



Vehicle & Operator Services Agency

Consultation: Proposal to Amend the Fees Charged by Approved Tachograph Centres

This consultation document gives an explanation of the proposed amendments to the Fees Charged by Approved Tachograph Centres. A full analysis of the impacts of the proposals (including calculations) can be found in the Tachograph Fees Impact Assessment.

1. Introduction and Summary of Proposals

- 1.1.** The Vehicle and Operator Services Agency (VOSA), an Executive Agency of the Department for Transport, provides a range of licensing, testing and enforcement services with the aim of improving the roadworthiness standards of vehicles; ensuring the compliance of operators and drivers with road traffic legislation; and supporting the independent Traffic Commissioners.
- 1.2.** The Vehicle and Operator Services Agency is also responsible for the authorisation and monitoring of the Approved Tachograph Centres.
- 1.3.** Council regulation (EEC) 3821/85 requires tachographs to be fitted and used in most heavy goods vehicles and passenger vehicles. The tachograph must comply with the specifications set down in the regulation and must be calibrated when installed in the vehicle, at periodic intervals or when other work may have affected the existing calibration of the tachograph. Member states must approve bodies to carry out these calibrations and checks. In Great Britain, VOSA is the responsible body for the approval of these centres.
- 1.4.** The fees that can be charged by the Approved Tachograph Centres for the fitment, calibration and period checks are determined by the Secretary of State in accordance with the Community Recording Equipment Regulation (EEC 3821/85, Chapter VI of Annex I of that Regulation) and are published in the Approved Tachograph Centre Manual.
- 1.5.** In 2002 the fees were reviewed and a consultation was held which resulted in a fee increase being directly linked and adjusted to reflect annual inflation, based on figures and/or forecasts provided through the Retail Price Index.
- 1.6.** As part of the 2002 Consultation, the impact of digital tachographs was mentioned, stating that a “major review of the processes...and the fees will need to be reviewed”. This could not happen until digital tachographs were introduced.
- 1.7.** It also states that “the Vehicle Inspectorate (now VOSA) will consider carrying out a timing exercise to inform the next increase by determining how long the calibration procedures take using the latest electronic equipment. This would also provide a

basis for developing the procedures and fees to accommodate digital tachographs”.

1.8. On this basis at the end of 2005, when the mandatory date for fitment of digital tachographs was likely to be, it was agreed with DfT that VOSA should instigate a “timing exercise”, as described above in the 2002 consultation.

1.9. In 2007 a timing exercise was completed to determine the time required to calibrate the various types of tachograph installed in vehicles in scope of 3821/85/EC.

1.10. Subsequent to the timing exercise being completed, a Regulatory Impact Assessment was completed, looking at the various options to ensure that the Approved Tachograph Centres (ATCs) receive a fair sum of the money for the work they perform in the fitting and calibration of tachographs. The Regulatory Impact Assessment is Attachment D.

1.11. The purpose of this consultation letter is to seek the views of all stakeholders on the proposed changes to the fees charged by Approved Tachograph Centres for the fitment, calibration and periodic Inspection of tachograph systems.

1.12. Three options are being considered:

1.12.1. **Option 1:** De-regulation of the fees charged by the Approved Tachograph Centres. This is the preferred option to be adopted.

1.12.2. **Option 2:** Increase the Maximum Allowable Fees to align with the time taken to perform the work and the equivalent cost of similar commercial work.

1.12.3. **Option 3:** Group certain categories of calibration and periodic inspection work together in order to simplify the fee structure and increase the Maximum Allowable Fees to align with the time taken to perform the work and the equivalent cost of similar commercial work.

An explanation of these options can be found in section 3, with full details of the impact of such options being available in Attachment D: Tachograph Fees Impact Assessment.

2. Reasons for the Required Change in Fees

- 2.1.** The Maximum Allowable Fee currently in place is insufficient to cover the Approved Tachograph Centres' cost of performing the work.
- 2.2.** The introduction of digital tachographs requires training of staff and investment in equipment that needs to be recovered, if tachograph centres are to be encouraged to continue to perform this work.
- 2.3.** A regulated fee is no longer required to protect the consumer since the removal of "Sponsorship" from the scheme in June 2005 and the higher centre numbers since the original incarnation of the scheme mean there is greater competition for the work.
- 2.4.** If fees are not increased, then there is a danger that a substantial reduction in the numbers of tachograph centres could occur as the work is not commercially viable and the business cannot be sustained. There has been a loss of 5% of the centres in October 2008.
- 2.5.** A reduction in the number of Approved Tachograph Centres (ATC) is likely to increase the secondary cost to vehicle operators through increased vehicle down-time and increased travel to the nearest ATC.
- 2.6.** The inflexibility of the capped fee structure does not allow for geographical variations in cost for the ATCs.
- 2.7.** The inflexibility of a capped fee structure requires future government intervention for required alterations to fees, thus contravening the principles of the Hampton review which state the legislation should only be used when necessary in order to mitigate against proven risk.
- 2.8.** The inflexibility of the capped fee does not allow for rapid adjustment for training costs or equipment costs that should arise as a result of performing the calibration work. Such costs actively discourage the growth of the scheme, as they cannot be recovered.
- 2.9.** The transport industry needs to be supported through suitable numbers of ATCs. 27 tachograph centres were lost to administration in September 2008.
- 2.10.** Without a suitable fee for the calibration work, centres are likely to be apathetic about their ability to have an effect on road safety, increasing the chances of cutting corners.

3. The Key Effects of the Proposed Options

3.1. Option 1: De-regulation of fees in alignment with other European Countries and the Hampton Review.

- 3.1.1. Under de-regulation, the fees would allow tachograph centres to charge a fee based around their commercial costs and the work that they are doing for the customer. No further fee setting consultation process would be required, and the UK would be aligned with the other Member States.
- 3.1.2. The initial reasons behind a capped fee no longer exist. 15 years ago the scheme tachograph centres were sponsored, so prevention of “price fixing” amongst the centres was required in order to protect the consumer.
- 3.1.3. In 2005 in accordance with guidance from The Office of Fair Trade, sponsorship was removed, making all tachograph centres independent. Over the last 15 years, until 5 years ago the centre numbers have grown from 360 to 536 giving greater competition, thus reducing the opportunity for monopoly and reducing the likelihood of large price increases should de-regulation occur.
- 3.1.4. Expected cost of calibrations under de-regulation can be reasonably expected not to be as high as the “capped rates” (Options 2 and 3) which are in line with the timing exercise. The reason being that the capped rates are substantially higher than current figures for the work and are related to the type of calibration performed and too large an increase would not be favourable with vehicle operators.
- 3.1.5. It is believed that under de-regulation both the tachograph centres and vehicle operators would mutually benefit.
- 3.1.6. Geographical variations in cost are best supported by de-regulation.
- 3.1.7. Night working and flexible working hours to support vehicle operator demand are best supported by de-regulation as this would allow for greater negotiation of fees when demand is high, and a reduction in fees for periods when demand is low. Thus operators are more likely to have the vehicles available to them during the periods of demand on their own business.
- 3.1.8. De-regulation of fees also best supports future changes to the scheme, such as the introduction of new tachograph technology, which requires further training and investment from tachograph centres.
- 3.1.9. De-regulation is the only option which removes the need for future Government intervention as fees will increase naturally with the increased costs of the tachograph centres and inflation.

3.1.10. The expected increase in fee for the calibration work is shown in table1:

Calibration Type	Current cost (inc VAT), £	Expected maximum cost under de-regulation, (90%) (inc VAT), £	% Increase in Fee
Digital Initial Calibration	54.05	64.12	+18.6%
Digital 2 Year Inspection	54.05	76.29	+41.1%
Analogue 2 Year	37.60	71.27	+89.5%
Analogue 6 Year	54.05	100.74	+86.4%

Table 1: The expected effect on fees under de-regulation.

3.1.11. With digital tachographs being mandatory fitment to all vehicles used in scope of tachograph rules since 1st May 2006, it is expected that the majority of the UK's vehicle fleet will be moving to digital tachographs. Thus, the fee charged for analogue 2 year and 6 year inspections will be of less relevance as the fleet is renewed.

3.1.12. On this basis, it is expected that such a fee structure would result in the average vehicle owner paying a maximum increase of **£16.86 (inc. VAT)** per annum. Full details of the calculation are in the Impact Assessment in attachment D.

3.1.13. Such a fee structure also includes an additional £3.13 per calibration type to cover the cost of equipment and training of tachograph technicians. This should allow tachograph centres to recover the cost of investment over a 3 year period.

3.1.14. The fee structure also includes an additional 30pence per calibration to cover the authorisation and periodic auditing of the Approved Tachograph Centres by VOSA examiners.

3.1.15. It is estimated that the loss of centres that would result from no fee increase could result in 1hr of additional vehicle down-time and additional travel expenses. This is estimated at costing the vehicle owner **£18.93 (inc.VAT)** per annum. Thus, de-regulation of the fees could result in a **net benefit of £2.07 per vehicle per annum to the operator.**

3.1.16. A regulated fee could be re-instated after a 3 year review period, if it was deemed that the consumer was not protected.

3.2. Option 2: An increase to the current Maximum Fee charged by the Tachograph Centres for calibration and inspection work.

3.2.1. In 2007 a timing exercise was performed in order to determine how long the installation, calibration and periodic inspection procedures that ATCs perform actually requires. Full details of this procedure are explained in Attachment D.

3.2.2. The results of the timing exercise are shown in table 2:

Inspection type	Time (minutes)
Digital Initial calibration	62.91
Digital 2 Year inspection	75.46
Analogue 2 Year Inspection	70.29
Analogue 6 Year Inspection	100.66

Table 2: Average time to perform the main tachograph calibration and inspection tasks

3.2.3. These results, combined with an average national commercial fee of £55.04 + VAT per hour, give the appropriate fee for Option 2, as shown in table 3:

Inspection type	Total charge (inc VAT)	% increase over current fee
Digital Initial	71.24	32
Digital 2 Year	84.77	57
Analogue 2 Year	79.19	111
Analogue 6 Year	111.93	107

Table 3: Maximum Allowable Fees as a Result of Option 2.

3.2.4. Such a fee structure also includes an additional £3.13 per calibration type to cover the cost of equipment and training of tachograph technicians. This should allow tachograph centres to recover the cost of investment over a 3 year period.

3.2.5. The fee structure also includes an additional 30 pence per calibration to cover the authorisation and periodic auditing of the Approved Tachograph Centres by VOSA examiners.

3.2.6. The primary benefit of a capped fee is that it should protect the consumers (vehicle operators) from excessive charges, however it is believed that there is sufficient competition to support de-regulation.

3.2.7. A capped fee has the disadvantage of being unable to account for variation in periods of demand for ATCs. Thus operators are unlikely to be able to negotiate calibration work being performed at a time more favourable to them.

- 3.2.8. A capped fee also has the disadvantage of being unable to account for geographical variations in the cost of work, and areas where labour rates are above the average will still lose money.
- 3.2.9. A capped fee requires reviewing on annual basis and adjusting for inflation.
- 3.2.10. With digital tachographs being mandatory fitment to all vehicles used in scope of tachograph rules since 1st May 2006, it is expected that the majority of the UK's vehicle fleet will be moving to digital tachographs. Thus, the fee charged for analogue 2 year and 6 year inspections will be of less relevance as the fleet is renewed.
- 3.2.11. On this basis, it is expected that such a fee structure would result in the average vehicle owner paying a maximum increase of **£21.97(inc. VAT)** per annum. Full details of the calculation are in the Impact Assessment in attachment D.
- 3.2.12. It is estimated that the loss of centres that would result from no fee increase could result in 1hr of additional vehicle down-time and additional travel expenses. This is estimated at costing the vehicle owner **£18.93 (inc.VAT)** per annum. Thus, it is expected that the adoption of a capped fee in alignment with Option 2 could result in a **net loss of £3.04 per vehicle per annum to the operator.**

3.3. Option 3: Group certain categories of fees together and increase the fees in alignment with the timing exercise results.

3.3.1. In 2007 a timing exercise was performed in order to determine how long the installation, calibration and periodic inspection procedures that ATCs perform actually requires. Full details of this procedure are explained in Attachment D.

3.3.2. The results of the timing exercise are shown in table 2:

Inspection type	Time (minutes)
Digital Initial calibration	62.91
Digital 2 Year inspection	75.46
Analogue 2 Year Inspection	70.29
Analogue 6 Year Inspection	100.66

Table 4: Average time to perform the main tachograph calibration and inspection tasks

3.3.3. This Option tries to broach the complexity of Option 2 by combining all 2 year work as one fee. Thus a 2 year periodic analogue inspection costs the same as a digital periodic inspection by taking the average timing result from the 2 results.

Inspection type	Total charge (inc VAT)	% increase over current fee
Digital Initial	71.24	32
Digital 2 Year	81.98	50
Analogue 2 Year	81.98	118
Analogue 6 Year	111.93	107

Table 5: Maximum allowable fees as a result of Option 3

3.3.4. By combining the 2 yearly inspection charges, the digital inspections will effectively be slightly less expensive than if aligned purely with the timing results and the analogue 2 year inspection will be slightly higher.

3.3.5. The fee structure is simpler, consisting of only 3 maximum allowable charges.

3.3.6. Such a fee structure also includes an additional £3.13 per calibration type to cover the cost of equipment and training of tachograph technicians. This should allow tachograph centres to recover the cost of investment over a 3 year period.

3.3.7. The fee structure also includes an additional 30 pence per calibration to cover the authorisation and periodic auditing of the Approved Tachograph Centres by VOSA examiners.

- 3.3.8. The primary benefit of a capped fee is that it should protect the consumers (vehicle operators) from excessive charges, however it is believed that there is sufficient competition to support de-regulation.
- 3.3.9. A capped fee has the disadvantage of being unable to account for variation in periods of demand for ATCs. Thus operators are unlikely to be able to negotiate calibration work being performed at a time more favourable to them.
- 3.3.10. A capped fee also has the disadvantage of being unable to account for geographical variations in the cost of work, and areas where labour rates are above the average will still lose money.
- 3.3.11. A capped fee requires reviewing on annual basis and adjusting for inflation.
- 3.3.12. With digital tachographs being mandatory fitment to all vehicles used in scope of tachograph rules since 1st May 2006, it is expected that the majority of the UK's vehicle fleet will be moving to digital tachographs. Thus, the fee charged for analogue 2 year and 6 year inspections will be of less relevance as the fleet is renewed.
- 3.3.13. On this basis, it is expected that such a fee structure would result in the average vehicle owner paying a maximum increase of **£19.87(inc. VAT)** per annum. Full details of the calculation are in the Impact Assessment in attachment D.
- 3.3.14. It is estimated that the loss of centres that would result from no fee increase could result in 1hr of additional vehicle down-time and additional travel expenses. This is estimated at costing the vehicle owner **£18.93 (inc.VAT)** per annum. Thus, it is expected that the adoption of a capped fee in alignment with Option 2 could result in a **net loss of £0.94 per vehicle per annum to the operator.**

4. Consultation Questions

4.1. The purpose of this consultation is to seek the views of stakeholders affected by the decision to proceed with one of the fees options, 1, 2 or 3. It would therefore be beneficial if stakeholders could respond in accordance with Section 5, specifically answering the following questions:

4.1.1. Which of the three options would you prefer is adopted?

4.1.2. Do you agree with our analysis of the costs and benefits associated with the three proposed options as detailed in the Regulatory Impact Assessment?

4.1.3. Do you agree with the proposed approach to tachograph calibration fee increases which seeks to minimise the overall costs to vehicle operators but necessitates an increase in the tachograph calibration fee?

4.1.4. Are the current numbers of tachograph centres sufficient to support your business needs?

4.1.5. Would the loss of your local tachograph centre have the predicted adverse effect of increasing vehicle down-time and travel?

4.1.6. Do you agree that our estimates for the costs associated with de-regulation are realistic?

5. How to respond to this consultation

- 5.1.** We welcome views from all who may be affected by these proposals. The consultation closes on 26th February 2010.
- 5.2.** Please respond only using Attachment C: Tachograph Fees Consultation Reply Form
- 5.3.** Please send your responses to reach us by 26th February 2010 by email to: tachographcalibrationfees2009@vosa.gov.uk

Or by post to:

VOSA Tachograph Calibration Fees Consultation
Chris Dormand
VOSA Training Office
Broadway Business Park, Broadgate,
Chadderton, Oldham,
Manchester
OL9 9XA

6. Disclosure of responses

- 6.1.** According to the requirements of the Freedom of Information Act 2000, all information contained in your response to this consultation may be subject to publication or disclosure. This may include personal information such as your name and address. If you want your response or your name and address to remain confidential, you should explain why confidentiality is necessary in the relevant section of the response form. Your request will be granted only if it is consistent with Freedom of Information obligations. An automatic confidentiality disclaimer generated by your e-mail system or incorporated in pre-printed stationery will not be regarded as binding on VOSA.
- 6.2.**
Personal data is not disclosed to, or shared with, any third parties other than in accordance with the Data Protection Act 1998. For further information, please see our privacy notice on our website – www.vosa.gov.uk. Details of the DfT's / VOSA's registration with the Information Commissioner can be viewed on the Data Protection Public Register on the Commissioner's website – www.ico.gov.uk. DfT's registration number is Z7122992.
- 6.3.** If you wish to view individual responses after the consultation period has ended, these will be available for public viewing for a period of six months at the VOSA Corporate Office, Berkeley House, Croydon Street, Bristol BS5 0DA during office hours Monday to Friday.
- 6.4.** Anyone wishing to inspect the responses is requested to telephone the VOSA Corporate Office on 0117 954 2562 to make an appointment (without which it will not be possible to gain admittance).