

<b>Title: Trailer registration</b> <b>IA No: DfT00396</b> <b>Lead department or agency: DfT</b> <b>Other departments or agencies: DVLA</b>	<b>Impact Assessment (IA)</b>
	<b>Date: 7/2/2018</b>
	<b>Stage: Development/Options</b>
	<b>Source of intervention: Domestic</b>
	<b>Type of measure: Primary Legislation</b>
	<b>Contact for enquiries: Paul O'Sullivan</b> HaulageTrailersBill@dft.gsi.gov.uk
<b>Summary: Intervention and Options</b>	<b>RPC Opinion: Green</b>

Cost of Preferred (or more likely) Option				
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, Two-Out?	Measure qualifies as
n/a	n/a	n/a	No	n/a
<b>What is the problem under consideration? Why is government intervention necessary?</b> <p>The UK does not currently have a mandatory trailer registration scheme in place. There have been ongoing problems with enforcement agencies in some European countries blocking and fining unaccompanied UK trailers (UK trailers being towed by a non-UK tractor unit). With or without EU Exit, there are benefits from introducing a trailer registration scheme. Instances of trailers being impeded have already presented an issue. However, with EU Exit, these problems may become more acute, either as a result of ratifying the 1968 Convention or from future enforcement policies in EU Member States. UK government intervention is therefore required to ensure that UK vehicles can meet the relevant international requirements to use the road networks across Europe.</p>				

<b>What are the policy objectives and the intended effects?</b> <p>Trailer registration will fulfil a number of goals by allowing robust identification of trailers. This could allow benefits including the increased likelihood of stolen trailer recovery; better vehicle security and possible safety improvements due to the improved enforcement of existing roadworthiness regimes. It also meets one of the operational requirements for ratification of the 1968 Vienna Convention on Road Traffic – namely, that all trailers in international traffic are registered. In doing so, it will remove an existing barrier to access for unaccompanied UK HGV trailers travelling to certain EU Member states. This will aid trailers travelling internationally to access the road network across Europe unimpeded.</p>
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<b>What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)</b> <p>Policy Option 0 (do nothing): The current arrangements continue meaning existing trailer access, DVSA's voluntary small-scale "Certificate of Keeper" system, and occasional enforcement against UK trailers continues. Doing nothing is believed to be insufficient due to the ratification of the 1968 Convention and the risk of further enforcement against UK trailers.</p> <p>Policy Option 1: Mandatory registration system for commercial-use trailers and heavier non-commercial-use trailers, excluding existing domestic-use<sup>1</sup> trailers. This is our preferred option as it would achieve the objectives without imposing an undue burden on stakeholders.</p> <p>Policy Option 2: Mandatory registration system for commercial-use trailers and heavier non-commercial-use trailers, including existing domestic-use trailers.</p>
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<sup>1</sup> "Domestic-use" trailers are those used solely within the UK as opposed to "International-use" trailers that also travel outside of the UK.

Option 1 is the preferred option as it minimises the costs of registration while addressing enforcement action against UK trailers and removing a barrier to access for UK trailers. Option 2 would achieve the policy objectives but risks imposing an excessive burden on UK trailer users.

**Will the policy be reviewed?** It will not be reviewed. **If applicable, set review date:** /

Does implementation go beyond minimum EU requirements?					
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.	Micro	< 20	Small	Medium	Large
What is the CO <sub>2</sub> equivalent change in greenhouse gas emissions? (Million tonnes CO <sub>2</sub> equivalent)			Traded: n/a	Non-traded: n/a	

***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: ..... 6/2/18

# Summary: Analysis & Evidence

# Policy Option 1

Description: mandatory registration system for commercial-use trailers and heavier non-commercial-use trailers, excluding existing domestic-use trailers

## FULL ECONOMIC ASSESSMENT

Price Base Year n/a	PV Base Year n/a	Time Period Years n/a	Net Benefit (Present Value (PV)) (£m) n/a		
			Low: n/a	High: n/a	Best Estimate: n/a

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	n/a	n/a	n/a

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

No monetised costs or benefits as this is a narrative IA.

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

Cost to government – DVLA costs to develop & maintain the IT system for trailer registration, application processing and registration certificate delivery, and to design and deliver a communications campaign. DVSA enforcement costs to ensure compliance. Cost to business & private trailer users - familiarisation cost with the new system, time costs incurred completing the registration process and registration fees payable to DVLA. Costs to government would be recovered through registration fee income.

BENEFITS (£m)	Total Transition (Constant Price) n/a	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	n/a	n/a	n/a

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

No monetised costs or benefits as this is a narrative IA.

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

The majority of the benefits from trailer registration are expected to accrue to business through the prevention of disruption to unaccompanied UK trailers in certain Member States.  
A reduction in the number of thefts and improvements in stolen trailer recoveries could benefit both business and private users of trailers.  
Road safety improvements could be to the benefit of all road users.

**Key assumptions/sensitivities/risks (%)**

**Discount rate**

n/a

The impact of the options under consideration would depend on the detailed design of the trailer registration scheme.

**BUSINESS ASSESSMENT (Option 1)**

Direct impact on business (Equivalent Annual) £m:			In scope of OITO?	

# Summary: Analysis & Evidence

# Policy Option 2

**Description:** mandatory registration system for commercial-use trailers and heavier non-commercial-use trailers, including existing domestic-use trailers

## FULL ECONOMIC ASSESSMENT

Price Base Year n/a	PV Base Year n/a	Time Period Years n/a	Net Benefit (Present Value (PV)) (£m) n/a		
			Low: n/a	High: n/a	Best Estimate: n/a

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	n/a	n/a	n/a

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

No monetised costs or benefits as this is a narrative IA.

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

Cost to government – as per Option 1 but system administration costs are expected to be higher, particularly in the short run, under Option 2 because existing domestic-use trailers will also be registered.

Cost to business & private trailer users – as per Option 1 but expected to be higher because existing domestic-use trailers will also be registered.

Costs to government would be recovered through registration fee income.

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	n/a	n/a	n/a

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

No monetised costs or benefits as this is a narrative IA.

**Other key non-monetised benefits by ‘main affected groups’**

The majority of the benefits from trailer registration are expected to accrue to business through the prevention of disruption to unaccompanied UK trailers in certain Member States.  
A reduction in the number of thefts and improvements in stolen trailer recoveries could benefit both business and private users of trailers.  
Road safety improvements could be to the benefit of all road users.

**Key assumptions/sensitivities/risks (%)**

**Discount rate**

n/a

The impact of the options under consideration will depend on the detailed design of the trailer registration scheme.

**BUSINESS ASSESSMENT (Option 2)**

Direct impact on business (Equivalent Annual) £m:			In scope of OITO?	

## Background

### 1968 Vienna Convention

1. Outside of EEA legislation, international road travel for UK citizens is directed by the UN's 1949 Geneva Convention on Road Traffic. This Convention covers rules of the road, vehicle registration and safety standards, and driving licences and international driving permits.
2. In order to facilitate international traffic, the Convention outlines circumstances when States are and are not obliged to accept vehicles and drivers travelling internationally.
3. We are confident that a future partnership between the UK and EU is in the interests of both sides, so we approach these negotiations anticipating success. We do not want or expect a no deal outcome. However, a responsible government should prepare for all potential outcomes, including the unlikely scenario in which no mutually satisfactory agreement can be reached. We have said that wherever we can, we will be open and clear with businesses, the public and our international partners about the UK Government's preparations for exit.
4. The UK has ratified the 1949 Convention and has signed, but not ratified, the 1968 Vienna Convention on Road Traffic (a UN Convention designed to facilitate international road traffic and increase road safety by establishing uniform traffic rules). Therefore the UK is not a party to the 1968 Convention. In the event that a post-EU exit deal encompassing road freight is not reached with the EU, the 1949 Convention would govern our relationship on matters of road traffic. If the UK ratifies the 1968 Vienna Convention, this will largely supersede the 1949 Convention and as such come to govern our relationship with most Member States regarding road traffic.
5. There are six Member States (MS) which are not parties to the 1949 Convention (Germany, Croatia, Slovenia, Latvia, Lithuania and Estonia). As part of our exit planning, the UK may therefore choose to ratify the 1968 Convention to address the lack of a mutual legal basis for road traffic. We are, therefore, taking the necessary steps towards ratification so that the UK is prepared on the day we leave the EU.
6. If the UK reaches a robust deal that fulfils all of our negotiating objectives, ratification of the 1968 Convention may no longer be required. The risk of enforcement against UK trailers in Member States would likely be greatly reduced but would not be removed altogether.
7. A table showing which Member States have ratified the respective Conventions on Road Traffic can be found in **Appendix 1**.

### **Problem under consideration / Rationale for intervention**

8. Among the operational requirements of the 1968 Convention is that vehicles in international traffic (and their trailers) are registered. Contracting parties to the 1968 Convention are not obligated to admit unregistered vehicles. Accompanied trailers do not need to be registered separately when they are pulled by a UK tractor unit; however, unaccompanied trailers (UK trailers pulled by non-UK tractor units) do require separate registration. The unregistered status of UK trailers has resulted in sporadic bouts of enforcement against unaccompanied UK trailers in some Member States, leading to fines and vehicle impounding. While this enforcement can normally be prevented in most EU countries by clarifying that the shared legal basis with the UK is the 1949 Geneva Convention (under which a trailer's registration status is not relevant) it has also been an issue in countries not party to the 1949 Convention, including Germany.
9. On ratifying, the 1968 Convention becomes the shared legal basis with other Member States, the 1968 Convention allows parties to refuse access to unregistered trailers – therefore there would be more countries who could refuse access to unregistered trailers than in the current position. This increased risk makes trailer registration more of a pressing issue.
10. With or without EU Exit, there are benefits from introducing a trailer registration scheme. Instances of trailers being impeded have already presented an issue. However, with EU Exit, these problems may

become more acute, either as a result of ratifying the 1968 Convention or from future enforcement policies in EU Member States.

11. To avoid this risk, a registration scheme that is in line with the Convention would be needed, i.e. for registration of unaccompanied semi-trailers, and all other types of trailer, that travel internationally and weigh more than 750kg.
12. For the sake of enforcement, we take commercial trailers to include all trailers over 3.5 tonnes. 3.5 tonnes is an established point in domestic and European legislation at which vehicles become subject to additional regulatory requirements, e.g. roadworthiness testing, and are treated as goods vehicles. Caravans and single-horseboxes are generally below this threshold but most do weigh in excess of 750kg. We do not propose to include caravans and horseboxes with the scope of registration. There may be some heavier non-commercial-use trailers brought into registration, but in practice we think that this number is very low, particularly for international journeys. We will test this assumption in consultation.
13. Implementing a trailer registration scheme requires primary and secondary legislation. This Impact Assessment provides a high level indicative assessment of the impacts from a potential permit scheme for road haulage. This is because this Impact Assessment is for primary legislation so there is currently insufficient information to assess expected impacts more fully. The precise details of the trailer registration scheme will be subject to consultation and will be included in secondary legislation. Following this, we will be able to refine our cost benefit analysis and quantify the impacts.

### **Policy objectives**

14. Trailer registration, by enabling robust identification of trailers, will fulfil the following policy objectives:
  - Fulfil one of the operational requirements for ratification of the 1968 Vienna Convention on Road Traffic – namely, that all vehicles in international traffic are registered.
  - In doing so, remove a barrier to access for unaccompanied UK HGV trailers travelling to certain EU Member States
  - Increased likelihood of stolen trailers being recovered
  - Possible safety improvements due to the improved enforcement of existing roadworthiness regimes.

### **Description of options considered**

#### Option 0: Do Nothing

15. The do nothing is that the current arrangements continue, i.e. no formal trailer registration scheme, and occasional enforcement against unregistered UK trailers.
16. The Driver and Vehicle Standards Agency (DVSA) currently operates the trailer 'Certificate of Keeper' system. This is used by the person responsible for a trailer to notify DVSA that they are the trailer's registered keeper.
17. This is a basic, voluntary scheme that DfT has recently amended to largely align it with the 1968 Vienna Convention and thereby attempt to address problems that unaccompanied British trailers have experienced in one German state.
18. This scheme is open to all trailers on a voluntary basis, but is intended primarily for HGV trailers travelling overseas. The Federal German government and all German states have now accepted that trailers using this scheme are satisfactorily registered.
19. However, there is a risk that this system, which is completely voluntary and somewhat ad hoc, could be regarded by some other states as not constituting proper registration under the 1968 Convention.



Additional enforcement action in other Member States would lead to increased use of the Certificate of Keeper system. The system, as it currently operates, would not be suitable for large volumes of requests for certificates. Therefore, even if other countries accept it constitutes proper registration, we do not consider it to be a satisfactory long term solution. Therefore, it should be seen as a temporary measure.

20. The do nothing is not a suitable policy option. The UK will leave the EU, and ratification of the 1968 Convention will change the legal basis for international travel. It would leave unaccompanied UK HGV trailers at risk of being refused access to certain Member States and would not ensure that vehicles travelling internationally meet the requirement for registration in the 1968 Convention. Therefore, doing nothing will not achieve the policy objectives. It is, however, used as the counterfactual against which the costs and benefits of the other options are estimated in line with the Better Regulation Framework Manual.
21. We are aware of some of the occasions of enforcement against unregistered trailers through cases that are referred to the Department and from qualitative discussion with trade associations. However, data on enforcement against unregistered trailers is not gathered as there is no obligation to do so under EU rules. Further, it would not be possible to determine whether that enforcement action is due to a trailer's unregistered status or for other reasons. Therefore we do not have, nor do we expect to be able to obtain, sufficient data to have a full picture of the level of enforcement action. As such a cost assessment can only be conducted qualitatively.
22. There are risks of greater enforcement arising from ratification of the 1968 Convention which would be avoided by introducing a trailer registration scheme. This risk would affect the scale of the costs and benefits of registration and this has been discussed within each option, relative to the counterfactual of the current level of permitted access. We are unable to estimate the size of this risk, and therefore the costs and benefits resulting from it.

Option 1: mandatory registration system for commercial-use trailers and heavier non-commercial-use trailers, excluding existing domestic-use trailers

23. This option would require mandatory registration for the following trailers:
  - All **existing commercial-use** trailers **over 750kg** travelling internationally
  - All **existing non-commercial-use** trailers **over 3.5 tonnes** travelling internationally
  - All **new, commercial-use** trailers **over 750kg** whether travelling internationally or only within the UK
  - All **new, non-commercial-use** trailers **over 3.5 tonnes** whether travelling internationally or only within the UK
24. A commercial trailer can be defined as “a trailer used for the transport of goods or passengers’ belongings for commercial purposes, such as transport for hire and reward or own-account transport, or for other professional purposes”. This is closely aligned with the definition of a commercial vehicle in EU law.
25. These UK trailers would have to carry a registration certificate with certain information (such as registration number, date of registration, and name and address of certificate holder) when travelling internationally, and display the trailer’s registration number on the rear of the trailer.
26. It is envisaged that dealers or ‘end suppliers’ would usually arrange for the registration of new vehicles, as they currently do for most motor vehicles, while registration of existing stock would be the responsibility of the trailer user.
27. This would also introduce an optional registration system for all those trailers not covered by the mandatory scheme.

28. While the 1968 Convention makes an exception for unregistered trailers that are accompanied by a tractor from the same country, it would be difficult to enforce a scheme solely for unaccompanied trailers, as unregistered trailers could be used unaccompanied at any time. Registration for all international commercial trailers is clearer for vehicle users and removes this issue.
29. The Convention applies to trailers used either commercially or non-commercially. 3.5 tonnes is an established point in domestic and European legislation at which vehicles become subject to additional regulatory requirements, e.g. roadworthiness testing, and are treated as goods vehicles. Caravans and single-horseboxes are generally below this threshold so would be largely excluded from registration. This avoids placing excessive burden on private caravan and horsebox users. There may be some heavier non-commercial-use trailers brought into registration, but in practice we think that this number is very low, particularly for international journeys.
30. Making mandatory the registration of all new commercial-use trailers, rather than solely those existing trailers travelling internationally, would reduce the risk of stakeholder confusion and supply chain disruption. In practice, trailer operators will often not know in advance which of their trailers will be travelling internationally, and which will only be used domestically. Making registration of all new trailers mandatory would reduce the risk of trailers not being registered if they should be, thereby limiting the scope for uncertainty and delays. Fleet replacement would mean most trailers would be registered in 10-15 years, but without the initial cost of registering all trailers currently in circulation. Registration of all new trailers would also reduce the obligation on trailer operators, as responsibility for trailer registration would instead fall to the trailer suppliers, who will generally be better equipped to deal with the additional time and paperwork that the trailer registration process will bring. However, it should be noted that suppliers may choose to pass on costs related to trailer registration to their customers; the likely extent of this will be tested in consultation.
31. A mandatory registration scheme would also make it easier for stolen trailers to be traced back to the rightful trailer owner and legal action to be taken. This would also act as a deterrent to trailers being stolen in the first place.

Option 2: mandatory registration system for commercial-use trailers and heavier non-commercial-use trailers, including existing domestic-use trailers

32. As Option 1, but extended to also cover existing domestic commercial-use trailers.
33. This option would require mandatory registration for the following trailers:
  - All new and existing **commercial-use** trailers **over 750kg**, whether used internationally or only within the UK.
  - All new and existing **non-commercial-use** trailers **over 3.5t**, whether used internationally or only within the UK.
34. This would also introduce an optional registration system for all those trailers not covered by the mandatory scheme.
35. This option would initially affect a significantly higher number of trailers than option 1 as it would also include existing domestic-use trailers. It is therefore likely to receive more resistance from trailer owners. However, after 10-15 years a similar number of trailers will be registered under both options, due to fleet replacement.
36. As with Option 1, we have recommended excluding most non-commercial trailers from this requirement. Registration of existing, non-commercial trailers only being used domestically is likely to be criticised by private trailer users who would be retrospectively charged, but would not receive the benefits from ratifying the 1968 Convention.
37. In comparison with Option 1, this more comprehensive approach may further increase the likelihood of stolen trailer recovery, as the number of registered – and therefore traceable – trailers would be significantly higher. A comprehensive approach could also make the communications and guidance around the scheme clearer and less liable to misunderstandings.

38. However, it would also create more burden for trailer operators and there is a risk that it would prove controversial.

39. The below table illustrates the categories of trailer that will be registered under each policy option. The total number of registrations is higher under Option 2 than Option 1 as Option 1 only requires the registration of the existing stock of domestic-use trailers used internationally whilst Option 2 requires the registration of both international and domestic-use existing trailers.

Option 1			Option 2		
	Commercial	Non-commercial		Commercial	Non-commercial
New	International & domestic	International & domestic	New	International & domestic	International & domestic
Existing	International	International	Existing	International & domestic	International & domestic

40. It should also be noted that the mandatory registration of all new trailers under both Options means that the same stock of trailers will be registered in the long term. Trailers are assumed to have an average useful life of 10-15 years. Fleet replacement means that under Option 1, the stock of registered domestic-use trailers (not initially registered under Option 1) will increase over time as new (registered) replacement trailers enter the UK market.

Non-regulatory alternatives

41. The 1968 Convention requires that trailers travelling internationally are subject to registration. We consider that to meet the policy objectives outlined, a mandatory system of registration is necessary. Under a voluntary system, enforcement action may be targeted against UK trailers to assess their registered status, leading to disruption of even those trailers which are correctly registered. Further, a trailer owner choosing not to voluntarily register their trailer can have wider impacts on the owner/customer of the goods being carried where enforcement action leads to trailers being prohibited or supply chains being delayed. Not requiring mandatory registration would undermine the benefits of unhindered access that registration is intended to achieve. A mandatory registration system requires primary and secondary legislation to effect. A non-regulatory alternative would not meet the policy objectives listed above.

**Costs and benefits of each option (including administrative burden)**

Option 1 - mandatory registration system for commercial-use trailers and heavier non-commercial-use trailers, excluding existing domestic-use trailers

Costs

42. The costs from a trailer registration scheme as under option 1 are expected to be as follows:

- i) Cost to government

43. DVLA set-up and ongoing support costs incurred in developing and maintaining the IT system required to administer the scheme. Under Option 1 the trailer registration scheme is expected to require a much larger number of trailers to be registered through a more detailed and formal process relative to the existing “light-touch” Certificate of Keeper scheme which processes c.260 trailer

registrations per annum. DVLA have told us that the IT platform and supporting processes will therefore need to be created as a separate new system at higher cost.

44. DVLA application processing and registration certificate delivery costs. As above, these are expected to be higher per annum compared to the current Certificate of Keeper scheme due to the higher volume of registrations. Application processing costs will be estimated based on the number of 'full time employees' (FTE) required.
45. DVSA enforcement costs to ensure compliance with the scheme. It is expected that enforcement processes will be used by DVSA to ensure trailer registration compliance. The details of the enforcement approach adopted are still being considered and will be refined during the consultation process. Confirming registration of trailers is likely to be completed by means of an additional assessment under existing DVSA roadside checks. We aim to gather information during the consultation to understand the additional enforcement costs related to trailer registration.
46. Discovery work is ongoing to assess what the costs to Government will be, so we are unable to provide quantified costs at this stage.

ii) Costs to business

47. These encompass all costs that are expected to be incurred by business to register trailers, primarily:
  - familiarisation with the new registration process
  - time costs incurred completing the registration process
  - registration fees payable to DVLA
  - possible ongoing costs for duplicate certificate fees payable to DVLA
48. These costs will be assessed using available industry data, in addition to information provided in consultation and previous work carried out around the imposition of administrative costs on commercial vehicle operators (e.g. changes to annual roadworthiness testing rules for certain heavy vehicles). As outlined above, it is envisaged that dealers or 'end suppliers' would usually arrange for the registration of new vehicles, as they currently do for most motor vehicles, while registration of existing stock would be the responsibility of the trailer user. The consultation process will provide an opportunity to further explore where responsibility should lie for the registration of trailers.
49. In addition, the possibility that businesses may need to provide their staff with additional training or equipment to meet the registration requirements will be explored during the consultation, along with the potential associated costs.

iii) Costs to private (non-commercial-use) trailer users

50. A relatively small group who use trailers over 3.5t for private use internationally are expected to be affected under Option 1. These users will need to register their trailers and will therefore incur the same costs as outlined above for businesses (familiarisation costs, time costs and registration fees).
51. The costs to Government are expected to be recovered via fees charged for registering trailers. The cost of setting up and operating the registration scheme therefore effectively falls on business and private users.
52. The above costs are all considered to be direct. No indirect costs related to trailer registration have been identified to-date.

Benefits

53. The benefits from a trailer registration scheme as under Option 1 are expected to be as follows:

Direct benefits

i) Unimpeded EU road access for unaccompanied UK trailers

54. Road haulage is an important sector to the UK economy, both in its own right and as a vital means for keeping the wider economy flowing. Foreign-registered HGVs account for a significant proportion of the road freight carried to or from the UK. However, UK-registered HGVs are also important; in the 12 months to Mar-16, UK-registered HGVs carried 8.2 million tonnes of freight of which 4.0 million tonnes were exports and 4.2 million tonnes were imports<sup>2</sup>.

55. A proportion of this haulage requires the use of UK unaccompanied trailers which currently encounter some access problems. Trailer registration would bring a benefit to trailer users by removing the costs currently caused by this enforcement action. We are not able to assess the scale of this benefit as there is no robust data on the number of cases of enforcement action.

56. In practice, the scale of this benefit would increase once the UK has left the EU *if* future levels of enforcement activity against UK trailers increased (as a result of ratifying the 1968 Convention, so changing the legal basis for international travel). The benefits from avoiding widespread access issues are believed to be considerable. We will use the consultation period to try and gather information about the value of road freight carried by unaccompanied trailers.

Indirect benefits

ii) Increased deterrent to trailer theft / improved recovery of stolen trailers

57. Trailer theft is a material issue in the UK and the value lost from stolen trailers and their associated loads represents a material cost to society. The Society of Motor Manufacturers and Traders estimated in 2006 that thefts cost £100m a year in terms of trailer and vehicles values alone, which excludes the costs associated with stolen loads. There is evidence that registered trailers can be more easily traced, identified and returned to their owner in the event of theft. To illustrate this effect, a historic, voluntary registration scheme for caravans coincided with an increase in recovery rates from c.5-10% to 16%<sup>3</sup>. An elevated level of trailer registration may therefore result in fewer thefts being committed, in addition to higher recovery rates.

iii) Road safety improvements

58. Trailer registration may also bring about safety improvements by facilitating enforcement of existing regimes related to trailer roadworthiness (e.g. checking at the point of registration that where applicable, trailers have completed the DfT's 'Plating and testing scheme'). In addition, the act of completing registration may prompt owners to check and address any roadworthiness issues. There is limited evidence to confirm such a causal relationship and the impact on accident rates is likely to be small. However, with the estimated cost of all accidents in Great Britain in 2015 totalling c.£36bn<sup>4</sup>, even very modest reductions in accidents could result in significant societal savings.

Option 2 - mandatory registration system for commercial-use trailers and heavier non-commercial-use trailers, including existing domestic-use trailers

59. The same cost and benefit categories apply under Option 2 as under Option 1. It should also be noted that the mandatory registration of all new trailers under both Options means that the same stock of trailers will be registered in the long term. Trailers are assumed to have an average useful

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<sup>2</sup> DfT Road Freight Statistics

<sup>3</sup> Source: Data provided by the National Caravan Council (NCC) on the impact of the Touring Caravan Registration Identification Scheme (CRIS)

<sup>4</sup> Source: Department for Transport statistics, RAS60003, Total value of prevention of reported accidents by severity and cost element.

life of 10-15 years. Fleet replacement means that under Option 1, the stock of registered domestic-use trailers (not initially registered under Option 1) will increase over time as new (registered) replacement trailers enter the UK market.

60. However, the total number of registrations is higher under Option 2 than Option 1 as Option 2 requires both (i) the registration of the existing stock of domestic-use trailers shortly after implementation and (ii) once these existing trailers are scrapped, the new replacement trailer stock will also be registered. Only (ii) applies under Option 1.
61. Relative to Option 1, Option 2 therefore incurs the extra cost of registering the existing domestic-use stock of trailers in year 1 but also enjoys extra benefits related to bringing forward the point at which all domestic-use trailers are registered to the start of the period.

## Costs

### i) Cost to government

62. Costs related to the development and maintenance of the trailer registration IT system and enforcement costs are expected to be similar under Options 1 and 2.
63. Application processing and registration certificate delivery costs will vary with respect to the number of trailers registered and are therefore expected to be higher, particularly in the short term, under Option 2 reflecting the extra cost of registering the existing domestic-use stock of trailers. Discovery work is ongoing to assess what the costs to Government will be, so we are unable to provide quantified costs at this stage

### ii) Costs to business

64. As with Option 1, these encompass all costs that are expected to be incurred by business to register trailers (including familiarisation, time costs and registration fees).
65. As above, costs are expected to be higher, particularly in the short run, under Option 2 because businesses using existing domestic-use trailers will also need to register them on implementation.

### iii) Costs to private (non-commercial-use) trailer users

66. These users will need to register their trailers and will therefore incur the same type of costs to business as outlined above (familiarisation costs, time costs and registration fees).
67. Again, these costs are expected to be higher, particularly in the short run, under Option 2 because private users using existing domestic-use trailers will also need to register them on implementation.
68. As with Option 1, the scheme is expected to be cost neutral from a government perspective – scheme costs would be recovered through registration fee income.
69. The above costs are again all considered to be direct. No indirect costs related to trailer registration have been identified to-date.

## Benefits

### Direct benefit

#### i) Unimpeded EU road access for unaccompanied UK trailers

70. Option 2 results in a larger number of trailers being registered in the short term relative to Option 1. However, Option 1 is believed to already cover the international trailers that are most likely to be

stopped and so the level of benefit from unimpeded trailer access is expected to be broadly the same under Option 2. We do not have data on the scale of current or potential future enforcement so we are unable to quantify this benefit.

### Indirect benefits

ii) Increased deterrent to trailer theft / improved recovery of stolen trailers

71. The benefits are expected to be greater under Option 2 as more stolen trailers are likely to be registered.

iii) Road safety improvements

72. The benefits are expected to be greater under Option 2 as the benefits will be spread across a larger number of registered trailers.

### Options costs and benefits summary

73. The majority of the benefits from trailer registration are expected to accrue through the prevention of disruption to unaccompanied UK trailers in certain Member States. Under circumstances where no journeys by UK trailers in the EU are materially impeded, these benefits would not be realised as sufficient access could be maintained with the existing 'Certificate of Keeper' scheme.

74. However, historical enforcement suggests there is an increased risk that the movement of trailers will be restricted following the UK's exit from the EU. Trailer registration, under either option 1 or 2, will mitigate this risk whilst also enabling the UK to ratify the 1968 Convention on Road Traffic. The other benefits realised under Option 2 are expected to be higher than Option 1 but the extra costs incurred under Option 2 are expected to exceed those higher benefits and therefore the net benefits are expected to be greater under Option 1. **Option 1 is believed to offer the best value for money in addressing enforcement action against UK trailers and removing a barrier to access for UK trailers, whilst minimising the costs associated with registration.**

### **Rationale and evidence that justify the level of analysis used in the IA (proportionality approach)**

75. Cost benefit analysis (CBA) in line with Green Book guidelines has been completed as far as possible based on the evidence available to-date but the analysis presented here provides a qualitative assessment of the costs and benefits from each policy option compared to the do nothing. Any quantitative analysis contains potentially sensitive information which the UK may not wish to publish at this time given the ongoing EU exit negotiations. We therefore consider that a "narrative" Impact Assessment is appropriate, where only publically available figures are presented.

76. The data available to inform the CBA is limited. We are seeking to improve and refine the evidence base in order to estimate the impacts resulting from each policy option for trailer registration.

77. In particular, the number of trailers that will need to be registered throughout the appraisal period is uncertain. The DVSA 'Plating and Testing process' means that robust data is available to estimate the number of O3/O4 category trailers (>3.5t)<sup>5</sup> in the UK. However, limited information is available for the O2 group (0.75-3.5t) category. We will seek to gain information on this during the consultation process to help quantify the impacts based on this information.

78. Further evidence will be sought from stakeholders as part of the consultation process to better determine the value to freight operators and the wider economy. Where proportional, further analysis

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<sup>5</sup> See Appendix 2 for an overview of trailer weight categories

including a break even analysis will be completed to refine the CBA. Where it is not feasible to monetise costs and benefits, we will further refine the qualitative assessment considering the magnitude of the impacts.

### **Analytical Assurance / Risks and assumptions**

79. The level of assurance for the analysis to-date is **low** due to the weakness of the evidence available and the difficulty of quantifying the benefits from unimpeded trailer use across Europe. The impact of the options under consideration will depend on the detailed design of the trailer registration scheme.
80. It should also be noted that the above assessment considers the costs and benefits of trailer registration in isolation. However, trailer registration is also an operational (though not legal) requirement of the UN's 1968 Vienna Convention on Road Traffic, which could facilitate access for UK motorists to certain EU Member States in a post-EU Exit no deal scenario. Trailer registration therefore helps to secure these wider benefits that could be gained should the UK wish to ratify the 1968 Convention.

### **Assessment for impact on small business**

81. The road haulage sector is largely made up of small and medium sized businesses. In 2016 there were around 17,480 road freight transport businesses (including removal services), of which the vast majority (99.6%) were SMEs (17,410).<sup>6</sup> We do not have any information on the use of O2 trailers, though this is likely to include small, medium and large businesses as well as private trailer users. Therefore, costs of trailer registration are expected to fall on small and medium sized businesses. The cost of registration is expected to be small relative to the overall cost base of road freight operators (assuming the registration fee is similar to that for vehicle registration). However, operators typically have tight profit margins<sup>7</sup> and smaller scale businesses are likely to have more difficulty in absorbing the new costs related to registration. Further information on the extent of this issue will be sought as part of the consultation process.

### **Assessment for impact on competition**

82. Increased costs through trailer registration will marginally weaken the relative position of UK road haulage companies relative to other EU countries, compared to the current situation. However, most road freight operators in EU countries are already required to register their trailers and so UK operators will typically not face a greater disadvantage than their EU counterparts.

### **Post Implementation Review**

83. A Post Implementation Review (PIR) is not required.
84. Ordinarily the Government undertakes PIRs as a way of checking whether regulatory burdens are justified. The European Union (Withdrawal) Bill disapplied the requirement for PIRs of the statutory instruments that were brought forward under the Bill. The Government takes the view that PIRs of correcting regulations would be of limited value and impractical. It has been communicated that PIRs are not required more broadly for regulatory changes related to EU Exit. This does not remove the general need to review and improve legislation in due course and where appropriate, but rather removes rigid review requirements as they relate to statutory instruments.

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<sup>6</sup> Business Population Estimates for the UK and Regions 2016.  
<https://www.gov.uk/government/statistics/business-population-estimates-2016>

<sup>7</sup> Statista reported that the profit margin for the top 100 road hauliers in the UK in 2015 was 4%



## Appendix 1

85. Below is a table showing which Member States have ratified the respective Conventions on Road Traffic.

EU Member State	Ratification	
	1949 Convention	1968 Convention
Austria	Y	Y
Belgium	Y	Y
Bulgaria	Y	Y
Croatia	N	Y
Cyprus	Y	N
Czech Republic	Y	Y
Denmark	Y	Y
Estonia	N	Y
Finland	Y	Y
France	Y	Y
Germany	N	Y
Greece	Y	Y
Hungary	Y	Y
Ireland	Y	N
Italy	Y	Y
Latvia	N	Y
Lithuania	N	Y
Luxembourg	Y	Y
Malta	Y	N
Netherlands	Y	Y
Poland	Y	Y
Portugal	Y	Y
Romania	Y	Y
Slovakia	Y	Y
Slovenia	N	Y
Spain	Y	S
Sweden	Y	Y
UK	Y	S




Y = Yes

N= No

S = Signed (but not ratified)

? = Status uncertain

## Appendix 2 – Trailer categories

<p><b>Category O1:</b> Trailers with a maximum mass not exceeding 750kgs.</p> <p>Often this will be for small, non-commercial trailers.</p>	
<p><b>Category O2:</b> Trailers with a maximum mass exceeding 750kgs but not exceeding 3,500kgs. The unladen weight must not exceed 1,020kgs.</p> <p>A vast number of trailers fall into this category, including horse boxes, single car transporters, general purpose trailers and those carrying industrial plant.</p>	
<p><b>Category O3:</b> Trailers with a maximum mass exceeding 3500kgs but not exceeding 10,000kgs.</p> <p>Often used by local authorities in road maintenance, showmen and agricultural trailers</p>	
<p><b>Category O4:</b> Trailers with a maximum mass exceeding 10,000kgs.</p> <p>Mainly large articulated semi-trailers used for haulage.</p>	