EXPLANATORY MEMORANDUM TO

THE GOODS VEHICLES (PLATING AND TESTING) (AMENDMENT) REGULATIONS 2008
2008 No. 1460

THE ROAD VEHICLES (REGISTRATION AND LICENSING) (AMENDMENT) (No. 2) REGULATIONS 2008
2008 No. 1444

THE INTERNATIONAL CARRIAGE OF DANGEROUS GOODS BY ROAD (FEES) (AMENDMENT) REGULATIONS 2008
2008 No. 1578

THE INTERNATIONAL TRANSPORT OF GOODS UNDER COVER OF TIR CARNETS (FEES) (AMENDMENT) REGULATIONS 2008
2008 No. 1580

THE PASSENGER AND GOODS VEHICLES (RECORDING EQUIPMENT) (APPROVAL OF FITTERS AND WORKSHOPS) (FEES) (AMENDMENT) REGULATIONS 2008
2008 No. 1581

THE PUBLIC SERVICE VEHICLES (CONDITIONS OF FITNESS, EQUIPMENT, USE AND CERTIFICATION) (AMENDMENT) REGULATIONS 2008
2008 No. 1458

THE PUBLIC SERVICE VEHICLES ACCESSIBILITY (AMENDMENT) REGULATIONS 2008
2008 No. 1459

THE MOTOR VEHICLES (TESTS) (AMENDMENT) (No. 2) REGULATIONS 2008
2008 No. 1461

THE MOTOR VEHICLES (APPROVAL) (FEES) (AMENDMENT) REGULATIONS 2008
2008 No. 1443

THE MOTOR CYCLES ETC. (SINGLE VEHICLE APPROVAL) (FEES) (AMENDMENT) REGULATIONS 2008
2008 No. 1462

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

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

2. Description

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

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

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

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

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

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

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

(g) The Public Service Vehicles Accessibility Regulations 2000;

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

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

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

2.2 The Motor Vehicles (Approval) (Fees) Regulations 2001 are also amended to introduce an additional statutory fee for an application for Single Vehicle Approval in a particular set of circumstances. The fee reflects the work involved in processing such an application.

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

3.1 The Secretary of State, through her executive agency VOSA, recovers the cost of carrying out her functions in respect of testing and inspecting vehicles by charging fees. The agency operates as a trading fund.

3.2 The fees pay for the provision of examiners and enforcement officers, together with management, 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.

3.3 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.

3.4 This year it is necessary for VOSA to introduce fee increases averaging 5% in most areas to cover predicted costs for the period from April 2008 to April 2009. The most recent revision of any of the fees now being revised was 1 April 2007. That increase took into account planned costs up to March 2008. (The fee increases should have been implemented from the start of the financial year, but their implementation was delayed until now.)

3.5 However, in the case of Single Vehicle Approval (SVA), it has proved necessary to raise fees by an average of 20%. This larger increase is necessary to ensure that the costs of SVA are fully met by the users of that service. Although this increase may seem large, it must be remembered that there had been no increase in SVA fees from the introduction of enhanced SVA in August 2001 until April 2007. With this increase, the annual rate of increase when compounded over the period from August 2001 amounts to an average of 3.66% per year. Test volumes on SVA peaked at about 41,000 in 2003/4 and reduced steadily to just over 14,000 in both 2006/7 and 2007/8. VOSA has reduced variable scheme costs, by such measures as diverting staff to other activities and reducing non-productive travelling costs by using VOSA operated sites as much as possible for testing. VOSA has also closed, or are in the process of closing 3 stand-alone SVA sites and integrated the activity with local HGV test stations. However, the fixed costs of the scheme (e.g. repayment of loans to establish the infrastructure for the scheme and costs of IT systems and infrastructure) cannot be reduced significantly and have to be spread over a smaller number of tests. Thus, increases in this area have to be significantly above those in services with a more constant demand just to maintain present service levels let alone deliver the enhanced service levels that many customers tell us they want.

3.6 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 arithmetic 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. With on-line booking and electronic payments increasing during 2008/9 as e-test booking rolls out, this policy will need to be reviewed for future years.

3.7 In 3 of the Regulations the address used for certain purposes has been changed from a specific address (Welcombe House, Swansea) to the non-specific address, namely, being such office of VOSA as the Secretary of State may direct. A similar provision appears in regulation 7(3) of the Motor Vehicles (Tests) Regulations 1981

(SI°1981/1694). The change is necessary because VOSA's operations at Welcombe House will be moving to another address in Swansea in late summer or early autumn. The non-specific address has been used primarily because the exact date of the move is not yet known for certain. Very few, if any customers find the address from the Regulations – the normal source being from forms, leaflets, websites, VOSA's contact centre or staff. The address to which communications are to be sent will be publicised in all places where VOSA's customers normally get information about its services. This will include relevant leaflets and forms; on posters displayed in VOSA premises; on the TransportOffice, Directgov and VOSA websites; in newsletters which VOSA mails to every operator licence holder; VOSA's telephone contact centre; and via press notices. Mail redirection services will also be used for an appropriate period after the move.

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

The Goods Vehicles (Plating and Testing) (Amendment) Regulations 2008

3.9 A Heavy Goods Vehicle (HGV) is either a motor vehicle that has a gross weight over 3500 kg or a goods trailer with an unladen weight greater than 1020 kg. All such vehicles must be tested by VOSA to ensure that they meet certain minimum roadworthiness requirements after the first year of operation and annually after that. The fees under these Regulations are primarily in connection with the annual test of roadworthiness of such vehicles but also include fees to approve 'notifiable alterations' which affect the permitted gross weight or key safety systems of an HGV.

3.10 The increases made to the cost of a annual inspection of a heavy goods vehicle by these Regulations range from 4.1% (£2) for a 2 axle motor vehicle to 5.6% (£2) for a 2 axle trailer; in monetary terms the largest increase is £5 (£91 to £96) for a 4 axle motor vehicle. The fee for a duplicate certificate remains unchanged.

3.11 The supplementary fees where the applicant wishes an annual test 'out of hours' are increased by 2.9% (£1) for a motor vehicle and 8.3% (£1) for a trailer; supplements for testing at 'designated premises' (i.e. approved premises away from the goods vehicle test station network) are increased by 8.3% (£1) for a motor vehicle and 16.7% (£1) for a trailer.

3.12 The increase in fees payable for an amendment to a plating certificate (notifiable alteration) range from 4.3% (£1) for a normal application to 33.3% (£1) for the designated premises supplement for a trailer inspection. The fee supplement for 'out of hours' test in connection with a notifiable alteration remain unchanged.

3.13 The address change described in 3.7 above affects notifications of certain vehicle alterations, notifications of appeals and the meaning of an entry on some certificates.

The Road Vehicles (Registration and Licensing) (Amendment) (No. 2) Regulations 2008

3.14 These Regulations include 2 separate services carried out be VOSA – Reduced Pollution Certificates (RPC) and Vehicle Identity Checks (VIC).

3.15 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.

3.16 The test fee is increased by 3.6% (£1) when carried out independently of the annual test. The fee is unchanged where the test is done at the same time as an annual test. The 'out of hours' supplement remains unchanged and the 'designated premises' supplement is increased by 16.7% (£1).

3.17 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 reported to DVLA as a 'write off' the vehicle is checked by VOSA to confirm that it is indeed the registered vehicle.

3.18 The VIC fee is increased by 5.6% (£2) and the 'out of hours' and 'designated premises' supplements by 6.7% and 9.1% respectively (50p). VIC fees were last increased in 2004 and the supplements have remained unchanged since the scheme's launch in 2002.

3.19 The address change described in 3.7 above affects notifications of appeal.

The International Carriage of Dangerous Goods by Road (Fees) (Amendment) Regulations 2008

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

3.21 These Regulations increase the fees associated with such inspections by between 4% (£1) for a certificate for a type approved tractor and 4.6% (£4) for a normal initial inspection. The fee for a duplicate certificate remains unchanged.

The International Transport of Goods under Cover of TIR Carnets (Fees) (Amendment) Regulations 2008

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

3.23 These Regulations increase the fees payable in connection with TIR approval and with the issue of a certificate of approval for a road vehicle following an inspection. The increases range from 4.9% (£3) for a retest of an individual vehicle to 5.4% (£5) for the initial inspection of an individual vehicle and a type variation. The maximum monetary increase is £29 (from £563 to £591) for the approval of a design type. Fees for duplicate certificates and certificates of conformity for type approved vehicles remain unchanged.

The Passenger and Goods Vehicles (Recording Equipment) (Approval of Fitters and Workshops) (Fees) (Amendment) Regulations 2008

3.24 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.

3.25 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% (£16) and 5.2% (£7) respectively.

The Public Service Vehicles (Conditions of Fitness, Equipment, Use and Certification) (Amendment) Regulations 2008

3.26 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.

3.27 The increases in fees range from 3.2% (£1) for a retest not involving a tilt test for an individual vehicle to 5.1% (£13) for a retest involving a tilt test or an initial test for an individual vehicle. The largest monetary increase being £159 (from £3,176 to £3,335) for the approval of a 'type' vehicle where neither the chassis nor body of the vehicle has been previously type approved.

3.28 The address change described in 3.7 above affects applications for certificates.

The Public Service Vehicles Accessibility (Amendment) Regulations 2008

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

3.30 The fees for accessibility certificates are increased by between 3.1% (£1) for an individual retest covering 2 schedules and 9.1% (£1) for a duplicate certificate. In monetary terms, the maximum increase is £35 (from £690 to £725) 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 fee for an individual retest covering 1 schedule is not being increased.

The Motor Vehicles (Tests) (Amendment) (No. 2) Regulations 2008

3.31 PSVs must be tested by VOSA to ensure that they meet certain minimum roadworthiness requirements after the first year of operation and annually after that.

3.32 The increases in fees for an annual roadworthiness tests for a PSV and associated retests and supplements range from 2.7% (£1) for the retest of a small bus to 14.3% (£1) for a duplicate certificate. The largest monetary fee increase is £4 (from £80 to £84) for the annual test of a large bus. Some of the lower fees remain unchanged.

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

The Motor Vehicles (Approval) (Fees) (Amendment) Regulations 2008

3.34 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 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.

3.35 The fees and supplements for SVA, are increased, by between 9.1% (£1) for a replacement certificate and 20.8% (£11) for dealing an application which is refused before an inspection is completed for any of the reasons stated in regulation 10 of the Motor Vehicles (Approval) Regulations 2001. The largest monetary increase is £40 (from £200 to £240) for an enhanced SVA test with model report on a passenger vehicle. These large increases are necessary to ensure VOSA covers its costs in providing this service as explained more fully in paragraph 3.5 above.

3.36 The Regulations also add a statutory fee to reflect the cost of processing SVA applications for some new vehicles built to EU standards but for which the manufacturers were unable to issue certificates of conformity. This fee replaces a previous non-statutory charge.

The Motorcycles Etc. (Single Vehicle Approval) (Fees) (Amendment) Regulations 2008

3.37 The Motorcycle Single Vehicle Approval scheme (MSVA) is a pre-registration check applicable to certain categories of motorcycle.

3.38 The fees and supplements for MSVA are increased by between 4.8% (£1) for the out of hours supplement for an inspection and 6.4% (£3) for the initial application for a low powered moped. The largest monetary increase is of £5 (from £90 to £95) for the

initial application for approval of a 3 or 4 wheeled motorcycle. Fees for re-tests and duplicate certificates remain unchanged.

4. Legislative Background

4.1 The Goods Vehicles (Plating and Testing) (Amendment) Regulations 2008 are made under sections 49 and 51(1) of the Road Traffic Act 1988 and by virtue of the Department of Transport (Fees) Order 1988.

4.2 The Road Vehicles (Registration and Licensing) (Amendment) (No. 2) Regulations 2008 are made under sections 57 and 61B of the Vehicle Excise and Registration Act 1994

4.3 The International Carriage of Dangerous Goods by Road (Fees) (Amendment) Regulations 2008, the International Transport of Goods under Cover of TIR Carnets (Fees) (Amendment) Regulations 2008 and the Passenger and Goods Vehicles (Recording Equipment) (Approval of Fitters and Workshops) (Fees) (Amendment) Regulations 2008 are made under section 56(1) and (2) of the Finance Act 1973 and by virtue of the Department of Transport (Fees) Order 1988.

4.4 The Public Service Vehicles (Conditions of Fitness, Equipment, Use and Certification) (Amendment) Regulations 2008 are made under sections 10(1), 52(1) and 60 of the Public Passenger Vehicles Act 1981 and by virtue of the Department of Transport (Fees) Order 1988.

4.5 The Public Service Vehicles Accessibility (Amendment) Regulations 2008 are made under sections 45(1) and 67 of the Disability Discrimination Act 1995.

4.6 The Motor Vehicles (Tests) (Amendment) (No. 2) Regulations 2008 are made under sections 45 and 46 of the Road Traffic Act 1988 and by virtue of the Department of Transport (Fees) Order 1988.

4.7 The Motor Vehicles (Approval) (Fees) (Amendment) Regulations 2008 are made under section 61(1) and (2) of the Road Traffic Act 1988, and by virtue of the Department of Transport (Fees) Order 1988 and section 128 of the Finance Act 1990.

4.8 The Motorcycles Etc. (Single Vehicle Approval) (Fees) (Amendment) Regulations 2008 are made under section 61(1) and (2) of the Road Traffic Act 1988, and by virtue of the Department of Transport (Fees) Order 1988.

4.9 Regulations such as these to amend the various fees collected by VOSA are typically made on an annual basis. Each year the fees are reviewed and, if necessary, adjusted in accordance with the cost of providing the particular examination.

5. Territorial Extent and Application

The Road Vehicles (Registration and Licensing) (Amendment) Regulations apply throughout the United Kingdom. The other 9 instruments apply to Great Britain.

6. European Convention on Human Rights

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

7. Policy background

7.1 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 memorandum, include testing of trucks and buses both for annual roadworthiness compliance and for certain specialised uses; and inspections of some individual vehicles to enable them to be licensed or relicensed or obtain benefits from being less polluting.

7.2 In addition to normal staffing and associated costs, maintenance and improvement of these services involves a sustained capital investment programme to upgrade facilities and equipment; and to provide improved IT systems to better support VOSA's front line staff and to expand the range of services its customers can access on-line. The headcount reductions VOSA has realised in areas such as back office support as a result of VOSA's Value for Money programme have been re-invested in these services. However, the rate of investment necessary to deliver these service improvements and service loans used to pay for past improvements which have been capitalised, means that VOSA will still need to raise fees, generally at rates slightly above predicted RPI growth. In relation to most of the services provided by VOSA a general rise averaging 5% is needed, however for Single Vehicle Approval an average 20% fee increase is necessary so as to bring the account for that "scheme" more into in-year balance. To simplify payment, VOSA adjust all fees to the nearest pound leading to increases both above and below the average rate for the particular "scheme". Generally normal arithmetic 'rounding' rules are applied (50p and above rounded up). Where this leads to particular fees always being rounded in the same direction corrections have been applied.

7.3 A formal consultation on the fee amendments took place between January and March 2008. Consultation packs were sent out to some 452 individuals and organisations. The consultation was also posted on the internet. Twenty nine responses were received. Of these, 10 offered no specific comments on the subject of the consultation; comments in 14 related to the proposed general fee increase; and 5 related to the larger proposed increase to the SVA fees. A summary of the responses received and VOSA's consideration of these responses is attached at Attachment A.

7.4 Comments on the proposed 5% general fee increase ranged from "will not raise concerns", and "reduced efficiency for operators [from service cutbacks] would outweigh additional costs" through to "should revise the increase to only RPI" and "rejects VOSA's proposals". Many expressed the views along the lines that they would be less unhappy about fee rises if they believed they were receiving higher quality services and electronic services previously promised had been delivered more quickly.

7.5 In the case of SVA fees, the consultation proposed increases averaging 30%. All respondents strongly opposed the proposal and considered the increase to be disproportionate. They also sought access to much more detailed financial information which VOSA considers to be commercially sensitive.

7.6 Following consultation, and with the benefit of firm figures on volumes and costs for a much larger part of 2007/8, VOSA has reviewed the calculations used to support the proposals upon which it consulted. In the case of the general increase, there have been no significant changes which would allow scope to reduce the proposed 5% increase without reduction in both current service levels and planned service enhancements, neither of which was supported by respondents. In the case of the proposed 30% increase in SVA fees, the review showed scope to reduce the proposed increases to an average 20%.

7.7 Stakeholder views on the amendment by the Motor Vehicles (Approval Regulations 2008 to introduce an additional statutory fee was the subject of a consultation between October 2006 and January 2007. The consultation document included an old style Regulatory Impact Assessment. This has been reworked as a new style Impact Assessment. The consultation also covered the fee increases which were implemented in April 2007. That consultation was sent out to some 485 individuals and organisations and posted on the Internet. None of the 22 replies received made any specific mention of the additional SVA fee proposal.

8. Impact

8.1 Full Impact Assessments of the effect that these instruments will have on the costs of business are attached to this memorandum. Attachment B covers the fee increase proposals and Attachment C covers the additional SVA fee.

8.2 The impact on the public sector is the same as that on the private sector. Where vehicles are operated in circumstances where they need to use VOSA's services they will pay the same fees and charges. The effect of the increased fees is very small in terms of the overall costs of owning and operating vehicles – in the case of HGV operators it is no more that one fortieth of one percent of total vehicle operating costs.

9. Contact

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

Summary of responses to Consultation on Statutory Fees for VOSA Services in 2008/9 and consideration thereof

This document summarises the responses received to the *Consultation on Statutory fees for VOSA Services in 2008/*9 issued on 14 January 2008. Individual points made by each respondent in explaining their responses or general comments to the consultation have been summarised and VOSA's consideration of these points is given in italics. For convenience responses are grouped into:

- those addressing to the proposed general 5% fee rise;
- those addressing to the SVA fee rise proposed as 30% (which was reduced to 20% primarily to reflect greater confidence that volumes have stabilised); and
- those that responded but offered no specific comment on this occasion.

The Questions asked

The consultation asked for *yes/no* answers to 4 specific questions, in each case asking for an explanation of the reason for the response or additional comments; and invited more generalised comments. The specific questions were:

Question 1:

Should we seek higher increases in one or more areas to increase the rate of investment in improved services?

Question 2:

Should we cut back on planned investment and not seek to improve services in one or more areas?

Question 3:

Should we reduce running costs by worsening existing service levels such as waiting time for tests?

Question 4:

Can you provide information about the overall operating costs of your business that we can use in future to model the effects on businesses in your sector (bearing in mind that we would have to publish the information and its source)?

Respondent: Construction Plant-hire Association

General comments:

Will not raise concerns amongst our member companies.

Consideration: noted.

Respondent: IBI Group

Q1: YES

Respondent: HiQ Tyres

Q1: YES

Q2: NO

Q3: NO

Q4: NO

General comments:

Reduced efficiency for operators would outweigh additional costs of supporting improved services.

Consideration: noted.

Respondent: Drivers Action Movement

Q1:

NO: the overall increase is already above RPI and as such is already as high as can be accepted

Consideration: noted.

Q2:

NO: Long term costs of reducing increases are too high.

Consideration: noted.

Q3:

NO: The industry would rather pay the increases than loose service quality.

Consideration: noted.

Q4: NO

Respondent: National Association of Licensing and Enforcement Officers

Q1:

YES: NALEO welcomes the multi agency approach to resolving the problems caused by 'rogue taxis'.

Consideration: noted

Q2: NO

Q3: NO

Q4: NO

General comments:

NALEO is concerned that as an organisation for the 'safety and comfort' of the travelling public the vehicles used meet the standards required. As such we welcome any help in providing such service to a high and safe standard.

Consideration: noted.

Respondent: Confederation of Passenger Transport

Q1:

YES: Increase section 19 permit fees from £11 to £15 for small buses and from £20 to £23 for large buses - Increase community bus registration fees from £12 to £15.

Consideration: Permits and service registration are being revised in the Local Transport Bill. The fees will be reviewed as part of the Bill implementation.

Q2 & 3:

NO: Would be contrary to the recently signed Service Level Agreement which is centred on improving service quality and delivery by VOSA and is not conditional on raising fees in excess of inflation.

Consideration: Noted.

Q4: NO

General comments

VOSA as a government agency has a monopoly on the services which it provides to the industry and as such has a duty to ensure its cost increases are in line with Government targets. The industry only receives RPI increases from Government Departments in its tenders. VOSA should revise its increase to only RPI and should deliver productivity from its workforce and systems to ensure these are achievable without any detriment to the quality of service delivered. It would be disappointing if eventually after agreeing Service Level Agreements with the industry trade associations if VOSA were unable to deliver its part of those agreements.

Expect VOSA to continually look for ways to increase productivity and improve service quality without above inflation increases.

Consideration: Overall during the period 2004/5 to 2007/8 the Agency has reduced baseline staffing levels by about 17%, some of whom have been redeployed to deliver new initiatives (e.g. 109 have been redirected to front line enforcement activities). This has been achieved whilst continuing to meet the majority of service standards.

Over the past 3 years VOSA has put in place a number of initiatives to improve customer service, improve the consistency of tests carried out and increase efficiency. In addition to management effort and process changes, these improvements have required a significant investment for the future in our test station network and the test equipment used to conduct tests.

Investment Made:

- *10 Stations have been completely refurbished - in many cases involving a total demolition and re-build of the existing test lanes and offices;*
- *A totally new station at Avonmouth to replace Bristol opened for testing in April 2008 – Investment to date of £40m*
- *26 Class A lanes (approx 15% of total estate) have been refurbished – Investment of £4.1m*

Improvements delivered

- *Test booking service standard reduced from within 18 days of requested date to within 1 day of requested date (and at the station of choice) for those customers who give at least 10 days notice;*
- *Time taken to conduct a standard test – reduced from 90 to 72 minutes;*
- *Variation in test results across stations reduced – in response to customer requests for greater consistency;*
- *Service Level Agreement on Vehicle testing signed with Trade Associations in Feb 2008, committing both parties to improved communication and working together.*

VOSA has a duty to ensure that its cost increases are in line with government targets on RPI and where proposing increases in excess of RPI it can clearly demonstrate why these have occurred and are necessary. Proposals do not do this and therefore do not represent value for money. Industry facing above RPI increases form suppliers - believes Government has a duty to set an example and keep within RPI targets.

Consideration: We have a legal requirement to cover our costs. April 2007 increase represented annualised increase of 3.3% - RPI at time of increase was 4.5%.

Disappointing that VOSA has indicated a willingness to reduce services and investment if unable to raise additional fee revenue.

Consideration: The consultation stated that this was not our preferred option. It is, however, part of the impact assessment process to model the effects of no change as far as is reasonably practical.

Past increases promised new technology - some still not introduced even though increases made.

Consideration: Large amount of new technology has been delivered or is imminent. This includes a new test booking system, handheld devices for examiners which include the ability to identify operator compliance risk. Also, we have modernised roller brake testers and installed new headlamp aim equipment which can provide a more objective test.

Strongly objects to section 19 permit and community bus service registration fees not being increased - should have increases equal to other PCV sector fees.

Consideration: see consideration of Q1.

Operators with a significant amount in their pre-funded account should get a 5% reduction in fees.

Consideration: Pre-funded accounts are only one payment option available to customers. The amount in the account is at the responsibility of the account holder.

Respondent: A Culpin & Son

Q1:

YES: expect an increase if they are going to see an improved level of service - the fee is relatively cheap in comparison to some other commercial charges.

Consideration: noted.

Q2:

NO: It is important that we have planned investment, legislation keeps growing along with technology - tests evolve more to include more items and way of checking the equipment fitted is ever changing with new technology - investment has to happen it is not an option.

Consideration: noted.

Q3:

NO: We should look at ways of better deploying the resources i.e. if the operator has a good record and a low risk score should they move to 18 or 24 months tests? Equally a poor operator should they have 6 or 9 month tests?

Consideration: This possibility has been considered. Moving statutory tests beyond 12 months would need changes to EU law as well as a British Act of Parliament. There would also be complex issues to resolve as to how we ensured that the break points were applied in the same manner throughout the EU. Moving to less than 12 months would need a British Act of Parliament to be changed. At present, we believe that much of the objective can be achieved by better targeting of checks at the roadside and operator's premises which check the state of vehicles in use rather than when operators have the opportunity to prepare vehicles.

Q4: NO

General comments:

We are the most regulated & taxed transport system in the world. Should we not do more checks at the ports for roadworthiness and issue more fines?

Consideration: VOSA Business Plan for 2008/9 includes a target of "increased enforcement activities at hotspots in the strategic road network, contributing to a 15% increase in the number of dangerous vehicles and drivers being taken off the road compared to 2007/8". Fixed penalties notices and on the spot deposits for those unable to provide satisfactory proof of address are also expected to be introduced in 2009. Ministers also recently announced an extra £24 million funding over 3 years from taxation for enforcement on goods vehicles on international journeys.

Respondent: Road Haulage Association

Q1: YES

Content to pay if getting improvements - would like more details of finance and resource but appreciates the uncertainty surrounding outsourcing review.

Consideration: noted.

Concern that DP supplements disproportionate & rounding creates larger increases.

Consideration: DP supplements reflect the extra cost and time for travelling, lack of IT support and in many cases less productive layout of DP facilities. VOSA is actively reviewing its approach to testing at non-VOSA sites and hope to consult with the industry on options during 2008.

The effects of rounding are addressed this year by varying normal arithmetical rounding rules for fees which have been disproportionately affected by rounding over recent years.

Members may perceive falling standards whilst charges increase.

Consideration: Over the last 3 years:
Test booking service standard reduced from a test within 18 days of requested date to a test within 1 day of requested date (and at the station of choice) in 85% of cases for those customers who give at least 10 days notice;
Time taken to conduct a standard test – reduced from 90 to 72 minutes;

Variation in test results across stations reduced – in response to customer requests for greater consistency;
Service Level Agreement on Vehicle testing signed with Trade Associations in Feb 2008, committing both parties to improved communication and working together.

Support targeting of non-compliant UK and foreign operators.
Consideration: noted.

Q2: NO

Want a premium service with no unnecessary costs. Does not consider present service to be premium.
Consideration: noted.

Room for improvement in all areas - would welcome discussion on investment.
Consideration: noted

Q3:

NO: Want a premium service with no unnecessary costs.
Consideration: noted.

Q4: NO

General comments:

Concerns at the level of E-enabled services being offered - frustrated at the apparent lack of progress.
Consideration: E Test booking for single tests started to roll out in early 2008 and will be available to all customers during 2008/9. 2008/9 targets call for 3 additional services for commercial vehicle customers to be rolled out in year: bulk test booking on-line; updates on changes in legislation and standards; and on-line application forms for some inspections.

The period of business re-engineering at the same time as a protracted outsourcing review is perceived to have damaged morale and undermined levels of service. It is highly desirable that this uncertainty be brought to an end at the earliest opportunity.
Consideration: Noted, but not under VOSA's direct control.

We seek a quality testing service carried out by VOSA staff who are flexible in terms of location; we seek greater effectiveness of enforcement in respect of foreign vehicles and recognition that there is significant fair competition element to this as well as road safety.
Consideration: We share these aims in respect of testing and, as previously mentioned, will be working with the industry this year to examine how we can deliver the testing service closer to where vehicles are either operated or maintained, with the aim of reducing the overall cost of testing on businesses. In respect of enforcement we aim to improve effectiveness by better targeting of unsafe vehicles and drivers regardless of their country of origin. The later is funded from a combination of fees and taxation.

We are encouraged by progress made at Leeds from what was a very bad start and commend the efforts of the staff concerned. We seek more information as to saving that have been made and the contribution these can make to other areas of VOSA's operation.
Consideration: Noted. As a result, 70 posts from administration were saved which contributed to the 109 additional front-line enforcement posts during the period 2004/5 to 2007/8, particularly aimed at vehicles on international journeys.

We seek greater clarity as to the overall role planned for VOSA in terms not only of setting standards, testing and enforcement but also training, education and the costs associated with these areas.

Consideration: VOSA has recently re-structured to provide a much greater focus on the needs of customers to be able to operate safely and compliantly. VOSA has developed a Target Operating Model which shows much greater emphasis being placed on preventative activities such as those mentioned. We hope to consult widely on this later in 2008 once DfT have reached a decision on how VOSA's current services will be provided in future.

We would welcome specific information as to the true costs and revenue allocations of work undertaken in relation to TfL.

Consideration: Running costs for LEZ certification covered by fees. Details of financial arrangements for setting up support for LLEZ are subject to a commercial confidentiality clause in the contract with TfL.

Respondent: Retail Motor Industry Federation

Q1: YES

Services should not deteriorate

Consideration: noted.

VOSA should aim to improve services, particularly testing hours - if this is only possible by increasing fees this is acceptable.

Consideration: VOSA has recently re-structured to provide a much greater focus on the needs of customers to be able to operate safely and compliantly. VOSA has developed a Target Operating Model which provides for a more flexible approach to the delivery of the testing service, particularly in relation to location of the test. We hope to consult widely on this later in 2008. We welcome the acknowledgement that fee levels are not the primary issue and may need to rise provided there are offsetting benefits to customers. We are working hard to manage forward booking times and have put in place new recruitment processes and criteria, location-based salary premia and a mobile team to support particular hotspots.

Q2:

NO: comments and considerations as above.

Q3:

NO: Waiting times and availability of tests still a concern.

Consideration: see above.

Q4: NO

Respondent: Freight Transport Association

General comments:

FTA rejects VOSA proposal to increase statutory fees - enhanced services promised in exchange for previous significant increases have not yet been delivered.

Consideration: Large amount of new technology has been delivered or is imminent. This includes a new test booking system, handheld devices for examiners which include the ability to identify operator compliance risk. Also, we have modernised roller brake testers and installed new headlamp aim equipment which can provide a more objective test.

FTA believes the proposals to be ill-conceived and does not accept the reasons stated to justify the fees increases. The reasons stated replicate previous commitments for yet undelivered services in exchange for significantly above inflation increases in fees.

Consideration: Delivery is happening now and operators will see significant benefits, particularly in relation to on-line test bookings, later in 2008.

Promised investment in electronic services such as e-bookings and refurbishment and replacement of test station equipment was planned to be been funded from above inflation test fee increases over the last three years albeit the enhanced services have not yet been delivered.

Consideration: So far,10 Stations refurbished completely: Aberdeen, Gillingham, Leighton Buzzard, Weedon, Grantham, Shrewsbury, Leeds, Newcastle, Caernarfon and Newbury. New station at Avonmouth to replace Bristol opened in April. In 2007/8 we commissioned 48 new Roller Brake Testers, 27 Load Simulators, 198 emission testers, 188 headlamp aim testers. We also refurbished 48 pit refurbishments and 26 Class A lanes = approx 15% of total estate.

Simplifying paperwork for operator licensing whilst bringing benefits to the customer should in fact reduce VOSA costs rather than justify increasing fees. During 2007 FTA received many complaints related to the issuing of interim licences that often were authorised only a few days before the full licence was granted. Interim fees were however paid in full by the operator for a poor level of service. FTA believes that at least part of the problem was created by the application form that should be amended to clarify the purpose and reasons for requesting interim authority. The Association fails to accept any increase in interim fee until a permanent solution is firmly in place to resolve the problems experienced in 2007.

Consideration: Clearly the aim of simplifying paperwork is to bring savings for all, however time (and therefore money) must be invested in the short term in the expectation of delivering longer term savings. Processes at Leeds have bedded in well and are under review. currently. It is not always clear whether service issues are down to VOSA staff or legitimate interventions by Traffic Commissioners as the licensing authority. The role and responsibilities of TCs are under review in the Local Transport Bill.

Improving working methods to improve consistency of decisions and turnaround time for vehicles at test stations or at the roadside should also result in time and cost savings for VOSA and not used to justify increase in fees.

Consideration: Some of the improvements to customer service actually require greater input from VOSA staff to save customers' time. Greater consistency has been achieved through investments in training and improved management processes.

FTA fails to understand increased unit costs due to increased use of private sector facilities when it has been reported that vehicle examiners have been diverted from designated premises to resolve backlog problems at VOSA owned test stations.

Consideration: It is inherently more expensive and less efficient for VOSA to test at Designated Premises. More tests were conducted at DPs in 2007/08 than any previous year. Examiners were diverted from DPs in only very limited situations where we felt that we could provide a better overall service by testing at our own sites. VOSA is currently reviewing its approach to testing at non-VOSA sites and is looking at the possibility of formal contractual arrangements.

Implementing new powers to issue fixed penalty notices and deposit scheme. FTA questions why this has been used as justification for increasing fees when it is our understanding that this will be funded from Central Government – not statutory fees. We also note from VOSA Annual Report that £3.7 million has already been spent on implementing GFP however overall projected costs do not appear to be available.

Consideration: Agreed - this should not have been included - we apologise for the error.

FTA does not accept that the impact of fees increase should be measured simply as a proportion of vehicle operating costs.

Consideration: We wish to put the effects of proposed changes into context - total operating costs seem to us to be the only meaningful comparator. We would be happy to look at other alternative metrics that we could use.

Confidence in VOSA long term ability to deliver value for money services and enhancements must be restored before considering any increase in fees.

Consideration: We are legally obliged to cover costs. If we cannot increase fees then the amount available for investment in improved services would be limited to the amount that our efficiency savings exceed the rate of inflation of our costs. Given that we are already contractually committed to developing service improvements this would almost certainly lead to a complete stop to any service improvements for several years.

VOSA has failed to include any reference to a new stream of revenue that will be raised by applying a trailer fee in addition to the vehicle fee when licence fees are merged with annual test fee later in the year.

Consideration: The fee merger will not now take place till April 2009. The revised fees will take full account of all costs and revenues to be transferred and will be subject to consultation in due course.

Justification is lacking for a significant 11.1% increase where the fee is collected once in five years which effectively should reduce VOSA administration

Consideration: Since this fee has been collected on a 5 year basis for many years there are no cost savings to VOSA. The fee in question is proposed to rise by £1 from £9. By normal arithmetic rounding rules this fee would not rise. However, as stated in the consultation, and in response to a comment made by the FTA last year, the rounding process has adjusted some fees to ensure that they were not always rounded in the same direction. This fee was last increased in 2005 and rounded down to a zero increase in 2007. We therefore proposed to round it up by £1 in accordance with the stated principle. We proposed that the sister £12 fee for annual payments, which arithmetically should have been rounded up to £13 should stay at £12 since it was increased by £1 in 2007 on the same basis.

The proposed increase in the five yearly goods vehicle fee that contributes directly towards enforcement must be questioned when there has been no increase in the equivalent vehicle disc fee for PSV operators that is already substantially less than the goods vehicle fee

Consideration: The PSV disc fee, at £6 per month, is in fact 80% higher than the proposed HGV vehicle fee of £10 per quarter. Arithmetic rounding would lead to a zero increase in the PSV fee and, since it was increased in 2007, there is no reason to adjust the rounding. The higher PSV fee reflects the proportionately higher levels of enforcement on PSVs.

Importantly and surprisingly VOSA has failed to take account that five yearly payment of vehicle fees in advance will be discontinued when the fee is merged with annual test fee later in the year

Consideration: For various reasons, including our desire not to increase fees more than once in any financial year, the fee rationalisation is planned for April 2009. The details of the proposed fees and method of repayment of fees paid in advance will be consulted on in due course.

FTA does not accept that there should be any reduction in service and is concerned that VOSA sees this as the only alternative to ongoing above inflation fees increases. Threats of cuts in service levels to a captive market appear to be a standard feature of statutory test fees consultation and FTA believes VOSA should take a more business focussed approach to delivering services agreed and paid for by its customers. It is a commercial reality that financial penalties are applied where service levels have not been met therefore the impact of failing to deliver Government services must be considered in similar terms. VOSA must clearly illustrate what has been delivered from previous fees increases and publish specific detail of services planned to be delivered from any future increase.

Consideration: As demonstrated in successive Annual Report and Accounts documents, we have an excellent track record of delivering both efficiency and effectiveness improvements. These are reinvested in improved services and facilities. Many of the improvements, particularly IT systems have relatively long lead times. Our programme of test station refurbishment or relocation is long-term, and must remain flexible to allow opportunities to be maximised and individual projects to be re-prioritised to cater for unexpected difficulties or opportunities. Our plans have also to be agreed by the DfT and Ministers before they can be published. Plans are published annually in VOSA's Business Plan.
The consultation stated that service reductions were not our preferred option. It is, however, part of the Better Regulation Executive Impact Assessment process to model the effects of no change as far as is reasonably practical. VOSA has already delivered significant efficiency improvements - broadly 5% year on year. These are detailed in Business Plans and Annual Reports. VOSA has only 2 primary sources of income - service users and taxpayers. Treasury policy is that in general services should paid for by service users rather than through general taxation. Given VOSA's only 2 sources of income, and the legal obligation we are under to at least cover costs in the longer term, any financial penalties would be counter productive in that they would just have to be reflected in future fees whether directly or because future efficiency savings would have to be diverted to pay the penalties.

The Freight Transport Association does not accept the need for the current uncertainty on future fees increases and the standard of service that will be delivered in return. It is essential that VOSA produces both short and long term detailed business plans that clearly demonstrate investment in and overall cost of specific projects together with estimated operating costs. These plans must be underpinned by specific targets and forecasts of long term fees required to deliver VOSA commitments. It is essential that delivery of specific projects are closely monitored to ensure they are delivered on time and within budget.

Consideration: The DfT is currently evaluating the scope for outsourcing services provided by VOSA. In this period of uncertainty, it would be imprudent to publish long term plans for the development of services, not lest since it may bee seen to stifle innovative ideas from potential alternative service providers. Once the uncertainty is resolved, we need to consider the appropriate balance between publishing long term plans, the constraints on exploiting opportunity which this would entail and the risks of creating false expectations. At the same time, the Department has drafted a long-term strategy statement for the Agency and we have developed this into a long-term Target Operating Model and we plan to share this with the industry following the Department's decision on out sourcing. At the moment it has to be restricted for commercial reasons.

Respondent: First Group

Q1:

NO: We would like to see base line improvements over the last four years in the following areas: annual MOT First Time Pass Rates; Annual PG9 Rates; influence on vehicle accidents/incidents; training; Internal pass/fail rates for VI's employed by VOSA; improvements with regards to operator liaison i.e., number of complaints received. meetings held; many organisations use direct debit pre payment methods as a way of reducing costs and then pass these onto the customer - VOSA should consider the same; costs have already risen over the last 3 years by approx 20% without know tangible benefits; consideration should be given to a common standard of inspection throughout VOSA for Roadside/MOT inspection; departments etc., can then be merged.

Consideration: Compliance levels are published in Effectiveness Report. Improvements in them are as much a matter for the industry as for the enforcement agency. The Service Level Agreement between VOSA and the trade associations provide a joint commitment to work to address these. Tangible benefits have been delivered and more are in delivery this year: Investment of the size undertaken takes time to plan and implement. So far,10 Stations refurbished completely: Aberdeen, Gillingham, Leighton Buzzard, Weedon,

Grantham, Shrewsbury, Leeds, Newcastle, Caernarfon and Newbury. New station at Avonmouth to replace Bristol opened in April. In 2007/8 we commissioned 48 new Roller Brake Testers, 27 Load Simulators, 198 emission testers, 188 headlamp aim testers. We also refurbished 48 pit refurbishments and 26 Class A lanes = approx 15% of total estate.

Q2: NO

We are unable to answer this question without known target areas.

Consideration: Fair point.

We are also of the opinion that revenue has been lost due to removal of voluntary test options. How do VOSA intend to help operators overcome such problems such as: a) headlight alignment and poor understanding of equipment by their inspectors and b) MOT failure due to incorrectly marked entrance ramps on new vehicles despite earlier certification as 'fit for purpose' by certifying officers

Consideration: VOSA has recently re-structured to provide a much greater focus on the needs of customers to be able to operate safely and compliantly. VOSA has developed a Target Operating Model which shows much greater emphasis being placed on preventative activities such as those mentioned.

Q3: YES

Operators have ample time to pre- book vehicles and often have to live with delays anyway.

Consideration: noted.

VOSA should make use of DP's

Consideration: In terms of VOSA's operating costs, increased use of DPs has an adverse effect due to travelling time and lower productivity. However, VOSA has developed a Target Operating Model which provides for a more flexible approach to the delivery of the testing service, particularly in relation to location of the test. We hope to consult widely on this later in 2008.

Q4:

YES: Proposed costs would increase overall expenditure by £36K

Consideration: noted, thank you.

General comments:

VOSA continue to be unsympathetic to Operator requirements in terms of a flexible approach to inspection of vehicles outside of office hours.

Consideration: We are continuing to conduct research to determine industry's requirements. There is little consistency in what is required across industry.

The internal system and mechanism of scoring VI's by the number of MOT failures and or PG9's issued does nothing to enhance operator relationships and in some respects is damaging the overall credibility of VOSA.

Consideration: There is no internal system that scores our staff based on their failure rates.

Sifting is considered unreasonable and has equal damaging effects.

Consideration: Sifting is not conducted on PSVs.

Recent consultation has fallen on deaf ears and general industry belief is that VOSA offer poor value for money but continue to increase costs. Consideration should therefore be given to a policy of 'self regulation' where specific targets are constantly met and maintained. This would allow VOSA to effectively target know areas and offer opportunities to merge areas as outlined above

Consideration: In terms of annual testing "self regulation" would need a change to EU as well as British law. Whilst it may be an aspiration towards which DfT should aim, there is little chance of such a change coming into effect within the next 5 to 10 years. With regard

to enforcement, our aim, in line with Hampton principles, is to increase targeting on "at risk" operators and minimise the burden on compliant operators.

Respondent: Institute of Transport Administration

Q1:

YES: Members willing to pay more for "more and better availability" of services.

Consideration: noted.

Q2:

NO

Q3:

NO

Q4:

NO

Respondent: Shearings

Q1:

YES: We appreciate that extra investment may need to be made to ensure that the service can be improved

Consideration: Noted

Q2:

NO

Q3:

NO

Q4:

NO: I don't believe this to be an appropriate question for the consultation, not least because any details of our business are liable for publication

Consideration: noted.

General comments:

Willing to pay "appropriate " fees for guaranteed service. Poorer service in some regions but a common fee. Would like to see penalties and compensation if VOSA failed to meet service levels.

Consideration: Since our only sources of income are fees and general taxation, penalties could be seen as counter productive since they would have to be recovered from future fee or taxation increases.

Fees increased significantly above inflation in recent years on promise of better service which has not been universally delivered.

Consideration: Many services have been delivered and others are close to go-live. Unfortunately many of the improvements have long lead times (e.g. IT developments), only a local effect (e.g. facility refurbishment) or are less immediately obvious to customers (e.g. support for improved targeting).

VOSA and operators need to work together to meet passenger needs - joint responsibility.

Consideration: The prime responsibility for safe and legal operations falls on the operator. VOSA has recently re-structured to provide a much greater focus on the needs of operators to be able to operate safely and compliantly. VOSA has developed a Target Operating Model which shows much greater emphasis being placed on preventative activities such as those mentioned.

Respondent: British Vehicle Rental and Leasing Association

General comments:

Considers 5% across services affecting their members disproportionate.

Consideration: The effect is in direct relationship to the number and circumstances of vehicle operation - those with more vehicles pay more - this is not disproportionate.

Given the uncertainty surrounding outsourcing "excessive price increases" seem inappropriate.

Consideration: Whatever the outcome of the DfT review of possible outsourcing, VOSA must continue to operate until the outcome is announced and any changes are implemented. We still have legal obligation to cover costs and, regardless of what the future structure of our activities may be, we must continue to develop our services to meet legal and customer needs.

Note and welcome improved justification for spending plans.

Consideration: noted.

Welcome recognition of importance of electronic services an hope they will deliver real benefits for members.

Consideration: noted.

Note that proposals on merging of O licence fees not mentioned - hope that this is, in part to do with members concern about fees being shown separately.

Consideration: Work on the proposals continues with a view to further consultation on certain detailed aspects later in the year with a view to introducing the changes at the same time as the 2009 fee review.

Respondent: IAM Motoring Trust

General comments:

Disappointed with above inflation increases - disappointing that we are increasing costs to bus industry when we should be encouraging bus use - commercial organisations would reduce charges.

Consideration: noted.

Respondent: British Vehicle Salvage Federation

General comments:

Unhappy about above inflation increase.

Consideration: April 2007 increase represented annualised increase of 3.3% when RPI was 4.5%.

Consider options offered slanted in favour of proposed increases.

Consideration: noted

Longer waiting periods for tests unacceptable.

Consideration: In 2004 VOSA had a target to provide customers with a vehicle test within 18 days of the requested date. This has developed over the period, first to within 15 days of requested date, and then to 10 days.

We now have a new target - to offer 85% of tests at the test station of choice, within 1 working day of the requested date for tests booked at least 10 days in advance.

Achievement against the measure (at end March 2008) was:
HGV bookings - 93% of tests carried out on or within 1 day of the date requested
PSV bookings - 91% of tests were carried out on or within 1 day of the date requested

Over the same period, we also reviewed the way we carry out the annual test, and made significant changes to the process. This introduced an improvement in the test time from
90 minutes to 72 minutes for an HGV standard inspection
120 minutes to 72 minutes for a PSV inspection
saving customers a significant amount of down time for each vehicle tested.

Service levels are deteriorating - opposed to increases till services improve.

Consideration: There has been no national deterioration in service standards. We had issues in 2007 at a small number of test stations. To address that, we have put in place new recruitment processes and criteria, location-based salary premia and a mobile team to support particular hotspots.

Respondent: Model Reports.com

Q1:

NO: Planned increase disproportionate - considers the present fee is not justified for the length of time an inspection takes and associated administration.

Consideration: The time taken for physical inspection of a vehicle is only one element of the process. Considerable preparation work has to be done to establish the technical details of the vehicle and its systems; and in ensuring that the documentation presented is genuine. SVA test volumes reduced by over 50% between 2003/4 and 2006/7. 2007/8 volumes are similar to the previous year, but we cannot yet be sure that they have stabilised. We have been able to reduce scheme running costs by redeploying staff and shutting 3 stand alone sites (Shrewsbury, Speke and Avonmouth) by transferring the work to other local VOSA sites. It has not been possible to reduce fixed costs at the same rate as volumes have reduced so these have to be spread over the lower volume of tests. The proposed rise has been reduced from 30% to 20% following a review of scheme costs and volumes in light of apparent stabilisation of volumes. It must also be borne in mind that SVA fees did not increase between 2001 and 2007, thus the annualised increases from 2001 to 2009 proposed fees are 3.66% per annum.

General comments:

Is sure that the introduction of IVA next year will warrant a further increase.

Consideration: IVA fees will be subject to a separate consultation.

Respondent: Model Reports.com - 2nd response

Q1:

NO: Increase unwarranted - costs regarded as high at scheme launch but accepted as it "added an air of legitimacy to what was perceived as a shady business" - early tests took longer - with enhanced SVA much proof of compliance is documentary - test times dropped dramatically.

Consideration: See above. In addition, whilst the greater levels of documentary evidence involved have reduced physical examination times much greater effort is needed behind the scenes to process and ensure the veracity of documents produced.

General comments:

Private sector has invested heavily in premises which cost VOSA nothing - examiners test more vehicles than at VOSA premises - they are more efficient than VOSA facilities - initially VOSA gave some of the test fee back in recognition of this - this refund withdrawn last year - regard this as clandestine fee increase.

Consideration: Whilst testing at 3rd party premises can sometimes be done more quickly, particularly if similar vehicles are grouped, there are also issues with vehicles not being made available as planned. There are also additional costs of travelling and because documentation cannot be prepared in advance by clerical staff. Taking these factors into account there is little overall difference in efficiency for VOSA. The "refund" mentioned was not for provision of facilities but for higher levels of assistance which are no longer required.

Respondent: SVA UK

General comments:

Undertook survey of test times - difficult to justify present fees let alone increase. Respondent's figures quoted in his summary:-

22 goods ESVA with model report - average test times 15 mins - current fee £106 - £424 per hour - £552 per hour with proposed increase;
55 passenger ESVA with model report - average test time 42 Min - current fee £200 - £285.71 per hour - £371.43 per hour with proposed increase.
10 passenger basic SVA - average test time 57 min - fee £158 - £158 per hour £158 per hour - £205 per hour with proposed increase.

Consideration: Considerable technical work has to be done in preparation for SVA examinations. Observed times at any one site, particularly if the site tends to process a high proportion of "standard" vehicles can also lead to misleading conclusions. Erroneous conclusions can also be created looking only at physical testing times by such factors as time to complete records of the test, "rating" of the examiner's speed and recovery time - all of which are included in times measured by British Standard method.
Time observed for Goods ESVA may also reflect that within this group of vehicles there are significant differences between makes and models in the degree of inspection needed, particularly on brakes - those observed may well have all been at the lower end of the range.

Costs regarded as high at scheme launch but accepted as it "added an air of legitimacy to the grey /parallel car import business" - early tests took longer - with enhanced SVA much proof of compliance is documentary - test times dropped dramatically

Consideration: Time taken for physical inspection of the vehicle is only one element in the process. Considerable preparation work has to be done to ensure establish the technical details of the vehicle and its systems. This effect is even more marked for enhanced SVA.

Part of reason for test time reduction was model reports - funded by the private sector. Apart from start up costs, what investment has VOSA made - what investment will proposed increases fund?

Consideration: The laboratory costs to produce a Model Report are funded by the private sector. From the data produced by the laboratory our technical Officers (3 HPTO's) then produce a report which turns the laboratory data into a useable document for our examiners when comparing a vehicle against the report. VOSA have to maintain a database of these reports which are frequently updated to include other vehicles within a range. We also have to police the use of the reports because the data is owned by the private sector we have systems in place, which require resourcing, to prevent an applicant using a report he is not entitled to use. There are also significant issues with forged model reports so we also have to establish the veracity of reports offered.

Private sector has invested heavily in premises which cost VOSA nothing - more vehicles tested at them - more efficient than VOSA facilities - initially a proportion of the fee returned when applicant provided premises - this was withdrawn last year - a clandestine fee increase.

Consideration: Whilst testing at 3rd party premises can sometimes be done more quickly, particularly if similar vehicles are grouped, there are also issues with vehicles not being made available as planned. There are also additional costs of travelling and because documentation cannot be prepared in advance by clerical staff. Taking these factors into account there is little overall difference in efficiency for VOSA. The "refund" mentioned was not for provision of facilities but for higher levels of assistance which are no longer required. Use of private premises for testing offers considerable savings to vehicle presenters who have made the investment in not having to transport vehicles to and from VOSA premises. Any investment decisions should have been made in light of those savings alone.

The number of vehicles tests has remained constant - familiarity should have led to streamlining of administration - it appears that whilst test times have decreased, processing has slowed putting the viability of the scheme into question.

Consideration: Test volumes have reduced by over 50% from their peak. The administration and preparatory technical work to support the physical tests has remained proportionate since new vehicle types and model reports have constantly to be researched, assessed and verified.

Seems grossly unfair to implement increase when reasons are being hidden. Time taken for examination and small number of staff needed to administer the scheme make the increase seem unnecessary - schemes elsewhere in EU cheaper but results not accepted in UK.

Consideration: For the first time, scheme accounts were included with the consultation document. Provision of more detailed financial information would be commercially sensitive to VOSA, its contractors and potential future suppliers of services and has therefore been refused.

Respondent: STATUS

Q1:

NO: Increases proposed already excessive.

Consideration: The time an examiner takes to conduct the test is only one element that has to be paid for in the fees. The ESVA scheme also requires three HPTO Technical Officers in Swansea to operate the technical side of SVA/ESVA where as other schemes require less support. The Technical Officers have to operate the Model Report system which other schemes do no have. Because forgery is so rife in the scheme we also spend money verifying a proportion of documents with the Japanese authorities. It is therefore true to say that the operation of the SVA/ESVA scheme requires more technical support in the background than other schemes. As mentioned above, we have been able to reduce the proposed increase from 30% to 20%.

Q2: NO

Q3:

NO: Waiting times already excessive

Consideration: we do suffer the occasional problem but in general Forward Booking Times (FBTs) are within the vehicle testing target. We do acknowledge that we have problems at holiday periods (largely because we have reduced staffing to match lowered demand whilst minimising costs) and in the London area, which we are trying to tackle.

Q4: NO

General comments:

Proposed rises excessive - total cost including transport and labour now approx £350 - will increase to £400. Suggest 10% increase, especially as costs will increase when Individual Vehicle Approval is implemented.

Consideration: see consideration of response to question 1.

Respondent: British Independent Motor Trade Association

Q1: NO

Q2: NO

Q3: NO

Q4: NO

General comments:

Options should include reduce running costs, make agency more efficient and maintain high service levels.

Consideration: Running costs for SVA have been reduced from over £5million per year in 2003/4 to about £3 million in 2007/8. Overall during the period 2004/5 to 2007/8 the Agency has reduced baseline staffing levels by about 17%, some of whom have been redeployed to deliver new initiatives. This has been achieved whilst continuing to meet the majority of service standards. However, costs such as depreciation of capital invested in SVA and the need to maintain an adequate level of national coverage for the scheme as a whole cannot be reduced to the same extent and have to be spread over a lower volume of tests.

Each scheme should be looked at in its own right.

Consideration: As shown by the scheme accounts included with the Impact Assessment accompanying the consultation this is the case. However costs such as shared accommodation or IT infrastructure have to be apportioned between schemes.

Reducing costs to match income would be preferred option but consultation does not indicate specific effects on SVA.

Consideration: Option B in the impact Assessment outlines, on pages 8 and 9, the effect of this option on "testing and inspection activities". This would apply to SVA, though, because of the greater cost reduction necessary the effects would be greater than in other areas. This would lead to significantly poorer service levels, particularly forward booking times, which many respondents view as already too long.
We asked in the consultation for information on business running costs. Unfortunately none was forthcoming so we are unable to model the effect of fees on overall business operating costs.

Will make SVA the highest statutory fee across VOSA - is it the proportionately most expensive scheme to operate.

Consideration: In absolute terms this is not true - the highest current fee (£3,176) is for type approval of a PSV. However, viewed in terms of cost per hour of physical test time, this may be correct. As explained elsewhere, the technical activity to verify and collate technical information needed by our front line examiners for SVA is significantly greater than that for many inspection activities so such comparisons can be misleading.

Level of detail on costs not sufficiently transparent but BIMTA believe costs are disproportionate with SVA subsidising other areas.

Consideration: Detailed financial information is not published because it is considered to be commercially sensitive. VOSA's accounts are audited annually by the Comptroller and Auditor General of National Audit Office. A copy of his certificate is published in VOSA's annual report. The certificate includes a statement that "the financial statements give a true and fair view, in accordance with the Government Trading Funds Act 1973 and directions made there under by HM Treasury, of the state of VOSA's affairs".

Past requests for information rejected - to whom is the information commercially sensitive?

Consideration: Commercial sensitivities include existing and potential suppliers of goods and services to VOSA and potential alternative suppliers of services provided by VOSA.

Will have a negative impact on viability of some businesses - potential job loses and higher costs to motorists.

Consideration: noted.

No specific information on how investment plans will benefit SVA or the effects of cost savings on SVA.

Consideration: See answer to point 1 above on effects of cost savings on SVA. Much on the capital investment is of a more general nature, such as investment in updates IT infrastructure and software, which is used by all areas of VOSA activity. Investments such as the refurbishment of Shrewsbury testing station, which now accommodates SVA work formerly carried out on a separate site, as well as other testing activities and recent replacement of Bristol Goods Vehicle Test Station and Avonmouth SVA site with a single integrated facility enable staff to operate more efficiently, thus contributing to future savings.

Without more specific financial information the consultation serves no purpose.

Consideration: The consultation sought views on the balance between service levels, fees and investments for future benefits. We agree that its value could be improved if, for example, we were able to model the effect of fee changes on overall business costs for a wider cross section of customers - thus question 4. We do, however, understand the reluctance of businesses to provide such information because of its commercial sensitivity.

Believe that fee levels are disproportionate compared to other test and pilot work on IVA and that importers of RHD vehicles are subsidising others.

Consideration: Levels of "background" technical and support activities need to be considered. Future fees for IVA will be the subject of a separate consultation. We believe that the fee differential between LHD and RHD vehicles reflects the different approval requirements and that there is no cross subsidy.

Results of 2007 test timing have not been taken into account - relativity of fees within SVA need adjusting (particularly for amateur build vehicles).

Consideration: The lead time for preparing and clearing fee proposals was such that the timing exercise information had not been finalised. This will be considered in setting both the IVA fees and the 2009/10 fees for the remaining SVA scheme.

Believe that split of resources across locations is wrong and that forward booking times at low volume locations should be increased to the benefit of high volume locations

Consideration: VOSA's aim is to manage resources so that uniform service levels are achieved at all locations. The cost of moving inspectors about the country and the cost and lead time to recruit new inspectors to cope with localised and potentially transient demand means that this is not always possible without raising fees at a greater rate than that proposed to pay for underused resource. It would be unfair to favour high volume sights at the expense of other geographic locations.

Believes that the consultation does not comply with the code of practice because information is lacking and vague.

Consideration: We believe that the consultation complies with the 6 consultation criteria.

The following replied to the consultation but made no comment on this occasion:

British Medical Association
Justices' Clerks Society
Caravan Club
British Parking Association
Police Federation of England and Wales
Information Commissioner's Office
Welsh Assembly Government - Transport Wales
Road Roller Association

Summary: Intervention & Options		
Department /Agency: VOSA - Vehicle & Operator Services Agency	Title: Impact Assessment of changes to statutory fees for VOSA services in 2008	
Stage: **Final**	Version: **2.0**	Date: **30 May 2008**
Related Publications: **None**		

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?

The Vehicle and Operator Services Agency is a Trading Fund, which was originally established in 1991. The income from the proposed fee increases is needed to cover inflation, to develop and maintain electronic services; continue refurbishment of equipment and facilities; support better targeting of enforcement in line with Hampton principles; provide additional enforcement sites in key locations; and repay loans from previous capitalised developments.

If no action is taken the Agency will fail to meet its statutory obligations under the VOSA Trading Fund Order and will contravene requirements set out in the Treasury guidance on Government fees and charges.

What are the policy objectives and the intended effects?

The policy objective is to ensure that the income from statutory fees for services provided by the VOSA fully covers the costs of providing the services. This Impact Assessment covers all statutory fees collected by VOSA other than those associated with management, supervision and vehicle testing carried out under the MOT scheme i.e. statutory periodic testing of vehicles other than Heavy Goods Vehicles or Public Service Vehicles.

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

The 'do nothing' option is not open to VOSA since it is legally obliged to cover its costs. The options considered are therefore: A. raise statutory fees in line with increases in costs; or
B. reduce costs to match income from existing statutory fees.

Option A is preferred because it allows VOSA to maintain service levels; to 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?

VOSA constantly monitors both its costs and income as part of its normal accounting process. The need for adjustments to statutory fees is reviewed at least annually.

Ministerial Sign-off **For final proposal/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: ? ??? 2008

Summary: Analysis & Evidence

Policy Option: A	Description: increase statutory fees to match planned costs as per proposal

COSTS

ANNUAL COSTS

One-off (Transition) **Yrs**

£ Nil

Average Annual Cost (excluding one-off)

£ 5.9 million

Description and scale of **key monetised costs** by 'main affected groups' This is the cost to business of meeting the proposed new statutory fees. The proposed increases would increase costs of an HGV operating business by no more than one fortieth of one percent. The effect on other sectors is likely to be of a similar order of magnitude.

Total Cost (PV) **£ 5.9 million**

Other **key non-monetised costs** by 'main affected groups'

None identified

BENEFITS

ANNUAL BENEFITS

One-off **Yrs**

£ Nil

Average Annual Benefit (excluding one-off)

£ 12 to 39 million

Description and scale of **key monetised benefits** by 'main affected groups' **The benefits are the increased costs which businesses would be likely to bear if cutbacks were made. This could be extra vehicle downtime waiting for services, longer journeys to access VOSA services and increased road casualties because of decreased enforcement activities and fewer services to ease compliance.**

Total Benefit (PV) **£ 25 million**

Other **key non-monetised benefits** by 'main affected groups'

Present service levels such as waiting time for test are expected to be maintained or improved. Reduce burden of checks on "low risk" operators.

Key Assumptions/Sensitivities/Risks

Activity volumes and mix of vehicle types do not change dramatically.

Price Base Year **2006**	Time Period Years **1**	Net Benefit Range **(NPV)**	NET BENEFIT **(NPV Best estimate)**
		£ 6 to 33 million	£ 19 million

What is the geographic coverage of the policy/option?			**see evidence**	
On what date will the policy be implemented?			**May/ June 2008**	
Which organisation(s) will enforce the policy?			**N/A**	
What is the total annual cost of enforcement for these organisations?			**£ N/A**	
Does enforcement comply with Hampton principles?			**Yes**	
Will implementation go beyond minimum EU requirements?			**No**	
What is the value of the proposed offsetting measure per year?			**£ N/A**	
What is the value of changes in greenhouse gas emissions?			**£ Nil**	
Will the proposal have a significant impact on competition?			**No**	
Annual cost (£-£) per organisation (excluding one-off)	**Micro** £12	**Small** £37	**Medium** £86	**Large** £2,022
Are any of these organisations exempt?	**No**	**No**	**N/A**	**N/A**

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

Increase **£** **Nil** **Decrease** **£ Nil** Net Impact **£ Nil**

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

Notes from summary sheet – Geographic coverage

The statutory fees charged by VOSA are set in 18 Statutory Instruments (SIs) of which most have GB coverage.

One SI has UK coverage in respect of fees for Vehicle Identity Checks and Reduced Pollution Certificates. In Northern Ireland, these inspections are carried out by the Driver and Vehicle Agency, to which the fees are paid.

There are separate SIs covering statutory fees for Bus Service Registration for Scotland and for England and Wales although the fee levels are the same.

Evidence Base (for summary sheets)

Background

To comply with Treasury guidance on fees and legal requirements of VOSA's Trading Fund Order, VOSA is required to set fees which fully recover the costs of the services provided. These costs include current running costs; investment in the development and improvement of services and facilities; and interest and repayment of loans on past investments which were capitalised.

Whilst staff are generally working more efficiently the costs of employing each member of staff continues to rise. Baseline staffing levels reduced by 17% between 2004/5 and 2007/8 and plans for 2008/9 include further reductions. Some of these reductions are being re-invested in new activities or increasing the volumes of existing activities.

VOSA has also made considerable investments in improved services to support customers; in improved facilities to meet service needs and customer aspirations; and to improve the effectiveness of targeting of enforcement activities. Many of these improvements have been funded from loans which incur costs by way of payment of interest and repayment of capital. VOSA is also committed to continue to improve customer services and facilities to make it easier for customers to comply with their legal obligations and to manage more effectively those considered at greatest risk of being non-compliant with their legal obligations. Overall, VOSA's costs are predicted to rise at a greater rate than our income. In order for VOSA to meet its obligations as a trading fund it is necessary to increase statutory fees.

The last increase in VOSA statutory fees was in April 2007. That increase averaged 5.5%, before rounding of fees. Since the previous increase was on 30 September 2005, the 2007 fees increase effectively amounted to 3.7% per annum when taking into account the entire period. At April 2007 the RPI was running at 4.5%.

By way of comparison, the last increase for light and private vehicle MOTs, largely carried out in the private sector, was approximately 14% in November 2006. It was the first increase since August 2005 and therefore effectively amounted to an increase of 11.2% per annum. It should also be noted that at 2007/8 fee levels, the cost of an annual test of a 2 axle truck (£49) was less than that of a car (£50.35) despite the need for more costly, larger buildings and heavier duty test equipment. Whilst the test fee for a private bus (£74.10 if more than 16 passenger seats before increase) is less that that for a Public Service Vehicle (PSV) bus (£80.00 if more than 22 passenger seats) the PSV test includes more checks, particularly on passenger related features such as wheelchair access facilities.

Plans for 2008/9

Note that whilst this section deals with costs of activities during 2008/9, some of the activities involve development of facilities and systems which will not come into use till 2009/10 or beyond.

The Department for Transport is reviewing the future provision of services currently provided by VOSA. The options being considered include greater private sector involvement in the provision of these services. The review has not yet reached any conclusion. Plans for activities and service developments in 2008/9 cannot, obviously take into account the outcome of that review. For the purposes of this Impact Assessment the details of 2008/09 activities are based on the assumption that VOSA continues to provide the services in respect of the fees under consideration. This should not be read as pre-judging the outcome of the review.

Due to changes in EC legislation currently being finalised, it is anticipated that there will be significant changes to the pre-registration inspections which VOSA undertakes on buses and coaches and under the Single Vehicle Approval scheme for cars and light goods vehicles. These changes are currently expected to come into effect in the 2nd quarter of 2009. A major reassessment of fees in these areas is likely to occur when these changes are introduced and will, at an appropriate time, be the subject of a separate impact assessment and consultation.

Options considered

Two options to close the funding gap were considered. Option A was to increase fees, option B was to cut back expenditure.

Option A – increase fees to cover planned costs

Generally, a 5% increase, together with re-investing the savings made by streamlining our processes, will allow VOSA to:

- continue our programme to bring our facilities up to standards necessary to meet current and future needs;
- develop IT systems to deliver a better and wider range of electronic support and services for both customers and staff;
- meet increased loan repayments and interest payments where past improvements in our facilities and systems were funded by loans from the Department of Transport; and
- cover the costs of the development and ongoing support of the Transport Office portal through which we will enhance the electronic delivery of services to customers.

These proposals contribute to the Department for Transport's strategic objectives and develop the Secretary of State Targets outlined in VOSA's Business plan. In particular the proposals aim to maintain and improve customer satisfaction, increase the range of electronic services available to customers, improve the consistency of testing services, contribute to road safety through better targeting of non-compliant operators, contribute to more reliable journeys on the strategic road network, reduce the burden of commercial operation, deliver modernised support services to the Traffic Commissioners and increase the take-up of existing electronic services available to customers.

These plans align with the principles and recommendations set out in recent reviews both within the DfT and wider government such as the Hampton Report – from Enforcement to Compliance, the Eddington Transport Study and the Stern Review on the Economics of Global Warming.

As usual fees are adjusted to full pounds. This year, our proposal differs slightly from normal rounding rules (up to 50p rounded down – over 50p rounded up) to counter the effects of compounded rounding (i.e. in recent years, some fees may have been rounded up more often than down or vice versa distorting differentials).

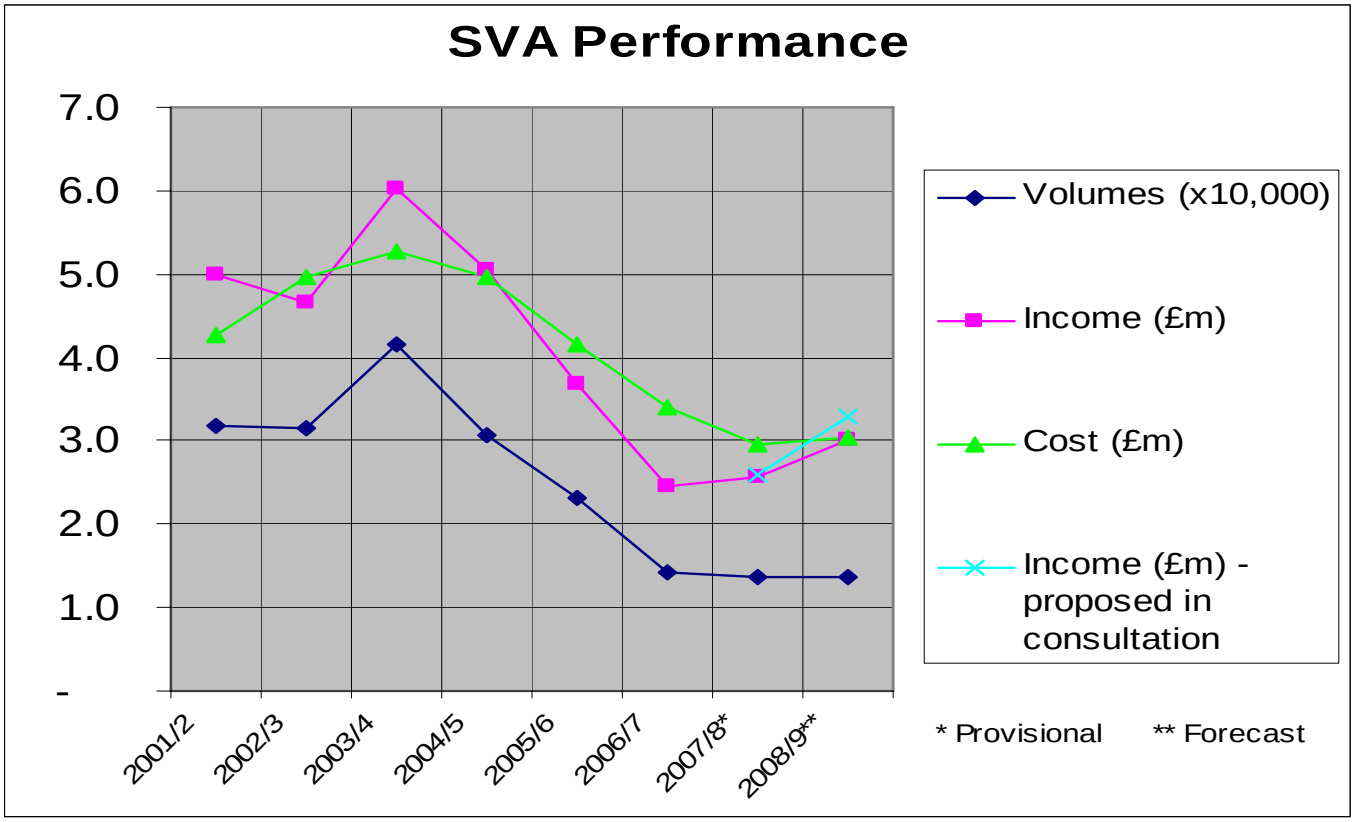
A full list of the proposed new statutory fees is at Annex A. It includes, for completeness, those fees which we do not propose to change because of the effects of rounding down.

The main reasons for the increases are to cover:

- Inflation cost increases;
- Testing facility costs:
    - increased use of private sector test facilities which increases VOSA's unit costs and decreases productivity (as a result of additional travel, lower levels of support and lower utilisation of our own facilities) but allows customers to reduce their costs thus giving a better balance of customer services;
    - full site upgrading or relocation - the largest development here is expected to be the replacement of the present poorly located Bristol test station at a new location in Avonmouth with much better access from the motorway network – building work is currently underway with the new facility expected to become operational during 2008/9;
    - refurbishment or replacement of equipment and facilities on individual test lanes – current planning is based on 13 test lanes being refurbished in 7 locations;
- Electronic services – improving customer access to VOSA services such as test bookings, and making existing systems such as the Operator Licensing Business System more resilient;

- Investment in the development of the Transport Office portal for the provision of electronic services to current and future customers of SSDL Agencies, loan repayments and portal operating costs;
- More effective targeting of enforcement by redirecting resources towards operators considered most likely to be operating in an unsatisfactory manner whilst continuing sufficient monitoring of other operators to confirm that their lower risk rating is still justified. Enforcement investments include additional enforcement sites and equipment (such as weigh in motion sensors and automatic number plate recognition cameras) in locations to maximise the targeting of vehicles that appear to be overweight, overdue test, have outstanding prohibitions or to be operated by those believed to have a higher risk of non-compliance;
- Improving working methods to improve consistency of decisions and turnaround time for vehicles at testing stations or examined at the roadside;
- Simplifying customer paperwork, such as O licence applications and improving availability and quality of advice over the telephone;
- Reviewing test content and methods to cater for changing vehicle technologies and to improve consistency of testing, whilst staying within EU requirements.

As well as being affected by relevant elements of the above factors, the scheme for Single Vehicle Approval of cars and light goods vehicles has a larger funding gap which would not be closed by the general 5% increase. At Time of consultation, we proposed a fee increase of 30%. This took into account not only the planned costs but the significant risk that test volumes would continue to decline rather than stabilise. The graph below shows the pattern of test volumes, costs and scheme income since 2001.



With the benefit of provisional figures for 2007/8 we now believe that the risk of further significant volume decline in 2008/9 is significantly less than we had assumed. We therefore believe it reasonable to reduce the element of increase intended to cover the volume decline risk and implement a 20% increase, rather than the 30% increase proposed in the consultation. This is still a larger rise than other fees and is needed to ensure that SVA fees cover the cost to VOSA in providing the service, though the scheme still carries forward an accumulated deficit.

In recent years, the SVA scheme had been adversely affected by reducing volumes, though VOSA had been able to reduce running costs and take past surpluses into account. It must also be remembered that the SVA fees remained unchanged from August 2001 until April 2007. The 20% increase, therefore, represent an annual growth rate since August 2001 of only 3.66%.

Financial case

Details of the income and costs for each statutory fee area are at annex B.

Modelling the effect on costs to businesses

A model to establish the effects of the proposed fee increases on various sizes of typical HGV vehicle operating businesses is at Annex C. Based on this model, the total effect on vehicle operating businesses represents no more than one fortieth of one percent (exact figure 0.025%) of fleet operating costs.

We were unable to locate published data on operating costs for PSVs. In the consultation we asked for any data which would help to fill this gap. Whilst one respondent offered an assessment of the effect of the proposed change on his business, there was no supporting date to enable this to be related to overall operating costs. Nonetheless we do not believe that the effect of proposed changes in VOSA statutory fees as a proportion of total operating costs would be significantly different to that estimated for HGVs.

Similarly, data to model the effects on other businesses such as bus and coach builders and converters or importers of used vehicle from outside the EU was not available. We received no response to our request for data to enable modelling of the effect of fees on these businesses, presumably because of its commercial sensitivity. We do, however believe that the cost to these businesses from the proposed increases in VOSA fees a relatively small proportion of their total operating costs. Whilst no firm evidence exists, anecdotal evidence of imported Japanese vehicles, which make up a significant proportion of vehicles submitted for SVA examinations, showed an average asking price on 40 vehicles of £7,750. The 20% fee increase would increase this cost by 0.52%.

The assumptions and derivation of the figures in the HGV model are based on:

- ***Cost of VOSA services***:
    - The proportion of new applications to continuation and variations per licence derived from planned volumes for 2007/8 published in VOSA Business Plan for 2007/8.
    - Licensing fees payable which may be paid either annually or 5-yearly are paid 5 yearly.
    - Proportion of retests derived from planned volumes for 2007/8 published in VOSA Business Plan for 2007/8.
    - Trailer to tractor ratio derived from published figures on number of articulated motor vehicles from DfT publication “Vehicle Licensing Statistics 2005” table showing numbers of licensed goods vehicles by gross weight and axle configuration and actual trailers tested in 2005/6 from VOSA Business Plan for 2007/8.
    - Specialist inspections related to particular vehicle usage such as international carriage of dangerous goods, carriage under TIR carnets or reduced pollution certificates have not been taken into consideration.

- ***Vehicle operating costs***
    - Operating costs and average annual mileages taken from FTA "Manager's Guide to Operating Costs 2007" and RHA "Goods Vehicle Operation Costs 2007". The lower of the operating costs for each vehicle group from these sources was used. Whilst these represent typical costs, it must be recognised that the costs for individual businesses may vary considerably depending on mileage covered, vehicle retention policy, financial structure of business, etc.
- ***Fleet size***
    - Small fleet size based on figures published in Traffic Commissioner's Annual report. Other fleet sizes chosen to illustrate the scaling effect.
    - Mix of vehicles within fleets derived from DfT publication "Vehicle Licensing Statistics 2005" table showing numbers of licensed goods vehicles by gross weight and axle configuration choosing sample weights as best fit for operating cost data used.

Option B – Reduce costs to match income from current fees

To reduce costs of fee funded services to match income from current fees would involve cuts of the order of £5.9 million. This would result in additional costs to our customers estimated below. Some short term savings would result in long term additional costs to VOSA, which would have to be met by customers in future years.

Baseline staffing levels reduced by 17% between 2004/5 and 2007/8 and plans for 2008/9 include further reductions. The further reductions have already been taken into account in the planned budgets for 2008/09. There is little realistic possibility of any further significant reduction below planned levels without affecting delivery of front line services.

A likely allocation of the £5.9 million cost reduction would be:

- reduced building maintenance and investment in equipment upgrading by £1 million – this includes reductions in current expenditure and in repayments and interest on loans not taken up for capital expenditure;
- reduced investment for new and upgraded electronic systems and for replacing existing systems by £1 million – again this includes reductions in current expenditure and in repayments and interest on loans not taken up for capital expenditure;
- reduced staff numbers by a further 6% over the reduction required by existing value for money plans. However, severance costs would actually increase costs for 2008/09. These costs would have to be repaid in later years and would have the effect of limiting the application of income from future fees;
- the effects on staff number are greater than the 5% to take account of the fact that VOSA is already committed to some of the additional expenditure (such as loan repayments, facilities improvement and IT developments) which the fee increase is aimed at meeting.

The possible effects of reducing operating budgets in 2008/9 could be as follows.

Testing and Inspection activities

Reduction in staff of about 6% would be likely to mean:

- longer waiting time for test and re-test appointments – leading to greater vehicle down time. Greater lead times for test bookings could be partially alleviated by operators booking further in advance but increased waiting times for retests would be more difficult for operators to control;
- withdrawal of some of the recent changes which have reduced the time that vehicles spend at test stations (such as reverting to drivers having to go to the counter before and after every test);
- less frequent opening of part time test stations and reduction in opening hours of many other test stations – leading to increased vehicle down time, increased costs and increased carbon footprint, particularly for operators in rural areas, because of longer journeys to test stations;
- withdrawal of service from more lightly used designated premises and less frequent visits to those still supported – leading to increased vehicle down time, increased costs and increased carbon footprint because of longer journeys to test stations.

Reduction in maintenance and investment in facilities and equipment could mean:

- reduced maintenance and investment in replacing old equipment at test stations – leading to increased short notice test cancellations because of equipment or building faults, greater inconsistency of test results because of worn out equipment and longer test times where less efficient manual test methods are used;

- Potentially higher future rates of fee increase to cover greater building repairs and to replace some equipment the repair or updating of which had been put off for the sake of short term savings.

Reduction in investment in new IT systems could mean:

- postponed plans to increase on-line services to customers – leading to:
    - customers continuing to do business with VOSA by telephone, by visiting our offices during office hours, or by fax and post;
    - VOSA being unable to realise the planned staff redeployment and reductions in support staff thus worsening the impact of staff reductions on those in the front line service delivery;
    - future development of these services is likely to be more expensive due to lost knowledge and expertise in project teams;
    - costs of future development costs are likely to be higher since suppliers would need to budget for greater risks of contract cancellation or renegotiation.

Postpone upgrading and replacement of existing IT systems could mean:

- inability to correct faults in existing IT systems – leading to a continuing need to divert resources from service provision to work around faults;
- existing IT systems becoming more prone to breakdown – leading to systems being off-line for longer with extra costs for both VOSA to catch up on work and for customers in having to try again after the system has been restored;
- some existing systems may need to be switched off because they have become impossible to maintain and their replacements have not been developed – leading to extra costs and lower convenience of operating replacement manual systems.

In the case of SVA inspections the cutbacks necessary to reduce expenditure would be significantly more severe than those illustrated above.

Operator licensing and enforcement activities

Staff reductions of the order of 6% could mean:

- longer turnaround times for licence applications, renewals and variations – leading to operating losses because of delays in starting up and expanding businesses;
- withdrawal of counter enquiry services from Traffic Area Offices – leading to customers being unable to get face to face advice on applications or other matters;
- reduction in enforcement compliance checks for operator licences, vehicle maintenance, drivers hours, weights and road safety matters generally –will decrease the deterrent effect of such checks and lead to more road casualties caused by unsafe vehicles or tired drivers.

Reduction in maintenance and investment in facilities and equipment could mean:

- the effects on enforcement sites would be similar to those discussed above for testing facilities – these would lead to less weighing of potentially overweight vehicles because of weighbridge faults.

Reduction in investment in IT systems could mean:

- in addition to the effects mentioned above for testing and inspection activities, we would have to postpone investment in additional equipment to help us target higher risk operators and reduce the burden on low risk operators;
- the equipment already in use would also become less reliable, reducing our ability to target enforcement activities.

Modelling the effects of expenditure reductions

Fuller details of the model used to produce the figures quoted in the summary sheet are at Annex D.

As in option A, the effects on HGV operators only have been modelled. This is primarily because of lack of data on other sectors; however, other than for SVA which would have to bear deeper cuts, we have no reason to believe that they will be affected to a significantly different extent.

The model assumes that some businesses will be sufficiently well organised to book tests earlier than they have come to expect in recent years, though even they would be affected by longer waiting times for re-tests. Those less well organised or unaware of the need to book earlier will bear the brunt of the effects. The model takes no account of the effects on business cash flow of fees being paid earlier. Neither does it take account of the risk that even by operating in a way which was more efficient for VOSA, albeit more expensive for operators, that the total capacity of VOSA to deliver services falls short on the demand for those services. The length of the extra delays and the proportion of vehicles/operators affected used in modelling are assumed since no firm evidence is available. Sources of cost information are given in the tables in Annex D.

The effects of expenditure reductions in wider DfT and Government terms

The cutbacks outlined above would also mean that VOSA would not be making a positive contribution in-year towards wider Departmental and Government aims such as those set out by Hampton, Eddington and Stern. Indeed in some respects we would be forced to move in the opposite direction.

Other assessments

Competition Assessment

In terms of competition, the introduction of higher fees and charges for services will not affect the balance of 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 operated or supported. The knock-on effect on the users of transport services would also be proportional to the use made of such services and have no effect on competition. The increases would have minimal impact on the competitiveness of GB service users in relation to users of similar services based overseas, particularly bearing in mind that operators in other EU countries are subject to broadly equivalent national inspection and enforcement regimes.

Small Firms Impact Test

Over half of all licensed operators operate between 1 and 5 vehicles, so a large proportion of the businesses affected by the cost increases are small businesses.
A number of small businesses were asked for their views in the consultation either directly or through their membership of the 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.
Almost all fees are dependent on the number and type of vehicles involved. The exception is those elements of O licence fees which apply per licence. Whilst the effect on a 1 vehicle business at 0.025% of total costs is greater than that on a slightly larger 4 vehicle business at 0.014%, both represent an extremely small proportion of total costs. Small businesses will therefore not be unduly disadvantaged.

Carbon Assessment

Option 1 (increase statutory fees as proposed) will have no effect on carbon use or emission of greenhouse gases.

Option 2 could have an adverse effect in these areas because our customers may have to drive further to get tests carried out due particularly to the local effects of service cutbacks. Whilst it is almost impossible to accurately estimate the level of such changes in mileage travelled, we consider that the impact will not be significant.

Race, Disability and Gender Equality; and Human Rights

The proposed statutory fee increases are not believed to have any effect in the areas of race equality, disability equality, gender equality or human rights.

Rural Proofing

Option 1 would have no disproportionate impact on rural areas.

Option 2 could have minor effects on rural areas in that the frequency of testing at part-time stations may decrease to maximise the efficiency of staff who have to travel to provide the service. This would mean that rural operators would either have less flexibility in test planning or would have to travel further to obtain a test at a more convenient date. We do not, however, consider that these effects would have a significant impact on operators in rural communities.

Specific Impact tests not carried out

Other specific impact tests were not carried out since the proposed statutory fee increases 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	**Yes**	**No**
Other Environment	**No**	**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

ANNEX A: Detail of fee increases

HGV test fees under the Goods Vehicle (Plating and Testing) Regulations 1988 (SI 1988/1478)

Fee Description			Current fee	Proposed fee	% increase
Motor Vehicles	Test & Retest beyond 14 days	2 Axle	£49	£51	4.1%
		3 Axle	£70	£73	4.3%
		4 Axle	£91	£96	5.5%
		Designated Premises (DP) Supplement	£12	£13	8.3%
		Out of Hours (OOH) Supplement	£34	£35	2.9%
	Retest (next day - minor)	All	£11	£12	9.1%
	Retest (14 Day)	2 Axle	£32	£34	6.3%
		3 Axle	£46	£48	4.3%
		4 Axle	£60	£63	5.0%
		DP Supplement	£7	£8	14.3%
		OOH Supplement	£17	£18	5.9%
	Notifiable Alteration	with/without exam	£23	£24	4.3%
		DP Supplement	£7	£8	14.3%
		OOH Supplement	£12	£12	0.0%
Trailer	Test & Retest beyond 14 days	1 Axle	£24	£25	4.2%
		2 Axle	£36	£38	5.6%
		3 Axle	£46	£48	4.3%
		DP Supplement	£6	£7	16.7%
		OOH Supplement	£21	£22	4.8%
	Retest (next day - minor)	All	£5	£6	20.0%
	Retest (14 Day)	1 Axle	£16	£17	6.3%
		2 Axle	£23	£24	4.3%
		3 Axle	£31	£32	3.2%
		DP Supplement	£3	£4	33.3%
		OOH Supplement	£12	£12	0.0%
	Notifiable Alteration	with/without exam	£23	£24	4.3%
		DP Supplement	£3	£4	33.3%
		OOH Supplement	£12	£12	0.0%
Motor Vehicle or Trailer	Appeal		£26	£27	3.8%
	Duplicate document		£12	£12	0.0%

HGV Operator licensing fees under the Goods Vehicles (Licensing of Operators) (Fees) Regulations 1995 (SI 1995/3000)

Fee Description		Current fee	Proposed fee	% increase
Application for Licence		£227	£238	4.8%
Application for Variation		£227	£238	4.8%
Grant of Licence		£354	£372	5.1%
Continuation of Licence		£354	£372	5.1%
Issue of Interim Licence		£60	£63	5.0%
Vehicle fees (per motor vehicle per 3 months)	5 years in advance	£9	£10	11.1%
	1 year in advance	£12	£12	0.0%
Vehicle fees on interim licence (per motor vehicle)		£12	£12	0.0%

TIR fees under the International Transport of Goods under Cover of TIR Carnets (Fees) Regulations 1988 (SI 1988/371)

Fee Description		Current fee	Proposed fee	% increase
Individual Inspection	Initial	£92	£97	5.4%
	Retest	£61	£64	4.9%
Type approval	Type vehicle	£563	£591	5.0%
	Type variation	£92	£97	5.4%
	Cert of Conformity	£13	£13	0.0%
	Duplicate	£13	£13	0.0%

ADR fees under the International Carriage of Dangerous Goods by Road (Fees) Regulations 1988 (SI 1988/370)

Fee Description		Current fee	Proposed fee	% increase
Individual Inspection (full test fee added to these fees)	Initial	£87	£91	4.6%
	Re-test	£44	£46	4.5%
	Duplicate	£13	£13	0.0%
1st cert for type approved tractor		£25	£26	4.0%

International permit fees under the Goods Vehicles (Authorisation of International Journeys) (Fees) Regulations 2001 (SI 2001/3606)

Fee Description		Current fee	Proposed fee	% increase
ECMT licence	1 year	£121	£127	5.0%
	3 months or part	£30	£32	6.7%
Ecopoints	per 1-way journey	£3	£4	33.3%
Journey Permit	per return journey	£7	£8	14.3%
	per 4 return journeys - Turkey	£12.50	£13	4.0%
	per 15 return journeys - Morocco	£46	£48	4.3%
Removal authorisation		£16	£17	6.3%
Swiss permit		£7	£8	14.3%

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

Notes: The same fees are charged for Low Emissions Certificates for the London Low Emission Zone.

These fees also apply to Northern Ireland.

Fee Description		Current fee	Proposed fee	% increase
Reduced Pollution Certificate	With Annual Test	£17	£17	0.0%
	Other times	£28	£29	3.6%
	Out of Hours supplement	£11	£11	0.0%
	Designated Premises Supplement	£6	£7	16.7%

PSV test fees under the Motor Vehicles (Tests) Regulations 1981 (SI 1981/1694)

Fee Description		Current fee	Proposed fee	% increase
Test	23 + seats Class VI and VIA	£80	£84	5.0%
	9 - 22 seats Class VI and VIA	£56	£59	5.4%
Out of hours (OOH) supplement	23+ seats Class VI & VIA	£46	£48	4.3%
	9 - 22 seats Class VI & VIA	£34	£35	2.9%
Designated Premises (DP) supplement	All Class VI & VIA	£12	£12	0.0%
Retest (14 days)	23 + seats	£53	£55	3.8%
	9 - 22 seats	£37	£38	2.7%
Retest (minor items)		£11	£11	0.0%
OOH supplement	23+ seats Class VI & VIA	£22	£23	4.5%
	9 - 22 seats Class VI & VIA	£17	£17	0.0%
DP supplement	All Class VI & VIA	£7	£8	14.3%
Duplicate certificate		£10	£11	10.0%

PSV Operator licence fees under the Public Service Vehicles (Operators' Licences) (Fees) Regulations 1995 (SI 1995/2909)

Fee Description		Current fee	Proposed fee	% increase
Application - Standard Licence		£213	£224	5.2%
Application - restricted licence		£141	£148	5.0%
Grant - standard or restricted	5 years paid in advance	£141	£148	5.0%
	Annual payments in advance	£28	£29	3.6%
Continuation of existing licence	5 years paid in advance	£141	£148	5.0%
	Annual payments in advance	£28	£29	3.6%
Variation application		£108	£113	4.6%
Vehicle disc fee (per month)	5 years paid in advance	£6	£6	0.0%
	Annual payments in advance	£7	£7	0.0%
Application - special licence		£56	£58	3.6%
Continuation - special licence		£56	£58	3.6%
Duplicate disc		£15	£15	0.0%

Bus service registration fees under:

the Public Service Vehicles (Registration of Local Services) Regulations 1986 (SI 1986/1671)

the Public Service Vehicles (Registration of Local Services) (Scotland) Regulations 2001 (SSI 2001/219)

Fee Description	Current fee	Proposed fee	% increase
Registration - normal	£54	£57	5.6%
Variation - normal	£54	£57	5.6%
Registration - community	£12	£12	0.0%
Variation - community	£12	£12	0.0%

Permit fees under the Minibus and Other Section 19 Permit Buses Regulations 1987 (SI 1987/1230)

Fee Description	Current fee	Proposed fee	% increase
Small bus	£11	£11	0.0%
Large bus	£20	£20	0.0%

Permit fees under the Community Bus Regulations 1986 (SI 1986/1245)

Fee Description	Current fee	Proposed fee	% increase
Permit	£53	£55	3.8%

Certificate of Initial Fitness fees under the Public Service Vehicles (Conditions of Fitness, Equipment, Use and Certification) Regulations 1981 (SI 1981/257)

Fee Description			Current fee	Proposed fee	% increase
Individual Approval					
Initial Application			£256	£269	5.1%
Re-application	With tilt test		£256	£269	5.1%
	No tilt test		£31	£32	3.2%
Duplicate			£20	£21	5.0%

Type Approval

Type variation (inspected)	£1,484	£1,558	5.0%
Type variation (no inspection)	£136	£143	5.1%
New body/chassis combination	£733	£770	5.0%
All other	£3,176	£3,335	5.0%
Certificate of Conformity	£28	£29	3.6%
Duplicate	£20	£21	5.0%

Accessibility certificate fees under the Public Service Vehicles Accessibility Regulations 2000 (SI 2000/1970)

Fee Description		Current fee	Proposed fee	% increase
Individual approval				
Initial application	One Schedule	£45	£47	4.4%
	Two Schedules	£90	£95	5.6%
Re-application	One Schedule	£16	£16	0.0%
	Two Schedules	£32	£33	3.1%
Duplicate Accessibility Certificate		£11	£12	9.1%

Type Approval

Type Vehicle	Significant variant e.g. new chassis for approved body; or new body for approved chassis	One Schedule	£160	£168	5.0%
		Two Schedules	£320	£336	5.0%
	Minor variant	One Schedule	£15	£16	6.7%
		Two Schedules	£30	£32	6.7%
	New combination of approved chassis and body	One Schedule	£79	£83	5.1%
		Two Schedules	£158	£166	5.1%
	Other cases	One Schedule	£350	£368	5.1%
		Two Schedules	£690	£725	5.1%
Certificate of Conformity			£15	£16	6.7%
Duplicate Certificate of Conformity			£11	£12	9.1%

International permit fees under the Road Transport (International Passenger Services) Regulations 1984 (SI 1984/748)

Fee Description		Current fee	Proposed fee	% increase
Certified copy of Authorisation		£11	£12	9.1%
Special Regular Service or TA'85 s.6	Application	£160	£168	5.0%
Shuttle or Regular Service	Application	£163	£171	4.9%
Regular or Special Regular Service	Issue - per year of validity	£34	£36	5.9%
Own Account Certificate	Application per year of validity	£5	£6	20.0%

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

Notes: The same fees are charged for Low Emissions Certificates for the London Low Emission Zone.

These fees also apply to Northern Ireland.

Fee Description		Current fee	Proposed fee	% increase
Reduced Pollution Certificate	With Annual Test / Certificate of Initial Fitness examination	£17	£17	0.0%
	Other times	£28	£29	3.6%
	Out of Hours supplement	£11	£11	0.0%
	Designated Premises Supplement	£6	£7	16.7%

Single Vehicle Approval (SVA) fees under the Motor Vehicles (Approval) (Fees) Regulations 2001

	Passenger Vehicles	Reg.	Current fee	Proposed fee	% fee increase
1	Basic SVA test (or appeal test) – Classes N, P, T, M, A, C, S, L, D	4(1)(a)	£158	£190	20.3%
2	* E Certificate	4(2)(a)	£63	£76	20.6%
	Enhanced SVA - Classes D and R				
3	Enhanced SVA test with Model Report	4(1)(c)	£200	£240	20.0%
4	Enhanced SVA test without Model Report	4(1)(d)	£190	£228	20.0%
5	* E Certificate & ESVA test with Model Report	4(2)(b)	£106	£127	19.8%
6	* E Certificate & ESVA test without Model Report	4(2)(c)	£95	£114	20.0%
7	ESVA for new vehicle with European Community (EC) Type Approval	Note 1	£32	£38	18.8%
	SVA or Enhanced SVA				
8	Retest	5(1)(a)	£32	£38	18.8%
9	Charge for failure to attend a test or refusal to test by the examiner	4(4)	£53	£64	20.8%
10	Replacement Certificate	9	£11	£12	9.1%
	Out of hours supplements				
	Inspections 1, 3 & 4	4(3)(a)(i)	£79	£95	20.3%
	Inspections 2, 5, 6 & 7	4(3)(b)	£21	£25	19.0%
	Retests 8	5(2)(a)	£16	£19	18.8%
	Goods Vehicles				
11	Basic SVA test (or appeal test) - Classes N,P,T,M,A,C,S,L,D	4(1)(b)	£63	£76	20.6%
12	* E Certificate	4(2)(a)	£63	£76	20.6%
	Enhanced SVA - Classes D and R				
13	Enhanced SVA test with Model Report	4(1)(e)	£106	£127	19.8%
14	Enhanced SVA test without Model Report	4(1)(f)	£95	£114	20.2%
15	* E Certificate & ESVA test with Model Report	4(2)(b)	£106	£127	19.8%
16	* E Certificate & ESVA test without Model Report	4(2)(c)	£95	£114	20.0%
17	ESVA for new vehicle with European Community (EC) Type Approval	Note 1	£32	£38	18.8%
	SVA or Enhanced SVA				
18	Retest	5(1)(b)	£16	£19	18.8%
	Charge for failure to attend a test or refusal to test by the examiner	4(4)	£53	£64	20.8%
	Replacement Certificate	9	£11	£12	9.1%
	Out of hours supplements				
	Inspections 11, 13 & 14	4(3)(a)(ii)	£26	£31	19.2%
	Inspections 12, 15, 16 & 17	4(3)(b)	£21	£25	19.0%
	Retests 18	5(2)(b)	£6	£7	16.7%

Note 1: This fee is currently charged on a non-statutory basis and we propose to increase it in line with other SVA fees as indicated in the table above. We included the proposal to include this fee in the Regulations in the consultation prior to the increases implemented in April 2007. For technical reasons, it proved impossible to include that change then. Including the fee in regulations is, in itself, cost neutral to customers; no respondents commented on the principle in the consultation mentioned; we therefore intend to include this fee in the next Amendment Regulations.

Motor cycle, etc. Single Vehicle Approval fees under the Motor Cycles (Single Vehicle Approval) (Fees) Regulations 2003 (SI 2003/1960)

	Current fee	Proposed fee	% fee increase
Low Power Moped (A moped with pedals, with auxiliary propulsion not exceeding 1 kW, and a maximum design speed not exceeding 25 km/h [16 mph].)	£47	£50	6.4%
Two-wheeled Vehicle (including motorcycle and sidecar)	£74	£78	5.4%
Three-or Four-wheeled Vehicle	£90	£95	5.6%
Out of Hours Supplement	£21	£22	4.8%
Retest	£16	£16	0.0%
Duplicate/replacement Certificate	£11	£11	0.0%

Vehicle Identity Check fees under the Road Vehicles (Registration and Licensing) Regulations 2002 (SI 2002/2742)

NB: These fees also apply to Northern Ireland

Vehicle Identity Check	Current Fee	Proposed Fee	% increase
Examination	£36	£38	5.6%
DP Supplement	£5.50	£6	9.1%
OoH Supplement	£7.50	£8	6.7%

Tachograph Centre approval fees under the Passenger and Goods Vehicles (Recording Equipment) (Approval of Workshops and Fitters) (Fees) Regulations 1896 (SI 1986/2128)

	Current Fee	Proposed Fee	% increase
Initial Approval	£328	£344	4.9%
Annual renewal	£134	£141	5.2%

HGV Plating and Testing and Reduced Pollution Certificate

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

	2006-07 *Actual £m*	2007-08 *Estimate £m*	2008-09 *Forecast £m*
Fee charged/proposed		See fee table	
Fee income from service (before proposed increase)	45.0	49.2	49.2
Increased income from new/revised fee			2.7
Operating budget for service (before input price increases and any other added expenditure)	44.7	49.0	49.0
Additional costs of providing service			1.3
Accumulated surplus / (deficit) brought forward from previous period	(5.4)		
Net surplus / (deficit) for service at year end	(5.1)	(5.0)	(3.4)

HGV Operator Licensing

	2006-07 *Actual £m*	2007-08 *Estimate £m*	2008-09 *Forecast £m*
Fee charged/proposed		See fee table	
Fee income from service (before proposed increase)	30.8	33.9	33.9
Increased income from new/revised fee			1.7
Operating budget for service (before input price increases and any other added expenditure)	29.2	33.6	33.6
Additional costs of providing service			0.6
Accumulated surplus / (deficit) brought forward from previous period	(8.1)		
Net surplus / (deficit) for service at year end	(6.5)	(6.2)	(4.8)

TIR Inspections

	2006-07 *Actual £k*	2007-08 *Estimate £k*	2008-09 *Forecast £k*
Fee charged/proposed		See fee table	
Fee income from service (before proposed increase)	17	16	16
Increased income from new/revised fee			1
Operating budget for service (before input price increases and any other added expenditure)	12	17	17
Additional costs of providing service			0
Accumulated surplus / (deficit) brought forward from previous period	10		
Net surplus / (deficit) for service at year end	15	14	14

Income and cost breakdown by fee area

ADR Inspections

	2006-07 *Actual £k*	2007-08 *Estimate £k*	2008-09 *Forecast £k*
Fee charged/proposed		See fee table	
Fee income from service (before proposed increase)	503	459	459
Increased income from new/revised fee			23
Operating budget for service (before input price increases and any other added expenditure)	629	461	459
Additional costs of providing service			16
Accumulated surplus / (deficit) brought forward from previous period	(347)		
Net surplus / (deficit) for service at year end	(473)	(473)	(454)

GV International Permits

	2006-07 *Actual £k*	2007-08 *Estimate £k*	2008-09 *Forecast £k*
Fee charged/proposed		See fee table	
Fee income from service (before proposed increase)	19	12	12
Increased income from new/revised fee			0.6[1]
Operating budget for service (before input price increases and any other added expenditure)	19	12	12
Additional costs of providing service			0
Accumulated surplus / (deficit) brought forward from previous period	(34)		
Net surplus / (deficit) for service at year end	(34)	(34)	(34)

PSV Testing

	2006-07 *Actual £m*	2007-08 *Estimate £m*	2008-09 *Forecast £m*
Fee charged/proposed		See fee table	
Fee income from service (before proposed increase)	7.3	7.5	7.5
Increased income from new/revised fee			0.4
Operating budget for service (before input price increases and any other added expenditure)	6.7	7.8	7.8
Additional costs of providing service (			0.3
Accumulated surplus / (deficit) brought forward from previous period	2.5		
Net surplus / (deficit) for service at year end	3.1	2.8	2.8

[1] Due to rounding this figure does not affect the end of year balance

Income and cost breakdown by fee area

PSV O Licensing

	2006-07 *Actual £m*	2007-08 *Estimate £m*	2008-09 *Forecast £m*
Fee charged/proposed		See fee table	
Fee income from service (before proposed increase)	6.5	6.9	6.9
Increased income from new/revised fee			0.3[2]
Operating budget for service (before input price increases and any other added expenditure)	6.6	6.8	6.8
Additional costs of providing service			0.1
Accumulated surplus / (deficit) brought forward from previous period	4.4		
Net surplus / (deficit) for service at year end	4.3	4.4	4.4

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**

	2006-07 *Actual £m*	2007-08 *Estimate £m*	2008-09 *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			0.04[2]
Operating budget for service (before input price increases and any other added expenditure)	0.7	0.7	0.7
Additional costs of providing service			0.1
Accumulated surplus / (deficit) brought forward from previous period	(2.3)		
Net surplus / (deficit) for service at year end	(2.3)	(2.2)	(2.2)

PSV Certificate of Initial Fitness and Accessibility Certificate **Note: Fees set within this group on the basis of time to process each application type**

	2006-07 *Actual £m*	2007-08 *Estimate £m*	2008-09 *Forecast £m*
Fee charged/proposed		See fee table	
Fee income from service (before proposed increase)	1.7	1.9	1.9
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	0.3		
Net surplus / (deficit) for service at year end	0.4	0.5	0.6

[2] Due to rounding this figure does not affect the end of year balance

Income and cost breakdown by fee area

PSV International Permits

	2006-07 *Actual £k*	2007-08 *Estimate £k*	2008-09 *Forecast £k*
Fee charged/proposed		See fee table	
Fee income from service (before proposed increase)	6	5	5
Increased income from new/revised fee			1
Operating budget for service (before input price increases and any other added expenditure)	6	5	5
Additional costs of providing service			0
Accumulated surplus / (deficit) brought forward from previous period	(66)		
Net surplus / (deficit) for service at year end	(66)	(66)	(65)

Vehicle Identity Check

	2006-07 *Actual £m*	2007-08 *Estimate £m*	2008-09 *Forecast £m*
Fee charged/proposed		See fee table	
Fee income from service (before proposed increase)	3.6	3.7	3.7
Increased income from new/revised fee			0.2
Operating budget for service (before input price increases and any other added expenditure	3.6	3.8	3.8
Additional costs of providing service			0
Accumulated surplus / (deficit) brought forward from previous period	0.1		
Net surplus / (deficit) for service at year end	0.1	0.0	0.1

Single Vehicle Approval

	2006-07 *Actual £m*	2007-08 *Estimate £m*	2008-09 *Forecast £m*
Fee charged/proposed		See fee table	
Fee income from service (before proposed increase)	2.5	2.6	2.6
Increased income from new/revised fee			0.4
Operating budget for service (before input price increases and any other added expenditure)	3.4	3.0	3.0
Additional costs of providing service (			0
Accumulated surplus / (deficit) brought forward from previous period	(0.2)		
Net surplus / (deficit) for service at year end	(1.1)	(1.5)	(1.5)

Income and cost breakdown by fee area

Motorcycle Single Vehicle Approval

	2006-07 *Actual £k*	2007-08 *Estimate £k*	2008-09 *Forecast £k*
Fee charged/proposed		See fee table	
Fee income from service (before proposed increase)	448	461	461
Increased income from new/revised fee			28
Operating budget for service (before input price increases and any other added expenditure)	496	422	422
Additional costs of providing service			0
Accumulated surplus / (deficit) brought forward from previous period)	(543)		
Net surplus / (deficit) for service at year end	(591)	(552)	(485)

Tachograph Centre Approval

	2006-07 *Actual £k*	2007-08 *Estimate £k*	2008-09 *Forecast £k*
Fee charged/proposed		See fee table	
Fee income from service (before proposed increase)	110	129	129
Increased income from new/revised fee			6
Operating budget for service (before input price increases and any other added expenditure)	110	129	129
Additional costs of providing service			0
Accumulated surplus / (deficit) brought forward from previous period	(5)		
Net surplus / (deficit) for service at year end	(5)	(5)	1

Vehicle operating costs

Per vehicle costs

	Source: FTA "Manager's Guide to Operating Costs 2007" and RHA "Goods Vehicle Operating Costs 2007". Lower of the costs from the 2 sources used.			
Type	Time PA	Mileage costs	Miles PA	Total PA
	£	p	Miles	£
7.5t 2 axle rigid	£34,396	30.2	45,000	£48,000
12 - 14t 2axle rigid	£37,954	38.8	45,000	£55,419
17 - 18t 2 axle rigid	£42,776	36.6	50,000	£61,051
24 - 26t 3 axle rigid	£54,200	49.3	52,000	£79,836
32t 4 axle rigid tipper	£52,621	78.4	40,000	£83,977
32 - 33t 2 + 2 axle artic	£59,131	50.4	55,000	£86,851
38t 2 + 3 axle artic	£62,243	62.4	70,000	£105,923
44t 3 + 3 axle artic	£65,760	67.8	70,000	£113,227

Effect of Option A

Per business costs

Trailer ratio	2.09	Artic tractors	117,000
		Trailers	244,000

	Business size							
	Micro		small		medium		large	
	No	Cost PA	No	Cost PA	No	Cost PA	No	Cost PA
7.5t 2 axle rigid	1	£48,000	2	£95,999	4	£191,998	90	£4,319,955
12 - 14t 2axle rigid		£0		£0		£0	18	£997,533
17 - 18t 2 axle rigid		£0	1	£61,051	2	£122,102	36	£2,197,836
24 - 26t 3 axle rigid		£0		£0	1	£79,836	31	£2,474,916
32t 4 axle rigid tipper		£0		£0	1	£83,977	16	£1,343,632
32 - 33t 2 + 2 axle artic		£0		£0		£0	2	£173,702
38t 2 + 3 axle artic		£0		£0		£0	12	£1,271,082
44t 3 + 3 axle artic		£0	1	£113,227	2	£226,455	45	£5,095,236
Total	1	£48,000	4	£270,277	10	£704,368	250	£17,873,891

NOTE 1: fleet mix for medium and large derived from DfT statistics on licensed goods vehicles (table 18)

NOTE 2: Trailer ratio for artics divided trailers tested by VOSA for 2005/6 (VOSA Bus Plan2007/8) with licensed MVs 2005 (DfT stats tab 18) - this knowingly ignores the effect of drawbar trailers since no figures readily available from which to derive numbers.

Effect of Option A

VOSA charges

O licence per licence fees

Licences in issue	102,100	Variations per year	8,500	
New applications PA	9,000	Continuations PA	13,500	

	New App	Grant / Cont	Variation	Average
2007	£227.00	£354.00	£227.00	£109.71
2008	£238.00	£372.00	£238.00	£115.19
Change	£11.00	£18.00	£11.00	£5.49

O licence vehicle related charges

		per quarter	per year
O Licence per vehicle (paid 5 yearly	2007	£9.00	£36.00
	2008	£10.00	£40.00
	Change	£1.00	£4.00

Effect of Option A

Test fees by vehicle type

Failure rates
Motor vehicles 23.4% Trailers 21.3%

	2 axle motor vehicle			3 axle motor vehicle			4 axle motor vehicle		
	Test	retest	average vehicle	Test	retest	average vehicle	Test	retest	average vehicle
2007	£49.00	£32.00	£56.48	£70.00	£46.00	£80.76	£91.00	£60.00	£105.03
2008	£51.00	£34.00	£58.95	£73.00	£48.00	£84.23	£96.00	£63.00	£110.73
Change	£2.00	£2.00	£2.47	£3.00	£2.00	£3.47	£5.00	£3.00	£5.70

	2 axle trailer			3 axle trailer		
	Test	retest	average vehicle	Test	retest	average vehicle
2007	£36.00	£23.00	£40.90	£46.00	£31.00	£52.61
2008	£38.00	£24.00	£43.11	£48.00	£32.00	£54.82
Change	£2.00	£1.00	£2.21	£2.00	£1.00	£2.21

Total per vehicle charges by vehicle type

Type	2007	2008	Change
7.5t 2 axle rigid	£92.48	£98.95	£6.47
12 - 14t 2axle rigid	£92.48	£98.95	£6.47
17 - 18t 2 axle rigid	£92.48	£98.95	£6.47
24 - 26t 3 axle rigid	£116.76	£124.23	£7.47
32t 4 axle rigid tipper	£141.03	£150.73	£9.70
32 - 33t 2 + 2 axle artic	£177.78	£188.87	£11.08
38t 2 + 3 axle artic	£202.19	£213.28	£11.08
44t 3 + 3 axle artic	£226.47	£238.55	£12.08

Effect of Option A

Total VOSA charges per business

	Business size											
	Micro			Small			Medium			Large		
Vehicles	No	Cost 2007	Change	No	Cost 2007	Change	No	Cost 2007	Change	No	Cost 2007	Change
7.5t 2 axle rigid	1	£92	£6	2	£185	£13	4	£370	£26	90	£8,324	£582
12 - 14t 2axle rigid	0	£0	£0	0	£0	£0	0	£0	£0	18	£1,665	£116
17 - 18t 2 axle rigid	0	£0	£0	1	£92	£6	2	£185	£13	36	£3,329	£233
24 - 26t 3 axle rigid	0	£0	£0	0	£0	£0	1	£117	£7	31	£3,619	£231
32t 4 axle rigid tipper	0	£0	£0	0	£0	£0	1	£141	£10	16	£2,257	£155
32 - 33t 2 + 2 axle artic	0	£0	£0	0	£0	£0	0	£0	£0	2	£356	£22
38t 2 + 3 axle artic	0	£0	£0	0	£0	£0	0	£0	£0	12	£2,426	£133
44t 3 + 3 axle artic	0	£0	£0	1	£226	£12	2	£453	£24	45	£10,191	£544
Total vehicles	1			4			10			250		
per licence		£110	£5		£110	£5		£110	£5		£110	£5
VOSA charges		£202	£12		£614	£37		£1,375	£86		£32,276	£2,022

Proportion of total business costs and change thereto from VOSA charges and by business size business

	Business size											
		Micro			Small			Medium			Large	
		Cost 2007	Change		Cost 2007	Change		Cost 2007	Change		Cost 2007	Change
		0.421%	0.025%		0.227%	0.014%		0.195%	0.012%		0.181%	0.011%

Effect of Option B

Variables used in calculation

vehicle costs (standing and running)

Source: FTA "Manager's Guide to Operating Costs 2007" and RHA "Goods Vehicle Operating Costs 2007". Lower of the costs from the 2 sources used.

Type		Standing costs PA		Mileage costs per mile	
	Proportion[3]	£	contribution	p	contribution (p)
7.5t 2 axle rigid	0.36	£34,396	£12,383	30	10.88
12 - 14t 2axle rigid	0.07	£37,954	£2,733	39	2.79
17 - 18t 2 axle rigid	0.14	£42,776	£6,160	37	5.26
24 - 26t 3 axle rigid	0.12	£54,200	£6,721	49	6.11
32t 4 axle rigid tipper	0.06	£52,621	£3,368	78	5.02
32 - 33t 2 + 2 axle artic	0.01	£59,131	£473	50	0.40
38t 2 + 3 axle artic	0.05	£62,243	£2,988	62	3.00
44t 3 + 3 axle artic	0.18	£65,760	£11,837	68	12.21
Average vehicle standing cost			£46,661	Average cost per mile	45.67
Average earning days per annum (as per RHA modelling)			240		
Average earning hours per week (RHA)			55		
daily standing cost per average vehicle			£194.42		
hourly standing cost per average vehicle			£16.32		

Tests per year

Source = VOSA Business plan 2007/8	MV	Trailer
Tests per year	472,500	244,000
Retests per year	110,500	52,000
Total tests per year	583,000	296,000
%age at DPs	17%	

Average reduction in cycle time from Testing Transformation

Source TT project data

Mins	16.26	

[3] The proportion is the proportion of modelled fleet derived from DfT statistics on licensed goods vehicles and is the same proportion as applied in the fleet mix in evaluating the per business costs in the modelling of option A.

Effect of Option B

Licensing

Source VOSA Business plan 2007/8

New licences	9,000
Continuations	13,500
Total licences	102,100
Total vehicles	400,000
Vehicles per licence	3.92

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

Effect of Option B

Testing and Inspection activities	formula	Assumptions	Low range	High range
Reduction in staff of about 6% would mean:				
longer waiting time for appointments;	ave daily standing cost X MV tests per year X effect per vehicle X proportion affected	Effect per vehicle of 1 day extra wait for [10/30]% of vehicles	£11,334,772	£34,004,315
withdrawal of some Testing Transformation[4] changes	ave hourly standing costs X MV tests PA X TT savings per test X proportion lost	[10/30] % of savings lost	£257,767	£773,301
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	£90,536	£271,609
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 services	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		£11,683,075	£35,049,225

[4] Testing Transformation was a programme aimed at reducing the amount of time vehicles spent at test stations – many of the improvements introduced improved VOSA's efficiency, however some elements, such as eliminating the need for drivers to visit the office twice for each test sacrificed VOSA's efficiency to increase customer gains.

Effect of Option B

Operator licensing and enforcement activities

Staff reductions of the order of 6% would lead to:

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 in [10/30]% of applications Continuations: 1 day delay on [1/5]% of continuations	£788,350	£2,570,705
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		£924,170	£3,928,912
	Total effects		£12,607,245	£38,978,136

Summary: Intervention & Options

Department /Agency:	Title:	
Vehicle & Operator Services Agency	**Impact Assessment of additional statutory fee in connection with Single Vehicle Approval**	
Stage: Final	**Version:** 1.0	**Date: 30 May 2008**
Related Publications: http://www.dft.gov.uk/consultations/archive/2007/vosafeesminormottestchanges/		

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?

The current statutory fees for Single Vehicle Approval (SVA) do not fairly reflect the effort necessary to process for the case of a new passenger or goods vehicle which has European Community type approval but for which a certificate of conformity cannot be issued.

What are the policy objectives and the intended effects?

To introduce a new application fee for a Minister's Approval Certificate (MAC) within the Single Vehicle Approval (SVA) scheme for the case of a new passenger or goods vehicle which has European Community type approval but for which a certificate of conformity cannot be issued.

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

1. Continue to charge a non-statutory fee;
2. introduce the new statutory fee; or
3. apply the most relevant of the existing statutory fees.

Option 2 is preferred since it removes unnecessary confusion for the customer at no change to cost.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?

As part of normal annual cycle of fee reviews.

Ministerial Sign-off For final proposal/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:

.....Date:

Summary: Analysis & Evidence

Policy Option: Option 2	Description: Introduce additional statutory fee

COSTS

ANNUAL COSTS	
One-off (Transition) **Yrs**	Description and scale of **key monetised costs** by 'main affected groups' There are no motised costs to this change.
£ Nil	
Average Annual Cost (excluding one-off)	
£ Nil	**Total Cost** (PV) **£ Nil**

• Other **key non-monetised costs** by 'main affected groups' There are nonnon-motised costs to business or the 3rd sector.

BENEFITS

ANNUAL BENEFITS	
One-off **Yrs**	Description and scale of **key monetised benefits** by 'main affected groups' There are no mortised benefits to this change
£ Nil	
Average Annual Benefit (excluding one-off)	
£ Nil	**Total Benefit** (PV) **£ Nil**

• Other **key non-monetised benefits** by 'main affected groups' There are currently 13 different statutory fees and 1 non-statutory charge to reflect the work content of the differing circumstances of SVA application. Moving the 1 non-statutory charge onto the statute book in line with the other 13 will remove a potentially confusng anomaly.

Key Assumptions/Sensitivities/Risks None

Price Base Year 2007	Time Period Years 1	**Net Benefit Range** (NPV) **£ Nil**	**NET BENEFIT** (NPV Best estimate) **£ Nil**

What is the geographic coverage of the policy/option?			GB	
On what date will the policy be implemented?			TBA	
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?			Yes	
Will implementation go beyond minimum EU requirements?			No	
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?			Yes/No	
Annual cost (£-£) per organisation (excluding one-off)	Micro **Nil**	Small **Nil**	Medium **Nil**	Large **Nil**
Are any of these organisations exempt?	No	No	N/A	N/A

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

Increase of £ Decrease of £ **Net Impact** **£** Nil

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

Evidence Base (for summary sheets)

[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.]

Consultation on the introduction of the new statutory fee was carried out between 24 October 2006 and 12 January 2007 using a draft Regulatory Impact Assessment of the form then current with a view to implementing the fee along with the 2007 fee increases. Implementation of the new fee had to be delayed to provide time to resolve technical issues. These issues have now been resolved and the new fee is to be introduced at the same time as SVA and other fees are increased for FY 2008/9.

Fee levels used in this IA are those current at time of writing in 2007/8. Proposed increases in the fee levels for all VOSA services for 2008/9 are the subject of a separate IA and consultation process.

Background

Applications covered by this fee may occur when an approved vehicle was destined for a non-EU market and is diverted to an EU market before first use. Such applications can also occur when a manufacturer is unable to issue a Certificate of Conformity (because of a modified Directive) but is permitted to produce the small number of remaining vehicles in a production run to the previous Directive requirements under the "end of series" provisions. Dealing with applications covered by this fee involves less work than with other applications because no vehicle examination will usually be necessary.
Following representations from customers, VOSA, in agreement with DfT, introduced a reduced charge for processing an approval in these circumstances. The amendment being made will therefore provide a statutory fee for this approval in line with the other fees for other classes of single vehicle approval.
VOSA received 750 applications for MACs in these circumstances in 2006.

This measure does not increase the extent of government intervention in any way, it only seeks to regularise the basis on which the charges are made for providing this service.

Consultation carried out

- Within government

Transport and Technology Standards Division of the Department for Transport

- Public consultation

An extensive consultation of stakeholders representing those who will be directly affected by the fee changes took place between October 2006 and January 2007. The consultation also covered general fee increases which came into effect on 1 April 2007. Consultation packs were sent to 485 individuals and bodies. This consultation was also published on the Internet. The consultation also included other proposals to increase most VOSA fees and to make some detail changes to MOT test content.
None of the responses received made any mention of the additional SVA fee.

Options considered

Option 1: Continue with the present non-statutory charge for the issue of a Minister's Approval Certificate in these circumstances. This charge would be increased in line with other statutory fees.
Option 2: Incorporate the existing charge, increased in line with other fees, in the Regulations.
Option 3: Revert to charging the most appropriate of the fees currently covered by the Regulations.

1. **Costs and benefits**

- **Sectors and groups affected**

Mainstream motor vehicle manufacturers making use of the "end of series" provisions within Type Approval. Independent vehicle importers sourcing vehicles from outside the EU. Private individuals sourcing a vehicle from outside of the EU which does not qualify for "Personal Import" status.

- **Benefits**

All options will continue to enable customers to apply for approval of their vehicles. We currently identify 14 differing vehicle approval processes for charging purposes.
The preferred option will remove the anomaly mixed statutory and non-statutory fees for different routes to the same end.

- **Costs**

Options 1 and 2 would be cost neutral. The effects of fee increases as a result of the annual review are not part of this Impact Assessment, but would be the same in both cases.
Option 3 would increase costs of each application by between 200% and 533% depending on which of the fees currently specified in the Regulations was considered to be the most appropriate to be applied.

2. **Small Firms Impact Test**

The chosen options 2 has no impact since the processes of determining an application would be unaltered and would be cost neutral in real terms. Since the charges relate directly to the number of applications made, the effects would be proportional to the volume of business conducted by the applicant.
This has not been specifically tested on small firms, though the 62 Trade and Business Associations included in the consultation include many small firms amongst their members. Amongst the bodies consulted are the British Independent Motor Trade Association, the Society of Motor Manufacturers and Traders and the Federation of Small Businesses. None of the responses received mentioned the additional SVA fee.

.

3. **Competition assessment**

This measure has no effect on competition since it applies equally to all who must use the scheme.

4. **Other assessments**

This measure has no effect on any aspect of equality or human rights.

5. **Enforcement, sanctions and monitoring**

This measure regularises the omission from the Regulations of a fee in respect of an approval function. There is no need for enforcement. Sanctions are self imposed – if the fee is not paid the service in not delivered. Fee levels are monitored on a regular basis – normally annually – to ensure that fees recover the costs of the service provided.

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	No	No
Health Impact Assessment	No	No
Race Equality	Yes	No
Disability Equality	Yes	No
Gender Equality	Yes	No
Human Rights	Yes	No
Rural Proofing	No	No