



Problem solvers

Are you facing a community transport problem? Perhaps you're assessing the implications of recent legislation or considering the specifications of a new vehicle. Whatever your community transport poser, *CTA Journal* can help.

Our problem solver, Amanda Howard (pictured), is a member of the CTA's advice and information team. Every day the team members field enquiries from across the UK's community transport sector and have

a wealth of knowledge and experience to draw upon.

If you have a problem that you'd like solved on this page, please write to Problem Solvers at *CTA Journal*, 26 Gransden Avenue, London E8 3QA.

My community transport organisation would like to tender for home-to-school contracts operating minibuses, which will enable us to generate profits to feed back into our charity. What do we need to do?

Where allowed by the contracting authority, contracts can be entered into for services operated with section 19 permits and these must be priced using a full-cost recovery method. However, as it is clear from your question that you intend to operate for a profit, permit operation is not appropriate. It is important to remember that section 19 2(b) of the Transport Act 1985 states section 19 permits cannot be used "with a view to profit, nor incidentally to an activity which is itself carried on with a view to profit".

Your charity would need to set up a trading arm, either as a limited company where it would own all the shares or all the votes in a company limited by guarantee, or a community interest company. When this is in place you will need to obtain your PSV operator's licence (O-licence).

As you will only be operating minibuses in the UK, you should obtain a national O-licence in the name of your trading company. To enable you to do this you will need to satisfy the traffic commissioner that you are of good repute, have appropriate financial standing, have good enough facilities or arrangements for maintaining your vehicles, and that you are capable of

ensuring that both your organisation and your staff obey all the rules.

When deciding whether to grant an O-licence the commissioner will consider the good repute of the operator with regard to any relevant convictions that the organisation or its staff may have had in the past five years. Convictions that will be taken into consideration include:

- Serious offences, where a sentence of imprisonment for a term exceeding three months, a fine exceeding level 4 on the standard scale or community service order for more than 60 hours
- Convictions for offences concerning the use of PSVs and the licensing requirements for their operators and drivers.

Organisations will need to prove that they have the appropriate financial standing, which means they have access to the following amounts of money:

Type of licence	In respect of the first vehicle	For each additional vehicle
Standard international	£8,100	£4,500
Standard national	£8,100	£4,500
Restricted	£3,100	£1,700

Operators can demonstrate access to this money in many different ways, the most common being bank or building society accounts for the three months prior to an application for an O-licence. The commissioner will calculate the average balance

over this period and the figure will be added to any overdraft or credit facility declared.

If the O-licence is for a newly formed organisation that does not have sufficient statements, then the commissioner will accept a deposit opening an account for the appropriate amount of money, this will be reviewed after 12 months of the O-licence being granted.

If the charity already has reserves to cover the financial standing arrangement then it is possible for a statutory declaration to be made stating that the new trading arm has access to the required amount of money from the charity.

Also allowed are:

- Invoice finance agreements along with a signed agreement from the finance company
- Credit card accounts in the same name as the application or licence holder, supported by evidence to show over the same three-month period that funds were available

Financial requirements are still needed even if your organisation operates contract or lease hire vehicles where the maintenance is included in the hire charge. The rationale for this is that there are often penalty clauses within the hire agreements which would have to be met if the operator had to return the vehicles early upon the loss of a contract.

The *Vehicle and Operator Services Agency Guide to Maintaining Roadworthiness* sets out what you need to ensure good maintenance of your vehicles, what is required if you

undertake your own maintenance, and arrangements if you decide to contract this work out to an alternative supplier.

Continuous and effective management of transport operations may be established by any of three methods, the first being on grounds of experience as a PSV operator or transport manager – but only if that experience was gained before 1 January 1978 and either at any time in the period 1 January 1970 to 31 December 1974, or over a period or periods amounting to at least two years between 1 January 1975 and 31 December 1979 inclusive.

The second is by passing the Oxford, Cambridge and RSA (OCR) Operator Certificate of Professional Competence (operator CPC) examination and holding the certificate awarded for national

or international road passenger transport operations as appropriate.

The third is by possessing certain professional qualifications conferred by recognised institutions such as the Chartered Institute of Logistics and Transport or the Institute of Road Transport Engineers.

The OCR Operator CPC training can be accessed either as a distance learning package or by attending a classroom-based course. These courses are followed by modular written exams at specific approved locations and candidates are issued with a certificate on completion of all modules. To hold a national licence requires both the core module and two passenger modules to be passed.

The application fee for a standard national or international O-licence is currently £235, which

will need to be sent to VOSA along with the application form PSV421, supplementary vehicle form PSV421A and supplementary financial information form PSV421F.

It takes at least nine weeks for an O-licence to be granted by the traffic commissioner but can take longer if the traffic commissioner wants to see supporting evidence or if there is an objection from a local authority, the police or other statutory body, in which case you may have to attend a public enquiry.

Further information can be found in the VOSA publication *Public Service Vehicle Operator Licensing – Guide for Operators* (PSV437-01), which is available from both the VOSA website, www.vosa.gov.uk, and the CTA website, www.ctauk.org