EXPLANATORY MEMORANDUM

The Goods Vehicles (Licensing of Operators) (Fees) (Amendment) Regulations 2004 No. 1878

The Public Service Vehicles (Operators' Licences) (Fees) (Amendment) Regulations 2004 No. 1876

The Goods Vehicles (Authorisation of International Journeys) (Fees) (Amendment) Regulations 2004 No. 1883

The Road Transport (International Passenger Services) (Amendment) Regulations 2004 No. 1882

This Explanatory Memorandum is laid before Parliament by Command of Her Majesty. It contains information for the Joint Committee of Statutory Instruments. These Regulations and this memorandum have been prepared by the Department for Transport.

Description

These Regulations amend the following Regulations by increasing the fees payable under those Regulations.

(a) The Goods Vehicles (Licensing of Operators) (Fees) Regulations 1995 These Regulations prescribe the fees payable for applications for licenses to operate heavy goods vehicles, renewal of licences and vehicle discs (new and replacements).

(b) The Public Service Vehicles (Operators' Licences) (Fees) Regulations 1995 These regulations prescribe the fees payable for licenses to operate public service vehicles, renewal of licences and for vehicles specified under such a licence

(c) The Goods Vehicles (Authorisation of International Journeys)(Fees) Regulations 2001 These regulations prescribe the fees payable for international permits for heavy goods vehicles on international journeys outside the European Union.

(d) The Road Transport (International Passenger Services) Regulations 1984 These regulations prescribe the fees payable for authorisations issued for public service vehicles operating regular services to EU and non-EU states, and shuttle services to non-EU states.

The amendments to the Road Transport (International Passenger Services) Regulations 1984 also correct the reference to the Secretary of State in regulation 2(1)(g).

Matters of Special Interest to the Joint Committee on Statutory Instruments

The increases within these regulations average at 10% plus inflation for operator licensing and international permits for heavy goods and public service vehicles. Details of the increases are set out in the tables below.

The fee increases made by the Public Service Vehicles (Operators' Licences) (Fees) (Amendment) Regulations 2004 are as follows:

Subject of fee	Current fee	New fee	% change	Date of last increase
Application for a standard licence	£158	£179	13.3%	1st November 2002
Application for a restricted licence	£105	£119	13.3%	1st November 2002
Grant of a standard or restricted licence: for a period of 5 years if paid in advance for a period of 5 years paid annually	 £105 £21	 £119 £24	 13.3% 14.3%	1st November 2002
Continuation in force of an existing standard or restricted licence: for a period of 5 years if paid in advance for a period of 5 years paid annually	 £105 £21	 £119 £24	 13.3% 14.3%	1st November 2002
Application to vary a condition on a licence so as to increase the maximum number of vehicles	£79	£90	13.9%	1st November 2002
Issue of a disc under section 18 of the Act: for a period of 5 years paid in advance for a period of 5 years paid annually	 £4.50 £5.25	 £5.10 £5.90	 13.3% 12.4%	1st January 1996
Application for a special licence	£42	£47	11.9%	1st November 2002
Continuation in force of a special licence	£42	£47	11.9%	1st November 2002
Issue of a new disc in place of one lost or destroyed	£11	£12.50	13.6%	1st November 2002

The fee increases made by the Goods Vehicles (Licensing of Operators) (Fees) (Amendment) Regulations 2004 are as follows:

Subject of fee	Current fee	New fee	% change	Date of last increase
Fee with licence application or publishable application for variation of a licence	£168	£190	13.1%	1st December 2002
Fee for the issue of a licence	£263	£297	12.9%	1st December 2002
Fee for the issue of an interim licence	£44	£50	13.6%	1st December 2002
Fee for the continuation in force of a licence	£263	£297	12.9%	1st December 2002
Additional fee for motor vehicles specified on the licence (per vehicle per quarter):				1st December 2002
for a period of 5 years paid annually	£7.25	£8.20	13.0%	
for a period of 5 years paid in advance	£9	£10	11.1%	
Additional charge for vehicles specified under an interim operator's licence	£10	£11.30	13.0%	1st December 2002

The fee increases made by the Goods Vehicles (Authorisation of International Journeys) (Fees) (Amendment) Regulations 2004 are as follows:

Subject of fee	Current fee	New fee	% change	Date of last increase
ECMT licence for the period of one year	£107	£121	13.1%	1st December 2001
ECMT licence for a period of less than one year (fee per period of 3 months or less)	£27	£30	11.1%	1st December 2001
Journey permit for a single journey	£6	£7	16.7%	1st December 2001
Journey permit for 4 journeys to Turkey	£11	£12.50	13.6%	1st December 2001
Journey permit for 15 journeys to Morocco	£41	£46	12.2%	1st December 2001
Removals authorisation	£14	£16	14.3%	1st December 2001
Swiss permit	£6	£7	16.6%	1st December 2001

The fee increases made by the Road Transport (International Passenger Services) (Amendment) Regulations 2004 are as follows:

Subject of fee	Current fee	New fee	% change	Date of last increase
Certified copy of a regular service authorisation, a special regular service authorisation, shuttle service authorisation or authorisation under regulation 14(2) of the Regulations.	£10	£11	10.0%	1st July 1990
Application for a special regular service authorisation or an international passenger transport authorisation	£140	£160	14.2%	1st July 1990
Application for a regular service authorisation or shuttle service authorisation	£144.20	£163	13.0%	1st May 2003
Regular or special regular authorisation – fee per year of validity of the authorisation.	£30	£34	13.3%	1st July 1990

The Secretary of State through his executive agency of the Vehicle and Operator Services Agency (VOSA) (formed from the merger of the Vehicle Inspectorate "VI" and the Traffic Area Network part of DfT) carries out his functions of operator licensing and issuing international authorisations and permits for goods vehicles and public services vehicles.

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

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

Key principles underpinning the increases are:

(a) To create cash flow to replace the current subsidy paid to VOSA by the Department for Transport.

(b) Delivery of the following projects.

  (i) Full roll-out of the Operator Self-Service arrangements and improved payment channels for holders of an operator's licence.

  (ii) A new Publication, the "Guide to Maintaining Traffic Compliance".

(iii) Proposals to restructure the test and operator licence fees together with a simpler format.

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

The Operator Self-Service arrangements and improved payment channels will allow holders of an operator's licence to:

(a) access details of their operator licence record;
(b) track the progress of applications;
(c) pay licence invoices; and
(d) add and remove vehicles from their own licences (from 14 days to 2 days maximum).

The new service will be available 24 hours a day. The benefits to licence holders are improved access to services provided by the Traffic Area Office, reduced paperwork and a reduction in the time needed to acquire licence discs for vehicles.

The "Guide to Maintaining Traffic Compliance" booklet will give advice to operators about the systems they need to put in place to ensure the safe and legal use of all goods and passenger carrying vehicles, irrespective of their size or use. New operators are given advice on systems for monitoring and controlling drivers' hours, record keeping, speeding, driver licensing and loading of vehicles. The Guide also contains advice on safety procedures and compliance activities operators may encounter at the roadside by examiners or at a vehicle testing station.

The restructuring of operator licensing and test fees will create efficiency savings for operators, presenters and VOSA. Implementation of the new fee structure is planned for 2005 and it is envisaged that efficiency savings will reduce the need for further fee increases similar to those currently the subject of the amendment regulations.

Legislative Background

The Goods Vehicles (Licensing of Operators) (Fees) (Amendment) Regulations 2004 are made under sections 45(1), 57(1) and (2) of the Goods Vehicles

(Licensing of Operators) Act 1995 and by virtue of the Department for Transport (Fees) Order 1988.

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

The Goods Vehicles (Authorisation of International Journeys) (Fees) (Amendment) Regulations 2004 are made under sections 56(1) and (2) of the Finance Act 1973 and by virtue of the Department for Transport (Fees) Order 1988.

The Road Transport (International Passenger Services) (Amendment) Regulations 2004 are made under section 2(2) of the European Communities Act 1973 and section 56(1) of the Finance Act 1973 and by virtue of the Department for Transport (Fees) Order 1988.

Extent

These Regulations extend only to Great Britain. They do not apply in Northern Ireland.

European Convention on Human Rights

Not applicable.

Policy Background

Before a person can operate either a heavy goods vehicle or a public service vehicle on a public road for hire or reward, an operator's license is required. The licensing regime ensures that operators are of good repute, have sufficient financial resources, the necessary professional competence, and that vehicles are maintained properly.

Potential operators of both goods vehicle and public service vehicle licences apply to the Traffic Commissioner for a licence to operate vehicles. As part of the process, Commissioners need to satisfy themselves that the applicant meets all the necessary requirements outlined above. Vehicle safety is particularly important. The Commissioner may ask VOSA to check that maintenance facilities are adequate. Once a licence is granted, the operator must at all times meet the requirements of holding a licence, and can be subject to disciplinary action if not.

Application and continuation fees are charged to meet VOSA's costs in administering the operator licensing system for heavy goods vehicle and public

service vehicle operators. In addition, a fee is charged per vehicle to offset the cost of enforcement of roadworthiness and other safety standards by VOSA .

Since 1st April 2004 VOSA has assumed responsibility (previously exercised by the Department for Transport) for the issue of permits, coach authorisations and certificates to UK operators and organisations seeking to carry out international road haulage and passenger transport operations in mainland Europe. According to Treasury guidelines, the fees for road haulage permits and coach service authorisations and certificates should cover the cost of issuing them.

Under the terms of various bilateral and multilateral Agreements, UK goods vehicle operators require permits for international journeys to and through a number of non-EU countries. Permits are no longer needed for journeys wholly within the EU.

Public service vehicle authorisations are required for UK regular (i.e. scheduled) services to both EU and non-EU countries, and for shuttle (i.e. tourist) services to non-EU states. The authorisations for regular services are issued to both UK and foreign public service vehicle operators.

The present and predicted deficits in the accounts for heavy goods and public service vehicle operator licensing, and the issue of international road haulage and coach service authorisations has arisen for two reasons. First is because of the absence of increases since many of the original provisions came into force. For example, the fees for the application for a licence to operate a heavy goods vehicle remained unchanged from 1995 when they were introduced until the end of 2002 when they were last amended. The second reason for the deficit in the accounts for the issue of international permits are the costs of the transfer of the work from the International Road Freight Office to VOSA.

When considering possible ways in which the deficits in the accounts for operator licensing, and international road freight and coach service authorisations could be addressed, 3 alternatives were considered.

(a) Increases only sufficient to cover higher running costs due to inflation; no deficit recovery would have been possible.
(b) Increases of 25% that would ensure the deficit was recovered by the end of 2004/05.
(c) Increases of 13% that would ensure the deficit was recovered by the end of 2005/06.

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

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

Impact

A full regulatory impact assessment of the effect that the Regulations will have on the costs of business has been prepared and a copy is attached.

There is no impact on the public sector.

Contact

The official within the Department for Transport who can be contacted with any queries on the Regulations is Roger Trubridge, Vehicle Operator Services Agency Product Policy Schemes Office, Berkeley House, Croydon Street, Bristol, BS5 0DA; Tel 0117 9543272, e-mail Roger.Trubridge@vosa.gov.uk.