	4.24
Total waste (excluding reused)		**1,148.11**	**909.09**	**845.21**	**935.75**
Financial indicator	Waste expenditure	–	–	–	–

Expenditure on waste disposal is unavailable to be split out from the total all-inclusive cost under our current contract. This total cost includes disposal costs as well as purchase and management of licences.

Reducing finite resource consumption and water use

Target towards the Greening Government Commitment	UN SDG	Target	Outturn 2024-25	Result
Reduce water consumption by at least 8% from the 2017-18 baseline	**6: Clean water and sanitation**	>8%	-16%	**Not achieved**

DVLA did not meet its GGC target to reduce water consumption. In 2024-25 we used 55,977m^3 of water during the reporting year, a 16% increase compared to the 2017-18 baseline.

Two water leaks were identified on the sites water network, contributing to increased consumption. It is unknown how long these leaks were there, but work has now been conducted to rectify them.

Increased water consumption has been attributed to several factors. Essential maintenance work of the water network required the system to be drained, refilled and monitored. In addition, active water quality management across the estate, to comply with health and safety regulations, increased water consumption. We are also investigating the potential for faults within the water supply infrastructure on site to make improvements in this area.

DVLA, through our previous PFI provider, monitored facilities to identify instances of water waste. Monthly reports were sent by the PFI provider to DVLA which highlighted any issues identified and actions taken to rectify them.

Finite resource consumption			Baseline 2017-18	2022-23	2023-24	2024-25
Non-financial indicators	**Water (m^3)**	Supplied	48,459	39,547	54,589 [1]	55,977
		Harvested	769	0	0	0
		Consumption per FTE	8	7	10	10
Financial indicators	**Water and sewerage expenditure**		**£147,884**	**£151,267**	**£30,077** [2]	**£220,948**

1 Increase from previous year due to increase of staff returning to office space.

2 Initial payments in year are made on estimate. 2023-24 includes a credit from previous year.

Other reporting requirements

Procuring sustainable products and services

Sustainability considerations are incorporated into DVLA's procurement processes from the preparation and planning stages. Within our Commercial Directorate, a senior manager is designated a Sustainability Champion and DVLA Sustainability team has a designated Sustainability and Environment Manager responsible for ensuring a life-cycle approach is taken to procurement.

All business cases are required to assess the cost benefit across all 3 pillars of sustainability (economic, social and environmental) and are subject to governance prior to implementation. DVLA business case guidance considers all environmental and social implications and their impact on performance against the Greening Government Commitments.

A sustainability assessment is conducted for all procurements, with input from sustainability subject matter experts, to ensure appropriate and proportionate requirements (for example, mandatory Government Buying Standards requirements and UK government Timber Procurement Policy) are factored into new procurements and contracts.

DVLA recently refurbished 3 canteen and refreshment facilities. This was to provide furniture which better suited differing needs. The furniture chosen was manufactured and included the use of recycled materials. As part of the refurbishment project, DVLA donated redundant furniture to local charities where it is being utilised in their operations.

2024-25 marked the final year of our 20-year PFI contract. In preparation for the new contract, we have built in 5 sustainability focused indicators to improve performance. These include working closely with us to create plans to achieve net zero ambitions and identify appropriate projects to deliver this and meet legal compliance.

In addition, the new service should help DVLA to:

- ensure all goods and services use Government Buying Standards
- deliver a waste service which meets GGC targets
- ensure our environmental management system (ISO14001) retains certification

These measures align with UN Sustainable Development Goal (SDG 12) – Responsible Consumption and Production.

Nature recovery – making space for thriving plants and wildlife

We continue to follow the habitat and species management plans set out in the agency's biodiversity action plan (BAP). The BAP is aligned to the UN SDG 15 – Life on Land and informs all our nature recovery plans, setting out how we meet our obligations under the GGC and Environment (Wales) Act 2016. The new Grounds Maintenance Contract is aligned to the BAP to ensure a joined-up approach to enhance and protect the natural environment across the whole estate.

We maintain 2 beehives on our estate. With careful help from experienced staff in the Sustainability team, they remain healthy and thriving. The bees contribute to biodiversity on the estate as they pollinate trees and wildflowers, promoting insect populations, which in turn support birds, bats and mammals. We are also slowly increasing the number of trees present on site. We are careful to manage the species we plant to ensure they are native and will have room to grow and mature. During storm weather, several trees fell. These are being replaced.

DVLA's BAP was published in November 2020 and covers the period 2020-25. In the coming year, a new BAP will be published to cover the period 2025-30. It will continue the work of the previous BAP through specific habitat and species management plans that protect and promote species and habitats protected by Section 7 of the Environment (Wales) Act 2016.

Adapting to climate change

During the year, we completed a DVLA specific climate change risk analysis over the short, medium and long term, with temperature curve increases of 2° and 4° above the present day. The approach follows government guidelines, considering the findings of the Third UK Climate Risk Independent Assessment (CCRA3). We continue to investigate how climate change risks may affect our infrastructure and operations and are working towards UN SDGs (SDG 13 – Climate Action).

Climate change considerations include increased risk from flooding and greater risks to both health and IT infrastructure from extreme temperature incidents. Mitigating actions are taken using a collaborative approach with the Corporate Business Continuity team and operational areas which could be affected. Ongoing work includes the development of an emergency flood plan by the Corporate Business Continuity team as well as detailed documents explaining the actions to be taken in the event of severe weather events.

An Executive team risk identification exercise took place in January 2025 and the impacts of climate change were discussed and considered. Following assessment, it was determined that climate change was not deemed as a principal risk for the agency at this time. However, it was acknowledged that risks to the estate and environment will consider climate change and sustainability in addressing the best mitigation strategies to reduce the impact.

Reducing environmental impacts from ICT and digital

We continue to develop and use technologies that contribute to DVLA's sustainability objectives and support the Greening Government ICT and digital services strategy.

Digital footprint

We have continued to enable a digital shift from paper channels, as we develop our new digital customer centric services. In this reporting year we have been adding features and services to our Driver and vehicles account, making it simpler for customers to get what they need from DVLA digitally, reducing the need for travel and removing paper from the application process. The take-up is encouraging with over 4 million accounts created by the end of the year. The account also features digital reminders for Vehicle Excise Duty and a 'go paperless' option.

DVLA has continued to upgrade, decommission or migrate our hardware and software to more efficient alternatives, including cloud hosting, reducing our energy consumption. The migration of our final enquiry services – view, check and share driving licence (VDL, CDL and SDL) – onto the strategic application drivers platform successfully went live on July 2024, which allowed us to move from our legacy integrated enquiry platform. This platform, hosted externally, uses the latest generation energy efficient processors that are powered by renewable energy.

Using digital technology to conduct meetings has reduced the need for business travel since the baseline year, and we have reduced associated carbon emissions aligning to UN SDGs (SDG 13 – Climate Action).

ICT waste

Our Digital Inclusion Scheme continued to grow throughout the reporting period. This scheme provides communities and schools with functional IT equipment that is no longer suitable for DVLA use and would otherwise be destroyed – the aim of which is to encourage digital access and engagement, bridging the digital divide.

Other DVLA ICT waste management includes the internal reallocation of returned devices and laptops for new users joining DVLA. We do not currently purchase any refurbished or remanufactured devices due to IT security considerations and management information (MI) requirements for the traceability of ICT at the end of its life, as included in our IT waste contract. No waste was sent to landfill by our IT waste contractor this year.

DVLA's IT requirements are typically retendered on a 2 or 3-year cycle. This supports the agency's commitment to best-in-class sustainable outcomes, which range from the disposal or refurbishment of end-of-life kit, like laptops, right through to the modern sustainability-optimised data centres that host our business-critical applications. Kit disposal has zero landfill associated, as any refurbished kit supports our local schools or charities.

Tim Moss, CBE
Accounting Officer and Chief Executive, DVLA

16 July 2025

Accountability report

Corporate governance report

Directors' report

Purpose of the directors' report

This report is presented in accordance with the requirements of the Companies Act 2006, adjusted for the public sector context as required by the HM Treasury Financial Reporting Manual 2024-25, to report on the governance, remuneration, performance and staff issues.

Members of the board

Full disclosure of the serving directors for 2024-25 is available in the Governance statement (page 44) of this document. Directors have declared they, or any close or dependant family member, hold no significant third-party interests that may conflict with their board duties.

Pension liabilities

Our employees are civil servants to whom the conditions of the Superannuation Act 1972 and the Public Service (Civil Service and Others) Pension Regulations 2014 and subsequent amendments apply.

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS) – known as 'alpha' – are unfunded multi-employer defined benefit schemes. We are unable to identify our share of the underlying assets and liabilities. Provision is made in Note 11 of the Business Account to meet early retirement costs payable by us up to employee's normal retirement age. All employees who are members of Civil Service pension schemes (excluding those on partnership pension arrangements) and were not previously members of the alpha pension scheme, joined that scheme on 1 April 2022 in line with the McCloud judgment.

Employees

Information about our policies and arrangements relating to staff is shown in the Staff report.

External auditors' remuneration

The external auditors did not undertake any non-audit work in the year.

Sickness absence data

Our sickness absence data is shown in the Remuneration report on page 71.

HM Treasury cost allocation and charging requirements

Full disclosure of our compliance with the cost allocation and charging requirements of HMT is reported within Note 2 of the financial statements.

Personal data related incidents

DVLA is responsible for the personal data of millions of GB drivers, UK vehicle keepers and handles many millions of customer transactions each year. The agency takes the protection of personal data very seriously and has a robust process in place for the investigation and reporting of personal data related incidents in line with regulatory guidance. During 2024-25, DVLA notified 3 breaches to the Information Commissioner's Office (ICO), with no further action taken on any of them.

Nature of incident	2024-25 total
Failure to redact	1
Data posted to incorrect recipient	1
Loss/theft of paper documents	1

Future developments

Our future developments will be detailed in our 2025-26 business plan.

Statement of Accounting Officer's responsibilities

Business Account

Under the Government Resources and Accounts Act 2000, HM Treasury has directed us to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of our comprehensive net expenditure, statement of financial position, cash flows and changes in taxpayers' equity for the financial year.

In preparing the Business Account, the Agency Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed and disclose and explain any material departures in the financial statements
- prepare the financial statements on a going concern basis
- confirm that the annual report and accounts as a whole is fair, balanced and understandable and take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable

The Permanent Secretary of DfT has appointed the Chief Executive of DVLA as the Agency Accounting Officer. The responsibilities of an Agency Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Agency Accounting Officer is answerable, for keeping proper records and for safeguarding DVLA's assets, are set out in Managing Public Money published by HM Treasury.

Trust Statement

Under the Government Resources and Accounts Act 2000, HM Treasury has directed us to prepare, for each financial year, a Trust Statement detailing the revenue and expenditure in respect of VED, fines and penalties and HGV Road User Levy falling outside of the boundary of our Business Account. The Trust Statement is prepared on an accruals basis and must give a true and fair view of the collection and allocation of VED, fines and penalties and HGV Road User Levy, including the revenue and expenditure, financial position and cash flows. The Trust Statement does not estimate the duty foregone because of non-compliance with the VED regime.

In preparing the Trust Statement, the Agency Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed and disclose and explain any material departures in the Trust Statement
- prepare the financial statements on a going concern basis, and
- confirm that the annual report and accounts as a whole is fair, balanced and understandable and take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable

HM Treasury has appointed the Permanent Secretary of DfT as Principal Accounting Officer of the Department. Our Chief Executive holds the role of Agency Accounting Officer for the purposes of the Trust Statement. The Agency Accounting Officer is also responsible for the fair and efficient administration of the VED regime including the assessment, collection and proper allocation of VED revenue.

Disclosure of audit information

The Agency Accounting Officer confirms that, as far as they are aware, there is no relevant audit information of which the agency's auditors are unaware, and they have taken all steps that they ought to have taken to make them aware of any relevant audit information and to establish that the agency's auditors are aware of that information.

Responsibility for the annual report and accounts

The Agency Accounting Officer has confirmed that the annual report and accounts as a whole is fair, balanced and understandable and that they take personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

Governance statement

Introduction

Our Governance statement describes how our board and its supporting structures work and how they have performed. It provides an assessment of how the agency has been managed, including the effectiveness of the systems of internal control, risk management and accountability.

As Agency Accounting Officer the Chief Executive has responsibility for the proper, effective and efficient use of public funds and may be required to appear before Parliamentary Select Committees. The Chief Executive is accountable to the Secretary of State for Transport for our performance in accordance with the Framework Document, which sets out the accountability and key relationships between us and the Department. The Agency Accounting Officer is also required by HM Treasury's Managing Public Money and the Government Financial Reporting Manual to provide a statement on how they have discharged their responsibility to manage and control the resources for which they are responsible during the year.

During 2024-25 we were sponsored by the Department for Transport (DfT) Road Transport Group (RTG). We are responsible for providing driver licensing services in Great Britain and the registration of vehicles and collection of VED throughout the UK.

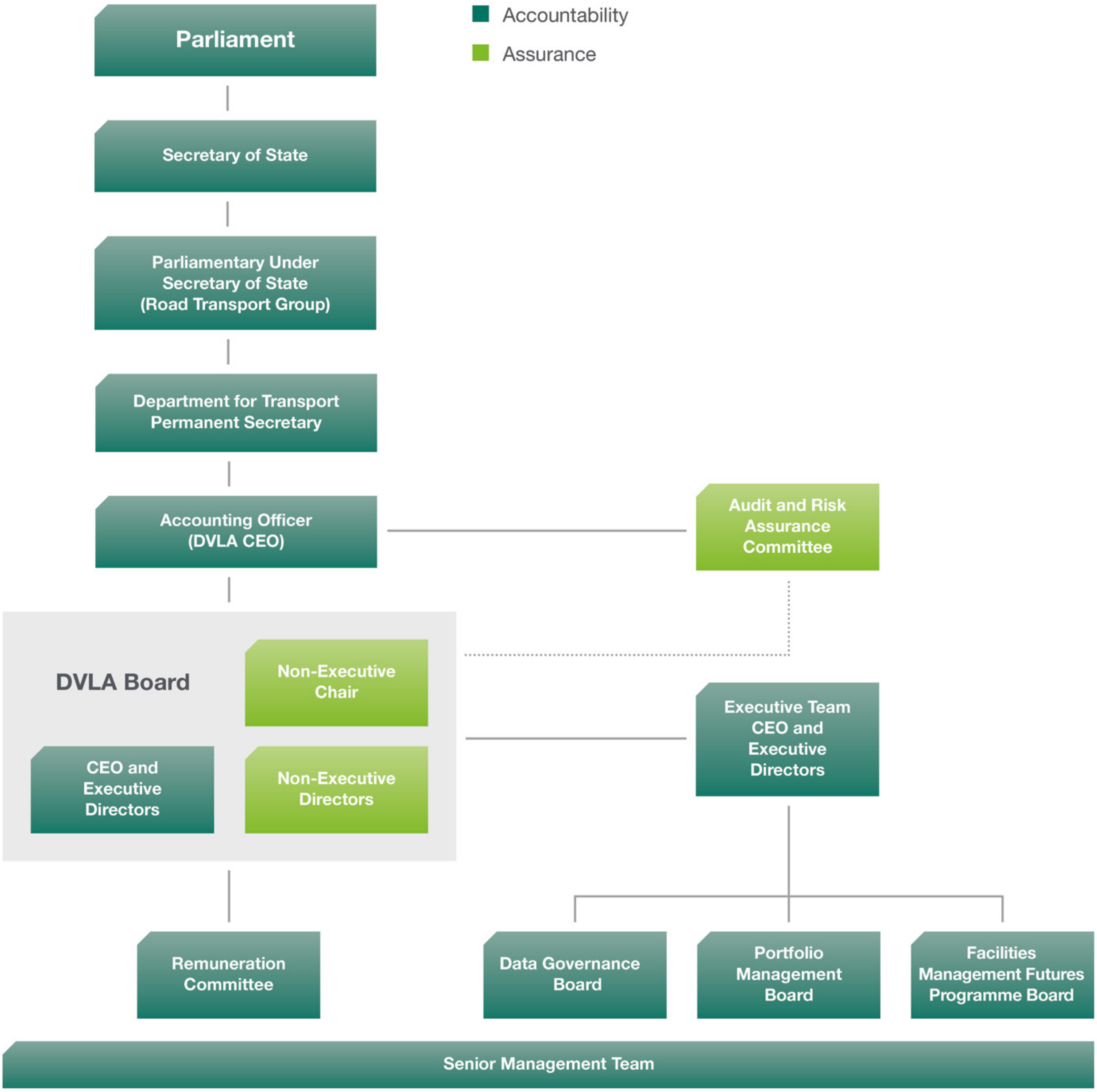
Driver licensing in Northern Ireland is a transferred matter and is the responsibility of the Driver and Vehicle Agency (DVA), sponsored by the Department of Infrastructure in Northern Ireland.

Governance framework

The Chief Executive ensures our governance framework complies with the good practice guidance laid down in HM Treasury's Corporate Governance in Central Government Departments: Code of Good Practice (updated April 2017).

We are managed by an Executive team and the board. The board is advisory, chaired by a Non-Executive Director and has strategic responsibilities. It is supported by the Audit and Risk Assurance Committee and the Remuneration Committee. The Executive team is responsible for the day-to-day management of the agency and for delivering our commitments to the government and the public as set out in our annual business plan. The board and Executive team meetings are conducted in accordance with agreed terms of reference which are reviewed periodically. The high-level governance structure is shown below.

Governance structure



DVLA board

Our board consists of a Non-Executive Chair, the Chief Executive, Executive Directors and Non-Executive Directors. Its principal focus is on our strategic direction but it also has business oversight responsibilities.

There is a clear demarcation between the responsibilities of the DVLA board and the Executive team.

Our board provides the Secretary of State for Transport with assurance on the effectiveness with which we are run and that we are meeting our strategic goals. It holds the Chief Executive and Executive team to account for the achievement of these goals.

The Non-Executive Chair is appointed by the Secretary of State. The Chief Executive appoints the Executive Directors with approval from the Permanent Secretary. Non-Executive Directors are recommended for appointment to the Secretary of State for Transport by the Non-Executive Chair, in partnership with the Chief Executive and the Director General of RTG at DfT. A record of any external business interests held by the Chair, Chief Executive, Executive Directors and Non-Executive Directors is maintained by the Corporate Secretary and is updated as required and formally reviewed annually. As the first item of business at every board meeting, the Chair will ask all members if they or any close or dependant family member has any new business interests to declare since the last meeting, and if there are any conflicts of interest arising from that new interest or pre-existing interest with any item for discussion on that meeting's agenda. That request and any response is recorded in the minutes.

The board considers:

- the agency's strategic direction and plans, including oversight of our change agenda and progress against the business plan
- key risks and issues identified by our Executive team and the effectiveness with which they are mitigated

The Executive Directors have specific areas of functional responsibility and accountability (page 48).

The Non-Executive Chair also chairs the Remuneration Committee, and the three Non-Executive Directors are members. A suitably qualified Non-Executive Director chairs the DVLA Audit and Risk Assurance Committee (ARAC) with two other Non-Executive Directors attending as members. In addition, an independent member, nominated from within DfT, serves on the ARAC.

Non-Executive Directors

David Jones

Non-Executive Chair

Chair of Agency Board and Remuneration Committee

David Jones was appointed in December 2023 and took up his post as Non-Executive Chair of DVLA in February 2024.

David is currently a Non-Executive Director at Ofwat and a co-founder and Director at CxB, a voluntary organisation improving the board oversight of cyber security.

David was previously on the board of Ofcom as the first Non-Executive member for Wales from 2019 to December 2023. He has also held Non-Executive Director positions for Cardiff and Vale NHS Board, Qualifications Wales, the Aneurin Bevan NHS Board and the Welsh Revenue Authority.

Charmion Pears

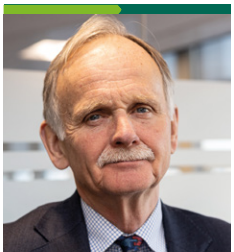
Non-Executive Director

Non-Executive Chair of the Audit and Risk Assurance Committee

Charmion Pears was appointed in January 2024 and took up her post as a Non-Executive Director and Chair of DVLA's Audit and Risk Assurance Committee in February 2024.

Charmion has been a chartered accountant with the Chartered Accountants of Australia and New Zealand (CAANZ) for 28 years. She is a Non-Executive Director and Chair of the Audit and Risk Assurance Committee of the Care Quality Commission (CQC) and an Independent Member of the Audit and Risk Assurance Committee of the Health and Safety Executive (HSE).

Charmion's previous roles include Non-Executive Director of Corserv Ltd, Senior Independent Non-Executive Director of Bristol Waste Company and Trustee of Blue Cross UK and Demelza Hospice for Children. Charmion's executive career comprised leadership roles in strategic planning and innovation within the airline industry and financial services.



Stephen Tetlow

Non-Executive Director

Stephen Tetlow was appointed in January 2024 and took up his post as Non-Executive Director of DVLA in February 2024.

Stephen is also a Non-Executive Director of The Student Loans Company Ltd and has more than 15 years' experience as a Non-Executive Director, including roles at the Planning Inspectorate, EngineeringUK and the National Skills Academy for Rail.

Stephen's previous roles include Director of Electrical and Mechanical Engineering for the British Army and Director of Operations for the Defence Logistics Organisation in the Ministry of Defence, and the CEO of the Institution of Mechanical Engineers and its group of companies.

Stephen was also the CEO of the Vehicle and Operator Services Agency, during which time he led the computerisation of the award-winning national MoT system, working closely with DVLA to enable online vehicle licensing.

Sarah Williams-Gardener

Non-Executive Director

Sarah Williams-Gardener was appointed in January 2024 and took up her post as Non-Executive Director of DVLA in February 2024.

Sarah is Chair of Fintech Wales, a members collective focused on empowering the FinTech and financial services in Wales and leading the organisation in establishing Wales as a globally recognised FinTech hub of excellence. Sarah was also Chair of Western Gateway until 31 March 2025, the pan-regional partnership that looks to drive economic growth. She sits as an independent member of the Port Talbot Transition Board and is also a trustee for Surviving Economic Abuse.

Sarah spent 17 years at IBM, latterly as Government Affairs Director working with government departments including DVLA, as well as working on commercial and innovation projects. Sarah was a founding member of the team behind the challenger bank Starling. After leaving Starling in June 2019, Sarah held an interim CEO role at the charity 'Hope for Children', followed by a consultancy contract at Fair 4 All Finance, setting up their market and consumer insights team.

Executive Team

Tim Moss, CBE

Chief Executive

Tony Ackroyd

Executive Director
Operations and Customer Service Directorate

Lynette Rose

Executive Director
Strategy, Policy and Communications Directorate

Brian Sullivan

Executive Director
Information Technology Services

Cenydd Powell

Interim Co-Executive Director
Human Resources and Estates Directorate

Helen Davies

Interim Co-Executive Director
Human Resources and Estates Directorate

Tracy Nash

Executive Director
Finance and Assurance Services

Darren Thompson

Executive Director
Commercial Directorate

* Tim Moss became Chief Executive on 31 March 2025, previously Lynette Rose was Interim Chief Executive from 25 November 2024 to 30 March 2025 and Julie Lennard was Chief Executive to 24 November 2024.

Week	**Executive team meetings –** Chaired by the Chief Executive Focus
1	IT operations and live service
2	Operations and business plan performance
3	Commercial, Strategy, Policy and Communications
4	Human Resources, Estates, Finance and Assurance
5	Open agenda (in five week months)

The Executive team meets each week and has responsibility and accountability for delivering the annual business plan and for day-to-day management of the business. The Chief Executive chairs this meeting and its membership is drawn exclusively from the Executive Directors.

The focus of these meetings changes each week of the month and then repeats itself from the start of the next month. This regular and consistent rhythm builds a strong team ethic with a keen focus on business issues driving productivity and business change.

Investment decisions can be made at any of the above meetings.

Board, Audit and Risk Assurance Committee and Remuneration Committee attendance

Figures denote meetings attended/meetings available to attend between 1 April 2024 and 31 March 2025. The board met 12 times in the year with non-attendance agreed in advance on an exceptional basis.

Directors' attendance business year ending 31 March 2025	DVLA Board	Audit and Risk Assurance Committee	Remuneration Committee
David Jones, Non-Executive Chair	12/12	N/A	1/1
Lynette Rose, Interim Chief Executive (from 8 November 2024)	4/4	1/1	N/A
Julie Lennard, Chief Executive (to 24 November 2024)	8/8	3/3	1/1
Cennydd Powell (from 8 July 2024)	5/6	N/A	N/A
Helen B Davies (from 8 July 2024)	6/6	1/1	N/A
Louise White (to 7 July 2024)	5/6	1/1	1/1
Tony Ackroyd	11/12	N/A	N/A
Darren Thompson	11/12	1/1	N/A
Dudley Ashford (from 18 November 2024)	3/4	1/1	N/A
Lynette Rose (to 7 November 2024)	8/8	3/3	N/A
Brian Sullivan	12/12	N/A	N/A
Tracy Nash	12/12	4/4	N/A
Charmion Pears, Non-Executive Director and Audit and Risk Assurance Committee Chair	12/12	4/4	1/1
Sarah Williams-Gardener, Non-Executive Director	10/12	3/4	1/1
Stephen Tetlow, Non-Executive Director	12/12	4/4	1/1
John Parkinson, Independent Member (to 18 February 2025)	N/A	4/4	N/A

Tim Moss was appointed as Chief Executive on the 31 March 2025. None of the meetings in the table above took place following his appointment.

DVLA board effectiveness

The Chair meets regularly with the Non-Executive Directors and has put in place a process to appraise their performance and to ensure we gain greatest value from their external perspectives and experience. The board undertakes an annual self-assessment of its performance and capability, agreeing an annual action plan to respond to its conclusions. In addition, the board periodically seeks assurance from an independent external assessor that the results of its annual self-assessment present a fair and accurate reflection of its performance and capability.

The next external review has been commissioned and is expected to report by the end of June 2025. As the Non-Executive Chair and Non-Executive Directors have now been in post for some 13 months, this external review will provide a baseline against which future internal assessments will be judged.

The Chief Executive agrees specific targets and success criteria with each Executive team member at the start of each year and reviews progress against these with them regularly.

Remuneration Committee

The remuneration of Senior Civil Servants (SCS) is set by the Prime Minister following independent advice from the Senior Salaries Review Body. The role of the Remuneration Committee is to make recommendations to the Chief Executive and DfT on aspects of remuneration decisions for DVLA's SCS in accordance with current pay guidance. The committee should also consider succession planning for SCS roles.

The committee meets at least once a year. During 2024-25, the committee met once.

Audit and Risk Assurance Committee

The board and Audit and Risk Assurance Committee (ARAC) oversee governance assurance processes and assist in their development. This ensures that continual improvement of procedures and systems remain a priority. These processes apply to all our activities and transactions in the Business Account and Trust Statement. The Chair of the ARAC regularly updates the board on the ARAC's views of the effectiveness of our governance, risk management and internal control arrangements.

The ARAC has agreed terms of reference which are reviewed on an annual basis. The Committee provides assurance, advice and support to the Chief Executive in discharging their responsibilities as Agency Accounting Officer. The Chair of the ARAC produces a formal Letter of Assurance and Letter of Representation in relation to Fraud for the Agency Accounting Officer each year. Key areas of focus in 2024-25 included Cyber Security, Data Governance, Counter Fraud and Whistleblowing.

The Chief Executive attends, along with the Finance and Assurance Services Director and Head of Internal Audit. Other attendees include the Group Chief Internal Auditor for the DfT Government Internal Audit Agency (GIAA); the National Audit Office (NAO) and KPMG as sub-contracted auditors to the NAO. Executive team members have a standing invitation to attend if they wish but are also required to attend when the Committee has asked to discuss matters for which they are accountable.

Audit and Risk Assurance Committee

Name	Status	Responsibility	Date of appointment
Charmion Pears	Non-Executive Director	Chair	January 2024
Stephen Tetlow	Non-Executive Director	Member	January 2024
Sarah Williams-Gardener	Non-Executive Director	Member	January 2024
John Parkinson [1]	Independent Member	Member	October 2020, re-appointed for another 3 years from 1 July 2023

1 John Parkinson retired from ARAC on 18 February 2025.

The ARAC has access to all internal audit reports, major project assurance reports, external reviews, risk registers and management reports. The agenda follows a cyclical pattern to support external financial reporting but consider the following across the four meetings:

- progress against assurance plans; adequacy of response to the risk register and that the correct risks have been identified
- management responses and progress against assurance reviews
- response to fraud and bribery threats
- Cyber Security, Data Governance and Information Governance

The ARAC reviews the Agency's Management Assurance Statement (MAS) and Government Functional Standards Compliance Report, seeking additional assurance where necessary. The ARAC also recommends to the Agency Accounting Officer whether they should accept and sign the annual report and accounts.

Wider governance

The DfT Sponsorship Team focuses on operational delivery, progress towards business plan performance measures and the management of risk through regular challenge meetings with the Chief Executive and the Finance and Assurance Services (FAS) Director.

We contribute monthly to DfT transparency reporting on progress towards financial targets and cash forecasting, expenditure and contracts in respect of our own activities. Our reports, together with emerging escalated risks and issues, are aggregated with those of other agencies and may be considered at DfT Executive Committee and Group Audit and Risk Assurance Committee as appropriate.

Risk management

Effective risk management is integral to DVLA's ability to achieve its strategic objectives. DVLA utilises the Risk Control Framework to guide its risk, governance and assurance activities. The risk management framework is aligned with DfT policy ensuring risks are escalated to the central department when necessary. DVLA risk management also adheres to the principles in the HMT Orange Book and the HMT Corporate Governance Code.

DVLA employs the three lines of defence model;

- effective management and internal control measures
- functions that oversee/specialise in risk management
- independent internal audit assurance

The board is responsible for overseeing DVLA's risk management framework, ensuring that key risks are identified, assessed, and managed in a timely and proactive manner.

Risk Management Framework

Our risk management framework is designed to:

- identify and assess both current and emerging risks
- establish controls and mitigation plans for significant risks
- integrate risk considerations into strategic and operational decision-making
- regularly review and adapt to changes in the internal and external environment

DVLA applies a structured risk assessment process across all business units;

- six directorates, each with a set of localised registers
- Portfolio Management Board with overview of risks that are identified across the 4 key programmes and their associated projects

Risk registers are maintained and reviewed monthly at Directorate Senior Management Team and Portfolio Management Board meetings respectively with risks escalated in line with the agency escalation process.

The Data Governance Board (DGB) provides the Senior Information Risk Owner (SIRO) with the necessary assurances in relation to the data and information for which we hold responsibility.

The Fraud Error and Debt Board (FED) provides further assurance of the agency's risks relating to fraud error and debt ensuring effective management of these risks.

The Executive team take an active role in the management of risks with monthly one-to-one director meetings and monthly review of corporate risks at Executive team. These are reviewed at each Audit and Risk Assurance Committee and twice a year by the board.

Principal risks

At the start of 2024-25, DVLA identified 6 key risks that would impact on the delivery of objectives.

The highest priority was in ensuring our data remained secure from cyber attack which resulted in a number of actions related to improving our technology and adding additional security tools to our networks. This was all conducted in conjunction with the wider modernisation of the IT infrastructure which is an ongoing programme of works.

Protecting customer data has also remained high on the agenda and particular attention was taken to reduce the threat of insider action. Workshops were held with staff across the agency and additional training provided to increase staff awareness of the type of actions that can be identified as malicious.

During the reporting period, it was determined that the risk focus for the agency would take a more strategic view linking more robustly with the strategic pillars. This has led to the development of 10 principal risk areas that have become the focus of future risk reporting heading into 2025-26.

Principal risk		Strategic aim
1. Skills, capability, capacity and leadership	DVLA does not have the capacity and/or capability to deliver its priorities and objectives, with additional effect on the wellbeing of DVLA staff. DVLA may not deliver its business objectives or respond to unplanned events if it does not have, or cannot attract, the skilled and/or available workforce it needs in the future. Failure to retain people with the right skills exacerbated by increased employee concern regarding significant wage inflation pressure.	3 and 4
2. Financial sustainability	DVLA may not have the necessary funding available to deliver on its priorities both in-year and mid/long-term. This could be due to a number of factors – e.g. inflationary pressures, economic uncertainty, constrained fiscal environment, insufficient financial management, inability to quickly change fees to respond to changes in fees income, additional costs arising from increased demand (e.g. VED Collection).	1, 2 and 4
3. Technology resilience, reliability	A major failure in IT technology infrastructure that results from the current condition of DVLA's Legacy IT infrastructure that could impact business operations and customer public service delivery, temporarily or an extended period of time, depending on the incident's severity and the ability to recover. Challenge of continued running of legacy older technologies is an increasing risk to maintaining operational public service levels now and in the future. Carrying increased cyber security risks with legacy technologies.	1, 2 and 3
4. Cyber attack	DVLA IT technology infrastructure become compromised due to an increased risk of cyber attack from threat actors who will exploit vulnerabilities and an ever-increasing hostile global cyber threat environment. Resulting in DVLA unable to deliver citizen and business services including collection of VED revenue and potential data breach of DVLA's data registers.	2

Principal risk (continued)		Strategic aim
5. Change portfolio	The programmes within our change portfolio may fail to deliver the outcomes and associated benefits we need to deliver on our Spending Review commitments and ministerial/legislative requirements. This, in turn, may harm our ability to deliver the ambitions set out in our strategic roadmaps. Failure to deliver on major projects will delay or reduce benefits and other savings adversely impacting performance and slowing delivery of the overall strategy. The agency fails to identify and implement the opportunities presented by the growth of AI capability, whilst ensuring appropriate conduct, ethics and compliance in respect of data and AI usage.	1, 2, 3 and 4
6. Customer experience	We may fail to maintain and make customer experience improvements in line with our strategic objectives. This would lead to us not fulfilling our vision to be a trusted and modern agency, with lower satisfaction levels.	3
7. Legal and regulatory compliance	Failing to comply with, or breaching, legal or regulatory requirements. Failure to comply with relevant legal and regulatory (including sanctions, confidentiality and GDPR) requirements which could lead to regulatory action, financial penalties, reputational damage and/or a client conflict of interest.	2
8. Data quality and governance	Failing to comply with data protection laws may lead to a legal breach, leaving us unable to protect customer and staff personal data to the legally required level, nor help staff and customers carry out their rights under data protection law. Poor data quality could impact financial management, fact-based decision making, business efficiency, and credibility – accurate databases and registers/appropriate revenues/accurate data sharing.	1 and 2
9. Estate and environment	Failure to maintain the condition of the estate to a sufficient level, results in degradation and the increased risk of experiencing asset failures causing casualties, negative impacts on the output and impacts upon our ability to maximise opportunities presented by technological advance.	2
10. Commercial	DVLA unable to function in a specific area due to a critical market, supplier or supply failure. Inability to successfully execute, integrate and leverage opportunities through 'in-housing'.	2 and 3

Emerging risks

DVLA continues to monitor emerging risks such as climate change, geopolitical instability, and advancements in technology. These are regularly assessed for potential impact and relevance to our long-term strategy. An annual formal risk identification exercise took place to assess the accuracy of current risks and identify future risks on the horizon.

Risk appetite

DVLA undertook an exercise to review the agency risk appetite, using HMT Orange Book guidance and referencing risk appetite statements from other Departments.

DVLAs work on risk appetite is maturing. During the course of the year we undertook an exercise to review the agency's risk appetite considering HMT Orange Book guidance and reference to best practice. This is being further developed as we head into 2025-26 and will be embedded into decision making and risk management.

Internal controls and assurance

The effectiveness of the risk management process is supported by a robust internal control environment, including:

- an independent Government Internal Audit function
- regular management reviews and reporting
- external assurance where appropriate

DVLA remains committed to maintaining a strong risk culture and continuously enhancing our risk management capabilities to support the delivery of our objectives.

Operational Resilience, Business Continuity and Incident Management

Corporate Operational Resilience, Business Continuity and Incident Management is managed through the Human Resources and Estates Directorate, coordinating resilience and business continuity planning across the agency, supported by a network of nominated staff from business areas. Output Services Group's business continuity arrangements have maintained ISO 22301 certification. The principal objective of resilience and business continuity planning is to reduce operational risk and increase organisational resilience.

DVLA has a dedicated team qualified to provide advice, guidance and support to the agency. The team are an integral member of the Cross Government Business Continuity Forum (led by the Department for Work and Pensions) sharing best practice and developing standardisation across Government.

DVLA understands the potential impact on our customers in the event of any issues with our services and have business continuity and disaster recovery plans to respond to and recover from business disruptions. The Specialist Risk Register includes risks raised by individual business areas and threats highlighted in the National Risk Register (NRR). Risk registers inform and focus risk management and prioritisation of resilience planning, to mitigate against new and evolving threats and the consequences of plausible worst-case scenarios.

Examples of business risks and specific plans that impact DVLA include Cyber security threats, IT system outages, infrastructure outages affecting premises, storms, natural hazards, industrial action, counter terrorism security, national power outage and pandemic to name a few. These plans are reinforced by local business continuity plans implemented at an operational business team level and dependencies mapped.

DVLA has strengthened its business continuity planning processes and arrangements implementing business continuity software to consolidate business impact analyses and business continuity plans. Managers are empowered to take ownership, maintain and continuously improve the information relied on to inform response and recovery plans used by incident management.

Business disruptive incidents follow the Bronze, Silver, Gold incident management model, establishing and enabling command, control and coordination of resources required to implement the strategies, plans and solutions to maintain the acceptable level of service. Business disruptions have been minimal during 2024-25 with recent examples including IT outages, a severe red weather warning affecting South Wales, a utility supplier incident affecting the potable water supply and a national public disorder situation.

DVLA validate plans, procedures and arrangements through exercising, testing and rehearsing incident management. Reacting to various scenarios to ensure arrangements remain fit for purpose. During 2024-25 the Pollution Prevention Response Plan and Contact Centre Loss of Accommodation Relocation Plan were tested and exercised.

Lessons learnt from real life incidents and exercises have identified actions to continuously improve DVLA resilience arrangements to benefit customers and stakeholders.

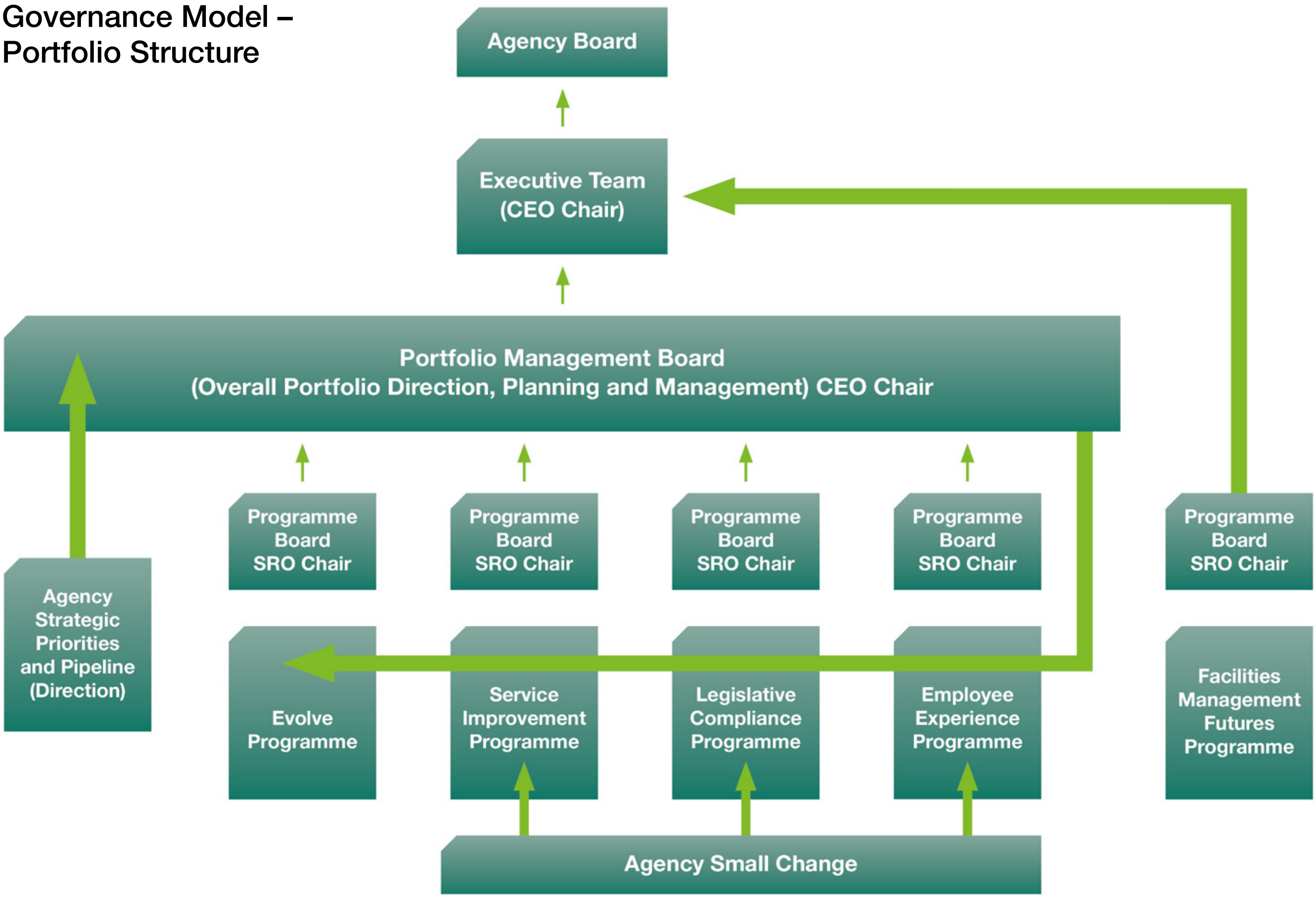
Change and investment

All potential change initiatives must be sponsored by a Director and approved onto the Strategic Pipeline at the Portfolio Management Board (PMB), where a strategic priority gets assigned, before being presented to the relevant programme board for approval of limited, initial funding.

The main features of this process are:

- a rolling pipeline of planned change
- a monthly PMB consisting of the Executive team, Senior Responsible Officers (SRO), Portfolio Leads and representatives from across the agency, which acts as the first decision making forum in the pipeline process
- monthly programme boards consisting of an SRO, Executive team members, Portfolio Leads and representatives from business areas
- our investment governance process determines the appropriate governance route for each investment. A three-stage business case process (following HM Treasury Green Book guidance) is undertaken for changes with a lifecycle cost greater than £1 million with smaller value investments requiring a single stage case
- each business case follows the HM Treasury 5 case model (strategic, economic, commercial, finance and management), the economic section includes a value for money assessment
- a Continuous Assurance team manage the provision of proportionate assurance of all projects and programmes within DVLA. The team is independent of project and programme delivery and essentially assures DVLA investment in change

Governance Model – Portfolio Structure



The Facilities Management Futures (FMF) Programme reports directly to a dedicated Executive team meeting on a monthly basis. This is due to its significance and the associated risk management, along with the need to share experience with other government departments also exiting Private Finance Initiative (PFI) contracts.

Cabinet Office spending controls

In addition to the rules set out in Managing Public Money, Cabinet Office (CO) operates certain spending controls. These relate to Commercials; Digital and Technology; Advertising, Marketing and Communications; Contingent Labour; Property; Facilities Management; Redundancy and Compensation; Learning and Development. All controls have designated owners within the agency and are subject to ongoing review to ensure compliance is sustained.

We have continued to work with DfT and DSIT to maintain ways of working and ensure Digital and Technology (D&T) Spend Control approval for all IT change is in place as part of an approved D&T Spend Pipeline (during this financial year DSIT took on responsibility for the D&T Spend Control on behalf of CO).

In conjunction with D&T Spend Controls Version 6, projects and programmes are subject to assurance assessments that consider plans, activities, risks and how well the proposed activities and approach to delivery complies with digital and technology standards.

In line with GDS guidance, the agency's Strategic Pipeline has been assessed against pipeline standards and this assessment has confirmed that we have appropriate levels of governance, reporting and controls in place. The Strategic Pipeline continues to be monitored and endorsed by the Portfolio Management Board (PMB) ensuring the GDS pipeline standards can be met, and ongoing arrangements maintained.

Commercial controls follow the latest published Government guidance, and all procurements are entered on the Government Commercial Assurance Management System. All procurements are in scope of the DfT Commercial Lifecycle Assurance process.

Contingent Labour spend requests are approved through the DfT Departmental Approvals Committee.

Learning and Development procurement follows the latest published guidance, and all spend is initially directed through the Cabinet Office skills curriculum to call off centralised contracts. If an appropriate centralised contract is not available, then DVLA commercial protocols are followed to source a local supplier.

Spend on Facilities Management was primarily governed by the PFI contract for 2024-25 with annual spend set out within the contract and payable as a monthly Unitary Charge.

Advertising, Marketing and Communication controls apply to campaigns, projects and programmes with planned communications expenditure of £100k or more in one financial year. Any such planned expenditure is approved by ministers before being submitted to Cabinet Office.

Financial controls

Review of operational budgets and project affordability takes place at the monthly Finance Executive team meeting with an update of affordability given by the Finance and Assurance Services (FAS) Director. Budgetary controls are supported by a monthly planning and re-forecasting cycle, monitoring volume and change demand. A summary of the results is reported monthly to our board with a formal report presented by the FAS Director each quarter.

As Agency Accounting Officer, the Chief Executive holds a letter of Financial Delegation issued by the Director General of the Road Transport Group, DfT. The Chief Executive sub-delegates financial delegations to Executive Directors and strategic finance staff.

FAS provide assurance for cost models that are included in business cases and exception reports across the agency. The report provides an overall confidence rating in the output and provides detail on the strengths, weaknesses and areas of uncertainty. The Analytical Assurance reports also provide a confidence for each benefit or disbenefit which is then added to the relevant benefit profiles. Analytical assurance is also provided on an ad-hoc basis for papers, reports submissions or responses that are sent to the Executive team, the Department for Transport or wider Government. In both these areas we continue to adhere to the principles in the HM Treasury Aqua Book and we continue to evolve the report structure to meet our audience's needs.

Functional standards

Functional standards exist to create a coherent, effective and mutually understood way of doing business within government organisations and across organisational boundaries, and to provide a stable basis for assurance, risk management and capability improvement.

DVLA has built on the improved procedures for reviewing and evaluating compliance with Government Functional Standards, introduced in 2023-24 and has concluded rigorous, evidence-based assessments in 2024-25.

The ARAC reviewed the Compliance Report in February 2025, where the self-assessments showed full compliance with mandatory elements. The ARAC takes comfort from the assurances provided by GIAA, which has both audited the approach taken by DVLA to self-assessment in general and, on a rolling basis, its assessment against each specific standard. In 2024-25 the review was of GovS13 Counter Fraud, where GIAA provided a Moderate Assurance Opinion. DVLA's additional assessment against the recommended, non-mandatory elements of the Functional Standards has been conducted again this financial year with improvement evidenced in several areas. Actions for improvement have been identified and will be reviewed as part of the 2025-26 assessment.

Fraud, error and debt

The management of fraud, error and debt is a critical part of good governance. Losses and recoveries are reported quarterly to the Public Sector Fraud Authority through DfT.

In DVLA, overall responsibility for fraud, bribery and corruption policy sits with the Director of Strategy, Policy and Communications, supported by a cross-agency Fraud, Error and Debt (FED) Board. The post holder is also DVLA's counter fraud and anti-bribery champion.

Counter fraud initiatives, and internal fraud investigations are undertaken by the Fraud Policy and Investigations Team, which reports to the FED Board and updates the ARAC. External investigations are undertaken with our Criminal Intelligence Officers based in the Operational Fraud Team. Intelligence reports are shared with law enforcement where appropriate.

The Government Internal Audit Agency (GIAA) provides support and input to fraud investigations, advising on aspects of control and risk management. The Fraud Policy and Investigations team reviews change, whether project inspired or through the small change process. Contract awards and renewals are scrutinised by the Fraud Policy and Investigations Team. Finally, the team works closely with individual business areas to fraud risk-assess business processes and practices, providing support and advice to mitigate fraud opportunities.

Raising a Concern

There is a Raising a Concern (Whistleblowing) process. It allows staff the opportunity to raise issues from criminal activity to financial malpractice and corruption. The process is impartial and secure, ensuring concerns are handled by Fraud Policy and Investigation staff with investigative experience. To facilitate staff reporting, there are several accessible routes. There is a telephone hotline and an email contact address and an anonymous digital reporting system. Hard copy forms, and physical boxes, are deployed across all Swansea sites for staff who might prefer this communication method. A similar postal arrangement is in place in the Birmingham customer service centre. Two Nominated Officers are in place, located within the Fraud Policy and Investigations Team and Government Internal Audit Agency.

Mandatory fraud awareness sessions for staff have been undertaken throughout the year, these include details of Raising a Concern routes.

Contact details for our fraud investigators are provided on forms and on our website for customers and suppliers. Telephone details are also provided to Contact Centre staff who can transfer calls from external customers where the need arises.

Post Office

The Post Office provides a limited number of customer facing services on behalf of DVLA, which includes Vehicle Excise Duty (VED) payment, the service to renew your driving licence every 10 years and Statutory Off-Road Notification (SORN) application.

For 2024-25, DVLA's assurance over the income and balances relating to Post Office transactions derives from our assessment of our internal controls and processes. This has been supplemented by appropriate consideration of any related GIAA reports.

Shared Services

DVLA's back-office services commenced this financial year as part of Arvato Bertelsmann but this was successfully transferred to Unity Business Services (UBS), a HMRC led Government Shared Service Centre, on 1 June 2024. Whilst this does not operate through a contractual arrangement, it does have a partnership agreement in place between HMRC and DfT, which establishes working practices and service performance mechanisms.

DVLA has a dedicated commercial relationship lead, who manages the relationship with the DfT Programme Team and co-ordinates performance monitoring and change and release processes for DVLA.

DfT has received an internal audit assurance report, on UBS's operation of the control environment at the Shared Service Centre. DVLA are content that this provides sufficient assurance over UBS's environment during the 2024-25 financial year.

During the year, we have been working with DfT as part of the wider Unity programme which aims to transition the existing SAP platform onto a new cloud-based solution.

Commercial controls

As a central government body, our commercial activity is governed by legislation within the Public Contracts Regulations 2015 and The Procurement Act 2023 (PA23). The PA23 regulations came into force on 24 February 2025. Commercial Directorate has taken all the necessary steps to ensure that this legislation has been adopted in all relevant commercial activity. Governance and control of commercial activity is administered by the Commercial Directorate and overseen by the Commercial Director.

Our Commercial Directorate is responsible for ensuring that commercial practice is compliant with the regulations. In line with the government's transparency agenda, and where practicable, all tender opportunities are published, including single tender actions and contracts over £12,000.

The Commercial Directorate has Commercial Policy and Commercial Procedures which act as the two primary control documents governing commercial activity.

Contractual authority originates from the Agency Accounting Officer and is delegated to individuals in specific posts (primarily Commercial Director, Head of Procurement and senior commercial managers) and is non-transferable.

Only those with contractual authority are allowed to commit the agency to any commercial activity. Contractual authority is distinct from financial authority and no individual is permitted to exercise both for the same requirement.

We have an efficient and effective practice whereby all contracts are sponsored at Executive team level. This is supplemented by making day-to-day contract management the shared responsibility of a business owner and a professional Commercial Advisor from within the Commercial Directorate, supported by a professional Financial Advisor.

In accordance with the Cabinet Office (CO) External Spending Controls, Commercial Directorate ensure that all in scope procurement exercises are subjected to the appropriate levels of governance and assurance within the DfT and Cabinet Office processes.

In addition, all procurements over the Find a Tender Service (FTS) threshold (currently £139,688) are subjected to independent assurance by the DfT Commercial Lifecycle Assurance Team, and endorsed by the DfT Commercial Assurance Board, before award of contract.

As part of governance and control DVLA also adopt and disseminate all Procurement Policy Notes (PPNs) received from CO and incorporate them into the agency's Commercial Policy, where appropriate.

At an organisational level, we successfully renewed our professional corporate certification with the Chartered Institute of Procurement & Supply, which demonstrates that our policy, processes and procedures are in line with best practice.

DVLA assesses commercial performance against Government Functional Standards through completion of the Commercial Continuous Improvement Assessment Framework.

Data controls

The Senior Information Risk Officer (SIRO), our Strategy, Policy & Communications Director is accountable at board level for information risk and is supported by Information Assurance and Governance Head/Deputy SIRO.

Information Asset Owners (IAOs) are responsible for the day-to-day management and use of information assets and must approve any change to their use, including the approval of Data Protection Impact Assessments.

The overarching data management framework is managed and overseen by Information Assurance and Governance (IAG). This includes data breach reporting and management.

The SIRO submits their report to the ARAC annually for review. Data Governance and Control Deep Dives have been on the ARAC agenda this financial year.

The Data Governance Board (DGB) is the focal point for reporting and initial escalation of data issues and risks, reporting to the Executive team where appropriate. The DGB meets approximately every 8 weeks.

The Data Protection Officer is based in DfT but has a Data Protection Manager based at DVLA who reports on data issues.

Agency Accounting Officer's assurance

The system of internal control is designed to manage risk to a reasonable level, rather than to eliminate all risk. It provides reasonable and not absolute assurance of effectiveness. The system of internal control supports the achievement of our policies, aims and strategic goals, whilst safeguarding the funds and assets of the organisation, in accordance with HM Treasury's Managing Public Money.

As Agency Accounting Officer for DVLA, the Chief Executive has responsibility for reviewing the effectiveness of the systems of internal control. This is primarily informed by internal audit reviews, along with the management assurance reporting of our managers who are responsible for the development and maintenance of the internal control framework.

A full Management Assurance Statement (MAS) review is undertaken every year, to review all facets of management assurance, policy and practice.

Internal audit

Our internal audit team are part of the Government Internal Audit Agency (GIAA), an executive agency of HM Treasury. The team operated to agreed Public Sector Internal Audit Standards (replaced by the Global Internal Audit Standards in the UK Public Sector from 1 April 2025) and complied with procedures and standards set by the GIAA. The internal audit reports provide an independent and objective opinion on the adequacy and effectiveness of our system of internal control, together with recommendations agreed to by management for improvement to address identified areas of risk or control enhancement.

The Head of Internal Audit has unrestricted access to the Chair of the ARAC and Agency Accounting Officer, the Chief Executive. The audit plan for the year is informed by the main risks to our business and encompasses a broad range of internal controls. This includes assurance over the security and use of our data, as well as contractual commitments and data protocols for those organisations that interact with us.

Head of Internal Audit opinion

On the basis of evidence obtained during 2024-25, the Head of Internal Audit was able to provide a moderate level of assurance that the framework of governance, risk management and control is appropriately defined and was working effectively throughout 2024-25 (a moderate opinion was also provided in 2023-24).

The Head of Internal Audit has advised that this opinion reflects the maturing Risk Management Framework and our continued focus on further strengthening existing governance arrangements.

The control environment established over recent years had been broadly sustained, and established controls were found to be generally working effectively, but with some improvement opportunities agreed with management.

The cases where internal audit identified the need for control enhancements were not deemed significant in the context of the overall control environment. Where enhancements were proposed, corrective action has been agreed with management. Delivery against those actions is monitored closely by the Executive team and where relevant, by the appropriate governance board (such as Data Governance Board and ARAC).

Remuneration and staff report

Remuneration report

Remuneration policy

The remuneration of Senior Civil Servants (SCS) is set by the Prime Minister following independent advice from the Senior Salaries Review Body.

The review body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations. Further information about the work of the review body can be found at Office of Manpower Economics.

We have our own Remuneration Committee in line with board best practice, chaired by our Non-Executive Chair. Further details can be found within the Governance statement.

Service Contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated below, the officials covered by this report hold appointments that are open-ended. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme. The standard period of notice to be given by directors is 3 months.

Further information about the work of the Civil Service Commission can be found at
www.civilservicecommission.org.uk

Salary and pension entitlements

The remuneration and pension interests of the Chief Executive and directors are set out on pages 62 to 66.

The SCS annual pay award bonus is determined by performance. These pay award bonuses are awarded to the top 25% of SCS. They are made to reward in-year performance in relation to agreed objectives, or short-term personal contributions to wider organisational objectives.

Salary

Salary includes gross salary, overtime (not paid to our directors), recruitment and retention allowances and any other allowance to the extent that it is subject to UK taxation. This report is based on payments made by us and recorded in these accounts. The directors did not receive any non-cash benefits during the current or prior year.

Performance bonus

Performance is assessed annually for directors through the appraisal processes. These are stipulated by DfT and entitlement to performance enhancements or bonuses established in comparison across the DfT family is through the departmental evaluation committee, chaired by the Permanent Secretary. Our remuneration committee provides reviews to DfT on performance of directors.

Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. Before 1 April 2015, the only scheme was the Principal Civil Service Pension Scheme (PCSPS), which is divided into a few different sections – classic, premium, and classic plus provide benefits on a final salary basis, whilst nuvos provides benefits on a career average basis. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme (CSOPS) or alpha, which provides benefits on a career average basis. All newly appointed civil servants, and the majority of those already in service, joined the new scheme.

The PCSPS and alpha are unfunded statutory schemes. Employees and employers make contributions (employee contributions range between 4.6% and 8.05%, depending on salary). The balance of the cost of benefits in payment is met by monies voted by Parliament each year. Pensions in payment are increased annually in line with the Pensions Increase legislation. Instead of the defined benefit arrangements, employees may opt for a defined contribution pension with an employer contribution, the partnership pension account.

In alpha, pension builds up at a rate of 2.32% of pensionable earnings each year, and the total amount accrued is adjusted annually in line with a rate set by HM Treasury. Members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004. All members who switched to alpha from the PCSPS had their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha.

The accrued pensions shown in this report are the pension the member is entitled to receive when they reach normal pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over normal pension age. Normal pension age is 60 for members of classic, premium, and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. The pension figures in this report show pension earned in PCSPS or alpha – as appropriate. Where a member has benefits in both the PCSPS and alpha, the figures show the combined value of their benefits in the 2 schemes but note that the constituent parts of that pension may be payable from different ages.

When the government introduced new public service pension schemes in 2015, there were transitional arrangements which treated existing scheme members differently based on their age. Older members of the PCSPS remained in that scheme, rather than moving to alpha. In 2018, the Court of Appeal found that the transitional arrangements in the public service pension schemes unlawfully discriminated against younger members (the 'McCloud judgment').

As a result, steps are being taken to remedy those 2015 reforms, making the pension scheme provisions fair to all members. The public service pensions remedy is made up of 2 parts. The first part closed the PCSPS on 31 March 2022, with all active members becoming members of alpha from 1 April 2022. The second part removes the age discrimination for the remedy period, between 1 April 2015 and 31 March 2022, by moving the membership of eligible members during this period back into the PCSPS on 1 October 2023.

The accrued pension benefits, Cash Equivalent Transfer Value (CETV) and single total figure of remuneration reported for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the PCSPS for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. The Public Service Pensions Remedy applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the PCSPS for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the alpha scheme for the period from 1 April 2015 to 31 March 2022.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute but, where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

Further details about the Civil Service pension arrangements can be found at the website **www.civilservicepensionscheme.org.uk**

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost.

CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Remuneration of the executive board members – audited

	Salary		Performance bonus		Pension benefits (to nearest £1,000)		Total	
	2024-25 £000	2023-24 £000	**2024-25 £000**	2023-24 £000	**2024-25 £000**	2023-24 £000	**2024-25 £000**	2023-24 £000
Chief Executive								
Tim Moss Chief Executive from 31 March 2025	**0-5 (145-150)** [1]	–	**–**	–	**–**	–	**0-5 (145-150)** [1]	–
Lynette Rose Interim Chief Executive from 8 November 2024 to 31 March 2025	**40-45 (100-105)** [2]	–	**–**	–	**100**	–	**140-145 (200-205)** [2]	–
Julie Lennard Chief Executive to 24 November 2024	**95-100 (145-150)** [3]	140-145	**–**	0-5	**39**	55	**130-135 (185-190)** [3]	195-200
Executive team members								
Cennydd Powell Interim HR and Estates Co-Director from 8 July 2024	**60-65 (85-90)** [4]	–	**–**	–	**25**	–	**85-90 (110-115)** [4]	–
Helen B Davies Interim HR and Estates Co-Director from 8 July 2024	**55-60 (75-80)** [5]	–	**–**	–	**87**	–	**140-145 (160-165)** [5]	–
Louise White HR and Estates Director to 7 July 2024	**25-30 (95-100)** [6]	90-95	**–**	5-10	**5**	40	**30-35 (100-105)** [6]	140-145
Darren Thompson Permanent Commercial Director from 4 December 2023	**90-95**	25-30 (85-90) [7]	**–**	0-5	**62**	–	**150-155**	30-35 (85-90) [7]
Darren Thompson Interim Commercial Director 3 April 2023 to 3 December 2023	**–**	55-60 (85-90) [7]	**–**	0-5	**–**	–	**–**	60-65 (85-90) [7]

1 Full year equivalent. Tim Moss in post from 31 March 2025.

2 Full year equivalent. Lynette Rose – Strategy, Policy and Communications Director to 7 November 2024 and deputising as Interim Chief Executive from 8 November 2024 to 31 March 2025.

3 Full year equivalent. Julie Lennard left post 24 November 2024.

4 Full year equivalent. Cennydd Powell deputising as Interim HR and Estates Co-Director from 8 July 2024.

5 Full year equivalent. Helen Davies deputising as Interim HR and Estates Co-Director from 8 July 2024.

6 Full year equivalent. Louise White left post 7 July 2024.

7 Full year equivalent. Darren Thompson was on loan from Crown Commercial Service (CCS) between 3 April 2023 to 3 December 2023, with permanency from 4 December 2023.

Remuneration of the executive board members – audited (continued)

	Salary		Performance bonus		Pension benefits (to nearest £1,000)		Total	
	2024-25 £000	2023-24 £000	**2024-25 £000**	2023-24 £000	**2024-25 £000**	2023-24 £000	**2024-25 £000**	2023-24 £000
Tony Ackroyd Operations and Customer Service Director	**105-110**	100-105	**5-10**	0-5	**42**	40	**155-160**	140-145
Dudley Ashford Interim Strategy, Policy and Communications Director from 18 November 2024	**25-30 (80-85)** [8]	–	**–**	–	**34**	–	**60-65 (110-115)** [8]	–
Lynette Rose Strategy, Policy and Communications Director to 7 November 2024	**55-60 (90-95)** [2]	85-90	**0-5**	5-10	**–**	37	**55-60 (95-100)** [2]	130-135
Brian Sullivan Chief Technology Officer	**120-125**	120-125	**10-15**	5-10	**47**	47	**180-185**	175-180
Tracy Nash Finance and Assurance Services Director	**85-90**	85-90	**–**	5-10	**51**	67	**140-145**	150-155

2 Full year equivalent. Lynette Rose – Strategy, Policy and Communications Director to 7 November 2024 and deputising as Interim Chief Executive from 8 November 2024 to 31 March 2025.

8 Full year equivalent. Dudley Ashford deputising as Interim Strategy, Policy and Communications Director from 18 November 2024 to 31 March 2025.

Performance bonuses paid to executive directors in 2024-25 were determined in accordance with the **Senior Civil Service Pay Award 2024-25 – practitioner guidance – GOV.UK (www.gov.uk)**.

Pension benefits included in the table above represent the actuarially assessed movement in pension benefits at retirement age arising due to in-year service, calculated as per Finance Act 2013 rules.

Accrued pension benefits included in this table for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the legacy scheme for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. The Public Service Pensions Remedy applies to individuals that were members,or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the relevant legacy scheme for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the alpha scheme for the period from 1 April 2015 to 31 March 2022.

Fair pay disclosures – audited

Reporting bodies are required to disclose their relationship between the remuneration of the highest-paid director in the organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce. The ratios below compare the mid-point pay of our highest-paid director to the average pay of our workforce.

The highest-paid directors pay band moved from the £140,000 to £145,000 band last year to the £145,000 to £150,000 band this year which is an increase in the mid-point of the band of 4%. The movement in the banded salary and allowances for the highest-paid director is calculated by comparing the mid-point of the pay band in each respective year in line with FReM guidance (6.5.19 to 6.5.20). The percentage change for DVLA employees, which is based upon average salaries, was an increase of 9%. There was a decrease in the number of Administrative Assistant roles during the year and an increase in the number of Administrative Officer roles which make up 56% of our workforce (2023-24: 48%).

Performance bonus for the highest-paid director decreased by 100% in 2024-25 when compared to 2023-24, due to a new appointment where no performance bonus was awarded, whilst the average percentage change for DVLA employees increased by 7%.

Year	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2024-25			
Ratio	5.7:1	5.5:1	4.3:1
Total pay and benefits	**25,686**	**26,893**	**33,960**
Salary component	24,722	24,722	29,777
2023-24			
Ratio	5.6:1	5.3:1	4.2:1
Total pay and benefits [1]	25,661	26,750	33,929
Salary component	23,274	23,508	28,849

1 Total pay and benefits for 2023-24 does not include the £1,500 cost of living payment.

The banded total remuneration of the highest-paid director in DVLA in the financial year 2024-25 was £145,000-£150,000 (2023-24: £140,000-£145,000). In 2024-25, nil (2023-24: nil) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £23,000 to £145,000 (2023-24: £22,000-£145,000).

There's been a change in the mid-point band of the highest-paid director. This has resulted in a small increase in the ratio between the highest-paid director's remuneration and the median remuneration of the workforce.

There have been no significant changes to pay policies for staff across the agency during the year. Accordingly, we consider the median pay ratios are consistent with the pay, reward and progression policies for employees taken as a whole.

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind, except in the case of the lower range where it does not include non-consolidated performance-related pay as not all staff would have been eligible. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Pension benefits of the executive board members – audited

	Real increase in pension and related lump sum at pension age during year	Total accrued pension at pension age and lump sum at 31 March 2025	Cash Equivalent Transfer Values (CETV)		Real increase in CETV as funded by employer in year	Employer contribution to partnership pension account
			At 31 March 2025	At 31 March 2024		(To the nearest £100)
	£000	£000	£000	£000	£000	£
Tim Moss	0-2.5 plus a lump sum of 0	40-45 plus a lump sum of 100-105	981	981 [1]	–	–
Lynette Rose	2.5-5 plus a lump sum of 7.5-10	45-50 plus a lump sum of 115-120	1,114	991	98	
Julie Lennard	0-2.5	45-50	744	653	27	–
Cennydd Powell	0-2.5	15-20	310	277 [1]	19	–
Helen B Davies	2.5-5 plus a lump sum of 7.5-10	35-40 plus a lump sum of 90-95	857	743 [1]	88	–
Louise White	0-2.5 plus a lump sum of 0	45-50 plus a lump sum of 130-135	1,170	1,151	1	–
Darren Thompson	2.5-5 plus a lump sum of 2.5-5	40-45 plus a lump sum of 105-110	1,000	904	55	–
Tony Ackroyd	0-2.5	25-30	537	452	39	–
Dudley Ashford	0-2.5 plus a lump sum of 2.5-5	35-40 plus a lump sum of 55-60	726	691 [1]	30	–
Brian Sullivan	2.5-5	15-20	349	273	43	–
Tracy Nash	2.5-5	35-40	641	577	36	–

[1] Or at date of appointment as director if later.

Accrued pension benefits included in this table for any individual affected by the Public Service Pensions Remedy have been calculated based on their inclusion in the legacy scheme for the period between 1 April 2015 and 31 March 2022, following the McCloud judgment. The Public Service Pensions Remedy applies to individuals that were members, or eligible to be members, of a public service pension scheme on 31 March 2012 and were members of a public service pension scheme between 1 April 2015 and 31 March 2022. The basis for the calculation reflects the legal position that impacted members have been rolled back into the relevant legacy scheme for the remedy period and that this will apply unless the member actively exercises their entitlement on retirement to decide instead to receive benefits calculated under the terms of the Alpha scheme for the period from 1 April 2015 to 31 March 2022.

Remuneration of the non-executive board members – audited

	2024-25 £000	2023-24 £000
David Jones (i)	**80-85**	25-30 (75-80)[1]
Charmion Pears (ii)	**20-25**	0-5 (15-20)[1]
Stephen Tetlow (iii)	**15-20**	0-5 (10-15)[1]
Sarah Williams-Gardener (iv)	**15-20**	0-5 (10-15)[1]
Lesley Cowley (v)	**–**	70-75 (80-85)[1]
Chris Morson (vi)	**–**	15-20 (15-20)[1]
Matt King (vii)	**–**	15-20 (15-20)[1]

(i) Mr Jones became Non-Executive Chair on 1 February 2024.

(ii) Ms Pears took on responsibility as a Non-Executive Director on 1 February 2024.

(iii) Mr Tetlow took on responsibility as a Non-Executive Director on 1 February 2024.

(iv) Ms Williams-Gardener took on responsibility as a Non-Executive Director on 1 February 2024.

(v) Ms Cowley completed her term as Non-Executive Chair on 31 January 2024.

(vi) Mr Morson became an interim Non-Executive Director on 6 February 2023 and completed his term on 31 January 2024.

(vii) Mr King completed his term as Non-Executive Director on 31 January 2024.

[1] Full year equivalent.

The above include travel and subsistence expenses in accordance with Civil Service rates.

Staff report

We are one of the largest employers in the Swansea area, employing in total 5,481 full time equivalent staff as at 31 March 2025.

Workforce 2023-25 Full time equivalents (FTE)[1]

As at 31 March 2023	5,505
As at 31 March 2024	5,715
As at 31 March 2025	5,481

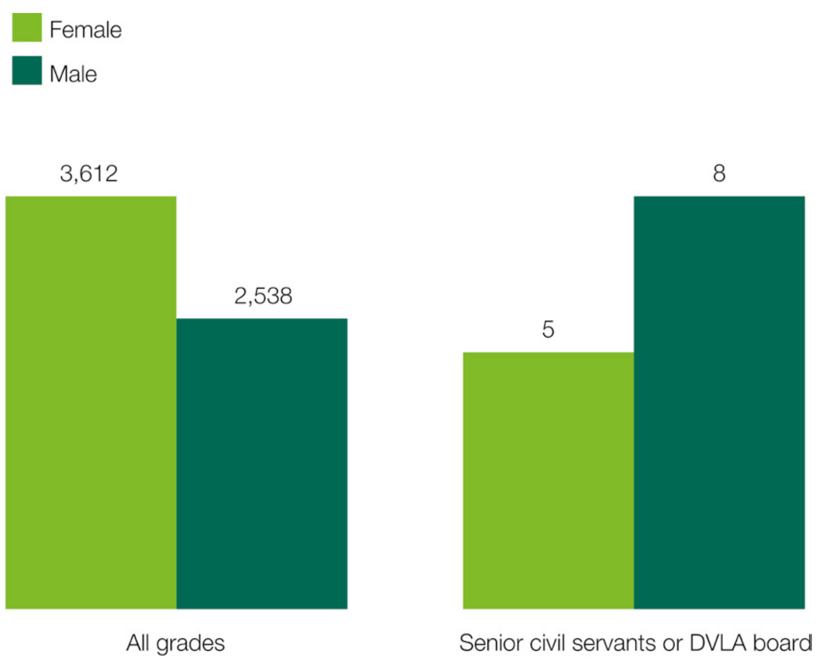
[1] The headcount as at 31 March 2025 was 6,150 (31 March 2024: 6,388).

Number of senior Civil Service staff by band at March 2025

SCS band	2024-25	2023-24
Band 2	2	1
Band 1	7	7
Total number	**9**	**8**

Staff composition by gender

The figures shown in the graphs represent headcount as at 31 March 2025.



Overall we employ more female staff than male, with 70% of our female colleagues in administrative roles. To help promote 'Women into Leadership' there are events held annually and agency awareness workshops throughout the year.

Staff numbers and related costs – audited

Staff costs and average number of full time equivalent persons employed during the year, excluding staff managed by DfT.

2024-25	Permanently employed staff	Other staff	2024-25 Total
	£000	£000	£000
Wages and salaries	180,226	2,171	182,397
Social security costs	16,654	110	16,764
Other pension costs	47,874	392	48,266
Total gross salary costs	244,754	2,673	247,427
Staff capitalisation	(4,059)	–	(4,059)
Total net salary costs	240,695	2,673	243,368
	FTEs	**FTEs**	**FTEs**
Total directly employed (average)	5,511	62	5,573

2023-24	Permanently employed staff	Other staff	2023-24 Total
	£000	£000	£000
Wages and salaries	172,298	3,421	175,719
Social security costs	15,956	205	16,161
Other pension costs	41,052	743	41,795
Total gross salary costs	229,306	4,369	233,675
Staff capitalisation	(2,824)	–	(2,824)
Total net salary costs	226,482	4,369	230,851
	FTEs	**FTEs**	**FTEs**
Total directly employed (average)	5,314	133	5,447

Total staff costs shown above are net of £4.1 million capitalised costs in the year (2023-24: £2.8 million).

The PCSPS and CSOPS (known as alpha) are unfunded multi-employer defined benefit schemes, but we are unable to identify DVLA's share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2020. Details can be found in the resource accounts of the CO: Civil Superannuation (**www.civilservicepensionscheme.org.uk**).

For 2024-25, employer's contributions of £47.9 million were payable to the CSOPS (2023-24: £41.4 million) at 28.97% of pensionable earnings (2023-24: at one of 4 rates in the range 26.6% to 30.3% of pensionable pay, based on salary bands). The scheme's actuary reviews employer contributions every 4 years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2024-25 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £373,118 (2023-24: £346,376) were paid to one or more of a panel of 2 appointed stakeholder pension providers. Employer contributions are age-related and ranged from 8% to 14.75% (2023-24: 8% to 14.75%). Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £11,580 – 0.5% of pensionable pay (2023-24: £11,020 was 0.5%) – were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Civil Service and other compensation schemes – exit packages – audited

(Comparative data is shown in brackets for 2023-24).

Exit package cost band (£)	Number of compulsory redundancies agreed	Number of other departures agreed	Total number of exit packages by cost band
<10,000	– (–)	6 (11)	6 (11)
10,000 – 25,000	– (–)	8 (4)	8 (4)
25,000 – 50,000	– (–)	– (6)	– (6)
50,000 – 100,000	– (–)	– (–)	– (–)
100,000 – 150,000	– (–)	– (–)	– (–)
Total number of exit packages by type	– (–)	14 (21)	14 (21)
2024-25 Total cost (£)	**–**	**143,574**	**143,574**
2023-24 Total cost (£)	–	303,721	303,721

Total cost relates to exit payments only. Redundancy and other departure costs have been agreed in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. The table above shows the total cost of exit packages agreed and accounted for in 2024-25 (2023-24 comparative figures are also given). £143,574 exit costs were paid in 2024-25 (2023-24: £310,319) including exit packages settled in the year following exit. Where we have agreed early retirements, the additional costs are met by us and not by the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Consultancy expenditure

Expenditure on consultancy is shown in Note 3 of the Business Account.

Off-payroll engagement

Off-payroll engagements as at 31 March 2025, for more than £245 per day and that last longer than 6 months.

The following table summarises the situation on off-payroll engagements as at 31 March.

	31 March 2025	31 March 2024
Number of existing engagements as of 31 March	**91**	72
Number that have existed for less than one year at the time of reporting	**54**	54
Number that have existed for between one and 2 years at the time of reporting	**26**	12
Number that have existed for between 2 and 3 years at the time of reporting	**9**	4
Number that have existed for between 3 and 4 years at the time of reporting	**2**	2

All existing off-payroll engagements, outlined above, have been subject to a risk-based assessment. This is to determine whether assurance is required that the individual is paying the right amount of tax and that assurance has been sought.

All highly paid off-payroll workers engaged at any point during the year ended 31 March, earning £245 per day or greater.

	31 March 2025	31 March 2024
Number of temporary off-payroll workers engaged during the year ended 31 March 2025. **Of which:**	**155**	134
Not subject to off-payroll legislation [1]	**147**	132
Subject to off-payroll legislation and determined as in-scope of IR35	**6**	1
Subject to off-payroll legislation and determined as out-of-scope of IR35	**2**	1
Number of engagements reassessed for compliance or assurance purposes during the year. **Of which:**	**2**	2
Number of engagements that saw a change to IR35 status following review	**–**	–

1 Contingent labour workers employed by an umbrella company (as defined by HM Treasury guidance) are automatically out-of-scope of IR35 and are therefore not subject to the off-payroll legislation.

Off-payroll engagements of board members, and senior officials with significant financial responsibility, between 1 April and 31 March

	2024-25	2023-24
Number of off-payroll engagements of board members and, senior officials with significant financial responsibility, during the financial year	**–**	–
Total number of individuals on payroll and off-payroll that have been deemed board members and, senior officials with significant financial responsibility, during the financial year	**13**	9

Trade union facility time

Relevant union officials

The following table summarises the total employees who were relevant union officials between 1 April and 31 March.

	2024-25	2023-24
Number of employees who were relevant officials during the financial year	**22**	25
Full time equivalent employee number	**14**	24

Percentage of time spent on facility time

	2024-25	2023-24
0%	**3**	2
1%-50%	**19**	23

No relevant union official spent over 50% of their time on trade union facility activity.

Percentage of pay bill spent on facility time

	2024-25 £000	2023-24 £000
Total cost of facility time	**45**	46
Total pay bill	**240,696**	226,481
Percentage of total pay bill spent on facility time	**0.02%**	0.02%

Paid trade union activities

We do not authorise Trade Union Side (TUS) representatives to take paid time off for trade union activities.

Policy and procedures for staff

Our main source of information for employees is the staff handbook, which includes terms and conditions, procedures and guidance about the employment relationship. The trade union is informed and consulted on changes which may affect the people they represent.

Policy on employment of people with a disability

We want to ensure that all staff are treated fairly and that no one experiences a disadvantage due to a disability. Our aim is to provide accessible services and to demonstrate we are a disability confident employer which supports all staff to reach their full potential.

As an inclusive employer, our aim is to build a culture which makes the agency a better employer for all our staff and helps increase the diversity of our workforce by attracting talented people from the widest range of backgrounds. To help demonstrate our commitment to equality in the workplace we are proud to attain the highest accreditation as a Disability Confident Leader, which assesses employers who make the most of the talents people with a disability bring to the workplace.

Sickness absence

The number of days lost (by full time equivalents) through sickness absence was 12.01 (2023-24: 12.19).

Staff turnover

	2024-25	2023-24
Civil Service turnover rate	**8.9%**	8.4%
Departmental turnover rate	**10.9%**	11.9%

The staff turnover figure is calculated as the number of leavers within the financial year divided by the average number of staff in post over the financial year. Civil Service turnover rate includes all leavers from DVLA, however, it excludes transfers to another government department. Departmental turnover rate includes all leavers from DVLA. Both rates are aligned to Cabinet Office guidelines.

Civil Service People Survey results

The Civil Service People Survey ran from 10 September to 8 October 2024 and was available for all staff to complete. There were 4,315 respondents which equates to a 69% response rate (2023-24: 4,066 respondents, a 67% response rate).

There are 9 theme scores derived from the People Survey results, each used to measure a different element of employee experience at work. As well as our response rate increasing, 8 out of 9 themes scored higher than last year with 'My Manager' and 'My Team' receiving the most favourable scores.

The Employee Engagement Index is a key measure of the survey, and is a summary of how proud staff feel working at DVLA and whether they would recommend DVLA as a great place to work.

The Employee Engagement Index increased by 4% to 58% in 2024-25 against the Civil Service benchmark of 64% (2023-24: 64%).

More information on index and benchmarks can be found on **www.gov.uk/government/publications/civil-service-people-survey-2024-results**

Parliamentary accountability

Losses and special payments – audited

	2024-25 Number of cases	2024-25 Value £	2023-24 Number of cases	2023-24 Value £
Losses written off in year				
Cash losses [1]	**10,172**	**629,531**	18,257	754,474
Fruitless payments [2]	**1**	**385,181**	–	–
Special payments				
Ex-gratia payments [3]	**1,227**	**355,010**	833	210,829
Payments to staff [4]	**2**	**27,015**	2	37,000

1 Cash losses mainly relate to small mis-payments once DVLA has taken all reasonable steps to pursue any amounts due and recovery has not been possible.

2 A fruitless payment is a payment which cannot be avoided because the recipient is entitled to it even though nothing of use to the agency will be received in return.

3 Ex-gratia payments are made to customers (without legal liability) in recognition of errors on the part of DVLA.

4 Payments to staff relate to special severance payments outside of normal statutory or contractual requirements. Due to the small number of payments, no further information is disclosed, as in doing so would conflict with the Data Protection Act 2018.

Losses and special payments over £300,000

Fruitless payments: estimated interest of £385,181 due to HMRC and relating to late VAT payment for services provided to Government Digital Services. This was proactively identified and notified by DVLA and there is nil cost to the taxpayer as this is an internal transfer within government.

Fees and charges – audited

Fees and charges income and confirmation of compliance with cost allocation and charging requirements are shown in Note 2 of the Business Account. DVLA has over 40 statutory fees and therefore individual unit costs have not been reported. Individual fees charged by DVLA can be found at **www.gov.uk**.

Our financial objective is to recover, over the medium-term (that is within the next 5 years), the full cost of administering the vehicle registration and driver licensing schemes as a whole by charging statutory fees, as permitted under the Department for Transport (Driver Licensing and Vehicle Registration Fees) Order 2003. This cost recovery objective aligns with HM Treasury guidance and applies to all statutory fees covered by the Order referred to above.

In 2024-25, our outturn was a fee deficit of £9.3 million (2023-24: fee surplus of £1.4 million) in respect of all relevant statutory fees and charges. This equated to a cost recovery rate of 97% in 2024-25 (2023-24: 100%).

During the accounting period, we continued to review our statutory fees to ensure that the agency's financial position remains aligned over the medium-term with legislative requirements and HM Treasury guidance, particularly the principles set out in 'Managing Public Money'. This proactive approach supports the realisation of the agency's objective of achieving full cost recovery over the medium-term, with appropriate measures being taken when necessary.

Remote contingent liabilities – audited

There are no contingent liabilities, remote or otherwise, at 31 March 2025 (2023-24: none).

Government Functional Standards

Compliance with the Government Functional Standards, as explained in the Governance statement, is monitored and reported to the Audit and Risk Assurance Committee.

Tim Moss, CBE
Accounting Officer and Chief Executive, DVLA
16 July 2025

Financial statements

The Certificate and Report of the Comptroller and Auditor General to the House of Commons

Business Account

Opinion on financial statements

I certify that I have audited the financial statements of the Driver and Vehicle Licensing Agency for the year ended 31 March 2025 under the Government Resources and Accounts Act 2000.

The financial statements comprise the Driver and Vehicle Licensing Agency's:

- Statement of Financial Position as at 31 March 2025;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Driver and Vehicle Licensing Agency's affairs as at 31 March 2025 and its net income for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I am independent of the Driver and Vehicle Licensing Agency in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Driver and Vehicle Licensing Agency's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Driver and Vehicle Licensing Agency's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Driver and Vehicle Licensing Agency is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Driver and Vehicle Licensing Agency and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by the Driver and Vehicle Licensing Agency or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Executive as Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Driver and Vehicle Licensing Agency from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view and are in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- assessing the Driver and Vehicle Licensing Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Driver and Vehicle Licensing Agency will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Driver and Vehicle Licensing Agency's accounting policies.
- inquired of management, the Driver and Vehicle Licensing Agency's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Driver and Vehicle Licensing Agency's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Driver and Vehicle Licensing Agency's controls relating to the Driver and Vehicle Licensing Agency's compliance with the Government Resources and Accounts Act 2000, Managing Public Money, Road Traffic Act 1988, Motor Vehicles (Driving Licences) Regulations 1999, Road Vehicles (Registration and Licences) Regulations 2002, employment law, pensions legislation, financial reporting legislation and tax legislation.
- inquired of management, the Driver and Vehicle Licensing Agency's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team and the relevant internal specialists, including IT auditors regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Driver and Vehicle Licensing Agency for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, bias in management estimates and significant and unusual transactions. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Driver and Vehicle Licensing Agency's framework of authority and other legal and regulatory frameworks in which the Driver and Vehicle Licensing Agency operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Driver and Vehicle Licensing Agency. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, Road Traffic Act 1988, Motor Vehicles (Driving Licences) Regulations 1999, Road Vehicles (Registration and Licences) Regulations 2002, employment law, pensions legislation, financial reporting legislation and tax legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Assurance Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports; and
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and

- I addressed the risk of fraud in relation to revenue by testing transactions posted around the year end to ensure that they were accounted for in the correct period and testing post year end credit notes to verify that income received around year end had not been subsequently reversed.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies

Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

17 July 2025

DVLA Business Account

Statement of Comprehensive Net Expenditure for the year ended 31 March 2025

	Note	2024-25 £000	2023-24 £000
Revenue from contracts with customers	2	**672,069**	669,878
Operating costs	3	**(280,196)**	(275,153)
Staff costs (i)		**(243,368)**	(230,851)
Depreciation, amortisation, impairment and loss on disposal	5&6	**(13,719)**	(12,585)
Net operating income		**134,786**	151,289
Finance costs	4	**(606)**	(299)
Net income for the year		**134,180**	150,990
Other comprehensive expenditure			
Items that will not be reclassified to net operating costs:			
Net gain on revaluation of property, plant and equipment	5	**739**	4,012
Net gain on revaluation of intangibles	6	**1,122**	2,080
Total comprehensive income for the year ended 31 March 2025		**136,041**	157,082

(i) A breakdown of staff costs is shown on page 68 in the Accountability report.

All income and expenditure are derived from continuing operations. Notes forming part of these accounts appear on pages 82 to 104.

Statement of Financial Position as at 31 March 2025

	Note	2024-25 £000	2023-24 £000
Non-current assets			
Property, plant and equipment	5	**70,611**	74,242
Intangible assets	6	**53,884**	43,823
Total non-current assets		**124,495**	118,065
Current assets			
Trade and other receivables	7	**45,828**	36,098
Cash and cash equivalents	8	**16,350**	20,269
Total current assets		**62,178**	56,367
Total assets		**186,673**	174,432
Current liabilities			
Trade and other payables due within one year	9	**(103,900)**	(91,689)
Lease liabilities	12	**(1,735)**	(1,528)
Provisions for liabilities and charges	11	**(419)**	(1,807)
Total current liabilities		**(106,054)**	(95,024)
Non-current assets less net current liabilities		**80,619**	79,408
Non-current liabilities			
Lease liabilities	12	**(3,373)**	(4,137)
Provisions for liabilities and charges	11	**(719)**	(605)
Total non-current liabilities		**(4,092)**	(4,742)
Assets less liabilities		**76,527**	74,666
Taxpayer's equity			
General fund		**7,534**	7,534
Revaluation reserve		**68,993**	67,132
Total taxpayers' equity		**76,527**	74,666

Notes forming part of the accounts appear on pages 82 to 104.

Tim Moss, CBE
Accounting Officer and Chief Executive, DVLA
16 July 2025

Statement of Cash Flows for the year ended 31 March 2025

	Note	2024-25 £000	2023-24 £000
Cash flows from operating activities			
Net operating income		**134,786**	151,289
Adjustments for non-cash items:			
Finance costs	4	**(584)**	(382)
Loss on disposal, depreciation, amortisation and impairment	5&6	**13,719**	12,585
(Increase) in trade and other receivables	7	**(9,730)**	(10,696)
Increase or (decrease) in trade payables	9	**12,212**	(134)
Add or (less) movements relating to supply funding	9	**3,115**	(4,384)
(Less) movements relating to CFER payables	9	**(2,014)**	(3,667)
Add movements relating to capital element of PFI contracts	9	**3,364**	3,187
(Less) or add movements relating to capital accruals	9	**(688)**	421
Auditor's remuneration – notional charges	3	**181**	176
(Decrease) in provisions	11	**(1,298)**	(1,713)
Net cash inflow from operating activities		**153,063**	146,682
Cash flows from investing activities			
Purchase of property, plant and equipment	5	**(1,499)**	(2,298)
Purchase of intangible assets	6	**(15,275)**	(7,297)
Net cash outflow from investing activities		**(16,774)**	(9,595)
Cash flows from financing activities			
Payment of lease liabilities	12	**(1,383)**	(1,791)
Capital element of payments in respect of leases and on-balance sheet PFI contracts	9	**(3,364)**	(3,187)
DfT supply funding received in year		**137,000**	130,000
Net cash received in financing activities		**132,253**	125,022
Payments of amounts in respect of cherished transfers and personalised registrations		**(272,461)**	(273,115)
Net (decrease) in cash and cash equivalents in the year	8	**(3,919)**	(11,006)
Cash and cash equivalents at the beginning of the year	8	**20,269**	31,275
Cash and cash equivalents at the end of the year	8	**16,350**	20,269

Notes forming part of these accounts appear on pages 82 to 104.

Statement of Changes in Taxpayers' Equity for the year ended 31 March 2025

	General fund £000	Revaluation reserve (i) £000	Total reserves £000
Balance at 31 March 2023	7,534	61,040	68,574
Net operating income for the year to 31 March 2024	150,990	–	150,990
Non-cash charge – auditor's remuneration	176	–	176
DfT supply funding	125,616	–	125,616
Consolidated Fund Extra Receipts (CFERs) payable:			
Cherished transfers	(119,760)	–	(119,760)
Personalised registrations	(157,022)	–	(157,022)
Other comprehensive income			
Net gain on revaluation of property, plant and equipment	–	4,012	4,012
Net gain on revaluation of intangible assets	–	2,080	2,080
Balance at 31 March 2024	**7,534**	**67,132**	**74,666**
Net operating income for the year to 31 March 2025	**134,180**	**–**	**134,180**
Non-cash charge – auditor's remuneration	**181**	**–**	**181**
DfT supply funding	**140,115**	**–**	**140,115**
Consolidated Fund Extra Receipts (CFERs) payable (ii):			
Cherished transfers	**(123,939)**	**–**	**(123,939)**
Personalised registrations	**(150,537)**	**–**	**(150,537)**
Other comprehensive income			
Net gain on revaluation of property, plant and equipment	**–**	**739**	**739**
Net gain on revaluation of intangible assets	**–**	**1,122**	**1,122**
Balance at 31 March 2025	**7,534**	**68,993**	**76,527**

(i) The Revaluation Reserve reflects the accumulated revaluation gains relating to non-current assets. The amount of the revaluation reserve that relates to intangible assets as at 31 March 2025 is £24.25 million (31 March 2024: £23.13 million).

(ii) Of the total £274.5 million (2023-24: £276.8 million), £150 million (2023-24: £150 million) was payable to the Consolidated Fund as an Extra Receipt, while £124.5 million (2023-24: £126.8 million) was payable to DfT under an agreement between HM Treasury and the Department.

Notes to the accounts

Note 1. Statement of accounting policies

The financial statements have been prepared in accordance with the 2024-25 Government Financial Reporting Manual (FReM) issued by HM Treasury, to give a true and fair view of that basis. The accounting policies contained in the FReM apply UK adopted International Accounting Standards (IAS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice, the accounting policy which has been judged to be the most appropriate to the particular circumstances of our Business Account for the purpose of giving a true and fair view has been selected. The particular policies adopted by the agency are described below. They have been applied consistently in dealing with items that are considered material to the financial statements.

Adoption of new and revised standards

No new standards were issued or standards revised during 2024-25.

2025-26 and beyond

International Financial Reporting Standard (IFRS) 17 Insurance Contracts became effective for accounting periods commencing on, or after, 1 January 2023. This is being applied to Government bodies by HM Treasury (HMT) in the Government Financial Reporting Manual (FReM) from 1 April 2025.

An insurance contract under IFRS 17 is: “A contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.”

The accounting treatment for insurance contracts is based on a risk-adjusted probability-weighted estimate of discounted future cash flows. Insurance contracts are grouped according to the nature of their risks and their start date, and the cash flows and risk adjustment are determined for each group as a whole.

We will adopt IFRS 17 in the financial year commencing 1 April 2025. A review has been undertaken and the impact of IFRS 17 is not expected to be significant based upon an initial review of existing contractual arrangements.

We do not consider that any other new or revised standard or interpretation will have a material impact.

Accounting convention

These financial statements have been prepared under the historical cost convention except where otherwise noted in these policies.

The financial statements have been prepared in accordance with the revised Accounts Direction issued by HM Treasury on 19 December 2024. They meet the relevant requirements of the FReM adapted IFRS. We are not aware of any disclosures or circumstances where these are inappropriate. International Accounting Standard 1 (IAS1) requires management to assess, as part of the process of preparing the financial statements, the agency’s ability to continue as a going concern. The FReM interprets IAS 1 for the public sector context and states that, for non-trading entities, the anticipated continuation of the provision of a service in the future is normally sufficient evidence of going concern. The financial statements should be prepared on a going concern basis unless there are plans for, or no realistic alternative other than, the dissolution of the agency without the transfer of its services to another entity within the public sector. As an executive agency, DVLA receives direct funding from DfT with this income included within DfT’s estimate. There is no reason to believe that DVLA will not continue to receive the funding necessary to maintain operations vital to the infrastructure of the UK for the period of 12 months. As such, management has concluded it is appropriate to continue to prepare the agency’s financial statements on the going concern basis.

The Business Account does not include any amounts collected by DVLA where it was acting as an agent of the Consolidated Fund rather than as principal. Full details of income collected as agent for the Consolidated Fund are in the Trust Statement published separately from but alongside these financial statements.

Income

For all our income streams, control is transferred at a point in time from contracts with customers and income is recognised when our performance obligation is satisfied. This includes income from statutory fees and charges, in accordance with IFRS 15 as adapted by the FReM.

The following table describes the income recognition approach for our significant income streams.

Income stream	Nature and timing of satisfaction of performance obligations
Income from the sale of registration marks including cherished transfers	Income from the sale of registration marks is recognised on receipt of payment for fixed price sales and for sales at auction. Payment is immediate for fixed price transactions and within 5 days of auction. Uncompleted sales are written out of sales after 12 months, with the related marks becoming available for resale. Fee income from the assignment, transfer and retention of cherished registration marks is recognised on receipt of payment. This satisfies the performance obligation in line with IFRS 15, where the buyer obtains control of the right to display the mark.
Driver transactions fee income	Driver transactions fee income is recognised in accordance with IFRS 15 – Revenue from Contracts with Customers, based on the point at which the associated performance obligation is satisfied. The most material component within this driver income stream relates to first applications. Statutory fee income is received on application, with the corresponding performance obligation being the subsequent production of the licence with revenue recognised upon completion of the application process. For online driver transactions, we take payment straight away. The income is only recognised when the service is fully completed. For postal and Post Office transactions, income is recognised when the transaction is processed, as this is when the service is considered complete. We monitor transaction turnaround times closely. Where appropriate, we defer or accrue revenue to ensure it is recorded in the same financial year as the service is delivered.
Vehicle transactions fee income	Vehicle transaction fee income is recognised in accordance with IFRS 15 – Revenue from Contracts with Customers, which requires revenue to be recorded when the related performance obligation is satisfied. The most material components of vehicle income relate to fees from vehicle first registrations, vehicle enquiries and replacement of vehicle registration documentation. Statutory fee income is received on application, with the corresponding performance obligation being the production of a registration document or enquiry being dealt with, resulting in revenue recognised upon completion of these processes. For vehicle online transactions, this happens immediately, as the service is delivered at the same time as payment. For postal and Post Office transactions, income is recognised when the transaction is processed, as this is when the service is considered complete. We monitor transaction turnaround times closely. Where appropriate, we defer or accrue revenue to ensure it is recorded in the same financial year the service is delivered.
Fees from Other Government Departments (OGDs)	We invoice OGDs in arrears recognising income once our performance obligation for services provided has been satisfied.

Finance income and finance costs

As an executive agency, we do not earn interest on funds invested.

Finance costs comprise interest expense on borrowings and unwinding of the discount on provisions. Borrowing costs are recognised in net operating cost or income using the effective interest method.

Taxation

We are not liable to pay Corporation Tax. Expenditure is shown net of recoverable VAT.

Irrecoverable VAT is charged to the relevant expenditure category or, if appropriate, capitalised with additions to non-current assets (excludes right of use assets under IFRS 16). Income and expenditure are otherwise shown net of VAT.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances in non-interest bearing accounts. We do not have any bank overdrafts.

Accounting policy for leases

In accordance with IFRS 16, at inception of a contract, we assess whether or not a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. When a lease is recognised in a contract we recognise a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease prepayments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property, plant and equipment.

In addition, the right of use asset is reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability on a monthly basis. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, HMT issued incremental borrowing rate of 4.72%. This rate applies to existing leases or leases entered into before 1 January 2025. For leases for the full 2025 calendar year (that is 1 January 2025 to 31 December 2025) it is 4.81%.

The lease liability is measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, or if we change our assessment of whether we will exercise a purchase, extension or termination option.

We present right of use assets in property, plant and equipment and lease liabilities within other payables in the balance sheet.

We have applied the recognition exemption of low value leases (less than £5,000) and short-term leases (duration less than 12 months). For these leases, the lease payments are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the lease term.

Non-current assets: property, plant and equipment

We revalue our non-current asset portfolio on 31 March each financial year in accordance with the requirements of the FReM. A full valuation of our estate is carried out every 5 years. The last full valuation was undertaken on 31 March 2024 by Joseph M L Funtek BSc (Hons) MRCIS of Gerald Eve LLP.

The Existing Use Valuation (EUV) basis is applied to the majority of assets save for those which are considered to be specialised in which case those assets are valued on a Depreciated Replacement Cost (DRC) basis. The valuation of our estate covers DVLA sites at Morriston, Swansea Vale and Ty Felin. Other sites utilised by DVLA are leased and therefore excluded from the valuation as these are covered under IFRS 16. The Morriston site comprises a number of buildings of which only X Block is considered to be specialised. Ty Felin is also a specialised industrial facility constructed solely for its purpose. As such both assets qualify under the definition in the RICS Valuation Standards as a specialised industrial property and therefore valued on a DRC basis. The remainder of the estate is therefore considered to be generic office accommodation.

DVLA currently successfully operates out of multiple sites across Swansea and in Birmingham (noting that this office is leased). It is our assumption that this multi-location operating model would be able to continue in the theoretical event that the Morriston site needed to be replaced. As a result, the site has been valued on an EUV basis based upon comparable market prices and assuming an ability to use multiple sites.

As there is no estate valuation required to take place for 2024-25, management have reviewed the current status of DVLA property estate valuation, including a consideration of any outstanding maintenance work being delivered as part of the PFI exit activity. It is confirmed that there have been no developments leading us to believe that there has been a material movement in the valuation agreed and reported at 31 March 2024. The works are routine maintenance and like-for-like replacement of existing assets and are not of a nature that impact the carrying value in the accounts. Furthermore, there have been no known significant changes to the market conditions since the valuation conducted last year by Gerald Eve. As such, no valuation adjustments are required.

Plant and machinery, fixtures and fittings, computer equipment, motor vehicles and office equipment are revalued annually in accordance with price indices published by the Office of National Statistics (MM22 Producer Price Indices). Surpluses and deficits arising on revaluation are charged to the revaluation reserve. Where it is not possible for any such deficit to be offset by previous surpluses in the revaluation reserve, it is charged to revenue as permanent diminutions in the value of fixed assets. Ownership of our assets is vested in the Secretary of State for Transport. The minimum level for capitalisation is £5,000.

Non-current assets: intangible assets

The value of software licences to operate the driver and vehicle systems are capitalised. Software development costs are capitalised, excluding any costs incurred in the planning and design stages of the project, which are clearly defined and separate from the build phase of a project. New expenditure on IT systems development is written off in the period in which it is incurred, unless a beneficial relationship to a future period can be established with reasonable certainty, in which case the charge is capitalised. We review our projects and operational software for impairment and revalue our intangible assets annually based on Depreciated Replacement Cost.

The value of the driver and vehicle databases cannot be estimated. Our personalised registrations database, including unallocated vehicle registration marks, is a very large store of possible combinations of alpha-numeric characters and is affected by changes in opinion, taste and judgement. As a result, the potential future sales value is not recognised in our Statement of Financial Position, as it cannot be reliably estimated.

Depreciation and amortisation

Depreciation is provided on intangible and tangible non-current assets from the date they are commissioned into operational service, except for computer equipment, which is provided for at the date of purchase. When assets are revalued the depreciation continues on the revised value over the remaining useful life of the relevant asset. The estimated useful lives from new of the main categories of non-current assets are:

	Years
IT hardware	3 – 5
Plant and machinery	3 – 15
Office equipment	5 – 10
Furniture and fittings	5 – 10
Motor vehicles	2 – 10
Purchased software licences	up to 10
Software development	3 – 15

The estimated remaining useful lives of buildings on 31 March 2025 are:

- 24 years, Morriston site
- 24 years, Ty Felin print centre at Fforestfach
- 19 years, Richard Ley Development Centre at Swansea Vale
- 9 years, J and E blocks (Morriston site)

The estimated remaining useful lives of right of use buildings on 31 March 2025 are:

- 4 years 5 months, Contact Centre
- 9 months, Baskerville House, Birmingham

The estimated useful lives of assets are reviewed regularly and, when necessary, revised. Land (freehold and leasehold) is not depreciated.

Provisions

The agency makes provision for liabilities and charges in accordance with IAS 37 where, at the end of the current reporting period, a legal or constructive liability (for example a present obligation from past events) exists, the transfer of economic benefits is probable and a reasonable estimate can be made. Where the effect of the time value of money is material, the estimated risk-adjusted cash flows are discounted using the rates set by HM Treasury. When the discount is unwound, the adjustment is recognised as an interest expense.

Pensions

Present and past employees are covered by the provisions of PCSPS and the CSOPS known as 'alpha', which is described in the remuneration report. These are multi-employer defined benefit schemes where we are unable to identify our share of the underlying assets and liabilities. In accordance with IAS 19, we do not recognise liabilities associated with these schemes, though information on the schemes in total is available in the Civil Superannuation accounts. We recognise the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS and alpha. In respect of the defined contribution schemes, we recognise the contributions payable for the year.

Research and development

We consider our expenditure each year to determine if any is considered to be research and development.

In accordance with IAS 38 Intangible Assets, expenditure incurred on pure and applied research is treated as an operating charge in the year in which it is incurred. Development expenditure is for the development of specific business systems. Expenditure which does not meet the criteria for capitalisation is treated as an operating cost in the year in which it is incurred. Development costs meeting the criteria for capitalisation are treated as intangible fixed assets and amortised as explained in the intangible non-current asset note (Note 6). Non-current assets acquired for use in development are depreciated over the expected useful life of the underlying system.

Private Finance Initiative (PFI) contract for estates

From April 2005 – 31 March 2025, Estate Management and Facilities Management (FM) service delivery was provided via a 20-year Private Finance Initiative (PFI) contract with Telereal Trillium (TT). The contract expired on 31 March 2025.

As preparation for exiting the contract, DVLA entered into an agreement with Telereal Trillium in November 2023, to remove all service elements deemed as a 'Facilities Management Soft Service' from the PFI provision. These included:

- cleaning
- catering and vending
- waste management and pest control

On 1 November 2023 DVLA awarded a contract for the provision of Facilities Management Soft Services (to include the services noted above) to ESS Compass for a term of 4 years, with an optional 1 year extension.

We are invoiced on a monthly basis and this revenue expenditure is recorded as a service charge in the Statement of Comprehensive Net Expenditure.

The remaining services were provided via the PFI contract until the end of March 2025 (deemed as 'hard' services). This included:

- building maintenance
- office moves
- furniture repair
- furniture replacement
- grounds maintenance

In-line with the PFI contract, an approach has been agreed between DVLA and TT in order to facilitate an orderly closure of the hard services contract. This enables partial retention of the monthly unitary charge payments owed to TT by DVLA and ahead of confirmed completion of all agreed rectification and maintenance works as documented in a "Survey on Expiry". Remediation works are ongoing, and payments are being released upon completion, which will align with recognition of the remaining PFI unitary charge. Please see Note 13. Commitments under Private Finance Initiative (PFI) on page 103.

All other provisions relating to the contract have been fully written down. Please see Note 11. Provisions for liabilities and charges.

New hard services contracts started from 1 April 2025 and will deliver all building maintenance services to all of DVLA's Swansea estate. There will be one core hard services contract, to include building maintenance, Lifecycle Replacement (LCR) (the replacement of equipment at the end of its life), and any associated works and discretionary Estates projects. Two lower value contracts cover delivery of Grounds Maintenance and Health and Safety Compliance (for fire, asbestos and water management).

Financial instruments

Non-derivative financial assets comprise trade and other receivables and cash equivalents. We initially recognise these assets on the date that they are originated and derecognise them when the contractual rights to the cash flows from the asset expire.

Trade and other receivables are recognised initially at fair value on the date that they originated. Fair value is usually at the original invoiced amount. Subsequent to initial recognition they are measured at amortised cost using the effective interest method less any impairment losses.

Non-derivative financial liabilities comprise trade and other payables, obligations under leases and obligations under on-balance sheet PFI contracts. We recognise these liabilities initially on the trade date at which we become a party to the contractual provisions of the instrument and derecognise when our contractual obligations are discharged or cancelled or expired.

Trade and other payables are recognised initially at fair value. Fair value is usually at the original invoiced amount. Subsequent to initial recognition they are measured at amortised cost.

Impairment of financial assets

We assess at each balance sheet date whether there is objective evidence that financial assets are impaired. This could be as a result of one or more loss events that occurred after the initial recognition of the asset and before the balance sheet date, and the loss event or events has had an impact on the estimated future cash flows of the financial asset or the portfolio that can be reliably estimated.

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

We do not hold any derivative financial instruments.

Contingent liabilities

In accordance with IAS 37, we disclose as contingent liabilities potential future obligations arising from past obligating events, where the existence of such obligations remains uncertain pending the outcome of future events outside of our control, unless their likelihood is considered to be remote. Guarantees, indemnities and undertakings are treated as contingent liabilities.

In addition to contingent liabilities disclosed in accordance with IAS 37, we disclose for Parliamentary reporting and accountability purposes certain statutory and non-statutory contingent liabilities where the likelihood of a transfer of economic benefit is remote, but which have been reported to Parliament in accordance with the requirements of Managing Public Money.

Where the time value of money is material, contingent liabilities which are required to be disclosed under IAS 37 are stated at discounted amounts and the amount reported to Parliament separately noted.

Contingent assets

In accordance with IAS 37, we disclose contingent assets that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the agency and where an inflow of economic benefits is probable.

Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are set out below:

Provisions for liabilities and charges – the main estimates relate to the discount rate which is provided by HM Treasury and estimates of future spend in the Modernising Network Services provision.

The estimated useful economic life of intangible assets – these are based on management's judgement of assets of a similar nature and historical trends and are revised where appropriate.

The valuation of land and buildings – a full valuation exercise was carried out for land and buildings as at 31 March 2024 and factored into our balance sheet.

The cost of untaken staff leave has been estimated and accrued.

Consolidated Fund Extra Receipts

Payments due to the Consolidated Fund from the Business Account represent amounts in excess of costs for our personalised registration and cherished transfer transactions. The income from these transactions is only deemed as due to the Consolidated Fund after the recovery of these costs. The surplus Consolidated Fund Extra Receipts are recognised in the Statement of Changes in Taxpayers' Equity in compliance with the 2024-25 FReM. Under an arrangement between the Department for Transport (DfT) and HM Treasury, Consolidated Fund Extra Receipts in excess of £150 million are payable to DfT.

Supply funding

Supply funding is provided by DfT and is recognised as financing within the Statement of Changes in Taxpayers' Equity. At the end of the financial year timing differences can result in an under or overpayment, this is reflected in the Statement of Financial Position.

Note 2. Statement of operating income/(cost) by operating segment

2024-25 Operating segments	**Fees and charges** £000	**DVLA personalised registrations** £000	**VED collection and enforcement** £000	**Other government departments** £000	**Total** £000
External revenue	**475,553**	**155,129**	**9,845**	**31,542**	**672,069**
Expenditure	**(360,948)**	**(4,592)**	**(140,807)**	**(31,542)**	**(537,889)**
Net income/(cost)	**114,605**	**150,537**	**(130,962)**	**–**	**134,180**

2023-24 Operating segments	**Fees and charges** £000	**DVLA personalised registrations** £000	**VED collection and enforcement** £000	**Other government departments** £000	**Total** £000
External revenue	466,014	161,077	8,733	34,054	669,878
Expenditure	(344,845)	(4,055)	(135,934)	(34,054)	(518,888)
Net income/(cost)	121,169	157,022	(127,201)	–	150,990

The segments used reflect how management information is provided to the Executive team. An analysis of assets and liabilities by segment is not regularly provided to the Chief Executive or Executive team. The information on the nature of the segments and the significant income streams are provided in the Executive team finance report.

Within net operating income/(cost) are Consolidated Fund Extra Receipts (CFERs) as set out in the Statement of Changes in Taxpayers' Equity (page 81).

We comply with the cost allocation and charging requirements set out in Managing Public Money. For fee setting purposes, rather than ring-fencing fees and related expenditure, The Department for Transport (Driver Licensing and Vehicle Registration Fees) Order 2003 allows us to pool these fees and costs: the total fees, costs and surplus are disclosed in the above note. Our financial objective is to recover the full cost of keeping the vehicle and driver registers over the medium-term and fees (where applicable) are set to cover these costs. This objective of cost recovery applies to all streams except cherished transfer transactions and personalised registrations, in line with the Order referred to above. Our outturn against this breakeven objective for pooled fees and charges was a deficit of £9.3 million (2023-24: surplus of £1.4 million) in respect of all fees and charges excluding the cherished transfers. As disclosed above, net operating income for cherished transfer transactions and personalised registrations is transferred to the Consolidated Fund with a proportion of this revenue retained by DfT (see Statement of Changes in Taxpayers' Equity page 81).

Note 3. Operating costs

	2024-25 £000	2023-24 £000
ICT Services:		
Operational	**48,364**	44,124
Programme	**7,217**	5,901
Agents' fees	**52,297**	47,603
Postage and printing	**78,955**	75,415
PFI Estates unitary charge	**14,583**	22,814
Card charges	**19,801**	18,548
Accommodation	**8,362**	10,031
Medical practitioners	**19,774**	20,112
Shared Services	**13,477**	13,536
Professional services	**5,930**	6,086
Maintenance of machinery and vehicles	**2,523**	2,480
Travel and subsistence	**1,242**	928
Staff related	**2,416**	2,768
Consultancy [1]	**237**	182
Auditor's remuneration [2]	**181**	176
Other	**4,513**	4,486
Net increase/(decrease) in provisions [3]	**324**	(37)
Total operating costs	**280,196**	275,153

1 Consultancy expenditure is categorised based on the definition in Annex 4 of the Government Financial Reporting Manual.

2 As an executive agency, the auditor's remuneration is a notional fee for the DVLA Business Account of £135,000 (2023-24: £115,000) along with a notional fee for the statutory audit of the Trust Statement of £46,500 (2023-24: £45,000).

3 Before unwinding (note 4) and utilisation (no effect on expenditure).

Note 4. Finance costs

Finance costs	2024-25 £000	2023-24 £000
HMRC interest	**385**	–
Interest on imputed finance lease part of on-balance sheet PFI contracts	**100**	277
Interest unwind on lease liabilities	**99**	105
Creation/(unwinding) of discount and impact of changes in discount rate on provisions (i)	**22**	(83)
Total finance costs	**606**	299

(i) Discount rate changes made to reflect future liability payments at today's prices, based on the latest discount rates published by HM Treasury.

Note 5. Property, plant and equipment

2024-25	Land	Buildings	IT hardware	Plant and machinery	Furniture and fittings	Right of use assets	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation								
At 1 April 2024	4,585	75,787	11,006	22,609	25,020	11,742	1,824	152,573
Additions	–	–	–	–	–	97	1,873	1,970
Remeasurement	–	–	–	–	–	738	–	738
Disposals	–	–	(968)	–	–	(503)	–	(1,471)
Transfer	–	–	493	–	–	–	(493)	–
Revaluations	–	–	43	1,093	70	–	–	1,206
At 31 March 2025	4,585	75,787	10,574	23,702	25,090	12,074	3,204	155,016
Depreciation								
At 1 April 2024	–	29,756	10,010	8,302	23,917	6,346	–	78,331
Charged in year	–	2,153	367	2,466	309	1,770	–	7,065
Disposals	–	–	(968)	–	–	(490)	–	(1,458)
Revaluations	–	–	40	396	31	–	–	467
At 31 March 2025	–	31,909	9,449	11,164	24,257	7,626	–	84,405
Net book value at 31 March 2024	4,585	46,031	996	14,307	1,103	5,396	1,824	74,242
Net book value at 31 March 2025	**4,585**	**43,878**	**1,125**	**12,538**	**833**	**4,448**	**3,204**	**70,611**
Asset financing								
Owned	4,585	43,878	1,125	12,538	833	–	3,204	66,163
Leased	–	–	–	–	–	4,448	–	4,448
On-balance sheet PFI contracts	–	–	–	–	–	–	–	–
Net book value at 31 March 2025	**4,585**	**43,878**	**1,125**	**12,538**	**833**	**4,448**	**3,204**	**70,611**

Note 5. Property, plant and equipment (continued)

2023-24	Land	Buildings	IT hardware	Plant and machinery	Furniture and fittings	Right of use assets	Assets under construction	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation								
At 1 April 2023	4,585	71,690	12,298	24,875	24,454	12,130	1,051	151,083
Additions	–	–	101	139	–	38	1,864	2,142
Remeasurement	–	–	–	–	–	124	–	124
Disposals	–	–	(2,077)	(2,798)	–	(550)	–	(5,425)
Transfer	–	102	567	422	–	–	(1,091)	–
Revaluations	–	3,995	117	(29)	566	–	–	4,649
At 31 March 2024	4,585	75,787	11,006	22,609	25,020	11,742	1,824	152,573
Depreciation								
At 1 April 2023	–	27,766	11,502	8,776	23,069	4,960	–	76,073
Charged in year	–	1,990	477	2,329	314	1,936	–	7,046
Disposals	–	–	(2,077)	(2,798)	–	(550)	–	(5,425)
Revaluations	–	–	108	(5)	534	–	–	637
At 31 March 2024	–	29,756	10,010	8,302	23,917	6,346	–	78,331
Net book value at 31 March 2023	4,585	43,924	796	16,099	1,385	7,170	1,051	75,010
Net book value at 31 March 2024	**4,585**	**46,031**	**996**	**14,307**	**1,103**	**5,396**	**1,824**	**74,242**
Asset financing								
Owned	3,845	25,025	996	14,307	410	–	1,824	46,407
Leased	–	–	–	–	–	5,396	–	5,396
On-balance sheet PFI contracts	740	21,006	–	–	693	–	–	22,439
Net book value at 31 March 2024	**4,585**	**46,031**	**996**	**14,307**	**1,103**	**5,396**	**1,824**	**74,242**

Further details of Right of use assets are in Note 12.

Valuation of assets

The net book value of land includes freehold £3.5 million (2023-24: £3.5 million) and leasehold £1.1 million (2023-24: £1.1 million). Leasehold is made up of Richard Ley Development Centre £0.3 million (125 year lease commenced 2004) and Ty Felin £0.8 million (999 year lease commenced 2006).

The net book value of buildings includes:

- £32.5 million of non-specialised operational property valued on an Existing Use Basis, including Morriston site £29.4 million, J and E blocks £0.1 million and Richard Ley Development centre £3.0 million
- £11.3 million of specialised operational property valued on a Depreciated Replacement Cost basis, comprising Ty Felin print centre (£11.0 million) and X block (£0.3 million)

The net book value of right of use buildings includes £2.7 million for the Contact Centre (2023-24: £3.6 million) and £0.5 million for Baskerville House, Birmingham (2023-24: £1.2 million).

Analysis of depreciation, amortisation and impairment line in Statement of Comprehensive Net Expenditure.

	2024-25	2023-24
	£000	£000
Depreciation of property, plant and equipment	**6,650**	7,046
Loss/(profit) on disposal of property, plant and equipment and intangibles	**4**	–
Amortisation of intangible assets (Note 6)	**7,065**	5,539
	13,719	12,585

Note 6. Intangible assets

2024-25	**Software licences**	**Software development**	**Assets under construction**	**Total**
	£000	**£000**	**£000**	**£000**
Cost or valuation				
At 1 April 2024	3,014	290,569	5,489	299,072
Additions	–	–	15,589	15,589
Disposals	–	–	–	–
Transfer	–	10,146	(10,146)	–
Revaluations	4	1,118	–	1,122
At 31 March 2025	**3,018**	**301,833**	**10,932**	**315,783**
Amortisation				
At 1 April 2024	2,783	252,466	–	255,249
Charged in year	111	6,539	–	6,650
Disposals	–	–	–	–
At 31 March 2025	**2,894**	**259,005**	**–**	**261,899**
Net book value at 31 March 2024	231	38,103	5,489	43,823
Net book value at 31 March 2025	**124**	**42,828**	**10,932**	**53,884**

There were no contractual commitments for intangibles as at 31 March 2025 or 31 March 2024.

Note 6. Intangible assets (continued)

2023-24	Software licences £000	Software development £000	Assets under construction £000	Total £000
Cost or valuation				
At 1 April 2023	3,246	281,846	5,076	290,168
Additions	–	–	7,069	7,069
Disposals	(245)	–	–	(245)
Transfer	–	6,656	(6,656)	–
Revaluations	13	2,067	–	2,080
At 31 March 2024	**3,014**	**290,569**	**5,489**	**299,072**
Amortisation				
At 1 April 2023	2,923	247,032	–	249,955
Charged in year	105	5,434	–	5,539
Disposals	(245)	–	–	(245)
At 31 March 2024	**2,783**	**252,466**	**–**	**255,249**
Net book value at 31 March 2023	323	34,814	5,076	40,213
Net book value at 31 March 2024	**231**	**38,103**	**5,489**	**43,823**

Significant intangible assets controlled by DVLA are detailed below:

	31 March 2025		31 March 2024	
	Remaining useful economic life	**Net book value**	**Remaining useful economic life**	**Net book value**
Asset	**(months)**	**£000**	**(months)**	**£000**
VED Reform	**38**	**3,761**	50	4,796
Tacho Digital Services	**71**	**4,485**	83	5,080
Trailer Registration	**47**	**4,278**	58	5,204
Enquiries Digital Services [1]	**–**	**–**	76	3,144
Drivers FAP	**74**	**5,066**	86	5,705
Strategic Application Platform	**95**	**6,152**	107	3,404
Drivers Medical and Drivers Casework [2]	**95**	**6,356**	–	–
Others		**12,854**	–	11,002
Assets under construction		**10,932**	–	5,488
Total		**53,884**		43,823

1 Enquiries Digital Services net book value of £2.732 million is included in Others as at 31 March 2025 (Remaining useful economic life of 64 months).

2 Drivers Medical and Drivers Casework net book value of £2.764 million is included in Others as at 31 March 2024 (Remaining useful economic life of 107 months).

The 6 major software development intangible assets are included within the above table based on their current carrying net book value. Remaining useful economic lives are in accordance with the agency's IT strategy.

Intangible assets included in Others are detailed below:

	31 March 2025	31 March 2024
	£000	£000
Enquiries Digital Services	**2,732**	–
Build of Customer Account	**2,650**	2,151
Data Standards and Business Intelligence	**1,536**	1,701
Domestic Certificate of Professional Competence	**1,229**	–
Enquiries Vehicle and Keeper History model	**1,825**	869
Drivers Medical and Drivers Casework	**–**	2,764
Other Intangible assets < £1 million	**2,882**	3,517
Total	**12,854**	11,002

Assets under construction for 2024-25 includes VED for Electric Vehicles £3.7 million (2023-24: £1.2 million), Mark Management and Personalised Registration Transformation £2.7 million (2023-24: £2.7 million), D90 to AWS migration £2.5 million (2023-24: £nil) and Other £2.1 million (2023-24: £1.6 million).

Note 7. Trade and other receivables

	31 March 2025 £000	31 March 2024 £000
Amounts falling due within one year:		
Contract receivables [1]	**15,377**	991
Other receivables [2]	**1,101**	1,318
VAT receivables	**–**	663
Prepayments	**17,955**	13,100
Accrued income [3]	**11,395**	20,026
Total	**45,828**	36,098

1 Contract receivables include £8,773,000 (2023-24 £20,000) of receivables relating to DfT customers and other government departments.

2 Other receivables include £809,000 (2023-24 £1,057,000) relating to cash collected in the Trust Statement due to the Business Account.

3 Accrued income 2024-25 of £11.4 million (2023-24: £20.0 million) includes £nil million (2023-24: £4.1 million) in relation to our personalised registrations auctions. This amount will, after deduction of costs, be paid over to HM Treasury during the subsequent financial year.

Note 8. Cash and cash equivalents

	2024-25 £000	2023-24 £000
At 1 April	**20,269**	31,275
Net change in cash and cash equivalent balances	**(3,919)**	(11,006)
At 31 March	**16,350**	20,269

All cash is held in Government Banking Service (GBS) accounts.

Note 9. Trade and other payables of which current/non current

	31 March 2025 £000	31 March 2024 £000
Amounts falling due within one year		
Trade payables [1]	**20,552**	22,499
Accruals	**30,269**	22,804
Deferred revenue	**4,019**	3,089
Current part of imputed finance lease part of on-balance sheet Estates PFI contract	**–**	3,364
Cash balance payable in respect of cherished transfers and personalised registrations	**25,670**	23,655
Amounts due to DfT in respect of supply funding	**12,522**	15,637
Other – capital accrual	**1,329**	641
VAT	**9,539**	–
Total	**103,900**	91,689

1 Trade payables include £nil (2023-24 £1,352,000) payable to DfT.

Deferred income	**2024-25 £000**
At 1 April 2024	**3,089**
Revenue recognised that was included in deferred income at the beginning of the period	**(3,089)**
Increases due to cash received, excluding amounts recognised as revenue during the period	**4,019**
At 31 March 2025	**4,019**

The movements relating to the finance lease part of the Estates PFI contract are as follows:

Imputed finance lease part of on-balance sheet Estates PFI contract	**2024-25 £000**	2023-24 £000
At 1 April	**3,364**	6,551
Amount paid in relation to assets capitalised	**(3,364)**	(3,187)
At 31 March	**–**	3,364

Note 10. Financial instruments

Fair values

Due to the short-term nature of the financial instruments held, with the exception of PFI liabilities, the carrying value is considered to represent the fair values. The other financial instruments, where carrying value is considered to represent fair values, are accounts payables, lease liabilities, accounts receivables and cash. The fair values of the agency's financial liabilities which differ from carrying amount as at 31 March are shown below.

Financial liabilities	**2024-25 Fair value £000**	**2024-25 Carrying amount £000**	2023-24 Fair value £000	2023-24 Carrying amount £000
Imputed finance lease part of on-balance sheet PFI contracts	–	–	3,326	3,364
Total financial liabilities	–	–	3,326	3,364

The fair values above have been calculated using the discount rate implicit in the PFI contract.

We have examined our contracts to identify embedded derivatives and concluded that where identified these are closely linked to the host contract and therefore need no adjustment.

Financial risk management

Our activities expose us to the following financial risks:

- Credit risk – the possibility that the other parties might fail to pay amounts due to the agency
- Liquidity risk – the possibility that we might not have funds available to meet our commitments to make payments
- Market risk – the possibility that financial loss might arise for us as a result of changes in such measures as interest rates movements or foreign exchange rate movements

Credit risk

Credit risk is the risk of suffering financial loss, should any of our customers or counterparties fail to fulfil their contractual obligations to us. Some of our customers and counterparties are other public sector organisations. There is no credit risk from these organisations.

Exposure to credit risk

The carrying amount of the agency's financial assets is consistent with their fair value and represents the maximum credit exposure.

Financial assets	31 March 2025 £000	31 March 2024 £000
Cash and cash equivalents (Note 8)	**16,350**	20,269
Loans and receivables (Note 7)		
– Contract receivables	**15,377**	991
– Other receivables	**1,101**	1,318
– Accrued income	**11,395**	20,026
Total loans and receivables	**27,873**	22,335
Total financial assets	**44,223**	42,604

The ageing of receivables (gross) at the reporting date was:

	31 March 2025 £000	31 March 2024 £000
Not past due	**27,505**	21,951
Past due 0-30 days	**93**	85
Past due 31-120 days	**268**	268
More than 120 days	**7**	31
Total	**27,873**	22,335

There is no impairment provision in either year as we believe that no allowance is necessary in respect of any of the trade receivables.

Liquidity risk

As our cash requirements are met through funds voted by Parliament, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body.

Market risk

We are exposed to very limited market risk. We do not deal in financial transactions and also have limited exposure to foreign exchange movements as the business is based in the UK. Where we do identify foreign exchange risk in any contracts, we have policies and procedures in place to monitor and minimise the risk. In addition, cash balances are held in non-interest-bearing bank accounts.

Note 11. Provisions for liabilities and charges

2024-25	Modernisation of network services (i)	Tax officers' pension costs	Other	Total
	£000	£000	£000	£000
Balance at 1 April 2024	**1,485**	**735**	**192**	**2,412**
Provided in the year	**57**	**254**	**301**	**612**
Provision not required written back	**–**	**–**	**–**	**–**
Provisions utilised in the year	**(1,542)**	**(160)**	**(206)**	**(1,908)**
Creation/(unwinding) of discount and impact of changes in discount rate (ii)	**–**	**22**	**–**	**22**
Balance at 31 March 2025	**–**	**851**	**287**	**1,138**

2023-24	Modernisation of network services (i)	Tax officers' pension costs	Other	Total
	£000	£000	£000	£000
Balance at 1 April 2023	2,945	900	363	4,208
Provided in the year	–	–	14	14
Provision not required written back	(40)	(11)	–	(51)
Provisions utilised in the year	(1,361)	(136)	(179)	(1,676)
Creation/(unwinding) of discount and impact of changes in discount rate (ii)	(59)	(18)	(6)	(83)
Balance at 31 March 2024	1,485	735	192	2,412

(i) The carrying value of the modernisation of network services provision relates to estates costs.

(ii) Discount rate changes made to reflect future liability payments at today's prices, based on the latest rates published by HM Treasury.

Analysis of expected timing of discounted cash flows

2024-25	Modernisation of network services £000	Tax officers' pension costs £000	Other £000	Total £000
Not later than one year	–	132	287	419
Later than one year and not later than five years	–	324	–	324
Later than five years	–	395	–	395
Balance at 31 March 2025	–	851	287	1,138

2023-24	Modernisation of network services £000	Tax officers' pension costs £000	Other £000	Total £000
Not later than one year	1,485	130	192	1,807
Later than one year and not later than five years	–	275	–	275
Later than five years	–	330	–	330
Balance at 31 March 2024	1,485	735	192	2,412

Modernisation of network services

In 2012-13 we implemented plans for the phased closure of 39 local offices and 10 enforcement area offices to centralise operations in Swansea by December 2013. Although the local offices had closed, DVLA remained contractually obligated to continue paying the monthly unitary charges for these offices until the PFI contract ended on 31 March 2025.

Tax officers' pension costs

Under the Pension Increase Act 1971, we have a liability to contribute to the pensions of ex local taxation office staff. These staff were employed on driver and vehicle licensing work before the creation of the Driver and Vehicle Licensing Centre. Under the Vehicle and Driving Licence (Compensation to Officers) Regulations 1977, we make compensation payments to local authority staff in respect of loss of emoluments when the local taxation offices closed. The provision is based on advice from the Government Actuary's Department, and is re-assessed normally every 3 years with a full revaluation last carried out on 31 March 2025.

Following the estimations of future cash flows provided by the Government Actuary's Department future payments to be made in relation to this provision have been discounted at the HM Treasury advised rate of 2.4% (2023-24: 2.45%).

Other

This primarily relates to a contractual obligation to pay an 'unavoidable cost' associated with a property occupied by Unity Business Services DfT (formerly Shared Service Arvato Bertelsmann, prior to divestment on 1 June 2024). The cost is in the form of a monthly unitary charge, which ended on the 31 March 2025. Also included is a specific provision relating to restructuring charges for a department within the Information Technology Services (ITS) Directorate, following a restructure announced in April 2024.

Note 12. Leases

We lease assets including land and buildings and motor vehicles that are held within property, plant and equipment. Information about leases for which we are a lessee is presented below.

	31 March 2025 £000	31 March 2024 £000
Lease liabilities in the Statement of Financial Position		
Current	**1,735**	1,528
Non-current	**3,373**	4,138
Total	**5,108**	5,666

	2024-25 £000	2023-24 £000
Cash outflow – interest	**99**	105
Cash outflow – capital element	**1,383**	1,791
Total cash outflow for leases	**1,482**	1,896

Net Book Value of right of use assets	**Buildings £000**	**Plant and machinery £000**	**Motor vehicles £000**	**Total £000**
Cost or valuation				
At 1 April 2024	4,827	161	408	5,396
New leases	–	38	59	97
Remeasurements	684	41	13	738
Disposals	26	(27)	(502)	(503)
Derecognition	–	–	–	–
Depreciation for the year	(1,510)	(82)	(178)	(1,770)
Depreciation on disposal	(18)	27	481	490
At 31 March 2025	**4,009**	**158**	**281**	**4,448**

Maturity analysis

The following tables show contracted payments for future years and the reconciliation of these payments to the lease liability.

	31 March 2025 £000	31 March 2024 £000
Buildings		
Not later than one year	**1,621**	1,071
Later than one year and not later than five years	**3,320**	3,925
Later than five years	**–**	149
Less interest element	**(235)**	(245)
Present value of obligations	**4,706**	4,900

	31 March 2025 £000	31 March 2024 £000
Other		
Not later than one year	**218**	550
Later than one year and not later than five years	**199**	231
Later than five years	**–**	–
Less interest element	**(15)**	(16)
Present value of obligations	**402**	765

	2024-25 £000	2023-24 £000
Amounts charged in the Statement of Comprehensive Net Expenditure		
Depreciation charge of right of use assets	**1,770**	1,936
Variable lease payments not included in the measurement of lease liabilities	**249**	322
Interest on lease liabilities	**99**	105
Expense relating to short term leases	**33**	40
Expense relating to leases of low value assets	**46**	51
Total	**2,197**	2,454

Note 13. Commitments under Private Finance Initiative (PFI) on-balance sheet contracts

The service element payments to which we are committed during the next year, excluding amounts already provided for in the modernisation of network services provision (Note 11) and PFI contract imputed finance lease (Note 9). The following commitment represents the monthly unitary charge held pending completion of ongoing remediation works. This in conjunction with a £3.2 million accrual represents the full £12.2 million retained. This is analysed by the expected date of payment as follows:

Total commitment under on-balance sheet estates PFI contract

	2024-25 £000	2023-24 £000
Not later than one year	**9,000**	25,424
Later than one year and not later than five years	**–**	–
Total	**9,000**	25,424

Our estates development and refurbishment programme is provided through the Estates PFI contract with Telereal Trillium. Assets are capitalised in line with our capitalisation policy and a corresponding PFI liability recognised. The annual unitary charge is separated between capital repayments, finance interest and a service charge element.

PFI finance interest is expensed at a constant periodic rate on the outstanding balance of the liability.

The following table relates to the commitment to the capital element of the contract (which excludes the service charge element), which is treated as minimum lease payments under IFRIC 12. The PFI is excluded from IFRS 16 due to its service concession arrangements within the scope of IFRIC 12.

PFI commitments relating to contract elements analysed as minimum lease payments

	31 March 2025 £000	31 March 2024 £000
Payments under on-balance sheet Estates PFI contract for the following periods comprise:		
Not later than one year	**–**	3,464
Later than one year and not later than five years	**–**	–
	–	3,464
Less interest element	**–**	(100)
Total	**–**	3,364

Charge to the Statement of Comprehensive Net Expenditure

The total amount charged to the Statement of Comprehensive Net Expenditure in respect of the service part of on-balance sheet PFI transactions was £14.6 million (2023-24: £22.8 million).

Note 14. Other financial commitments

We have entered into non-cancellable contracts (which are not leases or PFI contracts); the most significant are in relation to the following:

- wheelclamping services
- merchant acquirer services
- outbound mail

The main payments to which we are committed, analysed by the date of payment are as follows:

	2024-25	2023-24
	£000	£000
Not later than one year	**74,275**	96,853
Later than one year and not later than five years	**40,861**	54,984
Later than five years	**–**	–
Total	**115,136**	151,837

Note 15. Related parties

We are sponsored by the Road Transport Group (RTG) at DfT and apply the requirements of the Financial Reporting Manual (FReM) in respect of disclosure of related party transactions with government related entities including DfT.

DfT is regarded as a related party and we have a significant number of material transactions with DfT, most notably in respect of the supply funding. In addition, we have had a significant number of material transactions with other government departments and central government bodies. Most of these transactions have been with Home Office, Cabinet Office, HM Treasury and Post Office.

None of the board members or managerial staff or other related parties has undertaken any material transactions with the agency during the year.

Note 16. Events after the reporting period

There have been no events since the balance sheet date that impact on the understanding of these financial statements.

These financial statements are laid before the House of Commons by DfT. IAS 10 requires us to disclose the date on which the accounts are authorised for issue. This is the date that the Comptroller and Auditor General signs the certificate.

The Certificate and Report of the Comptroller and Auditor General to the House of Commons

Trust Statement

Opinion on financial statements

I certify that I have audited the financial statements of the Driver and Vehicle Licensing Agency Trust Statement for the year ended 31 March 2025 under the Government Resources and Accounts Act 2000.

The financial statements comprise the Driver and Vehicle Licensing Agency Trust Statement's:

- Statement of Financial Position as at 31 March 2025;
- Statement of Revenue and Expenditure and Statement of Cash Flows for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Driver and Vehicle Licensing Agency Trust Statement's affairs as at 31 March 2025 and its net revenue for the Consolidated Fund for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I am independent of the Driver and Vehicle Licensing Agency in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Driver and Vehicle Licensing Agency Trust Statement's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Driver and Vehicle Licensing Agency's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Driver and Vehicle Licensing Agency is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future. In respect of this audit certificate, these services are the tax collection activities reflected in the Trust Statement.

Other information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Driver and Vehicle Licensing Agency Trust Statement and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Reports.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by the Driver and Vehicle Licensing Agency or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit are not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Driver and Vehicle Licensing Agency from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view and are in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000; and
- assessing the Driver and Vehicle Licensing Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Driver and Vehicle Licensing Agency will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Driver and Vehicle Licensing Agency Trust Statement's accounting policies.
- inquired of management, the Driver and Vehicle Licensing Agency's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Driver and Vehicle Licensing Agency's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Driver and Vehicle Licensing Agency's controls relating to the Driver and Vehicle Licensing Agency Trust Statement's compliance with the Government Resources and Accounts Act 2000, Managing Public Money Vehicle Excise and Registration Act 1994, Finance Act 2022 and financial reporting legislation.
- inquired of management, the Driver and Vehicle Licensing Agency's head of internal audit and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team and the relevant internal specialists, including IT auditors regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Driver and Vehicle Licensing Agency for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Driver and Vehicle Licensing Agency's framework of authority and other legal and regulatory frameworks in which the Driver and Vehicle Licensing Agency operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Driver and Vehicle Licensing Agency. The key laws and regulations I considered in this context included Government Resources and Accounts Act 2000, Managing Public Money, Vehicle Excise and Registration Act 1994, Finance Act 2022 and financial reporting legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Assurance Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- I addressed the risk of fraud in relation to revenue by testing transactions posted around the year end to ensure that they were accounted for in the correct period and testing post year end credit notes to verify that income received around year end had not been subsequently reversed.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies

Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

17 July 2025

The Comptroller and Auditor General's Section 2 Report to the House of Commons

Summary

Background

1. The Driver and Vehicle Licensing Agency (DVLA) is responsible for the collection of Vehicle Excise Duty (VED) on behalf of HM Treasury which is payable to the Consolidated Fund. VED is a tax which must be paid for most types of vehicles used (or kept) on public roads in the United Kingdom.
2. Following an increase in 2023-24, revenue from VED continued to rise in 2024-25. VED revenue was reported as £8.4 billion in the 2024-25 DVLA Trust Statement, £0.5 billion (7%) higher than 2023-24. This increase arose due to the annual uplift in VED rates and a higher number of licensed vehicles over the year. DVLA also collected £110 million in fines and penalties relating to VED, up from £100 million in 2023-24.

Scope of my audit work

3. Section 2 of the Exchequer and Audit Departments Act 1921 permits me to report to Parliament having examined:
   - the VED revenue accounts (reported in the DVLA Trust Statement) in order to ascertain whether adequate regulations and procedures are in place, and being duly carried out, to secure an effective check on the assessments, collection, and proper allocation of revenue; and
   - the correctness of the sums brought to account in those accounts.
4. I discharge my responsibility in respect of the correctness of sums brought to account in my opinion of the Trust Statement. This Section 2 report fulfils my other statutory responsibilities as described above. My examination does not include any consideration of VED receipt allocation to specific investment priorities following their surrender to the Consolidated Fund.
5. My findings are informed by my team's work supporting my audit opinions on the Trust Statement, especially in respect of ongoing assessment and collection activities. This included an examination of DVLA systems supporting VED collection and of evidence over whether VED regulations had been correctly applied. They are also informed by additional enquiries with DVLA and the Department for Transport (DfT); a review of relevant data, including DVLA's own information on compliance and its enforcement activity; and forecasts made in respect of VED by the Office for Budget Responsibility (Part One).
6. This year I have also examined two specific areas relevant to DVLA's management of VED collection, which are:
   - the outcome of DVLA's 2022-2025 compliance and enforcement strategy and development of its next strategy for 2025-2028 (Part Two); and
   - DVLA's preparation for the removal of VED exemptions for zero-emission vehicles from 1 April 2025 (Part Three).
7. My findings on these specific areas have been informed by my team's review of relevant DVLA documents and data, including its management information; internal reporting on progress against its 2022-2025 compliance and enforcement strategy; work in progress draft versions of its 2025-2028 compliance and enforcement strategy; and project documentation and data relating to DVLA's preparations for the removal of VED exemptions for zero-emission vehicles. It is also informed by additional enquiries with DVLA and HM Treasury.
8. I also set out DVLA's progress against the recommendations I made in last year's Section 2 report in Appendix One.

Key findings

Assessment and proper allocation of VED revenue

9. **My examination shows DVLA's controls in respect of the assessment, collection and proper allocation of revenue remain adequate and that they are operating effectively.** My work on the Trust Statement confirmed that DVLA's systems apply the correct rates to calculate VED chargeable, and that DVLA recognises income correctly according to the accounting policies disclosed (paragraph 1.4).

DVLA's approach to compliance and enforcement

10. **There are high levels of compliance with paying VED.** DVLA's established model for managing VED revenue is to seek to maximise compliance levels through focusing on encouragement and education first, such as through reminders and ease of payment online so owners pay on time, before undertaking enforcement actions for non-compliance – either from deliberate action or through error. DfT estimated that the rate of non-compliance of vehicles in traffic has ranged between 1.5% and 1.9% in the period between 2015 and 2021, based on its biannual roadside

survey of vehicles across the UK. DfT published its most recent survey results in December 2023, with an estimated non-compliance rate of 1.3%, but this was not directly comparable with previous surveys due to changes in methodology (paragraphs 2.1 to 2.4).

11. **DVLA does not have a current estimate of how much VED revenue is being lost to the taxpayer through non-compliance.** DVLA last reported an up-to-date estimate of VED revenue lost through non-compliance during 2021-22, which was £119 million, based on DfT's 2021 roadside survey. DfT did not produce a monetary estimate from its 2023 roadside survey due to concerns over the robustness of its methodology, and it did not run a survey in 2025. It does not currently plan to run a revised version of this roadside survey until at least 2027, due to lack of capacity. DVLA has reported non-compliance rates using its internal Automatic Number Plate Recognition (ANPR) and vehicle record data in this year's Annual Report and Accounts as an alternative to having an up-to-date survey rate. However, it has not estimated a monetary value from these data. DVLA told us it would be difficult to estimate a monetary value from its internal data due to the range of VED rates that would need to be profiled. I have previously recommended that DVLA work with DfT to produce an estimate of the value for non-compliance. Understanding the value being lost can help DVLA to assess whether its compliance and enforcement actions are proportionate to the risk of non-compliance and where it should prioritise its investment (paragraphs 2.5 to 2.8).

12. **DVLA does not have a full understanding of whether its compliance and enforcement actions are cost-effective.** DVLA spent £92 million on VED collection in 2024-25 and £45 million on enforcement. As part of its approach to compliance and enforcement, DVLA seeks to undertake lower-cost actions first, such as reminders to vehicle owners, before undertaking a range of escalating enforcement actions that are more costly to undertake. For example, DVLA data showed that, on average, around 96% of owners renewed before their VED expired or when prompted between 2021-22 and 2024-25. In determining what enforcement actions to take, DVLA has undertaken cost-effectiveness reviews of some of its enforcement activities and revised some of its approaches as a result. However, DVLA does not have all the relevant cost data across its activities to routinely undertake such assessments. Such information would help it determine, for example, whether it could do less in places given the expected high level of compliance or where it might focus its efforts for greatest impact (paragraphs 2.1 to 2.2, 2.4, 2.9 and 2.12 to 2.13, and Figure 3).

13. **DVLA estimates that it has met its overall target of maintaining compliance at 2022 levels but does not know how each of the actions from its strategy have contributed to this.** In its 2022-2025 compliance and enforcement strategy, DVLA sought to maintain and improve compliance against the estimated VED compliance rate of 98.1% from DfT's roadside survey in 2021. Through the strategy, DVLA aimed to focus on supporting vehicle owners to be compliant, making the best use of information held and targeting deliberate evaders. By the end of March 2025, DVLA had completed 30 of the 32 actions to deliver its strategy and is working to complete the remaining two actions. There is no 2025 roadside survey, so there is no like-for-like comparison possible, but DVLA's internal ANPR and vehicle record data suggest that VED compliance at the end of March 2025 was around the same rate as at the start of the strategy. However, DVLA does not know to what extent each of its strategy actions have contributed to the level of compliance remaining stable. DVLA did not set up its actions to be able to assess if they had been successful and what impact they had achieved, and it does not plan to undertake any evaluation of its strategy (paragraphs 2.7 and 2.14 to 2.17).

14. **DVLA is currently developing its next compliance and enforcement strategy but there are areas it has yet to address in its approach that would improve its effectiveness.** DVLA is currently developing its compliance and enforcement strategy for 2025-2028. However, DVLA does not have an up-to-date baseline from a roadside survey against which to measure performance, or a clear understanding of the cost-effectiveness of its activities and the impact of its actions from its previous strategy. There may also be emerging trends that DVLA may need to consider in determining its priorities. For example, DVLA does not know why the number of Statutory Off-Road Notification (SORN) declarations registered by vehicle owners has increased over the last three years. In terms of how it might deliver its strategy, DVLA has not yet explored any relevant good practice or new innovations outside of the organisation, such as from other government bodies that collect revenue. Addressing these areas may help DVLA identify and consider a wider range of approaches to further improve compliance and enforcement, including innovative use of technology, and set appropriate targets for what it wants to achieve in the next three years (paragraphs 2.18 to 2.22).

Removing the VED exemption for zero-emission vehicles

15. **DVLA's communications campaign increased the awareness of most owners that zero-emission vehicles would need to start paying VED from April 2025.** In the 2022 Autumn Statement, the government announced the removal of VED exemptions for zero-emission vehicles from 1 April 2025. DVLA identified that it would need to ensure that

vehicle owners were aware of the removal of the VED exemption for zero-emission vehicles before it came into effect to avoid reputational damage. To address this, DVLA undertook a range of communications approaches, from social media campaigns to specific targeting of zero-emission vehicle owners, with its plan drawing on government planning and evaluation guidelines. DVLA set a target of 70% awareness of the change across all drivers by March 2025 in their monthly driver survey, with that month's results showing DVLA had exceeded that with 71.1% awareness. DVLA told us it will continue to remind zero-emission vehicle owners of the change as they reach their VED renewal dates and monitor awareness throughout 2025-26 (paragraphs 3.1 to 3.3).

16. **DVLA delivered the changes to its systems that it needed for enacting the removal of the VED exemption for zero-emission vehicles by 31 March 2025.** DVLA put in place a project to implement the changes to its systems needed so that zero-emission vehicle owners would be able to pay VED by 31 March 2025. This focused on ensuring that all internal and external facing systems related to VED presented or used the correct rate to allow payment of the right fee. DVLA reported that all system changes were completed by 31 March 2025 at a cost of around £8 million. DVLA systems data showed that nearly all VED applications for zero-emission vehicles were successful over the first ten days, with the changes made resulting in no significant issues (paragraphs 3.1, 3.4 and 3.5).

17. **Almost a quarter of zero-emission vehicles had their VED renewed early to delay paying the new rate, with a 1,400% increase in renewals compared with the previous year.** Owners of zero-emission vehicles with more than a month remaining on their existing VED period could renew their VED before 1 April 2025 at the existing nil rate. Depending on when their VED was originally due, owners could pay no VED fees for up to an additional 10 months before they would need to renew at the new rate. DVLA reported that 309,000 vehicles had VED renewed in February and March 2025 with more than a month remaining on their existing VED period – nearly a quarter of the UK's population of zero-emission vehicles. This equated to a 1,400% increase in early renewals in February and March 2025 of zero-emission vehicles, compared with the previous year. DVLA estimated that this increase could have equated to around £30 million in lost VED revenue. I found that DVLA did not fully set out the risks of the likelihood and extent of the impact of behavioural change in response to the new VED rates for HM Treasury to consider as part of its forecasts and decision that no preventative action needed to take place (paragraphs 3.6 to 3.10 and Figure 6).

Conclusion

18. In respect of my core statutory responsibilities, I conclude that DVLA's controls over its most core responsibilities of properly assessing, collecting and allocating tax revenue remain adequate and that the relevant DVLA systems and procedures have operated effectively during the reporting period.

19. However, I note in respect of my wider remit to consider issues around DVLA's management of VED that DVLA could have done more to foresee the behavioural change that would occur around changes in the removal of the VED exemptions so this could have been used to properly inform HM Treasury decision making. There are also steps that DVLA can take in how it reports the cost of non-compliance and to develop an effective compliance and enforcement strategy, taking an approach that is proportionate and cost-effective for the expected rate of non-compliance. I make the following recommendations.

Recommendations

For DVLA and DfT

a I recommend that DVLA and DFT develop a long-term approach for estimating reliably the cost of VED non-compliance to help DVLA target and deliver enforcement and compliance activity more cost-effectively and to enhance Parliamentary visibility of revenue lost to the taxpayer. This should include considering a range of options as to how they might achieve this.

For DVLA

b I recommend that, until a long-term solution is put into place, DVLA use the data it holds to produce the best estimate it can of the cost of VED non-compliance for reporting next year and include any limitations of its estimate in its reporting.

c I recommend that as part of developing and implementing its next compliance and enforcement strategy, DVLA:

- collect all relevant cost data on its compliance and enforcement activities to assess whether its current compliance and enforcement activities are cost-effective and proportionate;
- undertake a full evaluation of its performance and outcomes achieved against its 2022-2025 strategy and incorporate relevant findings into its plans for future activities;
- explore potential wider behaviour trends that might affect VED revenue, for example understanding why the number of vehicles that have a Statutory Off-Road Notification (SORN) continues to increase; and
- explore a wider range of options to innovate and further improve VED compliance and enforcement, for example in how it may use new technologies; this could include engagement with other organisations, both government and private sector, that collect revenue to ensure that up-to-date best practice is considered.

Part One: Assessment and proper allocation of Vehicle Excise Duty revenue

1.1 Since 2017, Vehicle Excise Duty (VED) due in the first year for a new car has been based on CO_2 emissions and fuel type, with subsequent years based on the fuel type and initial purchase price of the vehicle. An additional amount is due if the list price exceeds £40,000. The rules are summarised using rates applicable for the period 1 April 2024 to 31 March 2025 in Figure 1.[1]

Figure 1: Vehicle Excise Duty (VED) rates applicable for the period 1 April 2024 to 31 March 2025

The rate of VED payable is based on a vehicle's age, emissions, fuel type and list price

		Petrol or diesel	Alternative fuel	Zero Emission
VED due in year 1		£0 to £2,745 depending on CO_2 emissions	£0 to £2,735 depending on CO_2 emissions	Nil
VED due from second licence for next 5 years	List price at or below £40,000	£190	£180	Nil
	List price above £40,000	£600 (including £410 additional rate)	£590 (including £410 additional rate)	Nil
VED due in subsequent years		£190	£180	Nil

Notes

1. This is an extract of applicable VED rates for cars registered on or after 1 April 2017.
2. Alternative fuel vehicles include hybrids, bioethanol and liquid petroleum gas.
3. The Driver and Vehicle Licensing Agency allocates levels of CO_2 emissions to VED bands based on results of the World Harmonised Light Vehicle Test Procedure, a laboratory test that determines a vehicle's official fuel consumption and emissions data.
4. Cars with a list price exceeding £40,000 that were first registered on or after 1 April 2017 pay an expensive car supplement in addition to the standard rate. For 2024-25 the additional supplement rate was £410. The supplement is paid for a period of five years from the start of the second year of being licensed.
5. From 1 April 2025, zero-emission and low-emission vehicles are taxed at the same rates as petrol or diesel vehicles from the second year of being licensed.

Source: Driver and Vehicle Licensing Agency, Rates of vehicle tax for cars, motorcycles, light goods vehicles and private light goods vehicles

1.2 Revenue from VED was £8,362 million in 2024-25, a £525 million (7%) increase on 2023-24. This increase was caused by the annual increase in VED rates (between 5% and 6% on average) and the 1.6% increase in the average number of licensed vehicles over the year. The Driver and Vehicle Licensing Agency (DVLA) also collected £110 million in fines and penalties relating to VED, up from £100 million in 2023-24.

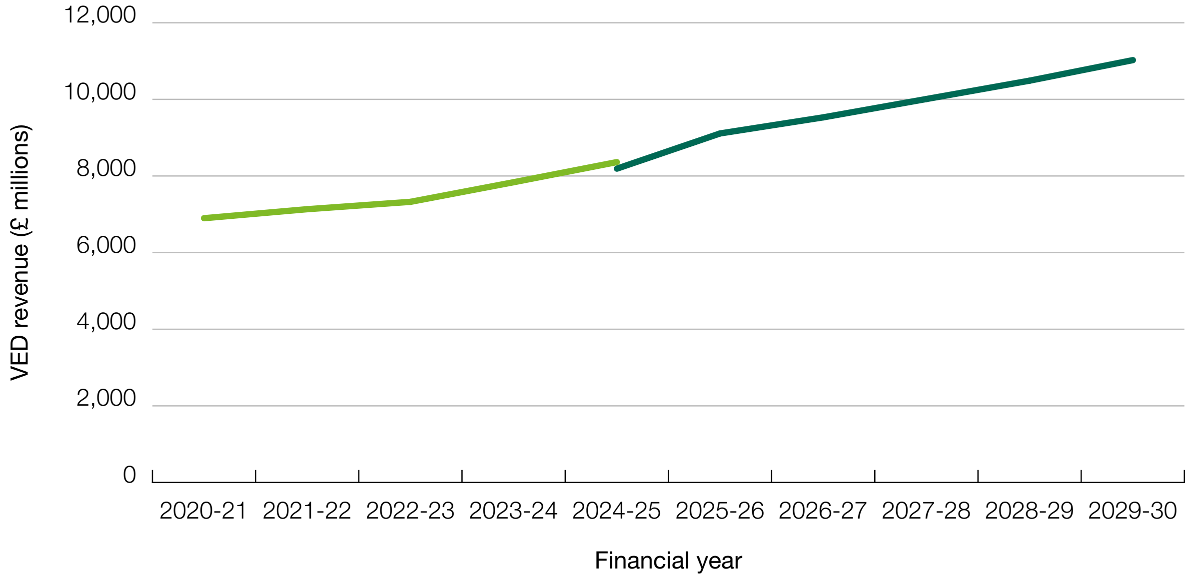
1.3 The Office for Budget Responsibility (OBR) prepares a regular forecast of VED revenue as part of its Economic and Fiscal Outlook series. The OBR's most recent forecast, made in March 2025, projected 2024-25 VED revenue to be £8,223 million, less than 2% lower than the actual amount collected.[2] OBR's forecast projects a sustained rise in revenue from 2024-25 into 2029-30, reaching over £11 billion by the end of the forecast period (Figure 2), taking into account the removal of the VED exemption for zero-emission vehicles from 1 April 2025 and more cars expected to pay the supplement for a list price above £40,000.

[1] Current rates can be found at www.gov.uk/vehicle-tax-rate-tables

[2] Office for Budget Responsibility, Economic and fiscal outlook, March 2025, available at: https://obr.uk/docs/dlm_uploads/OBR_Economic_and_fiscal_outlook_March_2025.pdf

Figure 2: Vehicle Excise Duty (VED) revenue collected by the Driver and Vehicle Licensing Agency, 2020-21 to 2024-25, and the Office for Budget Responsibility's (OBR's) forecasts of VED, 2024-25 to 2029-30

The OBR forecasts that the rise in VED revenue will continue throughout its forecast period to 2029-30



	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Actual VED revenue	6,898	7,133	7,325	7,837	8,362					
Forecast VED revenue					8,223	9,142	9,562	10,041	10,520	11,056

Note

1. Revenue figures are in cash terms

Source: National Audit Office analysis of Driver and Vehicle Licensing Agency and Office for Budget Responsibility data

1.4 In my financial audit work on the Trust Statement, I reviewed the change controls which operate over DVLA's VED system and confirmed that the changes to VED rates have been appropriately approved and tested prior to being implemented. I also confirmed that the correct rates have been applied for the period 1 April 2024 to 31 March 2025.

Part Two: The Driver and Vehicle Licensing Agency's approach to compliance and enforcement

2.1 The Driver and Vehicle Licensing Agency's (DVLA's) established model for administering Vehicle Excise Duty (VED) revenue is based on the fact that most people pay VED on their vehicles when they should. DVLA seeks to maximise compliance through focusing on encouragement and education first and then enforcement, identifying three distinct groups for their actions: inadvertent, vulnerable and persistent evaders. DVLA encourages the timely payment of VED by issuing a reminder, either by post or digitally, to the registered owner of the vehicle and through ease of payment online.

2.2 Where the registered owner of a vehicle does not pay their VED on time, then the vehicle becomes 'non-compliant' – either from deliberate action or error – and is subject to enforcement action. For persistent evaders, DVLA relies on escalating enforcement methods to deter and address persistent non-compliance, starting from lower-cost methods such as stickering and penalties but escalating to methods such as prosecutions, impounding and wheel clamping, if required, which are more costly to undertake. Enforcement actions are carried out by DVLA, its on-road contractor and by Devolved Power Partners (DPPs), including local authorities and police forces, who have authority to wheel clamp and impound unlicensed vehicles. The Government Internal Audit Agency (GIAA), DVLA's internal auditors, reported in January 2025 that it found DVLA's enforcement approach to be comprehensive, taking a wide range of activities against non-compliant owners.

2.3 The Department for Transport (DfT) conducts a roadside survey of vehicles in traffic across the UK every two years. DfT uses these data to estimate the volume of untaxed vehicles being used across the country. DfT estimated that the rate of non-compliance of vehicles in traffic has ranged between 1.5% and 1.9% between 2015 and 2021, with an average of 1.7%. DfT published its most recent survey results in December 2023, with an estimated rate of 1.3%, but this was not directly comparable with previous surveys due to changes in methodology.[3]

2.4 DVLA also monitors ongoing compliance levels through internal data supplied by its fleet of 17 Automatic Number Plate Recognition (ANPR) vehicles and from the vehicle records it holds. DVLA's ANPR data indicated that between 2021-22 and 2024-25, an average of 1.4% of vehicles observed by its ANPR vehicles were not VED compliant. DVLA's internal vehicle record data show that, for the same period, on average 96% of vehicles had either re-licensed or made a Statutory Off-Road Notification (SORN) declaration either before their previous VED expired or within the two months after expiry, during which a further reminder is sent. This level of compliance is likely to be higher once vehicles currently in trade, or being scrapped or exported are taken into account, which DVLA estimates to account for around 1 to 2 percentage points.

Reporting the cost of non-compliance

2.5 DVLA last reported an up-to-date monetary estimate for the VED revenue lost each year through non-compliance in its 2021-22 Annual Report and Accounts at a value of £119 million. This was based on a DfT estimate, from its 2021 roadside survey, of 1.9% of vehicles (excluding motorcycles) in UK traffic being non-compliant and 1.8% of all vehicles that may use UK roads at any time. However, DfT did not produce a monetary estimate of VED non-compliance from the 2023 survey results, due to concerns that the survey's methodology was no longer capable of producing a sufficiently robust estimate that reflects the different rates of VED.

2.6 In my Section 2 report last year, I recommended that DVLA and DfT work together to consider how the biannual roadside survey is used to monitor VED evasion. I also recommended that they re-design the survey methodology so that it can produce an evidence-based estimate of taxpayer monies lost to fraud and error due to VED non-compliance and to disclose this in the Annual Report and Accounts.

[3] The results of the 2023 survey can be found at https://www.gov.uk/government/statistics/vehicle-excise-duty-evasion-statistics-2023/vehicle-excise-duty-evasion-statistics-2023 and previous survey data at https://www.gov.uk/government/statistical-data-sets/vehicle-excise-duty-evasion-statistics-ved.

2.7 DfT had planned to run a revised survey in 2025, but it has delayed this until at least 2027 due to limited capacity and the lead time required to run the survey and produce statistics. As an alternative to having an up-to-date survey, DVLA has reported non-compliance rates in this year's Annual Report and Accounts based on internal data, using its own records of the UK's vehicle population and its ANPR data instead, as well as the estimated rate from DfT's 2023 roadside survey. However, DVLA has not produced a monetary estimate of the value of VED revenue lost from these alternative internal non-compliance rates. DVLA told us it would be challenging to determine a monetary value from its estimates due to the complexity in profiling the range of VED rates and because there is a difference between the vehicles it has on record and those which are being used, or kept, on public roads (and which are therefore liable to pay VED).

2.8 I set out in my February 2025 good practice guide, Estimating and reporting fraud and error in annual report and accounts, that reporting an estimate can help an organisation to manage fraud and error through understanding of the scale, improving prioritisation of resources and demonstrating a return on investment.[4] DVLA may have an understanding of the scale of risk through its VED compliance rates either through past roadside surveys or from its own data. However, without reliable monetary estimates of the loss of VED revenue, it is difficult for DVLA to assess whether its range of compliance and enforcement activities are proportionate to the risk of non-compliance and know whether it is deploying its resources most effectively or can demonstrate that there is a good investment case to do more. For example, following our February 2018 report on the Renewable Heat Incentive scheme, Ofgem established a more reliable estimate of the financial impact of overpayments to ineligible schemes.[5] This led to better assessment of the effectiveness of its compliance activity and helped it to drive down overpayments from around 4% in 2018-19 (£32.5 million) to 0.7% (£7.2 million) in 2022-23.

Cost of VED collection and enforcement

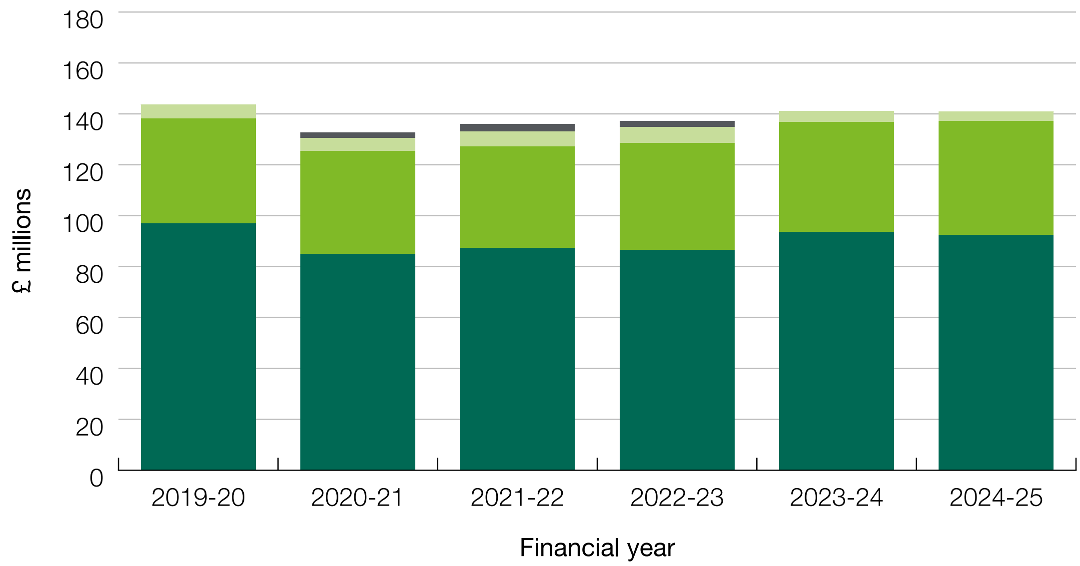
2.9 DVLA spent £141 million on VED collection and enforcement in 2024-25, of which £92 million was on collection, for example on payment fees and call centre costs, and £45 million on enforcement, including its wheelclamping and stickering contract (Figure 3). Over the three years since 2021-22, DVLA's spending on the collection of VED has increased in real terms by 6% (£5.1 million), reflecting, for example, an increase in the payment transaction costs linked to the higher levels of VED collected. DVLA's expenditure on enforcement has also seen a 12% increase (£5 million) in real terms since 2021-22, although, once retained costs from court cases are taken into account, DVLA's net enforcement cost increase was lower, at 1% (£0.5 million) during this period.

4 National Audit Office, Estimating and reporting fraud and error in annual reports and accounts, February 2025.

5 Comptroller and Auditor General, Low-carbon heating of homes and businesses and the Renewable Heat Incentive, Session 2017-19, HC 779, National Audit Office, February 2018 and National Audit Office, An Overview of the impact of fraud and error on public funds for the new Parliament 2023-24, November 2024.

Figure 3: The Driver and Vehicle Licensing Agency's (DVLA's) spending on Vehicle Excise Duty (VED) collection and enforcement, 2019-20 to 2024-25, in 2024-25 prices

DVLA's spending on the collection of VED has increased in real terms by 6% (£5.1 million) and its expenditure on enforcement increased by 12% (£5 million) in the three years since 2021-22



	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Total VED Expenditure	143.5	132.6	135.9	137.2	141.1	140.8
Covid costs	–	2.0	2.9	2.5	–	–
Project/programme spend (excluding capital)	5.4	5.1	5.9	6.1	4.3	3.6
VED Enforcement	41.3	40.4	39.9	42.0	43.2	44.9
VED Collection	96.9	85.1	87.3	86.6	93.6	92.4

Notes

1. Cost figures have been converted to 2024-25 prices using the GDP deflators published alongside the Office for National Statistics Quarterly Accounts for Q4 2024.
2. DVLA also receives retained court costs that net off against its enforcement costs. These were, as follows, in 2024-25 prices: £11.9 million in 2019-20; £6.1 million in 2020-21; £5.3 million in 2021-22; £5.7 million in 2022-23; £9.1 million in 2023-24; and £9.8 million in 2024-25.
3. Totals may not sum due to rounding

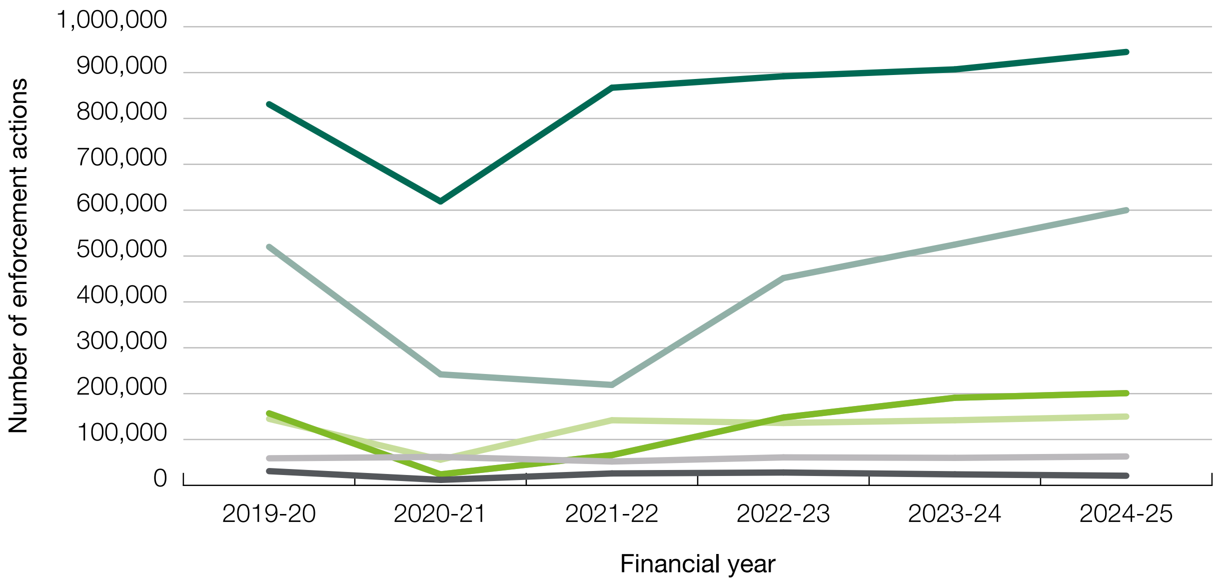
Source: National Audit Office analysis of Driver and Vehicle Licensing Agency data

Enforcement activity

2.10 DVLA's total enforcement activity has risen by around 44% over the last three years following the COVID-19 pandemic, which saw significantly reduced enforcement activity in 2020-21 and 2021-22, particularly in out-of-court settlements and prosecutions (Figure 4). Enforcement activity has increased from 1.4 million actions during 2021-22 to almost 2 million during 2024-25. This is reflected in the 12% increase in DVLA's enforcement costs over this period. Around half of DVLA's enforcement activity each year relates to penalties for late payments, and the revenue from fines and penalties also increased by 13% in real terms (£12.3 million) since 2021-22. Most types of enforcement have seen increased activity, particularly the use of prosecutions and out-of-court settlements. The exception is the reduced use of impounding of vehicles which, as a result of lower activity by DPPs, fell by 17% to around 21,000 in 2024-25.

Figure 4: Volume of enforcement activity by the Driver and Vehicle Licensing Agency (DVLA) and its partners, 2019-20 to 2024-25

The total volume of enforcement activity has increased by around 610,000 (44%) in the three years from 2021-22 to 2024-25



	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Penalties	831,000	619,000	867,000	892,000	907,000	945,000
Out-of-court settlements	520,000	242,000	219,000	452,000	525,000	600,000
Prosecutions	157,000	24,000	66,000	148,000	191,000	201,000
Clamping	145,000	56,000	142,000	136,000	142,000	150,000
Impounding	31,000	12,000	26,000	28,000	24,000	21,000
Stickering	59,000	62,000	52,000	61,000	60,000	63,000
Total	1,743,000	1,014,000	1,371,000	1,717,000	1,849,000	1,981,000

Notes

1. Totals may not sum due to rounding.
2. In 2020-21 and 2021-22, there was significantly reduced enforcement activity due to the COVID-19 pandemic.
3. Enforcement actions are carried out by DVLA, its on-road contractor and by Devolved Power Partners (DPPs), including local authorities and police forces, who have authority to wheel clamp and impound unlicensed vehicles.

Source: National Audit Office analysis of Driver and Vehicle Licensing Agency data

Compliance monitoring and evaluation

2.11 DVLA monitors VED performance through management information on each stage of the licensing process, for example the volumes of transactions. It does not set targets to assess performance given the expected stable rate of compliance, but instead it looks to spot any unusual patterns for investigation. DVLA told us that such incidents are not common, for example it found a drop in VED renewals in August 2024 was caused by delays in owners receiving their postal reminders that month. DVLA also uses APNR data to identify non-compliance ‘hot spots’ where they can conduct targeted communications, deterrent and enforcement campaigns, including joint operations with DPPs, and monitor their local impact.

2.12 The GIAA reported in January 2025 that DVLA can produce data on the effectiveness of each enforcement activity, but this is not routinely conducted and reported to senior management. It also found that, while DVLA knows the total cost of its enforcement work, the average unit cost of an enforcement case is only available for some enforcement activities and does not include all relevant costs, such as DVLA staff time or postage. DVLA has undertaken some specific assessments of the cost-effectiveness of enforcement activities to inform future approaches. For example, in February 2022, DVLA revised the ratio of enforcement activities by its contractor to focus more on stickering than wheel clamping. Its decision took into account the costs of both within the contract as well as the deterrence effect of clamping and greater income from fines against the wider reach of stickering and potential higher compliance.

2.13 A systematic approach to assessing cost-effectiveness could help DVLA determine, for example, where it might focus its efforts for greatest impact or whether it could do less in places given the expected high level of compliance. For example, DVLA could assess the impact of reducing the level of written correspondence to vehicle owners now that some owners have opted for digital reminders.

Delivering the 2022-2025 compliance and enforcement strategy

2.14 In its 2022-2025 compliance and enforcement strategy, DVLA set out that one of its key priorities was to keep the level of VED non-compliance low by maintaining or improving the rate of compliance of 98.1%, the rate estimated through the 2021 roadside survey. To achieve this DVLA set itself 32 actions to deliver improvement, focused on three areas.

- Supporting vehicle owners into compliance, for example joining up online services for registration and licensing or using digital reminders to owners to pay their VED, such as through text and email prompts.
- Making the best use of the information DVLA holds, including that gathered from the roadside surveys to inform tailored interventions and communications.
- Taking robust action against those who deliberately evade, for example through greater joint working with other government agencies, including those with the devolved powers to take enforcement action on untaxed vehicles.

2.15 At the end of the strategy period in March 2025, DVLA reported that it had completed 30 out of the 32 actions it set itself to deliver the strategy and that it is working to complete the remaining two actions. One of the outstanding actions is to increase the sharing of intelligence data with police and other stakeholders to help with enforcement, with work ongoing with the Home Office to deliver this. The other outstanding action is a small system change to help make online transfer of vehicle ownership easier and improve registration compliance. However, this was delayed as DVLA prioritised completing the changes required to remove the VED exemption for zero-emission vehicles by 1 April 2025.

2.16 In the absence of an up-to-date estimate of VED compliance from the roadside survey, DVLA’s internal data, both from its vehicle record and ANPR vehicles, suggest that it has met its target of maintaining compliance at the end of the strategy period. The compliance rate from DVLA’s vehicle records was 96.50% at the end of March 2025, compared with 96.48% at the end of March 2022, while the proportion of vehicles observed by its ANPR vehicles that were not VED compliant fell from 1.50% to 1.42% over the same period. These data sets are not comparable with the roadside survey estimate of compliance due to a number of differences in methodology, including how they define whether a vehicle is compliant. In the case of vehicle record data, the compliance rate also does not take into account vehicles currently in trade, or being scrapped or exported, which DVLA estimates to account for around 1 to 2 additional percentage points compared with the roadside survey.

2.17 However, DVLA had not been able to monitor the extent to which its actions had been successful in contributing to the overall compliance rate. The GIAA reported in January 2025 that the actions in DVLA's strategy were not generally articulated in a way that was aligned with good practice – being specific, measurable, achievable, realistic and timely. As a result, it was not always possible to identify the success factors for each of the actions that DVLA undertook, nor a means to measure their impact. The GIAA reported that DVLA would take this forward as a lesson learned as part of developing its next strategy. I also found that DVLA had not planned to undertake an evaluation of its 2022-2025 compliance and enforcement strategy following its completion.

Developing the 2025-2028 compliance and enforcement strategy

2.18 DVLA is currently developing its compliance and enforcement strategy for 2025-2028. To inform its priorities and actions for the next three years, DVLA has been consulting across the organisation with key business areas. It considers that with the compliance rate remaining high, it expects any improvement activity now to be targeting marginal gains.

2.19 However, DVLA does not currently have a clear understanding of what may be realistically achievable, to help it set appropriate targets for the next three years. As set out above, DVLA:

- does not currently have an up-to-date roadside survey against which to measure performance against, with no survey now expected until 2027 (paragraphs 2.5 to 2.7);
- does not know how successful its actions from the last strategy were (paragraphs 2.14 to 2.17); and
- does not routinely assess whether its compliance and enforcement actions are most cost-effective and proportionate (paragraphs 2.8 and 2.12 to 2.13).

At this stage in developing the strategy, DVLA has not set any targets around VED compliance.

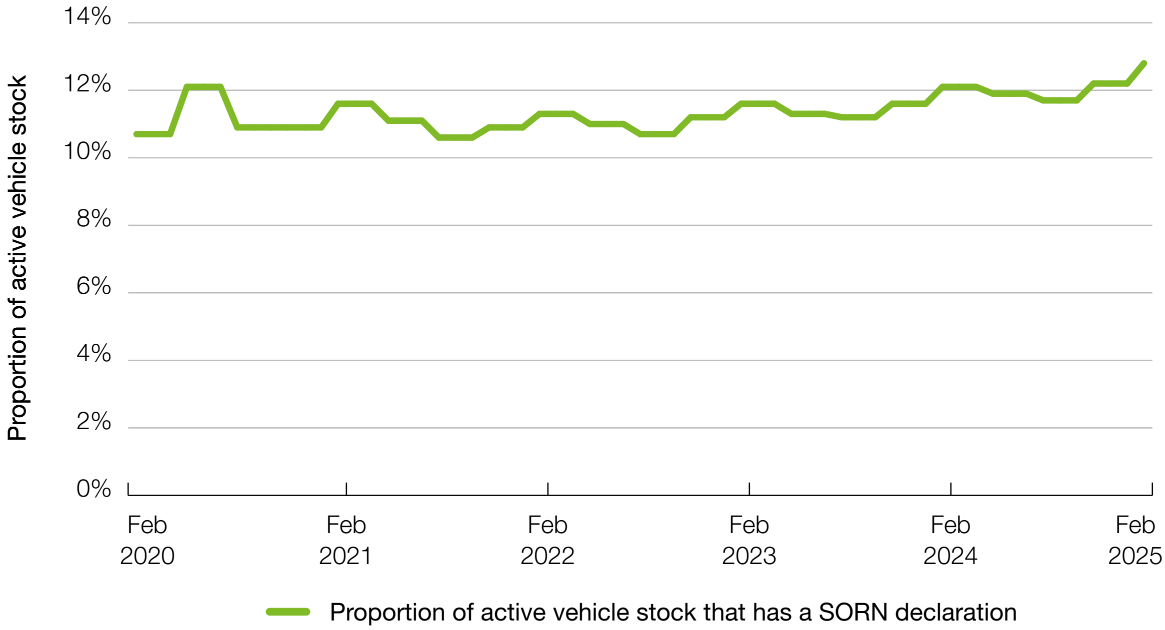
2.20 There may also be emerging risks that DVLA may need to consider as part of determining its priority areas. For example, as I previously reported in 2023-24, the number of Statutory Off-Road Notification (SORN) declarations registered by vehicle owners has been on an upward trend since February 2022. The increase has continued during 2024-25, with a record high in February 2025 of 6.1 million out of the 47.4 million vehicles in the UK. SORN vehicles also now represent a larger proportion of the UK's vehicle population over the last three years, rising from 11.3% in February 2022 to 12.8% in February 2025, despite the overall vehicle population also increasing (Figure 5).

2.21 DVLA told us that it believed the increase may be related to wider behavioural change linked to the cost-of-living crisis, but it has not conducted any analysis to confirm this. If costs are an increasing issue for vehicles owners, this heightens the risk of VED non-compliance. DVLA told us, however, that it is confident that if there were to be an increase in owners using vehicles but declaring them as off road, such change in behaviour would be identified through its wider compliance controls, such as ANPR data identifying more SORN vehicles on the road.

2.22 DVLA has also not sought to engage externally with other organisations, either public or private sector, that collect revenue to ensure that it is aware of up-to-date and relevant good practice, new technologies or other innovations in the sector to inform how it may deliver its strategy. DVLA has previously undertaken such engagement as a strategy action in 2023, focused on debt management. In early 2025, DVLA allowed its debt collection provider to implement best practice into its approaches by taking into account the ability of debtors to pay as part of planning where best to focus its efforts.

Figure 5: Proportion of the UK's vehicle population with a Statutory Off-Road Notification (SORN), February 2020 to February 2025

Vehicles with a SORN represent an increasing proportion of the UK's vehicle population over the last three years, rising from 11.3% in February 2022 to 12.8% in February 2025



Notes

1. Vehicle owners may apply for a SORN and refund for any full months of remaining tax, if they take their vehicle off the road.
2. The active vehicle stock represents all UK vehicles registered in the Driver and Vehicle Licensing Agency's (DVLA's) records and which DVLA deem to be active, for example vehicles that are licensed or have a SORN declaration and not recorded as being scrapped or exported.

Source: National Audit Office analysis of Driver and Vehicle Licensing Agency data

Part Three: Removing the Vehicle Excise Duty exemption for zero-emission vehicles

3.1 In the 2022 Autumn Statement, the government announced that, from 1 April 2025, zero-emission cars, vans and motorcycles would no longer be exempt from paying Vehicle Excise Duty (VED), with their rates to follow those for petrol and diesel vehicles.[6] HM Treasury estimated at the time, that the removal of the exemption would raise around £500 million in additional VED revenue in 2025-26, rising to £1,600 million in 2027-28. To implement the changes, the Driver and Vehicle Licensing Agency (DVLA) undertook work on improving public awareness and updating its VED collection systems, at a cost of around £8 million. In addition, DVLA estimated in November 2024 that the additional net collection and enforcement costs from the increased volume of vehicle owners eligible to pay VED will be around £30 million in the 10 years between 2025-26 and 2034-35.

Public awareness

3.2 DVLA identified that one of the risks from the removal of the exemption could be negative perceptions of the agency if people were unaware of it happening until they needed to apply for or renew their VED. For example, vehicle owners may have not felt fully informed when buying or selling their vehicle. To mitigate this risk, DVLA undertook a range of communications approaches during 2024 and early 2025. DVLA initially sought to increase general awareness, for example initially including information about the change in its VED expiry reminder letters to vehicle owners and later launching a public information campaign in September 2024 through social media and media outlets. It then targeted existing owners of zero-emission vehicles with specific letters about the change during autumn 2024. DVLA followed government planning and evaluation guidelines in developing its communications plan, for example in tailoring its communications approaches and messages to key audiences. DVLA also used research sessions during summer 2024 to help inform its approaches and timings of communications.

3.3 DVLA monitored progress in increasing awareness, meeting its target of 70% awareness among drivers by March 2025. Starting in January 2024, DVLA included a question on awareness of the VED changes as part of its monthly online motoring survey. It reported that only 37.8% of drivers were aware of the changes in January 2024, but by March 2025 this proportion had increased to 71.1%. DVLA also monitored awareness through other sources, such as the number of views its GOV.UK page had on the changes, reporting that it had around 500,000 unique or session views by February 2025. DVLA told us it will continue to remind zero-emission vehicle owners of the change through it's VED expiry reminder letters and monitor awareness throughout 2025-26.

Changes to DVLA VED systems

3.4 Following the Autumn Statement 2022, DVLA conducted work to identify what systems would need updating by 31 March 2025 so that zero-emission vehicle owners would be charged the new rates from 1 April 2025. This covered both internal and external facing systems to ensure that they presented or used the correct rate to allow payment of the right fee, for example DVLA's online VED application system. As part of its system update project, DVLA also took the opportunity to make additional system improvements, for example to enable quicker updates between systems. DVLA reported that it had completed all its updates, including testing, by 31 March 2025.

3.5 The new rates came into effect on 1 April 2025 and DVLA's systems did not experience any significant operating issues. DVLA reported that, although 177 registrations applications failed on 31 March due to an error in updated configuration of VED calculations, these were identified and manually processed by midday on 1 April. Within the first week of the new rates, DVLA also resolved minor issues related to tax reminders linked to a specific type of electric bus and a small number of manufacturers having not correctly updated their systems for registering new vehicles. DVLA had processed over 17,000 zero-emission vehicle VED transactions by 10 April.

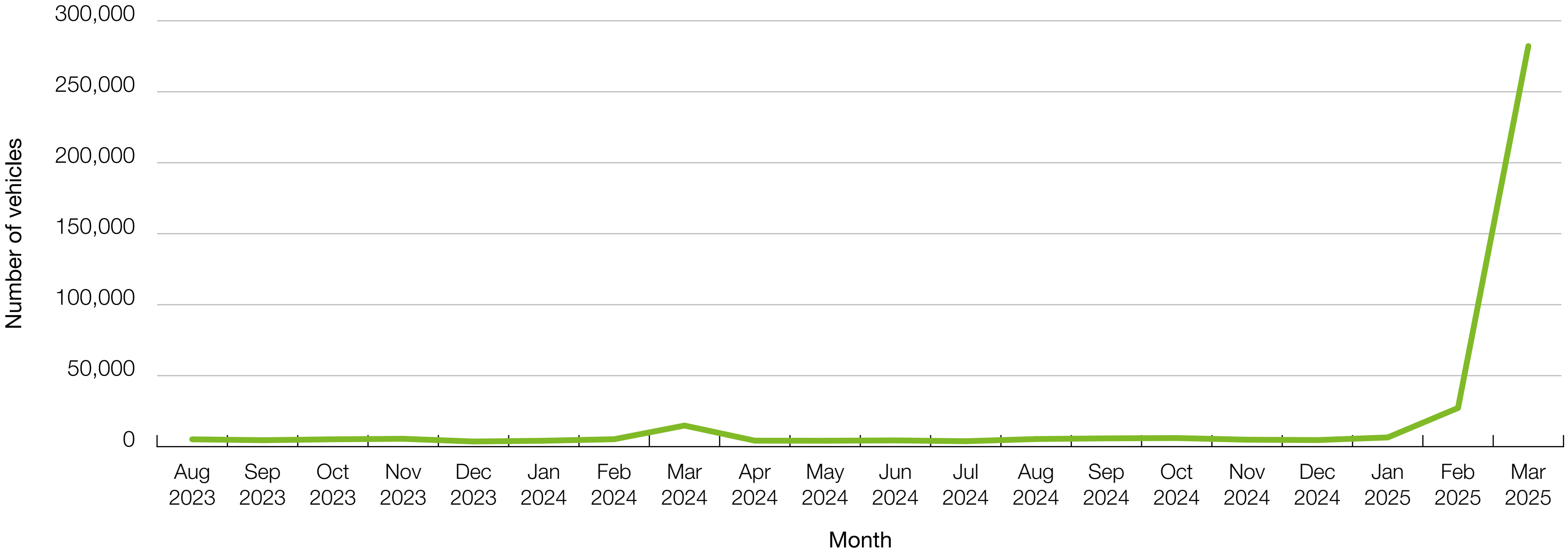
Delaying paying the new rate

3.6 The change in VED from 1 April 2025, with zero-emission vehicles no longer exempt from paying VED and having the same rates as petrol or diesel vehicles, prompted a significant behavioural response from owners of zero-emission vehicles. DVLA's records showed that around 309,000 zero-emission vehicles had their VED renewed in February and March 2025, despite their VED not being due for renewal until after April 2025 (Figure 6). This is a 1,400% increase compared with the equivalent renewals in February and March 2024 and equates to around 23% of the 1.3 million zero-emission vehicles in the UK.

6 The changes also removed any exemptions and lower rates for low-emission vehicles from the second year of being licensed.

Figure 6: Number of early renewals of Vehicle Excise Duty (VED) by zero-emission vehicle owners, August 2023 to March 2025

Driver and Vehicle Licensing Agency records showed that 309,000 owners renewed VED on their zero-emission vehicles in February and March 2025, even though their VED renewal was not due the following month



Number of early renewals	5,147	4,537	5,167	5,519	3,628	4,150	5,227	14,839	4,203	4,161	4,379	3,825	5,362	5,825	6,052	4,877	4,626	6,473	27,248	282,215

Notes

1. The data identify VED renewals where the zero-emission vehicle's renewal date was further into the future than the following month.
2. These data may also include transactions relating to the change of a vehicle's owner.

Source: National Audit Office analysis of Driver and Vehicle Licensing Agency data

3.7 DVLA estimated that around £30 million of VED revenue from zero-emission vehicles may have been lost through zero-emission vehicle owners renewing early in this way. This estimate is based on the assumptions that all zero-emission vehicles would have otherwise incurred the standard rate of £195, when in reality there is a range of VED rates that may apply, and that all owners were renewing early solely for the purposes of delaying paying the new rate, rather than some renewals being due to a change in vehicle ownership.

3.8 In renewing VED on their vehicle, an owner would normally follow DVLA's guidance, which states that owners can use its online application system to renew their VED in the month of their expiry date. An owner can apply up to two months before if they are going to be away from home when their current tax runs out, but this will need to be done via a postal application with a letter explaining why they are making the payment early. Once processed, the new VED period would begin following expiry of the old one.

3.9 However, all vehicle owners can also renew their VED for a new 12-month period at any point, regardless of how long may be left on their current VED period. As they would not get a refund for the overlapping periods, in most cases a vehicle owner would not take this action and, if they did try, DVLA's VED application system would alert them to this risk to deter owners from continuing. Owners might need to do this when changing ownership of a vehicle. However, zero-emission vehicle owners could use this to renew for a new 12-month period before 1 April 2025 at the existing nil rate to avoid paying the new rate for up to 10 months and incur no financial costs. This 'money saving' option was widely publicised in the media and online forums ahead of 1 April 2025.

3.10 DVLA did not set out to HM Treasury the risk that the owners of potentially all 1.3 million zero-emission vehicles in the UK could renew VED early, given the financial incentive such owners had to delay paying the new rates. Instead, it raised with HM Treasury the smaller risk that zero-emission vehicle owners with an April 2025 VED renewal date and who renew in their final month, March in this case, as is standard behaviour, would pay nil rate as it was before the new rates came into effect. As a result, HM Treasury only considered this smaller risk in its revenue forecast modelling, concluding that the revenue impact would not be significant, particularly over the long term. It therefore agreed with DVLA that no preventative action needed to be taken.

Appendix One: Actions taken in respect of previous recommendations

1. There were four recommendations from my Section 2 last year (Figure 7). Three of them have now been superseded by my findings and new recommendations this year in relation to areas around the Driver and Vehicle Licensing Agency's (DVLA's) compliance and enforcement strategy and on the estimation and reporting of the value of Vehicle Excise Duty (VED) lost through non-compliance. The fourth recommendation remains work in progress, relating to DVLA's work with Devolved Power Partners (DPPs).

Figure 7: The Driver and Vehicle Licensing Agency's (DVLA's) actions against the Comptroller and Auditor General's recommendations from the 2023-24 Section 2 report

DVLA has one recommendation in progress from the previous year's Section 2 report, with the other three now superseded by this year's findings and recommendations

Year	Recommendation	Update
2023-24	*For DVLA* I recommend that DVLA continues to meet regularly with Devolved Power Partners (DPPs) and uses the findings to understand the key factors impacting their enforcement activities and supports DPPs in tackling wilful and persistent evaders. For example, by increasing the volume of joint operations and sharing intelligence.	In progress There are currently 105 police and local authorities signed up as DPPs which therefore have enforcement powers to help tackle Vehicle Excise Duty (VED) non-compliance. However, not all are active. DVLA has continued to hold regional cluster meetings with DPPs during 2024-25 to discuss best practice and to understand different working practices and the key factors impacting the ability of DPPs to optimise their enforcement activities. However, DVLA data shows that the overall level of DPP enforcement actions, either clamping or impounding, has continued to fall in 2024-25, with a 7% decrease compared with 2023-24, and DVLA efforts with DPPs will need to continue.
2023-24	*For DVLA* I recommend that DVLA reviews the remaining open actions in this final year of its compliance and enforcement strategy and ensures that it has a plan in place to implement them.	Superseded DVLA has completed 30 of the 32 actions it set itself and is working to complete the remaining two actions, as detailed in paragraph 2.15. With DVLA now moving onto its next strategy for 2025-2028, I have set out findings on how it is developing that in paragraphs 2.18 to 2.22 and made recommendations in that area, including evaluating the effectiveness of its actions as part of its 2022-2025 strategy.

Year	Recommendation	Update
2023-24	*For DVLA and the Department for Transport (DfT)* I recommend that DVLA continues to pro-actively engage with DfT on the value and adequacy of the current approach to monitoring VED evasion through the biannual roadside survey. The approach to the survey has not changed in the past two decades. I support and encourage action by DVLA to examine the results of the survey and consider what they mean for future enforcement activity.	Superseded DfT has delayed updating and performing the roadside survey until 2027 due to limited capacity, as detailed in paragraph 2.7. I have made new recommendations on how DVLA and DfT should look to take this forward.
2023-24	*For DVLA and DfT* I also recommend that DVLA works with DfT to re-design its methodology so that it is able to produce an evidence-based estimate of taxpayer monies lost to fraud and error as a result of VED evasion and disclose this in the Annual Report and Accounts. DfT has produced these estimates in previous years but has identified concerns about the robustness of the methodology.	Superseded DVLA and DfT have not produced an up-to-date estimate of taxpayer monies lost to VED non-compliance this year, as detailed in paragraphs 2.5 to 2.8. I have made new recommendations on how DVLA and DfT should look to take this forward.

Source: National Audit Office analysis of Driver and Vehicle Licensing Agency information

Gareth Davies

Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

17 July 2025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Newport Pagnell
14 ½m
London, Luton, Bedford M1

DVLA Trust Statement

Statement of Revenue and Expenditure for the year ended 31 March 2025

	Note	**2024-25 £m**	2023-24 £m
Revenue			
Licence fees and taxes – VED	3	**8,362**	7,837
Fines and penalties – enforcement	4	**110**	100
HGV Road User Levy	5	**163**	106
Total revenue and other income		**8,635**	8,043
Expenditure			
Credit losses – amounts written off or otherwise impaired	6	**(42)**	(43)
Total expenditure		**(42)**	(43)
Net revenue for the Consolidated Fund		**8,593**	8,000

There were no recognised gains or losses accounted for outside the above Statement of Revenue and Expenditure.

Notes forming part of these accounts appear on pages 131 to 135.

Statement of Financial Position as at 31 March 2025

	Note	**31 March 2025 £m**	31 March 2024 £m
Current assets			
Trade and other receivables	6	**84**	100
Cash and cash equivalents		**103**	97
Total current assets		**187**	197
Current liabilities			
Deferred revenue	7	**(2,786)**	(2,676)
Trade payables	7	**(1)**	(1)
Total current liabilities		**(2,787)**	(2,677)
Total net liabilities		**(2,600)**	(2,480)
Represented by:			
Balance on Consolidated Fund Account as at 31 March 2025	8	**(2,600)**	(2,480)

Notes forming part of these accounts appear on pages 131 to 135.

Tim Moss, CBE
Accounting Officer and Chief Executive, DVLA
16 July 2025

Statement of Cash Flows for the year ended 31 March 2025

	Note	**2024-25 £m**	2023-24 £m
Net cash flow from revenue activities		**8,719**	8,174
Cash paid to Consolidated Fund	8	**(8,713)**	(8,172)
Increase in cash in this period		**6**	2

Notes to the Statement of Cash Flows

A. Reconciliation of net cash flow to movement in net funds

		2024-25 £m	2023-24 £m
Net revenue for the Consolidated Fund	8	**8,593**	8,000
Decrease/(increase) in trade and other receivables	6	**16**	(42)
Increase in trade and other payables	7	**110**	216
Net cash flow from revenue activities		**8,719**	8,174

B. Analysis of changes in net funds

	2024-25 £m	2023-24 £m
Increase in cash in this period	**6**	2
Net funds as at 1 April	**97**	95
Net funds as at 31 March	**103**	97

Notes forming part of these accounts appear on pages 131 to 135.

Notes to the Trust Statement

Note 1. Statement of accounting policies

Basis of accounting

We prepare a Trust Statement ('the Statement') for the financial year ended 31 March 2025 for the revenue and other income, as directed by HM Treasury, collected by the agency as an agent for others. It is done in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual by HM Treasury ('FReM') which is in force for 2024-25.

The Trust Statement is prepared in accordance with the Accounts Direction issued by HM Treasury under Section 7 of the Government Resources and Accounts Act 2000. The Trust Statement is prepared in accordance with the accounting policies detailed below. These have been agreed between DVLA, DfT and HM Treasury and have been developed with reference to International Financial Reporting Standards and other relevant guidance.

The accounting policies have been applied consistently in dealing with items considered material in relation to the accounts.

The revenue and associated expenditure contained in these statements are those flows of funds which we handle on behalf of the Consolidated Fund and where we act as agent rather than as principal. Although showing net liabilities because of the differences between the recognition of revenue and the payment of cash these accounts are prepared on a going concern basis.

The financial information contained in the statements and in the notes is rounded to the nearest £million.

Accounting convention

These accounts have been prepared on an accruals basis and in accordance with the historical cost convention.

General accounting policies

VED revenue

The Vehicle and Registration Act (VERA) 1994 provides for the charging of VED. The taxable event for VED is the registration of a relevant vehicle on the road. VED licence revenue is deemed to accrue evenly over the period for which the licence is valid. Under FReM 11.3.3, we do not recognise income in relation to evasion. Repayments are accounted for on a cash basis and recognised in the year in which payment is made. As there are usually no specific performance obligations associated with receiving revenue from taxation, the revenue is considered to be non-exchange transactions and therefore outside the scope of IFRS 15.

Fines and penalties revenue

Enforcement revenue is recognised when a fine and penalty is validly imposed and an obligation to pay arises.

Late Licensing Penalty (LLP) letters are issued to vehicle keepers who fail to relicense or declare Statutory off Road Notification (SORN). Fine payments are made through our online penalty payment system or our Contact Centre. Utilising the Crown Commercial Services (CCS) Framework Debt Resolution Services (DRS), fully regulated debt recovery specialists are appointed and issued cases monthly to pursue. Revenue is either recovered by the debt specialists and paid over to DVLA gross or paid directly to us from customers. Commission earned by debt specialists is invoiced to us separately. We pay LLP income net of commission to HM Treasury as CFERs under a specific arrangement.

As part of the Continuous Insurance Enforcement (CIE) GB legislation, it is an offence to be the keeper of a vehicle without insurance unless you have notified us that your vehicle is being kept off the road using a SORN.

Fixed penalty notices are issued to registered keepers who fail either to insure or are not CIE exempt through vehicle status or tax class. The £100 penalty notice is reduced to £50 if paid within 21 days.

In accordance with IFRS 9 we recognise credit loss allowances on an expected loss, rather than an incurred loss basis. To give a true and fair view, it is necessary to make allowance for those VED and enforcement receivables that we believe will be unlikely to be received in the future. A provision for Late Licencing Penalties (LLP) has been estimated using analysis of historic trends in debt recovery and write-offs and is supported by management judgement. With regard to Fines and Penalties where there are usually no specific performance obligations associated with receiving revenue, the revenue is considered to be non-exchange transactions and therefore outside the scope of IFRS 15.

HGV Road User Levy revenue

The HGV Road User Levy applies to HGVs weighing 12 tonnes or more and is aimed at ensuring these vehicles make a contribution to the wear and tear of the UK road network. The income recognition point for UK hauliers is consistent with VED and non-UK hauliers must pay the Levy prior to utilisation of the UK road network. In line with VED policy, the revenue is considered to be non-exchange transactions and therefore outside the scope of IFRS 15.

Business Account

The following transactions are accounted for in the Business Account set out earlier in this document and are covered by its related accounting policies:

- fixed assets
- losses
- cost of collection and enforcement of VED

Use of estimates and judgements

The preparation of the financial statements in conformity with International Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies, and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in Note 6.

Evasion

The costs of VED evasion are outside the scope of the Trust Statement.

Pages 26 and 27 provide further information on our approach to compliance and enforcement. This includes a percentage estimate of the current level of on the road evasion.

Related party disclosure

We are an executive agency of DfT. Due to the nature of DVLA's business, we have a large number of transactions, relating to VED income, with other government departments and other central government bodies.

Deferred revenue

The deferred revenue balance relates to VED. As stated above, VED licence fees are deemed to accrue evenly over the period for which the licence is valid, as such we defer revenue collected in respect of any post financial year end period. Any one-off payments in respect of 6 or 12 months VED received in 2024-25 relating to 2025-26 are deferred.

Deferred revenue is based on the data collected at source using the period of the VED licence purchased.

A proportion of the deferred revenue balance will be claimed as a refund of duty during 2025-26. The value of refunds for 2024-25 is shown in Note 3.

Note 2. Direct Debit

Motorists have the option of either paying a one-off amount in respect of 6 or 12 months VED or alternatively, paying for VED in monthly instalments. As at 31 March 2025, £1.7 billion (2023-24: £1.5 billion) was committed for payment through pre-existing Direct Debit mandates in respect of VED monthly instalments to be settled as they fall due in the next financial year. This balance is not recognised within the Statement of Financial Position as these monies will not be collected should the vehicles be sold or declared off road and all the balance represents VED income to be recognised in the next financial year.

Note 3. Licence fees and taxes – VED

	2024-25 £m	2023-24 £m
Total Gross VED	**8,802**	8,241
Amounts refunded	**(440)**	(404)
Total	**8,362**	7,837

Note 4. Analysis of enforcement fines and penalties

2024-25	Late Licensing Penalties (LLP) £m	Traditional enforcement £m	Wheelclamping £m	Continuous Insurance (CIE) £m	Total £m
Offences in:					
2023-24 (i)	8	3	–	–	11
2024-25	62	20	15	8	105
Commission paid	(6)	–	–	–	(6)
Total	**64**	**23**	**15**	**8**	**110**

2023-24	Late Licensing Penalties (LLP) £m	Traditional enforcement £m	Wheelclamping £m	Continuous Insurance (CIE) £m	Total £m
Offences in:					
2022-23 (i)	6	2	–	–	8
2023-24	57	18	16	6	97
Commission paid	(5)	–	–	–	(5)
Total	58	20	16	6	100

(i) Relates to enforcement action which commenced in the preceding financial year, settled in the following financial year.

Note 5. HGV Road User Levy

	2024-25 £m	2023-24 [1] £m
UK hauliers	**133**	88
Non-UK hauliers	**30**	18
Total	**163**	106

1 HGV Road User Levy restarted on 1 August 2023 following its suspension on 1 August 2000, therefore in 2023-24 includes only 8 months of income.

Note 6. Trade and other receivables

	31 March 2025 £m	31 March 2024 £m
Licence fees and taxes – VED	**58**	78
Fines and penalties – enforcement	**81**	74
HGV Road User Levy	**1**	–
Total before estimated impairments	**140**	152
Less estimated provision for impairments	**(56)**	(52)
Total	**84**	100

The licence fees and taxes – VED receivable includes amounts due from the Post Office £14 million (2023-24: £18 million) and Register a vehicle (RAV) £35 million (2023-24: £50 million).

All debt will be due to the Consolidated Fund when realised.

Change to impairments

	2024-25 £m	2023-24 £m
Balance as at 1 April 2024	**(52)**	(48)
Change in estimated value of impairments	**(4)**	(4)
Balance as at 31 March 2025	**(56)**	(52)

A provision is made for potential bad debts based on the value of open cases as at 31 March 2025. The provision does not represent actual write-offs to date but is simply an accounting estimate to reflect the proportion of those debts outstanding at the end of the financial year which may not be recovered.

Receivables in the balance sheet are reported after the deduction of the estimated value of impairments.

Credit losses

	2024-25 £m	2023-24 £m
VED	**–**	1
VED enforcement	**38**	38
Change in the value of impairments	**4**	4
Total recognised in Statement of Revenue and Expenditure	**42**	43

Note 7. Trade and other payables

	Trade payables 31 March 2025 £m	Deferred revenue 31 March 2025 £m	Total 31 March 2025 £m	31 March 2024 £m
VED	–	(2,786)	(2,786)	(2,676)
Motor trade	–	–	–	–
Other	(1)	–	(1)	(1)
Total	**(1)**	**(2,786)**	**(2,787)**	(2,677)

Motor trade payables are where customers hold pre-payment accounts, or payments have been made but the service has not yet been provided.

Other payables include an accrued cost of £0.8 million relating to cash collected in the Trust Statement due to the Business Account (31 March 2024: £1.1 million).

Note 8. Balance on Consolidated Fund account

	2024-25 £m	2023-24 £m
Balance as at 1 April	**(2,480)**	(2,308)
Net revenue for the Consolidated Fund	**8,593**	8,000
Less amount paid to Consolidated Fund	**(8,713)**	(8,172)
Balance on the Consolidated Fund Account as at 31 March 2025	**(2,600)**	(2,480)

Note 9. Events after the reporting period

There have been no events since the balance sheet date that impact on the understanding of these financial statements.

These financial statements are laid before the House of Commons by DfT. IAS 10 requires us to disclose the date on which the accounts are authorised for issue. This is the date that the Comptroller and Auditor General signs the certificate.

Annex A: Accounts Directions

Accounts Direction given by the Treasury in accordance with section 7 (1), (2) and (5) of the Government Resources and Accounts Act 2000

1. This direction applies to a government department listed in the appendix on page 137 in respect of the executive agencies which are also listed in the appendix next to the department on page 137.
2. These executive agencies shall prepare accounts for the year ended 31 March 2025 in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual ('the FReM') 2024-25.
3. The accounts shall be prepared so as to:
   (a) give a true and fair view of the state of affairs as at 31 March 2025 and of the income and expenditure (or, as appropriate, net resource outturn), changes in taxpayers' equity and cash flows of the agency for the financial year then ended; and
   (b) provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
4. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with HM Treasury.
5. In relation to the accounts prepared by a government department under this direction, section 7 of the Government Resources and Accounts Act 2000 ("the Act") shall have effect as if references to the department were substituted for the references to the Treasury in subsection (3)(b) and (c). Accordingly –
   (a) the Comptroller and Auditor General shall send the certified accounts and the report to the department under section 7(3)(b) of the Act, and
   (b) the department shall lay the certified accounts and the report before the House of Commons under section 7(3)(c) of the Act.

Kevin Pertaub

Deputy Director
Government Financial Reporting
His Majesty's Treasury

19 December 2024

Application of the Accounts Direction

This Accounts Direction applies to the following executive agencies:

Name	Department
Government Legal Department	HM Procurator General and Treasury Solicitor
Insolvency Service	DBT
UK Space Agency	DSIT
Companies House	DBT
Government Property Agency	CO
Building Digital UK	DSIT
Planning Inspectorate	MHCLG
Animal and Plant Health Agency	DEFRA
Centre for the Environment, Fisheries and Aquaculture Science	DEFRA
Forestry Commission	DEFRA
Rural Payments Agency	DEFRA
Veterinary Medicines Directorate	DEFRA
Standards and Testing Agency	DfE
Education and Skills Funding Agency	DfE
Teaching Regulation Agency	DfE
UK Health Security Agency	DHSC
Medicines and Healthcare Products Regulatory Agency	DHSC
Active Travel England	DfT
Driver and Vehicle Licensing Agency	DfT
Driver and Vehicle Standards Agency	DfT
Maritime and Coastguard Agency	DfT
Vehicle Certification Agency	DfT

Name	Department
Wilton Park	FCDO
Forest Research	Forestry Commission
Forest England	Forestry Commission
Valuation Office Agency	HMRC
UK Debt Management Office	HMT
Government Internal Audit Agency	HMT
The National Infrastructure Commission	HMT
HM Courts and Tribunals Service	MOJ
HM Prison Service	MOJ
Office of the Public Guardian	MOJ
Legal Aid Agency	MOJ
Criminal Injuries Compensation Authority	MOJ
Defence Science and Technology Laboratory	MOD
Defence, Equipment and Support	MOD
Submarine Delivery Agency	MOD

Accounts Direction given by HM Treasury in accordance with Section 7(1), (2) and 5 of the Government Resources and Accounts Act 2000

1. This direction applies to a government department listed in the appendix on page 139 in respect of the executive agencies which are also listed in the appendix next to the department on page 139.
2. In this direction, any reference to money received or collected by an executive agency (however expressed) is a reference to money received or collected by that executive agency in its capacity as an agent for others.
3. The Agency shall prepare a Trust Statement ('the Statement') for the financial year ended 31 March 2025 for the revenue and other income, collected by the Agency, in compliance with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual by HM Treasury ('FReM') 2024-25.
4. The Statement shall be prepared so as to give a true and fair view of (a) the state of affairs relating to the collection and allocation of taxes, licence fees, fines and penalties and other income by the Agency as agent and of the expenses incurred in the collection of those taxes, licence fees, fines and penalties insofar as they can properly be met from that revenue and other income; (b) the revenue and expenditure; and (c) the cash flows for the year then ended.
5. The Statement shall also be prepared so as to provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.
6. When preparing the Statement, the Agency shall comply with the guidance given in the FReM (Chapter 11). The Agency shall also agree with HM Treasury the format of the Principal Accounting Officer's Foreword to the Statement, and the supporting notes, and the accounting policies to be adopted, particularly in relation to revenue recognition. Regard shall also be given to all relevant accounting and disclosure requirements in Managing Public Money and other guidance issued by HM Treasury, and to the principles underlying International Financial Reporting Standards.
7. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with HM Treasury.
8. In relation to the accounts prepared by a government department under this direction, section 7 of the Government Resources and Accounts Act 2000 ("the Act") shall have effect as if references to the department were substituted for the references to the Treasury in subsection (3)(b) and (c). Accordingly –
   (a) the Comptroller and Auditor General shall send the certified accounts and the report to the department under section 7(3)(b) of the Act, and
   (b) the department shall lay the certified accounts and the report before the House of Commons under section 7(3)(c) of the Act.

Kevin Pertaub

Deputy Director
Government Financial Reporting
His Majesty's Treasury

19 December 2024

Trust Statement for the year ended 31 March 2025

1. The Trust Statement shall include:

- Foreword by the Principal Accounting Officer
- Statement of the Principal Accounting Officer's Responsibilities
- Governance Statement
- Statement of Revenue, Other Income and Expenditure
- Statement of Financial Position
- Cash Flow Statement; and
- such notes as may be necessary to present a true and fair view

2. The notes shall include among other items:

- the accounting policies, including the policy for revenue recognition and estimation techniques and forecasting techniques together with statements explaining any significant uncertainty surrounding estimates and forecasts
- a breakdown of material items within the accounts
- any assets, including intangible assets and contingent liabilities
- summaries of losses, write-offs and remissions
- post balance sheet events; and
- any other notes agreed with HM Treasury and the National Audit Office

Sponsoring department	Income stream	Responsible entity
Ministry of Justice	Fines, penalties, costs awarded by the Courts, compensation ordered by the Courts and confiscation orders	HM Courts and Tribunals Service
Department for Transport	Vehicle Excise Duty (VED), VED enforcement i.e. fines and penalties and HGV Road User Levy	Driver and Vehicle Licensing Agency
Department for Business and Trade	Late filing penalties	Companies House

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