



National Audit Office

**BRIEFING FOR THE  
HOUSE OF COMMONS  
TRANSPORT SELECT  
COMMITTEE  
NOVEMBER 2011**

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# Overview of the Driving Standards Agency for 2010-11

Our vision is to help the nation spend wisely.

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The National Audit Office scrutinises public spending on behalf of Parliament. The Comptroller and Auditor General, Amyas Morse, is an Officer of the House of Commons. He is the head of the NAO, which employs some 880 staff. He and the NAO are totally independent of government. He certifies the accounts of all government departments and a wide range of other public sector bodies; and he has statutory authority to report to Parliament on the economy, efficiency and effectiveness with which departments and other bodies have used their resources. Our work led to savings and other efficiency gains worth more than £1 billion in 2010-11.

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# Introduction

## Aim and scope of this briefing

This briefing has been prepared to provide an overview of the work and performance of the Driving Standards Agency in the financial year 2010-11. The briefing takes as its basis the Agency's Annual Report and Accounts 2010-11, drawing in particular upon the work of the NAO and incorporating material from other published sources where relevant. The contents of the briefing have been shared with the Agency to ensure that the evidence presented is factually accurate, but the content of the briefing is the sole responsibility of the NAO.

# Part One

## About the Driving Standards Agency (DSA)

### **Agency responsibilities**

The Driving Standards Agency's (the Agency's) main responsibilities are:

- setting standards for assessing drivers and conducting theory and practical driving tests;
- the statutory regulation of driving instructors and trainers;
- improving driving standards; and
- contributing to the wider road safety agenda.

### **Key Facts**

- DSA has its headquarters in Nottingham; which is supported by a training and learning materials centre in Bedfordshire, administrative centres in Cardiff and Newcastle; and around 400 driving test centres and 140 theory test centres.
- At the end of 2010-11 the Agency employed over 2,428 staff; a decrease from 2009-10 when the staff numbers were 2,568. In the four years prior to this, staff numbers have fluctuated between 2,600 and 2,800.
- Each year DSA conduct around 1.6 million theory and 1.9 million practical driving tests that cover car, motorcycle and vocational drivers.

## **Cross-Government Working**

The Agency liaises with the Driver and Vehicle Licensing Agency to send information on drivers who have passed their theory or practical exams. The Agency uses accommodation and facilities at Vehicle and Operator Services Agency for testing of vehicles. DSA and the Driver and Vehicle Licensing Agency are developing a new database of European lorry, bus and coach drivers who apply for a Driver Qualification Card<sup>1</sup>. The Agency also works closely with the police and other security services to tackle fraud in practical and theory tests.

## **Revenue**

DSA revenue from practical and theory tests and from registration of Approved Driving Instructors was £182.9 million, predominantly for cars, which comprised 78 per cent of total revenue in 2010-11. Tests for large goods and passenger vehicles represented 5.9 per cent of revenue and motorcycles, 3.7 per cent (**Figure 1**).

Revenue from other operating activities was £7.6 million, primarily relating to enforcement services funded by the Department for Transport of £3.5 million and royalties from sales of publications of £1.7 million.

<sup>1</sup> Professional bus, coach or lorry drivers must have a Certificate of Professional Competence (Driver CPC). Such drivers who pass their Driver CPC will receive a Driver Qualification Card.

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**Figure 1****Analysis of 2010-11 Income (£'000)**

	<b>2010-11 Income £000</b>	2009-10 Income £000
Cars	148,999	142,461
Large goods/passenger carrying vehicles	11,348	11,571
Motorcycles	6,966	6,346
Approved driving instructor	7,664	8,894
Certificate of Professional Competence	6,506	4,597
Compulsory basic training	1,371	1,265
<b>Total Statutory Services</b>	<b>182,854</b>	<b>175,134</b>
Other operating activities	7,637	9,554
Interest	245	238
<b>Total</b>	<b>190,736</b>	<b>184,926</b>

Source: DSA Annual Report and Accounts 2010-11

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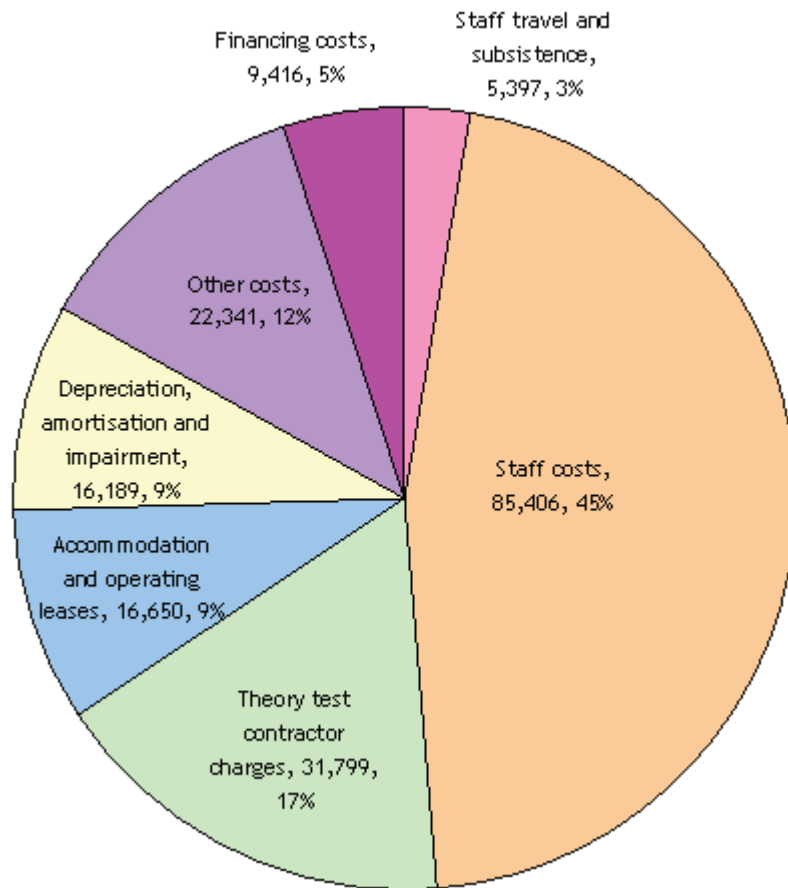
**Where the Agency Spends its Money**

The Agency expenditure in 2010-11 was £187.2 million. The main streams of expenditure were staff costs (salary, social security, pension and early retirement costs) of £85.4 million and theory test contractor charges of £31.8 million (**Figure 2**).

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**Figure 2**

**Analysis of 2010-11 Expenditure (£'000)**



Source: DSA Annual Report and Accounts 2010-11

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## **Current and Future Developments**

### **Review of Practical Motorcycle Test**

In June 2010 the Parliamentary Under-Secretary of State for Transport announced a review of motorcycle testing and in December 2010 the interim report was published. DSA is working with the Department for Transport and the motorcycle industry to develop improvements to the future delivery and content of the motorcycle test. Research and trials are taking place to inform the feasibility of taking the motorcycle test on roads as part of a single event practical test. If there is a transition to a single event practical test, this could result in the diminished use of Multi-Purpose Test Centres, in which the Agency originally invested around £70 million in establishing Motorcycle Manoeuvre Areas to take elements of the motorcycle tests off the public roads.

### **Learning to Drive Programme**

The Learning to Drive programme is a long term strategy focusing on improving driver education, both pre-test and post-test. It has been designed to deliver stepped changes over a period of time to help and support drivers throughout their entire driving careers; and a number of new initiatives have been introduced as part of its wider remit.

- The Learning to Ride project works with the motorcycle community to improve training arrangements by updating the existing Compulsory Basic Training scheme.
- Modernising Driver Training project aims to develop plans to improve the efficiency and effectiveness of the Approved Driving Instructor regime.
- The Learning Trial which was launched in March 2010 assesses the effectiveness of the new learning to drive syllabus and process. During the first part of 2010-11 over 50 Approved Driving Instructors were trained to deliver the new syllabus to their learners using a client centred approach. The trial is being evaluated by the Transport Research Laboratory and the Royal Society for the Prevention of Accidents, with results expected in spring 2012.

- The introduction of case studies into the theory test in September 2009 was accomplished with no significant change to the pass rate. DSA is developing new case studies to assess further candidates' understanding as well as their knowledge of the theoretical topics of driving.
- The Parliamentary Under-Secretary of State for Transport announced in November 2010 that DSA will stop publishing the live multiple choice theory test questions across the theory test; to encourage more thorough learning and understanding of driving theory.
- DSA introduced Independent Driving from October 2010. For around ten minutes of the practical test candidates are assessed on their ability to drive safely under conditions that simulate independence by following road signs, a series of verbal directions, or a combination of both. The number of reversing manoeuvres included in car tests was reduced from two to one in order to change the emphasis to one of more general driving. The DSA also stopped publishing test routes to help make sure that the driving test better reflects realistic driving conditions and gives new drivers the skills and confidence they need to drive safely after passing the test. There has been no significant impact on the pass rate since independent driving was introduced.
- The Agency plans to undertake further research during 2011–12 to monitor the impact of independent driving to establish how Approved Driving Instructors are preparing pupils for the test and how newly qualified drivers consider its introduction has affected their post-test experiences.
- In January 2011, DSA implemented a change in testing so that people taking tests to be lorry, bus, coach or car-and-trailer drivers now perform their braking exercise on-road rather than off-road.
- DSA assumed responsibility for the drink driver rehabilitation scheme from the Department for Transport in July 2009.

## EU Third Directive on Driving Licences

The EU Third Directive on Driving Licences<sup>2</sup> requires the United Kingdom to introduce new European arrangements for driver testing, training, examination and licensing.

The overall aims of the directive are to improve road safety, improve licence security and harmonise licence categories to facilitate movement within the European Union.

DSA has been working with the Department for Transport and the Driver and Vehicle Licensing Agency on implementing this Directive to meet the date of 19 January 2013 for operational changes to take effect.

The Driving Standards Agency has the lead on introducing:

- tests for the new motorcycle categories and the qualification arrangements for staged access for younger riders seeking a full licence to ride larger motorcycles; and
- initial qualification and minimum periodic training for examiners involved in driving tests for licence acquisition.

## Monitoring Compulsory Basic Training

To maintain the quality of Compulsory Basic Training undertaken by motorcyclists the DSA set a target for 1,000 quality monitoring visits to be carried out in 2010-11. These visits assess whether minimum standards are being met and report on the performance of trainers. Compulsory Basic Training managers and deputy managers, together with trained Compulsory Basic Training monitors, achieved this target by undertaking 1,103 monitoring visits during the year.

## Learning Materials

DSA ensured that drivers, riders and their trainers in all licence categories had access to materials to support responsible road use at all times.

- For the first time, books and software became available as downloads as well as physical copies from online and high street retailers.

<sup>2</sup> Directive 2006/126/EC of the European Parliament and of the Council of 20 December 2006. Under article 16(2) of the Directive, its provisions shall be applicable in Member States, including the United Kingdom by 19 January 2013. It will affect riders taking a test after this date.

- The Agency distributed the Personal Social Health Education and Citizenship resource 'In the Driving Seat' to all local education authorities in England and Wales.
- The Stationery Office sold 742,000 copies of DSA branded products, including 311,000 copies of 'The Official Highway Code' in its 80th year in print.
- By February 2011, there were 170 publishers, researchers and trainers re-using DSA content in 18 languages, including British Sign Language, under DSA Crown copyright licences.

### **Availability of Theory Tests**

Delivery of the driving license theory test is outsourced to a private sector provider, Pearson Vue. Ninety-eight per cent of all theory test candidates were offered tests at their preferred test centre within two weeks of their preferred date. Pearson Vue, on behalf of DSA, kept 100 per cent of all theory test appointments.

### **E-take Up**

DSA continue to promote the use of online channels to book and amend tests, including the email test appointment confirmation service. In 2010-11 DSA achieved 78 per cent take-up in customer transactions for existing online services – such as test bookings and changes, and trainer online registration services - against a target of 76 per cent.

### **Customer Operations**

The Customer Operations Team answered in excess of 1.4 million phone calls and responded to around 73,000 email enquires, in 2010-11. The team answered 98.8 per cent of calls first time.

## **Customer and Business Customer Satisfaction**

Each year DSA undertakes customer and business customer satisfaction surveys.

This year the surveys were carried out in-house by the Agency's research team.

Unlike previous years, in 2010-11 DSA failed to achieve its customer satisfaction target of 90 per cent, with 76 per cent of respondents stating that they were "satisfied" or "very satisfied" with the services they received. DSA are exploring the reasons behind the reduction in overall satisfaction but believe it may be due to a difference in surveying techniques.

For business customers the survey responses were more mixed. Approved driving instructors and Official Register of Driving Instructor Trainers who were surveyed recorded satisfaction ratings of 73 per cent, and large goods vehicles instructors scored 83 per cent. However, satisfaction levels of approved training bodies were only 67 per cent, reflecting ongoing concerns about the motorcycle test arrangements. The overall business customer satisfaction target of 73 per cent was narrowly missed with a combined satisfaction score for business customers of 72 per cent.

In August 2009, the DSA achieved the Customer Service Excellence Award. The Agency retained this award in 2010.

## **Sickness Absence**

The Agency's sickness absence rate dropped from 12.2 days in 2009-10 to 11.1 days in 2010-11, above the target of an average of no more than 9.5 days per person.

These rates compare unfavourably with the public sector average of 8.1 days and the private sector average of 5.9 days.

## **Performance against Targets and Standards**

Each year DSA has targets and standards to meet, which are split between Secretary of State Targets, Service Standards and Business Targets (**Figure 3**). In 2010-11 the Agency missed six of its 26 targets described below:

- The national average waiting time for the practical elements of Large Goods Vehicle/Passenger Carrying Vehicle tests and the Approved Driving Instructor tests were 3.1 and 3.4 weeks respectively against a target of 3 weeks. In addition, the average waiting time for the practical element of car tests was 7.9 weeks against a target of 6 weeks.

- The trial launch of a successor programme to the current Pass Plus scheme was deferred due to changes in priorities.
- The development of proposals for consultation on the Modernising Rider Training was missed due to key staff being redeployed to higher priority work, including the review of the off-road component of the motorcycle test.
- Customer satisfaction of test candidates was 77 per cent compared to the target of 90 per cent.
- Customer satisfaction for business customers was 72 per cent compared to the target of 73 per cent.
- As noted previously, the staff sickness absence rate was 11.1 days in 2010-11 against a target of 9.5 days per person.

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**Figure 3**

**Agency Performance against Targets**

	2010-11	2009-10
Secretary of State Targets	7/7 met	7/8 met
Service Standards	3/4 met	3/4 met
Business Targets	10/15 met	14/17 met
<b>TOTAL</b>	<b>20/26 met</b>	<b>24/29 met</b>

Source: DSA Annual Report and Accounts 2010-11

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## **Risks and Challenges**

Legislative or policy changes can have significant impact on the Agency, as it can require significant investment to build up the infrastructure that may be required to make significant changes to testing regimes, such as in the case of implementing the EU Third Directive on Driving Licences.

DSA is working with the Department for Transport and the motorcycle industry to develop improvements to the future delivery and content of the motorcycle test. This could result in the Multi-Purpose Test Centres no longer being needed and their value being written off.

DSA's workload is demand-led, based on the number of applications for practical and theory tests. This demand can be difficult to estimate as a number of relevant factors such as bad weather and economic conditions are difficult to predict in advance making flexibility an issue.

## **Results from the Staff Survey**

The Civil Service People Survey aims to provide consistent and robust metrics to help government understand how it can improve levels of engagement across the Civil Service. As part of this survey, civil servants across all participating organisations are asked a range of questions across nine themes which seek to measure their experiences at work.

The summary of the top line results from the staff survey (**Figure 4**) show that DSA are below the civil service average in all areas. DSA has noted that this must be improved and it is actively being addressed as a high priority.

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**Figure 4**

**2010 Civil Service People Survey: DSA**

Staff satisfaction survey - average mark per category	DSA 2010	Civil Service 2010
	(%)	(%)
My work	59	71
Organisational objectives and purpose	72	81
My line manager	58	64
My team	70	77
Learning and development	32	43
Inclusion and fair treatment	60	73
Resources and workload	68	73
Pay and benefits	25	37
Leadership and managing change	32	37

Source: DSA Civil Service People Survey – Autumn 2010, available from [www.dft.gov.uk](http://www.dft.gov.uk)

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# Part Two

## Financial Management

The ability of Agencies to control costs and drive out waste requires professional financial management and reporting. In particular, Agencies need to be better at linking costs to services and benchmarking performance to determine whether costs are justified and value for money can be improved. Organisations also need to move their risk management arrangements from a process-led approach to one which supports the efficient and effective delivery of services. Organisations have to publish Statements on Internal Control<sup>3</sup> with their Annual Financial Statements which describe their arrangements for risk management, internal control and governance.

### Financial Outturn for 2010-11 and Comparison with Budget

DSA expenditure in 2010-11 was £187.2 million (£193.0 million in 2009-10), which was less than its budget (**Figure 5**). However depreciation and finance charges have increased significantly over the last few years as a result of the creation of Multi-Purpose Test Centres.

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#### Figure 5

#### Financial Outturn

£ million	Forecast	Actual
Income	201.4	190.7
Expenditure	198.2	187.2
Operating surplus	3.2	3.5

Source: DSA Business Plan 2010-11 and DSA Annual Report and Accounts 2010-11

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<sup>3</sup> From 2011-12 government entities will produce a Governance Statement rather than a Statement on Internal Control.

### **Progress on Efficiency Targets**

The Comprehensive Spending Review 2007 required the Agency to make efficiency savings of £8 million between 2008 -2011. The Agency exceeded the three year efficiency target by delivering £21.6 million savings (£10.8 million in 2010-11, £6.1 million in 2009-10 and £4.7 million in 2008-09).

### **NAO Financial Audit Findings**

The Comptroller and Auditor General issued an unqualified audit certificate on the Agency's 2010-11 Accounts.

Our financial audit findings did not highlight any significant deficiencies in the control environment or in the way the Annual Report and Accounts were prepared. However, minor observations and recommendations were made to improve on some internal processes of DSA.

### **Issues Raised in the Statement on Internal Control**

The Statement on Internal Control in the Agency's Annual Report and Accounts is where the Chief Executive and Accounting Officer comments on the controls that are in place to support the Agency's governance arrangements, risk management and the processes and procedures in place to safeguard public funds and the Agency's assets. An overview of the DSA's 2010-11 Statement of Internal Control is as follows.

#### **The Risk and Control Framework**

The DSA 'integrated assurance framework' reflects four tiers of controls which are intended to provide assurance. Tiers 1 to 3 are directly under the supervision and control of DSA's senior management:

- Tier 1 - Management - Directors and line managers design and operate controls.
- Tier 2 - Compliance functions which enable the Audit and Risk Management Committee, Corporate reporting team, Change board and Operational performance group guide, to support and challenge decisions.

- Tier 3 - Independent reporting lines such as internal audit gateway reviews.
- Tier 4 - external review - e.g. external audits, accreditation schemes.

### Programme and Project Management

A follow-up in September 2010 by internal audit on Project and Programme Management confirmed that actions from the previous audit had been successfully completed and an 'acceptable' rating was given.

Two gateway health checks took place within the year.

- Pre-driver project - this project was responsible for managing the development of a formal, credit-bearing qualification designed to develop an understanding of safe and responsible road use, primarily among young people aged from 14 to 17 years. The Safe Road User Award went live in June 2009. This project is now part of the "Learning to Drive Programme". The risk level for the project was established as low and received an amber/green risk status.
- The Total Facilities Management programme's risk level was medium with a risk status of amber/red. DSA has since implemented the programme in September 2011, having addressed the risk status of amber/red.

### Fraud

The DSA's fraud and integrity team reviews have the responsibility of putting measures in place to combat fraud, and to investigate suspected impersonations at driving tests, alleged illegal driving instructors, and to pursue other unlawful malpractice and losses. In carrying out such investigations, DSA works closely with the police services of England and Wales and Scotland which are ultimately responsible for making arrests and concluding criminal investigations. In England and Wales, the Crown Prosecution Service is responsible for determining which cases should be prosecuted, based on evidence collected and presented to them by the DSA and local police services. In Scotland, any prosecutions are pursued by the Crown Office and Procurator Fiscal Service.

During 2010-11, 1,205 cases were concluded in relation to impersonation/identity fraud against a target of 900 (2009-10: 1,491 concluded against a target of 600); and 410 investigations were completed in relation to illegal driving instruction against a target of 200 (2009-10 394 investigations completed against a target of 150).

DSA undertakes an annual review of the controls it has in place to prevent and detect internal fraud, including this year (2011-12) a response to the Bribery Act 2010. The Audit and Risk Management Committee also considers and reviews the DSA's anti-fraud policies, processes and procedures and seeks assurance that management has properly implemented these policies and procedures. In 2010-11 the amount of identified loss from internal fraud was £15,000.

# Appendix

## Reports by the NAO where DSA is mentioned since 2007

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<b>Publication Date</b>	<b>Report Title</b>	<b>HC Number</b>	<b>Parliamentary Session</b>
23 May 2008	Shared services in the Department for Transport and its agencies	HC 481	2007-08
16 January 2008	Electronic service delivery in the Driver, Vehicle and Operator Agencies in Great Britain	HC 204	2007-08
08 June 2007	The management of staff sickness absence in the Department for Transport and its agencies	HC 527	2006-07

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## **Where to find out more**

The National Audit Office website is

[www.nao.org.uk](http://www.nao.org.uk)

If you would like to know more about the NAO's work on the Driving Standards Agency, please contact:

Steven Ardron

Director

020 7798 7172

[Steven.Ardron@nao.gsi.gov.uk](mailto:Steven.Ardron@nao.gsi.gov.uk)

If you are interested in the NAO's work and support for Parliament more widely, please contact:

Rob Prideaux

Director of Parliamentary Relations

020 7798 7744

[rob.prideaux@nao.gsi.gov.uk](mailto:rob.prideaux@nao.gsi.gov.uk)



