

Trailer registration

Department for Transport

RPC rating: fit for purpose

The impact assessment (IA) is now fit for purpose as a result of the Department's response to the RPC's initial review.

Description of proposal

This is an impact assessment for primary legislation in the Road Haulage and Transport Bill.

The UK currently has a voluntary trailer registration scheme in place. There have been ongoing problems with enforcement agencies in some European countries blocking and fining unregistered unaccompanied UK trailers (UK trailers being towed by a non-UK tractor unit).

With EU exit, the impact assessment predicts that enforcement actions against unaccompanied UK trailers will increase. This is because the Department expects the UK to have to ratify the 1968 Convention on Road Traffic, under which enforcement actions against unregistered UK trailers are more likely to be taken.

The impact assessment justifies government intervention by stating that under a voluntary system, enforcement action may be targeted against UK trailers to assess their registered status, leading to disruption of even those trailers that are correctly registered. Further, a trailer owner choosing not to register their trailer can have wider impacts on the owner/customer of the goods being carried where enforcement action leads to trailers being prohibited and supply chains being disrupted.

UK government intervention is proposed to ensure that UK trailers meet the relevant international requirements to have undisrupted use of the road networks across Europe.

The preferred policy option is to introduce a mandatory registration system for commercial-use trailers and heavier non-commercial-use trailers, excluding existing domestic-use trailers.

Impacts of proposal

This is a narrative impact assessment as the Department has been unable to provide an EANDCB. More detailed analysis is expected at secondary stage. The IA considers two options for a mandatory registration scheme. Option 1 covers all commercial use trailers and heavier non-commercial use trailers but excludes existing domestic use trailers. Option 2 includes all heavier non-commercial use trailers, whether used internationally or not.

Costs

Cost to government

The Driver and Vehicle Licensing Agency will need to develop and maintain an IT system for trailer registration, application processing and registration certificate delivery, and would need to design and deliver a communications campaign.

The Driver and Vehicle Standards Agency will incur enforcement costs to ensure compliance.

These costs will be passed on to trailer owners through registration fees.

Cost to trailer owners

There will be an initial cost to trailer owners who have to familiarise themselves with the new system. Trailer owners will be required to spend time completing the registration process.

As stated above, trailer owners will pay registration fees to cover the cost of the Driver and Vehicle Licensing Agency's registration system and the Driver and Vehicle Standards Agency's enforcement activities.

Benefits

Benefits to trailer owners

Relative to the counterfactual, continued membership of the EU with enforcement action against unaccompanied UK trailers, trailer owners may benefit from the prevention of disruption to the use of unaccompanied UK trailers in certain Member States. They may also benefit from a reduction in the number of thefts and improvements in stolen trailer recoveries. No evidence, however, was provided to demonstrate the scale of this benefit.

Benefits to society

The registration system could lead to road safety improvements for trailers which would be to the benefit of all road users. No evidence, however, was provided to demonstrate the scale of this benefit.

Quality of submission

The Department has provided a narrative assessment of the impacts of the proposal. The IA is fit for purpose for informing parliamentary consideration of the proposals. No net present

value, business net present value or equivalent annual net direct cost to business (EANDCB) figures have been presented in this impact assessment. After the RPC's initial review, the Department provided some illustrative figures in a confidential addendum that has not been made public as this would compromise negotiations.

Issues addressed following the RPC's initial review

The Department has revised the impact assessment in response to issues raised by the RPC's initial review, which identified three points as follows:

1. *Indication of scale of impact.* RPC case histories guidance requires IAs at primary legislation stage to include at least an estimate of the scale of the impacts of the policy. The Department's IA did not provide an indication of the potential scale of either the costs or benefits resulting from the introduction of a mandatory trailer registration system. After the RPC's initial review, the Department provided some illustrative figures in a confidential addendum.
2. *Counterfactual of the UK remaining in the EU.* The IA compared the impacts of the policy options against a do nothing option. The IA must include an assessment of the proposal against a counterfactual of the UK remaining in the EU. This is necessary to more clearly identify the additional impacts in this area that may result from the UK's exit from the EU. Moreover, if impacts are to be accounted for correctly, this should be the counterfactual for business impact assessment purposes. After the RPC's initial review, the Department adjusted the assessment of the proposal to compare it against a counterfactual of the UK remaining in the EU.
3. *Small and Micro Business Assessment (SaMBA).* The SaMBA did not provide any indication of the number of small businesses that will be impacted by the proposals. The IA must provide sufficient detail to allow the RPC to assess the impact on these businesses. After the RPC's initial review, the Department included an assessment of the impact on small and micro businesses, and committed to seeking further evidence of this impact during consultation.

Other comments

The IA would benefit from providing a clearer explanation in a number of areas:

1. There is no evidence on the scope of the problem of enforcement action against UK trailers in the EU. The Department has not been able to provide data on current enforcement actions against UK trailers and it does not have the information to provide estimates of how enforcement actions may change when the UK leaves the EU. The Department has committed to performing a break even analysis on the policy to see how many vehicles must be affected for the benefits to outweigh the costs of the policy as the policy develops, and the RPC expects to see this at secondary legislation stage.

2. The Department could provide more discussion of the relative benefits, even in qualitative terms, of options 1 and 2. Option 1 is to introduce a mandatory registration system for commercial-use trailers and heavier non-commercial-use trailers, **excluding existing domestic-use trailers** and option 2 is to introduce a mandatory registration system for commercial-use trailers and heavier non-commercial-use trailers, **including existing domestic-use trailers**. The three benefits the Department identified were:
 - a. Reduced disruption to unaccompanied UK trailers in certain Member States;
 - b. Reduced in the number of thefts and improvements in stolen trailer recoveries; and
 - c. Road safety improvements.

The Department states that it benefits b. and c. to be greater in option 2 compared to option 1 as a greater number of trailers would be registered in option 2. The Department should provide an estimate of the scale of the difference in order to justify its chosen option.

3. The Department should clarify why the impact assessment deals with the introduction of a mandatory registration scheme rather than the ratification of the 1968 Convention. The Department should explain in the IA why it is not sufficient to use the UN's 1949 Geneva Convention on Road Traffic and clarify the current arrangement for trailer access for UK vehicles within the EU.

The Department should either develop a standalone impact assessment of the ratification of the 1968 Convention or include an explanation of the impacts of the ratification of the 1968 Convention in the secondary legislation stage of this impact assessment. The Department should also consider how the decision to ratify the 1968 convention will affect the counterfactual.

4. The Department states that it has used estimates of the cost of trailer thefts from the Society of Motor Manufacturers and Traders data from 2006. The IA would benefit from the use of more recent data or explain why the 2006 data is the most robust available. The RPC would like to see improved data in the secondary stage impact assessment.
5. Appendix 1 lists EU member states according to whether they have ratified the 1949 and 1968 conventions. The IA would benefit from a discussion of how non-EU states, such as Switzerland, approach the issue of trailer registration, particularly in relation to the 1949 and 1968 Conventions, to inform the assessment of risk to EU road access for UK trailers post-EU exit.

6. The impact assessment would benefit from gathering further information from industry, including evidence on the impact of enforcement actions against UK trailers in the EU.
7. The Department should clarify how it will aim to mitigate the impact on small and micro businesses as the regulation is developed. The Department should also elaborate on the relative impact of the different options on small and micro businesses. For example it is likely that option 2, which places more of a burden on trailer users as opposed to trailer suppliers, will affect a greater number of smaller businesses. The small and micro business assessment would benefit from further discussion of this issue.
8. The impact assessment should indicate how the weight categories that define which trailers are included in each option have been selected and how they relate to the coverage of the 1968 Convention. The impact assessment should also indicate the rationale behind the decisions of what type of trailers, for example domestic, non-commercial and existing trailers will be included in the mandatory scheme.

Departmental assessment

Classification	To be determined once the framework rules for the current parliament are set
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RPC assessment

Classification	To be determined once the framework rules for the current parliament are set
Small and micro business assessment	Sufficient
RPC rating (of initial submission)	Not fit for purpose

Anthony Browne, Chairman