EXPLANATORY MEMORANDUM TO

THE RETENTION OF REGISTRATION MARKS (AMENDMENT) REGULATIONS 2008

2008 No. 2850

1. This explanatory memorandum has been prepared by the Driver and Vehicle Licensing Agency (DVLA) on behalf of the Department for Transport and is laid before Parliament by Command of Her Majesty.

2. Description

2.1 These Regulations introduce operational enhancements to the process of retaining registration marks and its associated scheme.

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

3.1 None

4. Legislative Background

4.1 The Secretary of State (acting through his executive agency, the DVLA) has power under section 26 of the Vehicle Excise and Registration Act 1994 to grant rights of retention in relation to registration marks for motor vehicles.

4.2 The Retention of Registration Marks Regulations 1993 (S.I. 1993/987) provide for the granting of a right to have an already assigned registration mark assigned to another vehicle, for the extension of the period during which the right may be exercised and for the exercise thereof (in favour of the grantee or a nominee).

4.3 Vehicle Registration Marks Act 2007 amended section 26 of the Vehicle Excise and Registration Act 1994 to allow regulations to provide that a right of retention may be granted in favour of a person other than the registered keeper of the vehicle if the keeper so requests.

5. Territorial Extent and Application

5.1 This instrument applies to all of the United Kingdom. However, a right of retention may not be granted, or exercised, in relation to a vehicle registered in Northern Ireland.

6. European Convention on Human Rights

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

7. Policy background

7.1 As part of the registration process DVLA assigns a registration mark to a vehicle. The registration mark is a unique means of identifying a vehicle, primarily for taxation and law enforcement purposes. However, to meet the widespread interest in desirable, personalised and cherished registration marks, the DVLA provides special facilities to allow motorists to acquire, retain and transfer the use of registration marks.

7.2 In the past, cases of organised criminal activity aimed at acquiring valuable numbers through illegal means have been identified. The retention and transfer of registration marks are therefore carefully controlled, to counter abuse and to protect individuals' interests. The measures currently in place have proved very effective in limiting the scope for abuse and are strongly supported by the police.

7.3 Nevertheless regular complaints are received that the controls surrounding registration marks are too tight and are overly burdensome. A review of the policy associated with the retention, transfer and assignment of registration marks in the UK was undertaken. The aim was to explore if any existing restrictions could be removed or enhancements made to improve customer service whilst maintaining the accuracy of the vehicle record and ensuring the necessary safeguards are in place to combat fraud.

7.4 The public consultation was carried out between 4 July 2006 and 10 October 2006. The consultation document was published on the DVLA Web-site and was issued to more than 300 representative organisations and bodies for comment. There were 84 responses, which included 26 from dealers in cherished numbers. After consultation, DVLA has identified cost savings and improvements to customer service that would accrue from refinements to the retention process. This will build upon the Government's commitment to reduce the administrative burden on business. A summary of responses is available on the DVLA Web-site along side the consultation-document.

7.5 Following the consultation it was decided that many of the safeguards needed to remain but there were areas where enhancements could be made to reduce the administrative burden. These include the ability:

- to grant a right of retention or extend a right of retention for two or three years and not just one;
- for a vehicle keeper to have a retention right granted in favour of another in prescribed circumstances; and
- to add or change a 'nominee' at the same time an assignment is accepted.

This instrument gives effect to these enhancements.

8. Impact

8.1 An Impact Assessment is attached to this memorandum. The costs of implementation of these enhancements will be covered by DVLA's normal operating budget.

8.2 The impact on the public sector is positive. This is based on an assessment of the benefits likely to accrue from the enhancements to the current regulations.

9. Contact

9.1 Mrs Suzanne Rees, at the Driver and Vehicle Licensing Agency, an Executive Agency of the Department for Transport, Tel: 01792 783983 or e-mail suzanne.rees@dvla.gsi.gov.uk can answer any queries regarding this instrument.

Summary: Intervention & Options

Department /Agency:	Title: Impact Assessment of amendments to regulations relating to the transfer, retention and assignment of registration marks.	
Stage: Final	**Version:** 1.0	**Date:** November 2008
Related Publications:		

Available to view or download at:

http://www.

Contact for enquiries: Suzanne Rees, DVLA **Telephone:** 01792 783983

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

Consultation with key stakeholders has identified changes to procedures relating to the transfer and assignment of 'cherished' vehicle registration marks that will reduce the administrative burden on business and individuals, without increasing the potential for fraud. These changes will require an amendment to regulations.

The changes will contribute to the Government's commitment to reduce the administrative burden on business by 25% by 2010.

What are the policy objectives and the intended effects?

Three proposed easements will reduce the administrative burden of the cherished transfer process.

- to allow a third party to be assigned as Grantee of a mark;

- to allow an option for an extended retention period for up to three years.

- to allow a Grantee to change a nominee without the need to apply for an amended V778.s

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

Consideration was given to a wide range of potential enhancements to the cherished transfer process, including the introduction of on-line services, extending the retention facility to Northern Ireland, removing the need to return documents in certain transactons, and extending the classes of vehicle eligible to take part in a transfer.

However, there was no clear agreement as to the other relaxtions that could be introduced without increasing the risk of fraud and other criminal activity.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects? The new regulations will be reviewed in 2012.

Ministerial Sign-off For SELECT 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: 4th November 2008.

Summary: Analysis & Evidence

Policy Option:	Description:

COSTS

ANNUAL COSTS	
One-off (Transition) **Yrs**	
£ 173,656	
Average Annual Cost (excluding one-off)	
£ nil	

Description and scale of **key monetised costs** by 'main affected groups' DVLA systems development costs

Total Cost (PV) **£ £154,731**

Other **key non-monetised costs** by 'main affected groups' n/a

BENEFITS

ANNUAL BENEFITS	
One-off **Yrs**	
£ nil	
Average Annual Benefit (excluding one-off)	
£ 343,603	

Description and scale of **key monetised benefits** by 'main affected groups' Cherished number dealers and individual members of the public will benefit from reduced administrative burden.

Total Benefit (PV) **£ 1,262,084**

Other **key non-monetised benefits** by 'main affected groups'

Key Assumptions/Sensitivities/Risks

Price Base Year 2005	Time Period Years 4	**Net Benefit Range** (NPV) **£ 631,042- £2,524,167**	**NET BENEFIT** (NPV Best estimate) **£ 1,107,353**

What is the geographic coverage of the policy/option?				UK (but n/a in NI)	
On what date will the policy be implemented?				December 2008	
Which organisation(s) will enforce the policy?				DVLA	
What is the total annual cost of enforcement for these organisations?				£ -	
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 £ Decrease £ 256,515 **Net** **£** (256,515)

Key: **Annual costs and benefits: Constant Prices** **(Net) Present Value**

Evidence Base (for summary sheets)

[Use this space (with a recommended maximum of 30 pages) to set out the evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Ensure that the information is organised in such a way as to explain clearly the summary information on the preceding pages of this form.]

Retention of Registration Marks Regulations 2008

These regulations are designed to introduce enhancements to the Retention of Registration Marks.

Background

Registration marks are assigned by the Secretary of State as part of the vehicle registration and licensing process. This facilitates the maintenance of the register of all vehicles and their keepers, which underpins the delivery of road safety measures, law enforcement and the collection of Vehicle Excise Duty.

A registration number remains with the vehicle until it is broken up, destroyed or sent permanently abroad. However, because of the widespread interest in personalised registration numbers, special facilities allow motorists to acquire, retain and transfer marks between vehicles. Also, both DVLA and DVLNI operate a Sale of Marks scheme, which offers customers the chance to buy assignment rights to marks that have never before been released. The assignment rights allow a purchaser to assign the number to a suitable receiving vehicle, which is registered either in their own name or in the name of a nominated third party (the nominee).

Attractive registration numbers can fetch large sums of money, so the transfer arrangements are carefully controlled to protect against abuse. In the past, there have been cases of organised criminal activity aimed at acquiring marks through fraud and deception. To combat this, and to protect individuals' interests, the sale, transfer and retention facilities are closely controlled. Only vehicles that are registered, currently licensed, subject to an annual roadworthiness test and available for inspection may take part in a transfer. Only the registered keeper of the vehicle can apply to transfer a vehicle registration number.

In Great Britain, a 'retention' scheme also allows a number to be held apart from the original vehicle for a period of 12 months pending its assignment to another vehicle. The right of retention must exist in the name of the registered keeper (known as the 'Grantee') only and it must remain so until the number is either assigned to another vehicle registered in their name, or to that of a Nominee. The Grantee of the retention right must remain involved in the process until the number has been re-assigned.
Only the registered keeper of a vehicle is entitled to apply for a right of retention. A fee of £105 covers the retention (£25) and re-assignment (£80) of the mark. The retention can be renewed annually, provided entitlement is not allowed to lapse.

The retention facility also allows the applicant the applicant the option of nominating a person (the Nominee) to whose vehicle they wish to subsequently assign the mark.

Whilst these measures have been effective, and are supported by the police, there have also been regular complaints that the controls are too tight and overly burdensome. To address this concern, DVLA has undertaken a review of the policy and rules associated with the assignment, transfer and retention of vehicle registration numbers. The review and consultation explored the potential for easing the existing restrictions or to identify other ways of improving customer services, whilst maintaining the accuracy of the vehicle register and safeguarding against fraud.

A public consultation exercise was carried out in 2006. The consultation paper was published on the DVLA website and copies were sent to more than 300 representative bodies. There were 84 responses, including 26 from cherished number dealers.

The Summary of Responses is at Annex 1.

The Proposal

The consultation exercise suggested that, whilst it was appropriate to retain many of the current safeguards, there were potential enhancements that will reduce some of the unnecessary burdens imposed. Three changes to procedures have been identified that will reduce the administrative burden on the public and cherished transfer dealers, without imposing undue risks to the integrity of the vehicle record or increase fraud.

1. Allow customers to change Grantee details at the point a registration number is put on retention.

The Retention process allows a registration number to be removed from a vehicle and held on a retention document while the keeper waits for it to be transferred to another vehicle. But, currently, only the registered keeper of the vehicle can apply to retain the mark.

The new regulation will give the current keeper the option of also allowing another person to become the Grantee.

Under the current arrangements, the original Grantee has to remain involved in the retention and assignment process long after they have an interest in the mark - until the vehicle is assigned to another vehicle. When a number is sold into the cherished number trade, it is often the case that this does not take place for several years. As a result, the Grantee must be contacted each time the retention entitlement needs to be extended, or a change of Nominee is required. This creates an unnecessary burden for those trading in cherished numbers and can prevent a Grantee from concluding a sale quickly.

Whilst the original intention of this requirement was to safeguard an individual's right to display a registration number, it has actually created an administrative burden for those trading in numbers and prevents the Grantee from concluding a sale quickly. The new facility will allow a registered keeper to dispose of their entitlement to a mark when it is first put on retention, thereby reducing the administrative burden on the cherished number industry and individual keepers.

2. Allow marks to be placed on retention for up to 3 years

Currently, regulations allow a mark to be placed on retention for one year at a time, upon payment of a fee of £105 (£80 in lieu of the subsequent transfer and £25 to cover the administration of the retention facility). Regulations are to be amended to allow a mark to be placed on retention for up to 3 years at a time. Fees will be charged on a sliding scale – 1 year £105 (as now), 2 years £130 (£80+£50) and 3 years £155 (£80+£75).

This facility will save people the need to renew a retention every year while they wait to assign the mark in question to a vehicle. Although there is no saving in terms of fees, the new arrangements will be easier for people who might have a bought a mark, say, for a young child, to be assigned to a vehicle when they start driving several years later. Cherished transfer dealers and members of the public will benefit from a reduced burden of administration.

3. Allow a Change of Nominee at the Point a Mark is Assigned

When a Grantee wants to add or change a nominee for the assignment of a registration mark, he/she must wait for a replacement V778 Certificate before proceeding with the transaction. New arrangements will allow the Grantee to add or change the Nominee at the same time as assigning the mark.

Again, cherished number dealers and members of the public will benefit from a reduced number of transactions

Costs

DVLA has incurred systems development costs as follows:

Vehicle System Software (VSS)	£16,042
Electronic Point of Sale (EPOS)	£157,614

Actual expenditure of £173,656, expressed at 2005 prices is £154,731. No other costs to government, the cherished transfer industry or members of the public have been identified .

Benefits

Each of the proposals will result in a lower burden on DVLA, business and members of the public.

Proposal 1

In 2007/08, there were 263,741 retention transactions. This said, the recent economic downturn looks likely to result in a 12½ % decline in this level of activity. About 50% of all transfers are conducted through the motor trade. If the new regulation saves the need for spending an hour locating, contacting and reminding third party Grantees as to their obligations and requirements in 10% of those transactions, there is the potential to reduce the administrative burden on cherished number dealers by £186,926.42 per annum (11,538.667x£16.20 – The figure used as the average hourly cost of administration in the Administrative Burden exercise conducted by PriceWaterhouse Cooper in 2005), and for the general public by £63,462.67 per annum (11,538.667x £5.50 – DfT non-working value of time saving, 2008 (and 2005 price base) as used in time savings for transport.

Proposal 2

If this saves the need to carry out 10% of the 230,773 (263,741– 12½%) retention transactions carried out each year (50%m by the motor trade), and saves 15 minutes per transaction, this would reduce the total administrative burden for business by £46,731.60 per annum (11,538.667x 16.2÷4), and for the general public by £15,865.66 (11,538.667x£5.5÷4).

Proposal 3

About half of all nominee transactions are conducted by the motor trade, and half by the public. If 30% of the 37,625 (43,000 – 12½%) total are no longer necessary and a 15 minutes saving is achieved, the annual administrative burden would be reduced by £22,857.19 per annum for the motor trade (5,643.75x £16.20÷4) and by £7,760.15 for the public (5,643.75 x £5.50÷4).

The total annual saving from the three proposals is £343,603.69, based on an estimate that the easements will apply to 10% of transactions for proposals 1 and 2, and 30% for proposal 3. If the actual take-up is halved or doubled respectively, those savings will range from £171, 803p.a. to £687,208 p.a.

For the purposes of this impact assessment, the benefits have been discounted (at 3.5% per annum) over 4 years as follows. The regulations and their impact will be reviewed in 2012.

2009	£331,984.2
2010	£320,757.7
2011	£309,910.8
2012	£299,430.8

Total benefits discounted up to 2012 are £1,262,084.

Impact on Admins Burden Baseline

The annual savings for business are £256,502 pa.

Small Firms Impact Assessment

Small firms dominate the cherished number industry. But it is not expected that the proposed amendments will impact in any way other than to reduce their costs and administrative burdens.

Competition Assessment

It is not envisaged that the amendments will raise any competition issues.

Race / Disability/ Gender Equality

The new regulations will not impact on any of these groups as the regulation will apply equally on all individuals transferring, retaining and assigning registration marks, and all organisations and businesses associated with the process.

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	*Results in Evidence Base?*	*Results annexed?*
Competition Assessment	Yes	No
Small Firms Impact Test	Yes	No
Legal Aid	No	No
Sustainable Development	No	No
Carbon Assessment	No	No
Other Environment	No	No
Health Impact Assessment	No	No
Race Equality	Yes	No
Disability Equality	No	No
Gender Equality	No	No
Human Rights	No	No
Rural Proofing	No	No

Annexes

Appendix A

Summary of responses to the DVLA consultation on the policy associated with the transfer, assignment and retention of vehicle registration numbers (between 4 July 2006 and 10 October 2006)

http://www.dvla.gov.uk/media/pdf/consultations/summ%2004072006.pdf