

## **“Testing Closer to the Customer”- Authorised Testing Facilities**

### **Commercial Proposition**

The Vehicle and Operator Services Agency (VOSA) is responsible for bus and lorry testing across Great Britain. To enable VOSA to take “Testing Closer to the Customer,” privately owned and/or operated sites can be authorised to host testing using VOSA testing staff.

#### **Purpose of document**

To describe how “Testing Closer to the Customer” will operate and outline the commercial proposition for being an Authorised Testing Facility (ATF).

This document is provided for illustrative purposes only. Interested parties should make their own assessments and seek professional advice as they see fit.

#### **Summary**

VOSA will:

- deliver testing at the ATF site, rather than at a VOSA testing station
- offer a 7 hour on-site testing period with the option of an additional 3.5 hours (in certain circumstances VOSA may offer a single 3.5 hour session)
- charge the statutory fees for tests undertaken (subject to a minimum reservation fee) using a pre-funded account.

ATFs will:

- provide and maintain facilities and equipment to enable VOSA to conduct testing at the ATF
- apply in advance for testing at their site for the time they require, either annually or on an ongoing basis (subject to availability)
- have a pre-funded account to pay for testing at the ATF site
- choose whether to test their own vehicles only or allow access to the site for testing of third party vehicles
- have the right to charge a pit fee to third parties using the ATF site for testing (subject to a cap)

## **ATF day-to-day responsibilities<sup>1</sup>**

### **Requesting and agreeing times for testing with VOSA**

ATFs can apply to reserve examiner time for examiners to attend to carry out testing, by outlining the required date, start time and testing duration. VOSA (dependent upon the availability of staff) will confirm a schedule for providing examiners for testing at the ATF.

ATFs can submit this request using one or more of the following options:

- At the point of signing the ATF Contract - during the application process the ATF can outline when examiners are required for testing
- One year in advance - ATFs can submit a request for examiners each September, to take effect from the following January
- On an ongoing or rolling basis - a short term booking process that allows the ATF to request examiners, generally on 3 working days request, for a period of 2 months in advance.

Once a request has been confirmed by VOSA it becomes a 'Confirmed Reservation'.

When making a booking request the ATF applies for fixed blocks of time or 'Testing Periods'. Each Testing Period is made up of 3 hours and 30 minutes of testing.

To book a day of testing the ATF requests 2 Testing Periods. This can be extended to 3 Testing Periods for a longer day. VOSA may in some circumstances also consider examiner availability for a single Testing Period (3.5 hours for a given day).

Subject to a fair usage policy, the ATF can cancel a Confirmed Reservation if more than 7 days' notice is provided and will not be liable for any cancellation payment. If more than 7 days advance notice is not received, then VOSA will deduct and keep the Reservation Fee. The Reservation Fee is deducted from the ATF's Pre-Funded Account 7 days before the agreed testing date.

If an examiner arrives at the ATF site more than 2 hours after the agreed testing start time or does not show at all, the ATF will receive a cancellation payment from VOSA, which is equivalent to the Reservation Fee. If examiners do not show at all, VOSA will also return the Reservation Fee and offer a replacement Testing Period within 3 days of the cancelled Testing Period.

### **Paying for tests**

The ATF needs to set up a pre-funded account with VOSA to pay for all tests undertaken at the site. 7 days before a test, VOSA will take out a Reservation Fee of £360 for each Testing Period booked. Following the day's testing any additional test fees over and above the Reservation Fee will be deducted.

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<sup>1</sup> Note: this is not a complete list of responsibilities. Refer to the contract for a complete outline of responsibilities of each party.

## VOSA day-to-day responsibilities

### Conducting tests and providing test certificates

A VOSA examiner will carry out testing during the confirmed Testing Period. Once testing has been completed the test result will be captured and documentation provided to the ATF or Third Party.

### Evaluating the commercial proposition

In evaluating the commercial proposition of an ATF, there are a number of key factors that interested parties may wish to consider. VOSA anticipates the factors listed below should help potential ATFs develop a business case for becoming an ATF. The business case should look at the set-up costs and the potential savings from:

- Co-locating maintenance/testing; and/or
- Additional revenues earned from pit fees charged to third parties.<sup>2</sup>

Table 1 outlines the potential costs of becoming an ATF.

**Table 1: Costs**

| <b>Factor</b>          | <b>Issue</b>  | <b>Examples</b>   |
|------------------------|---|---|
| Up-front investment    | What kind of investment (if any) is needed at my site to meet the ATF requirements? | Cost of land<br>Cost of building and / or pit lane<br>Cost of equipment, such as: <ul style="list-style-type: none"><li>• Roller brake testing</li><li>• Pit jack</li><li>• Light testing</li><li>• Emissions testing</li><li>• Load simulator</li><li>• Wheel plate detector</li><li>• Speed Limiter Equipment</li></ul> |
| Annual operating costs | What are key elements in determining annual operating costs?                        | Depreciation examples: <ul style="list-style-type: none"><li>• Equipment</li><li>• Pit lane</li><li>• Buildings</li><li>• Accommodation /usage costs of test lanes</li><li>• Labour (non-VOSA)</li><li>• Required return on investment</li></ul>  |

<sup>2</sup> Note: this is not an exhaustive list and each potential ATF will need to consider the benefits/costs that may arise on a case by case basis.

The Benefits of becoming an ATF are outlined in the table below.

**Table 2: Benefits**

| <b>Factor</b>                     | <b>Issue</b>  | <b>Examples</b>   |
|-----------------------------------|---|---|
| Savings on my own fleet           | What benefits will testing on my own site deliver compared to testing at a VOSA test station? | Fuel cost savings, driven by: <ul style="list-style-type: none"> <li>Distance to VOSA test station</li> <li>Number of vehicles</li> </ul> Staff costs of driving vehicle to test: <ul style="list-style-type: none"> <li>Hourly labour cost</li> <li>Time to VOSA test station</li> <li>Number of vehicles</li> <li>Reduced down time from re-testing a vehicle on the same day (avoided cost of hiring a replacement)</li> </ul> |
| Revenues from third party testing | What revenues can be achieved from third parties testing at my site?                          | Revenues from third parties, driven by: <ul style="list-style-type: none"> <li>Number of third party vehicles tested</li> <li>Types of third party vehicles tested</li> <li>Pit fee charged to third parties</li> </ul>   |

The table below gives an example of potential costs of setting up an ATF.

In this example, we have illustrated the costs of setting-up a single test lane at an existing site and building but no pit or equipment. **Note that the costs shown below are for illustration purposes only and will vary on a case by case basis.**

**Table 3: Illustration of the costs**

| <b>Category</b>                     | <b>Costs</b>   | <b>Comments</b>                        |
|-------------------------------------|----------------|--|
| <b>Up-front investment</b>          |                |  |
| Cost of land                        | -              | Assumed site has spare land            |
| Cost of building and / or pit lane  | £45,000        | Cost varies depending on work required |
| Cost of new equipment               | £48,000        | Cost depends on spec/manufacturer      |
| <b>Total up-front investment</b>    | <b>£93,000</b> | and how much new equipment is required |
| <b>Annual ATF operating costs</b>   |                |  |
| Depreciation costs                  |                |  |
| • equipment                         | £5,000         |  |
| • pit lane                          | £5,000         |  |
| • buildings                         | £7,000         |  |
| Costs of using test lane            | £20,000        | Such as electricity, heating costs     |
| Labour (non-VOSA)                   | £15,000        | Such as lane staff, reception staff    |
| <b>Total annual operating costs</b> | <b>£52,000</b> |  |

In the illustration above, the annual costs of operating an ATF are estimated at £52,000. For a fleet operator to consider becoming an ATF, the potential savings from having tests done at their own site compared to a VOSA tests station will need to outweigh this amount. The benefit could be considered with regard to the potential for savings on their own vehicles, which might be as illustrated in table 4.

**Table 4: Illustration of the potential savings for ATFs with their own vehicles**

| <b>Category</b>                                   | <b>Assumptions</b> | <b>Savings per vehicle</b> |
|---|--------------------|----------------------------|
| <b>Benefits of own vehicles</b>                   |                    |                            |
| Distance to VOSA test station (return trip)       | 40 miles           |                            |
| Estimated cost per mile                           | £2 per mile        |                            |
| <b>Fuel and wear and tear savings per vehicle</b> |                    | $2 \times £40 = £80$       |
| Hourly labour cost of technician                  | £40 per hour       |                            |
| Time of return trip to VOSA                       | 3 hours            |                            |
| <b>Labour cost savings per vehicle</b>            |                    | $3 \times £40 = £120$      |
| <b>Total cost savings per vehicle</b>             |                    | <b>£200</b>                |