

Annex B

Department /Agency:

DVLA

Title:

Impact Assessment of Regulation of Number Plate Supply in the UK – Show Plates

Stage: Final

Version: 4

Date: 25.2.08

Related Publications:

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?

False or misrepresented numberplates can conceal the true identity of the vehicle to which they are fitted. This activity can therefore facilitate the evasion of traffic-related fines and charges. It can also facilitate serious criminal activity such as robbery. Number plates are restricted to a standard format by regulation in order to make the vehicle registration mark easy for cameras or eyewitnesses to read. The use of non-standard formats undermines the vehicle registration system. It is already an offence to display non-compliant number plates, but not an offence to sell them and they often find their way onto the road. The Road Safety Act 2006 rectified this anomaly. However, if it could be demonstrated that there is a genuine trade in non-compliant plates for off-road use and provided the continuation of such a trade would not have an adverse effect on law enforcement, it would be appropriate to make an exemption to allow that to continue. Government intervention is necessary to control supply of number plates to ensure that police and other compliance forces can maintain road safety and track offences which put the public at risk.

What are the policy objectives and the intended effects?

Since the inception of the Registration of Number Plate Suppliers (RNPS) scheme in 2003 the role of 'show plates' has made a significant contribution to all queries/complaints generated. Nearly a third of enquirers refer to show plates or have sought clarification as to what constitutes a show plate. The Road Safety Act 2006 makes it an offence to supply any plate bearing a vehicle registration mark and designed to be fitted to a vehicle or trailer that does not comply fully with display requirements and British Standard as contained in the Road Vehicles (Display of Registration Marks) Regulations 2001. The Act contains a provision to make regulations creating exemptions from this offence. By introducing this Legislation the aim is to reduce the number of illegal plates being used on the road therefore making it easier to track traffic related offences such as avoiding congestion charges and vehicles used in criminal activity.

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

The following options were considered in the consultation:

Current Policy - It is an offence to display number plates which do not conform to the Road Vehicles (Display of Registration) Marks 2001. Motorists who fail to comply run the risk of prosecution. Although the term 'show plate' was not recognised in law there was clearly some confusion as to the position. Any such doubts were removed by the Road Safety Act. The Act made it an offence to supply any plate bearing a vehicle registration mark that does not comply with the Legislation. The Act allowed for exemptions :

Do Minimum (Baseline) – To commence the offence contained in the Road Safety Act without an exemption thereby banning the sale of all numberplates that do not conform to the display regulations.

Option 1 – To make an exemption for non-complaint plates displaying the message 'not for road use'. The preferred option following is to introduce the Regulations without an exemption. Maintaining a complete ban on 'show plates' in any circumstances provides clarity on the position for suppliers, public and enforcement officers. Responsibility will lie with the supplier to sell only plates that meet regulations in full and any departure would constitute an offence. Discussions with Police representatives specialising in ANPR and vehicle crime matters have strengthened the case.

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

2011

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:

.....Date:

Summary: Analysis & Evidence

Policy Option: Do minimum –this is the baseline given the Road Safety Act	Description: Regulation of Numberplate supply in the UK - to impose a complete ban on the sale of non-compliant plates (this is a minimum policy change given the new Road Safety Act)
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COSTS	ANNUAL COSTS	Description and scale of key monetised costs by ‘main affected groups’ The main affected group would be the 39,000 number plate supplier who will be unable to supply non compliant (show) plates. Industry estimates that 200,000 show plates are produced yearly and that they cost about £10 more than a standard numberplate. We estimate that half those plates will be non-compliant. The estimated loss of sales is therefore around £1m (100,000 x 10)
	One-off (Transition) Yrs £ nil	
	Average Annual Cost (excluding one-off) £ 1m	
	Total Cost (PV) £ 3.9m	
Other key non-monetised costs by ‘main affected groups’ Costs associated with monitoring the regulation are not expected as they are already being undertaken. There will also be some non-monetised costs whereby users who wish to buy a show plate are not able to, however these are not thought to be significant.		

BENEFITS	ANNUAL BENEFITS	Description and scale of key monetised benefits by ‘main affected groups’ A ban on non-compliant plates will mean fewer ANPR mis-reads, less VED evasion and reduce the amount of vehicles involved in criminal activity. Average annual cost of five taxation classes is £221. ANPR mis-reads total around 16,800 yearly. (140,000 X £221) = £31m (please also see evidence base pages) 6.2m is based on 20% (test half 6.2m to give base of range)
	One-off Yrs £ nil	
	Average Annual Benefit (excluding one-off) £ 7.2m	
	Total Benefit (PV) £ 28.2	
Other key non-monetised benefits by ‘main affected groups’ Welfare benefits to society from less speeding drivers, less offences and easier to trace, less criminal activity.		

Key Assumptions/Sensitivities/Risks

Price Base Year 2008	Time Period Years 4	Net Benefit Range (NPV) £ 12.2 - 24.3	NET BENEFIT (NPV Best estimate) £ 24.3 m
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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?	£ Already being done				
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 style="width: 100%; border: none;"> <tr> <td style="width: 25%; text-align: center;">Micro</td> <td style="width: 25%; text-align: center;">Small</td> <td style="width: 25%; text-align: center;">Medium</td> <td style="width: 25%; text-align: center;">Large</td> </tr> </table>	Micro	Small	Medium	Large
Micro	Small	Medium	Large		
Are any of these organisations exempt?	<table style="width: 100%; border: none;"> <tr> <td style="width: 25%; text-align: center;">No</td> <td style="width: 25%; text-align: center;">No</td> <td style="width: 25%; text-align: center;">No</td> <td style="width: 25%; text-align: center;">No</td> </tr> </table>	No	No	No	No
No	No	No	No		

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

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

Summary: Analysis & Evidence

Policy Option: Introduce Regulations allowing an exemption	Description: Regulation of Numberplate supply in the UK - to allow an exemption that would allow suppliers to continue the business activity of selling non-compliant plates
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COSTS	ANNUAL COSTS		Description and scale of key monetised costs by 'main affected groups' £2m = one off costs to the industry above the 'do minimum'. Costs associated with increased evasion compared to the baseline = 50 x £40 per case = £2m per year (£1 to £4m to test NPV range) Compared to the baseline there will be costs to purchasers of show plates - up to £1m per year (saved costs in baseline) 0.5m to consider lower end of NPV range
	One-off (Transition)	Yrs	
	£ 2m		
	Average Annual Cost (excluding one-off)		
	£ 3m		
Total Cost (PV) £ 13.7			
Other key non-monetised costs by 'main affected groups' The policy may not entirely eliminate all confusion as to what plates are allowed. Consultation also indicated costs to suppliers above those in the 'do minimum' policy. Costs incurred would be as a result of changes to software etc to include the message 'not for road use'. Non-monetised costs associated with evasion, such as making it easier for criminals to access non-compliant plates			

BENEFITS	ANNUAL BENEFITS		Description and scale of key monetised benefits by 'main affected groups' Compared to the baseline there will be sales revenue to suppliers up to £1m per year (lost revenue in baseline) (£0.5m to consider lower end of NPV range).
	One-off	Yrs	
	£ nil		
	Average Annual Benefit (excluding one-off)		
	£ 1m		
Total Benefit (PV) £ 3.9m			
Other key non-monetised benefits by 'main affected groups' Police – a 'show – plate was be easily recognisable, Suppliers – would be able to carry on their business, Public – would be able to purchase 'show-plates' as it currently stands			

Key Assumptions/Sensitivities/Risks

Price Base Year 2008	Time Period Years 4	Net Benefit Range (NPV) £ -17.7m to -5.9m	NET BENEFIT (NPV Best estimate) £ -9.8m
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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?	£ Already being done				
Does enforcement comply with Hampton principles?	Yes				
Will implementation go beyond minimum EU requirements?	Yes				
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?	Yes/No				
Annual cost (£-£) per organisation (excluding one-off)	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">Micro</td> <td style="width: 25%; text-align: center;">Small</td> <td style="width: 25%; text-align: center;">Medium</td> <td style="width: 25%; text-align: center;">Large</td> </tr> </table>	Micro	Small	Medium	Large
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Are any of these organisations exempt?	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%; text-align: center;">No</td> <td style="width: 25%; text-align: center;">No</td> <td style="width: 25%; text-align: center;">No</td> <td style="width: 25%; text-align: center;">No</td> </tr> </table>	No	No	No	No
No	No	No	No		

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

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.]

BACKGROUND

This Impact Assessment addresses the options for regulations under Section 45 of the Road Safety Act 2006 to combat illegal and criminal activity arising from the use of false and mis-spaced registration plates.

A registration plate is defined as a plate that displays a vehicle registration mark and is designed to be fixed to a vehicle or trailer. It is an offence to display number plates which do not conform to the Road Vehicles (Display of Registration) Marks 2001. Motorists who fail to comply run the risk of prosecution. Prior to the introduction of the Road Safety Act it was not an offence to sell such marks. The Act makes it an offence to supply a plate bearing a vehicle registration mark that does not comply with the regulations, but it also makes provision for potential exemptions relating to so-called 'show plates'.

A 'show plate' is not defined in law, but they are produced in a number of circumstances. Some show plates are true 'fun' plates like 'SUPERGRAN'. Others are industry based for display on vehicles in dealership showrooms, showing the manufacturers' name. Other show plates are produced in more dubious circumstances – sometimes for fun and amusement, but also with the deliberate intention of evading obligations enforced by ANPR readers and speed cameras. Whilst some number plate suppliers require their customers to sign declarations to the effect that the plate will not be displayed on a vehicle, a significant proportion do find their way onto the road.

DVLA issued a consultation paper in 2007 on the basis of two options:

1. To impose a complete ban on the sale of non-compliant plates.
2. To impose a ban, with an exemption for 'show' plates that are clearly marked "Not for road use".

The consultation document was distributed to Government Departments in England, Wales, Scotland and Northern Ireland. The DVLA issued 515 consultation documents to Trade Associations, number plate suppliers, Police, Trading Standards, motor factors, motor dealers, retail outlets, manufacturers, distributors and assemblers throughout the United Kingdom.

Thirty- one responses making substantive comments were received in total. 10 responses were received from individual companies, 7 from Police forces and 5 from Local Authorities. The remaining responses were from Government Departments, vintage vehicle clubs and other stakeholders. 6 respondents simply noted the correspondence but did not comment.

Enforcement authorities supported Option 1, whereas those involved in the trade tended to prefer Option 2, although this support was by no means universal. Both the options set out above would affect trade associations, number plate suppliers, police, trading standards, motor factors, motor dealers, retail outlets, manufacturers, distributors and assemblers.

Option 1 – (The baseline) Impose a complete ban on the sale of non-compliant plates

Introducing a complete ban on the sale of non-compliant plates in any circumstances would provide clarity for number plate suppliers, the public and enforcement officers alike. It would be the responsibility of the supplier to sell only plates that meet the regulations in full and any departure would constitute an offence. However, there will still be a role for plates that for example can be fitted to new cars in show rooms with the name and make and model of the car shown on the plate. This would

dramatically reduce the use of non-compliant plates on the road, thereby making the identification of vehicles more effective.

Costs – the main affected group would be the 39,000 number plate suppliers. Industry representatives have suggested that 200,000 ‘show plates’ are produced each year. However, marks mis-spaced but in an otherwise recognised registration mark format would be outlawed. If all of the aforementioned 200,000 were caught by the regulation, industry would lose business totally £2m pa (A show plate costs about £10 more than a legitimately formatted plate). If none of the marks were caught by the regulation there would be no cost.

Benefits – Reduced VED evasion. During 2007, DVLA’s ANPR cameras encountered 7,000 misreads in a five month period – suggesting an annual total of 16,800. The cameras identify about 10,000 unlicensed vehicles a month – 120,000 a year. It is estimated that there are about a million unlicensed vehicles in the country, which would suggest that the DVLA cameras sight about 12% of the total number of unlicensed vehicle population each year.

If the 16,800 mis-reads represent 12% of the number of vehicles that cannot be read by an ANPR camera, the national population of such marks would be 140,000. If all of these vehicles evaded VED, this would represent about £31m (140,000 x £221) extra evasion. For the purposes of this assessment, we have suggested tighter regulations would reduce such evasion by 20% - £6.2m pa. Presumably, there would also be benefits on things such as congestion charge and speeding enforcement, but this IA does not attempt to quantify these benefits.

Option 2 - Introducing the Regulations with an exemption

Costs - this option would allow numberplate suppliers to continue the business activity of selling non-compliant plates, provided they displayed ‘not for road use’ wording on the plate. To pursue this option, suppliers would need to invest in additional equipment and software. Responses to the consultation indicated that costs could vary from £500 to £2000 per supplier. The British Numberplate Manufacturers Association estimated an overall cost of £2 million.

For the purposes of the IA, we have estimated that suppliers of ‘show plates’ would sell of the non-compliant marks outlawed by Option 1, even though they would be marked ‘not for road use’. However, suppliers might also experience a loss of business in respect of the so-called ‘fun plates’. The ‘not for road use’ endorsement may decrease demand by 20%.

Benefits - If 25% of the 200,000 showplates (50,000) were used on the public road and 12% of those (6,000) facilitated VED evasion through unreadable numbers, the benefits derived from Option 1 would be reduced to £4.874m pa (6,000x £221).

Enforcement of the new offence

It would be an offence to supply number plates that do not comply with display regulations. Infringements would carry a fine of up to £2,500 and /or suspension from the register of number plate suppliers for up to 5 years. Enforcement would be carried out by DVLA’s Enforcement Officers with powers to enter registered premises, seize extracts of records and bring prosecutions where appropriate. Monitoring the level of compliance with the requirements imposed by the scheme will be achieved through the returns of the Enforcement Officers.

Conclusion

Following consultation it has been concluded that introducing the Regulations without an exemption would be the most suitable to take forward. Maintaining a complete ban on “show plates” in any circumstances will provide clarity on the position for number plate suppliers, the public and enforcement officers alike. It would be the responsibility of the supplier to sell only plates that meet the regulations in full and any departure would constitute an offence. Informal discussions with Police representatives specialising in ANPR and vehicle crime matters have strengthened the case for introducing the legislation without the exemption.

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.

Impact on Admin Burdens

Neither of the two options in this Impact Assessment would increase the Admin Burden

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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