

EXPLANATORY MEMORANDUM TO
THE MOTOR VEHICLES (TESTS) (AMENDMENT) REGULATIONS 2009

2009 No. 643

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

This memorandum contains information for the Joint Committee on Statutory Instruments (paragraphs 3 and 7.5)

2. **Purpose of the instrument**

2.1 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 at the time they are presented for examination. Such examinations are commonly known as “MOT tests”.

2.2 The Regulations also increase the charge that authorised MOT test stations pay to the Vehicle and Operator Services Agency (VOSA) to enable VOSA to cover its costs in supervising and administering the MOT scheme.

3. **Matters of special interest to the Joint Committee on Statutory Instruments**

MOT Test Fee

3.1 The increases to the MOT test fees mostly affect light vehicles tested at privately owned MOT test stations (garages authorised to carry out MOT tests). These vehicles range from motorcycles (including those with sidecars), through to cars, and goods carrying vans up to 3.5 tonnes carrying weight. However the test fees also cover private passenger vehicles with 13 or more passenger seats and these are actually tested at VOSA test stations. The classes of tested vehicles that are excluded from these regulations are goods vehicles in excess of 3.5 tonnes and public service vehicles (buses). Both of these vehicle classes are tested exclusively by the Vehicle and Operator Services Agency (VOSA). Fee increases for the testing of these vehicles would be implemented by separate Regulations.

3.2 The proposed increases in the fee maxima for all the vehicle classes covered by these Regulations are around 1.5% (although the final figures are rounded to the nearest 5 pence) as set out in the Impact Assessment. The fees increase is to take account of the forecast rate of inflation for the period from April 2009 to end March 2010.

Slot Fee

3.4 VOSA, acting on behalf of the Secretary of State, recovers the cost of administering and supervising the MOT scheme by charging a fee (referred to as the “slot fee”) to MOT test stations. The fee is the charge each test station will incur when entering a MOT pass result onto a central computer database (“entries in the electronic record”). The slot fee charge is only made when the vehicle passes the MOT test and the cost is passed on to motorists as part of the prescribed maximum MOT fee.

3.5 The proposed increase to the slot fee covered by these Regulations is £0.15, an increase of 8 %. Siemens Business Services (SBS), the external service provider,

charge VOSA for each MOT test pass in order to cover its costs in providing the MOT computerised system. The increase is therefore needed to allow VOSA to cover its MOT related costs including the payments made to SBS.

3.6 The actual fee for an MOT test is a very small proportion of the general costs of running a vehicle which include fuel, vehicle excise duty and insurance. The next fee maxima revision is expected to be from April 2010.

4. Legislative Context

4.1 These Regulations are made under sections 45 and 46 of the Road Traffic Act 1988 and by virtue of the Department for 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 issued with a MOT test pass 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 specific requirements relating to its construction and condition, and to its accessories and equipment, and the general 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 an MOT examination.

5. Territorial Extent and Application

This instrument applies to Great Britain. It does not apply in Northern Ireland.

6. European Convention on Human Rights

As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

- *What is being done and why*

7.1 The increased fee maxima introduced by these Regulations are intended to enable MOT test fees to cover the costs of vehicle test stations in providing an MOT testing service. Without such increases in the fee maxima 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. This might then lead to some motorists having to drive further to find a testing station.

7.2 The increased slot fee should enable VOSA to continue to cover its costs in supervising and administering the MOT testing scheme.

7.3 The need to strengthen the check on registration plates in the MOT test in response to police and DVLA concerns that some motorists are evading ANPR and traffic enforcement camera detection by having non compliant plates on their vehicles. The proposal is to introduce additional registration plate checks at the MOT test because all vehicles will need an annual test once they have been registered for three years. The proposed additional checks will detect registration plates that have non compliances such as overprinted background effects, unacceptable flags and symbols or have the wrong colours or non reflective borders.

7.4 It is necessary to try and reduce the incidence of trailers becoming detached from their towing vehicles. While there are very few accidents of this kind in GB there is the potential for more serious accidents to occur. Furthermore EC directive 96/96 (in item 6.1.6 of annex II) requires a check of the trailer coupling mechanism. This check does not currently occur in the MOT scheme but is done in the test scheme for heavy commercial vehicles.

- **Consolidation**

7.5 The Department has started work on consolidating the Motor Vehicles (Tests) Regulations 1981. It is a major undertaking and at this stage it is difficult to provide a projected timescale when the consolidated Regulations will be completed.

8. Consultation outcome

8.1 In addition we have attached a summary of the consultation responses received to these proposals. Broadly 8 of the 15 responses were content with the proposals and 1 was critical. The rest offered no clear comment on this aspect of the consultation. Our responses to the points raised are set out in the final column of the attached table.

8.2 The impact on the public sector will be in relation to businesses, charities and voluntary organisations that run or hire out motor vehicles

9. Guidance

The consultation letter explained the effect of the proposals but as the increases in the fee maxima are an annual exercise businesses are aware of the implications and no specific guidance is required.

10. Impact

10.1 The impact on business, charities or voluntary bodies is minimal.

10.2 The impact on the public sector is minimal.

10.3 An Impact Assessment is attached to this memorandum to provide further detail.

11. Regulating small business

11.1 The legislation does not apply to small business in that it does not require them to do anything they are not doing already but it does affect them in that they may need to pay extra fees in having vehicles tested (as described in section 10 above).

11.2 One issue in the decision on what action to take was that an increase in fee maxima to allow for inflation will help small businesses that operate vehicle testing stations to cover their increased costs during a period of economic downturn.

12. Monitoring & review

As the fee maxima setting process is an annual one this will be ongoing.

13. Contact

The official within the Department for Transport who can be contacted with any queries on the Regulations is Rob Haggard, in the LRI Division, Department for Transport, Zone 2/09, 76 Marsham Street, Westminster, London, SW1P 4DR; e-mail rob.haggard@dft.gsi.gov.uk.

Summary: Intervention & Options

| | | |
|--|--|----------------------------|
| Department /Agency: Transport | Title: Impact Assessment of MOT fee increases | |
| Stage: Final | Version: Final | Date: 10 March 2009 |
| Related Publications: | None | |

Available to view or download at: dft.gsi.gov.uk

Contact for enquiries: Rob Haggart

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

Prescribed MOT fee maxima need to be increased in order to take account of the increased costs which MOT testing stations are likely to face over the next 12 months in providing an MOT test service to the public. A small part of the fee (about 3.5% of the total) is passed to the Department's Vehicle and Operator Services Agency (VOSA) in order to cover their costs in supervising the scheme – which includes the cost of payments to their contractor for providing and maintaining computerised support for the administrative aspects of the MOT scheme. Government intervention is necessary because MOT testing fees are prescribed in legislation.

What are the policy objectives and the intended effects?

The purpose of the statutory requirements for vehicle testing are to help ensure that motorists maintain their vehicles in a reasonable way so that they are safer to use on public roads and that pollution from vehicle emissions is minimised.

The objective in relation to fees is to ensure that the maximum fee levels strike the right balance between costs to industry, burdens on customers and the desire to maintain the highest possible standards of road safety and vehicle roadworthiness.

What policy options have been considered? Please justify any preferred option.

The option to leave fee maxima at current levels is unrealistic because that would be unfair to testing station operators and could force some out of business. A failure to provide for any increase would also leave VOSA unable adequately to administer and enforce the MOT scheme.

Only the preferred option of increasing VOSA's element of the fee by £0.15 and the net fee (ie: that part retained by the testing stations) by 1.5% has been pursued.

Only this option adequately covers the forecast effect of inflation and estimated increased costs to VOSA.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects? Fee maxima are generally reviewed every year, both to cater for the effect of inflation and also any changes to test content.

Ministerial Sign-off For Final Impact Assessments:

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister:

Jim Fitzpatrick

..... Date: 11th March 2009

Summary: Analysis & Evidence

Policy Option: 1

Description: Increase the fee maxima to allow for inflationary increases in costs to VTS and VOSA

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|--|---|------------|--|------------|
| COSTS | ANNUAL COSTS | | <p>Description and scale of key monetised costs by 'main affected groups' The average monetised cost is indicated by the fee increase table in the evidence base. There will be an increase in fees (on average £0.90 per motorist until the next annual review) which is broadly a zero increase in real terms. The most affected groups would be private motorists.</p> | |
| | One-off (Transition) | Yrs | | |
| | £ n/a | 0 | | |
| | Average Annual Cost (excluding one-off) | | | |
| | £ see text | 1 | Total Cost (PV) | £ see text |
| <p>Other key non-monetised costs by 'main affected groups' There would be no additional costs to any group (though testing station operators will face increased operating costs over the next year due to inflation effects). It is also important to remember that as they are a matter of private contract, many testing stations charge less than the maximum fees permitted.</p> | | | | |

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|--|--|------------|---|------------|
| BENEFITS | ANNUAL BENEFITS | | <p>Description and scale of key monetised benefits by 'main affected groups' The recently-published review of the MOT scheme indicates that the average net value of the MOT testing scheme to society is £4.5bn per annum. The fee increases proposed are necessary to help ensure that this level of benefit is preserved.</p> | |
| | One-off | Yrs | | |
| | £ n/a | 0 | | |
| | Average Annual Benefit (excluding one-off) | | | |
| | £ see text | 1 | Total Benefit (PV) | £ see text |
| <p>Other key non-monetised benefits by 'main affected groups' MOT testing stations would see an increase in revenue to help offset increased operating costs. Motorists should continue to enjoy a broadly similar choice of conveniently-located testing stations available to them.</p> | | | | |

Key Assumptions/Sensitivities/Risks The main risk would be that the proposed fee increases were not substantial enough resulting in some testing stations leaving the MOT scheme. If that were to happen motorists could face increased costs travelling to testing stations - which would also lead to a loss of personal time and extra environmental emissions. Conversely, if the proposed fee increase were to be too generous, some testing stations could choose to increase prices unnecessarily

| | | | | |
|-------------------------|------------------------|---|--|--|
| Price Base Year 2008 | Time Period Years 1 | Net Benefit Range (NPV) £ n/a | NET BENEFIT (NPV Best estimate) £ none | |
|-------------------------|------------------------|---|--|--|

| | | | | |
|---|--------------|--------------|---------------|--------------|
| What is the geographic coverage of the policy/option? | | | | GB |
| On what date will the policy be implemented? | | | | April 2009 |
| Which organisation(s) will enforce the policy? | | | | VOSA |
| What is the total annual cost of enforcement for these organisations? | | | | £ n/a |
| Does enforcement comply with Hampton principles? | | | | Yes |
| Will implementation go beyond minimum EU requirements? | | | | No |
| What is the value of the proposed offsetting measure per year? | | | | £ n/a |
| What is the value of changes in greenhouse gas emissions? | | | | £ n/a |
| Will the proposal have a significant impact on competition? | | | | No |
| Annual cost (£-£) per organisation (excluding one-off) | Micro n/a | Small n/a | Medium n/a | Large n/a |
| Are any of these organisations exempt? | No | No | N/A | N/A |

Impact on Admin Burdens Baseline (2005 Prices)

(Increase - Decrease)

| | | | | | |
|----------|-------|----------|-------|-----|-------|
| Increase | £ n/a | Decrease | £ n/a | Net | £ n/a |
|----------|-------|----------|-------|-----|-------|

Key:

Annual costs and benefits: Constant Prices

(Net) Present Value

Background

1. Sections 45 and 46 of the Road Traffic Act 1988 empowers the Secretary of State to make regulations which – amongst other things – make provision as to the fees to be paid in connection with MOT tests.
2. Prescribed fees are intended to cover two major cost elements:
 - The cost to testing station operators of providing an MOT-testing service to motorists; and,
 - The cost to the Department's Vehicle and Operator Services Agency (VOSA) in supervising the scheme (including the cost they pay to their computer-service provider for providing support to the administration of the Scheme).
3. There is no prescribed time for reviewing MOT fees, but the Department's longstanding policy is to aim to set MOT fee maxima according to the following criteria, so that:
 - Fee maxima fairly enable MOT testing stations to cover their reasonable costs (and safeguard motorists from excessive charges for statutory tests);
 - prospective new testing stations are encouraged to join the MOT Scheme;
 - motorists have plenty of choice in deciding which testing stations to use;
 - motorists do not need to travel excessively long distances to testing stations; and,
 - VOSA have the necessary income to enable them properly to supervise and administer the MOT Scheme.

Costs

4. One of the main factors that has an influence on the operating costs of vehicle testing stations and also the operating costs of VOSA is 'inflation'. Consequently test fees tend to be reviewed annually. Necessarily we look at how costs are likely to change in the future rather than how costs have changed in the past. (If costs were to be adjusted retrospectively neither testing station operators nor VOSA would be able to provide the services they currently provide).
5. Given that the Department is not proposing any strategic changes to the content of MOT tests in the foreseeable future, the only factor to be taken into account in this 'fee round' is the impact of inflation. The 'inflation index' recommended by HM Treasury for the purposes of calculating MOT fee increases is the GDP deflator (representing domestic goods & services), which is currently forecast to be 1.5% for the 12 months from April 2009 . It is therefore this figure that the Department is proposing to use in the 2009/10 MOT fee calculation.

6. The main cost increases forecast by VOSA equate to a £0.15 increase per test pass are necessary to fund:

- supervision (staff) costs; and,
- forecast cost increases of PFI computer support contract.

It is noted that this means the VOSA element of the fee would increase by 15p (around 8%) whereas the MOT trade element of the fee would increase by 77p (around 1.5%). However, VOSA’s operating costs during 2009/10 are forecast to be affected both by inflation and other factors, including fixed contract commitments to their computer services provider. In recent years the VOSA element has been kept at a level that would consume accrued surpluses by keeping income from the MOT Scheme lower than costs. The increase now required reflects the increase in costs of this period and the real forecast costs of running the scheme in 2009/10.

7. Many MOT garages offer discounted test fees and it is likely that many will choose not to pass the full increases onto their customers.

Cost increases proposed

8. The proposed new fee maxima for each class of fee are set out in the table below. The fees are rounded to the nearest 5p

| Test class | current fee max | Proposed new max. fee |
|-----------------------------------|-----------------|-----------------------|
| Class I & II m/c without sidecar | £28.65 | £29.20 |
| Class I & II motorcycle & sidecar | £36.55 | £37.20 |
| Class III 3 wheelers | £36.55 | £37.20 |
| Class IV minibus | £55.50 | £56.45 |
| Class IV - cars | £53.10 | £54.00 |
| Class IV A | £62.00 | £63.05 |
| Class V > 16 seats | £78.15 | £79.45 |
| Class V up to 16 seats | £57.65 | £58.65 |
| Class V A (i) | £120.70 | £122.65 |
| Class V A (ii) | £78.00 | £79.30 |
| Class VII vans | £56.75 | £57.70 |

9. The increases in each fee class are comprised of the 15p increase in payments to VOSA and an approximate 1.5% increase in the fee retained by the test station (as fees for each class are rounded to the nearest 5 pence the % can be slightly higher or lower than 1.5%).

Benefits

10. The main benefit of increasing fees as proposed is that the MOT scheme will continue to be able to operate as it does at present, safeguarding motorists from excessive charges for statutory tests and ensuring they do not have to travel long distances to testing stations.

11. A recently published evidence-base analysis by the Department [<http://www.dft.gov.uk/pgr/roads/vehicles/mot/mot/>] suggests that a significant number of additional road traffic accidents would be likely with reduced test frequency. This is primarily because the annual MOT failure rate is already high (around 35%), and, if we were to reduce test frequency, there is a very real risk that the number of unroadworthy cars would increase significantly. In turn, the number of road casualties would inevitably increase if there were to be an increase in the number of defective cars on our roads.

12. Clearly any significant increase in road traffic accidents or in the number of road casualties would be a wholly unacceptable outcome; and, for that reason, our view is that the MOT test as it stands is providing valuable overall benefits in a cost-effective manner. The net estimated benefit of testing is around £4500M per annum.

13. It is impossible to predict with any certainty what the impact would be if a fee increase of less than what has been proposed were to be made. In principle, the impacts could, for example, include:

- Fewer testing stations for motorists to choose from;
- Increased costs to motorists in facing longer journey times to fewer testing stations;
- Fewer testing stations offering discounted test fees (because of a reduction in competition); and,
- Testing stations feeling under pressure to complete more tests in order to safeguard returns (which could result in pressure on testing standards).

Any combination of these factors would tend to detract from the current overall net benefits – which would therefore be an undesirable change.

14. Although the fees would increase in nominal terms they would stay broadly the same in real terms given that the increases are in line with current forecasted inflation rates. It also needs to be borne in mind that the Secretary of State is constrained to set what he believes to be ‘fair fees’ in any event – and these are the fee levels proposed.

Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

| Type of testing undertaken | <i>Results in Evidence Base?</i> | <i>Results annexed?</i> |
|----------------------------|----------------------------------|-------------------------|
| Competition Assessment | No | No |
| Small Firms Impact Test | No | Yes |
| Legal Aid | No | No |
| Sustainable Development | No | No |
| Carbon Assessment | No | No |
| Other Environment | No | No |
| Health Impact Assessment | No | No |
| Race Equality | No | Yes |
| Disability Equality | No | Yes |
| Gender Equality | No | Yes |
| Human Rights | No | Yes |
| Rural Proofing | No | No |

Annexes

Race Equality Impact/Human Rights Impact

1. An underlying principle of the MOT scheme is to ensure that all in-scope vehicles registered in GB are in a roadworthy condition irrespective of the ethnic origin of the registered keeper of the vehicle.
2. The Department does not consider the scheme would be in anyway in conflict with EU Law or the European Convention on Human Rights. On the contrary, EU law requires vehicles throughout the EU to be subject to periodical roadworthiness (MOT) inspection in the relevant Member State in which they are registered.

Consultation with small business: the small firms' impact test

3. The requirement to meet prescribed roadworthiness standards has been in force since the 1960s and should feature in businesses' projected costs. We have calculated that a small business with, for example, ten vans under 3,500kg can expect to pay a maximum £0.95 x 10 or £9.50 per annum extra in testing fees; i.e. the cost of having one of its vans tested could rise by £0.95 from £56.75 to £57.70
4. The actual fee for the MOT tests is in fact a very small proportion of the annual cost of running a motor vehicle. Insurance, vehicle excise duty, maintenance, fuelling costs and depreciation in value with age are far more significant factors in the motoring related costs of businesses.

Gender Equality

5. These provisions will be applied equally to any vehicle presenter, irrespective of gender.

Disability Equality

6. These provisions will be applied equally to any vehicle presenter, irrespective of whether or not they have any disability.

Summary: Intervention & Options

| | | |
|---|---|-------------------------|
| Department /Agency: Department for Transport | Title: Impact Assessment for 2 additions to MOT test via Motor Vehicle Test Regs 1981 (i) enhanced registration-plate checks (ii) check on tow-bar hitches | |
| Stage: Final | Version: Final | Date: March 2009 |
| Related Publications: | None | |

Available to view or download at: dft.gsi.gov.uk

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

Firstly, police concerns that some motorists are committing driving offences and avoiding detection and identification by traffic enforcement cameras because they have non-compliant registration-plates on their vehicles. Secondly, the detachment of light trailers from their towing vehicles - which results in a number of deaths and serious injuries every year. Government intervention is necessary to enforce existing laws and ensure motorists do not avoidably endanger other members of the public. It is clear that 'self-regulation' is not working.

What are the policy objectives and the intended effects?

The objective is to make some minor modifications in the MOT test so that vehicle testers can fail a vehicle which has an illegal registration-plate and also a vehicle with a tow bar assembly which appears to be loose or in an otherwise unsafe condition. The intended effects are to help reduce the number of vehicles on the road with illegal registration-plates and also the number of vehicles with unsafe towing hitches.

What policy options have been considered? Please justify any preferred option.

- (i) Leave the test as it is now - but this is considered unacceptable because self-regulation is clearly ineffective.
- (ii) Strengthen the existing check of registration-plates in the MOT scheme so that, for example, non-standard colouring and characters - become new failure items - OPTION 1.
- (iii) Include a new check of towing hitches in the MOT test - OPTION 2.
- (iv) Modify the MOT test so that it includes both items (ii) and (iii) - OPTION 3. This is the preferred option because it addresses both problems under consideration.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effect? 1 year after implementation and annually thereafter, as part of the normal process of policy review.

Ministerial Sign-off For final stage Impact Assessments:

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister:

Jim Fitzpatrick

Date: 11th March 2009

Summary: Analysis & Evidence

Policy Option: 1

Description: Introducing enhanced MOT registration-plate checks

| | | | |
|---|---|------------|---|
| COSTS | ANNUAL COSTS | | <p>Description and scale of key monetised costs by 'main affected groups' The main affected groups will be those motorists who have non-compliant registration-plates. They will fail the test and have to purchase compliant plates – which will remain compliant for subsequent tests. But this is not really an 'allowable cost' for this assessment since they should have compliant plates.</p> |
| | One-off (Transition) | Yrs | |
| | £ (up to 1M) | | |
| | Average Annual Cost (excluding one-off) | | |
| | £ None | | |
| | | | Total Cost (PV) |
| | | | £ N/A |
| <p>Other key non-monetised costs by 'main affected groups': Test stations would not need new equipment and the 'enhanced' check would only be a very slightly modified version of the existing one. No additional cost would be involved in carrying out the MOT test.</p> | | | |

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|---|--|------------|--|
| BENEFITS | ANNUAL BENEFITS | | <p>Description and scale of key monetised benefits by 'main affected groups' It has not been possible to assess the range of potential monetary benefits.</p> |
| | One-off | Yrs | |
| | £ Not quantifiable | | |
| | Average Annual Benefit (excluding one-off) | | |
| | £ Not quantifiable | | |
| | | | Total Benefit (PV) |
| | | | £ Not quantifiable |
| <p>Other key non-monetised benefits by 'main affected groups' The main benefit would arise from being able to oblige an estimated 40,000 motorists with illegal registration-plates to replace them with compliant ones. This would aid road traffic enforcement – and therefore encourage compliance and deter road traffic offences and help to improve road safety in a general sense. It has not been possible to quantify these benefits.</p> | | | |

Key Assumptions/Sensitivities/Risks None known

| | | | |
|-------------------------|-------------------------|---|---|
| Price Base Year 2008 | Time Period Years 10 | Net Benefit Range (NPV) £ Not quantifiable | NET BENEFIT (NPV Best estimate) £ Not quantifiable |
|-------------------------|-------------------------|---|---|

| | | | | |
|---|-------|---------------|--------|-------|
| What is the geographic coverage of the policy/option? | | GB | | |
| On what date will the policy be implemented? | | 26 April 2009 | | |
| Which organisation(s) will enforce the policy? | | VOSA | | |
| What is the total annual cost of enforcement for these organisations? | | £ n/a | | |
| Does enforcement comply with Hampton principles? | | Yes | | |
| Will implementation go beyond minimum EU requirements? | | No | | |
| What is the value of the proposed offsetting measure per year? | | £ N/A | | |
| What is the value of changes in greenhouse gas emissions? | | £ N/A | | |
| Will the proposal have a significant impact on competition? | | No | | |
| Annual cost (£-£) per organisation (excluding one-off) | Micro | Small | Medium | Large |
| Are any of these organisations exempt? | No | No | N/A | N/A |

Impact on Admin Burdens Baseline (2008 Prices) (Increase - Decrease)

Increase £ n/a Decrease £ n/a **Net** **£ n/a**

Key: **Annual costs and benefits: Constant Prices**

Summary: Analysis & Evidence

Policy Option: 2

Description: Introducing MOT-testing of

| | | | |
|--|---|------------------------|--|
| COSTS | ANNUAL COSTS | | Description and scale of key monetised costs by 'main affected groups' There would be a very slight increase in the test time duration for a vehicle presented with an accessible tow bar or coupling. However, the overall average time for a test should increase by less than 15 seconds because of the comparatively low proportion of vehicles presented for test that have a tow bar fitted. (The average total test time for a car is 58 minutes). |
| | One-off (Transition) | Yrs | |
| | £ Negligible | | |
| | Average Annual Cost (excluding one-off) | | |
| £ Negligible | | Total Cost (PV) | £ Negligible |
| Other key non-monetised costs by 'main affected groups'. The main costs will fall to those motorists who have vehicles with unsafe towing hitches. These will have to be repaired or removed in order for a vehicle to pass the test. However, since it is an existing legal requirement to maintain a vehicle and all its components and attachments in a fully roadworthy condition anyway, no new financial burden will arise as a result of this new check. | | | |

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|--|-------------------------------|---------------------------|--|
| BENEFITS | ANNUAL BENEFITS | | Description and scale of key monetised benefits by 'main affected groups' It has not been possible to quantify the potential level of road safety benefits will be delivered by the new check - because we do not have a substantial amount of information about the number of vehicles fitted with defective towing hitches. |
| | One-off | Yrs | |
| | £ Not quantifiable | | |
| | Average Annual Benefit | | |
| £ Not quantifiable | | Total Benefit (PV) | £ Not quantifiable |
| Other key non-monetised benefits The main likely benefits will arise from some reduction in the number of road traffic accidents that are currently either contributed to or caused by unroadworthy towing hitches to which 'light trailers' are connected. | | | |

Key Assumptions/Sensitivities/Risks Checking towing hitches at MOT tests is a requirement of the EC Directive on testing (96/96/EC). This requirement has not yet been implemented – and the longer we delay doing so the greater the risk of infraction proceedings and potential damages claims arising.

| | | | |
|--------------------|-------------------------|--|--|
| Price Base Year | Time Period Years 10 | Net Benefit Range (NPV) £ Not quantifiable | NET BENEFIT (NPV Best estimate) £ Not quantifiable |
|--------------------|-------------------------|--|--|

| | | | | |
|---|-------|---------------|--------|-------|
| What is the geographic coverage of the policy/option? | | GB | | |
| On what date will the policy be implemented? | | 26 April 2009 | | |
| Which organisation(s) will enforce the policy? | | VOSA | | |
| What is the total annual cost of enforcement for these organisations? | | £ n/a | | |
| Does enforcement comply with Hampton principles? | | Yes | | |
| Will implementation go beyond minimum EU requirements? | | No | | |
| What is the value of the proposed offsetting measure per year? | | £ N/A | | |
| What is the value of changes in greenhouse gas emissions? | | £ N/A | | |
| Will the proposal have a significant impact on competition? | | No | | |
| Annual cost (£-£) per organisation (excluding one-off) | Micro | Small | Medium | Large |
| Are any of these organisations exempt? | No | No | N/A | N/A |

Impact on Admin Burdens Baseline (2005 Prices)

(Increase - Decrease)

| | | | | | |
|----------|-------|----------|-------|-----|-------|
| Increase | £ n/a | Decrease | £ n/a | Net | £ n/a |
|----------|-------|----------|-------|-----|-------|

Key: Annual costs and benefits: Constant Prices

Summary: Analysis & Evidence

Policy Option: 3

Description: Introducing enhanced MOT-testing of towing hitches

| | | | |
|--|---|------------------------|---|
| COSTS | ANNUAL COSTS | | Description and scale of key monetised costs by 'main affected groups' Introducing the two new checks would have a minimal impact on the overall time to conduct an average MOT test and it is therefore not expected that these measures will result in any significant effect on the cost of having an MOT test. |
| | One-off (Transition) | Yrs | |
| | £ Negligible | | |
| | Average Annual Cost (excluding one-off) | | |
| £ Negligible | | | |
| | | Total Cost (PV) | £ Negligible |
| Other key non-monetised costs by 'main affected groups' The main costs will fall to those motorists with non-compliant number-plates and tow-bar hitches, but since they are currently gaining an 'illegal benefit' with these items, the cost of bringing them back into compliance is not really admissible in the calculation of net costs and benefits. | | | |

| | | | |
|--|--|---------------------------|--|
| BENEFITS | ANNUAL BENEFITS | | Description and scale of key monetised benefits by 'main affected groups' The main beneficiary of the two new checks will be road users. The benefits will be manifest in terms of improved road safety consequent upon the improved enforcement ability of the police and a reduction in the number of accidents caused or contributed to by unsafe towing hitches for light trailers. |
| | One-off | Yrs | |
| | £ Not quantifiable | | |
| | Average Annual Benefit (excluding one-off) | | |
| £ Not quantifiable | | | |
| | | Total Benefit (PV) | £ Not quantifiable |
| Other key non-monetised benefits by 'main affected groups' The main benefits will fall to road safety – in helping to improve the enforcement ability of the police, and by helping to keep vehicles with unsafe towing hitches off the road. | | | |

Key Assumptions/Sensitivities/Risks The key risk is in doing nothing – as the current regime of self-regulation for these items is not working. Introducing the two new checks should involve negligible cost, but would be likely to realise tangible benefits. Doing nothing would put GB at risk of infraction proceedings by the EU Commission.

| | | | |
|-------------------------|-------------------------|---|---|
| Price Base Year 2008 | Time Period Years 10 | Net Benefit Range (NPV) £ Not quantifiable | NET BENEFIT (NPV Best estimate) £ Not quantifiable |
|-------------------------|-------------------------|---|---|

| | | | |
|---|-------|---------------|--------------|
| What is the geographic coverage of the policy/option? | | GB | |
| On what date will the policy be implemented? | | 26 April 2009 | |
| Which organisation(s) will enforce the policy? | | VOSA | |
| What is the total annual cost of enforcement for these organisations? | | £ n/a | |
| Does enforcement comply with Hampton principles? | | Yes | |
| Will implementation go beyond minimum EU requirements? | | No | |
| What is the value of the proposed offsetting measure per year? | | £ n/a | |
| What is the value of changes in greenhouse gas emissions? | | £ n/a | |
| Will the proposal have a significant impact on competition? | | No | |
| Annual cost (£-£) per organisation (excluding one-off) | Micro | Small | Medium Large |
| Are any of these organisations exempt? | No | No | N/A N/A |

| | | | | | | | |
|---|---|-----|----------|---|-----------------------|------------|-------|
| Impact on Admin Burdens Baseline (2005 Prices) | | | | | (Increase - Decrease) | | |
| Increase | £ | n/a | Decrease | £ | n/a | Net | £ n/a |

Key:

Annual costs and benefits: Constant Prices

(Net) Present Value

Leaving the MOT test as it is now

1. As it stands now, there is a basic check of registration-plates in the MOT test. The main purpose of the test is to make sure that registration-plates have recognisable and acceptable characters; and, that the registration-plate is both 'complete' and not in imminent danger of falling off the vehicle.
2. In some respects the current test ought to be sufficient, because registration-plate suppliers ought not to be supplying motorists with non-compliant plates. However, the police have reported to us that a significant minority of motorists do have non-compliant plates – which have clearly either been sourced via the Internet from unscrupulous suppliers; or, whilst they may have been supplied as non-road legal (show) plates from legitimate suppliers, are being used illegally by the motorists concerned. Either way, such plates are illegal, and are making it difficult or impossible for the police to use camera technology to enforce road traffic law against the motorists concerned.
3. This means that the current system of 'self-regulation' in the use of only legal registration-plates is not working properly, and that leaving the MOT registration-plate check as it stands currently is not going to solve the problem.
4. There is, by contrast, no check at all of towing hitches (including of their attachment to the towing vehicle) in the MOT test. Conversely, we know from accident investigation reports (by the police primarily) that insecure and worn towing hitches can be implicated in serious accidents where light trailers have impacted with other road users – occasionally with fatal results. We also know that there is a requirement in European legislation (Directive 96/96/EC) to check towing hitches – and – that whilst we check towing hitches in the annual roadworthiness test of 'heavy vehicles' – there is no check of towing hitches in the MOT test of light vehicles (including cars and vans).
5. This means that we are technically currently in breach of EC law on the subject and that we are missing a simple opportunity to help prevent accidents involving the detachment of light trailers from towing vehicles.

Policy Option 1

6. The objective of this policy option is to strengthen the current MOT check of registration-plates, so that, in future, the following additional items would be checked so as to ensure:
 - The registration-plate background is not overprinted or shadowed with text;
 - the front registration-plate has black characters on a white background;
 - the rear registration-plate has black characters on a yellow background;
 - the registration-plate does not obviously display a honeycomb (or similar effect) background;
 - the registration-plate does not have a non-reflective border obviously wider than permitted or positioned too close to the characters.
7. MOT Testing stations would not need new equipment in order to carry out the additional items of check listed in paragraph 6 - and they would also be able to do so with minimal instruction from VOSA - which would be sent to them electronically.

8. Given that MOT testers already check registration-plates in MOT tests it is not expected that the additional items of check would result in any additional test time. It is likely that additional vehicles will fail the MOT test during the first full year after the additional items have been introduced (whilst illegal registration-plates are being sifted out of the MOT-testable vehicle parc), but this will not result in any additional unfunded costs to MOT testing stations, and so it is not expected that there would be any resultant cost to pass on to motorists through an increase in the prescribed maximum levels of MOT fee.

9. There would be some consequential costs falling on those motorists who have illegal registration-plates that would be detected by the new check. They would have to purchase replacement (legal) plates. However, since it is already a requirement that motorists display only legal plates on their vehicle, these costs are irrelevant for the purposes of this Impact Assessment.

10. We have, however, nevertheless made an estimate - for information purposes - of the number of vehicles that are likely to fail an enhanced registration-plate check. This is based on a trial of the new failure items in October 2007, during which time some 3,300 were found to be in breach of the requirements (which relate to what should and what should not be on a registration-plate). So, across the first 12 months after introducing the proposed new check it is likely that just under 40,000 vehicles will be failed for non-compliance - which - at cost of £25 for a pair of replacement plates - equates to a total cost to motorists in replacing non-compliant plates of around £1M.

11. It is not possible to estimate the value of the likely benefits arising from implementing this policy option. The main benefit would arise from being able to oblige motorists with illegal registration-plates to replace them with compliant ones. This would aid road traffic enforcement – and therefore encourage compliance and deter road traffic offences and help to improve road safety in a general sense.

Policy Option 2

12. The effect of this policy option would be to ensure that any car or light goods vehicle which is presented for MOT test and which has a 'towing hitch' fitted would – in future – have the towing hitch itself – and the manner and integrity of the attachment of the towing hitch to the 'parent vehicle' checked as part of the MOT test of the vehicle.

13. On average, there are around 50 fatal accidents involving vehicles towing trailers each year, around 300 serious injuries and some 2000 slight injuries. Only a proportion of this total involve 'light trailers' (which are trailers with an unladen weight of up to around 1 tonne); and, an even smaller – but currently not well researched – proportion of the total number of accidents are thought likely to have been contributed to or to have been caused by poor maintenance condition of the trailer. Anecdotal information suggests that the vast majority of accidents involving light trailers are caused either by the way that the towing vehicle is driven, or, by inappropriate or incorrect coupling of the trailer to the towing vehicle. However, this does not detract from findings from random surveys of the condition of light trailers – which consistently suggests that the majority are generally poorly, or very poorly, maintained.

14. Further research into the relevance of roadworthiness defects in light trailers in accidents is currently underway – with a view to helping to determine what more might usefully and justifiably be done in order to help improve general maintenance

standards, and to reduce the risk of accidents. In the meantime we believe that it would be both logical and helpful to include a check of towing hitches in the MOT test of cars, light goods and passenger carrying vehicles. The condition and integrity of towing hitches is already checked on larger vehicles, and, in fact, such a check is a requirement of relevant EU legislation in any event.

15. The proposed check would be fairly basic – that is, the check would be visual and similar in style and content to other aspects of the MOT test which are concerned with making an assessment of the structural integrity of load-bearing structures on the vehicle. As with all other aspects of the test – the check would be carried out without any element of dismantling by the tester – which means that only those parts of the towing hitch which could be seen would be subject to assessment.

16. Only a relatively small proportion of vehicles are fitted with towing hitches (we think of the order of 10% of vehicles). Furthermore, given that the tester is already required to carry out both an external and an under-body-check of the vehicle, we believe that the check will add only seconds to the time taken to conduct an MOT test. On this basis it is not proposed – at this stage at least – to make any allowance for the cost of checking towing hitches in the maximum prescribed price of an MOT test. However, that decision would be kept under review to ensure that it was not causing unfair or unreasonable burden on MOT testing stations.

17. It is inevitable that some motorists will be required to undertake corrective maintenance and repairs in order to enable their vehicle to pass the MOT towing hitch check. However, the consequential costs arising are not considered to be an item to be ‘weighed’ in determining the costs and benefits of the new check because the vehicle owners concerned are already under a legal obligation to maintain all parts of their vehicle in a roadworthy condition in any case. Any maintenance costs arising is therefore not a new burden.

18. It is difficult to make an objective – or even subjective – assessment of the likely benefits that the check will deliver. What we can say is that:

- Given the current poor general maintenance condition of towing hitches, it is inevitable that the check will detect a high proportion of ‘unroadworthy towing hitches’;
- The check will therefore inevitably deliver potential road safety benefits;
- The check will add nothing to the cost of an MOT; and,
- The check is a requirement of EC legislation on roadworthiness testing.

Policy Option 3

19. This is the preferred option – adding both the enhanced check of registration-plates and towing hitches to the current MOT test (that is, implementing both option 1 and option 2).

20. The reason for this being the preferred option is because both the objective of policy option 1 and policy option 2 are considered necessary – and desirable for implementation as soon as possible.

21. The objectives and costs and benefits of both options have been considered separately above and so it is not necessary to set out the arguments again in this section of the Impact Assessment. Suffice to say – the relevant aspects of option 3 are the simple product of combining options 1 and 2.

Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

| Type of testing undertaken | <i>Results in Evidence Base?</i> | <i>Results annexed?</i> |
|----------------------------|----------------------------------|-------------------------|
| Competition Assessment | No | n/a |
| Small Firms Impact Test | No | Yes |
| Legal Aid | No | n/a |
| Sustainable Development | No | n/a |
| Carbon Assessment | No | n/a |
| Other Environment | No | n/a |
| Health Impact Assessment | No | n/a |
| Race Equality | No | Yes |
| Disability Equality | No | Yes |
| Gender Equality | No | Yes |
| Human Rights | No | Yes |
| Rural Proofing | No | n/a |

Annexes

Race Equality Impact/Human Rights Impact

1. The underlying principle of the MOT scheme is to ensure that all in-scope vehicles registered in GB are in a roadworthy condition irrespective of the ethnic origin of the registered keeper of the vehicle.
2. The Department does not consider the scheme would be in anyway in conflict with EU Law or the European Convention on Human Rights. On the contrary, EU law requires vehicles throughout the EU to be subject to periodical roadworthiness (MOT) inspection in the relevant Member State in which they are registered.

Consultation with small business: the small firms' impact test

3. The Department has already informally discussed the proposals with the MOT garage trade – and they are generally understanding and supportive of the proposals.

Gender Equality

4. These provisions will be applied equally to any vehicle presenter, irrespective of gender.

Disability Equality

5. These provisions will be applied equally to any vehicle presenter, irrespective of whether or not they have any disability.