

REGULATORY IMPACT ASSESSMENT - FEES 2004

Registration of Local Bus Services and Community Bus Permits

Increases averaging 10% plus inflation from 1st August 2004 in fees for testing and operator licensing of HGVs and PSVs, registration of local bus services, the issue of community bus and international permits, and on the two ancillary issues. The proposed increases are given in Annex 1.

PURPOSE AND INTENDED EFFECT OF THE MEASURES

Objective

- To ensure the cost of providing the services listed below is matched by the income from fees and charges:
 - Annual roadworthiness inspections of heavy goods and public service vehicles
 - Approvals of specialised goods and public service vehicles
 - Authorisation and re-authorisation of tachograph calibration centres
 - Goods and public service vehicle operators' licenses and associated enforcement
 - Registration of local bus services
 - Issue of community bus permits
 - Issue of international road haulage and passenger permits

- To avoid the repeat of serious accidents involving the detachment of freight containers and the inadvertent extension of loading arms and legs.

Background

Finance

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

The additional income has two main purposes. The first is to remove part of the deficits that has built up in the past year in the accounts for hgv and psv testing, licensing, registration of local bus services and the issue of community bus and international permits.

In the last 10 years, the HGV and PSV Schemes has produced cumulative surpluses that have been returned to operators and presenters in the form of lower fees and charges than those commensurate with inflation. The Scheme is now in deficit. The main contributor to the shortfall is the mismatch between the amount of income for tests of hgv motor vehicles and trailers and the cost of the resources required. One of the areas where this has occurred is testing of multi-axle vehicles where, despite increases in fees in recent years for these

vehicles, the costs of their tests were not being covered completely. In the case of a four-axle vehicle, the test takes well about an hour, compared to around 30 minutes for a motor vehicle with 2 axles.

The deficits in the accounts for licensing, registration of local bus services and the issue of international permits has arisen because of the absence of increases since many of the original provisions came into force. As an example, the fees for the application of a licence to operate a heavy goods vehicle remained unchanged from 1995 when they were introduced until the end of 2002 when they were last amended.

The increase in test fees is also needed to fund a major programme of refurbishment of much of our test station network and its facilities, particularly the stock of brake test equipment. Last, the fee increase will finance the modernisation of the services we provide, including the newly developing e-services opportunities. An outline of the programme and the benefits it will bring are set out later in this document.

Technical

Some serious accidents have led to the decision to extend the annual test for heavy goods vehicles to include a check of container twistlocks and loading arms and legs. The twistlocks inspection will be to ensure that they are capable of securing a freight container effectively and are not damaged. The check of loading arms and legs is to ensure the locking devices are effective and do not allow the arm or leg to extend inadvertently. Changes will be required to the regulations governing the testing and inspection of heavy goods vehicles. These are set out in Annex 2.

Risks

Financial

If increases in fees and charges cannot be made, the Agency will not be able to recover the deficits in the accounts for testing, licensing, registration of local bus services and the issue of community bus and international permits. In addition failure to secure sufficient funds and increases in operating costs will mean the accounts will be subject to rising deficits. In the case of hgv and psv testing, the network modernisation programme will falter and improvements to services will not be introduced because of a failure to secure sufficient financial resources.

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

Technical

If the test for heavy goods vehicles and trailers is not extended, then there will be more accidents involving the detachment of freight containers and the inadvertent extension of loading arms and legs.

OPTIONS

Option 1

Introduce an average increase of 3.0% to cover inflationary increases only. The benefits are that there would be no real cost increase to operators and presenters and hence the most

affordable to VOSA customers. The drawbacks are that it does not address the deficit which will remain a burden on central DfT funds; there are no funds for service and other improvements and there is no scope for any realignment of fees for multi-axle heavy goods vehicles or re-test fees for goods vehicles.

Option 2

Introduce an average increase of 10% plus inflation. There would be some real cost to operators and presenters, although affordability would probably not be a problem, as test and licensing fees per se are not a significant part of the cost of owning and operating a heavy goods or public service vehicle. It would be possible with a total increase of 13% to reduce the deficit such that over a couple of years, a subsidy would no longer be required from the DfT. Such an increase would also allow the re-alignment of annual test and re-test fees for large multi-axle heavy goods vehicles.

Option 3

Introduce an average increase of 25%. There would be a real cost to operators, and affordability becomes an issue, especially to the larger fleets where an in-year increase means that budgets have to be stretched or expenditure re-prioritised. However, the deficit would be removed by the end of the financial year, meaning no further call on DfT funds, although fees in subsequent years might have to be reduced once the accounts have been brought back into balance.

We believe Option 2 offers the best all-round package and one that is likely to be most acceptable to operators and presenters.

Efficiency Savings

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

Other Sources of Funding

The pattern of future fee increases (beyond 2004) will depend very much on how we are able to finance our investment programme. Our aim is to fund the programme over the next 5 to 7 years by a series of loans that will be repaid through increases in fees. If loans are not available, additional fee increases will be required to enable the programme to begin. We continue to examine other options in particular opportunities to finance our roller brake tester replacement programme through a public private partnership (PPP) or Private Finance Initiative (PFI). We also intend to explore whether there might be similar opportunities for elements of our test station refurbishment programme. However, whatever the detailed approach to financing there will need to be increases in test fees over the coming years sufficient to recover the costs of the investment.

COSTS & BENEFITS

Business Sectors Affected

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

Operators of goods vehicles	110,000 approx
Operators of public service vehicles	8,000 approx
Operators of designated premises	300 approx

Operators of calibration centres	515
Operators of vehicles approved to the requirements of the TIR Agreement. Not more than about 200.	
Constructors of public service vehicles.	Not more than about 100.
Constructors of vehicles (motor vehicles and trailers) to TIR requirements. Not more than a couple of dozen.	
Number of live local bus service registrations (2002/03)	23,377
Annual number of community bus permits issued/year	4,000 approx

Total Costs

The modernisation and refurbishment programme will require VOSA to invest over the next 10 years between £80 and £100m in buildings, equipment (principally new roller brake testers) and IT services. This will be aimed at meeting improvements that both the Agency and the Trade Associations have identified in the discussions and contacts held regularly between the parties and VOSA.

Recurring Costs

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

For a typical hgv operator with a fleet of 5 four-axle vehicles with an average fail rate at annual test of 40%, paying vehicle licence fees annually, the extra cost will be around £180. With estimated total operating costs in the order of £120K per year, the percentage increase will be around 0.15%.

For a typical psv operator with a fleet of 6 vehicles with 22+ seats, with an average fail rate of 33%, paying fees annually, the extra cost will be about £130. With estimated operating costs of £120K, the percentage increase in costs is around 0.11%. Psv operators will also have to pay higher costs when they come to register a new bus route or to amend one. An operator in a large city may well have around 220 bus routes registered. If 50% are varied during the course of the year, the extra cost the operator would have to bear would be £550. If the number of routes provided by this operator was to increase by about 5% (the national average), then the extra costs for registration of the new services would be £55.

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

One-Off Costs

For a large proportion of owners, operators and presenters there will be no one-off costs. However, in some cases for operators of public service vehicles and vehicles on international journeys, there will be an additional charge on account of the higher certification fees when they buy a new bus, coach or goods vehicle. The maximum one-off cost is for the certification of a bus or coach where the increase is £72 or 50% higher than the current fee.

Some voluntary groups will also be faced with an increase in one-off costs when they decide to charge for carrying passengers to whom the organisation serves. If they obtain the permit to operate a community bus service from the Traffic Commissioner, the extra charge will be £4.00. The extra cost of varying the terms of a community bus service will be the same.

Total Compliance Costs

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

Benefits (in the longer term with additional increases)

- Refurbishment/modernisation of a further 1/3 of the test station network in the next 3 to 5 years;
- Maintenance of the current test station network, and in some instances improved locations;
- Fewer instances where testing is disrupted due to problems with the building (where a longer journey might be required to an alternative test site)
- Improvement in service delivery for hgv and psv testing users. We plan to extend opening hours at some of our sites and to improve forward booking time performance
- New brake test equipment on all VOSA-owned test lanes (including removal of all the first generation machines in our part-time test stations)
 - A more up to date brake test to help reduce the burden of compliance and improve road safety
 - Less reliance on loading of vehicles to ensure an effective brake test
- Credit card payments*
- On-line access to test results*
- On-line test bookings as part of the Commercial Vehicle Portal and DVO Common Customer Interface proposals*
- Roll-out of the operator self-service arrangements for vehicles already under licence
- Roll-out of the TransXchange system for registration of bus services

* all from 2006 onwards

EQUITY OR FAIRNESS

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

Value for Money

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

- fees for a large MoT Class V bus (17+ seats) and a large public service vehicles are £63.45* and £67 respectively;
- fees for an MoT Class VII light goods vehicle (between 3000 and 3,500kg gvw) and a 2-axle goods vehicle are £45.60* and £43 respectively.

*From August 2004 onwards.

In absolute terms, the cost of testing and licensing is very small by comparison with the purchase price of a new vehicle and the costs of operating it. The cost of a new 7.5 tonne vehicle fitted with a box body would cost in the order of £25 -£30,000. Typical costs of

operations are in the order of £1.50/mile which for an average mileage of 20,000/year is £30,000.

SMALL FIRMS IMPACT TEST

Consultation with Small Businesses

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

Small businesses consulted

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

Small Business Litmus Test

The impact of higher fees is proportionate, not unduly penalising one business more than another as the burden will increase in direct proportion to the number of vehicles being operated. The likely burden on a small business will not be any more onerous, in relation to its size than it would be for a larger business. Small businesses will not therefore be unduly disadvantaged.

Voluntary Organisations consulted

The Community Transport Association was consulted about the proposed increases in fees for community bus permits and the registration of local bus services.

RESULTS OF CONSULTATION

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

COMPETITION ASSESSMENT

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

SECURING COMPLIANCE, MONITORING AND REVIEW

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

SUMMARY

The proposals are necessary to keep the accounts for commercial vehicle testing, licensing, registration of local bus services and issue of community bus and international permits in financial balance. They are also necessary to recover the deficit that has built up and to fund the refurbishment and modernisation programme for the facilities and services needed to ensure that heavy goods and public service vehicles continue to meet minimum road safety and environmental protection standards. The increases are small or relatively small in cash amounts but large in percentage terms, up to 100% in some cases. But they must be seen in context and compared to the costs of buying and operating a commercial vehicle. When this comparison is made, the fees for annual roadworthiness testing etc is very good value for money and will continue to represent a very small proportion of the annual costs of vehicle operation.

To avoid the repeat of some serious accidents, amendments to the Goods Vehicle (Plating and Testing) Regulations are required to enable the annual test to be extended to include a check of container twistlocks and loading arms and legs.

CONTACT POINT

Roger Trubridge,
Vehicle and Operator Services Agency,
Berkeley House,
Croydon Street,
Bristol BS5 0DA
Telephone: 0117 954 3272
Facsimile: 0117 954 3445
E-mail: rtrubrid@VOSA.gsi.gov.uk

DECLARATION

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

Signed by the responsible Minister.....

Date.....

PROPOSED HGV & PSV TESTING FEES 2004/05
HGV ANNUAL TEST FEES (£)

	axles	03/04	04/05	% fee increase
Motor Vehicles				
Annual test	2	42	43	2.4
	3	48	57	18.8
	4	54	68	25.9
Retest				
	2	23.50	23.50	0.0
	3	23.50	38	61.7
	4	23.50	45	91.5
Free retest		Nil	10	
Designated Premises - Annual test				
Designated Premises Retest		9	10	11.1
Out of hours supplement (annual tests)		25.50	38.50	13.0
Out of hours supplement (re-tests)		12.50	14	12.0
Trailers				
Annual test	1	21	22	4.8
	2	24	32	33.3
	3	27	39	44.4
Retest				
	1	13	15	20.0
	2	13	21	68.0
	3	13	26	100.0
Free retest		Nil	5	
DP Annual Test		4	5	25.0
DP Retest		2	2.5	25.0
Out of hours supplement (annual tests)		16	18	12.5
Out of hours supplement (re-tests)		8	10	20.0
Notifiable Alterations				
Motor vehicles and trailers		17	19	11.8
Designated premises supplement		5.5	6	9.1

Out of hours supplement	10	10	0.0
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The average increase for HGV annual testing (excluding retests) is 13%

PSV ANNUAL TEST FEES (£)

	Passengers			
Annual test	9 to 22	42	47	11.9
	22+	59	67	13.6
Retest	9 to 22	20	31	55.0
	22+	28	44	57.1
	Free retest	Nil	10	
DP Annual		9	10	11.1
DP Retest		6	6	0.0
Out of hours supplement	9 to 22	25	28	12.0
Out of hours supplement	22+	35	39	11.4

The average increase for PSV annual testing (excluding retests) is 13%

FEES FOR SPECIALISED INSPECTIONS (£)

Type Certification (Public Service Vehicles)

Design type	1,776	2,664	50.0
Type variation	830	1,245	50.0
Type variation (minor change)	410	615	50.0
Design type (with existing approval)	77	114	48.0
Certificate of Conformity	16	24	50.0
Duplicate Certificate	11	17	50.0

Certificate of Initial Fitness (COIF) (Public Service Vehicles)

Initial Inspection	143	215	50.0
Re-inspection	17	26	50.0
Tilt re-test	143	215	50.0
COIF with seatbelt	179	269	50.0
Duplicate certificate	11	17	50.0

Tempo 100 (Public Service Vehicles)

With COIF	34	36	5.9
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Separate check	62	64	3.2
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TIR (Goods Vehicles)

Initial Inspection	74	77	4.1
Re-inspection	49	51	4.1
Type Approval	459	473	3.1
Type Variation	74	77	4.1
Certificate of Conformity /Duplicate certificate	11	11	0.0

ADR (Excluding Statutory Test Fee)(Goods Vehicles)

Initial Inspection	70	73	4.3
Re-inspection	35	37	5.7
Duplicate certificate	11	11	0.0

**Tachograph
Calibration Centres**

Approval of Authorisation	267	275	3.0
Annual Renewal of Authorisation	108	112	3.7

OPERATOR LICENSING & OTHER FEES						
						% fee
	03/04		04/05			increase
HGV Operator Licensing Fees	£					
Application for a operator's licence	168		190			13.1
Grant of 5-year operator's licence	263		297			12.9
Application for a variation of existing operator's licence	168		190			13.1
Continuation in force of an existing operator's licence for further 5 years	263		297			12.9
Issue of an interim operator's licence		44	50			13.6
Additional fee for vehicles specified on operator's licence issued or varied						
	If paid in advance	7.25		8.20		13.0
	If paid annually	9.00		10.00		11.1
Additional fee for vehicles specified in the operator's licence which is continued in force						
	If paid in advance	7.25		8.20		13.0
	If paid annually	9.00		10.00		11.1
	Additional charge for vehicles specified under an interim operator's licence	10.00		11.30		13.0
PSV Operator Licensing Fees						
Application for standard (national or international) operator's licence	158		179			13.3
Application for restricted operator's licence	105		119			13.3
Grant of a standard or restricted operator's licence :						
	If paid 5 yearly in advance	105		119		13.3
	If paid annually in advance	21		24		14.3
Continuation in force of an existing or restricted operator's licence :						
	If paid 5 yearly in advance	105		119		13.3
	If paid annually in advance	21		24		14.3
Application to vary an existing standard or restricted operator's licence	79		90			13.9
Vehicle disc fee:						
	If paid in advance	4.50		5.10		13.3
	If paid annually	5.25		5.90		12.4
Application for a special operator's licence (holder of taxi operator's licence)	42		47			11.9
Continuation in force of an existing special operator's licence	42		47			11.9
Issue of a duplicate disc to replace a lost	11		12.50			13.6

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Bus Registration Fees				
Application to register or vary a community bus service, other than a service provided under an agreement for providing for service subsidies	10	11	10.0	
Application to register a bus service	40	45	12.5	
Application to vary a registered bus service	40	45	12.5	
Permit Fees				
Small bus permit	8	9	12.5	
Large bus permit	15	17	13.3	
Community bus permit	39	44	12.8	
International Road Haulage Permit Fees				
ECMT Operator's licence (full year)	107	121	13.1	
ECMT Operator's licence (less than one year)	27	30	11.1	
ECO stamps per journey	3	3	0.0	
Single journey permit	6	7	16.7	
Multi-journey permit (4)	11	12.50	13.6	
Multi-journey permit (15)	41	46	12.2	
Community removals authorisation	14	16	14.3	
Swiss permit	6	7	16.6	
International Coach Authorisation Fees				
Extra copy authorisations (regular service and shuttle)	10	11	10.0	
Application for special regular service authorisation	140	160	14.2	
Application for a shuttle service	144.20	163	13.0	
Fee payable for each year regular service authorisation is valid	30	34	13.3	
Fee payable for each year Own Account Certificate is valid	5	6	20.0	

ANNEX 2

Further Amendments to the Goods Vehicles (Plating & Testing)

An amendment will be required to the technical schedule in the Goods Vehicles (Plating and Testing) Regulation. The extended test will be introduced on 1 January 2005 when the amendments to the current inspection manual are published. This will allow a period of settling in for operators and presenters before we began to fail vehicles.

ANNEX 3

Test FEE CONSULTATION 2004 – SUMMARY OF RESPONSES

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

NAME OF COMPANY	OPERATOR TYPE
• Rygor: Lynn Pascoe	Vehicle leasing
• Macpherson Freight	HGV Operator
• Road Rescue Recovery Association	Trade Association representing recovery operators
• Retail Motor Industry Federation (RMIF)	Trade Association representing main dealers
• David Kay Transport	HGV Operator
• Redline Bus Sales	Bus Dealer
• Talisman Coach Lines	PSV Operator
• Shamrock Travel	PSV Operator
• Dawson Rentals	Vehicle Leasing Company
• The Vehicle Builders and Repairers Association Ltd (VBRA)	Trade Association representing body constructors and vehicle repairers
• Philips Seahouses Ltd	HGV Operator
• Alexander Dennis Ltd	PSV Manufacturer
• Road Haulage Association (RHA)	Trade Association representing goods vehicle operators
• Freight Transport Association (FTA)	Trade Association representing goods vehicle operators
• Confederation of Passenger Transport (CPT)	Trade Association representing operators of public service vehicles

Generally, the responses relating to the proposed increases for 2004 have not been positive. The comments are as listed below:-

HGV & PSV TEST FEE INCREASES

Inflation is less than 3%, why a proposed increase of 13%?

- ❖ Phillips Seahouses Ltd
- ❖ Rygor (Lynn Pascoe)
- ❖ Macpherson Freight
- ❖ Dawson Truck Rentals
- ❖ Shamrock Travel
- ❖ Talisman Coach Lines

VOSA Response

The proposed rise is in two parts. There is a 3% rise at the rate of inflation for higher costs within VOSA itself coupled with a 10% increase. The aim of the latter is to address a deficit in

the accounts for testing and operator licensing and, in the longer term, to provide funds for the modernisation of VOSA's facilities, equipment and services.

According to the paper, the average price is up by over 30%. The Chancellor said rises were to be kept *within* the inflation rate.

❖ VBRA

VOSA Response

We have been consistent and clear in the line we have taken. The average increase in our income is 10% plus inflation (3%), with the proviso that in some instances, such as tests for multi-axle vehicles and re-tests, the proposed rises would be much higher. This is to ensure that the costs of providing such tests are covered by the income received.

Surely the government should be responsible for the upkeep/refurbishment of test centres. It is not fair to pass on costs to a difficult trade industry like transport?

- ❖ Redline Bus Sales
- ❖ CPT
- ❖ RHA
- ❖ Talisman Coaches
- ❖ RMIF
- ❖ Macpherson Freight

VOSA Response

VOSA is aware that the increases are unwelcome, especially when there are pressures on costs in other areas. It has long been Government policy that users of the test station network pay for the upkeep and modernisation of the network and not from general taxation. The case for the programme is overwhelming and is accepted by operators and presenters across the board. VOSA also believes that fees for an annual test are a very small proportion of the running costs of a typical heavy goods or public service vehicle. In addition, during the 1990s fees were held down deliberately at or below the rate of inflation because the financial regime at the time did not allow us to build up a fund for investment in the estate.

There is a view that VOSA are cashing in on industry problems with some increases- 108% for the tri-axle trailer being a case in point. (VOSA are well aware of problems with the braking efficiency of these trailers).

- ❖ RHA

VOSA Response

It is certainly not a question of VOSA cashing in on those vehicles that fail the test. The reason for the increases in re-test fees has been given above. VOSA would much prefer, and actively seeks to encourage, the presentation of vehicles that meet the requirements,

With regard to annual test fees for the category of vehicles we operate and assuming a zero failure rate from 01/04/05 - we can look forward to a 40.25 % increase in fees.

We test up to 20 vehicles a year, a current cost of £1180. The increase will add £153 to this cost.

Increases shown on the table look fairly large, (e.g retest on a 4 axle unit up 91%, standard trailer 14% and a trailer retest 108%).

- ❖ David Kay Transport
- ❖ Talisman Coach Lines
- ❖ Vehicle Builders & Repairers Association Ltd

VOSA Response

In percentage terms, VOSA accepts the increases are large. In respect of the amount of extra cash needed, then the amounts are small. For a 4-axle lorry, the rise is £14; for a trailer the rise is £8; for a re-test of a 3-axle trailer the rise is £13.50. The fees of multi-axle vehicles and re-tests were increased to bring them into line with the time and cost required. Without increases, operators of smaller vehicles would be subsidising the tests of those operating larger vehicles, as would those who take do not the time and trouble to prepare vehicles that meet the requirements be offsetting costs from those who do.

As a proportion of the overall operating costs of an average hgv or psv, the test fee is extremely low, much less than 1% of those costs. The vast majority of the proposed higher fee is to be used for addressing the deficits in the accounts for hgv and psv testing. These have built up because fee increases in the past have been lower than the rate of inflation. In the longer term, income from the increases will be invested to fund the programme of modernisation and re-building to provide a testing service appropriate to the needs of operators and presenters in the 21st Century.

In Northern Ireland, the DVTA have pegged fees at last year's levels. Most are considerably lower than VOSA's – and they have completed their RBT and test station refurbishment.

- ❖ FTA

VOSA Response

This view is not entirely accurate. In some cases the fees for a test by the DVTA are lower than those charged by VOSA. For example, the fee for the test of a 2-axle lorry is £35, with £17.50 for a re-test. But on the other hand, 3 out of the 4 fees for tests of public service vehicles (£75.00, £86.50 £97.50 respectively) are higher than the proposed fee for a test by VOSA for a psv capable of carrying 23 or more passengers (£67.00). For trailers, the fees are broadly similar, with perhaps the benefit going to operators and presenters in Great Britain, as 2 out of the 3 fees are lower by up to £10.50. Re-tests on the other hand are considerably less expensive, at £18.50 irrespective of trailer size.

We are a bulk user of your services. What discount can I expect against this proposed increase?

- ❖ Dawson Truck Rentals

VOSA Response

Discounts are not possible, even to bulk users of our services. It is a fact that, for a given vehicle type, each test takes around the same time. So it would make no difference whether the operator or presenter had one vehicle to test or 100. The resources required in the latter would just be 100 times that for the individual test. The cost of a test is comparable to that charged by the private sector for tests of large passenger vehicles and the DVTA in Northern

Ireland. Operators and presenters who prepare their vehicles fully already have a built-in discount, as the vehicle can be returned to service earlier than would be the case if a re-test is needed.

FEE INCREASES FOR SPECIALISED INSPECTIONS

Specialised PSV inspections appear to be the target for excessive increases – is this justified?

❖ Alexander Dennis

VOSA Response

Again, the scale of the proposed increases (£72.00) must be seen in the context of the purchase price of modern bus or coach, which can cost upwards of £25,000. The increases are necessary to recover the cost of providing the certification service, which has been slipping into deficit.

What justification is there in charging such a high premium for “COIF with seat belt” inspection, compared to the initial inspection? “ COIF with seat belt” is usually a paper exercise involving checking documentation. This document check will become the norm, if you mandate pull testing in your review of the enhanced visual inspection next month.

❖ Alexander Dennis

VOSA Response

This is a sensible suggestion and we have decided to remove this fee from the Regulations.

SERVICE DELIVERY

It is difficult to get a quick test. If you could turn round testing times more swiftly, perhaps you would not need to put up your fees.

❖ Talisman Coaches

❖ Redline Buses

VOSA Response

Clearly there is a link between the number of vehicles our staff can test per day and the fees we charge. The more productive our examiners are, the lower the cost of each test. The content of the test is prescribed in law and we do not test beyond that requirement. But if others have spotted a way of completing the test more quickly we would like to hear from them to consider what could be done to speed things up and to improve productivity levels.

Last year’s increases were accompanied by a promise of an improvement in service. Twelve months on, there is little sign of these improvements.

❖ RHA

❖ FTA

VOSA Response

VOSA explained at the time of the last round of increases that it would take time to deliver the modernisation and refurbishment programme. In the case of the test stations themselves, it would be around 2012 before the network was up to the standards demanded in the 21st Century. VOSA is however aware of the pressure to provide updated services and facilities

quickly and has a policy of lobbying the DfT at every opportunity for loans to enable an earlier start to be made than would otherwise be possible.

In the meantime there has been a significant improvement in forward booking time performances.

It will be interesting to see if the excessive increase in vehicle re-test fees results in a considerable improvement in the first time pass rate.

❖ RHA

VOSA Response

The main aim of the increases in re-test fees is to ensure that the costs of re-tests are covered by the amount of income received. Under the previous fee structure this was not the case and operators and presenters whose vehicles passed first time were in effect subsidising those whose vehicles did not. Higher re-test fees will mean a slightly lower increase overall in the basic test fee than would otherwise be possible. An improvement in test fail rate was not a primary aim of the proposed increases, although any fall in fail rates as a result of the higher fees would be most welcome by VOSA and by compliant operators and presenters alike.

VOSA's activities are geared towards achieving targets - "managers have been told that they must reach a certain percentage of failures". VOSA should be making targets for higher pass rates, rather than stations being on commission to get re-test fees.

- ❖ Talisman Coach Lines
- ❖ CPT
- ❖ VBRA

VOSA Response

VOSA has no such targets and never has. All the Agency's targets are published in the Business Plan for the year. Its aim is to test vehicles to the requirements of the relevant legislation to ensure that those that should pass do so and vice versa. There is an internal target for test error rate that measures the number of occasions a vehicle defect is missed as a percentage of the total number of decision points when a test is conducted.

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

- ❖ CPT
- ❖ Talisman Coach Lines
- ❖ Shamrock Travel
- ❖ RHA

VOSA Response

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

- fees for a large MoT Class V bus (17+ seats) and a large public service vehicles are £63.45* and £67 respectively;

- fees for an MoT Class VII light goods vehicle (between 3000 and 3,500kg gw) and a 2-axle goods vehicle are £45.60* and £43 respectively.

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

VOSA claim that the standard of both freight and passenger vehicles has deteriorated whereas, in reality, VOSA has just moved the goalposts.

- ❖ CPT
- ❖ Redline Bus Sales
- ❖ Talisman Coach Lines

VOSA Response

The only goalposts that have moved is the introduction of the accuracy check of speed limiter installations, which has led to a slight increase in the overall test fail rate for hgvs and psvs. But now that operators and presenters have now had time to adjust to the new requirements, the test fail rate for this item has dropped to low levels (around 2%) and with it the overall test fail rate. But the underlying test fail rate for heavy commercial vehicles is still worryingly high.

Members are concerned that relationships between VOSA and the industry are becoming more strained and the gap between operators and inspectors (either at stations or the roadside), is widening. In many cases, this is due to the inspector's attitude, or lack of a common sense approach. There no longer seems to be scope for any discussion or agreement, to resolve borderline cases.

- ❖ RHA
- ❖ Talisman Coach Lines

VOSA Response

This comment is a reflection perhaps of a lack of knowledge of our standards, which are the basic minimum for a vehicle in use on the road. There are also a greater degree of cost pressure now on those in the logistics sector, together with a more extensive use of third party maintenance, both of which may be contributing to the strains between test station staff and vehicle presenters.

We would not mind the increases so much - if you brought in 24-hour testing.

- ❖ Redline Bus Sales

VOSA Response

We are committed to conducting trials of more flexible working to extend the opening hours of our sites and the availability of the testing service. It is unlikely though that we will ever offer a 24-hour service across the board, except on some sites where there is a demand for such a service. The proposed increases will not provide for any extension of opening hours. Instead the funds they generate will be used for repayment of deficits and the modernisation of our facilities and services for the benefit of all operators and presenters, not just a minority.

Our members want to ensure the efficiencies promised by VOSA are delivered, in particular, forward booking performance, opening hours and the first stage of the online booking facility.

- ❖ FTA
- ❖ RMIT

VOSA Response

VOSA is committed to do all it can to maintain and improve the efficiency of its operations and delivery of the initiatives set out in the Business Plan. The trade associations will have the opportunity to question the Agency about its performance in these areas at the regular Stanmore Trade Liaison meetings.

- 1. There is increasing call for vehicle testing to be privatised, to create a climate of choice and competition. Many dealers are willing to invest in the skills to complete annual testing, *which would not result in a reduction of standards*. In fact, it is believed that the experience of engineers in the industry is better than that of the new VOSA employees we are faced with.**
- 2. There is a possible need for a more comprehensive training programme for VOSA staff, coupled to a more sensible interpretation of regulations.**

- ❖ RHA
- ❖ RMIT

VOSA Response

VOSA does not accept that its staff lack the necessary expertise to conduct annual tests properly. At the time of recruitment, testers and vehicle inspectors are given a significant amount of training in the standards and procedures they are expected to deploy. Also, new staff are not allowed to test vehicles on their own unless they have proved they are competent to do so. Also when items are introduced into the test, additional training is provided to ensure that staff are fully versed in the skills required. Finally, from time to time refresher training is given to all test hall staff to ensure their skills in a particular area are up to date.

The cost of a test is small compared with the vehicle and staff downtime. How will VOSA reduce this burden on the compliant operator?

- ❖ FTA

VOSA Response

VOSA is committed to an examination of the legal implications of improvements for the compliant operator, such as self-declaration of minor defects without a return to the test station. The Agency is also committed to a review of its defect rectification policy to allow more minor faults to be rectified at the time of test rather than having to return the vehicle for repair.

VOSA has introduced a rectification policy that prevents even the most trivial defect being rectified at the test station.

- ❖ CPT

VOSA Response

Our current policy on the rectification of defects is driven by the need on the one hand to avoid delay to other vehicles on the same lane, together with considerations of health and safety, and customer service on the other. We are committed to conduct a review of the policy to see if we have got this balance right. The result of the review will be announced in the autumn.

At our testing station, they look on PSVs as being second rate to HGVs

❖ Redline Bus Sales

VOSA Response

We take note of the comment from this presenter and will forward a copy of the e-mail to the Regional Manager responsible for our Preston site.

SELF REGULATION

In the longer term, we would like to see self-regulation for highly compliant operators.

- ❖ FTA
- ❖ RHA
- ❖ CPT

VOSA Response

This is a complex, long-term issue that is not easily tackled. There are legal issues to be addressed, and the interests of road safety and environmental protection to be safeguarded. VOSA is committed to publishing a report on self- certification and discussing its findings with representatives of the logistics industry.

ROLLER BRAKE TESTING (RBTs)

VOSA has halted moves towards replacing RBT equipment. This was one of the reasons the high increases were sought. What plans does VOSA have to patch up RBTs that, a year ago, were supposed to be beyond their design life.

- ❖ FTA

VOSA Response

The rbt's are not as such worn out. Where a component fails, it is replaced or repaired so there is no question that sub-standard equipment is being used. They are calibrated in excess of industry standards. However these machines have had intensive use over the past 12 – 14 years since they were first introduced and are increasingly costly to maintain. Until a replacement is identified, we will continue to use the stock of VLT machines and maintain and calibrate them to the required standard, albeit at additional cost.

Only recently, VOSA ceased the 12-month trial of RBT equipment, with no consultation with industry. So what next for this important aspect of the annual test?

- ❖ RHA
- ❖ FTA

VOSA Response

VOSA is committed to seeking the views of the main Trade Associations and representatives of vehicle manufacturers on the way forward for brake testing.

OPERATOR LICENSING & PERMIT FEES

Given the low income that the proposed fees for International Road Haulage Permits will generate, these fees should be pegged at current levels.

❖ FTA

VOSA Response

There is limited scope for cost reductions as the work has been transferred from Newcastle to Cambridge with similar staffing levels and costs. At present the costs of the IRFO work we took over are in excess of the income generated and we must address this position, no matter how small the initial step. If VOSA were to peg the fees at current levels there may be a need for an even larger increase next year. It makes sense to increase the fee each year to help keep the deficit to as low a level as possible and to help move to a point where income meets expenditure. In the longer term, we are looking to enhance the TAN BS to incorporate the duties of the IRFO and to streamline the work of the Office generally, which may in time reduce the level of resources required.

Why are operator licence fees going up so much - when VOSA's business plan shows a retained surplus brought forward from 2003/4 of £17.2m?

❖ FTA

VOSA Response

The £17.2m is the total net surplus from all the activities of VOSA. The accounts for hgv and psv testing are in deficit. The net surplus shown is almost all the result of surpluses in the accounts for MoT testing. When the computerisation of all MoT garages is complete this surplus will begin to disappear. In any year there will be a mixture of surpluses and deficits. To use the surplus from one scheme to balance a deficit in another would probably mean cross-subsidisation from one set of customers to another, which would be wrong.

Why is there a disparity in HGV/PSV operator licensing fees? How can you justify charging more for goods vehicle operator licensing?

❖ FTA

VOSA Response

The Agency is aware of the disparity between the charges for licences and their renewal for operators of hgvs and psvs. However, there are differences in the 2 systems (ie the need to specify vehicles on goods vehicle licences and environmental provisions for their operating centres) which results in increased costs for VOSA as compared with the issue of licenses for psvs. However, VOSA is already undertaking work to review the processes involved in each transaction to help verify the weighting applied to the costs of each process. In the meantime the cost of development of new ICT systems to deliver Operator self service and to cover the costs of the licensing system, including the essential role of the traffic commissioners, must be recovered from licence fees.

Roger Trubridge

14 July 2005