

## INCREASE IN DRIVER & VEHICLE STANDARDS FEES ABOVE 2.5% IN 2024

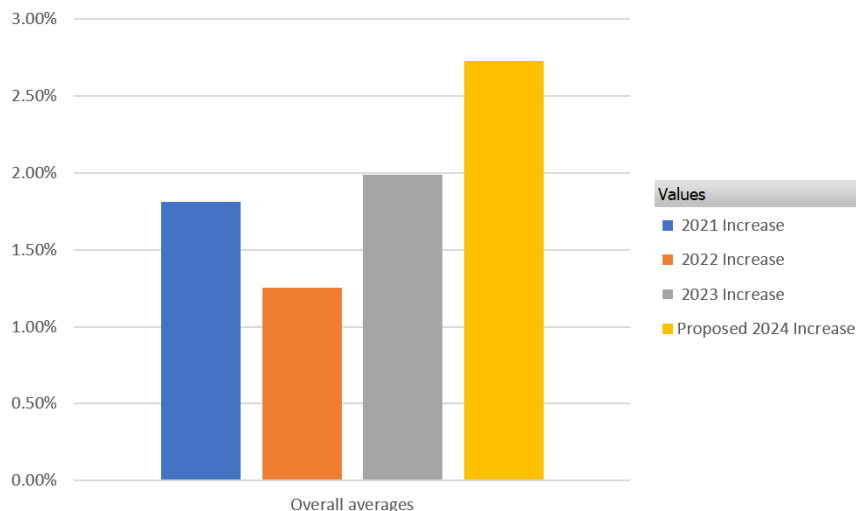
### 1. Purpose of Report

To request the Treasurer or Minister for Treasury & Resources to approve increases in Driver & Vehicle Standards fees above 2.5% in 2024, and the corresponding use of additional income raised in 2024.

### 2. Background

The request is for Driver & Vehicle Standards to increase their fees as detailed within the Appendix to this Ministerial Decision. Of the 47 fees, the request is for 24 to be raised above the 2.5% limit as per the Anti-Inflation Strategy (P.125/2000).

The increases have been proposed to address fee increases falling below 2.5% and retail price index figures since between 2020 and 2023 fee prices. The graph below depicts how annual fee increases have remained on average below 2.00% from 2020 to 2023. The proposed fees represent an average increase of 2.73% from 2023 to 2024, address the lagging of previous fee increases.



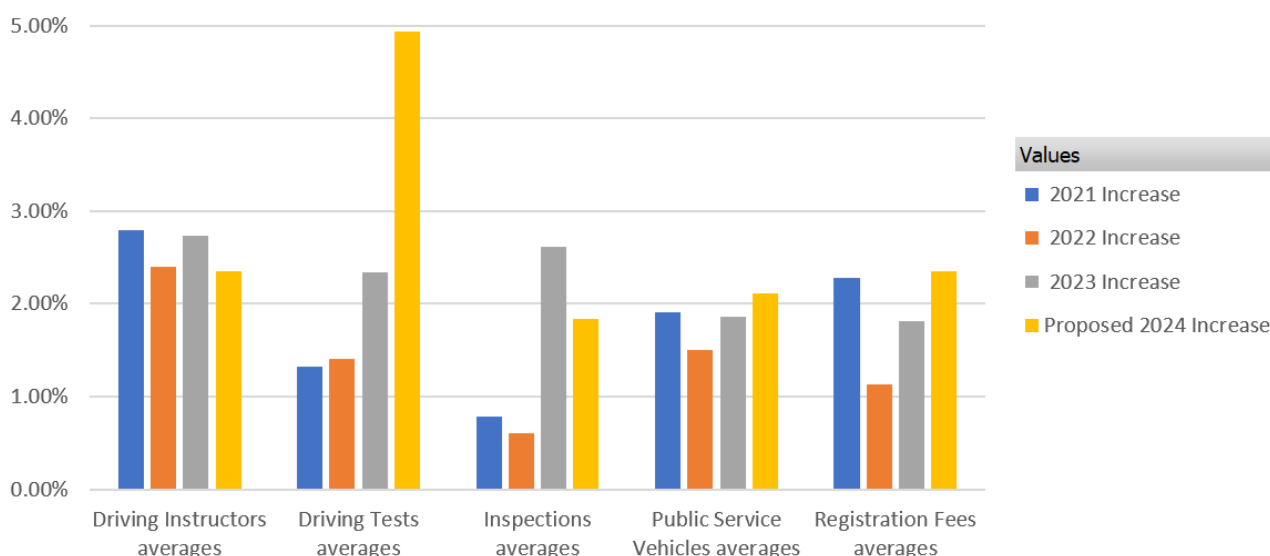
Of note is that both motorcycle compulsory basic training (CBT) and the sale of 3- and 4-digit license plate numbers over the counter have been excluded from the averages presented in both the Appendix and this Written Report.

The motorcycle CBT has historically moved in line with RPI(y) and thus does not represent the 2.5% fee increase limit applied to other fees. The sale of 3- and 4-digit license plates had been discontinued as of 2023 and so removed to omit an unrepresentative figure for comparable fees.

The supporting appendix to this Written Report identifies that a compounded increase of 10.38% should be expected between 2020 fees and 2024 fees, had 2.5% been applied annually. Even if the fee increases in the Appendix is approved, the average cumulative increase for which Driver & Vehicle Standards fees is an increase of 8.01% from 2020 to 2024, should the proposed increases be approved.

The supporting appendix details each of the fees being proposed and how the proposed fees address previously low fee increases for each. Consideration to the public and industries of the island have also been considered in setting 2024 fees an example being a freeze of 2024's public service vehicle permanent oversized permit.

10 of the requested 24 fee increase above 2.5% relate to Driving Test fees. As can be seen in the breakdown below, these fees have historically by an average 1.69% between 2020 and 2023 often due to rounding. This practice has meant that 3 such fees have remained at their 2020 price.



1 of the fees for which approval is being sought is for motorcycle compulsory basic training (CBT) increases, which continues to rise in line with RPI(y). Whilst RPI(y) for September 2023 is at 5.3%, the proposed increase is for a 5.15% increase, due to rounding for ease of cash handling. As previously noted, this figure moves by RPI instead of the 2.5% and has been excluded from the analysis of averages in the Appendix and representations above.

### 3. Recommendation

It is recommended that the Treasurer approve increases in Driver & Vehicle Standards fees above 2.5% in 2024, and the corresponding use of additional income in 2024.

### 4. Reason for Decision

The States in adopting the Anti-Inflation Strategy agreed that increases in States charges should be limited to a maximum of 2.5 % a year, with any exceptions, in extremely compelling cases only, to be subject to prior approval by the Finance and Economics Committee (now the Minister for Treasury and Resources). Under Delegation 2.1, authority for agreeing non-contentious charge increases above 2.5% may be delegated to the Treasurer of the States, or in their absence, another person as nominated by the Treasurer. The Treasurer of the States is able to give “blanket” approval to groups of charges in a particular year, or a single charge over a period of a number of years.

Furthermore, Article 21 of the Public Finances (Jersey) Law relates to the power to allocate excess income. It states;

(1) This Article applies if –

(a) an approved government plan includes, under Article 9(8), the estimated income that will be earned by, or be attributable to, a States body or by an area of operation of a States body during the first financial year covered by the plan; and

(b) income in excess of that estimate is earned by, or attributable to, the States body or area of operation during that financial year.

(2) Despite the approved government plan, the Minister may direct that the excess income referred to in paragraph (1) (b) be allocated to a head of expenditure set out in the plan.

(3) The amount subject to the Minister’s direction may be withdrawn from the Consolidated Fund and spent on that head of expenditure in the first financial year covered by the approved government plan, as if the amount had been appropriated for that head of expenditure.

Delegation 1.1 states:

Treasurer of the States, or in their absence, another person as nominated by the Treasurer (excluding the PAO), to approve additional income in excess of increased expenditure (i.e. additional surplus income) required to generate that income but the excess income is more than 10% (up to a maximum of £500,000 for a States trading operation and £100,000 for all other States funded bodies) of the estimated income notified to the States for that particular service area – this additional income should not be used to fund recurring expenditure for which no future funding is secured.

## 5. Resource Implications

Any additional income as a result of these increases will be offset by the staff and non-staff costs of providing these services to the public.

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| Quality Assurance / Review :  |  |
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