EXPLANATORY MEMORANDUM

THE COMMUNITY BUS (AMENDMENT) REGULATIONS 2004 No. 2252

THE MINIBUS AND OTHER SECTION 19 PERMIT BUSES (AMENDMENT) REGULATIONS 2004 No. 2251

THE PUBLIC SERVICE VEHICLES (REGISTRATION OF LOCAL BUS SERVICES) (AMENDMENT) REGULATIONS 2004 No. 2250

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. Description

2.1 The three sets of Regulations covered by this Explanatory Memorandum increase the fees for registration of local bus services and permits granted on behalf of the Secretary of State for Transport by the Vehicle and Operator Services Agency ("VOSA") and by designated local authorities and voluntary organisations. The Regulations listed above respectively amend Regulations (a) to (c):

(a) The Community Bus Regulations 1986

(b) The Minibus and Other Section 19 Permit Buses Regulations 1987

(c) The Public Service Vehicles (Registration of Local Services) Regulations 1986

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

3.1 The increases within these regulations average 10% plus inflation for registration of local bus services and permits. Details of the increases are set out in the tables below

3.2 The fee increases made by the Community Bus (Amendment) Regulations 2004 are as follows:

Subject of fee	Current fee (£)	New fee(£)	% change	Date of last increase
Grant of permit	39	44	12.8	1 November 2002

3.3 The fee increases made by the Minibus and Other Section 19 Permit Buses (Amendment) Regulations 2004 are as follows:

Subject of fee	Current fee (£)	New fee (£)	% change	Date of last increase
Grant of permit to use a large bus	15	17	13.3	1 November 2002
Grant of permit to use a small bus	8	9	12.5	1 November 2002

3.4 The fee increases made by the Public Service Vehicles (Registration of Local Bus Services) (Amendment) Regulations 2004 are as follows:

Subject of fee	Current fee(£)	New fee(£)	% change	Date of last increase
Application to register a community bus service, other than a service provided under an agreement providing for service subsidies	10	11	10.0	1 November 2002
Application to register a bus service in any other case	40	45	12.5	1 November 2002
Application to vary the registered particulars of a community bus service, other than a service provided under an agreement providing for service subsidies	10	11	10.0	1 November 2002
Application to vary the registered particulars of a bus service in any other case	40	45	12.5	1st November 2002

3.5 Traffic Commissioners, through an executive agency - the Vehicle and Operator Services Agency (VOSA) (formed from the merger of the Vehicle Inspectorate ("VI") and the Traffic Area Network ("TAN") part of DfT) - issue and maintain registers of bus services. VOSA, together with designated local authorities and voluntary bodies, also issue permits for Section 19 passenger transport operations. An explanation of a Section 19 permit is given in the "Policy Background" Section below.

3.6 The cost of carrying out these functions is recovered by charging fees. VOSA is required to break even on its costs, normally year on year. Thus, if there is a deficit at the end of one year, higher fees must usually be levied in the succeeding year(s).

3.7 The proposed increases are a part of VOSA's plan designed to remove the deficit in the accounts for operator licensing and the issue of permits. A 10% increase plus inflation allows the deficits to be repaid over a 2-year period. It also provides long term stability in the level of fees, as well as an income stream for investment purposes. More details of the options taken into consideration in addressing the deficits in the accounts are set out in the "Policy Background" section below.

3.8 Key principles underpinning the increases is to create cash flow to replace the current subsidy paid to VOSA by the Department for Transport.

3.9 VOSA was formed on 1 April 2003 with the merger of the Vehicle Inspectorate Trading Fund and the TAN. The financial forecasts produced for the schemes of work previously operated by TAN showed that income generated from operator licensing, bus registration and permit fees was not sufficient to cover the costs incurred. The Department for Transport therefore agreed to subsidise VOSA in the short term whilst the level of fees were increased so that the Department for Transport subsidy could be eliminated. In 2003/04, there was a Department for Transport subsidy for all schemes of work totalling £2.8m. In the current year, this is projected to increase to £3.4m, falling away next year to £2.3m, down to £0.5m the year after that as income from the proposed increases begin to take effect.

3.10 Normally, neither designated Local Authorities nor voluntary organisations charge fees for permits issued to members of their organisations.

4. Legislative Background

4.1 The Community Bus (Amendment) Regulations 2004 are made under sections 52(1) and 60(1) of the Public Passenger Vehicles Act 1981 and by virtue of the Department for Transport (Fees) Order 1988.

4.2 The Minibus and Other Section 19 Permit Buses (Amendment) Regulations 2004 are made under sections 52(1) and 60(1)(e) and (1A) of the Public Passenger Vehicles Act 1981 and by virtue of the Department for Transport (Fees) Order 1988.

4.3 The Public Service Vehicles (Registration of Local Bus Services) (Amendment) Regulations 2004 are made under sections 52(1) and 60(1)(e) and (1A) of the Public Passenger Vehicles Act 1981 and by virtue of the Department for Transport (Fees) Order 1988.

5. Extent

5.1 The Community Bus (Amendment) Regulations 2004 and the Minibus and other Section 19 Permit Buses (Amendment) Regulations 2004 apply to Great Britain. The Public Service Vehicles (Registration of Local Bus Services) (Amendment) Regulations apply to England and Wales.

7. Policy background

7.1 Before a person or organisation with a public service vehicle ("PSV") operator's licence or community bus permit can operate a public service vehicle on a public road for hire or reward, the service must be registered with a Traffic Commissioner. The registration regime ensures that the route and stopping points are defined, together with the times when the service will operate. Those wishing to register a service must also specify the type of vehicle to be used on the route.

7.2 Application and variation fees are charged to meet some of VOSA's costs in administering and enforcing the registration regime.

7.3 The present and predicted deficits in the accounts for the issue of bus registrations and permits have arisen for two reasons. First is because of the absence of increases since many of the original provisions came into force. For example, the fees for the application for registration of a local bus service remained unchanged from 1987 when they were introduced until 1 November 2002 when they were last amended. Second is the cost of developing and implementation of the TransXchange system to computerise bus registration and provide a bus permits database. Under the new system, bus operators can register and amend details of services over the internet.

7.4 Section 19 permits are an arrangement where non-profit making organisations can make a charge for carrying fare-paying passengers to whom the organisation serves without the need to obtain a PSV Operator's Licence and, in most cases, without having to comply with passenger carrying vehicle driver licensing requirements. Section 19 permits cannot be used to provide services to the general public or on journeys outside the UK. Section 19 permits can be issued either by a Traffic Commissioner or by a designated local authority or voluntary body.

7.5 When considering possible ways in which the deficits in the accounts for registration of local bus services and the issue of permits could be addressed (in the overall context of the schemes of work inherited from the TAN), 3 alternatives were considered.

(a) Increases only sufficient to cover higher running costs due to inflation; no deficit recovery would have been possible.

(b) Increases of 25% that would ensure the deficit was recovered by the end of 2004/05.

(c) Increases of 13% that would ensure the deficit was recovered by the end of 2005/06.

7.6 The third option was the preferred approach. It allows the deficit to be repaid over a 2-year period, which strikes a good balance between the size of the increase and the length of time the accounts remain in deficit. It also provides long-term stability in the level of fees and income for investment purposes.

7.7 Further increases above the rate of inflation may be necessary depending on the performance of the individual schemes of work and the availability of funds from DfT.

8. Impact

8.1 A Regulatory Impact Assessment is attached to this memorandum.

8.2 There is no significant impact on the public sector.

9. Contact

Roger Trubridge at the Vehicle Operator and Services Agency Tel: 0117 954 3272 or e-mail: roger.trubridge@vosa.gov.uk can answer any queries regarding the instruments.