EXECUTIVE NOTE TO

THE PUBLIC SERVICE VEHICLES (REGISTRATION OF LOCAL SERVICES) (SCOTLAND) AMENDMENT REGULATIONS 2008
SSI/2008/253

The above instrument was made in exercise of powers conferred by sections 52(1) and 60(1)(e) and (1A) of the Public Passenger Vehicles Act 1981. The instrument is subject to negative resolution procedure.

Policy Objectives

The purpose of the instrument is to increase local bus service registration fees from £54 to £57 in line with corresponding increases being made by the Department for Transport in England and Wales. These are part of a wider package of increases to raise fee income for DFT's Vehicle and Operator Services Agency in line with operating cost increases affecting service costs over the 18 month period from April 2007 until September 2008.

Consultation

A wide range of organisations were consulted prior to the preparation of the instrument, including the Confederation of Passenger Transport and the Community Transport Association.

Financial Effects

The instrument has no financial impact on the Scottish Government or for Scottish local authorities. The instrument results in minimal operating cost increases for the bus industry. A Regulatory Impact Assessment has been prepared for the instrument and accompanies this Note.

Bus and Taxi Policy
Transport Directorate
Scottish Government
June 2008

Summary: Intervention & Options

Department /Agency:	Title:	
VOSA - Vehicle & Operator Services Agency	Impact Assessment of changes to statutory fees for VOSA services in 2008	
Stage: **Final**	Version: **2.0**	Date: **3 June 2008**
Related Publications: **None**		

Available to view or download at:

http://www.dft.gov.uk/consultations

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What is the problem under consideration? Why is government intervention necessary?

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

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

What are the policy objectives and the intended effects?

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

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

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

Option A is preferred because it allows VOSA to maintain service levels; to invest in meeting future customer needs in respect of vehicle technology developments and changes in industry patterns and practices; and to develop service enhancements such as E-enabled services and targeted enforcement.

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

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

Ministerial Sign-off **For final proposal/implementation stage Impact Assessments:**

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister:

Jim Fitzpatrick

.....Date: June 2008

Summary: Analysis & Evidence

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

COSTS

ANNUAL COSTS	
One-off **(Transition)**	Yrs
£ Nil	
Average Annual Cost **(excluding one-off)**	
£ 5.9 million	

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

Total Cost **(PV)** £ 5.9 million

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

None identified

BENEFITS

ANNUAL BENEFITS	
One-off	Yrs
£ Nil	
Average Annual Benefit **(excluding one-off)**	
£ 12 to 39 million	

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

Total Benefit **(PV)** £ 25 million

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

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

Key Assumptions/Sensitivities/Risks

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

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

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

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

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

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

Notes from summary sheet – Geographic coverage

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

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

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

Evidence Base (for summary sheets)

Background

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

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

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

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

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

Plans for 2008/9

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

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

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

Options considered

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

Option A – increase fees to cover planned costs

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

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

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

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

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

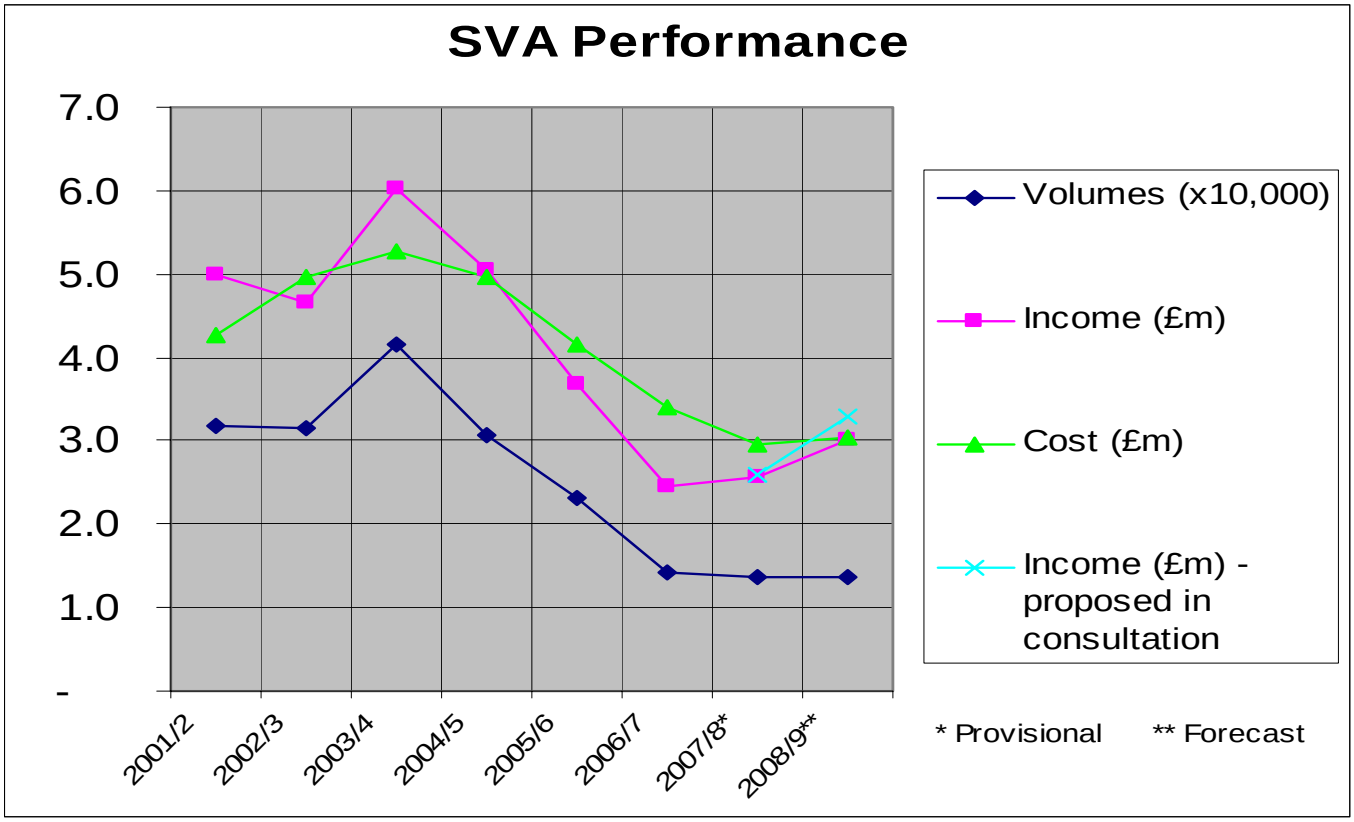
A full list of the proposed new statutory fees is at Annex A. It includes, for completeness, those fees which we do not propose to change because of the effects of rounding down.

The main reasons for the increases are to cover:

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

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

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



With the benefit of provisional figures for 2007/8 we now believe that the risk of further significant volume decline in 2008/9 is significantly less than we had assumed. We therefore believe it reasonable to reduce the element of increase intended to cover the volume decline risk and implement a 20% increase, rather than the 30% increase proposed in the consultation. This is still a larger rise than other fees and is needed to ensure that SVA fees cover the cost to VOSA in providing the service, though the scheme still carries forward an accumulated deficit. In recent years, the SVA scheme had been adversely affected by reducing volumes, though VOSA had been able to reduce running costs and take past surpluses into account. It must also be remembered that the SVA fees remained unchanged from August 2001 until April 2007. The 20% increase, therefore, represent an annual growth rate since August 2001 of only 3.66%.

Financial case

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

Modelling the effect on costs to businesses

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

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

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

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

- ***Cost of VOSA services***:
    - The proportion of new applications to continuation and variations per licence derived from planned volumes for 2007/8 published in VOSA Business Plan for 2007/8.
    - Licensing fees payable which may be paid either annually or 5-yearly are paid 5 yearly.
    - Proportion of retests derived from planned volumes for 2007/8 published in VOSA Business Plan for 2007/8.
    - Trailer to tractor ratio derived from published figures on number of articulated motor vehicles from DfT publication “Vehicle Licensing Statistics 2005” table showing numbers of licensed goods vehicles by gross weight and axle configuration and actual trailers tested in 2005/6 from VOSA Business Plan for 2007/8.
    - Specialist inspections related to particular vehicle usage such as international carriage of dangerous goods, carriage under TIR carnets or reduced pollution certificates have not been taken into consideration.
- ***Vehicle operating costs***
    - Operating costs and average annual mileages taken from FTA “Manager’s Guide to Operating Costs 2007” and RHA “Goods Vehicle Operation Costs 2007”. The lower of the operating costs for each vehicle group from these sources was used. Whilst these represent typical costs, it must be recognised that the costs for individual businesses may vary considerably depending on mileage covered, vehicle retention policy, financial structure of business, etc.

- ***Fleet size***
    - Small fleet size based on figures published in Traffic Commissioner's Annual report. Other fleet sizes chosen to illustrate the scaling effect.
    - Mix of vehicles within fleets derived from DfT publication "Vehicle Licensing Statistics 2005" table showing numbers of licensed goods vehicles by gross weight and axle configuration choosing sample weights as best fit for operating cost data used.

Option B – Reduce costs to match income from current fees

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

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

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

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

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

Testing and Inspection activities

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

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

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

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

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

Reduction in investment in new IT systems could mean:

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

Postpone upgrading and replacement of existing IT systems could mean:

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

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

Operator licensing and enforcement activities

Staff reductions of the order of 6% could mean:

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

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

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

Reduction in investment in IT systems could mean:

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

Modelling the effects of expenditure reductions

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

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

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

The effects of expenditure reductions in wider DfT and Government terms

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

Other assessments

Competition Assessment

In terms of competition, the introduction of higher fees and charges for services will not affect the balance of the relevant transport and support industries in Great Britain. The increases in fees will apply to all operators and presenters equally whether large or small largely in proportion to the number and type of vehicles operated or supported. The knock-on effect on the users of transport services would also be proportional to the use made of such services and have no effect on competition. The increases would have minimal impact on the competitiveness of GB service users in relation to users of similar services based overseas, particularly bearing in mind that operators in other EU countries are subject to broadly equivalent national inspection and enforcement regimes.

Small Firms Impact Test

Over half of all licensed operators operate between 1 and 5 vehicles, so a large proportion of the businesses affected by the cost increases are small businesses.

A number of small businesses were asked for their views in the consultation either directly or through their membership of the Trade and Business Associations such as the Road Haulage Association, the Freight Transport Association, the Confederation of Passenger Transport, the Retail Motor Industry Federation and the Federation of Small Businesses.

Almost all fees are dependent on the number and type of vehicles involved. The exception is those elements of O licence fees which apply per licence. Whilst the effect on a 1 vehicle business at 0.025% of total costs is greater than that on a slightly larger 4 vehicle business at 0.014%, both represent an extremely small proportion of total costs. Small businesses will therefore not be unduly disadvantaged.

Carbon Assessment

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

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

Race, Disability and Gender Equality; and Human Rights

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

Rural Proofing

Option 1 would have no disproportionate impact on rural areas.

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

Specific Impact tests not carried out

Other specific impact tests were not carried out since the proposed statutory fee increases do not impact on these areas.

Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

Type of testing undertaken	*Results in Evidence Base?*	*Results annexed?*
Competition Assessment	**Yes**	**No**
Small Firms Impact Test	**Yes**	**No**
Legal Aid	**No**	**No**
Sustainable Development	**No**	**No**
Carbon Assessment	**Yes**	**No**
Other Environment	**No**	**No**
Health Impact Assessment	**No**	**No**
Race Equality	**Yes**	**No**
Disability Equality	**Yes**	**No**
Gender Equality	**Yes**	**No**
Human Rights	**Yes**	**No**
Rural Proofing	**Yes**	**No**

Annexes

ANNEX A: Detail of fee increases

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

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

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

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

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

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

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

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

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

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

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

Notes: The same fees are charged for Low Emissions Certificates for the London Low Emission Zone.
These fees also apply to Northern Ireland.

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

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

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

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

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

Bus service registration fees under:

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

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

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

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

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

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

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

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

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

Type Approval

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

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

Fee Description			Current fee	Proposed fee	% increase
Individual approval					
Initial application	One Schedule		£45	£47	4.4%
	Two Schedules		£90	£95	5.6%
Re-application	One Schedule		£16	£16	0.0%
	Two Schedules		£32	£33	3.1%
Duplicate Accessibility Certificate			£11	£12	9.1%
Type Approval					
Type Vehicle	Significant variant e.g. new chassis for approved body; or new body for approved chassis	One Schedule	£160	£168	5.0%
		Two Schedules	£320	£336	5.0%
	Minor variant	One Schedule	£15	£16	6.7%
		Two Schedules	£30	£32	6.7%
	New combination of approved chassis and body	One Schedule	£79	£83	5.1%
		Two Schedules	£158	£166	5.1%
	Other cases	One Schedule	£350	£368	5.1%
		Two Schedules	£690	£725	5.1%
Certificate of Conformity			£15	£16	6.7%
Duplicate Certificate of Conformity			£11	£12	9.1%

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

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

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

Notes: The same fees are charged for Low Emissions Certificates for the London Low Emission Zone.
These fees also apply to Northern Ireland.

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

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

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

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

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

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

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

NB: These fees also apply to Northern Ireland

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

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

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

HGV Plating and Testing and Reduced Pollution Certificate

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

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

HGV Operator Licensing

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

TIR Inspections

	2006-07 *Actual £k*	2007-08 *Estimate £k*	2008-09 *Forecast £k*
Fee charged/proposed		See fee table	
Fee income from service (before proposed increase)	17	16	16
Increased income from new/revised fee			1
Operating budget for service (before input price increases and any other added expenditure)	12	17	17
Additional costs of providing service			0

Accumulated surplus / (deficit) brought forward from previous period	10		
Net surplus / (deficit) for service at year end	15	14	14

ADR Inspections

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

GV International Permits

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

PSV Testing

	2006-07 *Actual £m*	2007-08 *Estimate £m*	2008-09 *Forecast £m*
Fee charged/proposed		See fee table	
Fee income from service (before proposed increase)	7.3	7.5	7.5
Increased income from new/revised fee			0.4

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

Operating budget for service (before input price increases and any other added expenditure)	6.7	7.8	7.8
Additional costs of providing service (			0.3
Accumulated surplus / (deficit) brought forward from previous period	2.5		
Net surplus / (deficit) for service at year end	3.1	2.8	2.8

PSV O Licensing

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

Registration of Local Bus Services, Minibus and Community Bus Permits

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

	2006-07 ***Actual £m***	**2007-08** ***Estimate £m***	**2008-09** ***Forecast £m***
Fee charged/proposed		See fee table	
Fee income from service (before proposed increase)	0.7	0.8	0.8
Increased income from new/revised fee			0.04[2]
Operating budget for service (before input price increases and any other added expenditure)	0.7	0.7	0.7
Additional costs of providing service			0.1
Accumulated surplus / (deficit) brought forward from previous period	(2.3)		
Net surplus / (deficit) for service at year end	(2.3)	(2.2)	(2.2)

PSV Certificate of Initial Fitness and Accessibility Certificate

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

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

	2006-07 *Actual £m*	2007-08 *Estimate £m*	2008-09 *Forecast £m*
Fee charged/proposed		See fee table	
Fee income from service (before proposed increase)	1.7	1.9	1.9
Increased income from new/revised fee			0.1
Operating budget for service (before input price increases and any other added expenditure)	1.6	1.8	1.8
Additional costs of providing service			0.1
Accumulated surplus / (deficit) brought forward from previous period	0.3		
Net surplus / (deficit) for service at year end	0.4	0.5	0.6

PSV International Permits

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

Vehicle Identity Check

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

Single Vehicle Approval

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

Motorcycle Single Vehicle Approval

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

Tachograph Centre Approval

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

Net surplus / (deficit) for service at year end	(5)	(5)	1

Vehicle operating costs

Per vehicle costs

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

Per business costs

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

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

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

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

VOSA charges

O licence per licence fees

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

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

O licence vehicle related charges

O Licence per vehicle (paid 5 yearly

	per quarter	per year
2007	£9.00	£36.00
2008	£10.00	£40.00
Change	£1.00	£4.00

Test fees by vehicle type

Failure rates
Motor vehicles 23.4% Trailers 21.3%

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

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

Total per vehicle charges by vehicle type

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

Total VOSA charges per business

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

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

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

Variables used in calculation

vehicle costs (standing and running)

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

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

Tests per year

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

Average reduction in cycle time from Testing Transformation

Source TT project data

Mins	16.26	

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

Licensing

Source VOSA Business plan 2007/8

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

HGV Accident costs

Source - (1) Road Casualties Great Britain 2005 (DfT) table 10
(2) Highways Economic Note No 1 (DfT) table 3

	Fatal	Serious	Slight
No involving HGVs (1)	520	1648	9952
Average value of prevention (2)	£1,644,790	£188,920	£19,250
Total cost by type	£855,290,800	£311,340,160	£191,576,000
Total Accident Cost			£1,358,206,960

Testing and Inspection activities	formula	Assumptions	Low range	High range
Reduction in staff of about 6% would mean:				
longer waiting time for appointments;	ave daily standing cost X MV tests per year X effect per vehicle X proportion affected	Effect per vehicle of 1 day extra wait for [10/30]% of vehicles	£11,334,772	£34,004,315
withdrawal of some Testing Transformation[4] changes	ave hourly standing costs X MV tests PA X TT savings per test X proportion lost	[10/30] % of savings lost	£257,767	£773,301
opening hours (rural)	Ave cost per mile X extra miles X No of tests X proportion at DPs	20 miles extra round trip for [10/30]% of vehicles tested at DPs	£90,536	£271,609
reduced DP activity				
Reduction in maintenance and investment in facilities and equipment would mean:				
reduced maintenance	included in waiting time above			
higher future fees -from higher repair/replacement costs	not modelled			
Reduction in investment in new IT systems would mean:				
postponement of more on-line services	not modelled			
Postponement of upgrading and replacement of existing IT systems would mean:				
inability to correct faults in existing systems;	not modelled			
existing systems becoming more prone to breakdown;	not modelled			
some existing systems may need to be switched off	not modelled			
	Total testing effects		£11,683,075	£35,049,225

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

Operator licensing and enforcement activities

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

longer turnaround times for licence applications, renewals and variations;	Ave daily standing cost X ((No of new applications X vehicles per licence X added time X proportion affected) + (No of continuation applications X vehicles per licence X added time X proportion affected))	New applications: 1 day delay in [10/30]% of applications Continuations: 1 day delay on [1/5]% of continuations	£788,350	£2,570,705
withdrawal of over the counter enquiry services	not modelled			
reduction in enforcement checks	Total Accident Cost X percentage change	between 0.01% and 0.1% additional accidents	£135,821	£1,358,207

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

reduced maintenance	included in accident increase estimates above			
higher future fees -from higher repair/replacement costs	not modelled			

Reduction in investment in IT systems would mean:

less targeting	included in accident increase estimates above			
	Total licensing effects		£924,170	£3,928,912
	Total effects		£12,607,245	£38,978,136