EXPLANATORY MEMORANDUM TO

THE GOODS VEHICLES (PLATING AND TESTING) (AMENDMENT) REGULATIONS 2007

2007 No. 503

THE ROAD VEHICLES (REGISTRATION AND LICENSING) (AMENDMENT) REGULATIONS 2007

2007 No. 498

THE INTERNATIONAL CARRIAGE OF DANGEROUS GOODS BY ROAD (FEES) (AMENDMENT) REGULATIONS 2007

2007 No. 634

THE INTERNATIONAL TRANSPORT OF GOODS UNDER COVER OF TIR CARNETS (FEES) (AMENDMENT) REGULATIONS 2007

2007 No. 632

THE PASSENGER AND GOODS VEHICLES (RECORDING EQUIPMENT) (APPROVAL OF FITTERS AND WORKSHOPS) (AMENDMENT) (FEES) REGULATIONS 2007

2007 No. 606

THE PUBLIC SERVICE VEHICLES (CONDITIONS OF FITNESS, EQUIPMENT, USE AND CERTIFICATION) (AMENDMENT) REGULATIONS 2007

2007 No. 502

THE PUBLIC SERVICE VEHICLES ACCESSIBILITY (AMENDMENT) REGULATIONS 2007

2007 No. 500

THE MOTOR VEHICLES (TESTS) (AMENDMENT) (No. 2) REGULATIONS 2007

2007 No. 506

THE MOTOR VEHICLES (APPROVAL) (FEES) (AMENDMENT) REGULATIONS 2007

2007 No. 495

THE MOTOR CYCLES, ETC. (SINGLE VEHICLE APPROVAL) (FEES) (AMENDMENT) REGULATIONS 2007

2007 No. 507

1. This explanatory memorandum has been prepared by Department for Transport and is laid before Parliament by Command of Her Majesty.

This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Description

2.1 The ten sets of Regulations covered by this memorandum increase the fees for certain vehicle tests and inspections conducted by the Vehicle and Operator Services Agency ("VOSA") on behalf of the Secretary of State for Transport. The Regulations listed above respectively amend Regulations (a) - (j):

(a) The Goods Vehicles (Plating and Testing) Regulations 1988;

(b) The Road Vehicles (Registration and Licensing) Regulations 2002;

(c) The International Carriage of Dangerous Goods by Road (Fees) Regulations 1988;

(d) The International Transport of Goods under Cover of TIR Carnets (Fees) Regulations 1988;

(e) The Passenger and Goods Vehicles (Recording Equipment) (Approval of Fitters and Workshops) (Fees) Regulations 1986;

(f) The Public Service Vehicles (Conditions of Fitness, Equipment, Use and Certification) Regulations 1981;

(g) The Public Service Vehicles Accessibility Regulations 2000;

(h) The Motor Vehicles (Tests) Regulations 1981;

(i) The Motor Vehicles (Approval) (Fees) Regulations 2001;

(j) The Motor Cycles, Etc. (Single Vehicle Approval) (Fees) Regulations 2003.

2.2 The Regulations amending the International Carriage of Dangerous Goods by Road (Fees) Regulations 1988 provide for a new fee in respect of an application for a first ADR certificate for a tractor for a semi trailer which is based on the manufacturer's declaration of conformity.

2.3 The Regulations amending the fees in the Motor Vehicles (Approval) (Fees) (Amendment) Regulations 2001 also correct a cross reference to the Motor Vehicles (Approval) Regulations 2001 which was missed when those Regulations were amended in 2004.

2.4 The Regulations amending the Motor Vehicles (Tests) Regulations 1981 also makes some minor changes to Schedule 2. This Schedule sets out the prescribed statutory requirements for the different categories of vehicles, which must be satisfied when the vehicle is being MOT tested. The effect of these amendments is to extend the application of the speed limiter requirements to Class IV vehicles and to extend the application of the requirements of vehicle identification numbers and the display of registration marks to Class V and V_A vehicles.

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1 The Secretary of State through his executive agency VOSA recovers the cost of carrying out his functions of vehicle related approval and testing by charging fees. The agency operates as a Trading Fund.

3.2 The fees pay for the provision of examiners and enforcement officers, together with management support plus technical and administrative services. They provide funds to pay for the development and operation of the IT systems used to support VOSA staff and, increasingly, customer self service. They also provide funds to equip and maintain VOSA's vehicle testing stations. At the applicant's request, certain examinations can be carried out either outside normal working hours or on premises that are not owned or operated by the Secretary of State, or a combination of the two. In such cases, supplementary fees are payable to recover the additional cost of providing the service under non-standard conditions.

3.3 The VOSA trading fund is required to break even on its costs, normally year on year. The aim is to ensure that the fee charged for a particular service is, and continues to be, commensurate to the cost to VOSA of conducting the particular service. Separate accounts are maintained within VOSA for inspection fees under each set of Regulations.

3.4 This year it is necessary for VOSA to introduce fee increases averaging 5.5% to cover predicted costs for the period from August 2006 to April 2008. The fees now being revised were last increased on 30 September 2005; and that increase took into account planned costs up to July 2006.

3.5 The date for implementation of this increase has been moved to 1 April. This is to align with best practice of revising fees at the beginning of the financial year.

3.6 Further detail on the increases introduced by each instrument is set out below and complements the information contained in the explanatory note. Most of the information contained in the explanatory notes is not repeated in this memorandum. The detail of the increases of fees is contained in the explanatory notes.

<u>The Goods Vehicles (Plating and Testing) (Amendment) Regulations 2007</u>

3.7 The increases made to the cost of a standard annual inspection of a heavy goods vehicle, motor vehicle or trailer, by these Regulations range from 4.3% (for a 1 axle trailer) to 6.5% (for a 2 axle motor vehicle). In monetary terms rather than percentage, the largest increase to the annual test fee is for a 4 axle motor vehicle. The fee for this test increases by £5 (from £86 to £91).

3.8 In percentage terms the supplementary fees for requested 'out of hours' and 'designated premises' annual tests are respectively increased by 6.3% for a motor vehicle and 5% for a trailer and 9.1% for a motor vehicle and no change in the fee for a trailer. In monetary terms the supplementary fees are only increased by £2 and £1 for a motor vehicle and £1 for a trailer.

3.9 The increase in fees payable for an amendment to a plating certificate, 'out of hours' supplementary fees, and for alteration of the plated weights of a motor vehicle or trailer range from 4.5% to 9.1%; in monetary terms an increase of £1 or £2. The 'designated premises' supplementary fees remain unchanged.

3.10 A heavy goods vehicle is either a motor vehicle that has a gross weight over 3500 kg or a trailer with an unladen weight greater than 1020 kg. All such vehicles must be tested by VOSA after the first year of operation and annually after that.

<u>The Road Vehicles (Registration and Licensing) (Amendment) Regulations 2007</u>

3.11 These Regulations increase the fees for examination of a vehicle seeking a Reduced Pollution Certificate (RPC). A RPC enables certain vehicles to benefit from lower rates of Vehicle Excise Duty if they are constructed or adapted to produce emissions significantly lower than the maximum that applied when they were new. The fees and supplements are increased by between 3.7% and 10%; in monetary terms it is an increase of £1. The 'designated premises' supplementary fee remains unchanged.

<u>The International Carriage of Dangerous Goods by Road (Fees) (Amendment) Regulations 2007</u>

3.12 Certain vehicles used to carry dangerous goods require an additional test and certificate over and above the standard HGV roadworthiness examination. The test ensures that vehicles comply with the special construction requirements contained in Annex B to the European Agreement concerning the International Carriage of Dangerous Goods by Road (ADR). The specific requirements vary according to the exact nature of the dangerous goods carried.

3.13 These Regulations increase the fees associated with such inspections by between 4.8% and 8.3%. The largest increase in monetary terms is £5 (from £82 to £87) for the initial inspection of a vehicle. The Regulations also introduce a new fee of £25 for the first ADR certificate for a tractor unit on the basis of manufacturer's declaration of conformity as allowed in the 2007 revisions to the ADR agreement.

<u>The International Transport of Goods under Cover of TIR Carnets (Fees) (Amendment) Regulations 2007</u>

3.14 The Transports International Routiers (TIR) convention simplifies Customs requirements by permitting the contents of approved load compartments, sealed by customs authorities, to pass through customs control of countries passed through on international journeys without delay or payment of duty. Vehicles with load compartments meeting the required standards can obtain TIR approval by undergoing an individual inspection or through the vehicle design-type route. With the latter, VOSA examines an example vehicle and, if a design-type approval is issued, all vehicles built to the same design can be approved without further inspection.

3.15 These Regulations increase the fees payable in connection with TIR approval and with the issue of a certificate of approval for a road vehicle following an inspection. The increases range from 5.2% to 8.3%. In monetary terms the maximum increase is £29 (from £534 to £563) for the approval of a design type.

The Passenger and Goods Vehicles (Recording Equipment) (Approval of Fitters and Workshops) (Amendment) Regulations 2007

3.16 The fee for initial approval of a fitter or workshop for the installation or repair of recording equipment, and the approval renewal fee, is increased by 5.5%. In monetary terms the fee for the issue of an approval is increased by £17 (from £311 to £328) and for renewal of approval by £7 (from £127 to £134).

The Public Service Vehicles (Conditions of Fitness, Equipment, Use and Certification) (Amendment) Regulations 2007

3.17 These Regulations increase the fees, concerning buses and coaches used for hire and reward, in respect of certificates of initial fitness on first and subsequent applications, various type approvals; and certificates of conformity and duplicate certificates. The increase in fees range from 3.7% to 6.9%. The largest increase in monetary terms being £166 (from £3010 to £3176) for the approval of a 'type' vehicle, where it does not conform to a vehicle where neither the chassis nor body of the vehicle has been previously type approved.

The Public Service Vehicles Accessibility (Amendment) Regulations 2007

3.18 These regulations increase the fees for accessibility certificates for buses issued under the Disability Discrimination Act by between 4.7% and 6.7%. In monetary terms, the maximum increase is £5 (from £85 to £90) for the initial application for a certificate for a vehicle required to comply with the requirements of 2 schedules to the Public Service Vehicles Accessibility Regulations 2000.

The Motor Vehicles (Tests) (Amendment) Regulations 2007

3.19 These Regulations increase the fees for an annual roadworthiness tests for a public service vehicle (i.e. buses and coaches used for hire and reward) and associated retests and supplements. The increase in fees range from 4.5% to 10%. The largest fee increase in monetary terms is £4 (from £76 to £80) for the annual test of a vehicle carrying 23 or more passengers.

3.20 The fees for the MOT testing of motorcycles, cars, and light goods vehicles were increased in November 2006 (S.I 2006/2680) are not being changed.

3.21 These Regulations also amends the prescribed statutory requirements, which must satisfied when the vehicle is being MOT tested, so that speed limiters form part of the MOT test for all categories of vehicles which require them and vehicle identification numbers and registration plates form part of the MOT test for private buses as they do for cars and light goods vehicles.

The Motor Vehicles (Approval) (Fees) (Amendment) Regulations 2007

3.22 These Regulations increase the fees and supplements for pre-registration approval of single vehicles ("SVA"), that have not been type approved, by between 4% and 10%. In monetary terms, the largest increase is £10 (from £190 to £200) for an enhanced SVA test with model report on a passenger vehicle.

3.23 The Regulations also correct a reference to the Motor Vehicles (Approval) Regulations 2001 which was missed when those Regulations were amended in 2004.

The Motorcycles, Etc. (Single Vehicle Approval) (Fees) (Amendment) Regulations 2007

3.24 These Regulations increase the fees and supplements for pre-registration checks of individual motorcycles, that have not been type approved, by between 4% and 10%. The largest increase in monetary terms is of £5 (from £85 to £90) for a 3 or 4 wheeled motorcycle.

4. Legislative Background

4.1 The Goods Vehicles (Plating and Testing) (Amendment) Regulations 2007 are made under sections 49 and 51(1) of the Road Traffic Act 1988 and by virtue of the Department of Transport (Fees) Order 1988.

4.2 The Road Vehicles (Registration and Licensing) (Amendment) Regulations 2007 are made under sections 57 and 61B of the Vehicle Excise and Registration Act 1994

4.3 The International Carriage of Dangerous Goods by Road (Fees) (Amendment) Regulations 2007, the International Transport of Goods under Cover of TIR Carnets (Fees) (Amendment) Regulations 2007 and the Passenger and Goods Vehicles (Recording Equipment) (Approval of Fitters and Workshops) (Fees) (Amendment) Regulations 2007 are made under section 56(1) and (2) of the Finance Act 1973 and by virtue of the Department of Transport (Fees) Order 1988.

4.4 The Public Service Vehicles (Conditions of Fitness, Equipment, Use and Certification) (Amendment) Regulations 2007 are made under sections 10(1), 52(1) and 60 of the Public Passenger Vehicles Act 1981 and by virtue of the Department of Transport (Fees) Order 1988.

4.5 The Public Service Vehicles Accessibility (Amendment) Regulations 2007 are made under sections 45(1) and 67 of the Disability Discrimination Act 1995.

4.6 The Motor Vehicles (Tests) (Amendment) (No. 2) Regulations 2007 are made under sections 45 and 46 of the Road Traffic Act 1988 and by virtue of the Department of Transport (Fees) Order 1988.

4.7 The Motor Vehicles (Approval) (Fees) (Amendment) Regulations 2007 and the Motorcycles, etc. (Single Vehicle Approval) (Fees) (Amendment) Regulations 2007 are made under section 61(1) and (2) of the Road Traffic Act 1988, and by virtue of the Department of Transport (Fees) Order 1988 and section 128 of the Finance Act 1990.

4.8 Regulations such as these to amend the various fees collected by VOSA are typically made on an annual basis. Each year the fees are reviewed and, if necessary, adjusted in accordance with the cost of providing the particular examination. However, on this occasion, the most recent change to any of the fees was that effected in September 2005. The date for implementation of this increase has been moved to 1 April. This is to align with best practice of revising fees at the beginning of the financial year.

5. Territorial Extent and Application

The provisions in the Road Vehicles (Registration and Licensing) (Amendment) Regulations apply throughout the United Kingdom - the other nine instruments apply to Great Britain.

6. European Convention on Human Rights

As the instruments are subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

7.1 Between 2003 and 2005, VOSA increased most fees at above-RPI rates in order to ensure fees reflect the work involved and to fund various programmes to improve customer services by refurbishing vehicle testing stations and providing increasing levels of e-enabled services. Many of these programmes involve long term commitments to fund ongoing services, to invest in major capital works with resulting increases in depreciation and to start to repay loans for capital work already carried out. The investment programme for 2007/8 is currently expected to include the major improvement and development of IT systems such as that for test booking; and the rebuilding or major refurbishment of test stations at Bristol, Chelmsford and Shrewsbury.

7.2 A formal consultation took place between October 2006 and January 2007. Consultation packs were sent out to some 485 individuals and organisations. The consultation was also posted on the internet. The consultation process resulted in more responses this year than last year (22 as opposed to 15). Overall views on specific proposals are summarised below. A fuller analysis of the consultation comments is set out is attached Regulatory Impact Assessment.

7.3 In relation to the fee increases generally 3 respondents supported or accepted the proposals; 6 respondents did not support the proposal; and 13 respondents made no express comments. The main comments being made by those against the proposed increases were that an increase of 5.5% was significantly above inflation/RPI and that they felt some service levels were deteriorating.

7.4 The 5.5% average increase will be the first increase for 18 months, and so equates to an increase of 3.7% per annum. However that fee increase was calculated in the expectation that it would be introduced 2 months earlier (31 July 2005 rather than 31 September 2005)– thus taken over the 20 months used to calculate that increase it equates to 3.3%. (The most recent published RPI in December 2006 was 4.4%.) It should also be noted that in accordance with established VOSA practice, fees are rounded to the nearest £1, thus actual increases vary from the 5.5% average. VOSA is required to cover the costs of its testing facilities and services from fee income while also making improvements and investments. The main services mentioned as being perceived as deteriorating were, in fact voluntary checks which are not covered by the statutory fees which were the subject of this consultation. Other areas mentioned were generalised and VOSA will be following these matters up with the individual respondents so that they can be fully investigated.

7.5 The new fee in ADR is to enable British hauliers to take advantage of a new type approval system when the European agreement and domestic legislation brings this into effect during 2007. In relation to the consultation process 1 respondent supported it and 21 expressed no opinion.

7.6 The additional MOT test items implement our European obligations for class IV minibuses and bring the test content of classes V and VA into line with the standards applied to cars and light goods vehicles. In relation to the consultation process 5 respondents supported the proposal (some with reservations on the detail of the implementation); and 17 expressed no opinion.

7.7 The amended cross reference in the Motor Vehicles (Approval) (Fees) Regulations corrects an omission when the Regulations to which it refers were amended previously.

8. Impact

8.1 Full Regulatory Impact Assessments of the effect that these instruments will have on the costs of business are attached to this memorandum.

8.2 The impact on the public sector is the same as that on the private sector. Where vehicles are operated in circumstances where they need to use VOSA's services they will pay the same fees and charges. The effect of the increased fees is very small in terms of the overall costs of owning and operating vehicles.

9. Contact

John MacLellan at the Vehicle and Operator Services Agency (telephone number: 0117 954 2531 or e-mail: John.MacLellan@vosa.gsi.gov.uk) can answer any queries regarding these instruments.

Final Regulatory Impact Assessment

1. Title of proposal

Increases averaging 5.5% in VOSA Fees for HGV and PSV Testing and Inspections; Operator Licensing; Bus Registration; Tachograph Centre Approval; and Single Vehicle Approval

2. Purpose and intended effect

- Objective

To ensure that the cost of providing the services listed below is matched by the income from fees and charges for:

- tests and re-tests of HGVs and PSVs;
- specialised inspections of HGVs and PSVs;
- operator licences for HGV and PSV operators;
- bus registration and permits;
- examinations for Single Vehicle Approval.

Overall, we propose to increase fee income in line with operating cost increases affecting VOSA's costs for these services over the 20 month period from August 2006 (the end of the period covered by the previous increase implemented on 30 September 2005) until April 2008 (the planned implementation date of our next fee review). As is our normal practice, we propose to round fees generally to the nearest pound. As a result some fees increase by more than the average figure whereas some increase by less or do not increase at all. The individual fees proposed are seet out at Annex A.

- Background

Between 2003 and 2005, VOSA increased most fees at above-RPI rates in order to realign fees to reflect the work involved and to fund the start of various programs to provide improved customer services by refurbishing test stations and providing increasing levels of e-enabled services. This was fully explained in consultations prior to the September 2005 increases. Many of these improvements involved long term commitments to fund ongoing services, invest in major capital works and to start to repay loans for capital work already carried out. The costs of these long term commitments have to be covered by fee income.

VOSA is also carrying out a programme of value for money improvements aimed at delivering services more effectively in the longer term in line with Government targets for headcount reduction. The savings from this are being invested in various projects to improve customer services, facilities and improved effectiveness in targeting non-compliant vehicle users.

VOSA has also had to provide for increases in pay and pension costs in line with Government policies.

Despite these measures, VOSA's costs of service provision will not be fully covered by fees income based on projected fee income if no increases are made. The Government Trading Fund Act 1973, as amended, requires that VOSA is managed "so that the revenue of the fund … is not less than sufficient, taking one year with another, to meet outgoings". Therefore some action is needed to close the gap that would otherwise arise.

- Rationale for government intervention

Without the proposed fee changes, the VOSA Trading Fund would fail to meet its obligation to cover its costs.

3. Consultation

- Within government

VOSA have consulted DVO and DfT Finance, DTI Small Business Service, Treasury (for those fees for which their agreement is required (ADR, TIR and Tachograph

Calibration Centre approval) and the Scottish Executive (for bus service registration fees in Scotland)

- Public consultation

An extensive consultation of stakeholders representing those who will be directly affected by the fee changes took place between October 2006 and January 2007. Consultation packs were sent to 485 individuals and bodies. This consultation was also be published on the Internet. The consultation included a number of proposals covered by other RIAs. The summary below relates to comments affecting this RIA.

Of the 22 replies received, 3 respondents supported or accepted the proposals; 6 respondents did not support the proposal; and 13 respondents made no express comments. The main comments being made by those unhappy with the proposed increases were that an increase of 5.5% was significantly above inflation/RPI and that they felt some service levels were deteriorating.

The 5.5% increase will be the first increase for 18 Months, and so equates to an increase of 3.7% per annum. However that fee increase was calculated in the expectation that it would be introduced 2 months earlier – thus taken over the 20 months used to calculate that increase it equates to 3.3% per annum. (The most recent published RPI in December 2006 was 4.4%.)

VOSA is required to cover the costs of its testing facilities and services from fee income while also making improvements and investing in improved facilities and services.

The main services mentioned as being perceived as deteriorating were, in fact voluntary checks which are not covered by the statutory fees which were the subject of this consultation. Other areas mentioned were generalised and VOSA will be following these matters up with the individual respondents so that they can be fully investigated.

A detailed summary of the responses and VOSA's reactions is at Annex B to this RIA.

4. Options

Option 1: raise the fees as per the proposal at Annex A.

Option 2: seek DfT subsidy for VOSA's operating costs.

One of the aims in establishing VOSA as a Government Trading Fund was to ensure that the costs of providing services were met by those using the services. For this reason subsidy from general taxation is not considered generally appropriate for the running costs of services covered by the fees included in this proposal.

Option 3: reduce VOSA's cost base at a rate considerably greater than planned.

VOSA is engaged in a continuing programme of value for money savings to improve the effectiveness and efficiency of the services we provide. In the consultation for the 2005 fee increases and in our 2006/7 Business Plan, VOSA stated that value for money savings would be used to deliver improved services and allow an accelerated programme of investment in IT, e-services and facilities. We intend to continue this process in 2007/8 to make compliance easier for our customers and minimising our impact on our customers who meet the necessary requirements for compliance. We further intend to ensure that our facilities are suitable to meet the present and future needs of our customers.

- **5. Costs and benefits**
  - **Sectors and groups affected**

The following customer sectors and number of customers will be directly affected by the increases in fees and charges.

Customer sector	Volumes	Approximate numbers
HGV	Operators	102,000
	Tests (including retests)	875,000
	ADR tests	4,000
	TIR inspections	300
Bus	PSV Operators	9,000
	PSV Tests (including retests)	92,500
	CoIF	7,500
	DDA certificates	2,600

Customer sector	Volumes	Approximate numbers
	Permits	2,100
	Service registrations	24,000
HGV & Bus	Tachograph Centres	550
	Reduced Pollution Certificate	44,000
Light Vehicles	SVA tests (including retests)	36,000

- **Benefits**

  Option 1: This option will enable VOSA to continue to provide service levels and to invest in the service enhancements planned.

  Option 2: This would not only move away from the long established principle that the costs of VOSA services should, wherever possible, be met by those who use the services. In addition, assuming no additional funding from taxation, DfT would have to abandon, reduce or postpone expenditure in other priority areas. Given the unlikelihood that such funding would be forthcoming, this option can be discounted.

  Option 3: VOSA is already making efficiency savings in its operation. As explained earlier, these savings are being invested in improved customer services and facilities. To cut costs further we would not only have to greatly reduce development of services but waiting times and turnaround times for existing services would be likely to become much longer.

- **Costs**

  Option 1: The fee increases are intended to yield an overall additional income of 5.5% on affected fees. This equates to £5.7 million in the financial year 2007/8. The most recent increase to any of the fees in question was 30 September 2005 (18 months before the proposed increase) therefore the proposed increase equates to 3.7% per annum. However that increase was planned to have been made 2 months earlier, thus the annualised rate for the 20 month period equates to 3.3% per annum.

  As has been our practice we propose to round fees to the nearest pound, thus individual fee increases may be greater or less than the 5.5% average.

  In absolute terms, the cost of testing and licensing is very small in comparison with the cost of buying and operating a vehicle. The cost of a new 7.5 tonne vehicle is of the order of £25 to 30k. Typical operating costs, for 20,000 miles per year, are about £44k or £2.20 per mile. The proposed testing and licensing fee increases for a conforming operator with 1 such vehicle would increase their operating costs by £9 per annum – representing about 0.02% of total operating costs.

  Option 2: The cost of this option to VOSA service users could be anything between zero and the cost of option 1 depending on how much subsidy was provided. However, they, or others, may well face additional costs in other areas from which the money had been diverted.

  Option 3: As with option 2 the increased cost of VOSA services could be anything between zero and the cost of option1. However, service users could well face loss of earnings because of longer waiting times or slower turnaround times significantly in excess of the costs of option 1.

6. Small Firms Impact Test

Over half of all licensed operators operate between 1 and 5 vehicles, so a large proportion of the businesses affected by the cost increases are small businesses.

A number of small businesses were asked for their views either directly (31) or through their membership of the 62 Trade and Business Associations such as the Road Haulage Association, the Freight Transport Association, the Confederation of Passenger Transport, the Retail Motor Industry Federation, the Society of Motor Manufacturers and Traders and the Federation of Small Businesses. No responses were received from individual small businesses. Nine of the Trade Associations with significant small business membership responded, of these 4 offered no comments. A high level summary of responses in included in section 3 above.

The impact of the higher fees is proportionate, not unduly affecting one business more than another - the majority of increases being in direct proportion to the number of vehicles operated, licensed or inspected. The likely burden on small businesses will not be any more onerous, in relation to its size, than it would be for a larger business. Small businesses will therefore not be unduly disadvantaged.

7. Competition assessment

In terms of competition, the introduction of higher fees and charges for services will not affect the balance of the relevant industries in Great Britain. The increases in fees will apply to all operators and presenters equally whether large or small. The increases would have minimal impact on the competitiveness of GB service users in relation to users of similar services based overseas.

8. Enforcement, sanctions and monitoring

VOSA enforces payment of fees by requiring the fee to be paid before the test or inspection of the vehicle; or the application for the service is processed. The tachograph authorisation fee will be collected before authorisation is granted; the re-authorisation fee on the other hand is collected at the beginning of each year. Centres that do not pay up will ultimately have their authorisation withdrawn, after a period of warning. The effect of the proposed amendments will be monitored and reviewed by the Chief Executive (as Accounting Officer for the Agency) and by the National Audit Office when signing off the Agency's annual accounts.

9. Implementation and delivery plan

The fee increase will be implemented for fees received after the increase date. It will be publicised via a press notice, published on VOSA's Website and on material displayed in VOSA's test stations and offices.

10. Post-implementation review

Fee levels are reviewed at least annually as part of the VOSA Trading Fund's financial management and planning process.

11. Summary and recommendation

The prime driver is the legal obligation on the trading fund to balance its books. Since DfT do not have the funds to subsidise any shortfall in VOSA's income, VOSA must either increase fees or cut back on the existing levels of service and investment in improved facilities and services. Whilst many customers are unhappy about the increases, they also seem to want improved, rather than worsened, service levels. We therefore recommend that the fee increases proposed in option 1 go ahead.

Declaration and publication

I have read the regulatory impact assessment and I am satisfied that the benefits justify the costs

Signed S J Ladyman

Date February 2007

Dr Stephen Ladyman
Minister of State
Department for Transport

ANNUAL TESTING				
	axles	Current	From 1.4.07 proposed	% fee increase
Motor Vehicles				
Annual test	2	46	49	6.5
	3	66	70	6.1
	4	86	91	5.8
Retest				
	2	30	32	6.7
	3	44	46	4.5
	4	57	60	5.3
Partial paid retest		10	11	10.0
DP Annual (supplemental)		11	12	9.1
DP Retest (supplemental)		7	7	0.0
Out of hours supplement (annual test)		32	34	6.3
Out of hours supplement (retests)		16	17	6.3
Trailers				
Annual test	1	23	24	4.3
	2	34	36	5.9
	3	44	46	4.5
Retest				
	1	15	16	6.7
	2	22	23	4.5
	3	29	31	6.9
Partial paid retest		5	5	0
DP Annual (supplement)		6	6	0.0
DP Retest (supplement)		3	3	0.0
Out of hours Annual (supplement)		20	21	5.0
Out of hours Retest (supplement)		11	12	9.1
Appeals				
Appeal Fee		25	26	4.0
Duplicate plate, cert or disc		11	12	9.1

LICENSING FEES			
	Current	**From 1.4.07 proposed**	**% fee increase**
Application for a licence	215	227	5.6
Grant of 5-year licence	336	354	5.4
Application for a variation of existing licence	215	227	5.6
Issue of an interim licence	57	60	5.3
Continuation in force of an existing licence for further 5 years	336	354	5.4
Additional fee for vehicles specified on licence:			
If paid 5 years in advance (per vehicle per 3 months)	9	9	0
If paid annually in advance (per vehicle per 3 months)	11	12	9.1
On interim licence (per vehicle)	11.30	12	6.2

NOTIFIABLE ALTERATIONS			
	Current	**From 1.4.07 proposed**	**% fee increase**
Motor Vehicles and trailers	22	23	4.5
DP Supplement for motor vehicles	7	7	0
DP Supplement for trailers	3	3	0
Out of hours supplement	11	12	9.1

TIR (Transport Internationaux Routiers) convention simplifying customs requirements by permitting sealed loads to pass through international customs controls unhindered			
	Current	**From 1.4.07 proposed**	**% fee increase**
Initial Inspection	87	92	5.7
Re-inspection	58	61	5.2
Type Approval	534	563	5.4
Type Variation	87	92	5.7
Certificate of Conformity	12	13	8.3
Duplicate certificate	12	13	8.3

ADR (Excluding Statutory Test Fee) International arrangement for the carriage of dangerous goods			
	Current	**From 1.4.07 proposed**	**% fee increase**
Initial Inspection	82	87	6.1
Re-inspection	42	44	4.8
New type approved motor vehicle certificate	N/A	25	N/A
Duplicate certificate	12	13	8.3

ANNUAL TESTING				
	seats	**Current**	**From 1.4.07 proposed**	**% fee increase**
Annual test	9 to 22	53	56	5.7
	23+	76	80	5.3
Retest (14 day)	9 to 22	35	37	5.7
	23+	50	53	6.0
Minor items retest	9 +	10	11	10.0
DP Annual		11	12	9.1
DP Retest		7	7	0.0
Out of hours supplement	9-22 (test)	32	34	6.3
	23+ (test)	44	46	4.5
	9-22 (retest)	16	17	6.3
	23+ (retest)	21	22	4.8

PSV LICENSING FEES			
	Current	**From 1.4.07 proposed**	**% fee increase**
Application for standard (national or international) licence	202	213	5.4
Application for restricted licence	134	141	5.2
Grant of a standard or restricted licence:			
If paid 5 years in advance	134	141	5.2
If paid annually in advance	27	28	3.7
Continuation in force of an existing or restricted licence:			
If paid 5 years in advance	134	141	5.2
If paid annually in advance	27	28	3.7
Application to vary an existing standard or restricted licence	102	108	5.9
Vehicle disc fee:			
If paid 5 years in advance (per disc per month)	5.75	6	4.3
If paid annually in advance (per disc per month)	6.50	7	7.7
Application for a special licence (holder of taxi licence)	53	56	5.7
Continuation in force of an existing special licence	53	56	5.7
Issue of a duplicate disc to replace a lost one	14	15	7.1

BUS SERVICE REGISTRATION			
	Current	**From 1.4.07 proposed**	**% fee increase**
Application to register a bus service	51	54	5.9
Application to vary a registered bus service	51	54	5.9
Application to register a community bus service	11	12	9.1
Application to vary a registered community bus service	11	12	9.1

BUS PERMIT FEES			
	Current	**From 1.4.07 proposed**	**% fee increase**
Small bus permit	10	11	10.0
Large bus permit	19	20	5.3
Community bus permit	50	53	6.0

PSV TYPE CERTIFICATE			
	Current	**From 1.4.07 proposed**	**% fee increase**
Regulation 50 (c)	3010	3176	5.5
Regulation 50 (a)	1407	1484	5.5
Regulation 50 (b)	695	733	5.5
Regulation 50 (a) minor changes	129	136	5.4
Certificate of Conformity	27	28	3.7
Duplicate Certificate	19	20	5.3

CERTIFICATE OF INITIAL FITNESS			
	Current	**From 1.4.07 proposed**	**% fee increase**
Initial Inspection	243	256	5.3
Re-inspection	29	31	6.9
Tilt re-test	243	256	5.3
Duplicate certificate	19	20	5.3

DDA ACCESSIBILITY CERTIFICATE			
Individual approval	**Current**	**From 1.4.07 proposed**	**% fee increase**
One schedule	43	45	4.7
Retest for one schedule	15	16	6.7
Two schedules	85	90	5.9
Retest for two schedules	30	32	6.7
Type approval			
Reg 12(2) - one schedule	160	160	0.0
Reg 12(2) - two schedules	320	320	0.0
Reg 12(4) - one schedule	15	15	0.0
Reg 12(4) - two schedules	30	30	0.0
Reg 12(5) - one schedule	79	79	0.0
Reg 12(5) - two schedules	158	158	0.0
Reg 12(6) - one schedule	350	350	0.0
Reg 12(6) - two schedules	690	690	0.0

TACHOGRAPH CALIBRATION CENTRES			
	Current	**From 1.4.07 proposed**	**% fee increase**
Approvals	311	328	5.5
Annual Renewal	127	134	5.5

REDUCED POLLUTION CERTIFICATE			
	Current	**From 1.4.07 proposed**	**% fee increase**
With annual test	16	17	6.3
Not with annual test	27	28	3.7
Out of Hours Supplement	10	11	10.0
DP Supplement	6	6	0.0

	SINGLE VEHICLE APPROVAL			
	Passenger Vehicles	**Current**	**From 1.4.07 proposed**	**% fee increase**
1	Basic SVA test (or appeal test) – Classes N, P, T, M, A, C, S, L, D	150	158	5.3
2	* E Certificate	60	63	5.0
	Enhanced SVA - Classes D and R			
3	Enhanced SVA test with Model Report	190	200	5.3
4	Enhanced SVA test without Model Report	180	190	5.6
5	* E Certificate & ESVA test with Model Report	100	106	6.0
6	* E Certificate & ESVA test without Model Report	90	95	5.6
	SVA or Enhanced SVA			
8	Retest	30	32	6.7
9	Charge for failure to attend a test or refusal to test by the examiner	50	53	6.0
10	Replacement Certificate	10	11	10.0
	Out of hours supplements			
	Inspections 1, 3 & 4	75	79	5.3
	Inspections 5, & 6	20	21	5.0
	Retests 8	15	16	6.7
	Refusal without examination	50	53	6.0
	Goods Vehicles			
11	Basic SVA test (or appeal test) - Classes N,P,T,M,A,C,S,L,D	60	63	5.0
12	* E Certificate	60	63	5.0
	Enhanced SVA - Classes D and R			
13	Enhanced SVA test with Model Report	100	106	6.0
14	Enhanced SVA test without Model Report	90	95	5.6
15	* E Certificate & ESVA test with Model Report	100	106	6.0
16	* E Certificate & ESVA test without Model Report	90	95	5.6
	SVA or Enhanced SVA			
18	Retest	15	16	6.7
	Charge for failure to attend a test or refusal to test by the examiner	50	53	6.0
	Replacement Certificate	10	11	10.0
	Out of hours supplements			
	Inspections 11, 13 & 14	25	26	4.0
	Inspections 15, & 16	20	21	5.0
	Retests 18	6	6	0.0
	Refusal without examination	50	53	6.0

	Motorcycle SVA			
		Current	**From 1.4.07 proposed**	**% fee increase**
	Low Power Moped (A moped with pedals, with auxiliary propulsion not exceeding 1 kW, and a maximum design speed not exceeding 25 km/h [16 mph].)	45	47	4.4
	Two-wheeled Vehicle (including motorcycle and sidecar)	70	74	5.7
	Three-or Four-wheeled Vehicle	85	90	5.9
	Out of Hours Supplement	20	21	5.0
	Retest	15	16	6.7
	Duplicate/replacement Certificate	10	11	10.0

Ref.	Source	Summary of Consultee Comment	VOSA Consideration
1	Institute of Advanced Motorists	No comments.	
2	Citizens Advice Bureau	No comments.	
3	British Parking Association	No comments.	
4	Ministry for Trade, Gibraltar	No comments, Gibraltar is a separate licensing authority.	
5	Welsh Consumer Council	No comments.	
6	Scottish Consumer Council	No Comments.	
7	Derbyshire Constabulary	Supports proposals for adding VIN and registration plates to class V and speed limiter checks to class IV vehicles on which they are required when that requirement applies to all.	
8	Road Rescue Recovery Association	No comments.	
9	Staffordshire Police	Supports proposals for ADR type approval, adding VIN and registration plates to class V and speed limiter checks to class IV vehicles on which they are required when that requirement applies to all.	
10	National Association of Agricultural Contractors	No comments.	

Ref.	Source	Summary of Consultee Comment	VOSA Consideration
11	British Vehicle Salvage Federation	Disappointed that the level of most proposed increases are much higher that the rate of inflation, and will mainly affect small businesses.	Last fee increase was 30 September 2005, thus this increase covers a period of 18 months. 5.5% over 18 months equates to an annual rate of increase of 3.7%. However that increase was planned to have been made 2 months earlier, thus the annualised rate for the 20 month period equates to 3.3%. The most recent published RPI (December 2006) was 4.4%. More small businesses are affected because they form the majority of our customers. We do not offer 'discounts' to large customers, so the effect on all businesses is proportional to the inspections they need to have carried out.
12	Freight Transport Association	Accepts the proposed increase, but concerned that constant rounding of figures could result in increases well above inflation over a number of years. Recommends that future bids for fee increases be referred back to a baseline before the current increase is applied.	Possible compounding effects of rounding noted. VOSA will check and take into account for future fee changes.
13	Reading Transport Limited	Level of increase unjustifiable in view of current RPI at around 3.0%. Believes equivalent hourly rate for VOSA's services vastly exceeds 'main dealer' labour rates.	Last fee increase was 30 September 2005, thus this increase covers a period of 18 months. 5.5% over 18 months equates to an annual rate of increase of 3.7%. However, that increase was planned to have been made 2 months earlier, thus the annualised rate for the 20 month period equates to 3.3%. The most recent published RPI (December 2006) was 4.4% The proposed fee for a large PSV annual test (£80) is about 7% higher than that currently chargeable for the MOT of a large non-PSV bus (£74.10) despite a more extensive test. Dealer labour charge-out rates and VOSA costs are not directly comparable since dealers have the opportunity to cover significantly more of their overheads from other activities such as parts sales.

Ref.	Source	Summary of Consultee Comment	VOSA Consideration
		Availability of on-statutory services (voluntary smoke and headlamp checks) worsening. Mentions other issues which he believes indicate poorer service. Advocates privatisation. Believes VOSA ignore trade association views.	Charges and service levels for non-statutory services are separate from fees for statutory services, which is the subject of this consultation. The restricted times of availability of the 'voluntary' checks are aimed at reducing waiting time for all customers. The issues raised have been referred to VOSA's Passenger Vehicles Directorate's Customer Relationship Manager to take up directly with respondent. VOSA is currently engaged in a feasibility study for various alternative models to provide our services. The study is expected to report to Ministers during in 2007. CPT and other representative bodies, have been asked for views, which will be taken into account in any recommendations made. VOSA regularly seeks views of stakeholders which are taken into account in decisions such as the balance between charges, service levels and investment needed to maintain and improve services.
14	Drivers Action Movement	Broadly in favour of proposals, no objections.	
15	J Brennard	Considers VOSA testing poor value for money against testing in the USA and that British garages are ripping off the public. Considers there should be unrestricted free retests.	Respondent seems to be confused between car MOT testing, which is not the subject of this consultation and annual testing of commercial vehicles about which we are consulting. Even given that it is far from certain that the test content comparable. Policy on car retesting was revised last year to allow partial retests for a part fee. Given that the MOT standard is that below which a vehicle should never fall, it would seem perverse to expect those who maintained their vehicles to the correct standard to subsidise retests for those who had failed to maintain their vehicles properly.
16	Federation of British Historic Vehicle Clubs	Considers test cost increase kept under control compared to cars. Content that number plates become testable items for class V but concerned that there is no mention in class V Inspection Manual of back lit displays.	Although number plates themselves are to be a new "testable item" for class V, "number plate lights" have been testable for many years. The note on back lighting appears in the lighting section class III and IV manual but not the class V. The test content and standards for lighting are not changing. VOSA to consider when to align the 2 manuals.
17	Confederation of Passenger	Concerns with: Percentage increase nearly twice	Last fee increase was 30 September 2005, thus this increase covers a

Ref.	Source	Summary of Consultee Comment	VOSA Consideration
	Transport	current rate of inflation - unacceptable;	period of 18 months. 5.5% over 18 months equates to an annual rate of increase of 3.7%. However that increase was planned to have been made 2 months earlier, thus the annualised rate for the 20 month period equates to 3.3%. The most recent published RPI (December 2006) was 4.4%
		VOSA Monopoly - must purchases from VOSA regardless of service and quality provided;	VOSA is currently engaged in a feasibility study for various alternative models to provide our services. The study is expected to report to Ministers during 2007. CPT and other representative bodies, have been asked for views, which will be taken into account in any recommendations made.
		Value for money - VOSA charges 14-20% higher than main dealers (calculated by CPT Engineering Committee); and	The proposed fee for a large PSV annual test (£80) is only 7% higher than that currently chargeable for the MOT of a large non-PSV bus (£74.10) despite a more extensive test. Dealer labour charge-out rates and VOSA costs are not directly comparable since dealers have the opportunity to cover significantly more of their overheads from other activities such as parts sales.
		VOSA attitude - operators complain VOSA fails vehicle's on perverse interpretation of test standards to achieve targets.	This is not directly relevant to fee levels. VOSA constantly strives to maintain the consistency of testing standard. Operators could greatly assist our efforts to maintain consistency if they told us when they believed we were being inconsistent. They can do this either by raising the issue immediately locally or by raising the specific issue via CPT with the Customer Relationship Manager of VOSA's Passenger Vehicles Directorate. In short, if operators believe we are getting it wrong, they need to tell us specifically so that we can investigate.

Ref.	Source	Summary of Consultee Comment	VOSA Consideration
18	Road Haulage Association	Acknowledge improvements in a number of services but rise in fees does not positively correlate with level of service. Main concerns:	
		electronic services not developed at desired rate - in particular difficulties with the test booking system and no date yet on-line availability;	Acknowledge that introduction of new test booking system has not gone as well as had been hoped. VOSA will not make the system available on-line for operators until confident that it will be robust.
		Operator Compliance Risk Score has caused confusion with score totalling and effect on targeted enforcement;	The concerns on understanding of Operator Compliance Risk Scoring are noted. The Goods Vehicle Directorate will address these issues. In so doing they must bear in mind that the weightings of particular factors will be refined in light of experience with using the system and changes to operating practices of the industry.
		deteriorating availability of voluntary brake testing at some test stations.	Whilst having limited effect on the fees for statutory tests which are the subject of this consultation, VOSA must balance the primary purpose of its test stations to provide a statutory testing service with the desire to improve road safety by providing additional services to help operators to comply with requirements. The restricted times of availability of the 'voluntary' checks are aimed at reducing waiting time for all customers.
19	Association of Chief Police Officers in Scotland	Supports proposal to include speed limiters.	

Ref.	Source	Summary of Consultee Comment	VOSA Consideration
20	British Vehicle Rental and Leasing Association	5% increase seems disproportionate. Would like a clear commitment, when consulting on fees, to specific improvements that benefit their members, suggests to align publication of 07/08 investment programme to explain reason for fee increase. Timing of fee likely to alienate industry already struggling to cope with impact of digitac, Euro IV. Suggests, closer work with DVLA on scheme for taxing HGVs on bulk basis online or online test booking/cancellation/venue change	Last fee increase was 30 September 2005, thus this increase covers a period of 18 months. 5.5% over 18 months equates to an annual rate of increase of 3.7%. However that increase was planned to have been made 2 months earlier, thus the annualised rate for the 20 month period equates to 3.3%. The most recent published RPI (December 2006) was 4.4% More information on capital projects are included in VOSA's business plan, which because of Government approval timetables is not normally published early enough to be included in a consultation for a fee increase intended to take effect at the beginning of the financial year. The timing of the fee is essential to meet VOSA's legal obligation to balance its books. Whilst not a VOSA service, DVLA are actively investigating the practicalities of extending the existing on-line relicensing service to bulk transactions; similarly, VOSA are working to make online test booking available to customers.
21	RMI National Franchised Dealers Association	No Comments	
22	Community Transport Association	Supports proposal to include VIN and registration plate in class V test. Supports introduction of speed limiter check for class IV from January 2008 but suggests a more comprehensive check on speed limiters is needed. They believe there is confusion amongst operators and vehicle builders on the requirements for fitting speed limiters. Various suggestions on minimising this confusion. In light of all the confusion the CTA support a light touch enforcement to allow resolution of these issues	Proposed level of speed limiter check meets our EU obligations. Whilst a more comprehensive check may help those who are confused, it would impose an unnecessary cost on the compliant. Suggestions to reduce confusion will be passed to DfT's Transport Technology and Standards division, who deal with the speed limiter requirements and VOSA's team who deal with sealer approval.

Final Regulatory Impact Assessment

1. **International Carriage of Dangerous Goods by Road (Fees) Regulations 1988 – inclusion of an additional fee**

2. **Purpose and intended effect**

- Objective
  To introduce a new application fee for an ADR (international carriage of dangerous goods by road) Vehicle Approval Certificate where no physical inspection of the vehicle is required

- Background
  The International ADR accord requires certain vehicles to be issued with an approval certificate prior to their use for dangerous goods transport and annually thereafter. Hitherto this required a physical inspection of the vehicle in all cases. A new provision in the agreed amendments to ADR in 2007 allows a first ADR approval certificate to be issued to some vehicles without physical inspection if the manufacturer holds an approval for the vehicle type and issues a declaration of conformity. This is provided that no alteration has been made to the vehicle since that declaration. The 2007 amendment relates only to tractor units for semi-trailers. The requirement for vehicles to comply with ADR in Britain is referenced in the separate Carriage of Dangerous Goods and Use of Transportable Pressure Equipment Regulations 2004. The 2007 level of ADR is expected to become effective in Britain from 1 July 2007 provided referencing amendments to the 2004 Carriage etc Regulations come into force on that date.
  The current fee is set to cover a combination of paper checks and physical inspection. We propose to introduce a new fee to reflect the cost of the information gathering and validation, certificate printing and administrative elements of the ADR certification without having to provide for the test station facilities and inspection labour elements. We assess the cost at £25.
- Rationale for government intervention
  This measure does not increase the extent of government intervention in any way. It seeks to pass on to customers the cost savings enabled by the changes to the International ADR accord.

3. **Consultation**

- Within government
  Dangerous Goods Unit of the Department for Transport

- Public consultation
  An extensive public consultation of stakeholders representing those who will be directly affected by the proposed changes took place between October 2006 and January 2007. Consultation packs were sent to 485 individuals and bodies. The consultation was also published on the internet. The consultation included a number of proposals covered by other RIAs. The summary below relates to the comments affecting this RIA.
  Of the 22 replies received, Staffordshire Police specifically supported this proposal and the Driver's Action Movement were "broadly in favour of the proposals", none of the others made any comments on matters covered by this RIA.

4. **Options**

Option 1: Do nothing to take advantage of the revised ADR accord and continue to physically inspect all vehicles and levy full ADR inspection and certification fees even if new vehicles are declared as ADR compliant.
Option 2: Consider that the inspection requirement is satisfied by examination of documentation in appropriate circumstances following the new International ADR accord and levy the full statutory fee for ADR certificate issue.
Option 3: Consider that the inspection requirement is satisfied by examination of documentation in appropriate circumstances following the new ADR accord and levy a reduced non-statutory fee of £25 for ADR certificate issue. As a non-statutory fee we would have to charge VAT on the £25.
Option 4: Revise the regulations to provide a statutory fee of £25 and specific power to issue an ADR certificate without physical inspection in line with the new International ADR accord.

5. **Costs and benefits**

- **Sectors and groups affected**
  Heavy goods motor vehicle manufacturers, importers and dealers. Carriers of dangerous goods.

- **Benefits**
  Option 1 will continue to deliver existing services.

Option 2 reduces the burden on some applicants for ADR certification by removing the requirement to present vehicles with a Declaration of Conformity at a VOSA testing station prior to placing them in service.

Option 3 reduces both the burden of inspection and the fee levied but introduces the unsatisfactory situation of a non-statutory fee, subject to VAT within an otherwise regulated fee structure on which VAT is not charged.

Both options 2 and 3 also rely on an interpretation that an ADR "inspection" can consist entirely of an examination of documentation without reference to the condition of the actual vehicle and thereby reduces pressure on the relatively limited VOSA facilities for ADR inspection.

Option 4 recognises formally that there is no need to burden operators of new ADR vehicles which have a Declaration of Conformity with presentation for physical inspection where this is not required by the International ADR accord and thereby also reduces pressure on VOSA ADR test resources. The creation of a statutory reduced certification fee would keep it aligned with other statutory fees charged be VOSA.

- **Costs**

Option 1 would be cost neutral in real terms.

Option 2 would remove presentation costs for relevant vehicles which can exceed £100 but would leave a disproportionately high certification application fee.

Options 3 and 4 would remove presentation costs as option 2 but would also reduce the cost of application for relevant vehicles by over 70%, from £87 to £25.

Options 2, 3 and 4 would require vehicle manufacturers to issue Declarations of Conformity with associated administration cost for them but would also potentially allow relevant vehicles to be placed in service sooner than would otherwise be the case. Should any manufacturer be unable or unwilling to issue a Declaration of Conformity, it would still be possible, on application by the manufacturer, or owner of the vehicle, to issue an ADR approval certificate following a successful physical inspection for the application fee appropriate to that means of certification.

6. **Small Firms Impact Test**

Option 1 would have no impact, other than to deny possible cost reductions, since the processes of determining the application would be unaltered and would be cost neutral in real terms.

Options 2, 3 and 4 would provide significant reductions in cost and reduce the delay in placing relevant new vehicles in service.

In all cases, the impact is directly proportional to the number of vehicles being certified, so has no differential impact on small businesses.

This has not been specifically tested on small firms, though the 62 Trade and Business Associations included in the consultation include many small firms amongst their members. Amongst the bodies consulted are the Road Haulage Association, the Freight Transport Association, the Society of Motor Manufacturers and Traders, the Chemical Industries Association and the Federation of Small Businesses. No small businesses or bodies representing small businesses commented on matters covered by this RIA.

7. **Competition assessment**

Option 1 and 2 would have no effect on competition between British operators but could make them less competitive against operators from countries which took advantage of the new provision of the accord.

Options 3 and 4 would maintain the competitive position of British operators against operators from countries which took advantage of the new provision. Any manufacturer who did not provide the necessary Declaration of Conformity would put themselves and their customers at a competitive disadvantage. Additionally parties that chose to modify new vehicles after declaration would not be able to benefit from the reduced cost. The measure itself would be effective for all applicants.

8. **Enforcement, sanctions and monitoring**

This measure recognises a change to an international accord to which Britain is a signatory and provides a necessary new fee and process in regulations. There is no need for enforcement. Sanctions are self imposed – if the relevant Declaration of Conformity is not provided then the service at a reduced fee will not be delivered. Fee levels are monitored on a regular basis – normally annually – to ensure that fees recover the costs of the service provided.

9. **Implementation and delivery plan**

The alternative means of obtaining an ADR certificate will be implemented as soon as all necessary legislation is in place. It will be publicised by amended ADR application forms, via a press notice, published on VOSA's Website and on material available in VOSA's test stations and offices.

10. **Post-implementation review**

Fee levels will be reviewed at least annually as part of the VOSA Trading Fund's financial management and planning process.

11. **Summary and recommendation**

The new method of obtaining an ADR certificate reduces costs for those eligible vehicles. No-one consulted about the proposed change has raised any objections. We therefore recommend that the new service and fee be introduced.

Declaration and publication

I have read the regulatory impact assessment and I am satisfied that the benefits justify the costs

Signed S J Ladyman

Date28th February 2007

Dr Stephen Ladyman
Minister of State
Department for Transport

Final Regulatory Impact Assessment

1. **Title of proposal**

   Add the inspection of VIN and registration plates to MOT tests for Class V & VA

2. **Purpose and intended effect**

- Objective

  The main objective is to ensure that the inspection of VIN & registration details is carried out uniformly across all classes in the MVTR with the exclusion of Class VI & VIA.

- Background

  Almost all vehicles are required to have some form of identification (numbers, letters or a combination of both) permanently marked on the vehicle. Depending on the type and age of the vehicle this may be called the chassis number, frame number or Vehicle Identification Number (VIN). The format of the latter has to comply with international standards. Throughout this document, the term VIN will be used to describe all such identification marks.

  Registered vehicles are also required to display the vehicle registration mark (VRM) allocated to the vehicle. Where this is a UK mark, the size, style and colours of the plate used to display it are specified in the appropriate regulations.

  As part of the MOT test, these details are used as the primary means of identifying the vehicle and recorded on test documentation. Vehicles which have neither VRM nor VIN displayed cannot be tested.

  The MOT test includes checks on the presence of a VIN and key aspects of the legality of the registration plates, where they are required (e.g. registration plate checks are not carried out on non-UK registered vehicles), for most classes of vehicle. Currently there are no powers for this check on private passenger vehicles with more than 12 passenger seats (class V and VA). Therefore even though they are obviously wrong, a test certificate cannot be refused. The VIN and registration are, however, recorded to identify the vehicle.

- Rationale for government intervention

  DfT, DVLA and the Police are concerned that vehicle identities may be 'hidden' due to incorrectly formed registration numbers thus diluting the benefits of safety cameras; enabling avoidance of congestion charges; etc. They are also concerned that the lack of checking of VINs may also be a missed opportunity in the fight against vehicle related crime.

3. **Consultation**

- Within government

  VOSA have consulted with DVO, DfT and DTI Small Business Service.

- Public consultation

  An extensive public consultation of stakeholders representing those who will be directly affected by the proposed changes took place between October 2006 and January 2007. Consultation packs were sent to 485 individuals and bodies. The consultation was also be published on the internet. The consultation included a number of proposals covered by other RIAs. The summary below relates to comments affecting this RIA.

  Of the 22 replies received, 5 respondents supported or accepted the proposals; and 17 respondents made no express comments.

4. **Options**

   Two possible options have been identified:

   Option 1: Maintain the current arrangements and do not check the compliance of VIN and registration plates on these classes of vehicle.

   Option 2: Introduce changes as proposed

5. **Costs and benefits**

- **Sectors and groups affected**

  The proposed change will affect all class V and VA 'private' buses. This includes vehicles owned by private individuals, businesses, charities and public bodies.

  Just under 1,000 testing stations are authorised to test class V and VA, employing around 2600 testers.

- **Benefits**

  Option 1: This offers no benefits.
  Option 2: This option will address the concerns of DfT, DVLA and Police and ensures that Class V and VA vehicles are treated is the same manner as other 'MOT' classes.

- **Costs**
  Option 1: Nil
  Option 2: The VRM and VIN are recorded for identification purposes. Approximately 45,000 vehicles from the 23 million MOT test passes per year will come into scope of this check. Based on class IV rates, we would expect about 470 failures per year. We estimate that 0.3 min to carryout the more rigorous checks on registration plates and record the few failures will be added to the inspection. This equates to about 32p per test in the affected classes at present rates. This would normally be factored in to the next fee review process.

6. Small Firms Impact Test

The impact of the small additional cost is proportionate to the number of vehicles being tested and therefore does not unduly affect one business more than another. The likely burden on small businesses will not be any more onerous, in relation to its size, than it would be for a larger business. Small businesses will therefore not be unduly disadvantaged.
This has not been specifically tested on small firms, though the 62 Trade and Business Associations included in the consultation include many small firms amongst their members. Amongst the bodies consulted are the Association of Car Fleet Operators, the British Chamber of Commerce, the British Vehicle Rental & Leasing Association, the Retail Motor Industry Federation, the national Farmers Union and the Federation of Small Businesses. None of these representative bodies offered any comment on this proposal.

7. Competition assessment

This measure will have no effect on the competitiveness of vehicle operating firms that comply with the existing law.
All testing stations that test vehicles of the relevant classes will be affected in the same way and in proportion to the number of relevant vehicles tested; therefore the effects on competition will be neutral.

8. Enforcement, sanctions and monitoring

The measure is itself an enforcement measure. Vehicles which are non-compliant will fail their annual test and face the normal sanctions for that non-compliance. It is not expected that this measure will have any significant effect on rates of compliance with the need to have a test certificate.
Enforcement of the correct application of the new test element by MOT testers will be included in the existing arrangements covering authorised MOT testing garages and testers. Those garages and testers found to be non-compliant in checking this new test element will receive advice or sanctions up to the removal of their authority to test depending on the circumstances of the particular case.
Monitoring the effectiveness of adding these additional elements to the MOT test will be included in the normal processes to monitor the effectiveness of the testing regime.

9. **Implementation and delivery plan**

MOT testers will be informed of the change in a Special Notice and the issue of amendments to the MOT Inspection Manuals.

10. **Post-implementation review**

The effectiveness of the measure will be reviewed as part of the normal process for reviewing MOT test content and methods.

11. **Summary and recommendation**

It is inconsistent and illogical not to enable vehicles with obviously incorrect identification features to receive a test certificate when the majority of other vehicles in the fleet would not do so. The features have, in any case to be looked at to identify the vehicles and contribute to the overall fight against various vehicle related crimes. The additional cost of empowering this check is minimal. We therefore recommend that the measure be adopted.

Declaration and publication

I have read the regulatory impact assessment and I am satisfied that the benefits justify the costs

Signed S J Ladyman

Date28th February 2007

Dr Stephen Ladyman
Minister of State
Department for Transport

Final Regulatory Impact Assessment

1. **Title of proposal**

   Include the inspection of speed limiting devices on private minibuses with 9-12 passenger seats.

2. **Purpose and intended effect**

- Objective

  The objective is to include a check on speed limiters as part of GB's measures to meet the requirements of Directive 2002/85/EC. Adding this item to the MOT test does not make any change to vehicle construction or equipment – it enforces a requirement already created.

- Background

  Directive 2002/85/EC amends Directive 92/6/EEC and extends the requirement to have a speed limiter set to 100 km/h to passenger vehicles with 9 or more passenger seats. The directive also stipulates that speed limiters fitted to these vehicles meet technical requirements set out in Directive 92/24/EEC, including the requirement to have set speed indicated on a plate in a conspicuous place in the driver's compartment of the vehicle. The Directive requires:

  - vehicles first used between 1 October 2001 and 30 December 2005 to be fitted by:
    - 1 January 2006 if used on international journeys; and
    - 1 January 2007 if used only within the UK;
  - vehicles first used on or after 1 January 2005:
    - from new if used on international journeys; and
    - by 1 January 2008 if used only within the UK.

  The Directive also requires Member States to take measures to ensure compliance. A significant element of the measures to ensure compliance is to check, during the MOT test, that the required 'calibration' plate is fitted. Test content for passenger vehicles is specified within the Motor Vehicles (Tests) Regulations 1981, as amended (MVTR). Currently speed limiter checks are included for classes V, VA, VI and VIA since many vehicles in these classes have needed speed limiters for some time and those additional vehicles can be checked under present powers. Directive 2002/85/EC extends the speed limiter requirement to some minibuses in class IV, so it is necessary to alter MVTR to empower checking of the speed limiter plate for these vehicles.

  The change should not affect vehicles in class IVA as vehicles of this age are required to have type approved seat belt installations so an 'A' class test does not apply.

  Approximately 23 million MOT test passes were recorded last year for class IV vehicles. We expect about 50,000 of these vehicles to be affected by this change in its first year.

- Rationale for government intervention

  Intervention is necessary to fulfil our obligations to implement the EU directive.

3. **Consultation**

- Within government

  VOSA have consulted with DVO, DfT and DTI Small Business Service.

- Public consultation

  An extensive public consultation of stakeholders representing those who will be directly affected by the proposed changes took place between October 2006 and January 2007. Consultation packs were sent to 485 individuals and bodies. The consultation was also be published on the internet. The consultation included a number of proposals covered by other RIAs. The summary below relates to comments affecting this RIA.

  Of the 22 replies received, 5 respondents supported the proposals; and 17 respondents made no express comments. One body, the Community Transport Association, although supporting the proposals, was concerned that those affected did not fully understand the requirements and/or had experienced difficulties complying, particularly in respect of vans converted to minibuses. The DfT's Transport Technology and Standards Division, who deal with the requirement to have speed limiters, and VOSA's team who deal with speed limiter sealer approval,

have been informed of the views expressed. They also said that they would favour a more rigorous check on affected vehicles. On balance we consider this to be an unnecessary burden on the compliant at this time.

4. Options

Three possible options have been identified:

Option 1 Maintain the current arrangements;
Option 2 Introduce changes in before January 2008
Option 3 Introduce change in January 2008

5. Costs and benefits

- **Sectors and groups affected**

Ownership and use of the 50,000 vehicles we expect to be affected would be spread between private individuals, businesses, charities and public bodies.
The majority of the 18,400 test stations and 55,000 testers will also be affected.

- **Benefits**

Option 1: This would mean that GB did not ensure it complied with European law and is therefore not regarded as acceptable.
Option 2: At first glance this option would seem to ensure maximum compliance. However, due to transitional provisions which have the effect of delaying the application of the requirement for a vehicle to be fitted with a speed limiter (dependent on whether the vehicle is to be used for national or international operations) it would pose major practical difficulties for testers to have to determine the use of the vehicle being tested. As a general principle we expect testers to make decisions based construction, age and condition of vehicles rather than their use. We do not consider the case here to be sufficiently strong to change that approach.
Option 3: We believe is the best option as all vehicles of the type specified are required to be fitted with the speed limiting device by this date.

- **Costs**

Costs of fitting and calibrating speed limiters and bringing them back to the required standards, should they fail the MOT test, are not considered in this RIA since those requirements are not being changed.
Option 1: On the face of it this appears to be a zero cost option. However, without the check, levels of non-compliance may be greater leading to the possibility of fines to other penalties for those detected as being non-compliant. Higher levels of non-compliance might lead to more road traffic accidents, or more serious consequences where such accidents occurred, with the associated costs.
Options 2 & 3: The time taken for a visual check of a plate in a prominent position is expected to be no more that a few seconds per vehicle. Only about 50,000 of the 23 million vehicles tested annually will need the check so we do not consider that the change will have any significant effect on test costs or fees.

6. Small Firms Impact Test

This has not been specifically tested on small firms, though the 62 Trade and Business Associations included in the consultation include many small firms amongst their members. Amongst the bodies consulted are the Association of Car Fleet Operators, the British Chamber of Commerce, the British Vehicle Rental & Leasing Association, the Retail Motor Industry Federation, the national Farmers Union and the Federation of Small Businesses. None of these representative bodies offered any comment on this proposal.

7. Competition assessment

This measure will have no effect on the competitiveness of firms operating within the law.

8. Enforcement, sanctions and monitoring

The measure is itself, an enforcement measure. Vehicles which are non-compliant will fail their annual test and face the normal sanctions for that non-compliance. It is

not expected that this measure will have any significant effect on rates of compliance with the need to have a test certificate.

Enforcement of the correct application of the new test element by MOT testers will be included in the existing arrangements covering authorised MOT testing garages and testers. Those garages and testers found to be non-compliant in checking this new test element will receive advice or sanctions up to the removal of their authority to test depending on the circumstances of the particular case.

Monitoring the effectiveness of the measure will be included in the normal processes to monitor the effectiveness of the testing regime.

9. **Implementation and delivery plan**

MOT testers will be informed of the change in a Special Notice and the issue of amendments to the MOT Inspection Manuals.

10. **Post-implementation review**

The effectiveness of the measure will be reviewed as part of the normal process for reviewing MOT test content and methods.

11. **Summary and recommendation**

We are required by EU law to take steps to enforce the fitment of road speed limiters to this category of vehicle. The method proposed puts the minimum burden on vehicle owners and operators consistent with that obligation. We therefore recommend that option 3 be adopted.

Declaration and publication

I have read the regulatory impact assessment and I am satisfied that the benefits justify the costs

Signed S J Ladyman

Date28th February 2007

Dr Stephen Ladyman
Minister of State
Department for Transport