

Title: The Trailer Registration Regulations 2018 IA No: RPC-4288-DfT Lead department or agency: Department for Transport Other departments or agencies: Driver and Vehicle Licensing Agency	Impact Assessment (IA)
	Date: 12/09/2018
	Stage: Final
	Source of intervention: Domestic
	Type of measure: Secondary Legislation
	Contact for enquiries: Paul O'Sullivan HaulageTrailersBill@dft.gov.uk
Summary: Intervention and Options	RPC Opinion:

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	Non qualifying provision
What is the problem under consideration? Why is government intervention necessary? <p>The 1968 Convention on Road Traffic, which the UK has ratified as part of our preparations for leaving the EU, will come into force in March 2019, allows contracting parties (including more than 20 EU member states) to deny entry to unregistered trailers. The UK does not currently have a mandatory trailer registration scheme in place and there have been ongoing problems with enforcement agencies in some EU Member States blocking and fining unaccompanied UK trailers (UK trailers being towed by a non-UK tractor unit) as they are not registered under an official UK registration scheme. There will be greater scope for enforcement action against the users of UK trailers after the Convention comes into force. Under the Convention's terms, access to foreign roads is only guaranteed for registered motor vehicles and trailers and contracting parties are permitted to undertake enforcement action against unregistered trailers. Accordingly, UK Government intervention is required to ensure that UK trailers can meet the registration standards in the Convention and continue to use the road networks across Europe without disruption.</p>				

What are the policy objectives and the intended effects? <p>Trailer registration, by enabling identification of trailers, will fulfil the following policy objectives:</p> <ul style="list-style-type: none"> • Support the ratification of the 1968 Vienna Convention on Road Traffic – namely, to enable UK trailer users to register their trailers ahead of international travel. • Remove an existing cause of disruption for unaccompanied UK HGV trailers travelling to certain EU Member States and ensure trailer users may mitigate any change in enforcement action. <p>The implementation of a trailer registration scheme meeting the standards outlined in the Convention will minimise the risk of disruption to UK trailers being used internationally, independently of negotiations with the EU and in doing so, address the existing disruption UK operators have faced.</p>

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base) Baseline 0 <u>Current Arrangements 0.1:</u> Existing levels of enforcement against unregistered UK trailers continues. The Certificate of Keeper scheme is sufficient to address this level of enforcement. This arrangement will not continue as ratification of the 1968 Convention means other countries could begin enforcement against UK trailers, meaning this option is not viable.
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Do Nothing 0.2: The ratification of the 1968 Convention comes into force and enforcement levels increase significantly compared to the current arrangements. The Certificate of Keeper is expected to be unable to handle significant volumes of applications and there is a persisting risk of wider enforcement against UK trailers arising from the ambiguity around the registration status of UK trailers. Therefore, doing nothing is not believed to be a suitable option.

Policy Option 1: Mandatory registration of trailers undertaking travel to, or through, a country that has ratified the 1968 Convention - applying for: i. Commercial trailers weighing over 750kg; ii. Non-commercial trailers weighing over 3,500kg.

Policy Option 2: Mandatory registration of trailers undertaking travel to, or through, a country that has ratified the 1968 Convention and all new trailers whether used domestically or internationally- applying for: i. Commercial trailers weighing over 750kg; ii. Non-commercial trailers weighing over 3,500kg

Option 1 is the preferred option. It is believed to offer the best value for money in addressing enforcement action by EU member states against UK trailers and removing a barrier to access for UK trailers. Hence, it is expected to achieve the policy objectives whilst minimising the costs associated with introducing a new trailer registration scheme. Solely requiring registration of trailers used for international travel will ensure the costs associated with registration are borne by those who may benefit from the reduced risk of international disruption. As Ireland has not ratified the 1968 Convention, registration will not be required of trailer units from Northern Ireland, or Great Britain, for journeys to, or through, Ireland.

Will the policy be reviewed? It will be reviewed. **If applicable, set review date:** /

Does implementation go beyond minimum EU requirements?			n/a		
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 ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ 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 :	Jesse Norman	Date:	
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Summary: Analysis & Evidence

Policy Option 1

Description: mandatory registration of trailers undertaking travel to, or through, a country that has ratified the 1968 Convention - applying for: i. Commercial trailers weighing over 750kg; ii. Non-commercial trailers weighing over 3,500kg

FULL ECONOMIC ASSESSMENT

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

Cost to business and private users of large non-commercial trailers making journeys to the EU - familiarisation cost with the new system and time costs incurred completing the registration process (at £7 per trailer or around £560,000 in the first year and £56,000 in future years to all trailer owners in scope); and cost of purchasing a private vehicle number plate and registration fees payable to DVLA (one-off registration fee expected to be no more than £28 per trailer and average registration plate cost of £16 from private suppliers totalling an estimated £3.5m in the first year and £0.4m in future years).

Cost to Government – DVLA costs to develop and maintain the IT system for trailer registration, application processing and registration certificate delivery. Costs to Government would be recovered through the registration fee income. One-off upfront investment costs are estimated to be around £12m.

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

Costs to Government – DVLA costs to design and deliver a communications campaign and train staff for management and casework associated with the new scheme. DVSA enforcement costs to ensure compliance. Costs to government would be recovered through the registration fee income.

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

<p>Description and scale of key monetised benefits by 'main affected groups'</p> <p>Benefits from avoiding enforcement costs for UK trailer owners travelling to the EU. The enforcement costs against unregistered trailers can be significant and there is a strong interest in operators being able to avoid this action.</p>				
<p>Other key non-monetised benefits by 'main affected groups'</p> <p>The majority of the benefits from trailer registration are expected to accrue to businesses through the prevention of impediment to unaccompanied UK trailers travelling to certain Member States. While other benefits may accrue through a reduction in the number of thefts and improvements in stolen trailer recoveries and improved enforcement of existing road safety measures, this will be limited to those trailers which are registered. The compulsory scope of the registration will only apply to around 5 – 10% of the total trailer population.</p>				
<p>Key assumptions/sensitivities/risks (%)</p>			<p>Discount rate</p>	<p>n/a</p>

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			In scope of OITO?	
Costs: n/q	Benefits: n/q	Net: n/q	n/q	n/q

Summary: Analysis & Evidence

Policy Option 2

Description: mandatory registration of trailers undertaking travel to, or through, a country that has ratified the 1968 Convention and all new trailers whether used domestically or internationally - applying for: i. Commercial trailers weighing over 750kg; ii. Non-commercial trailers weighing over 3,500kg

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'

Cost to business and private users of large non-commercial trailers - familiarisation cost with the new system and time costs incurred completing the registration process (one-off cost at £7 per trailer or around £560,000 in the first year and £930,000 in future years to all trailer owners in scope); and cost of purchasing a private vehicle number plate and registration fees payable to DVLA (one-off registration fee expected to be no more than £28 per trailer and average registration plate cost of £16 from private suppliers totalling an estimated £3.5m in the first year and £5.9m in future years).

Cost to Government – DVLA costs to develop and maintain the IT system for trailer registration, application processing and registration certificate delivery. Costs to Government would be recovered through the registration fee income. One-off upfront investment costs are estimated to be around £12m.

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

Costs to Government – DVLA costs to design and deliver a communications campaign and train staff for management and casework associated with the new scheme. DVSA enforcement costs to ensure compliance. Costs to government would be recovered through the 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	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' Benefits from avoiding enforcement costs for UK trailer owners travelling to the EU.				
Other key non-monetised benefits by 'main affected groups' The majority of the benefits from trailer registration are incurred by businesses through the prevention of impediment to unaccompanied UK trailers travelling to certain Member States. The scope of registration will mean that over time almost all trailers will be registered through fleet replacement. Testing data on the current stock of HGV trailers indicates 80% of trailers would be registered within 15 years of a mandatory registration requirement for new trailers. This may allow a broader range of benefits to accrue, for example –through a reduction in the number of thefts and improvements in stolen trailer recoveries and improved enforcement of existing road safety measures. With a majority of trailers registered this would allow these benefits to be broadly accrued.				
Key assumptions/sensitivities/risks (%)			Discount rate	n/a

BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:			In scope of OITO?	
Costs: n/q	Benefits: n/q	Net: n/q	n/q	n/q

Background

1968 Vienna Convention

1. Outside of EU legislation, international road travel for UK drivers is primarily governed by the 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. An important aspect of the Convention is the mutual acceptance of driving licences when accompanied by an international driving permit. These permits are not required within the EU, but this may change for UK drivers following the UK's exit from the EU. There are five EU Member States (MS) which are not parties to the 1949 Convention (Germany, Croatia, Latvia, Lithuania and Estonia) and as such the UK does not share a mutual legal basis for international road traffic or the recognition of international driving permits. But these five states, along with many other member states, have ratified the subsequent 1968 Vienna Convention on Road Traffic.
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 and seeking an agreement which allows for the mutual recognition of licences. 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. As part of our preparations for leaving the EU, to ensure readiness in all scenarios, the UK has now ratified the 1968 Convention. The Convention will come into effect in March 2019 on the conclusion of the 12 month standstill period following the deposition of the instruments of ratification with the UN in March 2018. The 1968 Convention will subsequently become the UK's legal basis for international road travel with fellow contracting parties to the 1968 Convention. This will supersede our status as a contracting party to the earlier 1926 and 1949 Conventions in interactions with foreign countries who have ratified the 1968 Convention.
5. That the UK does not share a mutual legal basis for international road traffic with several EU Member States has already been the source of small-scale, but persistent, enforcement action undertaken against unaccompanied UK trailers. We are, therefore, taking the necessary steps towards ratification by introducing this registration scheme so that the UK is prepared on the day we leave the EU.
6. Additionally, even with a robust deal that fulfils all of our negotiating objectives, the risk of enforcement against unregistered UK trailers in EU Member States 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. The 1968 Convention permits that unregistered vehicles and trailers in international traffic may be subject to enforcement action. Many contracting parties to the Convention are particularly concerned with the registration status of trailer units as they may be used unaccompanied at any point in international haulage operations and the identity unclear. 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 small-scale, but persistent, enforcement action 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 (which does not permit enforcement action against unregistered trailers) it has also been an issue in countries not party to the 1949 Convention, including Germany.

9. The UK's ratification of the 1968 Convention will come into force in March 2019. At this point, the 1968 Convention becomes the shared legal basis with other contracting parties to the 1968 Convention. The 1968 Convention allows parties to refuse access to unregistered trailers. While UK trailers may already be subject to enforcement action in a five EU Member States, following the Convention coming into force, 23 of the EU27 will be permitted to enforce against unregistered UK trailers. This is independent of any arrangements reached with the EU as there is no EU requirement for trailers to be registered. We will not require EU trailers coming to the UK to be registered as there is no requirement for trailers used within the UK to be registered. The problem under consideration here only concerns UK trailers being used internationally.
10. To avoid this risk, the introduction of a registration scheme that is in line with the Convention is required. The scheme will require the registration of any (a) commercial trailer that weighs more than 750kg or non-commercial trailer that weighs more than 3,500kg and (b) is used in a 1968 Convention territory.
11. While the Convention does not draw a distinction between commercial and non-commercial trailers, the risk of enforcement action against non-commercial trailers weighing less than 3,500kg is judged to be minimal. 3,500kg 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-horse trailers are generally below this threshold but most do weigh in excess of 750kg. We do not propose to include caravans and horse trailers 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.
12. Implementing a trailer registration scheme requires primary and secondary legislation. The primary legislation has completed its passage through Parliament earlier this year and achieved Royal Assent on 19 July 2018. This Impact Assessment moves on from the initial proposals and focuses on the final proposals, as has been reached through additional engagement with industry and the public consultation on the provisions of the Bill. The precise details of the trailer registration scheme is included in secondary legislation.

Policy objectives

13. The introduction of a trailer registration system, by enabling identification of trailers, will fulfil the following policy objectives:
 - Support the ratification of the 1968 Vienna Convention on Road Traffic – namely, to enable UK trailer users to register their trailers to the requisite standards ahead of international travel.
 - Remove a barrier to access for unaccompanied UK HGV trailers travelling to certain EU Member States which may lead to delays and disruption to trailers operating internationally.

Description of options considered

Option 0: Baseline

0.1 Current Arrangements

14. The current arrangements mean that no formal trailer registration scheme will be introduced, and the current occasional enforcement against unregistered UK trailers continues in a limited number of EU Member States.
15. This baseline assumes that the Driver and Vehicle Standards Agency (DVSA) continue to operate 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 keeper.

16. This is a basic, voluntary scheme that DfT has recently amended to largely align it with the 1968 Vienna Convention and thereby attempts to address problems that unaccompanied British trailers have experienced in one German state.
17. This scheme is open to all trailers on a voluntary basis, but is intended primarily for HGV trailers travelling overseas. Trailers registered under this scheme have continued to face disruption on international journeys within Germany, including operators facing prohibitions and receiving fines for their UK trailers.
18. The current nature of this scheme means that it is only capable of handling limited volumes of applications as this is not supported by a digital application service, but completion of an application form which can subsequently be submitted for processing and issuance from the DVSA.
19. This baseline is a measure of the costs to industry currently experienced from the existing levels of enforcement which take place in a small number of EU Member States, alongside the 'Certificate of Keeper' registration scheme. However, the ratification of the 1968 Vienna Convention will come into force in March 2019, meaning that the current levels of enforcement will not continue. Current arrangements are used as the baseline to measure the cost impacts on trailer users compared to what they currently experience.

0.2 Do Nothing

20. The 1968 Convention has been ratified and will come into force in March 2019, whereby the number of countries permitted to enforce against unregistered UK trailers will rise to 23 out of 27 EU Member States. Prior to this, UK trailers had primarily been subject to enforcement in Germany, one of five EU Member States with which the UK does not share a mutually ratified Convention. Once the ratification of the 1968 Convention comes into force on 28 March 2019, this will become the shared basis for international road traffic between the UK and fellow contracting parties to the 1968 Convention. For countries that have ratified both the 1949 and 1968 Convention, the 1968 Convention will supplant the earlier Convention as our shared legal basis. The ratification of the Convention, and subsequent change in levels of enforcement, are independent of any negotiated arrangements with the EU.
21. The previous acceptance of the trailer 'Certificate of Keeper' scheme from the Federal German Government required significant liaison with German officials to reach an accord which has not been universally accepted by German enforcement authorities. As a number of other countries could now begin to enforce against UK trailers, we expect that the levels of enforcement will increase.
22. Increased enforcement action in other Member States would lead to increased use of the trailer 'Certificate of Keeper' system. As outlined, the system, as it has previously operated, would not be suitable for large volumes of requests for certificates. Therefore, this is not a viable long term solution. It will remain in place only as an interim measure until the new DVLA scheme is operational.
23. For the reasons outlined, the do nothing is not a suitable policy option. The UK will leave the EU, and ratification of the Convention will change the legal basis for international travel. The absence of an adequate registration scheme 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.
24. The do nothing baseline provides a measure of the costs and benefits of each option that we expect once the UK has left the EU.
25. We are aware of some of the occasions of enforcement against unregistered trailers through cases that are referred to the Department and from 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. The Department has gained further insight into the experience of enforcement in relation to matters of trailer registration, but it has not been possible to assess these on a quantitative basis due to the lack of data on the precise levels and costs of enforcement. Further, it would not be possible to determine whether that enforcement action is due to a trailer's unregistered status or for other reasons. As such, an impact assessment of this can only be conducted qualitatively.

26. 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 baseline scenarios.

Option 1: Mandatory registration of trailers undertaking travel to, or through, a country that has ratified the 1968 Convention - applying for: i. Commercial trailers weighing over 750kg; ii. Non-commercial trailers weighing over 3,500kg

27. 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 3,500kg** travelling internationally

28. 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”.

29. 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.

30. The compulsory registration requirement would apply solely for trailers used for international travel to, or through, foreign countries who have ratified the 1968 Vienna Convention. Other trailer keepers will remain able to register on a voluntary basis if they so wish. EU trailers coming to the UK will not require to be registered.

31. 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 trailers used in 1968 Convention territories is clearer for vehicle users and enforcement authorities and removes this issue.

32. The Convention applies to all trailers weighing over 750kg, without making a distinction between commercial or non-commercial use trailers, however all reported enforcement action has been undertaken against commercial trailer units.

33. The higher weight threshold for non-commercial trailers of 3,500kg accordingly ensures additional leisure trailer users are not unduly drawn into the scope of registration, but reflects that 3,500kg 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-horse trailers are generally below this threshold so would be largely excluded from registration. This avoids placing excessive burden on private caravan and horse trailer 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.

34. Engagement with industry and the public consultation regarding these proposals has underlined that trailer operators actively manage which vehicles are used internationally through fleet management and thus, under these proposals would be able to adequately ensure that they need only register the trailers which are liable to international enforcement action if they do not wish to register all trailers in their fleet.

35. There are additional benefits associated with trailer registration, though these will only be applicable to the limited proportion of trailers which are registered. In the case of theft reduction, further engagement with industry has outlined that in the absence of comprehensive enforcement action to confirm the chassis serial number of a trailer, the potential benefits of theft reduction is negligible, as

the registration plate may be easily removed from a trailer. Such enforcement action would be considerably more timely and costly to undertake.

36. 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 relevant international-use trailers whilst Option 2 requires the registration of both international and new domestic-use existing trailers.

Option 2: Mandatory registration of trailers undertaking travel to, or through, a country that has ratified the 1968 Convention and all new trailers whether used domestically or internationally- applying for: i. Commercial trailers weighing over 750kg; ii. Non-commercial trailers weighing over 3,500kg

37. 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 3,500kg** travelling internationally
- All **new, commercial-use** trailers **over 750kg** whether travelling internationally or only within the UK
- All **new, non-commercial-use** trailers **over 3,500kg** whether travelling internationally or only within the UK

38. This would also introduce an optional registration system for all those trailers not covered by the mandatory scheme.

39. This option would affect the same number of trailers in the first year as Option 1, but would also require registration of new domestic-use trailers in subsequent years. It is therefore likely to receive more resistance from trailer owners and thus enforcement costs would be much greater. However, after 10-15 years a significant share of trailers will be registered, due to fleet replacement, but without the initial cost of registering all trailers currently in circulation.

40. As with Option 1, we have recommended excluding most non-commercial trailers from this requirement. Registration of trailers only being used domestically would result in additional costs and requirements, but owners of those trailers would not reap the benefits from ratifying the 1968 Convention.

41. Under Option 2, there is a higher likelihood of stolen trailer recovery, as the number of registered – and therefore traceable – trailers would be significantly higher. The potential benefits of this remain limited in the absence of a comprehensive inspection regime for trailers, as existing domestic trailers would not be required to register and it would therefore be difficult to identify stolen units. It would also create more burden for trailer operators.

Option 1			Option 2		
	Commercial, over 750kg	Non-commercial, over 3,500kg		Commercial, over 750kg	Non-commercial, over 3,500kg
New	International	International	New	International & domestic	International & domestic
Existing	International	International	Existing	International	International

42. It should also be noted that as the mandatory registration of all new trailers only applies to Option 2 the stock of trailer registered would be significantly higher than under Option 1 as the requirement for registration of new trailers takes effect.

Non-regulatory alternatives

43. 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.
44. The Department is already aware of instances where enforcement authorities have undertaken action against holders of the existing voluntary DVSA trailer 'Certificate of Keeper' scheme. In addition to this, 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.
45. A mandatory registration system requires primary and secondary legislation to take effect. A non-regulatory alternative would not meet the policy objectives listed above.
46. The introduction of a trailer registration scheme is considered to be a 'non-qualifying' measure as the EANDCB of the preferred option is expected to fall well below the £5m threshold if it was quantified.

Costs and benefits of each option

Option 1: Mandatory registration required of trailers undertaking travel to, or through, a country that has ratified the 1968 Convention - applying for: i. Commercial trailers weighing over 750kg; ii. Non-commercial trailers weighing over 3,500kg

47. Under this option, mandatory registration for the following trailers is required:

- All **existing commercial-use trailers over 750kg** travelling internationally
- All **existing non-commercial-use trailers over 3,500kg** travelling internationally

The total number of trailers expected to be in scope of the policy is around 80,000 in the first year, falling to 8,000¹ in subsequent years. This is because trailers in scope will only need to be registered once and so in subsequent years only new trailers will be registered.

Expected costs

Under Option 1, the following costs are expected relative to the baseline.

Direct costs

48. Costs to hauliers – these will include:

- Familiarisation costs associated with understanding the new registration process
- Time cost of registering a trailer
- Registration fee

The total familiarisation and time costs² (one-off cost at £7 per trailer) to hauliers are estimated to be around £560,000 in the first year and £56,000 in future years. The total registration costs (one-off

¹ See Annex 3 for details on sources.

² Based on DfT expert judgement, it is assumed that it would take trailer owners a total of 30 minutes per trailer to become familiar with the system and register their trailer. This is based on benchmarking against other DfT road programmes which have been introduced or changed in the past, and applying professional judgement of DfT and DVSA (who operate similar schemes).

registration fee expected to be no more than £28³ per trailer and average registration plate cost of £16⁴ from private suppliers) to hauliers are estimated to be £3.5m in the first year and £0.4m in future years.

49. Costs to private (non-commercial-use) trailer keepers

Consultation with industry has indicated that a very small number of private owners of trailers (over 3,500kg) make international trips and are expected to be affected under Option 1. These users will therefore incur the same costs as aforementioned for businesses.

50. Cost to government – these will include set-up costs of a new trailer registration system and ongoing system maintenance costs (to DVLA). 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.800 trailer registrations per annum. The trailer registration scheme will thus be required to be created as a separate system managed by the DVLA. These one-off upfront investment costs are estimated to be around £12m.

51. There will also be ongoing application processing and registration certificate delivery costs. While the volume of applications is expected to be significantly higher, the cost per application is expected to be similar or lower. Application processing costs will be estimated based on the number of ‘full time employees’ (FTE) required and relevant overhead costs.

52. Enforcement of the trailer registration scheme is anticipated to be included as a component of existing checks on vehicle combinations undertaking relevant international journeys. As such, the additional enforcement costs are expected to be negligible.

Expected benefits

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

Benefits to trailer owners from unimpeded EU road access for unaccompanied UK trailers - the certainty of unimpeded access provided by the trailer scheme and its associated benefit are likely to be significant for commercial owners (i.e. hauliers). 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 March 2016, UK-registered HGVs carried 8.2 million tonnes of freight of which 4.0 million tonnes were exports and 4.2 million tonnes were imports⁵.

54. Several hundreds of thousands of unaccompanied trailers are used each year for international haulage. Some current users of UK unaccompanied trailers have reported access problems to certain EU Member States. 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. However, anecdotal evidence from the industry indicates that the benefit of avoiding enforcement action is substantial and particularly crucial for avoiding disruptions to supply chains.

For commercial owners, an hourly cost of £13.96 is used for an admin personnel in the haulage sector (from the Labour Force Survey).

The time cost is based on the time and labour costs associated with registering a trailer.

Under Option 1, in the first year around 80,000 trailer would be in the scope of the policy, whilst in future years it would be around 8,000.

³ This fee is based on cost recovery following development and supplier engagement for a trailer registration scheme undertaken by DVLA.

⁴ This cost is derived from engagement with stakeholders and through market research.

⁵ DfT Road Freight Statistics

55. The scale of this benefit is expected to rise once the UK has left the EU as the number of countries able to enforce against UK trailers will rise from 5 to 23 and even comparable levels of enforcement will thus increase drastically. The benefits from avoiding impeded access issues are thus expected to be significant.
56. Wider economic benefits – continuation of using unaccompanied UK trailers and having unimpeded and frictionless travel will allow the continued movement of traded goods between the UK and the EU. The total haulage sector currently contributes £13.2bn to UK GVA. The continued frictionless movement of goods is expected to benefit businesses from a wide range of sectors who depend on exporting and importing goods to/from the EU. This movement of traded goods is expected to keep costs low and facilitate economic activity in the UK.
57. The benefits relative to the Current Arrangements 0.1 baseline are minimal as trailer users are presently able to address the limited enforcement action that takes place through obtaining a trailer 'Certificate of Keeper'. However as outlined, the UK has ratified the 1968 Convention and this will come into force in March 2019 and therefore the current levels of enforcement are expected to rise significantly. While it may be possible to reach agreements to seek recognition of the trailer 'Certificate of Keeper' by all EU Member States able to enforce against UK trailers, the system for the scheme is not viable to manage significantly increased numbers of applications and as such this option is not viable.
58. The benefits relative to the Do Nothing 0.2 baseline are significant as the ratification of the 1968 Convention will require, as an operational necessity, that UK trailers used internationally are registered. For the reasons outlined, the trailer 'Certificate of Keeper' scheme is unable to handle a significantly increased number of applications. The consequence of this would be many trailers remaining unregistered and therefore these trailers could be subject to significant enforcement action when undertaking international journeys through foreign countries who have ratified the 1968 Convention.

Indirect benefits

59. There are a number of additional indirect benefits that may result from this option.
60. Increased deterrent to trailer theft / improved recovery of stolen trailers - 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. An elevated level of trailer registration may therefore result in fewer thefts being committed, in addition to higher recovery rates. This would, however, only apply to the limited numbers of registered trailers.
61. Social benefits via road safety improvements - 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 DVSA's 'Plating and Testing scheme'). As noted, these benefits may only apply to trailers which are subject to compulsory registration.

Option 2: Mandatory registration of trailers undertaking travel to, or through, a country that has ratified the 1968 Convention and all new trailers whether used domestically or internationally- applying for: i. Commercial trailers weighing over 750kg; ii. Non-commercial trailers weighing over 3,500kg

62. Option 2 introduces the same trailer registration scheme as under Option 1 but with the scope of trailers extended to include all new trailers used domestically or internationally from Year 2, rather than just trailers being used internationally. Existing trailers used only domestically are not required to be registered.
63. Hence the number of trailers in use and the impacts expected from Year 2 and onwards are higher. The total number of trailers expected to be in scope of the policy is around 80,000 in the first year, rising to 133,000 in subsequent years. This is because trailers in scope will only need to be registered once. Therefore, in subsequent years only new trailers will be registered. This would carry additional costs to maintain the scheme and manage significantly higher numbers of administrative changes to the trailer register.

Expected costs:

A trailer registration system extended to new domestic trailers would incur broadly the same types of additional costs as those incurred in Option 1, relative to the do nothing. Costs which are expected to differ in magnitude to those in Option 1 are presented below.

Direct costs

64. Costs to hauliers – under Option 2, the total familiarisation and time costs⁶ (one-off cost at £7 per trailer) to hauliers are estimated to be around £560,000 in the first year rising to £930,000 in future years. The total registration costs (one-off registration fee expected to be no more than £28⁷ per trailer and average registration plate cost of £16⁸ from private suppliers) to hauliers are estimated to be £3.5m in the first year and £5.9m in future years.
65. Cost to Government – ongoing system maintenance costs, application processing and registration certificate delivery costs (to DVLA) are expected to be higher under Option 2 as the scope of trailer registration is extended to new domestic use trailers.
66. The costs to Government are expected to be recovered via fees charged for registering trailers. The cost of operating the registration scheme therefore effectively falls on trailer owners.

Expected benefits

A trailer registration system extended to new domestic trailers would incur broadly the same types of additional benefits as those incurred in Option 1, relative to the do nothing. Benefits which are expected to differ in magnitude to those in Option 1 are presented below.

⁶ Based on DfT expert judgement it is assumed that it would take trailer owners a total of 30 minutes per trailer to become familiar with the system and register their trailer. This is based on benchmarking against other DfT road programmes which have been introduced or changed in the past, and applying professional judgement of DfT and DVSA (who operate similar schemes).

For commercial owners, an hourly cost of £13.96 is used for an admin personnel in the haulage sector (from the Labour Force Survey).

The time cost is based on the time and labour costs associated with registering a trailer.

Under Option 2, in the first year around 800,000 trailer would be in the scope of the policy, whilst in future years it would be around 80,000.

⁷ This fee is based on cost recovery following development and supplier engagement for a trailer registration scheme undertaken by DVLA.

⁸ This cost is derived from engagement with stakeholders and through market research.

Indirect benefits

67. The number of trailers registered under this option will become significantly larger over time. Thus, the indirect benefits that may result from registration are likely to be higher. Through fleet replacement, in excess of 80% of trailers are expected to be registered after 15 years of operation.
68. Increased deterrent to trailer theft / improved recovery of stolen trailers – this benefit is expected to be notably greater under Option 2 as the scope of trailer registration is extended to all new domestic trailers.
69. Social benefits via road safety improvements – this benefit is expected to be greater under Option 2 as the scope of trailer registration is extended to all new domestic trailers.

Options costs and benefits summary

70. The majority of the benefits from trailer registration are expected to accrue through the prevention of disruption to unaccompanied UK trailers travelling in certain Member States.
71. Historical enforcement suggests that there is a greater 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 benefits of unimpeded travel for trailers is expected to be the same in both options, as both options require the compulsory registration of relevant trailers travelling internationally. The indirect benefits (stolen trailer recovery and road safety improvement) realised under Option 2 are expected to be higher than Option 1. However, there are also extra costs incurred under Option 2 as the scope of trailer registration is much extended.
- 72. Option 1 is believed to offer the best value for money in addressing enforcement action by EU member states against UK trailers and removing a barrier to access for UK trailers. Hence it is expected to achieve the policy objectives whilst minimising the costs associated with introducing a new trailer registration scheme. The primary benefit associated with the trailer registration scheme is the mitigation of foreign enforcement activity and Option 1 ensures that the costs are aligned with this benefit.**

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

73. Cost benefit analysis (CBA) in line with Green Book guidelines has been completed as far as possible based on the evidence available to-date. The analysis presented mostly provides a qualitative assessment of the costs and benefits from each policy option compared to the do nothing due to limited data.
74. The number of trailers that will need to be registered throughout the appraisal period is uncertain. The DVSA 'Plating and Testing' process and the 'International Operator License' means that robust data is available to estimate the number of O3/O4 category trailers (>3,500kg)⁹ in the UK. However, limited information is available for the O2 group (750-3,500kg) category.

Analytical Assurance / Risks and assumptions

75. The appraisal of options has followed HMT Green Book guidance as far as possible. However the level of assurance for the analysis is **low** due to the weakness of the evidence available and the difficulty of quantifying the benefits from unimpeded trailer use across Europe.

⁹ See Appendix 2 for an overview of trailer weight categories

76. It should also be noted that the above assessment considers the costs and benefits of trailer registration in isolation. However, trailer registration is an operational requirement of the 1968 Vienna Convention on Road Traffic. Ratification of the Convention will ensure the UK is able to issue the relevant International Driving Permit applicable in every EU Member State. This will ensure access for UK motorists to drive in all EU Member States in a post-EU Exit no deal scenario. Trailer registration therefore helps to secure these wider benefits that could be gained upon the 1968 Convention coming into force.
77. The extent to which the benefits of introducing the trailer registration scheme will outweigh the costs associated with introduction of the scheme are dependent upon the levels of enforcement that are undertaken. High levels of enforcement would have a significant detrimental impact upon the ability of UK operators to undertake international haulage as the costs of any single instance of enforcement would greatly outweigh the costs of registration. The measure has thus been broadly welcome by the industry and it is anticipated the benefits will outweigh the costs associated.
78. High levels of compliance with the relevant international requirements for trailer registration, evidenced upon inspection and by display of a trailer registration plate, are expected to mitigate the risk of disruption which carries a cost for operators.

Assessment for impact on small business

79. 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).¹⁰ 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 margins¹¹ and smaller scale businesses may have more difficulty in absorbing the new costs related to registration. However, the trailer registration scheme will not exempt smaller businesses nor charge a relatively lower fee to register trailers as the scheme will be universally applied. We expect that the costs of registering trailers will be outweighed by the benefits to trailer owners resulting from avoiding enforcement action and disruption to journeys.

80. Equalities issues have been considered but are not deemed pertinent to the trailer registration scheme.

Assessment for impact on competition

81. Increased costs through trailer registration will marginally weaken the relative position of UK road haulage companies, as they do not currently require any registration. However, most road freight operators in EU countries are already required to register their trailers so UK operators will typically not face a greater disadvantage than their EU counterparts. Without a trailer registration system, UK hauliers may find that their competitiveness is weakened due to costs incurred from enforcement and reputational damage from delayed movement of goods.

Post Implementation Review

82. A review of the trailer registration system may take place within 5 years of implementation to assess the effectiveness and efficiency of the trailer registration system. See below for the Post Implementation Review plan.

¹⁰ Business Population Estimates for the UK and Regions 2016.

<https://www.gov.uk/government/statistics/business-population-estimates-2016>

¹¹ Statista reported that the profit margin for the top 100 road hauliers in the UK in 2015 was 4%

1. **Review status:** Please classify with an 'x' and provide any explanations below.

<input type="checkbox"/>	Sunset clause	<input checked="" type="checkbox"/>	Other review clause	<input type="checkbox"/>	Political commitment	<input type="checkbox"/>	Other reason	<input type="checkbox"/>	No plan to review
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2. **Expected review date** (month and year, xx/xx):

1	2	/	2	3
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Net cost to business per year (£m) N/A

Net Present Value (£million): N/A

Total Cost (Present Value) (£million): N/A

4. Rationale for PIR approach:

Circle the level of evidence and resourcing that will be adopted for this PIR (see Guidance for Conducting PIRs):

low

We plan to undertake a review of the legislation introduced within 5 years of implementation. We will aim to review the effectiveness of the trailer registration system, how efficiently it is operated, and assess whether any cost savings can be made. We are likely to rely on using Management Information operational data from DVLA, who will operate the trailer registration scheme, to inform the post implementation review.

We also plan to consult stakeholders and trailer owners making trips to the EU to assess the effectiveness of the scheme (i.e. reducing enforcement actions against UK trailers). Where enforcement is still occurring, we will seek to improve our understanding of the resulting impacts by engaging with trailer owners who are affected.

3. Net costs/benefits set out in original legislation: Please refer to Impact Assessment

Key Objectives, Research Questions and Evidence collection plans- template Describe the main objectives of the regulation(s) under review as well as the key questions that will need to be researched to measure whether objectives have been successful. Next, consider any existing data/evidence sources that may help you answer this question as well as any new evidence that you may wish to collect, where proportionate.			
Key objectives of the regulation(s)	Key research questions to	Existing evidence/data Please consider:	Any plans to collect primary data to answer questions? Please

(add rows as appropriate)	measure success of objective	a) The <i>data/evidence sources</i> b) The <i>timeframes</i> they reference	consider: a) <i>How</i> stakeholder views will be collected b) <i>Timeframes</i> for evidence collection c) Why collecting new data is (or is not) necessary/proportionate
N/A	N/A	N/A	N/A

Appendix 1

83. 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
Republic of 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	Y	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>Category O1: Trailers with a maximum mass not exceeding 750kgs.</p> <p>Often this will be for small, non-commercial trailers.</p>	
<p>Category O2: 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 trailers, single car transporters, general purpose trailers and those carrying industrial plant.</p>	
<p>Category O3: 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>Category O4: Trailers with a maximum mass exceeding 10,000kgs.</p> <p>Mainly large articulated semi-trailers used for haulage.</p>	

Annex 3: Estimated number of trailers affected

Table 1: Estimated number of trailers affected

Table 1: Estimated number of trailers affected

CATEGORY	NUMBER OF TRAILERS AFFECTED (#TRAIL)	SOURCE / ASSUMPTION	IN SCOPE
O3&O4 trailers (large)			
<u>Commercial-use</u>			
Existing Intl'-use	80,000	Number of specified (goods) vehicles on International Licences - trailer to goods vehicle license ratio assumed to be 1:1	Under option 1 and 2
Existing domestic-use	360,000		Not in scope
Existing total	440,000	DfT's plating and testing scheme & large agricultural trailers as per recent IA ¹²	Not in scope
New (pa)	8,000 (are for international -use)	DVSA data on number of new O3&O4 trailers coming into the UK market & agricultural trailers assumed to have 10 year life	Under option 1
	36,000		Under option 2
<u>Non-commercial-use</u>			
<u>Non-commercial-use</u>	nil	DVSA believe that almost all O3&O4 trailers are used for commercial-use	
O2 trailers (small)			
<u>Commercial-use</u>			
Existing Intl'-use	nil	Internal assumption	
Existing domestic-use	890,000		Not in scope
Existing total	890,000		
New (pa)	89,000	10 year life assumed	Under option 2
<u>Non-commercial-use</u>			

¹² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/402574/final-impact-assessment-tractor-speeds-weights.pdf

Existing Intl'-use	25,000	Internal assumption: 5% used outside the UK	Not in scope
Existing domestic-use	475,000		Not in scope
Existing total	500,000	Number of caravans in UK source: European Community Whole Vehicle Type Approval (ECWVTA) paper, p.38	Not in scope
New (pa)	50,000	10 year life assumed	Not in scope

Table 2: Number of trailers affected under each option

	Option 1	Option 2
New (pa)	8,000 (International)	133,000 (International & domestic)
Existing	80,000 (International)	80,000 (International)