

Title: Post Implementation Review of amendments to regulations relating to the transfer, retention and assignment of registration marks (the Retention of Registration Marks (Amendment) 2008) IA No: DfT00206 Lead department or agency: Driver and Vehicle Licensing Agency (DVLA) Other departments or agencies: Department for Transport (DfT)	Impact Assessment (IA)	
	Date: 11 October 2013	
	Stage: Post Implementation Review	
	Source of intervention: Domestic	
	Type of measure: Secondary legislation	
Contact for enquiries: Tim Ford (01792 784591) tim.ford@dvla.gsi.gov.uk		
Summary: Intervention and Options		RPC Opinion Status Green

Cost of Implemented Policy					
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2005 prices)	In scope of One-In, Two-Out? Measure qualifies as		
-£0.96m	-£0.68m	-£0.23m	No NA		
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)			<table border="1"> <tr> <td>Traded: N/A</td> <td>Non-traded: N/A</td> </tr> </table>	Traded: N/A	Non-traded: N/A
Traded: N/A	Non-traded: N/A				

What were the policy objectives and the intended effects?

To reduce the administrative burden of the processes for retaining a personalised registration mark (when a mark is taken off a vehicle and held on a retention document before it is re-assigned to another vehicle) without compromising the proportionate safeguards in place, by:

- A. Allowing a third party to be assigned as the 'grantee' of a mark.
- B. Allowing a retention document to be extended for 1, 2 or 3 years at a time.
- C. Allowing a grantee to change a nominee at the point of assigning a retained mark to a vehicle.

These were intended to reduce the amount of paperwork required by customers owning a personalised registration mark and facilitate more streamlined business processes for 'cherished number' dealers.

How have the policy objectives been achieved? Please highlight any unintended consequences.

The administrative burden has reduced broadly in line with the expectations laid out in the original Impact Assessment. Feedback from cherished number dealers indicates that the changes have had a positive impact in simplifying their business processes and reducing the administrative burden of completing retention transactions. Analysis of data indicates that the amount of paperwork has decreased as per expectations as customers are benefitting from the new streamlined procedures.

However, fewer customers than originally anticipated make use of the 2 and 3 year extension options as this is not a cost-effective provision for businesses who would hope to sell their stock within a 12 month period.

No unintended consequences have been identified.

These questions are addressed in more detail in the evidence base.

What was the original commitment date to review this policy?	12/2012
If you did not meet the original commitment date to review this policy please explain why.	
The review was carried out in the last quarter of 2012.	

I have read the Impact Assessment and I am satisfied that it represents a fair and proportionate assessment of the impact of the policy.

Signed by the responsible Minister: _____ **Stephen Hammond** **Date:** 05/03/2014

Summary: Analysis & Evidence

Policy Option 1

Description: 3 simplifications to the procedures required for the retention of a personalised registration mark.

FULL ECONOMIC ASSESSMENT

Price Base Year 2005	PV Base Year 2008	Time Period Years 4	Net Benefit (Present Value (PV)) (£m)		
			Low: N/A	High: N/A	Best Estimate: £0.97m

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	N/A	N/A	N/A
High	N/A	N/A	N/A
Best Estimate	£0.17m	£0m	£0.15m

Description and scale of key monetised costs by 'main affected groups'

One-off DVLA system development costs.

Other key non-monetised costs by 'main affected groups'

None identified.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	N/A	N/A	N/A
High	N/A	N/A	N/A
Best Estimate	£0m	£0.33m	£1.12m

Description and scale of key monetised benefits by 'main affected groups'

Reduced administrative burden for cherished number dealers and individual members of the public (time savings).
Best estimates are based on the assumption that the simplifications will apply to 10% of transactions for change A (divided equally between business and individual customers), 5% for change B (individuals only) and 30% for change C (divided equally between business and individual customers). They also take account of actual transaction levels since the changes were introduced.

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

None identified.

Key assumptions/sensitivities/risks
None identified.

Discount rate (%) 3.5

PIR note: Assumption that this policy is out of scope of OITO as came into force in 2008, before the OIOO methodology was introduced.

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:	In scope of OITO?	Measure qualifies as
Costs: £0m Benefits: £0.23 Net: £0.23	No	NA

Evidence Base

Glossary of terms

Grantee: The person who has the right to a registration mark and the right to assign a mark to a vehicle. This is usually the registered keeper of the vehicle from which a mark is taken before it is put onto a retention document.

Nominee: The registered keeper of the vehicle onto which a mark will be assigned if a mark is not being assigned to the grantee's own vehicle. This person has to be named by the grantee.

V778: The retention document issued by DVLA. This certifies a customer's right to a registration mark when it is no longer on a vehicle.

Problem under consideration and rationale for intervention

The processes surrounding the ownership and trade of valuable personalised registration marks are governed by tight controls to limit opportunities for fraud and to protect customer interests. These include the rules for 'retaining' a registration mark – i.e. when customers choose to remove a mark from a vehicle and place it 'on retention', documented on a V778, until they are ready to assign the mark to another vehicle.

However, some of these safeguards were considered disproportionate to the risks involved and placed an unnecessary administrative burden on businesses and individuals. In response to complaints that these controls posed a disproportionate burden, a consultation was issued in 2006 to explore scope for improvements. Following analysis of the consultation responses, Government identified changes that could be made to procedures relating to the ownership and trade of personalised registration marks to ensure the regulation was more proportionate to the potential risks.

Policy objectives

The consultation identified 3 legislative changes to improve the processes for retaining a registration mark. These changes were intended to reduce unnecessary administrative costs on customers and cherished number dealers, without increasing the potential for fraud. The original impact assessment (IA) and supporting analysis outlining and supporting the rationale for the policy in full can be accessed via the [online IA library](#).

The following 3 changes came into force on 1st December 2008:

- A. Allow customers to change grantee details at the point a registration mark is put on retention.

Old process pre-Dec 2008	Change introduced Dec 2008
Only the registered keeper of the vehicle on which the personalised registration mark is held can apply to retain the mark on a retention document. This person remains on the retention document and must be involved in the administrative process until the mark is assigned to another vehicle.	The registered keeper of the vehicle on which the personalised registration mark is held can choose to dispose of the mark at the point the mark is put on a retention document by creating a new 'grantee'. They no longer have to be involved in the process.

- B. Allow marks to be placed on retention, or extended, for 1, 2 or 3 years at a time.

Old process pre-Dec 2008	Change introduced Dec 2008
A retention document lasts for 1 year only. Customers can apply to extend the V778 a year at a time. This costs £105 (includes £25 administrative fee).	Customers can choose to place a mark on retention for 1, 2 or 3 years and extend the document for 1, 2 or 3 years. This costs £105 for 1 year (£80 plus £25 admin fee), £130 for 2 years (£80 plus £50 admin fee) and £155 for 3 years (£80 plus £75 admin fee).

C. Allow a change of nominee at the point a mark is assigned.

Old process pre-Dec 2008	Change introduced Dec 2008
A grantee wanting to assign a mark held on retention to a vehicle whose registered keeper is not recorded as a nominee on retention document must first notify DVLA of the new nominee and wait for a replacement V778 before assigning the mark.	The grantee may notify DVLA of a new nominee (not recorded on current retention document) at the same time as assigning the registration mark.

Review approach

DVLA committed to conduct a review of these changes in 2012 to evaluate how the policy is working in practice and if the anticipated benefits are being realised.

The first change outlined above (change A) was provided for in the Vehicle Registration Marks Act 2007. The Act underwent post-legislative scrutiny (PLS) in July 2012, summarised in a [Memorandum to the Transport Select Committee](#). This concluded that the policy is meeting its objectives in simplifying the processes for buying and selling registration numbers without compromising safeguards against registration mark fraud. The simplification benefits private individuals and cherished number dealers.

In addition, Government is currently reviewing the Retention of Registration Marks (Amendment) Regulations 2008 as part of the Red Tape Challenge Road Transport Theme (a cross-Government initiative designed to cut the burden of unnecessary red tape). This review is exploring further process simplifications to ease the burden on customers as part of Government's deregulation agenda, subject to consultation in the autumn/ winter of 2012.

In light of the above, and considering that this policy affects a limited sector of both consumers and businesses, is deregulatory and is not deemed controversial, it seems proportionate to limit the review to the first 3 key questions only, as per the Government's [Impact Assessment Guidance](#) (August 2011), pp. 13-14. These questions are handled in turn below.

Q1: To what extent has the policy achieved its objectives?

Original objectives as laid out in IA <i>(see link above)</i>	"To reduce the administrative burden of the cherished transfer process."
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DVLA contacted key stakeholders to invite views on how the changes are working in practice, including the Cherished Numbers Dealers Association, the Association of Personalised Registration Traders, the Institute of Registration Agents and Dealers and the National Franchised Dealers Association.

Feedback from stakeholders suggests that changes A and C in particular are working very well. Allowing grantee details to be changed at the point a mark is put on retention (change A) has benefitted cherished number dealers in facilitating better stock control and more streamlined business processes. This is likely to have reduced costs to business but no respondents were able to provide further quantification beyond that contained in the original IA. Industry has in turn been able to offer quicker customer service whilst continuing to safeguard the interests of both parties involved in a sale. Changing the nominee at the point the mark is assigned (change C) has also cut down on unnecessary delays for businesses trading in personalised registration marks and is reported to be working well.

Change B has received less positive feedback from cherished number dealers. In general, there is no need for these businesses to use the 2 or 3 year option as they plan to sell the stock within a period of 12 months and would subsequently lose the extra fee if circumstances change. There was also a misunderstanding when the change was originally proposed in 2008 over the additional administrative fees that are required for a longer retention period.

However, some customers (mostly private citizens) are benefitting from the extension options. The table below compares the transaction volumes for 1, 2 and 3 year extensions to retention documents, although these numbers are not available in a trade/public split and do not include extensions that also requested a change of nominee.

Table 1: Transaction volumes for 1, 2 and 3 year extensions to retention documents (V778s)

	05/06	06/07	07/08	08/09	09/10	10/11	11/12
1 year	122,039	141,016	149,191	182,959	152,845	163,493	155,713
2 year	N/A	N/A	N/A	0	10,269	7,628	8,611
3 year	N/A	N/A	N/A	0	1,415	4,115	4,458
TOTAL	122,039	141,016	149,191	182,959	164,529	175,236	168,782

DVLA does not hold figures that break down 1, 2 and 3 year retention applications (as opposed to retention extensions).

Q1 summary:

The above evaluation suggests that the policy is meeting its objectives to reduce the administrative burden of the retention process, although those benefitting from change B are notably fewer than originally anticipated, since this is generally being utilised by private citizens as opposed to businesses. We will be leaving change B as it is on the basis that it is likely to be providing an overall benefit but it will be reviewed if evidence to the contrary comes to light.

Some stakeholders suggested that the changes could be widened to further reduce administrative burdens. DVLA is seeking to implement an e-service for the transfer, retention and assignment of registrations marks and associated post sales transactions. This will include simplification of current processes and enable motor dealers who use DVLA's Automated First Registration and Licensing (AFRL) system to utilise this new service, thus furthering the benefits initiated by the 2008 changes.

Q2: To what extent have the success criteria been met?

<p>Success criteria as laid out in IA</p> <p><i>(see link above)</i></p>	<p>Administrative savings for customers through:</p> <ul style="list-style-type: none"> • Change A: 10% of retention transactions take 1 hour less to complete • Change B: 10% reduction in number of retention transactions • Change C: 30% reduction in number of add/change nominee transactions
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In keeping with the principle of proportionality as laid out under the subsection 'Review approach' above, assessing the accuracy of the success criteria will be limited to data that is easily accessible.

Change A:

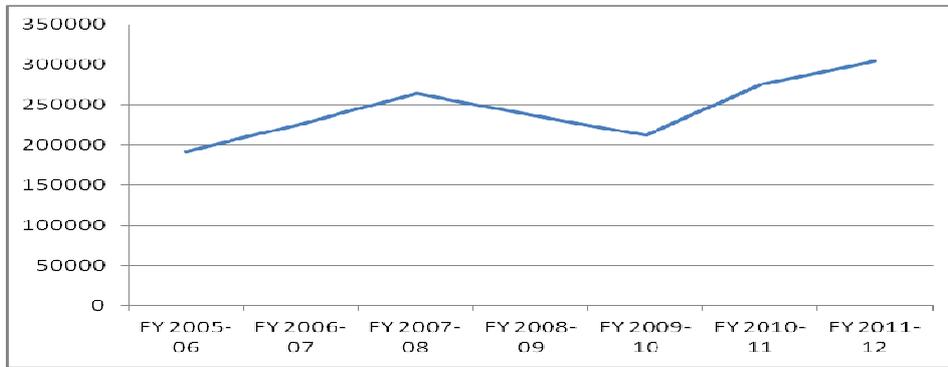
The post-legislative scrutiny exercise for the Vehicle Registration Marks Act 2007 (see link above) commissioned a small study throughout DVLA's local office network to gauge how many customers were choosing to use the new policy. This estimated that approximately 10% of the average 1,000 transactions conducted daily made use of the new arrangements to change grantee details at the point a mark is placed on retention. Even though no records have been kept of the time needed to complete a retention transaction before and after this change, feedback from stakeholders (outlined above) supports this change as beneficial in facilitating more efficient working processes for businesses.

Change B:

Table 2 below outlines the volumes of retention transactions since 2005. These volumes represent the number of registration marks being taken off a vehicle and placed onto a retention document.

Table 2: Monthly and annual volumes of retention transactions

Month	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
APR	16555	16205	20336	29174	20497	16262	22787	25639
MAY	15319	19205	23605	22381	19310	15084	24442	28306
JUN	15771	19880	24694	23396	22647	25548	25796	23822
JUL	15232	18301	23390	22861	21317	24895	24279	25484
AUG	16016	20469	24487	18401	16835	23758	28026	27584
SEP	16421	19220	22280	20512	19178	26481	26434	
OCT	17353	21638	23925	21538	18893	23892	25868	
NOV	16259	18245	21172	14729	15856	23282	25661	
DEC	11453	13369	13589	12262	12557	17402	15920	
JAN	14992	17685	20675	15508	12336	21466	25713	
FEB	17131	19003	22710	16711	15217	25668	27091	
MAR	19623	22913	22866	19739	16996	30878	31681	
TOTAL	192125	226133	263729	237212	211639	274616	303698	130835



Although the dip in the graph reflects the downturn of the recession, the general trend suggests a year on year increase in retention applications. This provides a useful context to consider the volumes of applications to extend a retention document. The original IA anticipated that there would be a 10% fall in the number of retention transactions as more customers could make use of 2 and 3 year extensions. Table 1 (above) shows that the volumes of 1 year extension requests are higher since the policy changed in 2008 compared to the 3 years previously. However, this should be understood in the context of a growing market illustrated in Table 2 and doesn't necessarily lead to the conclusion that the policy has been unsuccessful.

The arrangements are benefitting those who are choosing to make use of this flexibility – over the last 3 years, around 7-8% of applications for extending a retention document have applied for 2 or 3 years (see Table 1 above). It should be noted from stakeholder feedback that many businesses are not making much use of the new arrangements due to the issues they would raise over stock control and loss of fees. This was not anticipated in the original IA.

Change C:

DVLA does not hold any data specifying the number of retention assignments that included a change of nominee and it would be disproportionate to commission an exercise to capture this. The availability of figures showing the volumes of retention transactions including a change of nominee is limited as this data has only been captured consistently since December 2010. However, broad conclusions on the success of the policy can be made from available data. Table 3 below outlines the volumes of transactions where a customer requests a change of nominee to a V778, specifying those occasions when this was at the same time as an extension application.

Table 3: Volumes of retention transactions including a change of nominee

6-month time period	Volume of add/change nominee transactions when extending a V778	Total add/change nominee transactions (including extensions)	Proportion of add/change nominee transactions that were combined with an extension
Dec 2010 – May 2011	1536	5006	31%
June 2011 – Nov 2011	1583	4473	35%
Dec 2011 – May	1314	3559	37%

2012			
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Whilst conclusions drawn from such limited data should be treated with caution, Table 3 does suggest a consistent reduction in the total number of add/change nominee transactions over 3 successive 6 month periods – indeed, the total from Dec 2011-May 2012 is 29% lower than the same period the previous year. It could be assumed that this is due to customers making use of the new arrangements by combining a change of nominee with assigning the mark. The final column above also indicates that the proportion of transactions that add or change a nominee at the same time as extending a V778 is increasing. Therefore, there are proportionately less cases of customers changing the nominee details whilst the V778 is still valid or due to expire. This suggests that many of these customers are now able to change nominee at the same time as assigning the mark so would not have to undertake 2 transactions needlessly.

Using the available data, it is also worth comparing the volumes of add/change nominee transactions over the same time periods for adjacent years to account for natural peaks and troughs in the personalised registrations market over the course of a year. Table 4 below compares two 4-month periods a year apart.

Table 4: Trends in volumes of add/change nominee transactions on V778s over a 4-month period

Time period	Volume of add/change nominee transactions
Dec 10 – Mar 11	3200
Dec 11 – Mar 12	2347 (-27%)
Apr 11 – Aug 11	4406
Apr 12 – Aug 12	3434 (-22%)

Whilst the actual number of customers making use of the new arrangements is unavailable, Table 4 suggests customers are benefitting from the new policy broadly in line with expectations set out in the original IA. The volume of add/change nominee transactions has fallen by an average of around 25% across two 4-month timeframes - this is compared with a 30% reduction anticipated in the original IA.

Q2 summary:

Although the data is incomplete, it is possible to make basic assumptions about the effectiveness of the new arrangements compared with the success criteria laid out in the original IA. The above analysis of the available data suggests the actual impact of changes A and C is broadly in line with expectations. The success criteria for change B did not account for the growth in the retentions market and did not anticipate that businesses would not use the new arrangements. Although the policy has not fully met the success criteria, it still provides a benefit for a smaller segment of customers.

It should be noted that the original IA assumed a 12.5% decline in the level of personalised registrations activity due to the economic downturn and based the anticipated monetary savings on this. However, as Table 2 illustrates, following an initial dip, retention activity has actually increased.

Q3: To what extent have there been unintended consequences?

Feedback from stakeholders indicates that there aren't any unintended consequences resulting from this policy. Internal consideration of how the policy is working in practice also suggests that there aren't any negative outcomes.

However, processes are kept under review in line with the Agency's commitment to continuous improvement. Consequently, as part of the Agency's transformation programme, DVLA is seeking to implement an e-service for the transfer, retention and assignment of registrations marks and associated post sales transactions. This will include further simplification of its processes.

Q3 summary:

No unintended consequences have been identified as a result of the 3 changes.

Cost of implemented policy and One-In, Two-Out (OITO)

The original IA anticipated a net benefit (NPV best estimate) of £1.11m with around 75% (£0.825m) made up of direct savings to business. The EANB to business was estimated at £0.26m.

Following the principle of proportionality, it is not cost-effective to take any further action to monetise the impact of the policy. Analysis of available data (outlined above) does not suggest that the overall costs and benefits of the policy are materially different from those anticipated in 2008 but it is likely that the balance between business benefits and savings to the public have changed.

The benefits from change A could well be more than expected because the number of transactions has been higher than anticipated. Based on the methodology used in the original IA but using the average annual transactions up to 2011/12, overall benefits could be £28k pa higher (£21k being savings for business).

The higher level of transactions equally applies to change B but the review has suggested that this change has not been taken up by business. For this reason and again based on the methodology used in the original IA, benefits could be £45k pa lower than estimated. There is nothing to suggest that the estimate of benefits arising from change C should be revised.

The limited nature of the data has been noted, but it is likely that the net benefit (NPV best estimate) is lower – around £0.97m. The net benefit to business (NPV best estimate) is more likely to be in the region of £0.68m and the EANB to business around £0.23m.

Whilst it is providing benefits to business, this policy came into force prior to the introduction of the OITO scheme and therefore it is out of scope.

Risks and assumptions

None identified in original IA.

Wider impacts

Small firms dominate the cherished number industry. The review indicates that these businesses are benefitting from a reduction in administrative burden broadly in line with expectations.

No other wider impacts were identified and the review supports this conclusion.

RPC Opinion

The RPC has confirmed that the PIR is fit for purpose, adequately setting out the costs and benefits. The Committee makes the point that the original IA should have given more consideration as to how the success criteria would be measured.

The Opinion confirms that the PIR has made a reasonable assumption that the Regulations were outside the scope of the OITO requirements as they were introduced in 2008, before the OIOO methodology was introduced.

Conclusion

The 3 changes to the Retention of Registration Marks Regulations made in 2008 have gone some way to simplifying a complicated process. This post implementation review has indicated that the policy is achieving what was intended through reducing administrative burdens. DVLA therefore recommends that the policy continues without revision but will seek to apply the lessons learned through evaluation to existing and future policy development, particularly in terms of establishing mechanisms for data monitoring.

It might be possible to make further changes in this area as part of Government's ongoing deregulation agenda. The Red Tape Challenge simplifications referred to under the subsection 'Review approach' above are exploring further potential changes to these regulations. Personalised registration processes are also subject to continuous review as part of DVLA's long term strategy for customer improvements. In particular, DVLA is committed to removing legislative barriers to digital take-up where possible, as part of Government's Digital by Default agenda. The Agency is currently exploring how further simplifications to the Retention Regulations could support digital services. Any future changes to this policy will be subject to proportionate assessment of impacts.

Annex A: Sale of Registration Marks

To give the context of the personalised registration market, the following graph illustrates the sales of personalised registration marks since 2005:

