

6. How much we will spend and save

6.1 Managing our finances and contracts

DVLA will manage and account for a substantial amount of public funds (see Annex A) provided by fee payers and through Parliament (supply funding).

During 2012-13 we will:

- freeze our fee levels at the same cash amount as 2011 for the financial year to March 2013
- manage spending to match income so that we break even by March 2013
- consult on fees for 2013-14, specifically in relation to reintroducing a fee when a vocational driver renews their licence, also offering a reduced fee where a licence application is managed to take place soon after a passport photograph has been renewed
- reduce spending further by £5.75 million against the 2010 operating cost baseline, to keep us on course to a £100 million saving
- manage and control the cost of our change agenda so that over time we place less of a burden on parliamentary supply funding, keeping our fee levels stable whilst we manage and absorb supplier price increases
- increase spending overall by £5.8 million to achieve changes mainly to meet the cost of meeting the UK's obligation to implement the EU 3rd Directive, one-off change costs relating to contract migration and centralisation of tasks
- manage and limit the cost of additional activity introduced since 2010 that will increase overall income and expenditure. At the same time, deliver £100 million operating cost reduction by 2015 measured against a 2010 baseline.

Risk to delivery of financial forecasts

There is a risk of businesses and households postponing transactions that are fee bearing, such as new vehicle registration.

We will draw on expertise outside the Agency to improve the accuracy of forecasts of customer demand. In parallel, we will keep a careful eye on spending commitments to retain flexibility as we strengthen our capability to forecast expenditure.

DVLA contracts

DVLA will work to procure two key new service contracts during the year, as well as migrate two new contracts recently awarded.

The Agency will work with Telereal Trillium to reflect the impact of changes in the network transformation on our estates Private Finance Initiative should the decision following the modernisation consultation endorse the proposals.

During 2012-13 we will:

- complete the procurement during the year and transition to the new contract to ensure business continuity with the existing Post Office® contract which expires in March 2013
- take steps to define requirements, develop the Official Journal of the European Union (OJEU) advert documents, appoint Technical Delivery Partner(s) and agree a strategic technical architecture to pave the way to ensure our ICT services are delivered past the end of the current contract with IBM that expires in 2015
- implement the new contracts recently awarded for merchant acquirer and blank card provision, both awarded on a cross government basis in the final quarter of 2011-12.

6.2 How we will manage our people

In 2012-13 the Agency will aim to reduce its workforce by 800 full time equivalents from the baseline of 5,680 on 31 March 2010 to a planned 4,880 in March 2015 (see table below).

The March 2013 planned position takes account of centralisation of enforcement. In year, some of these savings will be offset by a small increase for new work resulting from the EU 3rd Directive and a more significant increase in preparation for the possible closure of the local office network. These increases will be quickly offset during 2013-14 should the local office closure programme take effect.

Detailed design work will be carried out during 2012-13 to assess how back office functions will need to change as a result of the reducing workforce, but also supporting an increasing outsource and contractual context. The Agency has exceeded civil service benchmarks for back office function efficiency and effectiveness and will maintain that position.

During 2012-13 we will:

- assuming the proposed transformation of DVLA services goes ahead, deliver an in-year reduction by March 2013 of a further 221 Full Time Equivalents (FTEs) continuing stepped reduction committed in 2011-12
- manage pay expectations within the average 1 per cent increase set across the public sector
- reduce the Agency's average sick days lost to 6.9 days full time equivalent through robust absence management
- continue to develop policies and procedures and a co-ordinated health and well-being programme of work.

In the event that the consultation process proves in favour of the proposal to transform DVLA services:

- start to redeploy volunteers from local offices to the Swansea main site or elsewhere, recruit some staff and redeploy others within Swansea to continue centralisation
- consult with staff and their representatives across the dispersed enforcement and local office network on a voluntary redundancy scheme and the support of outplacement advisers.

End of year	FTEs	Front line FTE	Back office FTE
March 2012	5,528	4,417	1,110
March 2013	5,307	4,201	1,106
March 2014	4,845		
March 2015	4,880		