

**EXPLANATORY MEMORANDUM TO
THE ROAD VEHICLES (REGISTRATION AND LICENSING) (AMENDMENT)
REGULATIONS 2013**

2013 No. 2909

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

2. Purpose of the instrument

2.1 The purpose of the Statutory Instrument covered by this Memorandum is to remove the burden placed on vehicle keepers to make a Statutory Off-Road Notification (SORN) on an annual basis.

2.2 Additionally, for keepers of vehicles that require a nil licence, this Instrument enables them to obtain a first nil licence that expires one year from the start of the month following the month in which the licence first has effect. Currently this is only available to keepers of vehicles that require a standard vehicle licence (being different from a nil licence).

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

3.1 None

4. Legislative Context

SORN

4.1 Schedule 4 to the Road Vehicles (Registration and Licensing) Regulations 2002 (“the 2002 Regulations”) states the circumstances in which a SORN must be made. These Regulations only relate to one of those circumstances: where a vehicle is unlicensed, a SORN has been made and 12 months have elapsed since the SORN was taken out it is a requirement to take out a new SORN in respect of that vehicle (see paragraphs 5 and 9 of Schedule 4 to the 2002 Regulations)¹.

First nil licences

4.2 Presently, there is a scheme under which first vehicle licences can extend over more than a year. This scheme is provided for by the Vehicle Licences (Duration of First Licences and Rates of Duty) Order 1986 (“the 1986 Order”), made under section 3 of VERA. The provisions of the 1986 Order do not apply to first nil licences.

¹ A new SORN need not be taken out, however, if a vehicle licence or nil licence is taken out in respect of the vehicle.

4.3 The duration of a nil licence is stipulated in regulation 33 of the 2002 Regulations. The 2002 Regulations state that a nil licence must be granted for 12 months from the first day of the month in which the application for the licence is received. This means that, in effect, nil licences are granted for less than 12 months.

5. Territorial Extent and Application

5.1 This instrument extends to the United Kingdom.

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 Annual renewal of SORN and whether the duration of all first licences should be the same were measures that were part of the Road Transportation Theme of the Red Tape Challenge. Comments received indicated that the requirement to renew a SORN annually was an unnecessary administrative burden on vehicle keepers. It was also considered that all vehicles should be treated equally, as regards the duration of first licences.

SORN

7.2 Around 1.2 million motorists renew their SORN each year. Removing the requirement to renew a SORN annually removes an unnecessary administrative burden on registered keepers.

7.3 Renewing a SORN is no longer required because a system of Continuous Registration (“CR”) was brought in in 2004 that enabled the DVLA to check on a monthly basis, amongst other things, whether a vehicle is licensed or a SORN is in force.

7.4 As a result of the CR system, the DVLA is aware of when a vehicle is unlicensed and no valid SORN has been made, and take appropriate action as required. It is an offence to keep or use an unlicensed vehicle, unless a SORN has been made².

7.5 Paragraphs 5 and 9 of Schedule 4 to the 2002 Regulations are therefore redundant as the requirement to re-make a SORN is superfluous in circumstances where the DVLA already knows the licensing status of the vehicle. All other legal requirements within the 2002 Regulations with regard to SORN will remain unaffected. Registered keepers will still be obliged to make a SORN at the appropriate time (e.g. if a vehicle licence expires and a

² There are other circumstances in which the offence of keeping or using a vehicle does not apply (see section 29(2A) and (2C) of VERA), but they are not relevant for present purposes.

new one is not taken out in respect of that vehicle). When it comes to making a SORN for the first time the process will remain, practically speaking, the same.

- 7.6 Once the SORN has been made, it will remain in place indefinitely. The only change registered keepers will experience is that they will not receive a reminder the following year, as they will no longer need to renew their SORN. All other legal requirements within the 2002 Regulations with regard to SORN will remain unaffected.

First nil licences

- 7.7 The duration of first vehicle licences scheme was introduced in 1986. The scheme applies on request at the point of first registration and vehicle keepers can choose to license their vehicle for 6 or 12 months plus an additional one, two or three weeks. There are three start dates: 10th, 17th, and 24th of each month and a supplement based on the annual cost of a vehicle licence is charged for the additional weeks. The vehicle licence (tax disc) shows the correct expiry date but will have a note advising 1, 2 or 3 additional weeks.
- 7.8 The scheme was specifically intended to reduce the cost of road tax for those buying vehicles mid-month and as a consequence it was hoped that it would ease the burden on motor dealers by spreading the sales of vehicles throughout the month.
- 7.9 Changes in business models have seen an increase in the number of vehicles administered as part of a fleet, whilst changes in technology and the introduction of low CO² value vehicles have increased the number of vehicles where no vehicle excise duty is payable. Since the introduction of graduated vehicle excise duty rates (“Grad VED”) in April 2010, some vehicles which have low CO² emissions are not required to pay any vehicle excise duty in the first year, but then pay an appropriate amount based on the emissions for the second year onwards.
- 7.10 The amendments made by these Regulations will, mirroring the terms of the 1986 Order, allow the keepers of nil licensable vehicles to obtain a nil licence (tax disc) for an additional 1, 2 or 3 weeks. This will allow the keepers of nil licensable vehicles to bring the renewal of their licence in line with the end of calendar months and, in particular, in line with the expiry of annual lease or rental agreements.

8. Consultation outcome

- 8.1 During the Road Transportation Theme of the Red Tape Challenge, comments were received about annual renewal of SORN being an unnecessary administrative burden on motorists. Comments were also received as to whether all vehicles should be treated equally, as regards the duration of first licences.

8.2 Government agreed to look at the frequency of making a SORN and announced that a change would be made to the requirement to make a SORN on an annual basis. Similarly, Government agreed to look at whether nil licences could be issued in line with the duration of first licences scheme.

8.3 Targeted consultations with the motor industry and the police have also been carried out, the latter in view of their road traffic law enforcement role.

9. Guidance

The Department intends to publicise the change in legislation. Information will be available on the Gov.uk website and communications on the new processes will be available through a range of media, including DVLA's Electronic Vehicle Licensing channels.

10. Impact

10.1 There is no negative impact on business, charities or voluntary bodies.

10.2 The impact on the public sector is in terms of IT costs and loss of revenues in fines and Vehicle Excise Duty.

10.3 Impact Assessments are attached to this memorandum and will be published alongside the Explanatory Memorandum at www.legislation.gov.uk

11. Regulating small business

As regards the SORN provisions, there is no impact on small businesses. The part of the legislation in respect of first nil licences will have a slight, positive impact on operators of small vehicle fleets.

12. Monitoring & Review

A Post Implementation Review is planned in 5 years.

13. Contact

Jason Donovan at the Driver and Vehicle Licensing Agency (tel: 01792 786860 or email: Jason.donovan@dvla.gsi.gov.uk) can answer any queries regarding the instrument.