EXPLANATORY MEMORANDUM TO

THE GOODS VEHICLES (AUTHORISATION OF INTERNATIONAL JOURNEYS) (FEES) (AMENDMENT) REGULATIONS 2009
2009 No. 855

THE INTERNATIONAL CARRIAGE OF DANGEROUS GOODS BY ROAD (FEES) (AMENDMENT) REGULATIONS 2009
2009 No. 856

THE INTERNATIONAL TRANSPORT OF GOODS UNDER COVER OF TIR CARNETS (FEES) (AMENDMENT) REGULATIONS 2009
2009 No. 861

THE MOTOR CYCLES ETC. (SINGLE VEHICLE APPROVAL) (FEES) (AMENDMENT) REGULATIONS 2009
2009 No. 865

THE MOTOR VEHICLES (APPROVAL) (FEES) (AMENDMENT) REGULATIONS 2009
2009 No. 863

THE PASSENGER AND GOODS VEHICLES (RECORDING EQUIPMENT) (APPROVAL OF FITTERS AND WORKSHOPS) (FEES) (AMENDMENT) REGULATIONS 2009
2009 No. 866

THE PUBLIC SERVICE VEHICLES ACCESSIBILITY (AMENDMENT) REGULATIONS 2009
2009 No. 876

THE PUBLIC SERVICE VEHICLES (CONDITIONS OF FITNESS, EQUIPMENT, USE AND CERTIFICATION) (AMENDMENT) (No. 2) REGULATIONS 2009
2009 No. 877

THE PUBLIC SERVICE VEHICLES (REGISTRATION OF LOCAL SERVICES) (AMENDMENT) (ENGLAND AND WALES) REGULATIONS 2009
2009 No. 878

THE ROAD TRANSPORT (INTERNATIONAL PASSENGER SERVICES) (AMENDMENT) REGULATIONS 2009
2009 No. 879

THE ROAD VEHICLES (REGISTRATION AND LICENSING) (AMENDMENT) REGULATIONS 2009
2009 No. 880

THE VEHICLE EXCISE (DESIGN WEIGHT CERTIFICATE) (AMENDMENT) REGULATIONS 2009
2009 No. 881

1. This Explanatory Memorandum has been prepared by the 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. Purpose of the Instrument

2.1 The functions covered by the above Regulations are carried out on behalf of the Secretary of State or by 7 regionally based Traffic Commissioners supported by the Vehicle and Operator Services Agency (VOSA), an agency of the Department for Transport. VOSA provide services to those who build, import, service, repair or use various types of road vehicle. The services are funded primarily by fees paid to VOSA by service users.

2.2 These Regulations make changes to fees charged for the services to:

- enable some international transport operations;
- inspect vehicles to approve their use in particular circumstances or for particular purposes;
- approve and monitor those who calibrate tachographs; and
- register local bus services in England and Wales.

Generally the changes are to increase fees to cover costs, though a few fees are being reduced. Details of the effects of each instrument are given in section 4 (Legislative Context) of this Explanatory Memorandum.

2.3 One set of Regulations, the Road Vehicles (Registration and Licensing) (Amendment) Regulations 2009, also reduce the supplement currently charged for testing at non-VOSA premises, which means that the total fee charged for some such tests is actually reduced.

2.4 A further 5 sets of Regulations amending other VOSA statutory fees have been the subject of a separate Explanatory Memorandum. They are S.I. 2009/786, 787, 799, 802 and 804. Those Regulations make changes to fees charged in respect of operator licensing and testing of Heavy Goods Vehicles (HGVs – lorries) and Public Service Vehicles (PSVs – buses and coaches) and were laid in Parliament on 30th March with a coming into force date of 20th April 2009. They implement the first stage of the Government policy for "Operator Licensing Fee Modernisation", announced in 2006, ("O licence fee reform"); reduce the supplements currently charged for vehicle testing at non-VOSA premises, in line with Government policy to move testing to encourage testing at non-VOSA locations such as those at which vehicles are repaired; and increase fees.

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

3.1 VOSA was carrying an estimated £13.9m **accumulated deficit** in their income and expenditure account as at 31 March 2008. During the current financial year this deficit is likely to have risen further despite major efforts to reduce costs. The deficit is caused by the costs of delivering the range of services described above together with testing and operator licensing services (covered by a separate Explanatory Memorandum) outstripping fees in previous years. It is likely to be exacerbated by a predicted reduction in demand during the 2009/10 financial year. Therefore fee increases in these Regulations are necessary to contain VOSA's deficit. Different rates of increase apply to different general service types to reflect the changes in cost base of these service areas. Under Trading Fund rules, the deficit ultimately needs to be eliminated but trying to do this in a single year would have a

very severe effect on fees. Fees have been set at a level to prevent the accumulated deficit from growing significantly larger before other policies should start progressively to reduce it.

3.2 It has not proved possible to implement these fee changes on the Common Commencement Date (6 April). The cost to VOSA of delaying implementation of fees covered by this Explanatory Memorandum until 1 October would be around £650k. This would be wholly disproportionate to the public purse. According to the published BERR guidance on Common Commencement Dates this is a legitimate ground for exclusion from the requirement.

4. Legislative Context

The Goods Vehicles (Authorisation of International Journeys) (Fees) (Amendment) Regulations 2009

4.1 Permits are required for goods vehicles (lorries) used on certain international journeys. Fees for such permits are charged under the Goods Vehicles (Authorisation of International Journeys) (Fees) Regulations 2001, which these Regulations amend. They increase the fees for authorising international journeys by goods vehicles, where authorisation is necessary, by between 4.2% (£2) for 15 return journeys to Morocco and 7.7% (£1) for 4 return journeys to Turkey. In monetary terms the largest increase is £6, from £127 to £133 for an annual ECMT[1] licence.

4.2 This amendment also removes fees for authorisations which are no longer required.

The International Carriage of Dangerous Goods by Road (Fees) (Amendment) Regulations 2009

4.3 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.

4.4 These Regulations amend the International Carriage of Dangerous Goods by Road (Fees) Regulations 1988. They increase the fees associated with such inspections by between 7.7% (£2) for a certificate for a type approved tractor and 8.8% (£8) for a normal initial inspection. The latter is also the largest increase in monetary terms..

The International Transport of Goods under Cover of TIR Carnets (Fees) (Amendment) Regulations 2009

4.5 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

[1] European Conference of Ministers of Transport

and, if a design-type approval is issued, all vehicles built to the same design can be approved without further inspection.

4.6 These Regulations amend the International Transport of Goods under Cover of TIR Carnets (Fees) Regulations 1988. They 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 7.7% (£3) for an approval certificate for a vehicle conforming to a design type or a duplicate certificate to 9.4% for the retest of an individual vehicle. The maximum monetary increase is £53 (from £591 to £644) for the approval of a design type.

The Motorcycles Etc. (Single Vehicle Approval) (Fees) (Amendment) Regulations 2009

4.7 The Motorcycle Single Vehicle Approval scheme (MSVA) is a pre-registration check applicable to certain categories of motorcycle which do not have European Community type approval. The main purpose of the scheme is to ensure that these motorcycles have been designed and constructed to appropriate safety and emissions standards before they can be used on public roads.

4.8 These Regulations amend the Motorcycles Etc. (Single Vehicle Approval) (Fees) Regulations 2003. The fees and supplements for MSVA are increased by between 6.3% (£1) for a retest within 6 months and 10% (£5) for the initial application for a low powered moped. The largest monetary increase is of £9 (from £95 to £104) for the initial application for approval of a 3 or 4 wheeled motorcycle.

The Motor Vehicles (Approval) (Fees) (Amendment) Regulations 2009

4.9 The Single Vehicle Approval (SVA) scheme is a pre-registration inspection for cars and light goods vehicles that have not been type approved to British or European standards. The scheme is also used for some vehicles which, although manufactured as European type approved vehicles, could not be issued with type approval certificates in the normal way. The main purpose of the scheme is to ensure that these vehicles have been designed and constructed to appropriate safety and emissions standards before they can be used on public roads. This scheme only applies to certain categories of vehicle.

4.10 These Regulations amend the Motor Vehicles (Approval) (Fees) Regulations 2001. The fees and supplements for the single vehicle approval of passenger vehicles are not increased, with the exception of the fee for a replacement certificate which increases by 8.3% (£1). The majority of passenger vehicles currently within the scope of the SVA scheme will require approval under the new individual vehicle Approval Scheme, which implements parts of a revised European Directive for whole vehicle type approval, from 29th April 2009.

4.11 For the single vehicle approval of light goods vehicles, the fees and supplements are increased by between 7.9% (£3) for a new vehicle with European type approval to 9.4% (£6) for the failure to attend or refusal without examination. The 'out of hours' supplement is increased by between 8.0% (£2) and 14.3% (£1) depending on the test type involved.

The Passenger and Goods Vehicles (Recording Equipment) (Approval of Fitters and Workshops) (Fees) (Amendment) Regulations 2009

4.12 To comply with European legislation, recording equipment (tachographs) must be fitted to most HGVs and many coaches and buses to enable monitoring of drivers' hours.

Tachographs must be installed or repaired by 'fitters and workshops' approved by national competent authorities. Approval of these fitters and workshops in Great Britain is carried out by VOSA.

4.13 These Regulations amend the Passenger and Goods Vehicles (Recording Equipment) (Approval of Fitters and Workshops) (Fees) Regulations 1986. The fee for initial approval of a fitter or workshop for the installation or repair of tachographs, and the approval renewal fee, is increased by 4.9% (£17) and 5.0% (£7) respectively.

The Public Service Vehicles Accessibility (Amendment) Regulations 2009

4.14 The Disability Discrimination Act 1995 requires PSVs to prove compliance with certain constructional standards by obtaining an accessibility certificate. The dates by which vehicles must have such a certificate vary according to the age and type of vehicle.

4.15 These Regulations amend the Public Service Vehicles Accessibility Regulations 2000. The fees for accessibility certificates are increased by between 6.3% (£1) for a type approval minor variant covering 1 schedule or a certificate of conformity and 9.5% (£9) for an individual initial application covering 2 schedules to the Public Service Vehicles Accessibility Regulations 2000. In monetary terms, the maximum increase is £65 (from £725 to £790) for the approval of a 'type vehicle' (i.e. the first of a series of substantially identical vehicles) required to comply with the requirements of 2 schedules to the Public Service Vehicles Accessibility Regulations 2000.

The Public Service Vehicles (Conditions of Fitness, Equipment, Use and Certification) (Amendment) (No. 2) Regulations 2009

4.16 Most buses and coaches used for hire and reward, known as Public Service Vehicles (PSVs) are required to obtain a Certificate of Initial Fitness before they are first used as PSVs. This is issued by VOSA once it is satisfied, either by individual inspection or by type approval, that the relevant constructional requirements have been met.

4.17 These Regulations amend the Public Service Vehicles (Conditions of Fitness, Equipment, Use and Certification) Regulations 1981. The increases in fees range from 8.9% (£24) for an initial application and a retest involving a tilt test for an individual vehicle to 10.3% (£3) for a certificate of conformity. The largest monetary increase is £300 (from £3,335 to £3,635) for the approval of a 'type' vehicle where neither the chassis nor body of the vehicle has been previously type approved.

The Public Service Vehicles (Registration Of Local Services) (Amendment) (England And Wales) Regulations 2009

4.18 Local bus services must be registered with Traffic Commissioners. VOSA provides administrative support including fee collection to the Traffic Commissioners. These regulations increase fees payable for registering and varying local bus service registrations in England and Wales.

4.19 Equivalent provisions in Scotland are devolved to the Scottish Parliament.

4.20 These Regulations amend the Public Service Vehicles (Registration Of Local Services) Regulations 1986. Fees for registering or varying normal local services are raised by 5.3% (£3), from £57 to £60. Fees for registering or varying of community bus services are increased by 8.3% (£1) from £12 to £13.

The Road Transport (International Passenger Services) (Amendment) Regulations 2009

4.21 International passenger services require an authorisation or other documentation to be issued. The nature of the authorisation or documentation permitting the services varies according to the nature and routing of the service.

4.22 Fees for such authorisations or documentation are charged by the Road Transport (International Passenger Services) Regulations 1984, which these Regulations amend. These Regulations increase the fees for authorising services and providing such documentation by between 4.8% (£8) for an application to authorise a special regular service and 8.3% (£1) for a certified copy of authorisation. In monetary terms the largest increase is £9, from £171 to £180 for an application to authorise a shuttle or regular service.

The Road Vehicles (Registration and Licensing) (Amendment) Regulations 2009

4.23 These Regulations amend the Road Vehicles (Registration and Licensing) Regulations 2002. They include 2 separate services carried out by VOSA – Reduced Pollution Certificates (RPC) and Vehicle Identity Checks (VIC). These fees are affected by reductions in additional charges for tests at non-VOSA premises.

4.24 An RPC enables 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 was permitted when they were new. Certificates are also used to enable modified vehicles to travel without charge within the London Low Emission Zone.

4.25 The amendments increase fees by 11.8% (£2) for tests done at the same time as an annual test or 10.3%(£3) for tests done at any other time when carried out at VOSA premises. Equivalent fees, including the supplement for tests carried out at non-VOSA premises reduce by 8.3% (£2) and 2.8% (£1) respectively. The supplement for 'out of hours' tests is increased by 9.1% (£1).

4.25 The VIC scheme is a deterrent to 'ringing' - the crime of passing off a stolen car as a repaired 'write off'. Before a new registration document is issued for a vehicle within the scope of the scheme which has been reported to DVLA as a 'write off', the vehicle is checked by VOSA to confirm that it is indeed the registered vehicle.

4.26 The VIC fee is increased by 7.9% (£3) when tested at VOSA premises but by only 2.3% (£1), including the supplement, for tests carried out at non-VOSA premises. The supplement for 'out of hours' tests is increased by 12.5% (£1).

The Vehicle Excise (Design Weight Certificate) (Amendment) Regulations 2009

4.27 Design Weight Certificates may be required by the Driver and Vehicle Licensing Agency to determine the appropriate revenue weight for some vehicles.

4.28 These regulations amend the Vehicle Excise (Design Weight Certificate) Regulations 1995. The new fees increase by 11.1% (£1.50) for an application for a certificate and 8% (£2) for an appeal against a decision. The supplement for tests carried out on Saturdays increases by 8% (£2).

5. Territorial Extent and Application

5.1 The Public Service Vehicles (Registration of Local Services) (Amendment) (England And Wales) Regulations 2009 apply to England and Wales only. The Road Vehicles (Registration and Licensing) (Amendment) Regulations 2009 and the Vehicle Excise (Design Weight Certificate) (Amendment) Regulations 2009 apply throughout the United Kingdom. The other instruments apply to Great Britain.

6. European Convention on Human Rights

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

7. Policy background

7.1 The Secretary of State, through his executive agency VOSA, recovers the cost of carrying out his functions in respect of the services listed at paragraph 2.2 by charging fees. The agency operates as a Government Trading Fund.

7.2 The fees pay for the provision of examiners, enforcement officers and document issuers, together with management, technical and administrative support 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;
- updating, equipping and maintaining VOSA's vehicle testing stations and offices used by staff; and
- servicing and repaying loans used to pay for capital expenditure funded by loans from DfT.

7.3 The VOSA trading fund is required to at least cover 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 the fees under each service area.

7.4 VOSA derives most of its income from fees and charges for the services it provides. As a Government Trading Fund, VOSA is required to balance its books. The services it provides and which are covered by this Explanatory Memorandum include:

- providing funding, staffing and administrative support for the Traffic Commissioners to perform their statutory functions in relation to local bus service registration;
- testing of trucks and buses for certain specialised uses;
- inspections of some individual vehicles to enable them to be licensed or relicensed or obtain benefits from being less polluting;
- providing documents and authorisations necessary for certain international journeys;
- approving and monitoring "fitters and workshops" to install, repair and calibrate tachographs (used to record driving hours on HGVs and some PSVs);
- enforcement of laws relating to all the above functions.

7.5 Provision of these services involves a sustained capital investment programme to upgrade facilities and equipment and to provide improved IT systems to better support our front line staff.

7.6 This year the main factor in the fee changes covered by this Explanatory Memorandum is to increases fees by an average of 9% for test and vehicle inspection; and by an average of 5% for bus service registration and the issue of authorisations for international operations. These increases are essential to cover predicted costs from April 2009 to March 2010. With the exception of the fees payable under the Vehicle Excise (Design Weight Certificate) Regulations 1995 which have never been increased, the fees now being revised were generally last increased on 13th July 2008 for test and vehicle inspection fees and 1 August 2008 for other fees. That implementation date had been delayed from an earlier planned date of 1 April 2008

7.7 Fees under the Road Vehicles (Registration and Licensing) (Amendment) Regulations 2009 for reduced pollution certificates and vehicle identity checks are also affected by VOSA's testing transformation programme – reducing by 50% the supplement currently charged for testing at non-VOSA sites in line with the strategy announced last summer to shift testing to non-VOSA test sites including operators' and maintenance providers' premises.

7.7 For all services, the increase rate of individual fees varies from the average because the fees are normally rounded to the nearest pound. For lower value fees this can mean some apparently high percentage increases. Normal arithmetical rounding rules have been adjusted to counter longer term effects, where particular fees have been rounded persistently in the same direction. Fee rounding was introduced many years ago to speed over the counter cash payment processing, by reducing the need to give change, and to reduce the number of occasions when cheques were made out for incorrect amounts.

7.8 Further detail on the changes introduced by each instrument is set out in section 4 above, to complement the information contained in the Explanatory Notes. Most of the information contained in the Explanatory Notes is not repeated in this Memorandum. The detail of the level of fee increase or decrease is contained in the Explanatory Note to each instrument.

8 Consultation outcome

8.1 A formal consultation on the proposed amendments took place between 6 November 2008 and 29 January 2009. Consultation packs were sent out to some 346 individuals and organisations. The consultation was also posted on the internet. Thirteen responses were received. A summary of the responses received and VOSA's consideration of these responses is attached at Annex 1.

8.2 A majority of those who commented either supported or supported with reservations the proposals to reduce the additional charges for testing at non-VOSA premises.

8.3 Most respondents were opposed to the proposed general increases to fee levels. Comments on the levels of the proposed general fee increase included "*In the current economic climate a 9% increase in overall costs would be excessive*"; *"Strongly oppose above inflation increases designed to compensate for VOSA's escalating costs";* and *"cost of proposals increases fees paid by £80k per annum which is not acceptable in the current climate"*.

8.4 Following consultation we have reviewed the calculations used to support the consultation proposals. There have been no significant changes which would allow scope to reduce the proposed 9% increase for tests provided at VOSA premises without reduction in

both current service levels and planned service enhancements, neither of which was supported by respondents.

9. Guidance

9.1 These Regulations do not create any new obligations but amend the amount of fees to be paid under existing obligations. Therefore, no detailed guidance is necessary. VOSA will inform customers of the correct amount to pay at the relevant point a fee payment is due. Details of the fee changes will be published on the websites of VOSA, Transport Portal and/or DirectGov as appropriate.

10. Impact

10.1 These twelve sets of Regulations form part of a package of seventeen sets of fee Regulations, which are covered by a single Impact Assessment. The Impact Assessment describing the effect that the overall fee package will have on business, charities or voluntary bodies can be found at Annex 2 to this Memorandum.

10.2 The effect of the overall fee package on HGV operating businesses is estimated at no more than one fortieth of one percent (0.025%) of overall vehicle costs, although this is reduced to 0.013% if vehicles are tested at 3rd party inspection facilities. It has not proved possible to model the detailed effect on particular businesses of the changes in fees covered by this Explanatory Memorandum as we have no details of their costs to enable the effects to be put into context. The range of services and fees and types of business which use the services is extremely wide, and no two businesses will be affected in the same way. However, the effect of changes to these fees is only a very small proportion of the costs of operating or building a vehicle or carrying out the activities which the services covered by these fees enable.

11. Regulating small business

11.1 The legislation applies to small business. There are also a much larger number of goods vehicle operators (nearly 100k) and vehicles (around 470k motor vehicles) compared to bus operators (around 9k) and vehicles (around 80k). However, over half of all licensed goods vehicle operators operate between one and five vehicles, so a large proportion of the businesses affected by these changes could be small businesses.

11.2 A number of small businesses were asked for their views in the consultation either directly or through their membership of Trade and Business Associations such as the Road Haulage Association, the Freight Transport Association, the Confederation of Passenger Transport, the Retail Motor Industry Federation and the Federation of Small Businesses. No issues were raised by respondents on the relative treatment of large and small licensed operators.

11.3 Almost all fees are dependent on the number and type of vehicles involved. The overall effect of the 2009/10 main fee changes in the overall fee package on a one vehicle HGV business is estimated to be an increase of 0.025% on total costs, which reduces to 0.013% if vehicles are tested at non-VOSA premises. The effect on an average sized four vehicle business is estimated to be an increase of 0.021% on total costs (0.010% for non-VOSA testing). The effect on a large (250 vehicle) business is estimated at 0.018% of total costs (0.008% for non-VOSA testing). In all cases these represent an extremely small proportion of total costs; therefore small businesses should not be unduly disadvantaged. The 12 sets of Regulations covered by this Explanatory Memorandum represent an even

smaller proportion of these estimated increases in total costs. The bulk of the increase, results from changes to the fees changed for operator licensing and vehicle testing, changes made by the 5 other sets of VOSA related fee regulations this year (referred to in paragraph 2.4 above), and explained in a separate Explanatory Memorandum.

12. Monitoring & review

10.1 Reviews will be integrated with future fees reviews which normally occur on an annual cycle.

13. Contact

13.1 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.

Delivering better services and fairer fees

Purpose of consultation and key proposals.

1. The Vehicle and Operator Services Agency (VOSA), an Executive Agency of the Department for Transport, provides a range of licensing, testing and enforcement services with the aim of improving the roadworthiness standards of vehicles; ensuring the compliance of operators and drivers with road traffic legislation; and supporting the independent Traffic Commissioners.

2. The consultation document 'Delivering Better Services and Fairer Fees' was issued on 6th November 2008 and the consultation period closed on 29th January 2009. The consultation sought views of stakeholders regarding VOSA's proposed approach to statutory fees that VOSA charges for its services in connection with:

- testing and inspecting Heavy Goods Vehicles (HGVs) and Public Service Vehicles (PSVs);
- processing and monitoring operator licences;
- registering bus services;
- issuing permits to certain buses;
- issuing permits and authorisations for certain international journeys;
- approving and monitoring tachograph centres;
- inspecting for single vehicle approval;
- Vehicle identity checks.

3. The MOT test fees for vehicles other than HGVs and PSVs were **not** included in this consultation.

4. Section 2 of the consultation document summarised the key proposals being proposed. Section 2 is replicated in the box below for ease and the full consultation document can be downloaded at http://www.dft.gov.uk/consultations/closed/vosafees/

2. Key fee changes

2.1 This year many of the fees have a standard annual change to reflect increases in the costs of delivering the service. However, HGV, trailer and PSV full test fees are also subject to two significant policy changes: incentivising delivery of tests at non-VOSA premises and O licensing reform, as well as this increase to cover costs. Both of these changes relate to the continued drive to deliver overall cost savings to industry.

2.2 The first significant change relates to the delivery of testing transformation announced by the Minister Jim Fitzpatrick MP in July. The overall objective here is to move rapidly to delivering the vast majority of tests on private sector operated Authorised Testing Facilities (ATFs). These could be existing Designated Premises (DPs) or new facilities owned and run by operators, maintainers or any other party. There are potentially significant benefits here in reduced costs for industry – for example conducting an annual test at the end of maintenance or testing a vehicle at its operating base. It will also help VOSA to control test fees by minimising their estate costs and maximising the use of alternative private sector run sites. It could also improve compliance by enabling testing closer to the point of maintenance.

2.3 In order to deliver this rapid move in testing provision, we want to reduce the fee for having a test conducted at a non-VOSA site, both to better reflect the true costs of that test, and to incentivise customers to seek alternative testing facilities – and hence others to provide them. As a first step, we are halving the supplement currently charged for testing at non-VOSA sites. This is very much a first step and we will be making further changes in coming years to vary the ATF fee compared to the VOSA testing station fee to reflect better the real costs of delivery.

2.4 All those with an interest in the haulage industry should see this halving of the supplement as a first step and as a clear signal of the direction in which we will move – and move rapidly – as ATF provision comes on stream. We want operators to be able to take advantage of this reduced fee, and the associated costs savings and benefits, and other parties to become ATFs to meet that demand. Further guidance and information is available on the web site: www.transportoffice.gov.uk/Authorised-Testing-Facilities.

2.5 The second significant policy change is the removal of the vehicle related O licence vehicle fee, and for PSVs some other O licence fees, and the transfer of the income generation associated with these O licensing fees so that it is collected as part of with the testing fee. This has two main objectives: to deliver a fairer attribution of the costs of vehicle enforcement that these O licence fees meet; and to replace two transactions with a single one – paid when the vehicle is tested. The proposal was subject to consultation in 2005/06. The attribution of enforcement costs to the motor vehicle and trailer fleet as a whole, rather than only those motor vehicles whose use has been granted through prepaid approvals under the O licensing regime which are notified, will ensure that operators utilising vehicles 'on the margin' will contribute properly to the costs of enforcement. Those operators who do not utilise vehicles 'on the margin' will see a relative reduction in their fee costs as the re-attribution of costs takes place. The merger of two fee transactions into a single one will save the industry around £1.5m a year in administrative costs. The intention is to phase delivery of this change over two years; making two equal transfers of the O licensing fees in April 2009 and April 2010, with the result that April 2010 sees the vehicle related O licence fees abolished and any pre-paid O licence fees re-paid. This change will produce fairer fees, and reduce collection costs.

2.6 The final change is the standard increase to reflect the increase in costs. VOSA is required, both through its status as an Executive Agency / Trading Fund and by the HM Treasury Fees and Charges Guidance, to recover the costs of its operations through fees collected for the statutory services it delivers. In circumstances where it makes a deficit on such services and fees, it has a statutory duty and explicit HMT guidance imposed upon it, to make good such deficits as quickly as possible. It has explicit statutory powers to collect each of these fees, mainly set out in the Road Traffic Act 1988, as amended, most recently by the Road Safety Act 2006. For testing fees, and the transferred element of the operator licence fee, the increase is 9% which reflects increased costs of service provision; simultaneous, but comparatively much smaller, reductions in service cost as a result of improved efficiency; and a balanced view of the optimal level of service provision delivering the best value for money. It does not include any increase to address historic mismatches between costs and fees. On service provision, reduced service levels could result in lower fee costs, but other costs, such as longer waiting times could increase to the point where they dwarf the fee saving. Our assessment is that 9% is the right level to avoid any 'false economy' i.e. a saving in fees but a higher downtime cost.

2.7 The tables at the end of the consultation document set out the fee changes (step by step where we are making a series of changes) for the various fee and vehicle types.

2.8 For fees for non testing services, the increase is 5.0% which is the September retail price index (RPI).

Executive summary of responses

3. During the consultation period, VOSA held a meeting with key representatives from the road haulage (Freight Transport Association & Road Haulage Association), passenger transport (Confederation of Passenger Transport) and vehicle hire (British Vehicle Rental and Leasing Association) industries together with the Society of Motor Manufacturers and Retail Motor Industry Federation to discuss questions which they had raised.

4. VOSA issued the consultation document to over 300 organisations and the document was also available to download via the DfT and VOSA websites. In total only 13 formal responses to the consultation were received although this did include the four key industry trade bodies mentioned above. The breakdown of respondents was as follows:

Businesses	2
Trade Associations	8
Voluntary, Community and Charitable Organisations	2
Government and other Agencies	1
Individuals	0

Summary of individual responses received and the chosen solutions

Please note: the question numbering in this response document reflects the questions asked in the main body of the consultation document pages (and not the response form at annex G of the consultation document that did not include what is Q4)

Q1. Do you agree with our proposal to reduce the fee payable at non-VOSA test sites?

Agree: 38% of 13 responses

The Driver's Action Movement, Norfolk Constabulary, Royal Mail, CPT, First Group

Agree with reservations: 15% of 13 responses

FTA, RHA: **VOSA must engage with industry in developing ATF obligations and service levels. Fees should not rise as a consequence of transition to ATFs**

Disagree: 23% of 13 responses

Society of Independent Roundabout Proprietors

Wincanton Group: **Greater reductions in fees at non-VOSA needed but should be postponed till more detail of ATF proposals is available.**

British Vehicle Rental and Leasing Association: **We initially agreed with this initiative but are reluctant to agree any proposals which will require investment.**

Chosen solution: **The proposed reductions in supplements for testing at non-VOSA premises are intended as a first stage of a transition process. Details of ATF specifications and obligations are being developed and VOSA will be involving the industry in developing these proposals at an appropriate stage via an industry focus group established in March 2009. Availability of ATF or other testing facilities will be a significant factor in the development of the programme for closure of VOSA sites. During the transition process, it is likely that VOSA's costs will rise as testing transfers from its own sites before they can be closed to generate savings. If this happens, VOSA would consult on the specific cost increases that would need to be reflected in fee levels during the transition period as part of the annual fee consultation process.**

On balance, Ministers have decided to proceed with the reductions proposed**.**

Q2. Do you agree with our proposals on fees falling due in 2009/10?
Agree: 15% of 13 responses

The Driver's Action Movement, Norfolk Constabulary
Agree with reservations: 31% of 13 responses

RHA, First Group
CPT**: Support the principle of proportionality but concerned that some operators pay for discs in advance and would in effect pay twice. Request early indication of how rebate/compensation would be paid.**
FTA: **Consider this a fair way to ensure all operators subject to enforcement activity contribute to the cost burden but consider that enforcement fee should not be added to cost of full re-test following refusal to issue a test certificate.**
Disagree: 31% of 13 responses

Society of Independent Roundabout Proprietors, Federation of British Historic Vehicle Clubs, Historic Commercial Vehicle Society: **We are exempt from Operator Licensing and consider the proposed**

changes unfair due to current exemption.

Wincanton Group: **Cost of proposals increases fees significantly for Wincanton, not acceptable in current climate. Additionally, burden will fall heavily on HGV sector (currently more enforcement activity carried out on PSVs and Foreign vehicles).**

Chosen solution:
The impact assessment of Operator Licensing Modernisation provides a view of the overall effect of changes at 2008/09 fees levels. It recognises that there will be some winners and losers, depending on how individual companies choose to operate, however analysis of a fleet of 250 vehicles (large in comparison with industry averages) suggests an indicative saving of £467.02 at 2008/09 prices. Additionally, the proposed changes are set to reduce the administrative burden to the industry by circa £1.5m per annum.
The GB fleet does not carry the burden of foreign operator enforcement; this is funded centrally by DfT from taxation. Vehicle schemes are funded separately; PSV enforcement will continue to be funded by PSV fees, HGV likewise.
Overall, VOSA will not be receiving any more income at 2008/09 levels and the burden of enforcement will be spread across the whole GB fleet providing a greater parity for operators.
Operators who have paid fees in advance covering the transition year and beyond will have those fees refunded as quickly as possible after the fees are abolished as part of the phase two implementation proposed for 2010. The detail of the refund process will be subject to consultation.
The fees for partial retests within 14 days have not been increased to contribute to enforcement costs transferred from operator licensing. Beyond 14 days a full test is carried out. These full retests represent about 0.35% of all full tests carried out. The additional administrative costs of creating 6 new fees to enable these retests not to contribute to enforcement costs would outweigh the benefit.

On balance, Ministers believe this to be a fairer and more consistent approach and have decided to proceed with the change in fees.

Q3. Do you agree that, for the reasons set out in paragraph 9.8.1 of the consultation document, we should make this change in 2 stages – in April 2009 and April 2010 – rather than as a 'big bang' in April 2009?

Agree: 31% of 13 responses

Drivers Action Movement, Norfolk Constabulary, Royal Mail, CPT

Agree with reservations: 23% of 13 responses

Wincanton Group: **The phased approach to fee change would be sensible given the proposed scale of increase, but fee credit should be issued in tandem.**

RHA: **We appreciate why VOSA prefers the two year reduction.**

First Group: **Abolishing the separate O licence fee over two years and charging on a pro-rata basis for new 'O' Licences appears to be a sensible approach, however, absolute clarity must be brought to how the fee structure and the refund process before full support to any approach can be given.**

Disagree: 23% of 13 responses

Society of Independent Roundabout Proprietors, Federation of British Historic Vehicle Clubs, Historic Commercial Vehicle Society: **Society's members are exempt from Operator Licensing and consider the proposed changes unfair due to their current exemption. This just hides the initial impact of an unfair and unnecessary charge on enthusiasts**

Chosen solution:

The two stage approach is clearly welcomed by the majority of consultees. The impact assessment

fully considered the options for those operators who pay for their discs in advance. Fees paid in advance for 2009/10 and beyond will be refunded early in 2010/11. The refunds will take account of both the half fee year in 2009/10 and the removal of fees in 2010. It is not practical, without significantly greater administrative costs which would have to be passed on to customers, to calculate the refunds due before the end of 2009/10 due to fluctuations in the numbers of specified vehicles.

On balance, Ministers believe that the proposed 2 stage approach is best overall.

Q4. Do you agree with the proposed approach to apportion costs

Agree: 38% of 13 responses

Drivers Action Movement, Norfolk Constabulary, CPT, RHA, First Group

Agree with reservations: 8% of 13 responses

FTA: **The Association agrees that the transfer of vehicle fees from operator licensing to testing is a more efficient and equitable system, however the Association is opposed to imposing an enforcement fee where a re-test is undertaken more than fourteen days following a refusal to issue a test certificate.**
.

Disagree: 38% of 13 responses

Society of Independent Roundabout Proprietors, Federation of British Historic Vehicle Clubs, Historic Commercial Vehicle Society, BVRLA: **Society's members are exempt from Operator Licensing and consider the proposed changes unfair due to their current exemption.**

Chosen solution:

The objective is to reduce costs for both customers and VOSA by reducing the number of separate payments that customers must make to VOSA, and by spreading the costs of VOSA's enforcement activity across all operators and vehicles.

VOSA recognised the particular impact this change would have on the rental and leasing sector, increasing the costs to this sector by just under £10.5 million. However, using RHA published figures the vehicle ownership costs (excluding fuel and drivers) of the sector are around £5.5 billion. Thus the change will add just under 0.2% to operating costs. The change is the only practicable way in which the enforcement costs can be spread fairly across the whole HGV fleet rather than be borne only by those motor vehicles used by an operator for more than 1 month.

We also recognise that the change imposes new burdens on owners of historic vehicles, private horseboxes, fairground operators and others who are exempt from operator licensing and others who have not in the past contributed to the costs of encouraging and enforcing safe and legal operation of heavy vehicles. However we believe it to be unfair that these vehicles have not, in the past contributed to the costs of ensuring that their vehicles are operating safely and legally.

In view of the identified savings to VOSA and its customers and the fairness of spreading costs across all heavy vehicles Ministers have decided that costs are apportioned as proposed.

Q5. Do you agree with the proposed approach to testing fee increases which seeks to minimise the overall costs to operators but necessitates a 9% increase?

Agree: 15% of 13 responses

Drivers Action Movement, Norfolk Constabulary

Agree with reservations: 0% of 13 responses

Disagree: 85% of 13 responses

Society of Independent Roundabout Proprietors, Federation of British Historic Vehicle Clubs, Historic Commercial Vehicle Society, BVRLA, Wincanton Group, First Group, RHA, CPT, Royal Mail Group:

FTA: **Strongly opposes above inflation increases designed to compensate for VOSA's escalating costs.**

Royal Mail: **In the current economic climate a 9% increase in overall costs would be excessive. The proposed rise would result in a substantial increase in our operating costs for vehicles over 3.5 tonnes (which number approximately 4,700) and our fleet of trailers (which number approximately 2,000), which will be brought into scope for the first time.**

BVRLA: **Since 2004, test fees have increased by 13% per annum on the premise of investment required to modernise VOSA testing facilities and to provide increased levels of customer service. A little over 3 years later the industry is being asked again to pay an annual increase of 9% in fees to support VOSA reducing the estate management responsibilities – an absolute about turn from previous policy.**

Chosen solution:
VOSA has a legal obligation to cover its costs. If VOSA cannot increase its fees then it will have to reduce its service delivery. The fee increases are designed to cover costs. VOSA are making efficiency savings, but must raise funds to service the costs of past investments in service improvements. It should also be noted that whilst tests at VOSA premises will be rising by 9% before rounding, the rise in costs at non-VOSA premises will be considerably less. VOSA continues an aggressive programme of cost reductions whilst trying to minimise the effect on customer services. This includes the recently announced shedding of surplus capacity in its testing network. VOSA has also been affected by reducing demand for tests. They do not anticipate that this will change during 2009/10. This means that fixed costs have to be spread over a smaller pool of activity. In view of the rate of reduction in test volumes, VOSA has significant concerns that even the proposed fee increases will not be sufficient to cover in-year costs in 2009/10.

On balance, Ministers have decided to continue with implementing the fee changes proposed.

Q6. Do you agree with the proposed approach to the Single Vehicle Approval fee, including the 9% increases necessitated by the duty to match costs and fees as closely as possible going forward?

Agree: 31% of 13 responses

Drivers Action Movement, Norfolk Constabulary, Royal Mail, CPT, First Group

Agree with reservations: 0% of 13 responses

Disagree: 15% of 13 responses

Society of Independent Roundabout Proprietors

Wincanton Group: **Passenger transport costs are not correctly apportioned and require further review.**

Chosen solution:

SVA fees cover only cars and light good vehicles. They are completely separate from HGV and PSV and are proportional to the test times. The passenger car fees are not being increased because the majority move to the new Individual Vehicle Approval scheme. Proposal is to increase the other SVA fees by 9% and no specific comments were received on that point.

Ministers have decided to implement as intended.

General comments received

Forward booking of appointments - CPT commented that they understand why VOSA had to impose the 93 day limit on forward test bookings at this time. However, We would hope that in the future this limit is removed, or at least the maximum period would be increased.

VOSA comment: Forward booking limits will be reviewed in future in light both of completion of the O licence fee reform and developments in the transfer of testing from VOSA to 3rd party locations.

The push towards ATFs has been carried out in haste without discussion over the availability of sites, or of the business model that supports an operator offering his premises.

VOSA comment: The recently announced stations closures are an essential part of VOSA's drive to reduce costs. They shed existing surplus capacity and are not anticipating future growth in ATF capacity. Detailed work on ATF proposals is proceeding with all reasonable speed taking views already expressed by stakeholders into account. Further discussions with stakeholders will continue as proposals develop.

Summary: Intervention & Options

Department /Agency:	Title:	
Department for Transport, Vehicle and Operator Services Agency (VOSA)	Impact Assessment of VOSA Fee revisions for 2009/10	
Stage: Implementation	**Version:** 1.0	**Date:** 17 March 2009
Related Publications:		

Available to view or download at:

http://www.dft.gov.uk/consultations

Contact for enquiries: John MacLellan **Telephone:** 0117 954 2531

What is the problem under consideration? Why is government intervention necessary?

a) **The costs to the Vehicle and Operator Services Agency (VOSA) Trading Fund, of providing services funded by statutory fees continue to rise. If no action is taken the Agency will fail to meet its statutory obligations under the Government Trading Funds Act and will contravene requirements set out in the Treasury guidance on Government fees and charges.**

b) The present fee structure inhibits Ministers' announced intention to carry out more tests at locations more convenient to vehicle operators.

What are the policy objectives and the intended effects?

a) To ensure that the income from statutory fees for services provided by the Agency fully covers the costs of providing those services which VOSA delivers to customers on behalf of the Secretary of State.

b) To revise fees for testing at test facilities provided by 3rd parties to ensure a fairer balance between the fees which VOSA charges for testing at its own and 3rd party test facilities.

c) To transfer the funding of some activities from operator licence fees to test fees (see separate IA).

What policy options have been considered? Please justify any preferred option.

A number of options have been looked at, these ranged from; 1) do nothing (change neither fees, service levels or investment plans), 2) maintain statutory fees at their current levels and cut costs, 3) increase fees as per detailed proposals.
Option 1 has not been pursued as it would not enable VOSA to meet its legal obligations. As Option 1 is not sustainable, Option 2 has been adopted as the base case scenario in this appraisal. Option 3 is preferred as it allows VOSA to maintain service levels; further invest in meeting future customer needs in respect of vehicle technology developments and changes in industry patterns and practices; and to develop service enhancements such as E-enabled services and targeted enforcement.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects? **Reviews will be considered together with other general fee issues which normally occur on an annual cycle.**

Ministerial Sign-off For Implementation stage Impact Assessments:

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister:

Jim Fitzpatrick Date: 25th March 2009

Summary: Analysis & Evidence

Policy Option: 2	Description: **Maintain statutory fees at their current levels and cut costs (Base Case Scenario)**

COSTS

ANNUAL COSTS

One-off (Transition) **Yrs**

£

Average Annual Cost (excluding one-off)

£

Description and scale of **key monetised costs** by 'main affected groups' **Maintaining fees at current levels and cutting costs will require cuts in services and hence, increases in operating costs. This leads to increased costs to customers in proportion to their usage of the services. Compared to Option 1, the additional costs to customers resulting from the poorer service levels equate to (£13.6 – 42.0m per annum)**

Total Cost (PV) £

Other **key non-monetised costs** by 'main affected groups' **None identified**

BENEFITS

ANNUAL BENEFITS

One-off **Yrs**

£ **0**

Average Annual Benefit (excluding one-off)

£

Description and scale of **key monetised benefits** by 'main affected groups' **There would be no identifiable benefits from this scenario compared to Option 1.**

Total Benefit (PV) £

Other **key non-monetised benefits** by 'main affected groups' **None identified**

Key Assumptions/Sensitivities/Risks **Main assumptions are that volumes of vehicles tested, permit applications and authorisations etc; will not change dramatically. Late implementation of changes or significant changes in volumes of business are the main risks.**

Price Base	Time Period	**Net Benefit Range** (NPV)	**NET BENEFIT** (NPV Best estimate)
2008	2	£	£

What is the geographic coverage of the policy/option?			**Great Britain**	
On what date will the policy be implemented?			**April 2009**	
Which organisation(s) will enforce the policy?			**VOSA**	
What is the total annual cost of enforcement for these organisations?			**£ Nil**	
Does enforcement comply with Hampton principles?			**N/A**	
Will implementation go beyond minimum EU requirements?			**N/A**	
What is the value of the proposed offsetting measure per year?			**£ N/A**	
What is the value of changes in greenhouse gas emissions?			**£ N/A**	
Will the proposal have a significant impact on competition?			**No**	
Annual cost (£-£) per organisation (excluding one-off)	Micro	Small	Medium	Large
Are any of these organisations exempt?	**No**	**No**	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)					(Increase - Decrease)
Increase	£	Decrease	£	**Net**	£

Key: **Annual costs and benefits:** **(Net) Present**

Summary: Analysis & Evidence

Policy Option: 3	Description: : Increase fees as detailed in evidence

COSTS

ANNUAL COSTS

One-off (Transition)	Yrs
£ N/A	N/A
Average Annual Cost (excluding one-off)	
£ 7.1m	2

Description and scale of **key monetised costs** by 'main affected groups' **Relative to the base case, Option 2, the annual costs represent the increase in annual fees, which will pay for maintaining services at existing levels. These will affect all users of VOSA services in proportion to their usage of the services**.

Total Cost (PV) £ 14m

Other **key non-monetised costs** by 'main affected groups' **None identified**

BENEFITS

ANNUAL BENEFITS

One-off	Yrs
£ 0	
Average Annual Benefit (excluding one-off)	
£ 20.6m – 48.6m	2

Description and scale of **key monetised benefits** by 'main affected groups' **The fee increase is essentially a transfer, so it is also counted as a benefit to VOSA. The other key benefit is that it will prevent business costs rising as set out against option 2, amounting to £13.6m-42m per annum.**

Total Benefit (PV) £ 40.42m –95.51m

Other **key non-monetised benefits** by 'main affected groups' **Limited investment in providing service improvements to meet identified customer needs will still be possible.**

Key Assumptions/Sensitivities/Risks **Main assumptions are that volumes of vehicles tested, permit applications and authorisations etc; will reduce by 5%. Late implementation of changes or significant changes in volumes of business are the main risks.**

Price Base	Time Period	Net Benefit Range (NPV)	NET BENEFIT (NPV Best estimate)
2008	2	£ 26. 42m – 81.5m	£ 53.96m

What is the geographic coverage of the policy/option?			Great Britain	
On what date will the policy be implemented?			April 2009	
Which organisation(s) will enforce the policy?			VOSA	
What is the total annual cost of enforcement for these organisations?			£ Nil	
Does enforcement comply with Hampton principles?			N/A	
Will implementation go beyond minimum EU requirements?			N/A	
What is the value of the proposed offsetting measure per year?			£ N/A	
What is the value of changes in greenhouse gas emissions?			£ N/A	
Will the proposal have a significant impact on competition?			No	
Annual cost (£-£) per organisation (excluding one-off) **at VOSA (at ATF)**	Micro £14 (8)	Small £67 (33)	Medium 153 (71)	Large 3.9k(1.8k
Are any of these organisations exempt?	No	No	N/A	N/A

Impact on Admin Burdens Baseline (2005 Prices)					(Increase - Decrease)
Increase	£	Decrease	£	**Net**	£

Key: Annual costs and benefits: Constant Prices (Net) Present Value

Evidence Base (for summary sh

[Use this space (with a recommended maximum of 30 pages) to set out the evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Ensure that the information is organised in such a way as to explain clearly the summary information on the preceding pages of this form.]

THIS DOCUMENT SHOULD BE READ IN CONJUNCTION WITH THE IMPACT ASSESSMENT OF OPERATOR LICENSING FEES MODERNISATION

1.0 **This Impact Assessment covers -**

1.1 Fees payable to VOSA covered by this Impact Assessment are those for:

- Heavy Goods Vehicles (HGVs):
  - HGV plating and testing for motor vehicles and trailers
  - Issue Design Weight Certificates
  - HGV operator licensing
  - Certification for carriage under customs seal (TIR)
  - certification for international carriage of dangerous goods (ADR)
  - international journey authorisation/permit fees
  - reduced pollution certificate
  - design weight certificates (for HGVs not subject to plating and testing

- Public Service Vehicles (PSVs):
  - PSV, vehicle certification and tests
  - PSV Operator licensing
  - Registration of local bus services
  - Accessibility certificates
  - international journey authorisation fees
  - reduced pollution certificate fees

- Other services
  - single vehicle approval fees for cars and light goods vehicles (SVA) and motorcycles (MSVA) – note that passenger cars currently approved under this scheme will be approved under the new individual vehicle approval (IVA) scheme when it comes into force during 2009 – IVA is not covered in this Impact Assessment
  - Identity checks for re-registration of certain written off vehicles (VIC)
  - authorisation of tachograph calibration centres

1.2 Fees payable to VOSA but not covered by this Impact Assessment are those for:

- the MOT testing scheme which covers vehicles other than HGVs and PSVs and where most tests are carried out by private sector testing stations;
- the new IVA scheme for pre-service approval of passenger cars (currently approved under the SVA scheme) which comes into effect during 2009;
- Issue of permits for some minibuses and other buses under section 19 of the TA 1985 and for community buses
- voluntary services such as brake, emission or headlight aim checks other than at statutory test.

1.3 It should also be noted that fee changes as a result of the first phase of implementation of the merger of certain operator licence and testing fees as part of operator licensing modernisation ("fee reform") will be subject to the same levels of general increase as others in the same schemes. The fee reform itself is the subject of a separate Impact Assessment.

1.4 Fees payable to the Driver and Vehicle Agency in Northern Ireland for reduced pollution certificates, design weight certificates and vehicle identity checks are also covered by this Impact Assessment.

2.0 General Background

2.1 VOSA is a Government Trading Fund and an Executive Agency of the Department for Transport. The majority of income (approximately 82%) comes from its statutory fee earning services for example motor vehicle and trailer test fees. The principles governing VOSA's financial management and how the Secretary of State sets fees payable to VOSA are contained in legislation and in the HM Treasury document 'Managing Public Money'.

2.2 VOSA operations cover Great Britain (i.e. England, Scotland and Wales). As mentioned above, this Impact Assessment includes fees for 3 activities which carried out in Great Britain by VOSA and in Northern Ireland by the Driver and Vehicle Agency.

2.3 VOSA carries out a wide range of activities on behalf of the Secretary of State for Transport and also the Traffic Commissioners. These activities include:

- testing vehicles at VOSA and third party premises;
- checks and examinations at roadside enforcement sites, operator's premises and other locations at which vehicles are kept or operate, to ensure that goods vehicles, buses and coaches are operated in a safe and legal manner;
- other activities to encourage the safe and legal operation of goods vehicles, buses and coaches; and
- providing support to Traffic Commissioners to carry out their statutory functions, concerned primarily with the licensing of operators of heavy goods vehicles (HGVs) and public service vehicles (PSVs).

2.4 Funding of checks and other activities to ensure safe and legal operation is split between general taxation via DfT and fees.

2.5 In addition, VOSA is responsible for supervising the MOT testing of vehicles other than HGVs and PSVs, which is largely carried out by private sector organisations. The MOT testing scheme is not within the scope of this Impact Assessment.

2.6 This Impact Assessment includes the reduction by half of the supplement currently charged when HGVs or PSVs are tested at non-VOSA premises. This is the first step of a longer term strategy, we are proposing to deliver testing services which can be better integrated with vehicle maintenance processes whilst maintaining the independence and integrity of the testing regime. This is intended to be the first change of many.

2.7 The Impact Assessment takes account of the anticipated effect of reduced demand for services as a result of the current downturn in the general economy. It also takes the effect of VOSA's cost base and investment plans into account. More detail of the investment plans will be included in VOSA annual business plan to be published next spring.

3. Options considered

3.1 Early consideration was given to how VOSA might function with or without fee increases and the options looked at were;-

1) do nothing (change neither fees, service levels or investment plans),
2) maintain statutory fees at their current levels and cut costs, *and*
3) increase fees.

3.2 **Option 1** – the 'do nothing' option – has not been pursued because:

- Failing to cover in-year costs is against both the spirit of the Government Trading Funds Act 1973 and Treasury policy. It would lead to significantly increased fees the following year to cover 2 years' worth of cost increases plus interest on the shortfall in 2009/10. This option is not sustainable.

3.3 **Options 2** – maintaining fees at current levels would require not only a complete halt to investment in developing improved customer services, such as self service bookings and applications, but also cutbacks in services. These cutbacks would increase operator costs along the lines modelled in Annex D to this Impact Assessment.

As Option 1 is unsustainable, for the purpose of this appraisal we have treated Option 2 as the base case scenario. In fact, relative to option 1, it is estimated that the cut to service levels required to balance the budget, if existing fees were maintained, would cost £13.6m - £42m per annum in time costs to operators and potential accidents resulting from lower quality enforcement. Refer to Annex D for estimates. As this option is considered the base case, we do not present these costs in the template sheet.

3.7 **Option 3** – with the changes proposed, VOSA will:

- halve the supplements currently charged for carrying out tests away from VOSA premises;
- leave statutory fees for passenger vehicles within the Single Vehicle Approval scheme unaltered (these vehicles move to a new approval scheme in April 2009)
- apply a general increase of 9% to statutory fees for all other testing services; and
- apply a 5% general increase to the statutory fees for all other services.

This will enable VOSA to maintain a stable financial footing, whilst allowing existing services levels to be maintained and allow a continuing modest investment in updating systems and facilities to maintain and improve future services.

4 Proposed fees and other supporting information

4.1 Annex A shows the proposed changes to fees affected by the proposals.

4.2 Summary scheme accounts are shown in Annex B.

4.3 The effects on costs to the road freight industry are modelled in Annex C1. The effects on the rental and leasing sector of that industry are modelled in annex C2. We were unable to locate published data on operating costs for PSVs. Were such data available we have no reason to believe that the effect of proposed changes in VOSA fees as a proportion of total operating costs would be of a different order of magnitude to that for HGVs. Neither have we been able to obtain public domain information on the operating costs of other business sectors affected by other schemes such as vehicle importers using the SVA scheme.

4.4 Annex D models the effect on the road freight industry of not increasing fees. The assumptions used in the assessing this effect have not been updated from those used for 2008/9 fees. This is because of the difficulty of validating the assumptions for the more complex package of changes proposed for 2009/10. Costs used have been updated using more recently published data.

5 Consultation

5.1 A public consultation on the proposals was held between 6 November 2008 and 29 January 2009. A total of 13 responses were received. A summary of those responses has been published at http://www.dft.gov.uk/consultations/closed/vosafees/. The majority of respondents who expressed views supported the proposals:

- to reduce the premium paid for tests at non-VOSA premises;
- to charge only until 31 March 2010, for fees to be abolished in 2010;
- to implement the fee reform in 2 stages;
- to apportion costs being transferred from operator licence fees to test fees in proportion to activity levels (though this was opposed by those outside the operator licensing system; and
- to leave fees for passenger vehicles within the Single Vehicle Approval scheme unaltered.

5.2 The majority of respondents who expressed views opposed the proposed levels of general fee increase proposed.

6 Competition Assessment

6.1 The reduction in supplements for tests away from VOSA premises will help those who currently use such facilities. This is the initial step towards a fairer distribution of costs aimed at giving businesses greater choice. In overall terms, the introduction of higher fees and charges remains

marginal compared to other costs of vehicle operation and will not affect the balance within the relevant transport and support industries in Great Britain. The increases in fees will apply to all operators and presenters equally whether large or small, largely in proportion to the number and type of vehicles in the fleet operated or supported. The knock-on effect on the users of transport services will be proportional to the use made of such services and have no effect on competition.

7 Other Environment Impact Test

7.1 The proposed fee changes are not believed to have any measurable effect on the environment. However, the increasing integration of testing and maintenance, which elements of these proposals encourage, will have minor environmental benefits.

8 Small Firms Impact Test

8.1 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. VOSA's fees are set on the basis of the service required, with no discounting for bulk purchase of services, so do not discriminate either for or against small businesses. The effect of fees will vary depending on the business sector in which companies operate.

8.2 We have been able to find public domain information to model the effect of fees on the operating costs of small businesses operating in the road freight industry. The Road Haulage Association has carried out surveys involving a range of hauliers and published figures on operating costs. These vary according to the nature and policies of individual businesses. Nonetheless, overall, the total fee burden for a licensed operator of one 7.5 tonne truck represents about 0.42% of operating costs and the proposed increases covered by this Impact Assessment represent around 0.025% (one fortieth of one percent) of operating costs.

8.3 The consultation sought views from small businesses either directly or through their membership of trade and business associations such as the Road Haulage Association, the Freight Transport Association, the Confederation of Passenger Transport, the Retail Motor Industry Federation and the Federation of Small Businesses. No individual small businesses responded. However, the main vehicle operator trade associations did respond and we believe their membership to include a cross section of business sizes.

9 Race, Disability and Gender Equality, Human Rights; and Rural impact

9.1 The proposed fee changes are not believed to have any specific effect in the areas of race equality, disability equality, gender equality, human rights or rural affairs.

10 Specific Impact tests not carried out

10.1 Other specific impact tests were not carried out since the proposed fee changes do not impact on these areas.

Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

Type of testing undertaken	*Results in Evidence Base?*	*Results annexed?*
Competition Assessment	Yes	No
Small Firms Impact Test	Yes	No
Legal Aid	No	No
Sustainable Development	No	No
Carbon Assessment	No	No
Other Environment	Yes	No
Health Impact Assessment	No	No
Race Equality	Yes	No
Disability Equality	Yes	No
Gender Equality	Yes	No
Human Rights	Yes	No
Rural Proofing	Yes	No

Annexes

HGV Test Fees under the Goods Vehicle (Plating and Testing) Regulations 1988 (SI 1988/1478)

HGV Test fees not affected by testing transformation and merger					
Fee Description			Current Fee	Annual General Increase @ 9%	New Fee Payable
Motor Vehicle	Test & retest beyond 14 days	Out of hrs supplement	£35.00	£3.00	£38.00
	Retest Fee	Next day	£12.00	£1.00	£13.00
		Out of hrs supplement	£18.00	£2.00	£20.00
Trailer	Test & retest beyond 14 days	Out of hrs supplement	£22.00	£2.00	£24.00
	Retest Fee	Next day	£6.00	£1.00	£7.00
		Out of hrs supplement	£12.00	£1.00	£13.00
Motor Vehicle or Trailer	Notifiable Alteration	Out of hrs supplement	£12.00	£1.00	£13.00
	Appeal		£27.00	£2.00	£29.00
	Duplicate Document		£12.00	£1.00	£13.00

HGV Test Fees affected by testing transformation and merger							
Fee Description			Current Fee	Testing Transformation	O licence vehicle fee merger	General Annual Fee Increase @ 9%	New Fee
Motor Vehicle							
Test & retest beyond 14 days	2 Axle	At VOSA Site	£51.00		£18.00	£6.00	£75.00
		At DP/ATF	£64.00	-£7.00	£18.00	£7.00	£82.00
	3 Axle	At VOSA Site	£73.00		£18.00	£8.00	£99.00
		At DP/ATF	£86.00	-£7.00	£18.00	£9.00	£106.00
	4 Axle	At VOSA Site	£96.00		£18.00	£10.00	£124.00
		At DP/ATF	£109.00	-£7.00	£18.00	£11.00	£131.00
retest within 14 days	2 Axle	At VOSA Site	£34.00			£3.00	£37.00
		At DP/ATF	£42.00	-£4.00		£3.00	£41.00
	3 Axle	At VOSA Site	£48.00			£4.00	£52.00
		At DP/ATF	£56.00	-£4.00		£4.00	£56.00
	4 Axle	At VOSA Site	£63.00			£6.00	£69.00
		At DP/ATF	£71.00	-£4.00		£6.00	£73.00
Trailer							
Test & retest beyond 14 days	1 Axle	At VOSA Site	£25.00		£7.00	£3.00	£35.00
		At DP/ATF	£32.00	-£3.00	£7.00	£3.00	£39.00
	2 Axle	At VOSA Site	£38.00		£7.00	£4.00	£49.00
		At DP/ATF	£45.00	-£3.00	£7.00	£4.00	£53.00
	3 Axle	At VOSA Site	£48.00		£7.00	£5.00	£60.00
		At DP/ATF	£55.00	-£3.00	£7.00	£5.00	£64.00
retest within 14 days	1 Axle	At VOSA Site	£17.00			£2.00	£19.00
		At DP/ATF	£21.00	-£2.00		£2.00	£21.00
	2 Axle	At VOSA Site	£24.00			£2.00	£26.00
		At DP/ATF	£28.00	-£2.00		£2.00	£28.00
	3 Axle	At VOSA Site	£32.00			£3.00	£35.00
		At DP/ATF	£36.00	-£2.00		£3.00	£37.00
Notifiable Alteration							
	Motor Vehicle or trailer At VOSA Site		£24.00			£2.00	£26.00
	Motor Vehicle At DP/ATF		£32.00	-£4.00		£2.00	£30.00
	Trailer at DP/ATF		£28.00	-£2.00		£2.00	£28.00

Design Weight Certificates under the Vehicle Excise (Design Weight Certificate) Regulations 1995 (SI 1995/1455)					
Fee Description			Current Fee	Annual General Increase @ 9%	New Fee Payable
Application			£13.50	£1.50	£15.00
Saturday Supplement			£8.40	£0.60	£9.00
Appeal			£25.00	£2.00	£27.00

HGV O Licence Fees under the Goods Vehicle (Licensing of Operators) (Fees) Regulations 1995 (SI 1995/3000)

HGV O Licence Fees not affected by merger					
Fee Description			Current Fee	Annual General Increase @ 5%	New Fee Payable
Application for Licence			£238.00	£12.00	£250.00
Application for Variation			£238.00	£12.00	£250.00
Grant of Licence			£372.00	£19.00	£391.00
Continuation of Licence			£372.00	£19.00	£391.00
Issue of Interim Licence			£63.00	£3.00	£66.00

HGV O Licence Fees affected by merger							
Fee Description			Current Fee	Testing Transformation	O licence vehicle fee merger	General Annual Fee Increase @ 5 %	New Fee
Vehicle fees (per specified motor vehicle)	per quarter (or part thereof)	5 years in advance	No longer available as at April 2009 due to fee merger				
	per quarter (or part thereof)	1 year in advance	No longer available as at April 2009 due to fee merger				
	Per month (or part thereof)	For period till 31/3/10	New fee from April 2009 replacing the two fees above.				£2.00
Vehicle fees on interim licence (per motor vehicle specified)			£12.00		-£6.00		£6.00

TIR Fees under the International Transport of Goods under Cover of TIR Carnets (Fees) Regulations 1988 (SI 1988/371)					
Fee Description			Current Fee	Annual General Increase @ 9%	New Fee Payable
Individual Inspection	Initial		£97.00	£9.00	£106.00
	Retest		£64.00	£6.00	£70.00
Type Approval	Type vehicle		£591.00	£53.00	£644.00
	Type Variation		£97.00	£9.00	£106.00
	Certificate of Conformity		£13.00	£1.00	£14.00
	Duplicate Document		£13.00	£1.00	£14.00

ADR Fees under the International Carriage of Dangerous Goods by Road (Fees) Regulations 1988 (SI1988/370)					
Fee Description			Current Fee	Annual General Increase @ 9%	New Fee Payable
Individual inspection (full test fee added to these fees)	Initial		£91.00	£8.00	£99.00
	Re-test		£46.00	£4.00	£50.00
	Duplicate		£13.00	£1.00	£14.00
Type Approval	Tractor Cert		£26.00	£2.00	£28.00

Fees under the Goods Vehicles (Authorisation of International Journeys) (Fees) Regulations 2001 (SI2001/3606)					
Fee Description			Current Fee	Annual General Increase @ 5%	New Fee Payable
ECMT licence	1 year		£127.00	£6.00	£133.00
	3 months or part		£32.00	£2.00	£34.00
Journey permit	per return journey		£8.00	£0.00	£8.00
	per 4 return journeys – Turkey		£13.00	£1.00	£14.00
	per 15 return journeys – Morocco		£48.00	£2.00	£50.00
Removal authorisation			£17.00	£1.00	£18.00

Fees under the Road Vehicles (Registration and Licensing) Regulations 2002 (SI2002/2742) Reduced Pollution Certificate

Reduced Pollution Certificate fees not affected by testing transformation					
Fee Description			Current Fee	Annual General Increase @ 9%	New Fee Payable
OoH Supplement			£11.00	£1.00	£12.00

Reduced Pollution Certificate fees affected by testing transformation							
Fee Description			Current Fee	Testing Transformation	O licence vehicle fee merger	Annual General Increase @ 9%	New Fee Payable
With annual test/COIF		At VOSA Site	£17.00			£2.00	£19.00
		At DP/ATF	£24.00	-£4.00		£2.00	£22.00
At other times		At VOSA Site	£29.00			£3.00	£32.00
		At DP/ATF	£36.00	-£4.00		£3.00	£35.00

PSV Test Fees under the Motor Vehicle (Tests) Regulations 1981 (SI 1981/1694)

PSV Test Fees not affected by testing transformation and merger					
Fee Description			Current Fee	Annual General Increase @ 9%	New Fee Payable
PSV Test	Out of hrs supplement	23+ seats	£48.00	£4.00	£52.00
		9 - 22 seats	£35.00	£3.00	£38.00
PSV Retest Fee	Retest (minor)		£11.00	£1.00	£12.00
	Out of hrs supplement	23+ seats	£23.00	£2.00	£25.00
		9 - 22 seats	£17.00	£2.00	£19.00
Duplicate Certificate		This fee also covers duplicate MOT certificates for other classes of vehicle covered by these regulations and is subject to separate consultation along with those other fees			

PSV Test Fees affected by merger							
Fee Description			Current Fee	Testing Transformation	O licence vehicle fee merger	General Annual Fee Increase @ 9%	New Fee
PSV Test + retest beyond 14 days	23 + seats	At VOSA Site	£84.00		£20.00	£9.00	£113.00
		At DP/ATF	£96.00	-£6.00	£20.00	£10.00	£120.00
	9 - 22 seats	At VOSA Site	£59.00		£20.00	£7.00	£86.00
		At DP/ATF	£71.00	-£6.00	£20.00	£8.00	£93.00
PSV retest within 14 days	23 + seats	At VOSA Site	£55.00			£5.00	£60.00
		At DP/ATF	£63.00	-£4.00		£5.00	£64.00
	9 - 22 seats	At VOSA Site	£38.00			£3.00	£41.00
		At DP/ATF	£46.00	-£4.00		£3.00	£45.00

PSV O Licence Fees under the Public Service Vehicles (Operators' Licences) (Fees) Regulations 1995 (SI 1995/2909)

PSV O Licence Fees not affected by merger					
Fee Description			Current Fee	Annual General Increase @ 5%	New Fee Payable
Application – Standard Licence			£224.00	£11.00	£235.00
Application – Restricted Licence			£148.00	£7.00	£155.00
Variation Application			£113.00	£6.00	£119.00
Application – special licence			£58.00	£3.00	£61.00
Continuation – special licence			£58.00	£3.00	£61.00

PSV O Licence Fees affected by merger							
Fee Description			Current Fee	Testing Transformation	O licence vehicle fee merger	General Annual Fee Increase @ 5%	New Fee
Grant or continuation - standard or restricted		5 years in advance	No longer available as at April 2009 due to fee merger				
		1 year in advance	No longer available as at April 2009 due to fee merger				
	Per month (or part thereof)	For period till 31/3/10	New fee from April 2009 replacing the two fees above.				£1.00
Vehicle disc	Per month (or part thereof)	5 years in advance	No longer available as at April 2009 due to fee merger				
	Per month (or part thereof)	1 year in advance	No longer available as at April 2009 due to fee merger				
	Per month (or part thereof)	For period till 31/3/10	New fee from April 2009 replacing the two fees above.				£3.00
Duplicate disc fee			£15.00		-£7.50	£0.50	£8.00

Fees under the Public Service Vehicles (Registration of Local Service) Regulations 1986 (SI 1986/1671) **Fees under the Public Service Vehicles (Registration of Local Service) (Scotland) Regulations 2001 (SI 2001/219)**					
Fee Description			Current Fee	Annual General Increase @ 5%	New Fee Payable
Registration – normal			£57.00	£3.00	£60.00
Variation – normal			£57.00	£3.00	£60.00
Registration – community			£12.00	£1.00	£13.00
Variation – community			£12.00	£1.00	£13.00

Fees under the Road Transport (International Passenger Services) Regulations 1984 (SI 1984/748)					
Fee Description			Current Fee	Annual General Increase @ 5%	New Fee Payable
Copy of Authorisation			£12.00	£1.00	£13.00
Special Regular Service or TA'85 s.6	Application		£168.00	£8.00	£176.00
Shuttle or Regular Service	Application		£171.00	£9.00	£180.00
regular or special regular service	Issue – per year of validity		£36.00	£2.00	£38.00
Own Account Certificate	application per year of validity		£6.00	£0.00	£6.00

PSV CoIF Fees under the Public Service Vehicles (Conditions of Fitness, Equipment, Use and Certification) Regulations 1981 (SI 1981/257)					
Fee Description			Current Fee	Annual General Increase @ 9%	New Fee Payable
Individual Approval					
Initial Application			£269.00	£24.00	£293.00
Re-application	With tilt test		£269.00	£24.00	£293.00
	no tilt test		£32.00	£14.00	£35.00
Duplicate			£21.00	£3.00	£23.00
Type Approval					
Type variation (inspected)			£1,558.00	£140.00	£1,698.00
Type variation (no inspection)			£143.00	£13.00	£156.00
New body/chassis combination			£770.00	£69.00	£839.00
All Other			£3,335.00	£300.00	£3,635.00
Certificate of Conformity			£29.00	£3.00	£32.00
Duplicate			£21.00	£2.00	£23.00

Fees under the Public Service Vehicles Accessibility Regulations 2000 (SI 2000/1970)					
Fee Description			Current Fee	Annual General Increase @ 9%	New Fee Payable
Individual Approval					
Individual application	One schedule		£47.00	£4.00	£51.00
	Two schedules		£95.00	£9.00	£104.00
Re-application	One schedule		£16.00	£1.00	£17.00
	Two schedules		£33.00	£3.00	£36.00
Duplicate			£12.00	£1.00	£13.00
Type Approval					
Significant variant, new chassis for approved body: new body for conformant chassis	One schedule		£168.00	£ 15.00	£183.00
	Two schedules		£336.00	£30.00	£366.00
Minor variant	One schedule		£16.00	£1.00	£17.00
	Two schedules		£32.00	£3.00	£35.00
new combination of approved chassis and body	One schedule		£83.00	£ 7.00	£90.00
	Two schedules		£166.00	£15.00	£181.00
Other cases	One schedule		£368.00	£33.00	£401.00
	Two schedules		£725.00	£65.00	£790.00
Certificate of Conformity			£16.00	£1.00	£17.00
Duplicate			£12.00	£1.00	£13.00

Fees under the Road Vehicles (Registration and Licensing) Regulations 2002 (SI2002/2742) reduced pollution certificate

Reduced Pollution Certificate fees not affected by testing transformation					
Fee Description			Current Fee	Annual General Increase @ 9%	New Fee Payable
Out of hours			£11.00	£1.00	£12.00

Reduced Pollution Certificate fees affected by testing transformation							
Fee Description			Current Fee	Testing Transformation	O licence vehicle fee merger	Annual General Increase @ 9%	New Fee Payable
With annual test/COIF		At VOSA Site	£17.00			£2.00	£19.00
		At DP/ATF	£24.00	-£4.00		£2.00	£22.00
At other times		At VOSA Site	£29.00			£3.00	£32.00
		At DP/ATF	£36.00	-£4.00		£3.00	£35.00

Single Vehicle Approval Fees under the Motor Vehicles (Approval) (Fees) Regulations 2001 (SI 2001/2486)					
Fee Description			Current Fee	Annual General Increase @ 9%	New Fee Payable
Basic SVA	1. Examination; or Appeal		£190.00	£0.00	£190.00
	Advice after test Non statutory charge (includes VAT)		£44.00	£4.00	£48.00
	2. E Certificate; or Appeal		£76.00	£0.00	£76.00
Enhanced SVA	3. Examination with Model Report; or Appeal		£240.00	£0.00	£240.00
	4. Examination without Model Report; or Appeal		£228.00	£0.00	£228.00
	5. E Certificate + Examination with Model Report; or Appeal		£127.00	£0.00	£127.00
	6. E Certificate + Examination without Model Report; or Appeal		£114.00	£0.00	£114.00
	7. New vehicle with EC Type Approval		£38.00	£0.00	£38.00
Basic or Enhanced SVA	8. Retest		£38.00	£0.00	£38.00
	Failure to attend or refusal without examination		£64.00	£0.00	£64.00
	Replacement Certificate		£12.00	£1.00	£13.00
	Out of Hours supplement - examinations 1, 3 & 4		£95.00	£0.00	£95.00
	Out of Hours supplement - examinations 2, 5, 6 & 7		£25.00	£0.00	£25.00
	Out of Hours supplement - retest 8		£19.00	£0.00	£19.00

Single Vehicle Approval Fees under the Motor Vehicles (Approval) (Fees) Regulations 2001 (SI 2001/2486) (continued)					
Goods Vehicles					
Fee description			Current Fee	Annual General Increase @ 9%	New Fee Payable
Basic SVA	9. Examination; or Appeal		£76.00	£7.00	£83.00
	Advice after test Non statutory charge (includes VAT)		£44.00	£4.00	£48.00
	10. E Certificate; or Appeal		£76.00	£7.00	£83.00
Enhanced SVA	11. Examination with Model Report; or Appeal		£127.00	£11.00	£138.00
	12. Examination without Model Report; or Appeal		£114.00	£10.00	£124.00
	13. E Certificate + Examination with Model Report; or Appeal		£127.00	£11.00	£138.00
	14. E Certificate + Examination without Model Report; or Appeal		£114.00	£10.00	£124.00
	15. New vehicle with EC Type Approval		£38.00	£3.00	£41.00
Basic or Enhanced SVA	16. Retest		£19.00	£2.00	£21.00
	Failure to attend or refusal without examination		£64.00	£6.00	£70.00
	Replacement Certificate		£12.00	£1.00	£13.00
	Out of Hours supplement - examinations 9, 11 & 12		£31.00	£3.00	£34.00
	Out of Hours supplement - examinations 10, 13, 14 & 15		£25.00	£2.00	£27.00
	Out of Hours supplement - retest 16		£7.00	£1.00	£8.00

Fees under the Motor Cycle Etc. (Single Vehicles Approval) (Fees) Regulations 2003 (SI 2003/1960)					
Fee Description			Current Fee	Annual General Increase @ 9%	New Fee Payable
Initial Application or Appeal	Lower Power Moped		£50.00	£5.00	£55.00
	2 Wheeler		£78.00	£7.00	£85.00
	3 or more wheels		£95.00	£9.00	£104.00
Out of Hours Supplement			£22.00	£2.00	£24.00
Re application	All		£16.00	£1.00	£17.00
Duplicate			£11.00	£1.00	£12.00

Fees under the Road Vehicles (Registration and Licensing) Regulations 2002 (SI 2002/2742) - Vehicle Identity Check						
Fee Description		Current Fee	Testing Transformation	O licence vehicle fee merger	Annual General Increase @ 9%	New Fee Payable
Examination	At VOSA Site	£38.00			£3.00	£41.00
	At DP/ATF	£44.00	-£3.00		£4.00	£45.00
OoH Supplement		£8.00			£1.00	£9.00

Fees under the Passenger and Goods (Recording Equipment) (Approval of Fitters and Workshops) (Fees) Regulations 1986 (SI 1986/2128)			
Fee Description	Current Fee	Annual General Increase @ 5 %	New Fee Payable
Initial Approval	£344.00	£17.00	£361.00
Annual Renewal	£141.00	£7.00	£148.00

Summary scheme accounts

Note: 2009/10 forecasts for schemes marked * include the effect of phase 1 of the merger of certain operator licence fees with test fees.

HGV Plating and Testing* and Reduced Pollution Certificate

Note: Fees set within this group on the basis of time to process each application type

	2007-08 *Actual £m*	2008-09 *Estimate £m*	2009-10 *Forecast £m*
Fee charged/proposed		**See fee table**	
Fee income from service (before proposed increase)	**46.2**	**47.6**	**54.7**
Increased income from new/revised fee			**4.5**
Operating budget for service (before input price increases and any other added expenditure)	**51.0**	**50.9**	**56.6**
Additional costs of providing service			**1.8**
Accumulated surplus / (deficit) brought forward from previous period	**(5.1)**		
Net surplus / (deficit) for service at year end	**(9.9)**	**(13.1)**	**(12.4)**

HGV Operator Licensing*

	2007-08 *Actual £m*	2008-09 *Estimate £m*	2009-10 *Forecast £m*
Fee charged/proposed		**See fee table**	
Fee income from service (before proposed increase)	**25.8**	**30.2**	**22.1**
Increased income from new/revised fee			**1.1**
Operating budget for service (before input price increases and any other added expenditure)	**25.8**	**26.8**	**20.2**
Additional costs of providing service			**0.7**
Accumulated surplus / (deficit) brought forward from previous period	**(10.9)**		
Net surplus / (deficit) for service at year end	**(10.9)**	**(7.6)**	**(5.2)**

TIR Inspections

	2007-08 *Actual £k*	2008-09 *Estimate £k*	2009-10 *Forecast £k*
Fee charged/proposed		**See fee table**	
Fee income from service (before proposed increase)	**14**	**14**	**14**
Increased income from new/revised fee			**1**
Operating budget for service (before input price increases and any other added expenditure)	**7**	**7**	**7**
Additional costs of providing service			**0**
Accumulated surplus / (deficit) brought forward from previous period	**15**		
Net surplus / (deficit) for service at year end	**22**	**29**	**37**

ADR Inspections

	2007-08 *Actual £k*	2008-09 *Estimate £k*	2009-10 *Forecast £k*
Fee charged/proposed		**See fee table**	
Fee income from service (before proposed increase)	**631**	**651**	**651**
Increased income from new/revised fee			**56**
Operating budget for service (before input price increases and any other added expenditure)	**508**	**490**	**490**
Additional costs of providing service			**19**
Accumulated surplus / (deficit) brought forward from previous period	**(473)**		
Net surplus / (deficit) for service at year end	**(350)**	**(189)**	**9**

GV International Permits

	2007-08 *Actual £k*	2008-09 *Estimate £k*	2009-10 *Forecast £k*
Fee charged/proposed		**See fee table**	
Fee income from service (before proposed increase)	**21**	**25**	**25**
Increased income from new/revised fee			**1**
Operating budget for service (before input price increases and any other added expenditure)	**18**	**25**	**25**
Additional costs of providing service			**0**
Accumulated surplus / (deficit) brought forward from previous period	**(16)**		
Net surplus / (deficit) for service at year end	**(13)**	**(13)**	**(12)**

PSV Testing*

	2007-08 *Actual £m*	2008-09 *Estimate £m*	2009-10 *Forecast £m*
Fee charged/proposed		**See fee table**	
Fee income from service (before proposed increase)	**7.6**	**8.3**	**11.6**
Increased income from new/revised fee			**9**
Operating budget for service (before input price increases and any other added expenditure)	**7.1**	**9.2**	**12.7**
Additional costs of providing service (			**0.3**
Accumulated surplus / (deficit) brought forward from previous period	**3.1**		
Net surplus / (deficit) for service at year end	**3.5**	**2.1**	**1.5**

PSV O Licensing*

	2007-08 *Actual £m*	2008-09 *Estimate £m*	2009-10 *Forecast £m*
Fee charged/proposed		**See fee table**	
Fee income from service (before proposed increase)	**6.6**	**7.7**	**3.9**
Increased income from new/revised fee			**0.2**
Operating budget for service (before input price increases and any other added expenditure)	**7.7**	**8.0**	**4.0**
Additional costs of providing service			**0.1**
Accumulated surplus / (deficit) brought forward from previous period	**8.2**		
Net surplus / (deficit) for service at year end	**7.1**	**6.9**	**6.9**

Registration of Local Bus Services, Minibus and Community Bus Permits

Note: Fees set within this group on the basis of time to process each application type

	2007-08 *Actual £m*	2008-09 *Estimate £m*	2009-10 *Forecast £m*
Fee charged/proposed		**See fee table**	
Fee income from service (before proposed increase)	**0.7**	**0.8**	**0.8**
Increased income from new/revised fee			**0.0**
Operating budget for service (before input price increases and any other added expenditure)	**0.6**	**0.8**	**0.8**
Additional costs of providing service			**0.0**
Accumulated surplus / (deficit) brought forward from previous period	**(0.4)**		
Net surplus / (deficit) for service at year end	**(0.3)**	**(0.2)**	**(0.2)**

PSV Certificate of Initial Fitness and Accessibility Certificate

Note: Fees set within this group on the basis of time to process each application type

	2007-08 *Actual £m*	2008-09 *Estimate £m*	2009-10 *Forecast £m*
Fee charged/proposed		**See fee table**	
Fee income from service (before proposed increase)	**1.6**	**1.7**	**1.7**
Increased income from new/revised fee			**0.1**
Operating budget for service (before input price increases and any other added expenditure)	**1.6**	**1.8**	**1.8**
Additional costs of providing service			**0.1**
Accumulated surplus / (deficit) brought forward from previous period	**0.2**		
Net surplus / (deficit) for service at year end	**0.2**	**0.1**	**(0.1)**

PSV International Permits

	2007-08 *Actual £k*	2008-09 *Estimate £k*	2009-10 *Forecast £k*
Fee charged/proposed		**See fee table**	
Fee income from service (before proposed increase)	**4**	**5**	**5**
Increased income from new/revised fee			**0**
Operating budget for service (before input price increases and any other added expenditure)	**4**	**5**	**5**
Additional costs of providing service			**0**
Accumulated surplus / (deficit) brought forward from previous period	**(11)**		
Net surplus / (deficit) for service at year end	**(11)**	**(10)**	**(11)**

Vehicle Identity Check

	2007-08 *Actual £m*	2008-09 *Estimate £m*	2009-10 *Forecast £m*
Fee charged/proposed		**See fee table**	
Fee income from service (before proposed increase)	**3.8**	**3.9**	**3.9**
Increased income from new/revised fee			**0.3**
Operating budget for service (before input price increases and any other added expenditure)	**5.4**	**3.8**	**3.8**
Additional costs of providing service			**0.2**
Accumulated surplus / (deficit) brought forward from previous period	**0.1**		
Net surplus / (deficit) for service at year end	**(1.4)**	**(1.4)**	**(1.1)**

Single Vehicle Approval

	2007-08 *Actual £m*	2008-09 *Estimate £m*	2009-10 *Forecast £m*
Fee charged/proposed		**See fee table**	
Fee income from service (before proposed increase)	**2.4**	**2.4**	**0.26**
Increased income from new/revised fee			**0.02**
Operating budget for service (before input price increases and any other added expenditure)	**3.5**	**2.9**	**0.28**
Additional costs of providing service			**0.01**
Accumulated surplus / (deficit) brought forward from previous period	**(1.1)**		
Net surplus / (deficit) for service at year end	**(2.2)**	**(2.5)**	**(2.5)**

Motorcycle Single Vehicle Approval

	2007-08 *Actual £k*	2008-09 *Estimate £k*	2009-10 *Forecast £k*
Fee charged/proposed		**See fee table**	
Fee income from service (before proposed increase)	**451**	**465**	**465**
Increased income from new/revised fee			**43**
Operating budget for service (before input price increases and any other added expenditure)	**589**	**417**	**417**
Additional costs of providing service			**14**
Accumulated surplus / (deficit) brought forward from previous period)	**(590)**		
Net surplus / (deficit) for service at year end	**(728)**	**(680)**	**(603)**

Tachograph Centre Approval

	2007-08 *Actual £k*	2008-09 *Estimate £k*	2009-10 *Forecast £k*
Fee charged/proposed		**See fee table**	
Fee income from service (before proposed increase)	**84**	**87**	**87**
Increased income from new/revised fee			**8**
Operating budget for service (before input price increases and any other added expenditure)	**189**	**93**	**93**
Additional costs of providing service			**3**
Accumulated surplus / (deficit) brought forward from previous period	**(142)**		
Net surplus / (deficit) for service at year end	**(247)**	**(253)**	**(254)**

Vehicle operating costs

per vehicle costs

	Source: RHA "Goods Vehicle Operating Costs 2008".			
Type	Time PA	Mileage costs	Miles PA	Total PA
	£	p	Miles	£
7.5t 2 axle rigid	£39,115	38.7	45,000	£56,530
12 - 14t 2axle rigid	£43,930	44.7	45,000	£64,045
17 - 18t 2 axle rigid	£49,400	51.4	50,000	£75,100
24 - 26t 3 axle rigid	£56,970	65.3	50,000	£89,620
32t 4 axle rigid tipper	£61,830	78.7	50,000	£101,180
32 - 33t 2 + 2 axle artic	£61,563	67.2	60,000	£101,883
38t 2 + 3 axle artic	£68,358	74.5	70,000	£120,508
44t 3 + 3 axle artic	£74,538	82.4	70,000	£132,218

per business costs

Trailer ratio 1.98 Artic tractors 121,600
Trailers 240,350

	Business size							
	Micro		small		medium		large	
	No	Cost PA	No	Cost PA	No	Cost PA	No	Cost PA
7.5t 2 axle rigid	1	£56,530	2	£113,060	4	£226,120	90	£5,087,700
12 - 14t 2axle rigid		£0		£0		£0	18	£1,152,810
17 - 18t 2 axle rigid		£0	1	£75,100	2	£150,200	36	£2,703,600
24 - 26t 3 axle rigid		£0		£0	1	£89,620	31	£2,778,220
32t 4 axle rigid tipper		£0		£0	1	£101,180	16	£1,618,880
32 - 33t 2 + 2 axle artic		£0		£0		£0	2	£203,766
38t 2 + 3 axle artic		£0		£0		£0	12	£1,446,098
44t 3 + 3 axle artic		£0	1	£132,218	2	£264,436	45	£5,949,816
Total	1	£56,530	4	£320,378	10	£831,556	250	£20,940,889

NOTE 1: Fleet mix for medium and large derived from DfT publication "Transport Statistics Great Britain 2007 Edition" – Table 9.6

NOTE 2: Trailer ratio for artics derived from trailers tested by VOSA for 2006/7 (VOSA Business Plan 2008/9) with licensed motor vehicles 2006 (DfT statistics table 9.6 – see above). This knowingly ignores the effect of drawbar trailers since no figures readily available from which to derive numbers.

VOSA charges

O licence per licence fees

	Licences in issue	99,600		Variations per year	8,000	
	New applications PA	8,000		Continuations PA	13,000	
	New App		Grant / Cont (5 years)		Variation	Average
2008	£238.00		£372.00		£238.00	£112.63
2009	£250.00		£391.00		£250.00	£118.36
Change	£12.00		£19.00		£12.00	£5.73

O licence vehicle related charges

	per quarter		per year
O Licence per vehicle (paid 5 yearly)	2008	£10.00	£40.00
	per month		
	2009	£2.00	£24.00
	Op cost Change		-£16.00

Test fees at VOSA premises by vehicle type

Failure rates Motor vehicles 19.5% Trailers 20.3%

Vehicle	2 axle motor vehicle			3 axle motor vehicle			4 axle motor vehicle		
	Test	retest	average veh	Test	retest	average veh	Test	retest	average veh
2008	£51.00	£34.00	£57.63	£73.00	£48.00	£82.36	£96.00	£63.00	£108.29
2009	£75.00	£37.00	£82.22	£99.00	£52.00	£109.14	£124.00	£69.00	£137.46
Op cost Change	£24.00	£3.00	£24.59	£26.00	£4.00	£26.78	£28.00	£6.00	£29.17
Trailer	2 axle trailer			3 axle trailer					
	Test	retest	average veh	Test	retest	average veh			
2008	£38.00	£24.00	£42.87	£48.00	£32.00	£54.50			
2009	£49.00	£26.00	£54.28	£60.00	£35.00	£67.11			
Op cost Change	£11.00	£2.00	£11.41	£12.00	£3.00	£12.61			

Test Fees at ATFs by vehicle type

Failure rates Motor vehicles 19.5% Trailers 20.3%

Vehicle	2 axle motor vehicle			3 axle motor vehicle			4 axle motor vehicle		
	Test	retest	average veh	Test	retest	average veh	Test	retest	average veh
2008	£64.00	£42.00	£72.19	£86.00	£56.00	£96.92	£109.00	£71.00	£122.85
2009	£82.00	£41.00	£90.00	£106.00	£56.00	£116.92	£131.00	£73.00	£145.24
Op cost Change	£18.00	-£1.00	£17.81	£20.00	£0.00	£20.00	£22.00	£2.00	£22.39
Trailer	2 axle trailer			3 axle trailer					
	Test	retest	average veh	Test	retest	average veh			
2008	£45.00	£28.00	£50.68	£55.00	£36.00	£62.31			
2009	£53.00	£28.00	£58.68	£64.00	£37.00	£71.51			
Op cost Change	£8.00	£0.00	£8.00	£9.00	£1.00	£9.20			

Total VOSA per vehicle charges by vehicle type (tests at VOSA premises)

Type	2008	2009	Change
7.5t 2 axle rigid	£97.63	£106.22	£8.59
12 - 14t 2axle rigid	£97.63	£106.22	£8.59
17 - 18t 2 axle rigid	£97.63	£106.22	£8.59
24 - 26t 3 axle rigid	£122.36	£133.14	£10.78
32t 4 axle rigid tipper	£148.29	£161.46	£13.17
32 - 33t 2 + 2 axle artic	£182.37	£213.50	£31.13
38t 2 + 3 axle artic	£205.34	£238.85	£33.51
44t 3 + 3 axle artic	£230.07	£265.78	£35.70

Total VOSA per vehicle charges by vehicle type (Tests at ATFs)

Type	2008	2009	Change
7.5t 2 axle rigid	£112.19	£114.00	£1.81
12 - 14t 2axle rigid	£112.19	£114.00	£1.81
17 - 18t 2 axle rigid	£112.19	£114.00	£1.81
24 - 26t 3 axle rigid	£136.92	£140.92	£4.00
32t 4 axle rigid tipper	£162.85	£169.24	£6.39
32 - 33t 2 + 2 axle artic	£212.37	£229.99	£17.62
38t 2 + 3 axle artic	£235.35	£255.34	£20.00
44t 3 + 3 axle artic	£260.08	£282.27	£22.19

Total VOSA cost changes per business (tests at VOSA premises)

	Business size											
	Micro			Small			Medium			Large		
Vehicles	No	2008	Change	No	2008	Change	No	2008	Change	No	2008	Change
7.5t 2 axle rigid	1	£97.63	£8.59	2	£195.26	£17.17	4	£390.52	£34.34	90	£8,786.70	£772.65
12 - 14t 2axle rigid	0			0			0			18	£1,757.34	£154.53
17 - 18t 2 axle rigid	0			1	£97.63	£8.59	2	£195.26	£17.17	36	£3,514.68	£309.06
24 - 26t 3 axle rigid	0			0			1	£122.36	£10.78	31	£3,793.16	£334.18
32t 4 axle rigid tipper	0			0			1	£148.29	£13.17	16	£2,372.56	£210.72
32 - 33t 2 + 2 axle artic	0			0						2	£364.74	£62.26
38t 2 + 3 axle artic	0			0						12	£2,464.14	£402.09
44t 3 + 3 axle artic	0			1	£230.07	£35.70	2	£460.15	£71.40	45	£10,353.36	£1,606.61
Total vehicles	1			4			10			250		
per licence		£112.63	£5.73		£112.63	£5.73		£112.63	£5.73		£112.63	£5.73
VOSA charges		£210.26	£14.31		£635.60	£67.19		£1,429.21	£152.59		£33,519.31	£3,857.83

Total VOSA changes per business (tests at ATFs)

	Business size											
	Micro			Small			Medium			Large		
Vehicles	No	2008	Change	No	2008	Change	No	2008	Change	No	2008	Change
7.5t 2 axle rigid	1	£112.19	£1.81	2	£224.38	£3.61	4	£448.76	£7.22	90	£10,097.10	£162.45
12 - 14t 2axle rigid	0			0						18	£2,019.42	£32.49
17 - 18t 2 axle rigid	0			1	£112.19	£1.81	2	£224.38	£3.61	36	£4,038.84	£64.98
24 - 26t 3 axle rigid	0			0	£0.00	£0.00	1	£136.92	£4.00	31	£4,244.52	£124.00
32t 4 axle rigid tipper	0			0			1	£162.85	£6.39	16	£2,605.52	£102.24
32 - 33t 2 + 2 axle artic	0			0						2	£424.74	£35.24
38t 2 + 3 axle artic	0			0						12	£2,824.15	£239.94
44t 3 + 3 axle artic	0			1	£260.08	£22.19	2	£520.15	£44.38	45	£11,703.40	£998.56
Total vehicles	1			4			10			250		
per licence		£112.63	£5.73		£112.63	£5.73		£112.63	£5.73		£112.63	£5.73
VOSA charges	0	£224.82	£7.53	0	£709.28	£33.33	0	£1,605.69	£71.33	0	£38,070.33	£1,765.63

Proportion of total business costs from VOSA charges (tests at VOSA premises)

Business size							
Micro		Small		Medium		Large	
VOSA Charges	Business cost change	VOSA Charges	Business cost change	VOSA Charges	Business cost change	VOSA Charges	Business cost change
0.372%	0.025%	0.198%	0.021%	0.172%	0.018%	0.160%	0.018%

Proportion of total business costs from VOSA charges (Tests at AFTs)

Business size							
Micro		Small		Medium		Large	
VOSA Charges	Business cost change	VOSA Charges	Business cost change	VOSA Charges	Business cost change	VOSA Charges	Business cost change
0.398%	0.013%	0.221%	0.010%	0.193%	0.009%	0.182%	0.008%

Financial effect of proposed 2009 fee changes on rental and leasing sector

Vehicle operating costs

per vehicle costs

NOTE: These costs are derived from cost tables for 2008 published by the RHA. They include depreciation, insurance, interest on capital, tyre and maintenance costs for motor vehicles from the RHA tables but exclude any element of overhead. Mileages per annum are as used in RHA tables for motor vehicles but halved for trailers to take account of trailer to vehicle ration of just under 2:1.

	Source: RHA Cost Tables 2008" (see NOTE)			
Type	Time PA	Mileage costs	Miles PA	Total PA
	£	p	Miles	£
7.5t 2 axle rigid	£9,930	8.7	45,000	£13,845
12 - 14t 2axle rigid	£10,930	10.4	45,000	£15,610
17 - 18t 2 axle rigid	£12,600	11.4	50,000	£18,300
24 - 26t 3 axle rigid	£16,790	14.8	50,000	£24,190
32t 4 axle rigid tipper	£19,960	18.7	50,000	£29,310
32 - 33t 2 axle tractor	£12,740	8.8	60,000	£18,020
38t 2 axle tractor	£14,720	9.0	70,000	£21,020
44t 3 axle tractor	£17,720	9.9	70,000	£24,650
3 Axle curtain sided trailer	£2,640	5.5	35,000	£4,565

Rental and leasing fleet operating costs

Proportion of commercial vehicle rental and leasing fleet provided by BVRLA members (source BVRLA website)			65%
		BVRLA members	Total fleet
Fleet size	Motor vehicles	180,396	277,532
	Trailers	22,866	35,178

NOTE 1: motor vehicle figures from BVRLA website for fleet at 31/12/08 - trailers figures supplied separately by BVRLA are at 31/12/2007
NOTE 2: Fleet mix for motor vehicles derived from DfT publication "Transport Statistics Great Britain 2007 Edition" – Table 9.6

	Fleet operating costs		Test fee cost at VOSA premises (including average proportion of retests)			Test fee cost at ATF (including average proportion of retests)		
	No	Cost PA	2008/9	2009/10	Total fleet cost PA	2008/9	2009/10	Total fleet cost PA
7.5t 2 axle rigid	99,912	£1,383,276,528	£57.63	£82.22	£2,456,327	£72.19	£90.00	£1,778,927
12 - 14t 2axle rigid	19,982	£311,924,111	£57.63	£82.22	£491,265	£72.19	£90.00	£355,785
17 - 18t 2 axle rigid	39,965	£731,353,137	£57.63	£82.22	£982,531	£72.19	£90.00	£711,571
24 - 26t 3 axle rigid	34,414	£832,474,809	£82.36	£109.14	£921,607	£96.92	£116.92	£688,280
32t 4 axle rigid tipper	17,762	£520,606,204	£108.29	£137.46	£518,120	£122.85	£145.24	£397,693
32 - 33t 2 axle tractor	2,220	£40,009,057	£57.63	£82.22	£54,585	£72.19	£90.00	£39,532
38t 2 axle tractor	13,322	£280,018,997	£57.63	£82.22	£327,510	£72.19	£90.00	£237,190
44t 3 axle tractor	49,956	£1,231,410,849	£82.36	£109.14	£1,337,817	£96.92	£116.92	£999,116
Total motor vehicles	277,532	£5,331,073,693						
Total trailers (assume all 3 axle)	35,178	£160,589,677	£54.50	£67.11	£443,565	£62.31	£71.51	£323,747
FLEET TOTAL	312,711	£5,491,663,370			£7,533,328			£5,531,841
			Fee increase proportion of total operating costs		0.14%	Fee increase proportion of total operating costs		0.10%

Testing and Inspection activities Reduction in staff of about 6% would mean:	formula	Variables	Low range	High range
longer waiting time for appointments;	ave daily standing cost X MV tests per year X effect per vehicle X proportion affected	1 day for [10/30]% of vehicles	£12,323,265	£36,969,794
withdrawal of some TT changes	ave hourly standing costs X MV tests PA X TT savings per test X proportion lost	[10/30] % of savings lost	£280,247	£840,740
opening hours (rural)	Ave cost per mile X extra miles X No of tests X proportion at DPs	20 miles extra round trip for [10/30]% of vehicles tested at DPs	£108,327	£324,982
reduced DP activity				
Reduction in maintenance and investment in facilities and equipment would mean:				
reduced maintenance	included in waiting time above			
higher future fees -from higher repair/replacement costs	not modelled			
Reduction in investment in new IT systems would mean:				
postponement of more on-line sevices	not modelled			
Postponement of upgrading and replacement of existing IT systems would mean:				
inability to correct faults in existing systems;	not modelled			
existing systems becoming more prone to breakdown;	not modelled			
some existing systems may need to be switched off	not modelled			
	Total testing effects		£12,711,838	£38,135,515

Operator licensing and enforcement activities Staff reductions of the order of 6% would lead to:	formula	Variables	Low range	High range
longer turnaround times for licence applications, renewals and variations;	Ave daily standing cost X ((No of new applications X vehicles per licence X added time X proportion affected) + (No of continuation applications X vehicles per licence X added time X proportion affected))	New applications: 1 day delay om [10/30]% of applications Continuations: 1 day delay on [1/5]% of continuations	£777,201	£2,548,884
withdrawal of over the counter enquiry services	not modelled			
reduction in enforcement checks	Total Accident Cost X percentage change	between 0.01% and 0.1% additional accidents	£135,821	£1,358,207
Reduction in maintenance and investment in facilities and equipment would mean:				
reduced maintenance	included in accident increase estimates above			
higher future fees -from higher repair/replacement costs	not modelled			
Reduction in investment in IT systems would mean:				
less targeting	included in accident increase estimates above			
	Total licensing effects		£913,022	£3,907,091
	Total effects		£13,624,860	£42,042,607

Variables

per vehicle costs used for No increase effects
Source: RHA "Goods Vehicle Operating Costs 2008".
Lower of the costs frrom the 2 sources used.

Tests per year		
Source = VOSA Business plan 2008/9	MV	Trailer
Tests per year	470,600	242,750
Retests per year	92,000	49,350
Total tests per year	562,600	292,100
%age at DPs	17%	

Type		Standing costs PA		Mileage costs per mile	
	Proportion	£	contribution	p	contribution (p)
7.5t 2 axle rigid	0.36	£39,115	£14,081	39	13.93
12 - 14t 2axle rigid	0.07	£43,930	£3,163	45	3.22
17 - 18t 2 axle rigid	0.14	£49,400	£7,114	51	7.40
24 - 26t 3 axle rigid	0.12	£56,970	£7,064	65	8.10
32t 4 axle rigid tipper	0.06	£61,830	£3,957	79	5.04
32 - 33t 2 + 2 axle artic	0.01	£61,563	£493	67	0.54
38t 2 + 3 axle artic	0.05	£68,358	£3,281	75	3.58
44t 3 + 3 axle artic	0.18	£74,538	£13,417	82	14.83
Average vehicle standing cost			£52,570	Average cost per mile	56.63
Average earning days per annum (as per RHA modelling)			240		
Average earning hours per week (RHA)			55		
daily standing cost per average vehicle			£219.04		
hourly standing cost per average vehicle			£18.38		

Average reduction in cycle time from Testing Transformation	
Source TT project data	
Mins	16.26

Licensing

Source VOSA Business plan 2008/9

New licences	8,000
continuations	13,000
Variations	8,000
Total licences	99,600
Total vehicles	380,000
Vehicles per licence	3.82

HGV Accident costs

Source - (1) Road Casualties Great Britain 2005 (DfT) table 10
(2) Highways Economic Note No 1 (DfT) table 3

	Fatal	Serious	Slight
No involving HGVs (1)	520	1648	9952
Average value of prevention (2)	£1,644,790	£188,920	£19,250
Total cost by type	£855,290,800	£311,340,160	£191,576,000
Total Accident Cost			£1,358,206,960