EXPLANATORY MEMORANDUM

THE GOODS VEHICLES (LICENSING OF OPERATORS) (FEES) (AMENDMENT) REGULATIONS 2005

2005 No. 2345

THE PUBLIC SERVICE VEHICLES (OPERATORS' LICENCES) (FEES) (AMENDMENT) REGULATIONS 2005

2005 No. 2346

THE COMMUNITY BUS (AMENDMENT) REGULATIONS 2005

2005 No. 2353

THE MINIBUS AND OTHER SECTION 19 PERMIT BUSES (AMENDMENT) REGULATIONS 2005

2005 No. 2354

THE PUBLIC SERVICE VEHICLES (REGISTRATION OF LOCAL SERVICES) (AMENDMENT) (ENGLAND AND WALES) REGULATIONS 2005

2005 No. 2355

1. This Explanatory Memorandum has been prepared by the Department for Transport and is laid before Parliament by Command of Her Majesty.

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

2. Description

2.1 The five sets of Regulations covered by this Explanatory Memorandum increase the fees payable for the issue of licences and permits in connection with the operation of freight and passenger transport services, fees for registration of local bus services and fees for permits granted to operators of minibuses and community buses by the Vehicle and Operator Services Agency ("VOSA") and by designated local authorities and voluntary organisations. The Regulations listed above respectively amend Regulations (a) to (f) :

(a) the Goods Vehicles (Licensing of Operators) (Fees) Regulations 1995;

(b) the Public Service Vehicles (Operators' Licences) (Fees) Regulations 1995;

(c) the Community Bus Regulations 1986;

(d) the Minibus and Other Section 19 Permit Buses Regulations 1987; and

(e) the Public Service Vehicles (Registration of Local Services) (England and Wales) Regulations 1986.

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

General

3.1 The Secretary of State for Transport, through his executive agency of the Vehicle and Operator Services Agency (VOSA), carries out his functions of issuing of permits for goods vehicles and public services vehicles. VOSA also provides administrative support to the Traffic Commissioners in relation to their functions of operator licensing registration of local services and the issue of community bus permits. VOSA, together with designated local authorities and voluntary bodies, also issues permits for Section 19 passenger transport operations on behalf of the Traffic Commissioners. An explanation of a Section 19 permit is given in the "Policy Background" Section below.

3.2 The costs of carrying out these functions are recovered by charging fees. VOSA is required to break even on its costs, normally year on year. . 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.

3.3 In 2004/05, there was a Department for Transport subsidy of £3.4m. In the current year, this is projected to decrease to £2.3m, falling away still further next year to £0.5m as income from the previous and proposed increases begins to take effect.

3.4 This year it is necessary for VOSA to introduce fees in excess of the rate of inflation. The revised fees are set at a level to recover current costs of the issue of licenses and permits uplifted by 3% to allow for inflation. The remaining 10% is to enable the Agency to repay loans that will in turn be used to allow an early start to be made to an investment and modernisation programme and to improve services.

3.5 Key principles underpinning each of the proposed increases are:

(a) To ensure that income covers the level of expenditure required

(b) To fund delivery of the following projects to improve levels of service to vehicle operators:

- Online payments by credit/debit card capability available to the public by the end of December 2005.

  This commitment builds on the launch last year of credit/debit card payments over the phone or by post.

- Online licence applications in 2006/07.

  Arrangements for on-line licence applications for new operators are the third phase of a programme of improvements to the operator licence system. Existing operators are already able to change vehicle details on-line. Phase 2, which will enable existing operators to make a number of changes to their licence on-line such as change of address, or change of transport manager, is in development.

3.6 In addition to the need to cover operating costs, the need for a large increase in fees for the issue of bus registrations and permits has arisen to fund the development and introduction of the TransXchange system to computerise bus registration and provide a bus permits database. Under the new system, bus operators can register and amend details of services over the internet.

3.7 Further details of the increases introduced by each set of Regulations is set out below and complements the information contained in the Explanatory Note for each instrument, which detail the increases in tabular form where appropriate. Most of the information contained in the Explanatory Notes is not repeated in this Memorandum.

<u>The Public Service Vehicles (Operators' Licences) (Fees) (Amendment) Regulations 2005</u>

3.8 Proposed fee increases, as a percentage of the current fee, range from 12.5% to 13.3%. In monetary terms the fee increases range from 60p (current fee £5.90) to £23 (current fee £179), the latter being for the application of a standard licence.

3.9 These increases will ensure expenditure is covered by income and fund projects to improve services to vehicle operators.

<u>The Goods Vehicles (Licensing of Operators) (Fees) (Amendment) Regulations 2005</u>

3.10 Proposed fee increases, as a percentage of the current fee, range from 9.7% to 14%. In monetary terms the fee increases range from 80p (current fee £9) to £39 (current fee £297), the latter being for the issue of a licence.

3.11 These increases will ensure expenditure is covered by income and fund projects to improve services to vehicle operators.

3.12 These increases will ensure expenditure is covered by income and fund projects to improve services to vehicle operators.

The Community Bus (Amendment) Regulations 2005

3.13 This increases the fee by 13.6% (£6).

3.14 These increases will ensure expenditure is covered by income and fund projects to improve services to vehicle operators.

The Minibus and Other Section 19 Permit Buses (Amendment) Regulations 2005

3.15 This increases the fees by 11.1 and 11.8% (£1 and £2).

3.16 These increases will ensure expenditure is covered by income and fund projects to improve services to vehicle operators.

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

The Public Service Vehicles (Registration of Local Services) (England and Wales) (Amendment) Regulations 2005

3.18 This increases the fee by 13.3% (£6).

3.19 These increases will ensure expenditure is covered by income and fund projects to improve services to vehicle operators.

3.20 Fees for registration of local services in Scotland are subject to separate Regulations enacted by the Scottish Parliament. However the registration of local services in Scotland is carried out by VOSA.

4. Legislative Background

4.1 The reasons why the Regulations are being made are set out in part 3 above. The Goods Vehicles (Licensing of Operators) (Fees) (Amendment) Regulations 2005 are made under sections 45(1), 57(1) and (2) and (7)of the Goods Vehicles (Licensing of Operators) Act 1995.

4.2 The Public Service Vehicles (Operators' Licences) (Fees) (Amendment) Regulations 2005, the Community Bus (Amendment) Regulations 2005, the Minibus and Other Section 19 Permit Buses (Amendment) Regulations 2005 and the Public Service Vehicles (Registration of Local Services) (Amendment) (England and Wales) Regulations 2005 are made using various provisions in the Public Passenger Vehicles Act 1981. While the powers to make the Regulations are contained in the 1981 Act, the substantive provisions

concerning community buses, section 19 permits and registration of local services are contained in the Transport Act 1985.

4.3 Section 102 of the Finance (No. 2) Act 1987 allows the Secretary of State for Transport to make a statutory instrument to specify the functions, and associated costs, to be taken into account when determining fees and charges for the services that VOSA provides. The Department of Transport (Fees) Order (SI 1988/643 [as amended]) specifies the functions and other matters to be taken into account when setting the fees and charges relating to the costs of providing services.

5 Extent

5.1 The Public Service Vehicles (Registration of Local Bus Services) (Amendment) Regulations apply to England and Wales. The remaining 6 sets of Regulations extend to Great Britain. They do not apply in Northern Ireland.

6. European Convention on Human Rights

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

7. Policy Background

7.1 The policy objective underlying the Public Passenger Vehicles Act 1981 and the Goods Vehicle (Licensing of Operators) Act 1995 is to establish a licensing system to ensure that commercial operators of bus, coach and road haulage undertakings maintain standards of quality and safety. Before a person can operate either a large goods vehicle or a public service vehicle on a public road for hire or reward, an operator's licence 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.

7.2 Potential operators of both goods vehicle and public service vehicles 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 he does not.

7.3 Application and continuation fees are charged to meet VOSA's costs in administering the operator licensing system for large 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.

7.4 The policy objective underlying the relevant provisions of the Transport Act 1985 is to regulate the provision of public transport services by bus to ensure protection of the interests of the public regarding safety and reliability of services. Before a person or organisation with a public service vehicle operator's licence or community bus permit can operate a public service vehicle on a public road for hire or reward, the service must be registered with a Traffic Commissioner. The registration regime ensures that the route and stopping points are defined, together with the times when the service will operate. Those wishing to register a service must also specify the type of vehicle to be used on the route.

7.5 "Section 19" permits are issued under section 19 of the Transport Act 1985. Non-profit making organisations with a section 19 permit can make a charge for carrying fare-paying passengers whom the organisation serves without the need to obtain a public service vehicle operator's licence and, in most cases, without having to comply with passenger carrying vehicle driver licensing requirements. Section 19 permits cannot be used to provide services to the general public or on journeys outside the UK. Section 19 permits can be issued either by a Traffic Commissioner or by a designated local authority or voluntary body.

7.6 Community bus permits are issued under Section 22 of the Transport Act 1985. Such permits are issued to bodies wishing to run a local bus service on a voluntary non-profit basis using unpaid volunteer drivers. These arrangements allow communities themselves to operate minibuses generally in rural and other areas where there is no adequate bus service for the community in question. Community buses can carry the general public and the service has to be registered with the Traffic Area Office Division of VOSA on behalf of the Traffic Commissioner for that area.

7.7 As part of VOSA's consultation process all relevant trade associations and account holders were contacted with the details of the proposed fee increases and invited to respond. There was also an article in the May edition of VOSA's newsletter for large goods and public service vehicle operators, 'Moving On'. One Trade Association asked for a separate meeting that was hosted by one of the VOSA Directors. The written consultation process produced fewer responses this year than last year (7 as opposed to 15). There is broad acceptance for the need to increase fees to deliver service improvements. There is also concern from some parties that fees are still not equitable. There is more work to be done to ensure fees more accurately reflect the cost of providing the test or service through the fees restructuring exercise which will shortly go out to consultation.

8. Impact

8.1 A Regulatory Impact Assessment is attached to this Memorandum.

8.2 There is no impact on the public sector.

9. 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 ODA; Tel 0117 9543272, e-mail Roger.Trubridge@vosa.gov.uk.

REGULATORY IMPACT ASSESSMENT

TITLE

Increases, averaging 10% plus inflation, for testing and operator licensing of Heavy Goods Vehicles (HGV) and Public Service Vehicles (PSV), registration of local bus services and fees for permits from 30th September 2005, and on one ancillary issue. The proposed increases are given in Annex 1.

PURPOSE AND INTENDED EFFECT OF THE MEASURES

Objective

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

- Annual roadworthiness inspections of heavy goods and public service vehicles
- Approvals of specialised goods and public service vehicles
- Authorisation and re-authorisation of tachograph calibration centres
- Goods and public service vehicle operators' licenses and associated enforcement
- Registration of local bus services
- Permits issued to operators of community bus and section 19 bus services

To ensure that fire engines modified to carry passengers are subject to annual roadworthiness testing.

Background

Finance

The VOSA test station network consists of 92 full and part-time goods vehicle testing stations (gvts) in England, Wales and Scotland. Almost all of these were built in the late 1960s when annual testing of heavy goods vehicles (HGVs) was introduced. Around 85% of HGV motor vehicles are tested at VOSA sites, as are 80% of trailers and 60% of buses and coaches, the remaining vehicles being tested by our staff at operators' own premises. Our test stations are increasingly costly to maintain to an acceptable standard. Many structures are at the end of their useful lives and are unable to cope with the demands imposed by modern vehicle designs and weights. The operational serviceability of many sites is threatened with the risk of significant unplanned downtime. A long-term programme of major refurbishment to the goods vehicles testing (gvts) network is now well under way.

The additional income provided by the proposed increases has three main purposes. The first is to ensure that the fee charged for a particular examination or service is, and continues to be, commensurate to the cost incurred to VOSA of conducting or providing the particular examination or service. The revised fees are set at a level to recover to current costs of hgv and psv testing uplifted by 3% to allow for inflation. A further increase of 10% is to enable the Agency to repay loans that will in turn be used to allow an early start to be made to an investment and modernisation programme and to improve services. Within this total average increase of 13%, we have also raised the fees for tests and re-tests of larger heavy goods and public service vehicles to reflect the costs of providing this type of test and re-test

Technical

Schedule 2 of the Goods Vehicles (Plating and Testing) Regulations 1988 exempts "Vehicles designed for fire fighting or fire salvage purposes". However, some ex-fire engines are now being used as passenger vehicles for private hire. In these circumstances the vehicle is no longer designed for fire fighting purposes and instead should be treated as a normal passenger-carrying vehicle and tested as

such. An amendment is proposed to the reference to fire engines in Schedule 2 of the Goods Vehicles (Plating and Testing) Regulations 1988 to only allow an exemption from testing for vehicles designed and used for fire fighting purposes.

Risks

Financial

If increases in fees and charges cannot be made, the Agency will not be able to break even on its costs as required by Treasury fees and charges guidelines. In addition failure to secure sufficient funds and increases in operating costs will mean the accounts risk falling into deficit. In the case of HGV and PSV testing, the network modernisation programme will stop and improvements to services will not be introduced because of a failure to secure sufficient financial resources.

There is a small risk that higher test and licensing fees will tempt operators to skip the annual test or to operate goods or passenger vehicles without a licence. But, in the case of testing, the link between the test certificate and the payment of excise duty means that operators will not want to take the chance of being caught without a valid vehicle excise duty disc for the sake of a few pounds. Operators without a test certificate for their vehicles can risk disciplinary action by the Traffic Commissioner. Operators without a licence stand a significant chance of having their vehicles impounded.

Technical

If the definition of a fire engine is not defined more closely, then vehicles modified for use as passenger-carrying vehicles for private hire could evade the need for annual roadworthiness testing.

OPTIONS

Efficiency Savings

Since the early 1990s, VOSA has reduced its cost base for testing by 40%. We have a further 3-year rolling programme incorporating the ideas from the "Gershon" Review Team on transactional services. The plan is designed to deliver at least a 2.5% reduction in our cost base during the first year. We believe this is especially relevant to licensing fees where realisation of some of the benefits of the TAN/VI merger on 1st April 2003 have reduced the scale of the proposed increases.

Other Sources of Funding

The pattern of future fee increases (beyond 2005) will depend very much on how we are able to finance our investment programme. Our aim is to fund the programme over the next 5 to 7 years by a series of loans that will be repaid through increases in fees.

COSTS & BENEFITS

Business Sectors Affected

The following business sectors and the number of businesses will be affected directly by the increases in fees and charges:

Operators of goods vehicles	110,000 approx
Operators of public service vehicles	8,000 approx
Operators of designated premises	300 approx
Operators of calibration centres	515
Operators of vehicles approved to the requirements of the TIR Agreement	Not more than about 200.
Constructors of public service vehicles	Not more than about 100.
Constructors of vehicles (motor vehicles and trailers) to TIR requirements.	Not more than a couple of dozen.
Local bus service registrations	23,377*

Special restricted licenses issued to voluntary organisations	128*
Community bus permits issued	1715*

* denotes data taken from the 2004 Traffic Commissioners Report. It does not include permits issued by local authorities.

Total Costs

The modernisation and refurbishment programme will require substantial VOSA investment over the next 10 years in buildings, equipment (principally new roller brake testers) and IT services. This will be aimed at meeting improvements that both the Agency and the Trade Associations have identified in the discussions and contacts held regularly between the parties and VOSA.

Recurring Costs

The amount of additional cost for an average heavy goods or public service vehicle operator because of these increases is minimal.

For a typical HGV operator with a fleet of 5 four-axle vehicles with an average fail rate at annual test of 40%, paying vehicle licence fees annually, the extra cost will be around £126. With estimated total operating costs in the order of £120K per year, the percentage increase will be around 0.1%.

For a typical PSV operator with a fleet of 6 vehicles with 22+ seats, with an average fail rate of 33%, paying fees annually, the extra cost will be about £66. With estimated operating costs of £120K, the percentage increase in costs is around 0.05%.

These figures are largely proportionate. The larger the vehicle fleet, the higher the cost in cash terms. However, the percentage rises will be approximately the same, or possibly lower as statistics show that the larger the fleet, the lower the fail rate.

One-Off Costs

For a large proportion of owners, operators and presenters there will be no one-off costs. However, in some cases for operators of public service vehicles, there will be an additional charge on account of the higher certification fees when they buy a new bus, coach or goods vehicle. The maximum one-off cost is for the certification of a bus or coach where the increase is £28 or 50% higher than the current fee.

Total Compliance Costs

The total compliance costs for all businesses will be £5.9m.

Benefits

- Refurbishment/modernisation of a further 1/3 of the test station network in the next 3 to 5 years;
- Replacement of ageing test equipment (principally load simulator and roller brake testers);
- Maintenance of the current test station network, and in some instances improved locations;
- Fewer instances where testing is disrupted due to problems with the building (where a longer journey might be required to an alternative test site)
- Improvement in service delivery for HGV and PSV testing users. We plan to extend opening hours at some of our sites and to maintain the improvement in forward booking time performance
- Introduction of new brake test equipment on all VOSA-owned test lanes (including removal of all the first generation machines in our part-time test stations)
- Credit card payments*
- On-line access to test results*
- On-line test bookings as part of the Commercial Vehicle Portal and DVO Common Customer Interface proposals*
- Extension of the operator self-service arrangements for vehicles already under licence

- Roll-out of the TransXchange system for registration of bus services

* from 2006 onwards

EQUITY OR FAIRNESS

The proposed measure would impact proportionally across all operators whatever their size or vehicle type. The fees are set in way that reflects the average time taken to conduct a test or inspection on a goods vehicle, a trailer a bus or a coach. Buses and coaches take longer to test than a goods vehicle or trailer with the same number of axles and their operators or presenters are therefore charged a higher amount for the test. Fees for Certificate of Initial Fitness Inspections, tests of large multi-axle goods vehicles and trailers and re-tests are not covering the full costs of these services. They were, in effect, being subsidised by other work, operators and presenters of smaller vehicles and in the case of re-tests, by those whose vehicles usually passed first time.

The race equality impact of the proposed fee increases and amendments has been considered.

Value for Money
Since 1992, the cost of HGV and PSV testing has kept pace with the rise in prices of goods and services generally. The price of a test of a 2-axle vehicle has risen by 32.7% (from £32.40 to £43) in the last 10 years compared to a change in the GDP deflator of 31.7%. The test fee represents good value for money when compared with the other statutory fees and charges. Examples include:

- fees for a small MoT Class V bus (13 – 16 seats) and a small public service vehicle (less than 22 passengers) are £47.93* and £53 respectively;

- fees for an MoT Class VII light goods vehicle (between 3000 and 3,500kg gvw) and a 2-axle goods vehicle are £47.20* and £46 respectively.

* from 1st August 2005.

In absolute terms, the cost of testing and licensing is very small by comparison with the purchase price of a new vehicle and the costs of operating it. The cost of a new 7.5 tonne vehicle fitted with a box body would cost in the order of £25 -£30,000. Typical costs of operations are in the order of £1.50/mile which for an average mileage of 20,000/year is £30,000.

SMALL FIRMS IMPACT TEST

Consultation with Small Businesses
The burden of the increases will fall mainly on small businesses. Over half of licensed operators own between one and five vehicles. The type of operator can vary between own account haulier (fuel supplier, farmer or shop owner), specialist haulage and distribution companies or vehicle hirers. Usually the latter operate larger fleets of vehicles.

Small businesses consulted
A significant number of small businesses have been consulted though their membership of one of the Trade Associations and through a Press Notice, copies of which was sent to Account Holders. The latter reaches around 8,500 operators and presenters.

Small Business Litmus Test
The impact of higher fees is proportionate, not unduly penalising one business more than another as the burden will increase in direct proportion to the number of vehicles being operated. The likely burden on

a small business will not be any more onerous, in relation to its size than it would be for a larger business. Small businesses will not therefore be unduly disadvantaged.

RESULTS OF CONSULTATION

A summary of responses can be found at the end of this document at Annex 3.

COMPETITION ASSESSMENT

In terms of competition, the introduction of higher fees and charges for tests and inspections of heavy goods and public service vehicles will not affect the balance of the haulage industry in Great Britain. The increases in fees will apply to all operators and presenters equally whether large or small. The increases would have minimal impact on the competitiveness of vehicle operators with those operators based overseas.

SECURING COMPLIANCE, MONITORING AND REVIEW

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

SUMMARY

The proposals are necessary to keep the accounts for commercial vehicle testing, licensing, registration of local bus services and issue of international and community bus permits in financial balance. They are also necessary to fund the refurbishment and modernisation programme for the facilities and services needed to ensure that heavy goods and public service vehicles continue to meet minimum road safety and environmental protection standards. The increases are small in cash amounts but large in percentage terms, up to 27% in some cases. But they must be seen in context and compared to the costs of buying and operating a commercial vehicle. When this comparison is made, the fees for annual roadworthiness testing etc is very good value for money and will continue to represent a very small proportion of the annual costs of vehicle operation.

To ensure that passenger vehicles converted from a fire engine and used for private hire are subject to annual roadworthiness testing, amendments to the Goods Vehicle (Plating and Testing) Regulations are required.

CONTACT POINT

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DECLARATION

I have read the Regulatory Impact Assessment and I am satisfied that the balance between the cost and benefit is the right one in the circumstances.

Signed by the responsible Minister……

Date……...

ANNEX 1

ANNUAL TESTING

HGVs

	axles	04/05	05/06	% fee increase
Motor Vehicles				
Annual test	2	43	46	7.0%
	3	57	66	15.8%
	4	68	86	26.5%
Retest				
	2	28	30	7.1%
	3	38	44	15.8%
	4	45	57	26.7%
Partial paid retest		10	11	10.0%
DP Annual (supplemental)		10	11	10.0%
DP Retest (supplemental)		6	7	16.7%
Out of hours suppplement (annual test)		28.50	32	12.3%
Out of hours suppplement (retests)		14	16	14.3%
Trailers				
Annual test	1	22	23	4.5%
	2	32	34	6.3%
	3	39	44	12.8%
Retest				
	1	15	15	0.0%
	2	21	22	4.8%
	3	26	29	11.5%
Partial paid retest		5	6	20.0%
DP Annual (supplemental)		5	6	20.0%
DP Retest (supplemental)		2.50	3	20.0%
Out of hours supplement (annual test)		18	20	11.1%
Out of hours supplement (retests)		10	11	10.0%
Notifiable Alterations				
Motor Vehicles and trailers		19	22	15.8%
DP Supplement for motor vehicles		6	7	16.7%

DP Supplement for trailers	2	3	50.0%
Out of hours supplement	10	11	10.0%

PSVs

	seats	**04/05**	**05/06**	**% fee increase**
Annual test	9 to 22	47	53	12.7%
	23+	67	76	13.4%
Retest	9 to 22	31	35	12.9%
	23+	44	50	13.6%
DP Annual		10	11	10.0%
DP Retest		6	7	16.7%
Out of hours supplement	9-22	28	32	14.3%
	23+	39	44	12.8%

The average increase in HGV/PSV annual test is 13%

SPECIALIST SCHEMES

PSV Type Certificate

	04/05	**05/06**	**% fee increase**
Reg 50 (c)	2,664	3010	13.0%
Reg 50 (a)	1,245	1407	13.0%
Reg 50 (b)	615	695	13.0%
Reg 50 (a) minor changes	114	129	13.2%
Certificate of Conformity	24	27	12.5%
Duplicate Certificate	17	19	11.8%

Certificate of Initial Fitness

	04/05	**05/06**	**% fee increase**
Initial Inspection	215	243	13.0%
Re-inspection	26	29	11.5%
Tilt re-test	215	243	13.0%
COIF with seatbelt	215	243	13.0%
Duplicate certificate	17	19	11.8%

TIR (Transport Internationaux Routiers) convention simplifying customs requirements by permitting sealed loads to pass through international customs controls unhindered

	04/05	**05/06**	**% fee increase**
Initial Inspection	77	87	13.0%
Re-inspection	51	58	13.7%
Type Approval	473	534	12.9%

Type Variation	77	87	13.0%
Certificate of Conformity	11	12	9.1%
Duplicate certificate	11	12	9.1%

ADR (Excluding Statutory Test Fee) International arrangement for the carriage of dangerous goods

	04/05	**05/06**	**% fee increase**
Initial Inspection	73	82	12.3%
Re-inspection	37	42	13.5%
Duplicate certificate	11	12	9.1%

Tachograph Calibration Centres

	04/05	**05/06**	**% fee increase**
Approvals	275	311	13.1%
Annual Renewal	112	127	13.4%

LICENSING FEES

	04/05	05/06	% fee increase
HGV fees			
Application for a licence	190	215	13.2%
Grant of 5-year licence	297	336	13.1%
Application for a variation of existing licence	190	215	13.2%
Issue of an interim licence	50	57	14.0%
Continuation in force of an existing licence for further 5 years	297	336	13.1%
Additional fee for vehicles specified on licence:			
If paid 5 years in advance (quarterly)	8.20	9.20	12.1%
If paid 5 years in advance (annually)	10	11	10.0%
PSV Fees			
Application for standard (national or international) licence	179	202	12.8%
Application for restricted licence	119	134	12.6%
Grant of a standard or restricted licence:			
If paid 5 years in advance	119	134	12.6%
If paid annually in advance	24	27	12.5%
Continuation in force of an existing or restricted licence:			
If paid 5 years in advance	119	135	13.4%
If paid annually in advance	24	27	12.5%
Application to vary an existing standard or restricted licence	90	102	13.3%
Vehicle disc fee:			
If paid 5 years in advance	5.10	5.75	13.3%
If paid annually in advance	5.90	6.50	12.4%
Application for a special licence (holder of taxi licence)	47	53	12.8%
Continuation in force of an existing special licence	47	53	12.8%
Issue of a duplicate disc to replace a lost one	12.50	14	12.0%
Bus Service Registration			
Application to register a bus service	45	51	13.3%
Application to vary a registered bus service	45	51	13.3%
Permit fees			
Small bus permit	9	10	11.1%
Large bus permit	17	19	11.8%
Community bus permit	44	50	13.6%

ANNEX 2

Further Amendments to the Goods Vehicles (Plating & Testing)

An amendment will be required to Schedule 2 of the Goods Vehicles (Plating and Testing) Regulation to clarify the definition of fire engines used by Fire Authorities.

ANNEX 3

TEST FEE CONSULTATION 2005– SUMMARY OF RESPONSES

There have been 15 responses to the consultation on fees for tests, specialised inspections, operator licenses and permits for commercial vehicles:

NAME OF COMPANY	OPERATOR TYPE
• David Hurley Federation of British Historic Vehicle Clubs	Historic vehicle preservation organisation
• Retail Motor Industry Federation (RMIF)	Trade Association representing main dealers
• Sheepbridge Commercials	
• Anthony Robson	Commercial sales and repair company
• W Robinson	
• Freight Transport Association (FTA)	Trade Association representing goods vehicle operators
• Confederation of Passenger Transport (CPT)	Trade Association representing operators of public service vehicles

Generally, the responses relating to the proposed increases for 2005 have been generally accepting of the need for increases in exchange for demonstrable improvements in service.

Fee Structure

VOSA should split the fee so that only tests performed at public testing stations bear the costs of VOSA estate modernisation. Designated premises have to invest heavily to meet VOSA conditions of approval and fees for tests at these premises should only reflect the visiting examiners costs.

❖ CPT

VOSA Response

It is the choice of a DP operator whether to allow their premises to be used for annual testing. There is no formal contract arrangement and the facility could therefore be closed for statutory testing at any time and VOSA has statutory duty to provide test facilities. Most DP operators levy a pit fee to third party operators and presenters as a way of covering some of their costs. All vehicle operators and presenters have over last ten years benefited from little or no fee increases that resulted in an under-investment in the VOSA estate.

Retest fees for trailers do not appear to be levied at the same rate as for motor vehicles

- FTA

VOSA Response

The proposed fees have been calculated to reflect the amount of time required to test each vehicle type.

The fee for retests should be on a sliding scale; in some cases inspections are only needed at one stage.

- W Robinson

VOSA Response
The main aim of the current level of re-test fees is to ensure that the cost of the inspection involved is covered by the amount of income received. Under the previous fee structure this was not the case and operators and presenters whose vehicles passed first time were in effect subsidising those whose vehicles did not. Higher re-test fees will mean a slightly lower increase overall in the basic test fee than would otherwise be possible. An improvement in test fail rate was not a primary aim of the proposed increases, although any fall in fail rates as a result of the higher fees would be most welcome by VOSA and by compliant operators and presenters alike. In fact, there is a sliding scale as many repaired defects are re-inspected for £10 in the case of a goods vehicle and £5 for a trailer.

In addition, in many cases it is not just the repaired area that has to be checked. Often other items affected by the repair have to be examined as well. To ensure that as many minor repairs or adjustments as possible are made whilst the vehicle is still on the test lane, we have re-launched our defect rectification policy. This is beginning to have an effect as the percentage of vehicles that passed the test after rectification has increased from 13.2% to 14% for HGVs and from 9.9 to 10.5% for PSVs from 2003/4 to 2004/5.

Pre-funded accounts

1) The change to pre-funded accounts to be paid 30 days in advance is unreasonable. As a retail vehicle repairer I often have to wait up to 30 days for my customers to pay.
2) There should be a discount for paying in advance.

- Anthony Robson – Commercial Sales and Repair
- Sheepbridge Commercials

VOSA Response
We recognise that, in the month following the change from our current booking policy to the new policy there will be more fees being taken from the account - and that is an inevitable effect of changing our policy. However from then on this policy change will, assuming you have an approximately constant number of vehicles tested each month, make no difference to the amount of money taken from your account. When reviewing the various options for how we can move to clear payment policies that are broadly consistent across the different payment methods but still provide some benefit to customer account holders we did consider the effect on our customers. We recognise that the change will have some impact, but we have developed our transition plan to ensure that the problem is at least spread over the month post go-live (ie. tests booked prior to the new system go live, for times in the month after go live will not be subtracted from the account until the day of test rather than on the date of go-live).

A discount for bulk inspections cannot be given as we set fees on the basis of the time taken for each inspection. If we offered such discounts then fees for other customers would have to rise to compensate for the fall in income that would result.

Test Stations

There is insufficient information about the test station refurbishment programme and other service improvements, regular updates were promised about closures but have not been forthcoming. VOSA could do more to keep the trade informed.

- CPT
- RMIF
- FTA

VOSA Response
In the Update to the Service Level Agreement we have published our draft closure programme and given a commitment to keep the main trade associations regularly informed of the latest situation by way of e mails that will enable them to inform their members via regular newssheets. The magazine Moving On will also contain regular articles about the closure programme to ensure that operators and presenters have the latest information about the programme nationally and locally.

Value for Money

Fees should be reviewed to ensure they deliver value for money and whether road safety benefits could be delivered in a cheaper or more efficient manner.

- CPT

VOSA Response
We believe our fees do offer value for money. They are a very low percentage of the overall operating costs of an average HGV or PSV, the test fee is extremely low, much less than 1% of those costs. In addition, they compare well with those for the MoT test, whether of a private car or a bus or coach.

In addition this is not what operators and presenters are telling us about the test we are providing. When asked whether vehicle tests focussed on roadworthiness/safety, 89% said that they were either very satisfied or satisfied that it did.

The time taken to test the type of vehicle my company regularly presents at the proposed fee works out at best at £64 an hour, at worst £132 an hour. This does not represent value for money when an independent repairer in our area struggles to achieve £30 an hour.

- Anthony Robson

VOSA Response
Again this is about value for money. Some of the difference could be accounted for by the specialist equipment required in our test stations and to maintain them so that they provide accurate and consistent results for all sizes and types of vehicle. As an organisation we do not make a profit and our accounts are audited by the National Audit Office who has not found any reason to qualify them in any way.

SERVICE DELIVERY

Levels of service have not improved despite the recent increases and examiners have a negative attitude towards vehicle presented.

- CPT

VOSA Response
This is not the message we are getting from the surveys of operators and presenters. Again the result of the MORI work paints a different picture. When asked whether the station the company most often uses has helpful, skilled or friendly staff, over 70% said that it did.

That does not mean we are resting on our laurels. Service improvements planned for the current year include

- HGV and PSV test appointments offered on or within 15 days of the requested date, 95% of the time (this represents a tightening of the previous target)
- 85% of unopposed operator licence applications determined within 9 weeks from the date of receipt
- simplified and quicker licence application processes implemented by 31st March 2006
- an on-line test booking system available to the public by the end of December 2005
- on-line payments by credit debit card available to the public by the end of December 2005
- delivery of on-line licence applications in 2006/07
- increased take up of vehicle operator self service to 55% of vehicle transactions in 2005/6
- completion of refurbishment of four more test stations by 31st March 2006
- to have started roll-out of the modernisation programme of test hall equipment by 31st March 2006

Some times during busy periods I have to wait at the test station for anything up to two hours. This is not good customer service.

- Anthony Robson

VOSA Response
Clearly this shouldn't be happening, and we have referred the letter to the Regional Manager for action. There is a clear complaints procedure that should be followed. Account Manager trial described in the SLA update seeks to tackle such unacceptable standards.

VOSA has a monopoly on the statutory services it provides. Operators must pay these fees - irrespective of how good (or bad) the service is. VOSA is exploiting this position.

- Anthony Robson

VOSA Response
Although VOSA is the sole provider of tests for commercial vehicles, there are some benchmarks against which the level of fees charged by VOSA can be judged. The fees for vehicle condition tests conducted by the Driver and Vehicle Testing Agency in Northern Ireland are comparable to those in Great Britain. Similarly, those charged by the private sector for tests of cars, light goods vehicles and large passenger vehicles are of broadly the same level as those for a HGV or PSV. Examples include:

- fees for a large MoT Class V bus (17+ seats) and a large public service vehicles are £65 and £76 respectively;

- fees for an MoT Class VII light goods vehicle (between 3000 and 3,500kg gvw) and a 2-axle goods vehicle are £47.20 and £46 respectively.

In addition, a number of improvements have been made in the last year in the delivery of tests of HGVs and PSVs. In particular, in recent months there has been a significant improvement in forward booking times. The improvement will be maintained when the examiners recruited recently from Germany are fully trained and productive.

Self-regulation

VOSA should introduce an operator rating scheme and allow 'good operators' to perform their own annual test inspections.

- CPT

VOSA Response
This is a complex issue involving legal considerations, road safety interests and environmental protection. The Department of Transport will be exploring this, assessing its feasibility and costs.

Testing Content

VOSA should be subject to continuing review to ensure all its activities are necessary.

- CPT

VOSA Response

VOSA is committed as is the Department for Transport to ensure that all aspects of the current test are worthwhile in terms of improved levels of road safety and protection of the environment. The meeting between the trade bodies, the Department and VOSA was held at the end of last summer to review a number of areas identified by those bodies and their members. A report was published that was sent to the trade bodies. One of the outcomes of the discussion was a much lighter touch with regard to the positioning of side guards, lighting and reflectors, spray suppression and rear underrun.

VOSA is not progressing research into headlamp aim as promised

- CPT

VOSA Response
We are progressing with ways to improve the fail rate due to misaligned headlamps. We have published a new leaflet on the subject together with a video. We have also reviewed and re-launched our policy on the rectification of defects that was intended to assist those operators and presenters with vehicles with headlamps out of adjustment. Fail rates are coming down but not by as much as we would like. We are about to work with a large PSV operator to see what the cause of his high headlamp aim fail rate is. But in the past we have found that where a vehicle fails the standards set, it is due to the alignment of one lamp. In addition, we have conducted an extensive amount of research into whether the high fail rate was due to excessively tight standards. The results of that work showed that the fail rate would only drop by between 1 and 2% if the lower limits were relaxed.

OPERATOR LICENSING & PERMIT FEES

Why is there a disparity in HGV/PSV operator licensing fees? This was raised last year and has still not been addressed. How can you justify charging more for goods vehicle operator licensing?

- FTA

VOSA Response
The Agency is aware of the apparent disparity between the charges for licences and their renewal for operators of HGVs and PSVs where the PSV disc system allows flexibility as discs can used for a range of vehicles in the operators fleet. However when licence, vehicle and disc fees are added together the difference is not so great. There are differences in the 2 systems (ie the need to specify vehicles on goods vehicle licences and environmental provisions for their operating centres) which results in increased costs for VOSA as compared with the issue of licenses for PSVs. VOSA is undertaking work to review the processes involved in each transaction to help verify the weighting applied to the costs of each process. In the meantime the cost of development of new ICT systems to deliver Operator self service and to cover the costs of the licensing system, including the essential role of the traffic commissioners, must be recovered from licence fees.

Our Internal Audit Team is investigating the processes in individual offices to ensure that common work practices are observed and that best practice is identified and spread to all. A further driver for change is the targets for delivery of the operator licence service as indicated above.

PRESERVED VEHICLES

The fee for a Class V test on a preserved vehicle is unfairly high compared to that for a PSV.

- **Federation of British Historic Vehicle Clubs**

VOSA Response
The time taken to test a Class V passenger vehicle is not a matter for VOSA. This and the other fees for MoT testing is determined by negotiation between the garage trade and the Department for Transport.

The original draft of the amendment to exempt vehicles used solely for fire-fighting purposes from the vehicle test implies that the exemption will only apply to fire authorities when many other organisations legitimately operate fire-fighting appliances solely for the purpose.

- **Federation of British Historic Vehicle Clubs**

VOSA Response
Reference to fire authorities has been removed from the latest drafts. The exemption is for fire fighting appliances used solely for the purpose, regardless of ownership.