

VEHICLE REGISTRATION MARKS BILL

EXPLANATORY NOTES

INTRODUCTION

1. These explanatory notes relate to the Vehicle Registration Marks Bill as introduced in the House of Commons on 13th December 2006. They have been provided by the Department for Transport, with the consent of Mr Richard Ottaway, the Member in charge of the Bill, in order to assist the reader of the Bill and to help inform debate on it. They do not form part of the Bill and have not been endorsed by Parliament.
2. The notes need to be read in conjunction with the Bill. They are not, and are not meant to be, a comprehensive description of the Bill.

TERRITORIAL EXTENT

3. The Bill extends to the whole of the United Kingdom. Because the Sewel Convention provides that Westminster will not normally legislate with regard to devolved matters in Scotland without the consent of the Scottish Parliament, if amendments were introduced that related to such matters the consent of the Scottish Parliament would be sought for them.

TERRITORIAL APPLICATION: WALES

4. This Bill applies in Wales as in the rest of the United Kingdom. It does not confer any powers on the National Assembly for Wales.

SUMMARY

5. The objective of the Bill is to amend the Vehicle Excise and Registration Act 1994 (“VERA”) to simplify the process of buying and selling, or otherwise transferring, registration numbers for both dealers and individuals without compromising the current legislative safeguards against fraud.

BACKGROUND

6. The registered keeper of a vehicle may apply to retain the vehicle’s registration mark separately from the vehicle.¹ This would typically be done with a view to selling the right to use that mark on another vehicle. An application cannot be made by anyone other than the registered keeper of the vehicle. A retention document confirming the grant of the right of retention (i.e. the right to have the mark transferred to another vehicle) is issued to the applicant (the “grantee”). The retention period (i.e. the period during which the mark may be retained separately from a vehicle) is 12 months. That period may be extended by the Secretary of State by further 12-month periods until the mark is eventually assigned to a vehicle². A new retention document is issued at each extension. The grantee’s right of retention enables him to transfer the registration mark to a vehicle registered in his name or in the name of a nominee. The nominee’s name must be included on the retention document.
7. Although a grantee may sell entitlement to the registration mark to the nominee, the grantee must remain involved in the process, as it is only the grantee who can exercise the right of retention and thereby have the mark assigned to the nominee’s vehicle. The nominee/purchaser has no rights to the registration mark until it is assigned to a vehicle registered in their name.
8. The Bill will allow provision to be made enabling the registered keeper of a vehicle to transfer entitlement to the vehicle’s registration mark to the purchaser at the point at which the application for a right of retention is made. Such provision would remove the necessity for the registered keeper to be involved in the process beyond making the initial application for a right of retention to be granted in favour of their desired purchaser.

¹ See section 26 of VERA and the Retention of Registration Marks Regulations S.I. 1993/987 (as amended) (which have effect as if made under VERA, see paragraph 2 of Schedule 4 to VERA).

² See regulation 5 of S.I. 1993/987.

*These notes refer to the Vehicle Registration Marks Bill as introduced
in the House of Commons on 13th December 2006 [Bill 26]*

THE BILL

9. This Bill will amend VERA to allow a person other than the registered keeper of a vehicle to become the grantee of a right of retention in respect of the vehicle's registration mark.

COMMENTARY ON CLAUSES

10. Clause 1 amends section 26 of VERA, which sets out the Secretary of State's power to make regulations about the retention of vehicle registration marks pending their transfer.
11. *Subsection (1)* substitutes new subsections (1) and (1A) for the existing subsection (1). Under the new subsections, the power to make regulations providing for the granting of a right of retention in respect of a vehicle's registered mark is extended so that, at the request of the registered keeper of the vehicle, the right of retention may be granted to someone other than the registered keeper.
12. *Subsections (2) and (3)* make consequential amendments to section 26 and to the definition of "right of retention" in section 62(1) respectively.

FINANCIAL EFFECTS OF THE BILL

13. There are not expected to be any additional costs for businesses or individuals. Departmental systems development costs estimated at £95,000 to £100,000 will be met by the Driver and Vehicle Licensing Agency.

EFFECTS OF THE BILL ON PUBLIC SERVICE MANPOWER

14. No change to staffing levels in any Government department is expected to result from the Bill.

SUMMARY OF THE REGULATORY IMPACT ASSESSMENT

15. The proposal is expected to simplify the administrative procedure for an existing facility. The procedure for the retention of registration marks is elective and is not expected to have any adverse diversity or financial consequences for business or individuals.

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EUROPEAN CONVENTION ON HUMAN RIGHTS

16. It is not considered that the Bill gives rise to any issues under the European Convention on Human Rights.

COMMENCEMENT DATE

17. The Bill will come into force on Royal Assent.