EXPLANATORY MEMORANDUM TO

THE GOODS VEHICLES (LICENSING OF OPERATORS) (FEES) (AMENDMENT) REGULATIONS 2007

2007 No 687

THE PUBLIC SERVICE VEHICLES (OPERATORS' LICENCES) (FEES) (AMENDMENT) REGULATIONS 2007

2007 No 689

THE PUBLIC SERVICE VEHICLES (REGISTRATION OF LOCAL SERVICES) (AMENDMENT) (ENGLAND AND WALES) REGULATIONS 2007

2007 No 690

THE MINIBUS AND OTHER SECTION 19 PERMIT BUSES (AMENDMENT) REGULATIONS 2007

2007 No 691

THE COMMUNITY BUS (AMENDMENT) REGULATIONS 2007

2007 No 693

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 memorandum increase the fees for certain operator licensing, bus service registration, and permit issuing services provided 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) - (e):

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

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

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

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

(e) The Community Bus Regulations 1986.

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

3.1 The Secretary of State through his executive agency VOSA recovers the cost of carrying out his functions of operator licensing, service registration and vehicle authorisation by charging fees. The agency operates as a Trading Fund.

3.2 The fees pay for the provision of administration, examiners and enforcement officers, together with management. They provide funds to pay for the development and operation of the IT systems used to support VOSA staff and traffic commissioners and, increasingly, customer self service. Traffic Commissioners salaries and other costs are also met from these funds

3.3 The VOSA trading fund is required to break even on 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.

3.4 This year it is necessary for VOSA to introduce fee increases averaging 5.5% to cover predicted costs for the period from August 2006 to April 2008. The last increase, for any of the fees now being revised, took place on 30 September 2005; and that increase took into account planned costs up to July 2006.

3.5 The date for implementation of this increase has been moved to 1 April. This is to align with best practice of revising fees at the beginning of the financial year.

3.6 Further detail on the increases 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.

<u>The Goods Vehicles (Licensing Of Operators) (Fees) (Amendment) Regulations 2007</u>

3.7 These regulations increase fees in relation to applications for, grants of, and continuations of, Heavy Goods Vehicles operators' licences; and for associated vehicle fees. Percentage increases are between 5.3% and 9.1%, though one fee remains unchanged. The largest increase in monetary terms is £18, from £ 336 to £354, for the grant or continuation of a 5 year licence.

<u>The Public Service Vehicles (Operators' Licences) (Fees) (Amendment) Regulations 2007</u>

3.8 These regulations increase fees in connection with the application for, grant and continuation of Public Service Vehicle operators' licences and the associated vehicle disc. The percentage increase is between 3.7% and 7.7%. The largest increase in monetary terms is £11, from £202 to £213, for the application for a standard licence.

The Public Service Vehicles (Registration Of Local Services) (Amendment) (England and Wales) Regulations 2007

3.9 These regulations increase fees for registering and varying local and community bus services in England and Wales. The percentage increase is between 5.9 and 9.1%. The largest increase in monetary terms is £3, from £51 to £ 54, for registration of, or variation to, a local bus service.

The Minibus and Other Section 19 Permit Buses (Amendment) Regulations 2007

3.10 These regulations increase the fees for permits granted by traffic commissioners by £1; from £10 to £11 (10%) for buses with 9 to 16 seats and from £19 to £20 (5.3%) for buses with more than 16 seats.

The Community Bus (Amendment) Regulations 2007

3.11 These regulations increase the fees for community bus permits by £3, from £50 to £53 (6%).

4. Legislative Background

4.1 The Goods Vehicles (Licensing of Operators) (Fees) (Amendment) Regulations 2007 are made under sections 45(1), 57(1) (2) and (7) of the Goods Vehicles (Licensing of Operators) Act 1995 and by virtue of the Department of Transport (Fees) Order 1988.

4.2 The Public Service Vehicles (Operators' Licences) (Fees) (Amendment) Regulations 2007 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 of Transport (Fees) Order 1988.

4.3 The Public Service Vehicles (Registration of Local Services) (Amendment) (England and Wales), Regulations 2007 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 of Transport (Fees) Order 1988.

4.4 The Minibus and other Section 19 Permit Buses (Amendment) Regulations 2007 are made under sections 52(1), 60(1)(e) and (1A) of the Public Passenger Vehicles Act 1981 and by virtue of the Department of Transport (Fees) Order 1988.

4.5 The Community Bus (Amendment) Regulations 2007 are made under sections 52(1) and 60(1)(e) of the Public Passenger Vehicles Act 1981 and sections 126(1) and 134 of the Transport Act 1985 and by virtue of the Department of Transport (Fees) Order 1988

4.6 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 service. However, on this occasion, the most recent change to any of the fees was that made in September 2005. The date for implementation of this increase has been moved to 1 April. This is to align with best practice of revising fees at the beginning of the financial year.

5. Territorial Extent and Application

5.1 The Public Service Vehicles (Registration of Local Services) (Amendment) (England and Wales) Regulations 2007 apply to England and Wales only. The other four 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 Between 2003 and 2005, VOSA increased most fees at above-RPI rates in order to ensure fees reflect the work involved and to fund various programs to provide better customer services. Many of these improvements involve long term commitments to fund ongoing services, capital investment in development of computer systems with resulting increases in depreciation and to start to repay loans for capital work already carried out. The investment programme for 2007/8 is currently expected to include the major improvement and development of systems and processes to contribute to the modernisation of operator licensing and related activities; and the increased use of weigh in motion and automatic number plate recognition systems to target the non-compliant.

7.2 A formal consultation took place between October 2006 and January 2007. Consultation packs were sent out to some 485 individuals and organisations. The consultation was also posted on the internet. The consultation process resulted in more responses this year than last year (22 as opposed to 15). Overall views on specific proposals are summarised below. A fuller analysis of the consultation comments is set out in the Regulatory Impact Assessment.

7.3 In relation to the fee increases generally 3 respondents supported or accepted the proposals; 6 respondents did not support the proposals; and 13 respondents made no express comments. The main comments made by those against the proposed increases were that an increase of 5.5% was significantly above inflation/RPI and that they felt some service levels were deteriorating.

7.4 The 5.5% increase will be the first increase for 18 Months, and so equates to an increase of 3.7% per annum. However that fee increase was calculated in the expectation that it would be introduced two months earlier (31 July rather than 31 September 2005) – thus taken over the 20 months since the date used to calculate that increase it equates to 3.3%. (The most recently published RPI in December 2006 was 4.4%.) VOSA is required to cover the costs of its services from fee income while also making improvements and investments. The services mentioned by respondents as being perceived as deteriorating were, in fact, voluntary checks which are not covered by the statutory fees which were the subject of this consultation. Other areas mentioned by respondents were not related to services covered by this EM.

8. Impact

8.1 A full Regulatory Impact Assessment of the effect that these instruments will have on the costs of business is attached to this memorandum.

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.

9. Contact

John MacLellan at the Department for Transport (telephone number: 0117 954 2531, or e-mail: John.MacLellan@vosa.gsi.gov.uk) can answer any queries regarding these instruments.

Final Regulatory Impact Assessment

1. **Title of proposal**

   Increases averaging 5.5% in VOSA Fees for HGV and PSV Testing and Inspections; Operator Licensing; Bus Registration; Tachograph Centre Approval; and Single Vehicle Approval

2. **Purpose and intended effect**

- Objective

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

  - tests and re-tests of HGVs and PSVs;
  - specialised inspections of HGVs and PSVs;
  - operator licences for HGV and PSV operators;
  - bus registration and permits;
  - examinations for Single Vehicle Approval.

  Overall, we propose to increase fee income in line with operating cost increases affecting VOSA's costs for these services over the 20 month period from August 2006 (the end of the period covered by the previous increase implemented on 30 September 2005) until April 2008 (the planned implementation date of our next fee review). As is our normal practice, we propose to round fees generally to the nearest pound. As a result some fees increase by more than the average figure whereas some increase by less or do not increase at all. The individual fees proposed are seet out at Annex A.

- Background

  Between 2003 and 2005, VOSA increased most fees at above-RPI rates in order to realign fees to reflect the work involved and to fund the start of various programs to provide improved customer services by refurbishing test stations and providing increasing levels of e-enabled services. This was fully explained in consultations prior to the September 2005 increases. Many of these improvements involved long term commitments to fund ongoing services, invest in major capital works and to start to repay loans for capital work already carried out. The costs of these long term commitments have to be covered by fee income.

  VOSA is also carrying out a programme of value for money improvements aimed at delivering services more effectively in the longer term in line with Government targets for headcount reduction. The savings from this are being invested in various projects to improve customer services, facilities and improved effectiveness in targeting non-compliant vehicle users.

  VOSA has also had to provide for increases in pay and pension costs in line with Government policies.

  Despite these measures, VOSA's costs of service provision will not be fully covered by fees income based on projected fee income if no increases are made. The Government Trading Fund Act 1973, as amended, requires that VOSA is managed "so that the revenue of the fund … is not less than sufficient, taking one year with another, to meet outgoings". Therefore some action is needed to close the gap that would otherwise arise.

- Rationale for government intervention

Without the proposed fee changes, the VOSA Trading Fund would fail to meet its obligation to cover its costs.

3. Consultation

- Within government

VOSA have consulted DVO and DfT Finance, DTI Small Business Service, Treasury (for those fees for which their agreement is required (ADR, TIR and Tachograph Calibration Centre approval) and the Scottish Executive (for bus service registration fees in Scotland)

- 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. Consultation packs were sent to 485 individuals and bodies. This consultation was also be published on the Internet. The consultation included a number of proposals covered by other RIAs. The summary below relates to comments affecting this RIA.

Of the 22 replies received, 3 respondents supported or accepted the proposals; 6 respondents did not support the proposal; and 13 respondents made no express comments. The main comments being made by those unhappy with the proposed increases were that an increase of 5.5% was significantly above inflation/RPI and that they felt some service levels were deteriorating.

The 5.5% increase will be the first increase for 18 Months, and so equates to an increase of 3.7% per annum. However that fee increase was calculated in the expectation that it would be introduced 2 months earlier – thus taken over the 20 months used to calculate that increase it equates to 3.3% per annum. (The most recent published RPI in December 2006 was 4.4%.)

VOSA is required to cover the costs of its testing facilities and services from fee income while also making improvements and investing in improved facilities and services.

The main services mentioned as being perceived as deteriorating were, in fact voluntary checks which are not covered by the statutory fees which were the subject of this consultation. Other areas mentioned were generalised and VOSA will be following these matters up with the individual respondents so that they can be fully investigated.

A detailed summary of the responses and VOSA's reactions is at Annex B to this RIA.

4. Options

Option 1: raise the fees as per the proposal at Annex A.

Option 2: seek DfT subsidy for VOSA's operating costs.

One of the aims in establishing VOSA as a Government Trading Fund was to ensure that the costs of providing services were met by those using the services. For this reason subsidy from general taxation is not considered generally appropriate for the running costs of services covered by the fees included in this proposal.

Option 3: reduce VOSA's cost base at a rate considerably greater than planned.

VOSA is engaged in a continuing programme of value for money savings to improve the effectiveness and efficiency of the services we provide. In the consultation for the 2005 fee increases and in our 2006/7 Business Plan, VOSA stated that value for money savings would be used to deliver improved services and allow an accelerated programme of investment in IT, e-services and facilities. We intend to continue this process in 2007/8 to make compliance easier for our customers and minimising our

impact on our customers who meet the necessary requirements for compliance. We further intend to ensure that our facilities are suitable to meet the present and future needs of our customers.

- **5. Costs and benefits**
  - **Sectors and groups affected**

    The following customer sectors and number of customers will be directly affected by the increases in fees and charges.

Customer sector	Volumes	Approximate numbers
HGV	Operators	102,000
	Tests (including retests)	875,000
	ADR tests	4,000
	TIR inspections	300
Bus	PSV Operators	9,000
	PSV Tests (including retests)	92,500
	CoIF	7,500
	DDA certificates	2,600
	Permits	2,100
	Service registrations	24,000
HGV & Bus	Tachograph Centres	550
	Reduced Pollution Certificate	44,000
Light Vehicles	SVA tests (including retests)	36,000

  - **Benefits**

    Option 1: This option will enable VOSA to continue to provide service levels and to invest in the service enhancements planned.

    Option 2: This would not only move away from the long established principle that the costs of VOSA services should, wherever possible, be met by those who use the services. In addition, assuming no additional funding from taxation, DfT would have to abandon, reduce or postpone expenditure in other priority areas. Given the unlikelihood that such funding would be forthcoming, this option can be discounted.

    Option 3: VOSA is already making efficiency savings in its operation. As explained earlier, these savings are being invested in improved customer services and facilities. To cut costs further we would not only have to greatly reduce development of services but waiting times and turnaround times for existing services would be likely to become much longer.

  - **Costs**

    Option 1: The fee increases are intended to yield an overall additional income of 5.5% on affected fees. This equates to £5.7 million in the financial year 2007/8. The most recent increase to any of the fees in question was 30 September 2005 (18 months before the proposed increase) therefore the proposed increase equates to 3.7% per annum. However that increase was planned to have been made 2 months earlier, thus the annualised rate for the 20 month period equates to 3.3% per annum. As has been our practice we propose to round fees to the nearest pound, thus individual fee increases may be greater or less than the 5.5% average.

    In absolute terms, the cost of testing and licensing is very small in comparison with the cost of buying and operating a vehicle. The cost of a new 7.5 tonne vehicle is of the order of £25 to 30k. Typical operating costs, for 20,000 miles per year, are about

£44k or £2.20 per mile. The proposed testing and licensing fee increases for a conforming operator with 1 such vehicle would increase their operating costs by £9 per annum – representing about 0.02% of total operating costs.

Option 2: The cost of this option to VOSA service users could be anything between zero and the cost of option 1 depending on how much subsidy was provided. However, they, or others, may well face additional costs in other areas from which the money had been diverted.

Option 3: As with option 2 the increased cost of VOSA services could be anything between zero and the cost of option1. However, service users could well face loss of earnings because of longer waiting times or slower turnaround times significantly in excess of the costs of option 1.

6. 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 either directly (31) or through their membership of the 62 Trade and Business Associations such as the Road Haulage Association, the Freight Transport Association, the Confederation of Passenger Transport, the Retail Motor Industry Federation, the Society of Motor Manufacturers and Traders and the Federation of Small Businesses. No responses were received from individual small businesses. Nine of the Trade Associations with significant small business membership responded, of these 4 offered no comments. A high level summary of responses in included in section 3 above. The impact of the higher fees is proportionate, not unduly affecting one business more than another - the majority of increases being in direct proportion to the number of vehicles operated, licensed or inspected. The likely burden on small businesses will not be any more onerous, in relation to its size, than it would be for a larger business. Small businesses will therefore not be unduly disadvantaged.

7. Competition assessment

In terms of competition, the introduction of higher fees and charges for services will not affect the balance of the relevant industries 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 GB service users in relation to users of similar services based overseas.

8. Enforcement, sanctions and monitoring

VOSA enforces payment of fees by requiring the fee to be paid before the test or inspection of the vehicle; or the application for the service is processed. 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.

9. Implementation and delivery plan

The fee increase will be implemented for fees received after the increase date. It will be publicised via a press notice, published on VOSA's Website and on material displayed in VOSA's test stations and offices.

10. Post-implementation review

Fee levels are reviewed at least annually as part of the VOSA Trading Fund's financial management and planning process.

11. Summary and recommendation

The prime driver is the legal obligation on the trading fund to balance its books. Since DfT do not have the funds to subsidise any shortfall in VOSA's income, VOSA must either increase fees or cut back on the existing levels of service and investment in improved facilities and services. Whilst many customers are unhappy about the increases, they also seem to want improved, rather than worsened, service levels. We therefore recommend that the fee increases proposed in option 1 go ahead.

Declaration and publication

I have read the regulatory impact assessment and I am satisfied that the benefits justify the costs

Signed …S J Ladyman

Date 21 February 2007

Dr Stephen Ladyman
Minister of State
Department for Transport

ANNUAL TESTING					
		axles	**Current**	**From 1.4.07 proposed**	**% fee increase**
	Motor Vehicles				
	Annual test	2	46	49	6.5
		3	66	70	6.1
		4	86	91	5.8
	Retest				
		2	30	32	6.7
		3	44	46	4.5
		4	57	60	5.3
	Partial paid retest		10	11	10.0
	DP Annual (supplemental)		11	12	9.1
	DP Retest (supplemental)		7	7	0.0
	Out of hours supplement (annual test)		32	34	6.3
	Out of hours supplement (retests)		16	17	6.3
	Trailers				
	Annual test	1	23	24	4.3
		2	34	36	5.9
		3	44	46	4.5
	Retest				
		1	15	16	6.7
		2	22	23	4.5
		3	29	31	6.9
	Partial paid retest		5	5	0
	DP Annual (supplement)		6	6	0.0
	DP Retest (supplement)		3	3	0.0
	Out of hours Annual (supplement)		20	21	5.0
	Out of hours Retest (supplement)		11	12	9.1
	Appeals				
	Appeal Fee		25	26	4.0
	Duplicate plate, cert or disc		11	12	9.1

LICENSING FEES			
	Current	**From 1.4.07 proposed**	**% fee increase**
Application for a licence	215	227	5.6
Grant of 5-year licence	336	354	5.4
Application for a variation of existing licence	215	227	5.6
Issue of an interim licence	57	60	5.3
Continuation in force of an existing licence for further 5 years	336	354	5.4
Additional fee for vehicles specified on licence:			
If paid 5 years in advance (per vehicle per 3 months)	9	9	0
If paid annually in advance (per vehicle per 3 months)	11	12	9.1
On interim licence (per vehicle)	11.30	12	6.2

NOTIFIABLE ALTERATIONS			
	Current	**From 1.4.07 proposed**	**% fee increase**
Motor Vehicles and trailers	22	23	4.5
DP Supplement for motor vehicles	7	7	0
DP Supplement for trailers	3	3	0
Out of hours supplement	11	12	9.1

TIR (Transport Internationaux Routiers) convention simplifying customs requirements by permitting sealed loads to pass through international customs controls unhindered			
	Current	**From 1.4.07 proposed**	**% fee increase**
Initial Inspection	87	92	5.7
Re-inspection	58	61	5.2
Type Approval	534	563	5.4
Type Variation	87	92	5.7
Certificate of Conformity	12	13	8.3
Duplicate certificate	12	13	8.3

ADR (Excluding Statutory Test Fee) International arrangement for the carriage of dangerous goods			
	Current	**From 1.4.07 proposed**	**% fee increase**
Initial Inspection	82	87	6.1
Re-inspection	42	44	4.8
New type approved motor vehicle certificate	N/A	25	N/A
Duplicate certificate	12	13	8.3

ANNUAL TESTING				
	seats	**Current**	**From 1.4.07 proposed**	**% fee increase**
Annual test	9 to 22	53	56	5.7
	23+	76	80	5.3
Retest (14 day)	9 to 22	35	37	5.7
	23+	50	53	6.0
Minor items retest	9 +	10	11	10.0
DP Annual		11	12	9.1
DP Retest		7	7	0.0
Out of hours supplement	9-22 (test)	32	34	6.3
	23+ (test)	44	46	4.5
	9-22 (retest)	16	17	6.3
	23+ (retest)	21	22	4.8

PSV LICENSING FEES			
	Current	**From 1.4.07 proposed**	**% fee increase**
Application for standard (national or international) licence	202	213	5.4
Application for restricted licence	134	141	5.2
Grant of a standard or restricted licence:			
If paid 5 years in advance	134	141	5.2
If paid annually in advance	27	28	3.7
Continuation in force of an existing or restricted licence:			
If paid 5 years in advance	134	141	5.2
If paid annually in advance	27	28	3.7
Application to vary an existing standard or restricted licence	102	108	5.9
Vehicle disc fee:			
If paid 5 years in advance (per disc per month)	5.75	6	4.3
If paid annually in advance (per disc per month)	6.50	7	7.7
Application for a special licence (holder of taxi licence)	53	56	5.7
Continuation in force of an existing special licence	53	56	5.7
Issue of a duplicate disc to replace a lost one	14	15	7.1

BUS SERVICE REGISTRATION			
	Current	**From 1.4.07 proposed**	**% fee increase**
Application to register a bus service	51	54	5.9
Application to vary a registered bus service	51	54	5.9
Application to register a community bus service	11	12	9.1
Application to vary a registered community bus service	11	12	9.1

BUS PERMIT FEES			
	Current	**From 1.4.07 proposed**	**% fee increase**
Small bus permit	10	11	10.0
Large bus permit	19	20	5.3
Community bus permit	50	53	6.0

PSV TYPE CERTIFICATE			
	Current	**From 1.4.07 proposed**	**% fee increase**
Regulation 50 (c)	3010	3176	5.5
Regulation 50 (a)	1407	1484	5.5
Regulation 50 (b)	695	733	5.5
Regulation 50 (a) minor changes	129	136	5.4
Certificate of Conformity	27	28	3.7
Duplicate Certificate	19	20	5.3

CERTIFICATE OF INITIAL FITNESS			
	Current	**From 1.4.07 proposed**	**% fee increase**
Initial Inspection	243	256	5.3
Re-inspection	29	31	6.9
Tilt re-test	243	256	5.3
Duplicate certificate	19	20	5.3

DDA ACCESSIBILITY CERTIFICATE			
Individual approval	**Current**	**From 1.4.07 proposed**	**% fee increase**
One schedule	43	45	4.7
Retest for one schedule	15	16	6.7
Two schedules	85	90	5.9
Retest for two schedules	30	32	6.7
Type approval			
Reg 12(2) - one schedule	160	160	0.0
Reg 12(2) - two schedules	320	320	0.0
Reg 12(4) - one schedule	15	15	0.0
Reg 12(4) - two schedules	30	30	0.0
Reg 12(5) - one schedule	79	79	0.0
Reg 12(5) - two schedules	158	158	0.0
Reg 12(6) - one schedule	350	350	0.0
Reg 12(6) - two schedules	690	690	0.0

TACHOGRAPH CALIBRATION CENTRES			
	Current	**From 1.4.07 proposed**	**% fee increase**
Approvals	311	328	5.5
Annual Renewal	127	134	5.5

REDUCED POLLUTION CERTIFICATE			
	Current	**From 1.4.07 proposed**	**% fee increase**
With annual test	16	17	6.3
Not with annual test	27	28	3.7
Out of Hours Supplement	10	11	10.0
DP Supplement	6	6	0.0

	SINGLE VEHICLE APPROVAL			
	Passenger Vehicles	**Current**	**From 1.4.07 proposed**	**% fee increase**
1	Basic SVA test (or appeal test) – Classes N, P, T, M, A, C, S, L, D	150	158	5.3
2	* E Certificate	60	63	5.0
	Enhanced SVA - Classes D and R			
3	Enhanced SVA test with Model Report	190	200	5.3
4	Enhanced SVA test without Model Report	180	190	5.6
5	* E Certificate & ESVA test with Model Report	100	106	6.0
6	* E Certificate & ESVA test without Model Report	90	95	5.6
	SVA or Enhanced SVA			
8	Retest	30	32	6.7
9	Charge for failure to attend a test or refusal to test by the examiner	50	53	6.0
10	Replacement Certificate	10	11	10.0
	Out of hours supplements			
	Inspections 1, 3 & 4	75	79	5.3
	Inspections 5, & 6	20	21	5.0
	Retests 8	15	16	6.7
	Refusal without examination	50	53	6.0
	Goods Vehicles			
11	Basic SVA test (or appeal test) - Classes N,P,T,M,A,C,S,L,D	60	63	5.0
12	* E Certificate	60	63	5.0
	Enhanced SVA - Classes D and R			
13	Enhanced SVA test with Model Report	100	106	6.0
14	Enhanced SVA test without Model Report	90	95	5.6
15	* E Certificate & ESVA test with Model Report	100	106	6.0
16	* E Certificate & ESVA test without Model Report	90	95	5.6
	SVA or Enhanced SVA			
18	Retest	15	16	6.7
	Charge for failure to attend a test or refusal to test by the examiner	50	53	6.0
	Replacement Certificate	10	11	10.0
	Out of hours supplements			
	Inspections 11, 13 & 14	25	26	4.0
	Inspections 15, & 16	20	21	5.0
	Retests 18	6	6	0.0
	Refusal without examination	50	53	6.0

	Motorcycle SVA			
		Current	**From 1.4.07 proposed**	**% 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].)	45	47	4.4
	Two-wheeled Vehicle (including motorcycle and sidecar)	70	74	5.7
	Three-or Four-wheeled Vehicle	85	90	5.9
	Out of Hours Supplement	20	21	5.0
	Retest	15	16	6.7
	Duplicate/replacement Certificate	10	11	10.0

Ref.	Source	Summary of Consultee Comment	VOSA Consideration
1	Institute of Advanced Motorists	No comments.	
2	Citizens Advice Bureau	No comments.	
3	British Parking Association	No comments.	
4	Ministry for Trade, Gibraltar	No comments, Gibraltar is a separate licensing authority.	
5	Welsh Consumer Council	No comments.	
6	Scottish Consumer Council	No Comments.	
7	Derbyshire Constabulary	Supports proposals for adding VIN and registration plates to class V and speed limiter checks to class IV vehicles on which they are required when that requirement applies to all.	
8	Road Rescue Recovery Association	No comments.	
9	Staffordshire Police	Supports proposals for ADR type approval, adding VIN and registration plates to class V and speed limiter checks to class IV vehicles on which they are required when that requirement applies to all.	

Ref.	Source	Summary of Consultee Comment	VOSA Consideration
10	National Association of Agricultural Contractors	No comments.	
11	British Vehicle Salvage Federation	Disappointed that the level of most proposed increases are much higher that the rate of inflation, and will mainly affect small businesses.	Last fee increase was 30 September 2005, thus this increase covers a period of 18 months. 5.5% over 18 months equates to an annual rate of increase of 3.7%. However that increase was planned to have been made 2 months earlier, thus the annualised rate for the 20 month period equates to 3.3%. The most recent published RPI (December 2006) was 4.4%. More small businesses are affected because they form the majority of our customers. We do not offer 'discounts' to large customers, so the effect on all businesses is proportional to the inspections they need to have carried out.
12	Freight Transport Association	Accepts the proposed increase, but concerned that constant rounding of figures could result in increases well above inflation over a number of years. Recommends that future bids for fee increases be referred back to a baseline before the current increase is applied.	Possible compounding effects of rounding noted. VOSA will check and take into account for future fee changes.

Ref.	Source	Summary of Consultee Comment	VOSA Consideration
13	Reading Transport Limited	Level of increase unjustifiable in view of current RPI at around 3.0%.	Last fee increase was 30 September 2005, thus this increase covers a period of 18 months. 5.5% over 18 months equates to an annual rate of increase of 3.7%. However, that increase was planned to have been made 2 months earlier, thus the annualised rate for the 20 month period equates to 3.3%. The most recent published RPI (December 2006) was 4.4%
		Believes equivalent hourly rate for VOSA's services vastly exceeds 'main dealer' labour rates.	The proposed fee for a large PSV annual test (£80) is about 7% higher than that currently chargeable for the MOT of a large non-PSV bus (£74.10) despite a more extensive test. Dealer labour charge-out rates and VOSA costs are not directly comparable since dealers have the opportunity to cover significantly more of their overheads from other activities such as parts sales.
		Availability of on-statutory services (voluntary smoke and headlamp checks) worsening. Mentions other issues which he believes indicate poorer service. Advocates privatisation. Believes VOSA ignore trade association views.	Charges and service levels for non-statutory services are separate from fees for statutory services, which is the subject of this consultation. The restricted times of availability of the 'voluntary' checks are aimed at reducing waiting time for all customers. The issues raised have been referred to VOSA's Passenger Vehicles Directorate's Customer Relationship Manager to take up directly with respondent. VOSA is currently engaged in a feasibility study for various alternative models to provide our services. The study is expected to report to Ministers during in 2007. CPT and other representative bodies, have been asked for views, which will be taken into account in any recommendations made. VOSA regularly seeks views of stakeholders which are taken into account in decisions such as the balance between charges, service levels and investment needed to maintain and improve services.

Ref.	Source	Summary of Consultee Comment	VOSA Consideration
14	Drivers Action Movement	Broadly in favour of proposals, no objections.	
15	J Brennard	Considers VOSA testing poor value for money against testing in the USA and that British garages are ripping off the public. Considers there should be unrestricted free retests.	Respondent seems to be confused between car MOT testing, which is not the subject of this consultation and annual testing of commercial vehicles about which we are consulting. Even given that it is far from certain that the test content comparable. Policy on car retesting was revised last year to allow partial retests for a part fee. Given that the MOT standard is that below which a vehicle should never fall, it would seem perverse to expect those who maintained their vehicles to the correct standard to subsidise retests for those who had failed to maintain their vehicles properly.
16	Federation of British Historic Vehicle Clubs	Considers test cost increase kept under control compared to cars. Content that number plates become testable items for class V but concerned that there is no mention in class V Inspection Manual of back lit displays.	Although number plates themselves are to be a new "testable item" for class V, "number plate lights" have been testable for many years. The note on back lighting appears in the lighting section class III and IV manual but not the class V. The test content and standards for lighting are not changing. VOSA to consider when to align the 2 manuals.
17	Confederation of Passenger Transport	Concerns with: Percentage increase nearly twice current rate of inflation - unacceptable; VOSA Monopoly - must purchases from VOSA regardless of service and quality	Last fee increase was 30 September 2005, thus this increase covers a period of 18 months. 5.5% over 18 months equates to an annual rate of increase of 3.7%. However that increase was planned to have been made 2 months earlier, thus the annualised rate for the 20 month period equates to 3.3%. The most recent published RPI (December 2006) was 4.4% VOSA is currently engaged in a feasibility study for various alternative models to provide our services. The study is expected to report to Ministers during 2007. CPT and other

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		provided;	representative bodies, have been asked for views, which will be taken into account in any recommendations made.
		Value for money - VOSA charges 14-20% higher than main dealers (calculated by CPT Engineering Committee); and	The proposed fee for a large PSV annual test (£80) is only 7% higher than that currently chargeable for the MOT of a large non-PSV bus (£74.10) despite a more extensive test. Dealer labour charge-out rates and VOSA costs are not directly comparable since dealers have the opportunity to cover significantly more of their overheads from other activities such as parts sales.
		VOSA attitude - operators complain VOSA fails vehicle's on perverse interpretation of test standards to achieve targets.	This is not directly relevant to fee levels. VOSA constantly strives to maintain the consistency of testing standard. Operators could greatly assist our efforts to maintain consistency if they told us when they believed we were being inconsistent. They can do this either by raising the issue immediately locally or by raising the specific issue via CPT with the Customer Relationship Manager of VOSA's Passenger Vehicles Directorate. In short, if operators believe we are getting it wrong, they need to tell us specifically so that we can investigate.

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18	Road Haulage Association	Acknowledge improvements in a number of services but rise in fees does not positively correlate with level of service. Main concerns:	
		electronic services not developed at desired rate - in particular difficulties with the test booking system and no date yet on-line availability;	Acknowledge that introduction of new test booking system has not gone as well as had been hoped. VOSA will not make the system available on-line for operators until confident that it will be robust.
		Operator Compliance Risk Score has caused confusion with score totalling and effect on targeted enforcement;	The concerns on understanding of Operator Compliance Risk Scoring are noted. The Goods Vehicle Directorate will address these issues. In so doing they must bear in mind that the weightings of particular factors will be refined in light of experience with using the system and changes to operating practices of the industry.
		deteriorating availability of voluntary brake testing at some test stations.	Whilst having limited effect on the fees for statutory tests which are the subject of this consultation, VOSA must balance the primary purpose of its test stations to provide a statutory testing service with the desire to improve road safety by providing additional services to help operators to comply with requirements. The restricted times of availability of the 'voluntary' checks are aimed at reducing waiting time for all customers.
19	Association of Chief Police Officers in Scotland	Supports proposal to include speed limiters.	

Ref.	Source	Summary of Consultee Comment	VOSA Consideration
20	British Vehicle Rental and Leasing Association	5% increase seems disproportionate. Would like a clear commitment, when consulting on fees, to specific improvements that benefit their members, suggests to align publication of 07/08 investment programme to explain reason for fee increase. Timing of fee likely to alienate industry already struggling to cope with impact of digitac, Euro IV. Suggests, closer work with DVLA on scheme for taxing HGVs on bulk basis online or online test booking/cancellation/venue change	Last fee increase was 30 September 2005, thus this increase covers a period of 18 months. 5.5% over 18 months equates to an annual rate of increase of 3.7%. However that increase was planned to have been made 2 months earlier, thus the annualised rate for the 20 month period equates to 3.3%. The most recent published RPI (December 2006) was 4.4% More information on capital projects are included in VOSA's business plan, which because of Government approval timetables is not normally published early enough to be included in a consultation for a fee increase intended to take effect at the beginning of the financial year. The timing of the fee is essential to meet VOSA's legal obligation to balance its books. Whilst not a VOSA service, DVLA are actively investigating the practicalities of extending the existing on-line relicensing service to bulk transactions; similarly, VOSA are working to make online test booking available to customers.
21	RMI National Franchised Dealers Association	No Comments	

Ref.	Source	Summary of Consultee Comment	VOSA Consideration
22	Community Transport Association	Supports proposal to include VIN and registration plate in class V test. Supports introduction of speed limiter check for class IV from January 2008 but suggests a more comprehensive check on speed limiters is needed. They believe there is confusion amongst operators and vehicle builders on the requirements for fitting speed limiters. Various suggestions on minimising this confusion. In light of all the confusion the CTA support a light touch enforcement to allow resolution of these issues	Proposed level of speed limiter check meets our EU obligations. Whilst a more comprehensive check may help those who are confused, it would impose an unnecessary cost on the compliant. Suggestions to reduce confusion will be passed to DfT's Transport Technology and Standards division, who deal with the speed limiter requirements and VOSA's team who deal with sealer approval.