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Trade Associations and other interested parties

**VOSA's Five-Year c Strategy for Testing, Operator Licensing,
Bus Registration and International Permits**

Introduction

We would welcome your views on our proposals for increases in fees for lorry and bus testing, operator licensing, bus registration and fees levied by the International Road Freight Office (IRFO).

We would also like your comments on other proposed changes to regulations governing the testing and inspection of heavy goods vehicles and trailers. These are set out at the end of this letter.

The last date for receipt of comments on the package is Friday 28 May 2004. If agreed by Ministers following this consultation, the increases and other changes proposed will come into effect on 1 August onwards. Please forward all comments either by post to the above address or e-mail vosa.fees04@vosa.gov.uk.

Our Proposals

The Annex attached sets out the detail of the package and what each percentage increase will mean in terms of the actual difference in the money paid for a test, a licence or a bus registration. The package will cover fees for

- tests and re-tests of HGVs and PSVs,
- specialised inspections of HGVs and PSVs,
- Operator licences for HGV and PSV operators and their vehicles
- bus registration and permits
- international haulage and coach permits issued by the International Road Freight Office (IRFO).

Key Principles

The proposed increases are a major part of our plan designed to remove the deficit in the accounts for HGV and PSV testing, operator licensing and bus registration, help finance the programme of refurbishment of much of our test station network and finance the modernisation of the services we provide.

Key principles underpinning the package are:

- The need for fees to reflect the level of resource required for a test or inspection. The certification of initial fitness examinations, tests of large goods vehicles and trailers and retests were being subsidised by other testing fees primarily, operators and presenters of smaller vehicles and those able to present vehicles complying with the minimum roadworthiness and environmental requirements respectively.
- A desire to improve test preparation and levels of compliance, by raising the size of retest fees and abolishing the free re-test provision. Currently, over 2 heavy goods motor vehicles in every 5 are unable to meet the minimum roadworthiness and environmental requirements when presented for annual test.
- Improvements in service delivery for HGV and PSV testing. These include an improvement in forward booking time performance and extended opening hours
- Elimination of DfT funding (for 'O' licensing) combined with good financial housekeeping to bring accounts into balance
- Delivery of
 - Full roll-out of the Self-Service arrangements and improved payment channels for holders of an Operator's licence
 - The next stage of the 10-year GVTS modernisation and refurbishment programme
 - The first stage of the on-line test booking facility
 - A new Publication - the Guide to Maintaining Traffic Compliance
 - The TransXchange system to facilitate electronic registration of local bus services
 - Proposals to restructure the test and 'O'-licence fees together with a simpler format. When implemented (we plan to do this in 2005), there will be efficiency savings for both operators/presenters and VOSA, which will reduce the need for further increases.

The Alternatives

We have considered 3 approaches:

- increases to cover higher running costs due to inflation
- increases that would ensure we recovered the deficit in 2004/2005
- increases that would ensure we covered the deficit in 2005/06.

The first option would mean the deficit on the scheme would not be repaid (although it would not get any bigger), but would have to be recovered in future years. Nor would such an increase provide funds to improve our services. Future improvements in services would have to be paid for on the back of efficiency gains, making their delivery very protracted. In addition, our ability to continue the realignment of annual and retest fees to reflect the real length of tests would be severely limited. We do not believe this is a viable approach, although we do accept it is the most affordable.

The second alternative is to increase fees by 25%, thus ensuring that the whole of the deficit was recovered by the end of the next financial year in March 2005. Whilst this is attractive from a trading fund point of view, its in-year affordability becomes an issue for many operators.

Also, once we have repaid the deficit, there is the possibility that we'd have to reduce the level of fees in future years as our income would then exceed our expenditure by a considerable margin, although much of the surplus could be used to improve customer services. A large increase followed by lower fees would make long term planning difficult for both VOSA and operators.

Our third and mid-way approach would be for an increase of 10% plus inflation. It allows the deficits to be repaid over a 2-year period, which we believe is reasonable. It also provides long term stability in the level of fees, as well as an income stream for investment purposes. It is more affordable for the average operator.

Value for Money

VOSA has a good track record in delivery of efficiency savings. In the last 10 years, testing costs have been reduced by 40%. The enforcement side of the business has become more focussed on the quality of outputs connected with maximising the effect on road safety, and less on volumes of inspections or checks. A further 3-year rolling programme is being drawn up (details of which will be given at the presentations – see below) designed to deliver at least a 2.5% reduction in our cost base during the first year of the plan. This is especially relevant to operator 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.

Ancillary Changes

Because of some serious accidents, we have been asked to extend the annual test for heavy goods vehicles to include a check of container twistlocks and loading arms and legs. The twistlocks inspection is 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 swing out into the path of oncoming traffic or pedestrians. There will be a need to amend 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.

Next Steps

To expand on the above and as part of the formal consultation process, we believe it would be helpful to present our plans at a workshop involving all the main operator organisations. We will be in touch over the next couple of weeks to arrange a date and location.



Maurice Newey

ANNEX

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	28	19.1
		3	23.50	38	61.7
		4	23.50	45	91.5
Free retest		Nil	10		
Designated Premises - Annual test			9	10	11.1
Designated Premises Retest			5.50	6	9.1
Out of hours supplement (annual tests)			25.50	28.50	11.8
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	12.50	15	20.0
		2	12.50	21	68.0
		3	12.50	26	108.0
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	25.0

Notifiable Alterations

Motor vehicles and trailers		17	19	11.8
Designated premises supplement for motor vehicles		5.5	6	9.1
Designated premises supplement for trailers		2.0	2.0	0.0
Out of hours supplement		10	10	0.0

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		5.50	6	9.1
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
Separate check	62	64	3.2

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

Reduced Pollution Certificate

		03/04	04/05	% fee Increase
axles				
With test	n/a	15.50	16.00	3.2
Without test	n/a	26.00	27.00	3.8

Public Service Vehicles Accessibility

Single Schedule	29	43	48.3
Two Schedules	57	85	49.1
Retest Single Schedule	10.50	15	42.9
Retest Two Schedules	21	30	42.9
Duplicate Certificate	11	11	Nil

OPERATOR LICENSING & OTHER FEES					
					% fee increase
	03/04		04/05		
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 one	11		12.50		13.6

Bus Registration Fees				
Application to register a community bus service	10	11	10.00	
Application to vary a community bus service	10	11	10.00	
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	