

**EXPLANATORY MEMORANDUM TO**  
**THE DRIVER AND VEHICLE STANDARDS AGENCY TRADING FUND ORDER**  
**2015**

**2015 No. 41**

1. This explanatory memorandum has been prepared by the Department for Transport (DfT) and is laid before the House of Commons by Command of Her Majesty.
2. **Purpose of the instrument**
  - 2.1 The Driver and Vehicle Standards Agency Trading Fund Order (the Order) establishes a trading fund under the Government Trading Funds Act 1973 for the operations of the executive agency of the Department for Transport known as the Driver and Vehicle Standards Agency (DVSA). The DVSA is a merger of the Driving Standards Agency (DSA) and the Vehicle and Operator Services Agency (VOSA), both executive agencies of the Department for Transport (DfT).
3. **Matters of special interest to the Select Committee on Statutory Instruments**
  - 3.1 None
4. **Legislative Context**
  - 4.1 The Driving Standards Agency Trading Fund Order 1997 (SI 1997/873) (the 1997 Order), established the Driving Standards Agency Trading Fund for the operations of DSA as specified in Schedule 1 to the 1997 Order.
  - 4.2 The Vehicle Inspectorate Trading Fund Order 1991 (SI 1991/773) (the 1991 Order) established the Vehicle Inspectorate Trading Fund. The 1991 Order was amended by the Vehicle and Operator Services Agency Trading Fund Order 2003 (SI 2003/942) (the 2003 Order) and the fund named the Vehicle and Operator Services Agency Trading Fund. VOSA's funded operations are set out in Schedule 1 to the 1991 Order.
  - 4.3 The Secretary of State for Transport is exercising the powers under sections 1, 2(1), 2(3) and 2(7), 2AA, 2A(1), 2C(1) and 6(1) of the Government Trading Funds Act 1973 to establish the DVSA trading fund for the operations of the DVSA as described in Schedule 1 to the Order.
  - 4.4 The DVSA is a merger of the funded operations of the DSA and the VOSA.
  - 4.5 Accordingly, as part of the process of creating the DVSA, this Order revokes the 1991 Order, the 1997 Order, the 2003 Order and other statutory instruments which

amended these Orders. As a result of the revocations, the Driving Standards Agency trading fund and the Vehicle and Operator Services Agency trading fund cease to exist.

- 4.6 As a result of the merging of the DSA and the VOSA to form the DVSA, this Order uses the terms “road vehicle” and “motor vehicle” which are derived from the 1991 Order and the 1997 Order respectively. These terms are used to describe the types of vehicle that the funded activities of the former VOSA and the former DSA applied to. The DVSA will carry out its funded activities in relation to these types of vehicles as specified in Schedule 1 to this Order. It is necessary to retain the two separate terms as a road vehicle is a wider category. It includes motor vehicles as well as other types of non-motorised vehicles that are used on a road such as trailers, agricultural appliances, tower wagons and carts.

## **5. Territorial Extent and Application**

- 5.1 This instrument applies to Great Britain.

## **6. European Convention on Human Rights**

- 6.1 The Secretary of State for Transport has made the following statement regarding Human Rights:

‘In my view the provisions of The Driver and Vehicle Standards Agency Trading Fund Order 2015 are compatible with the Convention rights’.

## **7. Policy background**

- What is being done and why

- 7.1 From 13 December 2012 to 7 March 2013, DfT held a public consultation exercise to seek opinions on the outline Strategy for Motoring Services and set out proposals about how the Department could perform its functions in a better, more efficient manner, in particular looking at the roles of its executive agencies.
- 7.2 Following the conclusion of the consultation, the Transport Minister at that time, Stephen Hammond, announced, on 20 June 2013, that a new agency would bring together driver testing and training and vehicle compliance and enforcement, which were then provided separately by the DSA and VOSA. The name of the new agency was announced by the Minister on 28 November 2013 and the DVSA was officially launched on 2 April 2014.
- 7.3 The bringing together of testing and standards services will enable the DVSA to deliver the same high quality service, but aim to do this with greater efficiency from rationalisation of estate and IT services, thereby potentially allowing for the reduction of fees charged for services delivered. It will also be easier for service

users to navigate the services offered as they will be available from one location which should therefore reduce the administrative burden for those individuals and businesses that have regular contact with the agency.

7.4 This Order provides for a single trading fund to be established for the merged agency and will enable the DVSA to operate its finances as a single fund. The Order will enable the DVSA to charge fees for its funded operations, made up of the former DSA and VOSA operations, such as driving tests (previously charged by the DSA) and vehicle tests (previously charged by the VOSA).

7.5 This Order brings together the DSA's and VOSA's assets which are described in the 1991 and the 1997 Orders. This Order also provides for the combined liabilities of the DSA and VOSA.

7.6 Accordingly, the DSA and VOSA trading funds will be dissolved and the DVSA trading fund will begin formal trading on 1 April 2015.

- Consolidation

7.7 None

## **8. Consultation outcome**

8.1 As there is no change to existing policy or practice, a public consultation has not been undertaken.

## **9. Guidance**

9.1 As there is no change to existing policy or practice, no guidance is required.

## **10. Impact**

10.1 The impact on business, charities or voluntary bodies is nil.

10.2 The impact on the public sector is nil.

10.3 An impact assessment has not been prepared for this instrument.

## **11. Regulating small business**

11.1 This legislation does not apply to small business.

## **12. Monitoring & review**

12.1 The status of the DVSA as a trading fund will be subject to periodic review by the Secretary of State for Transport and Her Majesty's Treasury in accordance with the rules governing Trading Funds.

**13. Contact**

Mandy Lynch at Driver and Vehicle Standards Agency, Tel: 0115 936 6097 or email: [mandy.lynch@dsa.gsi.gov.uk](mailto:mandy.lynch@dsa.gsi.gov.uk) can answer any queries regarding the instrument