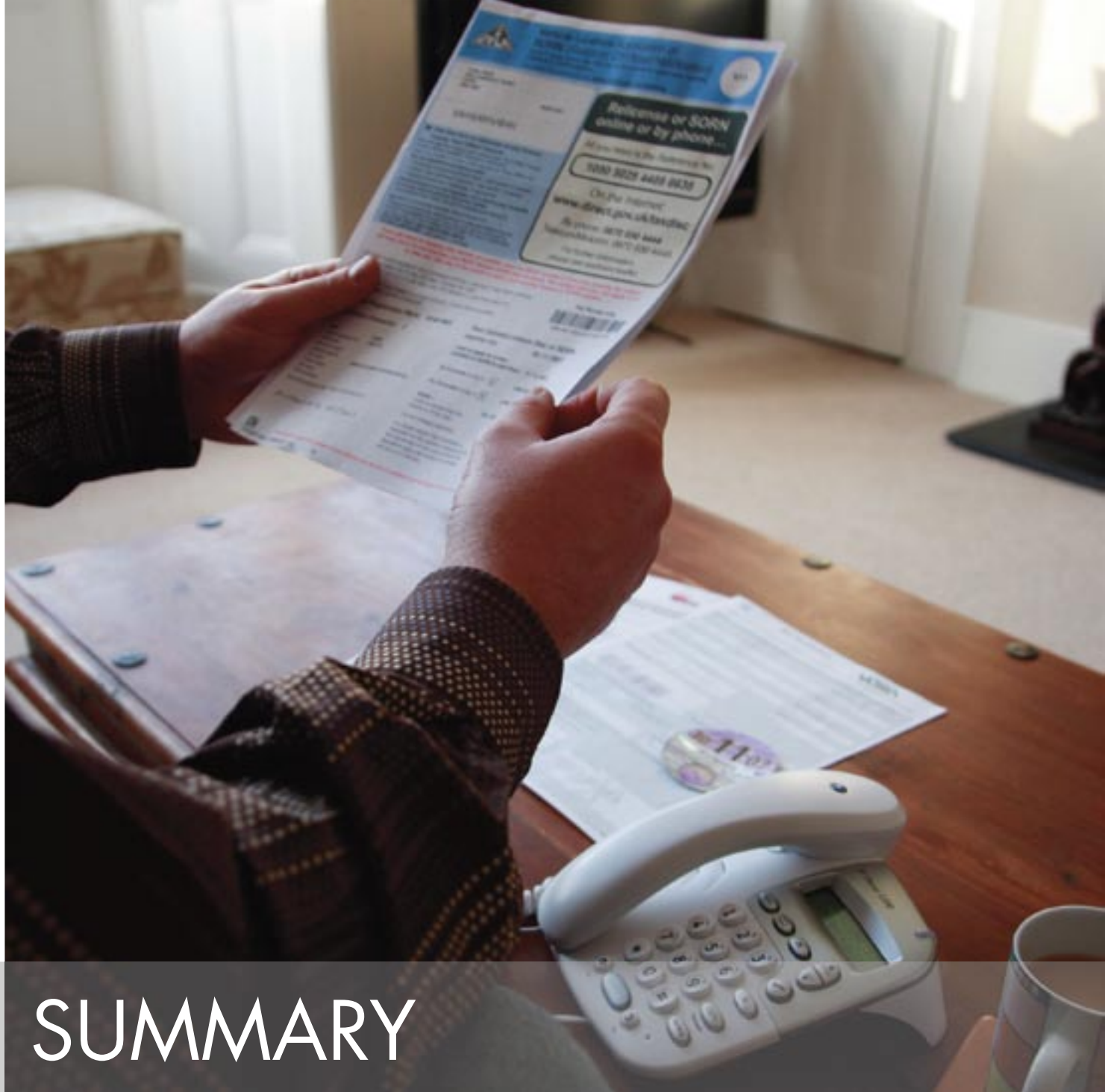


National Audit Office

## **DEPARTMENT FOR TRANSPORT**

# Electronic service delivery in the driver, vehicle and operator agencies in Great Britain



# SUMMARY

## The electronic service delivery programme

**1** The Driver and Vehicle Licensing Agency, the Driving Standards Agency and the Vehicle and Operator Services Agency provide services for 42 million drivers, the keepers of 36 million vehicles, 100,000 commercial vehicle operators and 19,000 authorised MoT businesses in Great Britain. The services include issuing driving licences and vehicle registration documents and conducting driving and Heavy Goods Vehicle and Public Service Vehicle roadworthiness tests. The Driver and Vehicle Licensing Agency is also responsible for collecting Vehicle Excise Duty, which

raised £5 billion in 2006-07, working with a range of stakeholders, such as the police, to enforce collection of this Duty. The Agencies handled some 124 million customer transactions in 2006-07 for the range of services listed in Appendix 1 which could be made available electronically.<sup>1</sup>

**2** At the end of the 1990s, the three Agencies began to make some of their services available to customers electronically, typically over the internet, on the telephone or via business-to-business computer systems. In 2003, the Department for Transport and the driver, vehicle and operator Agencies drew together the various projects into a single co-ordinated set of

<sup>1</sup> Transactions are defined as where there is a change to a customer's record.



initiatives, known as the One Stop Service Strategy. The Strategy's primary aim was to meet the Government target for making services available electronically by 2005 and, in doing so, making them easier and more convenient for customers to use and more economical and efficient for the Agencies to operate.<sup>2</sup> The Strategy also sought to provide joined-up delivery, including new web channels, that were designed around the needs of the customers rather than the service providers. In the Strategy, and subsequently, the Agencies have identified a number of services which would be provided electronically, prioritised those that either deal with the largest number of transactions or provide the greatest opportunities for business benefits and identified the dependencies between them.<sup>3</sup>

3 To date, the Agencies have made 15 services available electronically, through which they handled 50 million electronic transactions in 2006-07. In this report we examine six of these services in which the Agencies have invested at least £60 million<sup>4</sup> to improve access and service delivery. The services accounted for 12.6 million electronic transactions in 2006-07:

- applications for provisional driving licence;
- booking of driving tests (both practical and theory);
- taking driving theory tests;
- upgrading from a provisional to full driving licence;
- buying car tax or making a Statutory Off-Road Notification; and
- changing commercial vehicle operators' records.

4 We assess whether these services are realising the benefits and opportunities of their investment. The services are at varying levels of development and maturity. Some, such as the driving theory test or the booking of a driving test, are relatively mature; others, such as the application for a provisional driving licence are still relatively new and have deliberately been launched with the minimum of marketing.<sup>5</sup> The Department for Transport and the three Agencies are amongst the first to make large scale public services available electronically and online. The Agencies are also amongst the first to make their services available primarily through the Directgov website.

## Conclusions

5 In using new technology to improve customer access to these services, the Agencies have:

- delivered high levels of customer satisfaction for their electronic services;
- increased availability – for example customers can now pay car tax, apply for provisional driving licences, book driving tests and amend commercial vehicle details 24 hours a day, every day of the year;
- reduced turnaround times, in some cases very significantly by delivering services in minutes rather than weeks;
- made some transactions easier to carry out – for example, customers buying tax discs online or through the automated telephone service do not need to find their MoT and insurance details as the relevant databases are checked automatically; and
- provided additional services – for example customers can check the details held by the Agencies on their vehicle and on their driver records (as long as they have previously used online drivers' services).

6 The Driver and Vehicle Licensing Agency and the Driving Standards Agency phased the introduction of their services and made extensive use of customer research. This allowed them to take account of customer feedback and make the systems robust enough to cope with heavier volumes of transactions. All six services are achieving high levels of customer satisfaction.

7 There have also been improvements in internal processes which should lead to financial savings in all six services. For example, giving commercial vehicle operators the ability to amend their own details enabled a wider modernisation and centralisation programme which the Vehicle and Operator Services Agency estimates has saved 58 full time equivalent staff and £1.4 million a year from April 2007. A further seven staff savings are due by April 2008, bringing total savings to £1.6 million. Electronic booking of driving tests has reduced the number of Driving Standards Agency call centres handling queries from two to one.

2 Written Answers, Ian McCartney MP, Minister for the Cabinet Office, Hansard, Col 203W, 30 March 2000 sets out the Government target.

3 Appendix 1 lists services which have been identified as capable of being made available electronically. The Department may make other services electronic in the future, or amend or delay some of the services in the list depending on business needs.

4 This figure excludes the Driving Standards Agency's investment which is subsumed in its contract with Pearson Vue to provide the booking and taking of the driving theory test.

5 *Government on the internet: progress in delivering information and services online*, July 2007, HC 529, Session 2006-07.

**8** The services have also resulted in improved and more timely data, better management information and the computer infrastructure necessary for future business modernisation. For example, the Driving Standards Agency now has automatic access to details of results for each test centre and each examiner, which it can use to assess performance. Previously, it could only compile this information from manual records.

**9** There is scope to make further efficiencies and generate savings. For example the Driving Standards Agency has to collect driving tests results on paper from driving examiners before scanning them and sending them electronically to the Driver and Vehicle Licensing Agency to issue the full driving licence. The Driving Standards Agency has explored the use of a digital pen, laptops, Personal Data Assistants and other devices, but these have proved unsuitable. Emerging technology may provide a cost-effective solution. In November 2007, the Driver and Vehicle Licensing Agency introduced a pilot scheme using email reminders for customers who had previously bought their car tax on line. If this pilot is successful, and represents value for money, postal reminders for car tax could be replaced for some customers by text or email reminders potentially saving £360,000 a year, excluding the cost of introducing the service.

**10** The Agencies need to have actively managed, thorough, complete and up to date benefit realisation plans in place from the outset, and update these as projects proceed, to make sure that they take full advantage of the benefits arising from the new electronic services. Although all the Agencies have carried out benefit realisation planning to varying degrees for the services, we found that only the service for buying car tax or making a statutory off-road notification had an actively managed, thorough, complete and up to date benefits realisation plan in place at the outset. All three Agencies have now sought to put benefits realisation processes in place in line with Departmental guidance.

**11** For five of the services, customers can choose whether or not to use electronic access. As these services were amongst the first large scale public services to be made available electronically and online, the Department found little previous experience on which to draw when predicting levels of take-up. Take-up varies between services, reflecting factors such as the length of time the service has been available, obstacles to completing

transactions electronically and the ease of use. In the case of the Driving Standards Agency, take-up for electronic booking of both the theory and practical driving test exceeded the 2006-07 target.

**12** The automated service to convert a provisional driving licence to a full one was introduced in August 2004 and is now used by 85 per cent of customers. Take-up could be increased if customers were required to opt out of the service rather than opt in. In contrast, only 4 per cent of learner drivers applied for a provisional driving licence online in 2006-07. This service has only been available since April 2006. Of those customers who initiate their application for a provisional driving licence electronically, many, some 92 per cent, are unable to complete the transaction electronically.<sup>6</sup> Transactions are often incomplete because applicants do not have a digital passport or a credit record and so cannot prove their identity online. The Driver and Vehicle Licensing Agency provides guidance to users on the reasons for incomplete online transactions and which further documents they need to send to prove identity. If other online checks to validate identity were possible, however, this may increase the completion rate and improve take-up. The Department and the Agencies are pursuing such opportunities.

**13** Between April 2006 to September 2007, around one in ten car tax transactions could not be completed electronically. Transactions can be incomplete for a range of reasons including: incorrectly entered information; lack of insurance cover or a current MoT Test, which can be a particular problem where renewal dates are the same or close together; or where payment by card is not authorised. The Department has an agreement with the Motor Insurers' Bureau to ensure prompt updating of the insurers' database.

**14** In 2006-07, around 60 per cent of transactions using the commercial vehicle operators amendment service added or removed vehicles from licences online, while 25 per cent used the service to change address details or the names of directors, for example. The Vehicle and Operator Services Agency's own research suggests that it needs to publicise its services to encourage take-up and to make it easier for customers to carry out some amendments as customers found them difficult to make and preferred the traditional direct contact and paper-based methods. The Agency intends to publicise the service more widely once it has redesigned the online screens used by customers.

<sup>6</sup> Based on data from April 2006 to September 2007.

**15** Take-up of electronic purchases of car tax or statutory off-road notifications, for the first six months of 2007-08, was around 33 per cent and there is scope to increase it further. Vehicle keepers are required to display a paper tax disc if the vehicle is used on the road and the police rely on this as an immediate visual clue about whether or not the law is being broken.<sup>7</sup> In August 2007 the Driver and Vehicle Licensing Agency introduced a pilot scheme to allow customers to renew their car tax online up to 25 days before expiry. Previously customers could not renew their car tax, either electronically or at the Post Office, more than 15 days before their existing licence is due to expire. Online customers need to wait five working days for the new disc to arrive by post, leaving only a 10 working day period during which they could purchase the car tax disc. If the pilot scheme is successful, allowing customers to purchase the disc in the 25 day period before expiry is likely to encourage further take-up. In addition the Chancellor's Pre-Budget Report announced that from 1 September 2008 the requirement to display an up-to-date tax disc at all times will be waived for the first five working days following re-licensing. This will allow extra time for the disc to arrive.<sup>8</sup>

**16** Data security falls outside the scope of this report and was therefore not part of our investigations. However, following the Cabinet Secretary's announcement of a review of data across Government, the Secretary of State for Transport, the Rt. Hon. Ruth Kelly MP, made a statement to Parliament on 17 December 2007 about measures she was taking to improve the security of personal data. She also provided details about a security breach earlier in 2007 relating to the loss of personal, but not financial, data by a private contractor of the Driving Standards Agency. The Secretary of State announced a series of measures to ensure that transactions of this nature were conducted more effectively and efficiently in the future, and to provide greater assurance to the public. Subsequently, on 21 December 2007, the Driver and Vehicle Licensing Agency announced a short term failure of its secure internet connection in relation to its online driver licensing system. The Department and the Agencies have informed the Information Commissioner of these incidents. If, as a result of these incidents, the conclusions and recommendations contained in this report are affected, we will review the need to revisit the recommendations and notify Parliament as necessary.

## Overall conclusion

**17** The Agencies' investment of some £60 million in new technology to improve access and delivery of five of these services, and their further investment in the services for booking and taking the driving theory test, have made the services easier and quicker for customers to access and less burdensome to use.<sup>9</sup> After taking account of the development cost, the services should also lead to savings of at least £33 million but to achieve these take-up must increase and some aspects of the services must improve.

## Recommendations

**18** We recommend that the:

### Driver and Vehicle Licensing Agency should:

- a** evaluate, as planned, its pilots on replacing paper reminders for car tax with e-mails for those customers that want them, and on allowing customers to purchase tax online up to 25 days before expiry, to assess whether they represent value for money and are affordable. If so, it should consider extending these services to customers (paragraphs 3.5 and 3.10);
- b** explore the potential and practicality for validating identity using the Department for Work and Pensions' electronic Customer Information System, to help reduce the rejection rates for first time applicants for driving licences (paragraph 3.3);
- c** undertake research into whether there is a case to end the use of the paper tax disc where enforcement of car tax can be done through access to electronic data (paragraph 3.12); and
- d** inform customers when they cannot complete an electronic application for car tax because the Motor Insurers' Bureau database shows that their car is not insured, so that when renewing their insurance, customers can remind their insurance company to update the database (paragraph 3.4).

<sup>7</sup> See Appendix 5 for the views of the Association of Chief Police Officers on the need for a paper tax disc.

<sup>8</sup> 2007 Pre-Budget Report and Comprehensive Spending Review, paragraph 5.91.

<sup>9</sup> The investment and benefits figures in this paragraph exclude the services for booking and taking the driving theory tests, which are run by an external contractor. Development of the electronic aspects of these services was included in the contract for running these services as a whole and the benefits were not separately identified.

**Driving Standards Agency should:**

- e** encourage all customers with a photocard provisional licence to use the automatic upgrade unless there are valid personal reasons not to do so (paragraph 3.13).

**Vehicle and Operator Services Agency should:**

- f** make it easier for commercial vehicle operators to amend their details online, in consultation with customers. The Department for Transport and the Traffic Commissioners, in conjunction with the Agency and stakeholders, should investigate the impact of extending the electronic service to include new licence applications, leading to further potential staff savings of around £2.4 million a year, whilst recognising that there may be circumstances where electronically produced evidence may be unacceptable and the source of such evidence needs to be validated, for legal reasons (paragraph 3.14).

**All Agencies should:**

- g** work with the Department for Transport to examine the scope to give customers a wider range of options to pay, in addition to debit and credit cards, such as direct debit, subject to the systems being practical, affordable and value for money (paragraph 3.6);
- h** have in place thorough benefit realisation plans and a full estimation of the costs at the outset and maintain these as the work progresses (paragraphs 2.14–2.18);
- i** evaluate all current and future electronic service delivery projects on completion and disseminate the lessons to other teams (paragraph 2.19);
- j** identify services where a significant proportion of electronic transactions cannot be completed electronically, to help identify where improvements to the service might be needed (paragraphs 3.3 and 3.4); and
- k** following the Cabinet Secretary's current review of data security and given that concerns about security may prevent potential customers from using online services, all agencies should strengthen data security where necessary and inform customers of the steps that are taken to protect their personal data where appropriate (paragraph 16).

**The Department for Transport should:**

- l** when the Agencies are tendering contracts for customer services which include the development of an electronically delivered service, recognise in its procurement guidance the potential value of a high-level breakdown of costs and benefits for that service, to help inform the award of the contract. Such guidance might incorporate advice available through the National Audit Office Value for Money Public Services Toolkit (paragraph 2.11).<sup>10</sup>

**Other Government Departments in developing electronic access to their services should follow the Agencies' example in implementing the good practice which was also identified in the Comptroller and Auditor General's report on "Delivering Successful IT Projects"<sup>11</sup>, in:**

- m** staged launches which allow organisations to test their services and iron out any teething problems (paragraph 2.11);
- n** low publicity or "soft launches" to allow customers to decide for themselves whether the new service is preferable to the previous one. This enables organisations to gauge customers' reactions to the new service and design ways to increase take-up accordingly (paragraph 2.11);
- o** consulting customers in the development of the services so that new electronic services are easy to use and meet users' requirements (paragraph 2.10); and
- p** prioritising the introduction of services by determining the dependencies between the different projects to help identify priorities and resource allocation (paragraph 1.3).

<sup>10</sup> Advice is available at [www.nao.org.uk/psd\\_toolkit/index.asp](http://www.nao.org.uk/psd_toolkit/index.asp).

<sup>11</sup> HC 33, Session 2006-07.