

SMMT RESPONSE TO THE DEPARTMENT FOR TRANSPORT CONSULTATION ON MOTORING SERVICES STRATEGY MARCH 2013

Introduction

1. The Society of Motor Manufacturers and Traders (SMMT) is one of the largest and most influential trade associations in the UK. It supports the interests of the UK automotive industry at home and abroad, promoting a united position to government, stakeholders and the media. The UK automotive industry is dynamic and globally competitive. Our sector is a vital part of the UK economy with £50 billion turnover and £10 billion value added. With over 700,000 jobs dependent on the industry, it accounts for 11% of total UK exports and invests £1.3 billion each year in R&D. The industry plays an important role in the UK's trade balance, with vehicle manufacturers exporting almost 80% of production. The UK is home to the world's largest number of low volume vehicle manufacturers.

2. SMMT welcomes the opportunity to respond to the Department for Transport (DfT) consultation on Motoring Services Strategy, and welcomes the vision of the DfT for motoring services 'that have the customer and businesses at their heart'. In summary, industry believes the following recommendations would improve the effectiveness and efficiency of DfT agencies for industry and the consumer:

- ☐ Better delineation and increased clarity on the remit of the respective agencies.
- ☐ Improved communication between agencies to avoid unnecessary cost and time burdens on industry.
- ☐ Any reform of the VCA to ensure the continuation of the combined Type Approval Authority and test service.
- ☐ Increased delivery of digital services, particularly for the DVLA.
- ☐ Removal of the requirement to display a tax disc on all vehicles.
- ☐ An announcement of a timeline for the full transfer of testing operations (annual testing, Individual Vehicle Approval (IVAs), and other small schemes) from VOSA sites to ATFs (Authorised Testing Facilities) and POTFs (Privately Owned Testing Facilities).
- ☐ Annual testing, IVAs, and other small schemes to be permitted to be carried out by trained non-VOSA personnel.
- ☐ ATFs and POTFs to be part of an OFT approved code, such as Motor Codes, to ensure that levels of service and standards of testing and safety are maintained.

Improved clarity of the remit of DfT agencies

3. SMMT members frequently engage with DfT's four Executive Agencies in the day-to-day running of their businesses. Whilst recognising the important work these agencies undertake, industry has voiced concerns over unnecessary burdens placed upon the automotive sector through duplication, poor communication and inconsistencies between agencies. Therefore a critical outcome of this consultation for the automotive industry is increased clarity and better delineation of DfT agencies, to reduce administrative burdens and consequently costs for business.

4. Improved communication between DfT agencies is of utmost importance to the automotive sector. An example of the challenges faced by industry due to poor communication is with regards the Driver Certificate of Professional Competence (CPC). Industry has sought clarification over whether automotive technicians employed by vehicle manufacturers and their dealer networks are within scope of the Driver CPC, specifically when driving vehicles to and from their periodic roadworthiness tests (MOT). This requirement has been estimated to incur costs of over £1 million per manufacturer, and is therefore of vital importance to the sector, and additionally a time-critical issue with the implementation date of the requirement imminent. In seeking clarification on this issue, industry has received conflicting interpretations on the legislation from VOSA and DSA. This conflicting information has consequently caused confusion within industry, with vehicle manufacturers and dealers uncertain whether to fund such training, resulting in delayed business processes and financial and workforce planning. This example highlights the need for improved communication

between agencies, and better delineation of the agencies' remits. Clear, logical and well communicated remits, will help business better understand the work of the agencies, avoid unnecessary overlap and duplication of issues and will ultimately save both businesses and government time and money.

5. SMMT and industry regularly participate in liaison group meetings with the DfT agencies. However, the practice of holding cross-agency meetings with industry no longer exists. SMMT therefore calls for the reinstatement of a regular cross-agency liaison group meeting, to help improve communication across the agencies and between the DfT and business.

Reform of the VCA

6. SMMT supports the work of the VCA as a globally reputable Type Approval Authority (TAA), and welcomes the continuation of the VCA's combined TAA and test service (one stop shop) approach throughout any proposed reform. This approach is seen by industry as a unique selling point, as the VCA provides a complete TAA service, from concept reviews through to the testing and issuing of Certificates. This model results in streamlined processes for business, saving time and money, with the VCA able to provide flexible support to challenging timing demands.

7. The Type Approval and Certification business is a highly competitive arena and foreign Technical Services are rapidly improving service and standards. For the VCA to remain the agency of choice for businesses it must ensure that consistency of technical interpretation and reliability and predictability when witnessing testing are of the highest standard. Whilst costs are important to businesses, in terms of the overall development process, timely delivery of certification is critical, as without a certificate, businesses cannot make sales. Therefore the reform process must avoid causing any potential risk to the delivery of vehicle development programmes, as this could result in businesses taking their certification business elsewhere.

Digital transformation

8. SMMT has advocated the transfer of DVLA transactions to online channels for many years and has recently responded to the DVLA 'Digital Services Consultation' on this very issue. The statements outlined in the consultation document on this ambition are therefore welcomed. Digital transformation has the opportunity to reduce administrative burdens on business and motorists, whilst reducing costs and improving the customer service experience.

9. Whilst industry supports the move to a greater online presence, there is concern over the impact this may have on processes that are conducted by the DVLA in partnership with other institutions, which still use paper-based systems. An example of this is the registration of new goods vehicles, in which both the DVLA and VOSA are involved. VOSA still require production of hard-copy Certificates of Conformity for new vehicles to support the plating process. If dealers are to become reliant on the Automated First Registration & Licensing (AFRL) System, efficiency could be increased through VOSA working on an on-line approach to accepting Certificate of Conformity data, to ensure compatibility with the DVLA. Increasing joined up processes and documentation between the agencies involved in areas such as vehicle registration is a critical outcome of this consultation for the sector.

10. Industry particularly welcomes the ambition outlined in the consultation to "remove the need for unnecessary paper.... including considering the continuing need for the tax disc". SMMT supports the removal of the requirement to display a tax disc from all vehicles. This issue has become even more pertinent following the centralisation of DVLA services to Swansea, as this move has had considerable impacts on the logistics and delivery of tax discs to dealers. Most vehicle checks are now carried out electronically/automatically rather than by physically checking the tax disc, and therefore the current system is unwarranted and places an unnecessary cost and time burden upon business.

11. Whilst welcoming the ambitions of the shift to online processes, SMMT and its members are concerned that the process of this change would be lengthy and in the medium-term any temporary procedures might see significantly increased transaction times and costs, and

degrade the overall experience of the industry and motorists. Consistency, continuity and certainty in experience during any digital transformation is therefore essential.

Transforming HGV bus and coach testing

12. Industry welcomes the increased privatisation of vehicle testing centres and VOSA's commitment to "transfer the majority of its core testing services to non-VOSA sites by March 2013", as expressed in the recent SMMT response to the Transport Select Committee Inquiry into the work of VOSA.

13. It is essential that VOSA goes further than its current stated ambition and announces a timeline for the wholesale transfer of testing operations to ATFs & POTFs, as the current situation of partial privatisation has led to industry uncertainty and lack of clarity over the future of vehicle testing. An explicit VOSA commitment to a framework and deadline for the closure of VOSA testing facilities will provide industry and the market with the certainty and confidence required to invest in the building of new centres and to ensure the market can develop at locations where ATFs and POTFs are currently not available.

14. The privatisation of testing sites will provide businesses with more sites for inspection, greater diversity of choice, and consequently, reduced costs. Alongside this, industry believes that VOSA should look into allowing annual tests and IVAs to be provided by trained non-VOSA personnel, aligning the testing of commercial vehicles and bus and coaches, with those of passenger cars. However, it must be ensured that safety standards are maintained and that there is no conflict of interest for such personnel. The current system of testing can cause a significant time, resource, administrative and ultimately cost burden on industry (at present, there is a significant delay for a VOSA inspector to attend a site for the purpose of an IVA test, anecdotally up to 6 weeks), and additionally places a large burden on VOSA resources. Allowing non-VOSA personnel to conduct testing will alleviate these issues and also free-up VOSA resources to be re-directed into enforcement, further ensuring the safety and roadworthiness of vehicles on UK roads. Maintaining safety standards is industry's foremost concern and this can be achieved for the above recommendations through stringent and frequent inspection of testing by VOSA staff, regulated through an OFT endorsed Code of Practice (further detail in paragraph 15) and through clear and concise guidelines.

15. Clear timelines for the closure of VOSA testing facilities is essential to stimulate private sector investment in developing ATFs and POTFs, to replace the services provided by VOSA at present. Whilst industry is confident that the market will develop to provide consistency of service and provision, there is a risk that the transition will result in gaps and inconsistency in services. It is therefore essential that VOSA implement safeguards that ensure consistency of service is maintained for the consumer. This transition process must be implemented in consultation with industry to ensure a seamless continuation of service and maintenance of standards, which support safety and deliver for government, industry and other road users.

16. Industry strongly believes in the need to retain the integrity, quality and consistency of vehicle testing, whilst reducing the regulatory burden and enforcement costs for government and business. VOSA endorsement of an OFT approved Code of Practice, such as Motor Codes, to ensure levels of service and testing carried out at ATFs and POTFs is of a high standard, could provide a suitable way forward that would maintain safety standards, whilst allowing VOSA to target its limited resources more effectively on enforcement.