

**EXPLANATORY MEMORANDUM TO THE
MOTOR VEHICLES (TESTS) (AMENDMENT) REGULATIONS 2005**

2005 No. 1832

1. This explanatory memorandum has been prepared by the Department for Transport and is laid before Parliament by Command of Her Majesty.

This memorandum contains information for the Joint Committee on Statutory Instruments.

2. **Description**

These Regulations increase the fees prescribed by regulation 20 of the Motor Vehicles (Tests) Regulations 1981 for the mandatory annual examination of certain motor vehicles to ensure that they are roadworthy. Such examinations are commonly known as “MOT tests”. They also amend the fee prescribed by regulation 23 for duplicate test certificates for motor bicycles without a side car.

3. **Matters of Special Interest to the Joint Committee on Statutory Instruments**

3.1 The increases to the MOT test fees for cars and other light vehicles (except motorcycles and motorcycles with sidecars) tested at privately owned test stations are all broadly in line with the Treasury forecast inflation rate for 2005/2006. The increases range from 2.4% to 4.9%; the percentage increase for each fee is shown in the explanatory note. The differences are due to small increases in the average time taken to test some classes of vehicles as a result of increases in the proportion of catalyst equipped vehicles within the total fleet for that vehicle class.

3.2 The test fees for motorcycles and motorcycles with sidecars have increased by 53% and 19% respectively. The increases are due to the results of a timing exercise which found that, on average, it takes 13 minutes longer for garages to carry out a motorcycle MOT test compared with the time taken five years ago, when the last test timing exercise on motorcycles was undertaken. The increase in time needed to test a motorcycle is due to the construction of modern motorcycles which tend to have panels covering the mechanical components that need to be removed before the test can start and additional items being added to the test, such as, a check of the clutch lever, throttle control, fuel systems, vehicle identification numbers and registration numbers. If the same calculations were used to devise the new fee for motorcycle and sidecar combinations, the fee would by far exceed the fee for three-wheeled vehicles which does not seem justified. As such the fee for motorcycle and sidecar combinations was capped at the same as that for tricycles (£30.40). Although the percentage increases in the fees for

motorcycles and motorcycles with sidecars appear significant, the actual fee for the MOT test is a very small proportion of the annual cost of running a motorcycle.

3.3 Public service vehicles (buses) are tested exclusively by the Vehicle and Operator Services Agency (VOSA). Fee increases for these vehicles will be implemented by separate Regulations.

4. Legislative Background

4.1 These Regulations are made under sections 45 and 46 of the Road Traffic Act 1988 and by virtue of the Department of Transport (Fees) Order 1988.

4.2 Under the Road Traffic Act 1988 it is an offence for certain motor vehicles to be used on the road unless they have been issue with a MOT test certificate within the previous 12 months or time period prescribed. The test certificate is only issued if the vehicle has been examined and found to meet certain requirements relating to its construction and condition, and to its accessories and equipment, and the condition of the vehicle is not such that its use on the road poses a danger. As a result most motorists are required to submit vehicles over a prescribed age at least once a year for examination.

5. Extent

These Regulations extend only to Great Britain. They do not apply in Northern Ireland.

6. European Convention on Human Rights

Not applicable. These Regulations are subject to negative resolution of procedure and do not amend primary legislation.

7. Policy Background

7.1 The increased fees introduced by these Regulations ensure that MOT test fees adequately cover the cost to private garages of providing an MOT testing service. Without such increases a number of garages would be unable to meet the costs of their overheads and could decide to opt out of the MOT testing scheme.

7.2 There were 17 responses to the consultation. The majority of those responses (12), from organisations representing garages and the motoring trade, expressed agreement to the proposal to increase MOT testing fees. The remaining responses were from members of the public, who expressed either total opposition to the proposed increases, or partial opposition in respect of the proposed increases in excess of the rate of inflation. The Department will respond to the issues raised in the Government Response to the Consultation.

7.3 The Minister has made a commitment to the Trade to review MOT fees by 1st August each year

8. Impact

8.1 A regulatory impact assessment on the effect that these Regulations will have on the costs of business has been prepared and a copy is attached. The information set out in the regulatory impact assessment was included as part of the consultation document, but was not formulated into a formal regulatory impact assessment document. The regulatory impact assessment document has now been prepared so as to assist interested parties in understanding the policy objective for the increased testing fees.

8.2 The impact on the public sector will be in relation to businesses, charities and voluntary organisations that run or hire out motorcycles and motorcycles with sidecars.

9. Contact

9.1 The official within the Department for Transport who can be contacted with any queries on the Regulations is David Briggs, Licensing Roadworthiness and Insurance Branch 2, Department for Transport, Southside, 105 Victoria Street, London, SW1E 6DT; telephone 020 7944 2453; e-mail david.briggs@dft.gsi.gov.uk

REGULATORY IMPACT ASSESSMENT

1. TITLE OF PROPOSED MEASURE

Motorcycle MOT Fee Increases – The Motor Vehicles (Tests) (Amendment) Regulations 2005

2. ISSUE AND OBJECTIVE

Issue

- 2.1 Motorists are under a statutory obligation to submit their vehicles for periodic roadworthiness tests. The purpose of the test is to ensure that cars, light goods vehicles and motorcycles are checked at least once a year to ensure that they are in a roadworthy condition. In other words, that they comply with the key performance requirements in the Road Vehicles (Construction and Use) Regulations 1986 and the Road Vehicles Lighting Regulations 1989. A fee is paid by the motorist for the test. The test also covers a number of other items related to traffic enforcement, environmental performance and the prevention of car crime.
- 2.2 This Regulatory Impact Assessment has been carried out in relation to an amendment to the Motor Vehicles (Tests) Regulations 1981 to increase the maximum chargeable MOT test fee for motorcycles (from £15.55 to £23.80, a 53% increase) and motorcycles with side cars (from 25.45 to £30.40, a 19% increase). All other MOT classes of vehicle will be increased largely in line with inflation and so such increases will be catered for in businesses' annual costs forecasts. As such, they will not be covered by this RIA.

Objective

- 2.3 To set the maximum level of test fees payable by the motoring public ensuring they strike the right balance between the costs to industry, the burden on the customers and the desire to maintain the highest possible standards of road safety and vehicle roadworthiness.

3. BREAKDOWN OF CHANGES

Factors Affecting the Fee Increase

- 3.1 It is now necessary to amend the levels of maximum MOT fees for motorcycles and motorcycles with sidecars to take account of:

Inflation

- 3.2 The rate of inflation is 2.5%.

Test Timing Exercise

- 3.3 A timing exercise was recently carried out by the Vehicle and Operator Services Agency (VOSA) to determine the average time it takes to conduct a MOT test for motorbikes and motorbikes with sidecars. The additional time taken to carry out these tests has been factored into the proposed fee increases for these classes of vehicles.
- 3.4 The last test timing exercise for motorbikes was undertaken in 1999-2000. That exercise established that the standard test time for the average motorcycle MOT test was 24 minutes. Since then, however, some additional items have been added to the test – additional checks of the clutch lever, throttle control, fuel systems, vehicle identification numbers and registration numbers, for example. The construction of some modern bikes which have panels covering the mechanical components, has also added to the time it takes to conduct a MOT test. As such, a further test timing exercise was undertaken by VOSA earlier this year. The results showed that the average time to conduct a motorcycle test is now 37 minutes, an increase of 13 minutes. The fees for motorcycles and motorcycles with sidecars have therefore been adjusted accordingly.

4. **RISK ASSESSMENT**

- 4.1 In the context of these Regulations, there is no perceived hazard, or situation, which could lead to any harm or detriment to any organisation or individual.
- 4.2 If we did not amend the current fee, it would not adequately cover the cost of the motorcycle MOT test. Many garages would be unable to cover their overheads. This could lead to a number of garages opting out of motorcycle MOT testing.

5. **OTHER OPTIONS**

- 5.1 Only one realistic option has been identified (given the risk (see above) of not amending the regulations):

Option

- 5.2 To increase the 2005/06 fee levels from 1 August 2005 by the Treasury forecasted rate of inflation (2.5%), as well as an amount to take account of the additional time it takes to conduct a motorcycle and motorcycle with sidecar MOT test.

6. **IDENTIFY THE BENEFITS**

- 6.1 The proposed fee increases should enable motorcycle MOT garages to cover their expected costs in 2005/06.

7. **ISSUES OF EQUITY OR FAIRNESS**

- 7.1 The proposed measure would impact proportionally across the whole industry and the motoring public. The fees are set in a way that reflects the average amount of time taken to conduct a MOT test for motorcycles and motorcycles with sidecars.

- 7.2 The likely burden on small businesses is not considered to be any more onerous, in relation to size, than it would be for larger businesses; although it is recognised that small operators are unable to avail themselves of the opportunities for economies of scale from which larger operators can benefit.

8. **COMPLIANCE COSTS FOR BUSINESS, CHARITIES AND VOLUNTARY ORGANISATIONS**

Business Sectors Affected

- 8.1 This regulation may affect charities and voluntary organisations but not more so than anyone else who runs a motorcycle.

- 8.2 The main business sectors affected will be those that:

- run motorcycles or motorcycles with sidecars;
- hire out motorcycles or motorcycles with sidecars of MOT testable age.

- 8.3 Users of motorcycles and motorcycles with sidecars will also be affected by an increase to the MOT fee.

Compliance costs for a typical business

- 8.4 The requirement to meet prescribed roadworthiness standards has been in force since 1961 and should feature in businesses' projected costs.

- 8.5 A small courier business with, for example, ten motorcycles on its books can expect to pay an additional £82.50 per annum in testing fees; i.e. the cost of having one of its motorcycles tested will rise from £15.55 to £23.80 – an increase of £8.25.

- 8.6 Although the percentage increase in the motorcycle fee may seem significant, the actual fee for the MOT test is only a very small proportion of the annual cost of running a motorcycle.

8.7 Many MOT garages offer discounted test fees and it is likely that some will choose not to pass the increases onto the customer.

9. **CONSULTATION WITH SMALL BUSINESS: “THE LITMUS TEST”**

9.1 The Department holds liaison meetings with all of the main MOT trade associations in addition to a number of trade and business members. The Small Business Service (SBS) has been informed of the proposals set out in this document and a copy of the consultation has been sent to them.

10. **COMPETITION ASSESSMENT**

10.1 We have considered the market for MOT services and assessed that the proposed option would have no impact on competition as it is maintaining the current regime.

10.2 Many garages charge less than the statutory maximum fee in order to undercut competitors. This is good for consumers. However, in rural areas where there are a limited number of MOT stations, there will be little competition for custom. It is more likely, therefore that the statutory maximum fee will be charged in these areas.

11. **IDENTIFY ANY OTHER COSTS**

11.1 No other costs have been identified.

12. **CONSULTATION**

12.1 The Department has carried out a consultation exercise with interested parties, including motoring organisations, representatives of the garage trade and consumer groups.

12.2 Only 6 responses relating specifically to the MOT fee increases for motorcycles were received. The Retail Motor Industry Federation and two motorcycle MOT garages welcomed the proposals while Eastleigh Borough Council and a private individual thought that the fee increases for motorcycles were too high. The Federation of British Historic Vehicle Clubs thought that the increases in the motorcycle MOT fees should not apply to older vehicles.

13. **SUMMARY AND RECOMMENDATION**

13.1 There are significant benefits that continue to accrue from motorcycle MOT testing, against relatively low compliance costs for the motoring public and businesses. It is recommended that the proposal is adopted, and that legislative backing is given to the proposed fee increases.

14. **ARRANGEMENTS FOR MONITORING AND REVIEW**

14.1 Monitoring and review of costs are being undertaken through feedback during the consultation process and through the regular liaison meetings that the Department and VOSA hold with the industry.

15. **CONTACT POINT**

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DECLARATION

I have read the Regulatory Impact Assessment and I am satisfied that the benefits justify the costs.

S J Ladyman

Signed by the responsible Minister:

Date:

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**Dr Stephen Ladyman
Minister of State
Department for Transport**