

Annex A - Summary: Intervention & Options

Department /Agency: DVLA	Title: Impact Assessment of Regulation of Registration Plate Suppliers – Extension to Scotland and Northern Ireland	
Stage: Final	Version: 1	Date: 01/04/08
Related Publications: Show Plates	Impact Assessment of Regulation of Number Plate Supply in the UK –	

Available to view or download at: <http://www.dvla.gov.uk>

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

Regulations that were introduced in 2003 to make it more difficult for criminals to obtain false numberplates, by requiring suppliers to register with the Driver and Vehicle Licensing Agency (DVLA) do not apply to Scotland and Northern Ireland.

Government intervention is necessary to ensure that the effectiveness of the Regulations is not undermined by allowing suppliers in Scotland and Northern Ireland to supply numberplates without checking the identity and entitlement of their customers.

What are the policy objectives and the intended effects?

The objective is to apply the same controls over the supply of numberplates, currently in force in England and Wales across the whole of the UK. This will remove the opportunity for people in England and Wales to circumvent the current regulations by simply obtaining a plate from a Scottish or Northern Irish supplier. It will also provide a common environment for business across the country.

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

The Road Safety Act 2006 introduced the legislation to extend the scheme operating in England and Wales to Scotland and Northern Ireland. This would provide consistent control over the supply of number plates on a UK wide basis. This would facilitate a single system for the UK using the register already administered by DVLA. Consultation has taken place during summer 2007. There were no options to be considered.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects? 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:

Summary: Analysis & Evidence

Policy Option: Extend Scheme to Scotland and Northern Ireland	Description: To extend the Regulation of registration plate supply operating in England and Wales to Scotland and Northern Ireland.
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COSTS	ANNUAL COSTS	Description and scale of key monetised costs by 'main affected groups' Estimates suggest there are approximately 7,000 number plate suppliers in Scotland and Northern Ireland. There is a single registration fee set at £40 per business premises. There will also be a requirement for the supplier to maintain records and meet audit requirements. (Please see evidence base for full explanation).								
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">One-off (Transition)</td> <td style="width: 40%; text-align: center;">Yrs</td> </tr> <tr> <td style="background-color: yellow;">£495,550</td> <td style="text-align: center;">4</td> </tr> <tr> <td colspan="2">Average Annual Cost (excluding one-off)</td> </tr> <tr> <td style="background-color: yellow;">£ 6.46m</td> <td></td> </tr> </table>		One-off (Transition)	Yrs	£495,550	4	Average Annual Cost (excluding one-off)		£ 6.46m	
	One-off (Transition)		Yrs							
	£495,550		4							
Average Annual Cost (excluding one-off)										
£ 6.46m										
Total Cost (PV) £ 25.0m										
Other key non-monetised costs by 'main affected groups'										

BENEFITS	ANNUAL BENEFITS	Description and scale of key monetised benefits by 'main affected groups' The Police, local authorities, DVLA and other enforcement bodies would benefit by reduced enforcement commitments. Number plate suppliers in England and Wales would benefit by having a common system throughout the UK. Insurers would benefit from a reduction in vehicle crime. (Please see evidence base for full explanation).								
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	One-off		Yrs							
	£ Nil		4							
Average Annual Benefit (excluding one-off)										
£ 27m										
Total Benefit (PV) £ 103m										
Other key non-monetised benefits by 'main affected groups'										

Key Assumptions/Sensitivities/Risks

Price Base Year 2008	Time Period Years 4	Net Benefit Range (NPV) £ 78.0m	NET BENEFIT (NPV Best estimate) £ 78.0m
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What is the geographic coverage of the policy/option?	UK				
On what date will the policy be implemented?	2008				
Which organisation(s) will enforce the policy?	DVLA				
What is the total annual cost of enforcement for these organisations?	£ 40,000				
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)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%;">Micro</td> <td style="width: 25%;">Small</td> <td style="width: 25%;">Medium</td> <td style="width: 25%;">Large</td> </tr> </table>	Micro	Small	Medium	Large
Micro	Small	Medium	Large		
Are any of these organisations exempt?	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%;">No</td> <td style="width: 25%;">No</td> <td style="width: 25%;">No</td> <td style="width: 25%;">No</td> </tr> </table>	No	No	No	No
No	No	No	No		

Impact on Admin Burdens Baseline (2005 Prices)				(Increase - Decrease)
Increase of	£ 2.33m	Decrease of	£ 0	Net Impact £ 2.33m

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.]

Part 2 of the Vehicles (Crime) Act 2001 contains provisions to regulate the supply of number plates in England and Wales. Since 1 January 2003, all number plate suppliers in England and Wales have been required to register with the Driver and Vehicle Licensing Agency (DVLA) and currently there are around 39,000 registered suppliers. A single registration fee of £40 is payable for each business premises operated by the supplier. Number plate suppliers are required to keep records of sales and to make certain checks to ensure that plates are sold only to customers who can establish a connection with the vehicle concerned and confirm their own identity.

Up until the introduction of this legislation, it was possible to buy number plates from any supplier without any checks or controls. This made it very easy for criminals to obtain false plates. The register of number plate suppliers has introduced control over the supply of number plates for the first time. Police intelligence sources indicate that the scheme has proved to be an obstacle to organised vehicle crime and the Association of Chief Police Officers fully supports the scheme and its extension throughout the UK.

False number plates are used to disguise the identity of stolen vehicles and also to evade fines and charges. They can also facilitate serious criminal activity such as robbery. In Scotland and Northern Ireland, it is still possible to sell number plates that could be used for this purpose without any controls.

Number plate suppliers who are already subject to the current legislation have lobbied for a common system throughout the UK. Their efforts to comply with the legislation are undermined by competitors outside the regulated area.

The number plate manufacturing and supply industry, the motor trade and fleet operators, who are bulk users of number plates have adjusted to the new regime and are working with it successfully. The register consists overwhelmingly of small businesses and these have also adjusted to the new requirements.

DVLA has recently conducted a survey of 300 registered suppliers to obtain their views on the operation of the register. These were mainly small businesses. 92.5% of those who responded were content with the registration service offered by DVLA. A majority thought that the fee was reasonable, that the scheme had matched up to the expectations of the industry and that it was effective against vehicle crime.

While the register has brought much needed control over the supply of number plates, its effectiveness is undermined by the fact that it is limited to England and Wales.

Enabling provisions were introduced in the Road Safety Bill 2006, to regulate the supply of number plates in Scotland and Northern Ireland. DVLA will be responsible for registering number plate suppliers in Scotland and Northern Ireland on the existing register for England and Wales. This would have the effect of extending the regime already operating in England and Wales throughout the United Kingdom. The regulations applying in Scotland and Northern Ireland would be very similar to those currently operating in England and Wales.

A public consultation took place on the understanding that the subject matter was devolved in relation to Scotland and reserved in relation to Northern Ireland. This would have required the Scottish Parliament to pass a Sewel motion to enable the UK Parliament to legislate. The Northern Ireland Assembly (when not suspended) can legislate on a reserved matter, but as the Assembly was suspended, the legislative function would revert to the Parliament at Westminster. However, the Scottish Executive and the Office of the Legislative Counsel and the Department of the Environment in Northern Ireland reviewed the

matter and it is now regarded as reserved for Scotland and excepted for Northern Ireland. This means that the Westminster Parliament has legislative competence in both cases.

The consultation during Summer 2007 received favourable comments from the trade as they are aware of companies openly advertising that they are outside the scope of RNPS and they could supply plates without the required documentation and in a style and format that do not comply. Police representatives welcomed the extension as they were aware of plates being manufactured in Scotland being used by travelling criminals. Extending the scheme provides the most secure control over the supply of number plates on a UK wide basis.

The main affected groups would be the number plate suppliers in Scotland and Northern Ireland and members of the public in Scotland and Northern Ireland. The British Number Plate Manufacturers Association (BNMA) suggests there are approximately 7,000 number plate suppliers in Scotland and Northern Ireland. They are required to complete a registration process with DVLA and pay a single registration fee set at £40 per business premises. There will also be a requirement for the supplier to maintain records and meet audit requirements.

Additionally, anyone wishing to obtain a number plate will be required to show their entitlement to the number plate and their identity, this could result in having to make additional journeys.

Costs

Number plate suppliers

There are 7,000 outlets in Scotland that may choose to register as a number plate supplier.

One-off costs:

Registration fee: £40 x 7,000 outlets = £280,000

Completing registration process: 1 hour 35 minutes at £16.20 per hour x 7,000 outlets = £179,550

Total: £280,000 + £179,550 = £459,550

Recurring Costs

The 7,000 outlets in Scotland and NI issue approximately 1,077,000 plates (based on the 6m plates that are issued in England and Wales yearly from the 39,000 outlets).

Additional costs will arise from dealing with queries, refusing customers and meeting audit requirements. We estimate that this additional activity could cost around £5 per plate = £5.39m pa.

Administrative Burdens

Included in the above estimate is the additional cost of the new administrative activity that the regulation places on business. This is to record and maintain records of number plates issued and purchaser details. Using the figures supplied by PWC for the Administrative Burdens exercise for the regulations put in place for England and Wales we estimate that this activity costs £2.16 per registration, which adds £2.33 million to the administrative burdens baseline.

There is some uncertainty as to the quantity of transactions involving number plates that would incur additional costs by the requirements of the regulation. The estimates above therefore provide a cautious estimate of costs imposed, considering the highest possible number that could be affected.

Public

Additional time to prove entitlement (possibly involving more than one visit to a supplier) approximately £2 per 538,500 plates = £1.07m

Total Average Annual costs £6.46m

Benefits

If 1% of the 1,077,000 facilitated a crime that cost on average £1000, these costs would include lost VED evasion, fine evasion, theft of property, insurance claims, costs of investigation and court costs. Withdrawing those marks would provide a benefit of £13.5m.

If the mis-use figure was based at 5% the benefit would rise to £67.5m. For the purposes of this IA a figure of 2% has been used. This would take the annual benefit to £27m p.a.

A report of the consultation exercise will be available on the DVLA web site.

Competition Assessment

It is our view that based on consultation with the industry that the new regulations will impact equally on all organisations

Small Firms Impact Test

It is our view based on discussions with the industry and consultation that the regulations will not impact disproportionately on small business. The estimated costs spread across the industry will not have an undue affect on individual businesses.

Race Equality/Disability Equality/Gender Equality

The regulations will not impact on any of these groups as the regulation will impact equally on all individuals purchasing registration marks and all organisations supplying them.

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	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	YES	NO
Gender Equality	YES	NO
Human Rights	NO	NO
Rural Proofing	NO	NO

Annexes

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