

Test results

With the dust settled on ATF contracts, John Kendall finds out what VOSA has in store for vehicle operators in the future

Closure of the Bredbury, Llandrindod Wells and St Austell test stations last year, followed by Steeton in March this year, were enough to earn VOSA (the Vehicle and Operator Services Agency) some rather unenviable headlines. Related or not, Steeton won a stay of execution after the intervention of local MP Anne Cryer in March 2009.

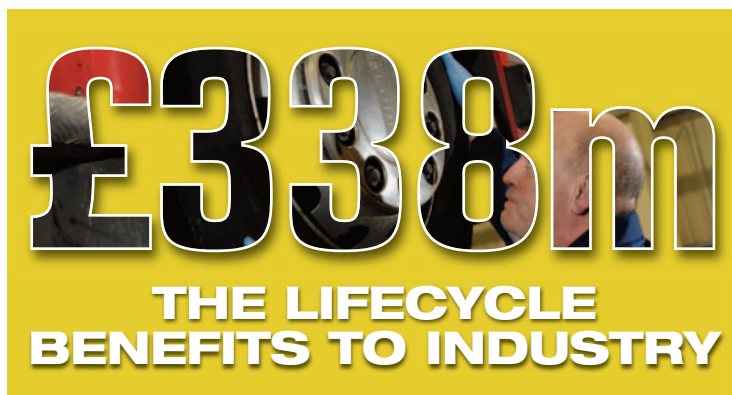
"We did close four stations and that was because of overcapacity," insists Richard Smith, VOSA programme director, responsible for VOSA's Change Portfolio and therefore also the introduction of Authorised Testing Facilities (ATFs). "Timing-wise, it wasn't great, because we were also launching Testing Transformation, which was about providing suitable alternatives. We also got a lot of very negative press about closing those stations, because of the impact locally on generally smaller operators."

If VOSA could turn the clock back, it might well have handled the issues differently. But, as the coalition government has made clear, reducing public spending is a very high priority. Meanwhile, despite assurances from VOSA, the FTA (Freight Transport Association) states that operators remain concerned about VOSA's capacity reduction, ahead of private sector provision.

That said, VOSA has clearly stated its objectives for the Testing Transformation Project (TTP) – as it refers to the development of ATFs. The primary aim is to ensure that the vast majority of future tests are carried out closer to where vehicles are maintained, with testing carried out by VOSA inspectors at the ATFs. The agency points out that a quarter of annual tests are already carried out at private sector sites – Designated Premises (DPs). However, as many readers will know, VOSA ended further DP applications when the ATF contract was launched on 27 January 2010. As a result, DPs no longer carry a contractual obligation to carry out testing at designated times.

We're told that operators should see cost reductions in the future, but where will they come from? Well, VOSA believes that fewer operators should have to drive between their maintenance and testing premises. Additionally, substantial increases in test fees should be avoided, because refurbishing

VOSA 
Vehicle & Operator Services Agency



£338m
**THE LIFECYCLE
BENEFITS TO INDUSTRY**

VOSA test sites will no longer be necessary. The agency has costed the savings at £338 million in "lifecycle benefits to industry, society and VOSA" and up to £70 million "in capital investment that will be avoided by not having to refurbish VOSA's estate".

That said, Secretary of State for Transport Philip Hammond has set two targets, which TTP is helping to achieve in 2010/11. The first is to deliver 40 new ATF and DP sites by 31 March 2011 and the second is to obtain agreement from the Department for Transport for detailed plans to transfer testing to ATFs across 20 geographical areas. Will those happen? The target for 31 March 2010 was missed: against a goal of 33% of tests to be carried out at non-VOSA sites, the actual percentage was 27.3%.

According to Smith, the plan for 40 new sites by the end of March 2011 is progressing well. At time of going to press, 16 new DP and ATF sites have opened, including nine ATFs, mostly converted from DP status (these having already been agreed before 27 January, although they must in time convert to ATF status). Also, VOSA believes it should be able to provide more than 50 new sites by that date.

VOSA balancing act

Certainly, all DPs waiting in the pipeline should have opened by the end of December 2010. Of these, 16 have agreed to become ATFs. Further, to date VOSA has received 118 expressions of interest in ATFs, registered through the website, including some DP conversions. Of VOSA's own test stations, there remain 68 full-time and 15 part-time sites.

"The ATF contract tries to balance three aspects," explains Smith, "It's trying to balance our need and responsibility to be efficient. So it needs to have enough in there to encourage organisations to want to be ATFs and to invest, if necessary, in sites. But it also has to have enough in there to encourage operators to go to ATFs, rather than testing stations – to recognise the full economic cost. We're very much aiming for a differential fee: we would like to see fees lower at ATFs than at

testing stations. And that is about making sure we don't charge people who use ATFs for the cost of VOSA's estate. In effect, they are not using it, so they shouldn't have to pay for it."

In reality, vehicle operators may see little difference in fees. ATFs are permitted to levy a 'pit fee' in addition to the VOSA testing fees – recognising that there are costs associated with operating an ATF.

These are capped at £55 for an HGV, £70 for a PSV and £40 for a trailer. VOSA says it will review

the fee cap annually, against the normally four-year ATF contract.

As for the workshops themselves, ATFs present three options. First, open access sites must be open to all organisations needing test facilities, although restrictions may be placed on vehicle type. Secondly, large fleets may opt simply to test their own vehicles, with a VOSA inspector in attendance for the required days. And the final option is for third party testing, which permits inspection of the organisation's own vehicles and those of other named operators. For ATF premises that do not wish to test any vehicle that turns up, as required under an open access agreement, the latter provides a way of restricting use to vehicles from specific organisations.



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So why would a company invest in an ATF? Trailer manufacturer Don-Bur is in the process of building an ATF at its service facility in Stoke-on-Trent, which is due to open in September. "It's a bit of a sprat to catch a mackerel," says managing director David Burton. "It's very close to junction 15 of the M6, so, from a logistics point of view, it's in a very good place for our customers. It's our main lifting deck service centre, so the only thing we've got missing is not being able to test – and we were having to drive 40 minutes away for that.

Fiddes on failures



“We’ve been testing for nearly 40 years and the failure rate hasn’t really moved dramatically,” says VOSA chief operating officer Alex Fiddes (above). But he adds: “I know exactly how many vehicles will need an annual test next year. The bit that I can’t really predict accurately is the failure rate. If I could halve that, however, I could use the resources somewhere else.”

Fiddes says he finds it interesting to compare the VOSA site pass and fail rates with those of a DP or ATF. “There is a country mile of difference between the pass rate at VOSA stations and the other sites. The pass rate is much higher when we are on-site at a DP or ATF.”

He has analysed it further and has a theory: “You’ve got a government inspector on your premises, so perhaps you’re slightly more proactive. Secondly, because they have set themselves up as a third party testing facility, they have a brake tester – brakes are a big test failure item for us. They also have a headlamp tester that’s calibrated – again, headlamps are a major failure item. So they probably have a better inspection facility than you would have in a normal repair facility.”

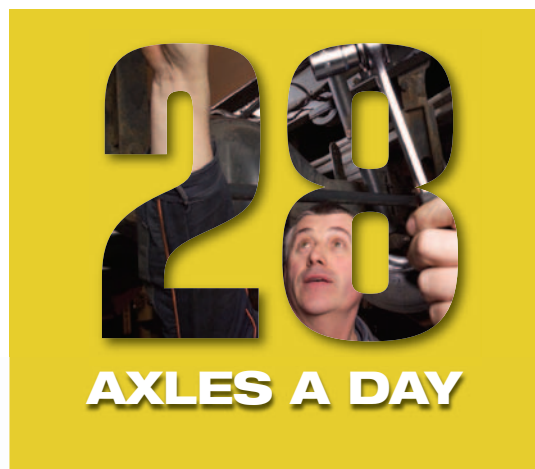
But he worries about the attitude of some operators: “A small element of operators consider coming to visit VOSA for a shopping list of the repair items. We take a dim view of that. They arrive for annual test – an £80 transaction – then end up with a £400 recovery bill. To me, that’s sad, because they could have spent the £400 on repairing the vehicle. If you look at the logistics and fleet utilisation, if 30% of the fleet are failing, that means 30% of the fleet have to come back and visit us. In most cases, that will probably take up another half day. If I was a fleet manager, I would prefer to have another half day of fleet utilisation. People look at the cost of failing the test, but don’t think about the potential of avoided costs to the business.”

Meanwhile, VOSA’s COO asks to be given time before being judged too harshly on the current changes. “If, in five years’ time, we’ve still got the failure rate at the level we have now, we’re probably going to need to make some new interventions, yet to be developed. But I think it won’t be acceptable in 2015 to see vehicles turning up with bald tyres or defective springs. Should we allow people to operate in that space when all of us are aspiring to good, professional, high-profile logistics?”

“We just thought it’s going to give us another string to our bow, not necessarily because we’re going to make a lot of money out of it, but because it’s going to attract other customers, where we might get other work over and above. Operators nowadays want the flexibility where they can just send a trailer in and we can do everything for them.”

So what is the resulting saving to operators? Don-Bur reckons that, for local customers, the new facility will cut around £40 in direct costs for each test. Meanwhile, Scania dealer Truck East operates 12 sites across the Midlands and East Anglia, and has operated a DP at its Wellingborough location for several years. This is now one of the first ATFs. “It was a natural progression to go to an ATF,” offers Graham Broughton, general manager at Wellingborough.

“We’ve been operating for five days a week, doing around 28 axles a day and have been doing that sort of volume for many years. In terms of cost, it was zero: it was basically a question of signing a contract. The difference is it’s a formal arrangement, in so much as you pre-book and commit to a year’s worth of testing and testing periods, which you obviously get charged for. You have a little less flexibility when it comes to cancellations, but we don’t have a major issue with that.”



Broughton reckons that his test lane does not generate a great deal of additional service business from third party customers. “We tend to get work, perhaps where somebody’s had a prohibition and needs a repair doing on site or has had a movement order slapped on them. But we don’t get many prohibitions on the lane anyway. The reason the majority of third party clients for the lane are third party is they’ve got their own workshops.”

There is one exception, though: “We do get brake roller tests and we get some of the local fleets that use the lane coming down for voluntary brake tests the night before, because it’s the same set of brake rollers that VOSA are going to be using the following day to do the testing.” ¹³