

Title: Funding National Register of licensed operators of goods vehicles, buses and coaches. IA No: DfT00075 Lead department or agency: Vehicle and Operator Services Agency of the Department for Transport - VOSA Other departments or agencies:	Impact Assessment (IA)
	Date: 16/11/11
	Stage: Final
	Source of intervention: Domestic
	Type of measure: Secondary legislation
	Contact for enquiries: John.MacLellan@vosa.gsi.gov.uk
Summary: Intervention and Options	RPC: GREEN

Cost of Preferred (or more likely) Option				
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, Measure qualifies as One-Out?	
-£1.0m	-£1.0m	NA	No	NA

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

Operators of buses, coaches and lorries are licensed to ensure road safety and fair competition. The EC has found current rules on operator licensing inadequate because of a lack of consistency in the way that they are applied across Member States, resulting in unfair competition and issues around compliance and road safety. Intervention at EU level is necessary to provide the clarity and consistency required to address these problems given that this is a transnational issue. Intervention is then required at UK level in order to implement, enforce and monitor the new EU regulations. In particular Government intervention is necessary to fund a new National Register (NR) containing information about operators required by EU law.

What are the policy objectives and the intended effects?

The objective of the EU intervention is to ensure that consistent standards are applied and enforced across the EU. The intended effects are to create a more level playing field for transport operations across the EU and reduce distortion of competition; raise the professional standards of transport managers; reduce the administrative burdens on regulators, enforcers and operators; and enhance compliance with safety and other rules. The NR supports this aim by providing standardised information in support of future elements of the EU Regulation. The specific objective dealt with in this IA is to fund the creation and operating of the NR.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

Doing nothing would not implement the NR requirement and would risk infraction proceedings.

Option 1: Fund NR by increasing fees for bus, coach and lorry operators licences. Within this option, a number of sub-options on which individual fees should contribute to the cost of the NR were considered. The choice of sub-option would not affect the overall cost to industry, although the more widespread the pool of payers, the less the effect would be on the individual fees. Consultees favoured the option which spread the cost over all standard and restricted licences (sub-option). Funding implementation of the NR from tax was also considered, but has not been pursued in view of spending constraints.

Will the policy be reviewed? It will not be reviewed. If applicable, set review date: Month/Year

Does implementation go beyond minimum EU requirements?			No		
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.	Micro Yes	< 20 Yes	Small Yes	Medium Yes	Large Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)			Traded: N/A		Non-traded: N/A

I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) that the benefits justify the costs.

Signed by the responsible Minister:

Mike Penning

Date: 07/02/2012

Summary: Analysis & Evidence

Policy Option 1

Description: Fund NR by increasing fees for bus, coach and lorry operators licences

FULL ECONOMIC ASSESSMENT

Price Base Year 2010	PV Base Year 2011	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: NA	High: NA	Best Estimate: -1.0

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	NA	NA	NA
High	NA	NA	NA
Best Estimate	0.676	0.048	1.0

Description and scale of key monetised costs by 'main affected groups'

1.) The transition costs of creating the National Register are estimated to cost £676,000 over 5 years, and the ongoing costs of maintaining the National Register are estimated at £12,000 in year 1, £36,000 in year 2 and £54,000 per year thereafter giving an average of £48,000 per year over the evaluation period. 2.) These costs would be passed on to operators through higher fees. The increase in operator license fees in 2011/12 is estimated at 1.6% with the chosen sub-option on how wide a pool of fees contribute.

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

N/A

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	N/A	N/A	N/A
High	N/A	N/A	N/A
Best Estimate	NQ	NQ	NQ

Description and scale of key monetised benefits by 'main affected groups'

None of the benefits of Option 1 have been monetised in this impact assessment.

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

The NR is a tool to enable the larger package of measures contained in the EU Road Transport Package. Without the NR, the benefits of the overall package that are explained in the Impact Assessment of the overall package (Reference 3) could not be delivered. These benefits arise from more targeted and effective enforcement activity; improving safety, and helping to create a more level playing field.

Key assumptions/sensitivities/risks

Discount rate (%)

3.5

1) Main risk is of infraction proceedings by the EC if the Register is not implemented. 2) Key assumption is prediction of volumes of activity. 3) Costs greater than plan or lower volumes would mean a shortfall in VOSA's income and higher fees in future. Lower costs or higher volumes would have the reverse effect. 4) It is assumed that the effect on the Public Service Vehicle (PSV) industry will not be significantly different to that assessed for the Heavy Goods Vehicle (HGV) industry.

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: N/A	Benefits: N/A	Net: N/A	No	NA

Evidence Base (for summary sheets)

References

No. Legislation or publication

- 1 VOSA Annual Report 2010/11
<http://www.dft.gov.uk/vosa/repository/Annual%20Report%20201011.pdf>
- 2 VOSA Business Plan 2011/12
<http://www.dft.gov.uk/vosa/repository/VOSA%202011-12%20Business%20Plan.pdf>
- 3 Link to consultation and IA on the EU Road Transport Package
<http://www.dft.gov.uk/consultations/dft-2011-11>
- 4 Impact Assessment on lorry, bus and coach examination fees- location differentiation at:
To be added when known
- 5 Impact Assessment on restructuring fees for applications for bus and coach operator licences at:
To be added when known

GENERAL ISSUES

Overall context

1. These proposals for fee increases to fund the National Register form part of the Vehicle and Operator Services Agency (VOSA)'s wider financial management strategy which is outlined more fully in its published Business Plans (reference 1) and Annual Reports (reference 2). VOSA's published Annual Report for 2010/11 shows that the trading fund carried forward a retained deficit of almost £25.5 million into 2011/12. The Business Plan for 2011/12 is to generate an in-year surplus of £5 million towards clearing that deficit. VOSA plans to achieve this without any general fee increase, using part of continuing efficiency savings to absorb inflation. For 2011/12, customers will benefit from VOSA's efficiency improvements and the real terms decrease in fees. Thus VOSA must make efficiency savings to absorb inflation but also to start recovering the retained deficit. This leaves no margin to absorb the costs of additional services such as the National Register.

Background

2. The EU has introduced a package of measures (the Road Transport Package) to address issues of unfair competition, compliance and road safety. One element of this package is the creation (by December 2011) of a National Register containing specified details about licensed road transport operators, their transport managers and certain offences committed by either. The Road Transport Package was subject to a separate Impact Assessment (at reference 3) which is the subject of a recent consultation by the DfT.
3. Later in the implementation of the package, these registers will be shared amongst Member States. The cost of that sharing does not form part of this Impact Assessment. This will improve the effectiveness of exchange of information with licensing authorities in other Member States with the aim of improving the sometimes disappointing response from some when notified of defects on foreign vehicles.
4. Whilst in Great Britain (GB), VOSA, on behalf of Traffic Commissioners, already holds much of the required data in support of the GB operator licensing system, some additional data is required which means that the existing database has to be altered and additional data has to be collected, and are not required to share all of the information on the existing database. This additional service imposes additional costs on VOSA. In view of VOSA's overall financial situation additional funding is needed to carry out this additional work.

5. The National Register will also contain data on operators based in other parts of the UK (i.e. Northern Ireland and Gibraltar). Administrations in those territories will be responsible for the cost of including their data in the register.

Rationale for intervention

6. The purpose of licensing operators of buses, coaches and lorries is to ensure road safety and fair competition by ensuring that operators have the financial resources and management systems to ensure that their vehicles are adequately maintained, not overloaded and their drivers are not over tired because of breaking drivers' hours laws.
7. The EC has found current rules in respect of some aspects of licensing of operators of HGVs and PSVs inadequate because of a lack of consistency in the way that they are applied across Member States, resulting in unfair competition and issues around compliance and road safety. Intervention at EU level is necessary to provide the clarity and consistency required to address these problems given that this is a transnational issue. Intervention is then required at the UK level in order to implement, enforce and monitor the new regulations.
8. The objective of this intervention is to ensure that consistent standards are applied and enforced across the EU. The intended effects are to: create a more level playing field for international transport operations across the EU and reduce distortion of competition; raise the professional standards of the industry's transport managers; reduce the administrative burdens on regulators, enforcers and operators; enhance compliance with safety, social and technical rules; and, lessen the environmental impacts of road transport, notably through reducing empty running. To do this the EU has introduced a package of measures (the Road transport Package). This package is dealt with more fully in the Impact Assessment at reference 3.
9. One element of the package requires a National Register (NR) containing information about operators of lorries buses and coaches, which would provide the base information needed by various elements of the package. Much of the data is already held by VOSA on behalf of the Traffic Commissioners and it is more cost-effective to build on this existing data rather than duplicate it.
10. The changes to the database to hold the additional information required, and the collection and maintenance of that data mean extra costs for VOSA. VOSA is unable to absorb this extra cost and must therefore increase fees to pay for the National register. Since the fees are set in secondary legislation and VOSA is a Government Trading Fund, this can only be achieved by Government intervention.

Policy objective

11. The objectives of the fee changes proposed in this IA are to fund the National Register; and to ensure that the fees charged for particular services cover the costs of those services and are proportionate to the cost of providing the class of service concerned.
12. The objective of the National Register is to provide standardised information to support processes to ensure that consistent standards on operator licensing are applied and enforced across the EU. The intended effect of those processes is to create a more level competitive playing field for transport operations across the EU; raise the professional standards of the industry's transport managers; reduce the administrative burdens on regulators, enforcers and operators; enhance compliance with safety, social and technical rules; and, lessen the environmental impacts of road transport, notably through reducing empty running. The requirement for the NR and the processes is contained in EU Regulations (1071/2009/EC, 1072/2009/EC and 1073/2009/EC). More detail on this can be found in the Impact Assessment at reference 3. The fee change itself will not affect operator behaviour. However, without the National register, the benefits detailed in the Impact Assessment at reference 3 cannot be obtained.

Options Considered

13. If nothing were done the UK would be at risk of fines should the European Commission instigate infraction proceedings. . There would also be a reputation risk to the UK since the UK supported the Road Transport Package as a means of creating fairer competition; raising the professional standards of the industry's transport managers; reducing the administrative burdens on regulators, enforcers and operators; and enhancing compliance with safety, social and technical rules. In practice, "do nothing" is not an option since the UK is required by EU Regulations to implement a National register.
14. The following options have been considered:
 - Create a National Register funded from taxation; and
 - Create a National Register funded from fees charged to those authorised (or applying to become authorised) to operate Heavy Goods Vehicles (HGVs); and buses and coaches, known as Public Service Vehicles (PSVs).
15. However, the option to create a National register funded from taxation was not pursued. Funding of the register has followed the existing policy of VOSA / DfT that the costs of VOSA services are covered by fees unless the agency is requested to carry out specific work by the Department that falls outside the scope of its statutory services.
16. Therefore, the only policy option considered in this impact assessment is a National Registered funded from fees (Option 1). However, within this option, there are a number of sub-options on which individual fees should contribute to the cost of the NR, such as whether to include 'restricted licences' and applications for 'variations' within the contributing pool.

Costs and benefits of Option 1

Direct impact on business and One In One Out (OIOO)

17. The direct cost to business of the additional fees to pay for the National Register has been estimated at around £177,000 per year over the 5 year transition period and around £54,000 per year in subsequent years.
18. The National Register is being created to comply with EU law. As such, it is exempt from OIOO.

Costs of Option 1

19. The business case for the project to create and operate the national register estimates the cost of setting up the National Register at £676,000. The estimate is based on our understanding at the time of preparing this IA of the scope of changes which would be needed and comprises:
 - an estimated capitalised cost, written off over 5 years, of £258,000 for
 - changes to the existing Operator Licensing Business System software and hardware to collect the additional data needed;
 - implementing connections to other systems (e.g. Courts) to enable more thorough and efficient checks of repute of transport managers; and
 - software development and hardware for the National Register database itself to pull together the data from the various sources
 - an estimated £377,000 for project management and collection and entry for the additional data on existing operators and their transport managers; and
 - an estimated £41,000 interest on the loan to cover the above costs until they can be recouped via fee income.
20. These costs are treated as "transition" costs in the "Summary: Analysis and Evidence and spread over 5 years. Five years was chosen as the transition period as being the fairest way to spread the cost across the industry because some of the fees which are being increased to cover these transition costs are paid once every 5 years.

21. The ongoing costs of collecting entering the additional data and maintaining the National Register are estimated at £6,000 in maintenance costs for the additional software and hardware (20% of capital cost of system changes); and staff costs to keep the additional data current of £6,000 in year 1, £30,000 in year 2 and £48,000 per year (2 FTEs at VOSA level 2) thereafter giving an average annual cost over the 10 year evaluation period of £48,000. Cost of staff engaged on data maintenance ramp up over the initial period as work moves from the initial data collection and entry phase covered in the transitions costs above to business as usual. These costs are treated as “average annual” costs. This estimate is based on estimates of the cost of work involved in collecting the data, entering it on the register, updating the data over time and additional charges from VOSA’s Information Technology supplier for the ongoing maintenance of the enhanced system.
22. Thus, the total additional revenue needed by VOSA in each of the first 5 years is estimated as £177,000 and the total additional annual revenue needed in subsequent years is estimated at £54,000. The transition costs will drop out of the costs included in calculating fees at the end of the 5 year period.
23. The fees over which this cost is spread cover the costs of:
 - determining applications for licences or to vary licences;
 - maintaining the operator licensing system; and
 - action by Traffic Commissioners to encourage operators to continue to comply with their legal obligations and take action to secure improvement or limit or remove the licences of operators who do not appear to meet the required standards.
24. Within Option 1, there are sub-options on how this cost is divided up amongst the potential pool of fee payers (the more in the pool the lower the percentage increase in fees that would be needed). However, the estimated total costs to industry (which is shown on the ‘Summary: Analysis and Evidence’ sheet) would remain the same regardless of which sub-option is selected, so separate summary sheets have not been produced for the individual sub-options.
25. Although both HGV and PSV licences have *standard* and *restricted* licences, the criteria differ. For HGVs the distinction is whether other people’s goods are carried, but there are no restraints on fleet size. *Restricted* HGV licence holders range from farmers with a single vehicle to move their own produce to large fleets operated by food retailers. *Standard* licences would range from the farmer with a single vehicle who also wanted to carry his neighbour’s produce to large multi-national haulage contractors. For PSVs, *restricted* licences only allow the use of up to 2 vehicles. Normally each vehicle cannot carry more than 8 passengers, but in if used “otherwise than in the course of a passenger carrying business” or “by a person whose main occupation is not the operation of public service vehicles adapted to carry more than 8 passengers” vehicles can accommodate up to up to 16 passengers. *Restricted* licences are held by businesses such as hotels and car park operators who operator 1 or 2 courtesy buses, so holding a *Restricted* PSV licence is no indication of business size.
26. It would be possible for different sub-options to be applied for HGVs and PSVs. However, as there are over 90,000 HGV licences in issue compared to around 9,000 PSV licences, by far the largest influence on the percentage change to fees in the contributing pool is the HGV option.
27. The following sub-options on which fees to include in the pool of fees from which the costs are recovery are:
 - a. *standard* licences only – fees for *application* for standard licences and those charged on *grant* of licences and every 5 years thereafter on *continuation* of the licence;
 - b. *standard* licences plus *variations* – as sub-option ‘a’ but with the addition of fees for applications for *variation* of specified conditions on licences in force;
 - c. *all* licences – as sub-option ‘a’ but including both *standard* and *restricted* licences; and
 - d. *all* licences plus *variations* – sub-option ‘b’ but including both licence types – this is the preferred option.
28. To raise £177,000 per year, our estimates are that under Sub-option ‘a’ we would need to increase the estimated income of around £4.8 million from fees within the pool by about 3.7%. To raise the same amount under Sub-option ‘d’ we would need to increase fees within the wider pool with an estimated income of about £11.1 million by about 1.6%. Other options would fall between the two illustrated above.

29. Annex 1 illustrates the estimated impact of the preferred sub-option on individual fees. It should be noted that the percentage change to individual fees would vary from that quoted above because fees are rounded to whole pounds.
30. For PSVs the picture is more complex, since part of the cost of operator licensing is funded from a small element on PSV annual test fees. In practice, because VOSA rounds the fees it charges to whole pounds, the small adjustment to test fees to fund the National Register would not affect the fee actually charged. This, and the interaction with other proposed fee changes, is explained more fully in paragraph 36 below. Annex 1 therefore only illustrates the effect on operator licence fees.
31. As an example, Annex 2 illustrates the calculations used to estimate the overall fee burden on HGV operators of the preferred option and to relate that to their overall operating costs. This takes account of the fact that grant/continuation fees for HGVs cover a 5 year period and includes an element for the proportion of new operators (who pay application fees) and of existing operators who pay variation fees. The estimates suggest that for the preferred option (sub-option 'd') the overall annualised burden of fees would increase by £1.69 per operator on average in 2011/12. For the operator of a single HGV vehicle, the estimates suggest this change would add about 0.8% to the average annualised fees paid to VOSA in 2011/12, including vehicle test fees. However, based on operating cost data published by the Road Haulage Association at the beginning of 2010, this represents about 0.003% of their total vehicle operating cost.
32. Only HGV impact can be modelled since public domain data on PSV operating costs is not available; however, VOSA have no reason to believe that the effect on PSV operators would be significantly different.

Benefits of Option 1

33. The National Register is a tool to enable the larger package of measures contained in the EU Road Transport Package. The impact of the overall package is assessed in a separate Impact Assessment which has been published in a recent DfT consultation which can be found at reference 3. The benefits of the overall package could not be delivered without the NR. The monetised benefits are summarised as follows: *"Improved compliance/ safety of foreign registered haulage vehicles would be expected to lead to a reduction in the number of fatal accidents that this type of vehicle is involved in. The main difference between the best estimate and high scenarios in terms of benefits is that the assumed reduction in the number of accidents is greater in the high than in the best-estimate scenario during the first 3 years. After that the assumed reduction is the same (10%, i.e., 3.5 fatalities) and, therefore, benefits are very similar."*

Consultation responses and chosen sub option

34. A public consultation on VOSA's 2011 fee proposals, which took place in June and July 2011, included several questions on which sub-option should be adopted. Some consultees considered that the National Register should be tax funded but such funding was not available. Of the available options, the majority of respondents favoured sub-option "d", which spreads the costs as widely as possible to minimise the change for individual fee payers. In light of this response sub-option "d" is to be adopted.

Other proposed changes in fees in 2011/12 not included in this IA

35. VOSA is also consulting on two other changes to some fees which would affect the cost of vehicle operation. These other proposals are explained in separate IAs (references 4 and 5). Together with the proposal in this IA, they make up the proposed changes from VOSA's review of fees for 2011/12. The table below indicates which changes affect which fees.

	VOSA fees in GB		
	VOSA / non-VOSA differentials (IA reference 4)	National Register funding (this IA)	PSV O licence application equalisation (IA reference 5)
PSV O Licence		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
PSV Test	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
RPC (reduced pollution certificate)	<input checked="" type="checkbox"/>		
Low Emission Certificate	<input checked="" type="checkbox"/>		
Voluntary checks	<input checked="" type="checkbox"/>		
HGV O Licence		<input checked="" type="checkbox"/>	
HGV Test (including notifiable alterations)	<input checked="" type="checkbox"/>		
Overall change to business costs – assuming constant volumes (£k per year)	0	177	0

36. For HGVs, changes in annual test fees to reduce the cost of tests at non-VOSA facilities and increase the cost of tests at VOSA test facilities are also proposed. These changes would have no direct impact on operator licence fees but would affect testing costs for operators either directly or indirectly by reducing costs for tests carried out at non-VOSA test facilities and increasing costs at VOSA facilities. The effects of the test fee changes are detailed in the IA at reference 4. Assuming that the preferred option on test fees is adopted and that the preferred sub-option in this IA is adopted, it is estimated that the combined effect of the 2 changes on the average fee bill for the operator of a single 7.5 tonne lorry would be:

- a reduction of 47p per year (0.001% of operating costs) if the vehicle was tested at non-VOSA test facilities; or
- an increase of £5 per year (0.009% of operating costs) if tested at a VOSA test facility.

These estimates include the effect of average test failure rates; proportion of new licence applications and proportion of applications for variation of conditions on licences. If other sub-options on the distribution of the cost of the National Register were adopted, the effect on individual operators would be reduced, but a larger number of operators would be affected.

37. For PSVs the situation is more complex:

- It is proposed to reduce the fees for annual tests conducted at non-VOSA test facilities and increase fees for tests at VOSA facilities in the same way as HGVs. This is explained in the IA at reference 4.
- A small element of the PSV test fee (£3.20) contributes to funding PSV operator licensing. Thus, the increase in fees to fund the national register of licensed operators of goods vehicles, buses and coaches covered in this IA would affect the calculation of fees for full PSV tests – increasing the licensing element by 5p to £3.25, although in all cases the effect on the fees actually charged would be lost because the fees charged are rounded to whole pounds.
- Changes are also proposed to application fees for standard and restricted PSV operator licences to reflect more correctly the cost of processing applications. These proposed changes are explained more fully in the IA at reference 5. Under the preferred option, the application fees would be equalised. For completeness, Table 2 of Annex 1 shows the combined effect of both changes.

- Because of this complexity and the lack of data on mix of vehicles within fleets, it is difficult to produce a meaningful estimate of the effect on individual operators. Indicative estimates of the combined effects of all three changes are that the average annual fee bill for the operator of one small PSV on a restricted licence would increase by between £4 (if tested at a non-VOSA test facility) and £10 (if tested at a VOSA test facility) and that the average annual fee bill for the operator of one large PSV on a standard licence would either decrease by £6 (if tested at a non-VOSA test facility) or increase by £1 (if tested at a VOSA test facility).
- The lack of public domain data on operating costs means that it is not possible to estimate the impact on their overall operating costs, but to put these changes into perspective, even the largest increase is the equivalent of less than 8 litres of Diesel at September 2011 forecourt prices.

Policy review

38. A Post Implementation Review of the Road Transport Package as a whole will be conducted as detailed in the consultation at reference 3. The level of fees charged is reviewed annually as part of VOSA's financial management process.

Specific Impact Tests

Equality assessment

39. The proposed policy is a change to fee levels. It would not change who has access to services, how they access those services or how they communicate with the Agency. Thus the changes would have no effect on statutory equality duties.

Competition assessment

40. The proposed changes would not directly or indirectly limit the number or range of suppliers, limit the ability of suppliers to compete or reduce suppliers' incentives to compete vigorously. Therefore, a full competition assessment has not been carried out.

Small firms impact test

41. The changes covered by this Impact Assessment are related to the use made of the services provided and do not change the extent to which businesses are required to use the services. Fees are charged per transaction regardless of business size since business size has little influence on the cost of providing the service. Indicative estimates in this impact assessment (see Annex 2) suggest that the worst case impact of the preferred sub-option would be to increase total vehicle operating costs (for the operator with a standard licence and a single 7.5 tonne HGV tested at VOSA test facilities) by about 0.003%. This is a minute proportion of the cost of operating even a single vehicle, so it is not considered that this would have a significant impact on small businesses. Small businesses and their representative bodies will be specifically informed of the consultation on the proposed changes.

Greenhouse gas impact assessment

42. These fee changes would have no effect on greenhouse gas emissions.

Wider environmental impact assessment

43. The fee changes proposed would have no predictable effects on wider environmental issues.

Health and wellbeing impact assessment

44. The fee changes proposed would have no effect on health or wellbeing.

Human rights

45. The proposals would have no human rights impact.

Justice impact test

46. The proposals would have no impact on the justice system.

Rural proofing

47. The proposals would have no significant impact on rural areas.

Sustainable development

48. The proposals would have no significant effect on sustainable development.

ANNEX 1 – PROPOSED FEES

HGVs – only operator licence fees would be affected by proposed changes to fund the National Register.

HGV O Licence Fees under the Goods Vehicles (Licensing of Operators) (Fees) Regulations 1995 (SI 1995/3000)

Fee Description	2010 Fee Unrounded	2010 Fee Rounded	2011 Fee Unrounded	2011 Rounded fee	Overall % change
Application	£249.90	£250.00	£253.90	£254.00	1.6%
Grant of Licence	£390.60	£391.00	£396.85	£397.00	1.5%
Continuation of Licence	£390.60	£391.00	£396.85	£397.00	1.5%
Interim Licence issue	£66.15	£66.00	£67.21	£68.00	3.0%

PSVs – operator licence fees will also be affected by the proposed changes to equalise application fees for *standard* and *restricted* PSV operator licence fees detailed in a separate Impact Assessment (paragraphs 34 & 36 and reference 5). **Table 1** below shows what the effect on these fees would be if only changes in the preferred sub-option for funding the national register were adopted and are shown for illustrative purposes only. **Table 2** below shows the effect when both changes are implemented and are the proposed fees which will actually be charged. As costs of ongoing maintenance of PSV licences are funded via PSV test fees (paragraphs 30 and 36) the NR funding will have a theoretical effect on PSV test fees. In practice this effect is lost in rounding fees to whole pounds.

PSV O Licence Fees under the Public Service Vehicles (Operators' Licences) (Fees) Regulations 1995 (SI 1995/2909)

Fee Description	2010 Fee Unrounded	2010 Fee Rounded	2011 Fee Unrounded	2011 fee rounded	% change	Change from rounded fee in 2010
Application - Standard Licence	£235.20	£235.00	£238.96	£239.00	1.7%	£4.00
Application - Restricted licence	£155.40	£155.00	£157.89	£158.00	1.9%	£3.00
Variation application - all licence	£118.65	£119.00	£120.55	£121.00	1.7%	£2.00
Application - special licence	£60.90	£61.00	£60.90	£61.00	0.0%	£0.00
Continuation - special licence	£60.90	£61.00	£60.90	£61.00	0.0%	£0.00

Table 1 – PSV operator licence fees without the effect of application fee equalisation

Fee Description	2010 Fee Unrounded	2010 Fee Rounded	2011 Fee Unrounded	2011 fee rounded	% change	Change from rounded fee in 2010
Application - Standard Licence	£235.20	£235.00	£205.96	£206.00	-12.3%	£-29.00
Application - Restricted licence	£155.40	£155.00	£205.96	£206.00	32.9%	£51.00
Variation application - all licence	£118.65	£119.00	£120.55	£121.00	1.7%	£2.00
Application - special licence	£60.90	£61.00	£60.90	£61.00	0.0%	£0.00
Continuation - special licence	£60.90	£61.00	£60.90	£61.00	0.0%	£0.00

Table 2 – PSV operator licence fees including the effect of application fee equalisation

ANNEX 2 – Evaluation of Impact on HGV operators

This Annex shows the data used and result of calculations of the effect of increases to HGV operator licence fees to fund the National Register on the total amount paid in fees to VOSA and on the overall operating costs for HGV operating businesses of various sizes. To provide clarity on the effects of the operator licence fees which are the subject of this Impact Assessment, test fees are assumed not to change in this comparison.

Part 1 shows the source data. Per annum (PA) vehicle operating costs are taken from data published by the Road Haulage Association at the beginning of 2010 – they represent average costs. However, these costs will obviously vary depending on the business model of individual operators. It has not been possible to carry out modelling of the effect on PSV operators because we have been unable to obtain equivalent data on PSV operating costs.

Part 2 shows the estimated impact of the National Register on operating costs under the preferred sub-options (sub-option 'd').

A spreadsheet showing the detailed calculations is available on request from the contact mentioned on the first page of this Impact Assessment.

Part 1: Source data

Vehicle operating costs & fleet mix

per vehicle, vehicle operating costs

Type	Proportion of fleet	Total Operating Costs			
		Source: Road Haulage Association "Cost tables 2010"			
		Time PA	Mileage costs	Miles PA	Total PA
		£	p	Miles	£
7.5t 2 axle rigid	34%	£41,655	35.4	45,000	£57,585
13t 2 axle rigid	7%	£46,950	40.9	45,000	£65,355
18t 2 axle rigid	15%	£52,825	47.1	50,000	£76,375
26t 3 axle rigid	10%	£60,770	59.8	50,000	£90,670
32t 4 axle rigid tipper	6%	£66,245	72.4	50,000	£102,445
32 - 33t 2 + 2 axle artic	3%	£65,114	61.2	60,000	£101,834
38t 2 + 3 axle artic	5%	£72,762	67.9	70,000	£120,292
44t 3 + 3 axle artic	20%	£79,407	75.4	70,000	£132,187

Fleet mix derived from DfT publication "Transport Statistics Great Britain 2009 Edition" – Tables 9.6 & 9.8

Data to enable calculation of average testing costs

Failure rates (from 2010/11 VOSA business plan)			
Motor vehicles	15.6%	Trailers	15.0%

MV to Trailer ratio	2.01	Artic tractors	119,400	From Transport Statistics GB, 2009 edition (table 9.8)
		Trailers	240,100	From Transport Statistics GB, 2009 edition (table 9.9, 2008/09)

Test fees by vehicle type

To illustrate the effects of NR funding in isolation changes to test fees differentiate between test locations have been ignored.

Vehicle	2 axle motor vehicle			3 axle motor vehicle			4 axle motor vehicle		
	Test	retest	average veh	Test	retest	average veh	Test	retest	average veh
2010	£95.00	£38.00	£100.94	£120.00	£53.00	£128.29	£145.00	£70.00	£155.94
2011	£95.00	£38.00	£100.94	£120.00	£53.00	£128.29	£145.00	£70.00	£155.94
Trailer	2 axle trailer			3 axle trailer					
	Test	retest	average veh	Test	retest	average veh			
2010	£57.00	£27.00	£61.04	£68.00	£36.00	£73.39			
2011	£57.00	£27.00	£61.04	£68.00	£36.00	£73.39			

O licence per licence fees

Volumes from 2010/11 Business Plan

Licences in issue	91,950	Variations per year	6,250
New applications PA	5,000	Continuations PA	14,500

	New App	Grant / Cont (5 years)	Variation	Average
2010	£250.00	£391.00	£250.00	£108.79
2011	£254.00	£397.00	£254.00	£110.48
Change	£4.00	£6.00	£4.00	£1.69

Part 2: Estimated impact on operating costs

Total VOSA charges and changes per operating business

	Operator business size							
	Micro (1 x 7.5t rigid)		Small (4 mixed MVs + artic)		Medium (10 mixed MVs + artic)		Large (250 mixed MVs + artic)	
	Fee 2011	Change from 2010	Fee 2011	Change from 2010	Fee 2011	Change from 2010	Fee 2011	Change from 2010
Average VOSA charge	£211.42	£1.69	£689.16	£1.69	£1,552.08	£1.69	£38,568.68	£1.69
% of cost	0.367%	0.003%	0.213%	0.001%	0.187%	0.000%	0.179%	0.000%