 Regulatory Policy Committee	Validation of the One-in, Two-out Status and the Net Direct Impact on Business
Validation Impact Assessment (IA)	V5C on demand
Lead Department/Agency	Department for Transport
IA Number	
Origin	Domestic
Expected date of implementation	SNR8
Date of Regulatory Triage Confirmation	Not Applicable – Red Tape Challenge
Date submitted to RPC	01 July 2014
Date of RPC Validation	19 August 2014
RPC reference	RPC14-DfT-2148
Departmental Assessment	
One-in, Two-out status	OUT
Estimate of the Equivalent Annual Net Cost to Business (EANCB)	-£2.31 million
RPC assessment	VALIDATED
Summary RPC comments	
<p>The Validation IA is fit for purpose. The IA states that this is a deregulatory proposal (an ‘OUT’) with an estimated equivalent annual net cost to business (EANCB) of -£2.31 million. The benefits to fleet companies are derived from them no longer having to hold V5C forms securely and not having to make an application to DVLA when there are changes in details or forms are lost.</p> <p>Based on the information provided, the RPC can validate this assessment.</p>	
Background (extracts from IA)	
What is the problem under consideration? Why is government intervention necessary?	
<p><i>“Some businesses incur unnecessary costs in distributing and storing Vehicle Registration Certificates (V5Cs) that serve no practical purpose until the vehicle is sold, perhaps several years later. Intervention is needed to amend the Road Vehicles (Registration and Licensing) Regulations 2002 to remove the requirement to issue V5Cs to fleet companies at first registration and for companies to keep the V5C, instead issuing a new registration document to the fleet company when it requests one. This will decrease the administrative burden and costs for fleet companies.”</i></p>	
What are the policy objectives and the intended effects?	
<p><i>“To reduce burdens on fleet firms by suppressing V5Cs from issue at first</i></p>	

registration and suppressing V5Cs from issue for any further subsequent notification of changes to name and address details and vehicle details.

This will significantly decrease the burden on fleet firms as well as reducing the burden on DVLA from not having to handle large volumes of paper based requests from fleet firms for replacement V5Cs.”

RPC comments

The Department proposes to remove the requirement to issue V5Cs for companies who operate large fleets of vehicles. The law currently requires that the keeper of every vehicle registered by the DVLA is issued with a V5C. These regulations will be amended so that, for fleet companies, V5Cs will only be issued on-demand, when one is actually required (for example, to sell the vehicle). The changes in the regulations will also allow fleet companies to manage V5C data electronically.

The Department estimates the three main benefits of these proposals to business are:

- £1.62 million per year from reduced storage costs, as companies no longer need to store V5Cs;
- £1.1 million per year in reduced administrative burden from the introduction of an electronic notification system for changes in details;
- £0.47 million annual saving from companies no longer needing to replace V5Cs when they are lost.

The Department has clarified that the estimated storage savings to business are net of the additional costs of applying for a V5C (for example, when selling the vehicle).

The Department explains that these changes are not mandatory. Fleet companies can decide whether they want a V5C to be issued or not. However, the Department explains that as business will benefit, take up is expected to be 100%. The fleet car industry showed strong support for the measures during consultation.

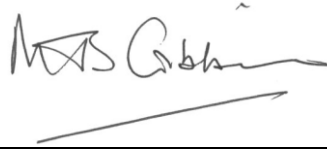
Costs to business: The Department has also confirmed that there are no additional costs to business as they would not need to request that a V5C is not issued as the DVLA automatically records the vehicle as being part of a fleet when it is purchased.

Familiarisation costs to fleet companies have not been quantified as the Department estimates these to be small. Based on the information provided, and considering the limited nature of the changes, the Department's assessment appears reasonable. Across the 500 companies estimated to be currently covered by the scheme, the inclusion of familiarisation costs would

be unlikely to affect the EANCB.

On the basis of the information provided, the Committee is able to validate the estimated EANCB.

Signed

A handwritten signature in black ink, appearing to read "Michael Gibbons", with a long horizontal stroke underneath.

Michael Gibbons, Chairman