

**EXPLANATORY MEMORANDUM TO
THE VEHICLES CRIME (REGISTRATION OF REGISTRATION PLATE
SUPPLIERS) (ENGLAND AND WALES) (AMENDMENT) REGULATIONS
2005**

2005 No.2981

1. This explanatory memorandum has been prepared by the Department for Transport and is laid before Parliament by Command of Her Majesty.

2. Description

Suppliers of vehicle number plates are required to register with the Driver and Vehicle Licensing Agency (DVLA), to obtain and record information relating to purchasers of number plates and to verify that information against documentary evidence. These amendment regulations simplify the procedures for the obtaining and recording of information and make some additions and corrections to the documentary evidence that can be used.

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

None

4. Legislative Background

4.1 This instrument is made under the Vehicles (Crime) Act 2001 and amends the Vehicles Crime (Registration of Registration Plate Suppliers) (England and Wales) Regulations 2002 (the 2002 Regulations).

4.2 A commitment was given in the regulatory impact assessment that accompanied the 2001 Act to review the registration scheme two years after commencement. The scheme was introduced on 1st January 2003 and a review was conducted during 2005, resulting in these amendments.

5. Extent

This instrument applies to England and Wales.

6. European Convention on Human Rights

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

7. Policy Background

7.1 The Vehicles (Crime) Act 2001 introduced measures to contribute to the Government's objective of reducing vehicle crime. Part 2 of the Act concerns the regulation of vehicle number plate suppliers, the objective of which was to prevent criminals obtaining false number plates to disguise the true identity of stolen vehicles or vehicles used in criminal activity. Approximately 241,000

vehicles were stolen in England and Wales during 2004 as compared with 374,000 in 1998.

- 7.2 The 2002 Regulations made provision for suppliers to keep records of sales and check documentary evidence to ensure that number plates are sold only to people who are entitled to display them.
- 7.3 This instrument makes minor amendments to the 2002 Regulations so as to make the procedures easier for number plate suppliers to operate while maintaining security.
- 7.4 Some 400 consultation papers were issued and 25 responses were received. The British Number Plate Manufacturers Association, several of the larger number plate manufacturers and retailers, the Retail Motor Industry and the National Criminal Intelligence Service all responded. The proposals were generally supported, particularly by the Retail Motor Industry. In advance of the formal consultation, a questionnaire was sent to a representative sample of 300 registered suppliers, and 57 responded. These were mainly small businesses and their views played a central role in drawing up proposals to amend the current legislation. For further information, please refer to section 3 on consultation and section 6 on the small firms impact test in the Regulatory Impact Assessment.

8. Impact

- 8.1 A Regulatory Impact Assessment has been prepared.
- 8.2 The impact on the public sector is minimal, as there is no requirement for DVLA to change the way the register is administered. The only costs incurred are for sending revised briefing packs to registered suppliers.

9. Dave Warren at the DVLA Tel: 01792 765197, or e-mail dave.warren@dvla.gsi.gov.uk, can answer any queries regarding the instrument.

Regulatory Impact Assessment

1. Title

Review of the regulation of number plate suppliers in England and Wales

2. Purpose and intended effect

- **Objective**

The objective is to simplify the regulation of number plate suppliers in England and Wales, while maintaining the security of the current system.

The proposals would remove unnecessary burdens on motor dealers and fleet operators when fitting number plates to their vehicle stock and provide more flexibility in the production of documentary evidence to show entitlement to buy number plates.

- **Background**

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 by September 2005, over 32,000 businesses operating from over 39,000 retail outlets had done so. 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.

Current legislative provision is contained in Part 2 of the Vehicles (Crime) Act 2001 and the Vehicles Crime (Registration of Registration Plate Suppliers) (England and Wales) Regulations 2002.

Previously, it was possible to buy number plates from any supplier without any checks or controls. This made it very easy for criminals or penalty evaders to obtain false plates to disguise the identity of vehicles.

The Government gave an undertaking to review the regulation of number plate suppliers within two years of the date of commencement to determine whether it is meeting its objectives and if changes are needed.

- **Rationale for government intervention**

Disguising the identity of a vehicle by displaying false plates is used to conceal the identity of stolen vehicles and also to evade fines and charges. It can also facilitate serious criminal activity such as robbery.

The Register of Number Plate Suppliers (RNPS) has been in operation for over 2 years. The success of the scheme can be measured against the number of suppliers registered (over 32,000 and rising) together with the contribution of RNPS to the Government's target to reduce vehicle crime as highlighted in the British Crime Survey published by the Home Office¹. These factors indicate that the scheme is meeting its objective.

However, the review of the scheme undertaken by DVLA to meet the commitment given by the Government during the passage of the legislation presented the opportunity to monitor and where necessary "fine-tune" the scheme. The review focussed on the scope of the legislation, the obligations of registered suppliers, enforcement and the level of customer service offered by DVLA.

3. Consultation

- **Within government**

The public consultation paper was sent to the Home Office, the Small Business Service, the Lord Chancellor's Department (an interest in enforcement), the Department of the Environment Northern Ireland, Driver and Vehicle Licensing Northern Ireland and the Ministry of Defence (a major user of number plates).

- **Public consultation**

DVLA conducted a survey in July 2004 to seek views on the main aspects of the scheme from a sample of 300 registered number plate suppliers. The sample was partly based on random selection but deliberately reflected the diversity of businesses affected. The responses were mainly positive with 61.8% believing that the scheme had or would have an impact in reducing vehicle crime and 92.5% expressing satisfaction with the Agency's registration service.

The responses together with correspondence received from the public and the industry since the commencement of the scheme and meetings with key stakeholders have enabled DVLA to identify a list of policy changes, some of which require amendments to the legislation.

A consultation paper 'Review of the Registration of Number Plate Suppliers' was issued on 10 December 2004 and responses invited by 4 February 2005. The consultation paper contained a number of recommendations aimed at enhancing and strengthening the existing scheme.

- **Results of consultation**

The proposals contained in the consultation paper were generally supported. Responses received were from a variety of sources including the number plate industry, police and the general public.

¹ The British Crime Survey can be found on www.crimestatistics.org.uk

The proposal to dispense with the need for proof of identity when fitting new number plates to a vehicle for onward sale was particularly welcomed by the retail motor industry as was Government recognition of the difficulties faced by large-scale fleet operators.

The police did express concern about making the list of acceptable identity documents too long and suggested that only photographic evidence should be acceptable. In response to this concern, the list of documents originally suggested has been reduced but for practical reasons it is necessary to continue to include some widely available non-photographic evidence such as paper driving licences.

The impact of implementing these proposals would be that the existing scheme remains largely intact, but some procedural changes would make it easier for suppliers to operate without compromising security.

The overall conclusion was that the scheme was working well and continued to have the full support of the police, who believe it places obstacles in the path of organised criminals as well as casual offenders. The number plate industry has adjusted to the administrative requirements and the recording of number plate sales with the accompanying security checks is now part of the routine practice of this business sector. The main weaknesses are the fact that the legislation only applies to England and Wales, and the fact that DVLA as the registration authority does not have enforcement powers and therefore cannot act directly on information received about alleged breaches of the law. These gaps are being addressed through new powers contained in the Road Safety Bill, currently before Parliament.

In addition, experience of administering the register has shown that certain aspects of the scheme can be made easier for suppliers to operate without diminishing security. It is this aspect that is addressed in the proposed amendment regulations.

4. Options

Three options have been identified.

Option 1

To preserve the status quo by maintaining the existing scheme in its present format. While the scheme would continue to operate, the problems identified through two years of experience would not be addressed. Public confidence in the Government's commitment to review the legislation would be undermined.

Option 2 and Option 3

Both options are based on the recommendations resulting from the review of number plate suppliers, but they differ in impact on the business activity of number plate suppliers.

Option 2

To implement the recommendations resulting from the review of the regulation of number plate suppliers. This would enhance and strengthen the scheme by ensuring it is more customer-friendly and easier to operate without compromising the security of the existing scheme.

List of Proposals

- Motor dealers who fit plates to vehicles for onward sale would no longer need to obtain documentary evidence of identity. However, they would still be required to keep records of all number plates sold and record the document reference number from the vehicle registration certificate (V5C).
- The requirement to record the method of payment along with cheque number or credit/debit card details would no longer apply.
- The lists of documentation to verify name and address and establish a connection with the vehicle would be adjusted to provide greater flexibility while maintaining security.

List 1 - Documents to confirm identity

A driving licence whether or not issued in the United Kingdom (with or without a photograph.) This is preferred because it is a secure Government – issued document showing both name and address.

A bill issued by an electricity, gas or water supplier, a land – line telephone bill or a council tax bill.

A bank or building society statement.

A passport (whether or not issued in the United Kingdom).

A national identity card issued by the Government of a state or territory other than the United Kingdom.

A debit or credit card issued by a bank or building society (the requirement for a photograph will no longer apply).

A police warrant card.

An armed forces identity card.

List 2 – Documents to establish entitlement to the registration number

The preferred document is a vehicle registration certificate (V5C).

Tear off slip from V5C (V5C/2).

Certificate of entitlement to a registration mark (V750).

Cherished transfer retention document (V778).

Vehicle licence renewal form (V11).
Temporary registration certificate (V379).

Authorisation certificate (V948)

A letter of authorisation from a fleet operator (including a lease/hire company). Please note that the letter must quote the document reference number from the V5C. Quoting the vehicle identification number will no longer be acceptable.

The following reforms can be implemented without new legislation.

- The supplier identity number will be removed from the Internet to make the system more secure. At the same time a new search facility to access the details of all registered suppliers within a given post-code will be introduced.
- Fleet operators that participate in DVLA's fleet re-licensing scheme will be allowed to register as an extra- statutory concession. Applicants will be asked to provide their fleet number (this is the 6-digit number issued by DVLA).

Other Reforms

The extension of the scheme to Scotland and Northern Ireland, new enforcement powers for DVLA and measures regarding plates that do not comply with the display regulations are included in the Road Safety Bill currently before Parliament.

Option 3

This would be similar to option 2 but would incorporate the following features.

- Only photographic documentation would be acceptable to verify identity.
- The introduction of an annual registration fee.
- An increase in the level of the registration fee.

The requirement for photographic evidence would increase the level of security at point of sale at the expense of flexibility for the supplier and consumer. A higher/annual fee would act as a deterrent against businesses that attempt to register to make it easier to obtain number plates for their own use rather than for onward sale. However, the level of the fee is based on the principle that it meets the reasonable costs of administering the registration scheme. The current fee structure continues to meet that requirement at present, but it must be kept under review.

5. Costs and Benefits

- **Sectors and groups affected**

The businesses affected by the registration of number plate suppliers fall into the following categories.

- (a) Manufacturers who supply finished plates as well as systems and components for the self-assembly of plates, often on national contracts with major motor retailers.
- (b) Distributors who wholesale products supplied by manufacturers within their local market.
- (c) Assemblers who make up plates for their customers. This type of supply is most commonly seen in the form of motor factors, accessory shops and garage parts departments.
- (d) Motor dealers.
- (e) Fleet operators who order plates in bulk for use on their own vehicles.

The police and persons appointed by local authorities have powers to enter and inspect the premises of registered number plate suppliers and bring prosecutions.

The general public, who purchase replacement number plates.

Benefits

Option 1

Social

Current procedures are working in practice, but the public and suppliers view certain aspects of the scheme as inflexible and overly bureaucratic. This applies particularly to the list of documents that suppliers must check. This tends to diminish public support for the scheme.

Economic

The Home Office and police recognise the contribution of RNPS to the fight against vehicle crime. Any reduction in vehicle crime would be expected to result in lower costs for insurers, the police and the consumer.

Environmental

None.

Option 2

Social

The control over the supply of number plates makes a valuable contribution to reducing vehicle crime by presenting an obstacle to criminals and providing the police with a source of information. By enhancing and strengthening the existing scheme the consumer benefits from more flexible and customer –friendly procedures. While

enforcement is important to deal with suppliers that flout the law, the introduction of smoother procedures would encourage number plate suppliers to comply.

Economic

These are minor adjustments to the current scheme that would not carry any significant additional costs for Government, the supply industry or the consumer. Enabling the scheme to work more smoothly could have a positive impact on compliance with resulting crime reduction benefits and corresponding economic benefits to society.

Environmental

There is no discernible environmental impact.

Option 3

Social

The benefit would be similar to options 1 and 2, but restricting the list of acceptable documents to verify personal details could lead to consumer and supplier dissatisfaction with the scheme thereby reducing the level of compliance.

Economic

A reduction in vehicle crime could lead to a reduction in costs to society, but any crime reduction resulting from more stringent procedures could be cancelled out by reduced compliance. Higher/annual fees would provide more income for Government.

Environmental

There would be no discernible environmental impact.

Costs

Option 1

Social

Dissatisfaction with some aspects of the scheme might diminish public support and the level of compliance.

Economic

No additional economic impact.

Environmental

None.

Option 2

Social

None

Economic

Suppliers would need to modify their record keeping systems to implement the proposed changes and to ensure that employees are briefed. Larger businesses will need to cascade new guidelines to all retail outlets. However, we would expect the costs to business to be relatively low.

Environmental

There would be no discernible environmental impact.

Option 3

Social

More stringent requirements for documentary evidence and increased costs could lead to dissatisfaction with the scheme, which in turn would diminish public support. However, an annual fee would ensure that the information held on the register would be current and accurate.

One of the provisions contained in the Road Safety Bill currently before Parliament is to extend the scheme to Northern Ireland and Scotland. The introduction of an increased or annual fee prior to the Bill gaining Royal Assent would create an unfair disparity between those suppliers already registered in England and Wales and those yet to register in Northern Ireland and Scotland.

Economic

Suppliers would need to modify their record keeping systems to implement the proposed changes and to ensure that employees are briefed. Larger businesses would need to cascade new guidelines to all retail outlets. However, we would expect the costs to businesses to be relatively low. The cost to number plate suppliers would rise in proportion to any increase in the level and frequency of the fee. No figure has been suggested, so it is not possible to quantify the total cost to business.

Environmental

There would be no discernible environmental impact.

6. Small Firms Impact Test

Views were sought from a randomly selected number of registered suppliers including small and medium sized businesses with particular attention given to the inclusion of all types of business within the supply industry. Over half of those responding (56%) to the survey circulated in 2004 thought the £40 fee was reasonable. No adverse

comments were received to indicate that businesses experienced a continuing financial burden subsequent to registration.

The impact of implementing these proposals would be that the existing scheme remains largely intact, but some procedural changes would make it easier for suppliers to operate without compromising security. Some businesses may be required to make changes to their processes but there is no reason why this should place a particular burden on small businesses. No adverse comments were received in response to the consultation exercise, which concluded 4 February 2005 from the Small Business Service, the relevant trade associations or industry representatives.

Option 1

Continuation of some aspects of the scheme would mean that small businesses would have to continue to have to deal with dissatisfied customers.

Option 2

The impact on small businesses would be to their advantage, as they would have more flexibility in their dealings with customers. Additional costs would be minimal.

Option 3

Under this option small businesses would have to continue to deal with dissatisfied customers (the level of dissatisfaction would rise due to the restriction in the choice of documentation). This together with any changes to the fee may result in a reduction in the number of suppliers prepared to provide this service to their customers. A reduction in the number of registered suppliers would limit the choice of supplier the public now enjoys.

7. Competition Assessment

The market affected is the supply of vehicle number plates to individuals and to bulk customers such as motor dealers and fleet operators. The manufacture of number plates in the UK is dominated by a handful of companies, with the largest claiming over 50% of the market and the top two over 70%. The largest 'High Street' retailer has over 400 sales outlets.

Option 1 impacts equally throughout the industry providing a "level playing field" for all number plate suppliers.

Option 2 will not have a detrimental effect on the ability of the affected businesses to maintain their position in the market. The cost of implementing changes would be proportionate to the size of the business, so that the smaller businesses would not be disadvantaged. In any case the costs would be insignificant throughout the industry.

Option 3 would impact equally throughout the industry.

8. Enforcement, Sanctions and Monitoring

Current enforcement and sanctions would not be affected by the proposed amendment regulations contained in option 2. The new enforcement provisions contained in the Road Safety Bill are covered by a separate regulatory impact assessment.

The revised scheme would be continually monitored by DVLA. The Agency as custodian of the register processes all registration applications, acknowledges all successful applications, allocates a supplier identity number and issues an information brief. A telephone help-line is provided, which is available from 9.00 until 4.30, 5 days a week. The calls and correspondence received from suppliers will be monitored to gauge the reaction of suppliers to the revised scheme.

9. Implementation and Delivery Plan

It is recommended that the proposals contained in option 2 should be introduced by statutory instrument on 1 December 2005;

DVLA wrote to all registered number plate suppliers in June 2005 to give notice of the changes to be implemented from 1 December 2005. An information pack containing briefing material was despatched to all registered suppliers in November 2005. Revised forms and literature were available one month prior to implementation.

10. Post - implementation review

Given that the legislation is already in place and a review has taken place, there will be no post – implementation review unless the reaction of suppliers prompts further action.

11. Summary and Recommendation

It is recommended that the proposals contained in option 2 should be implemented.

12. Declaration and publication

I have read the Regulatory Impact Assessment and I am satisfied that the benefits justify the costs.

Signed by the Responsible Minister.....

Date.....

Contact Point

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