



***TOWARD A FIRST-CLASS
REGISTRATION SYSTEM FOR THE
UNITED KINGDOM***

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The Brief

1. We were asked to make recommendations for a world-class UK licensing system. The review is prompted by problems of high car crime and potential gains from emerging technologies, and is framed by the need for consultation with users, industry and European colleagues.

This report

2. Although we have one of the most user friendly systems for vehicle licensing and registration in the world, problems have emerged in its operation. These are illustrated in the next section. The figures suggest that 'doing nothing' is not an acceptable policy option. A number of *principles* have been identified which a world-class system should address, as listed in the following section. A series of *recommendations* follow. Finally the financial implications and the issue of implementation are noted and some ideas are set out as to how this work could be developed.
3. An accompanying report entitled *Crime Prevention and the UK Vehicle Registration and Licensing System* provides a more detailed explanation of, and justification for the content of this report. It also flags some emerging and outstanding issues, which might usefully be given further thought, as the new system develops.

Why do we need to change?

4. According to VCRAT there are now 37.5 million vehicles registered with DVLA in Great Britain. The vast majority of vehicle users are law-abiding citizens who drive their vehicles responsibly and with due regard to their obligations to ensure that the vehicle is taxed, insured and roadworthy. But a number of areas cause concern and there are loopholes in the system, which are easily exploited.

Vehicle Excise Duty (VED)

A recent survey by DTLR estimated that the evasion rate for VED is 3.9%. This means that of the order of £185 million is lost to the Treasury annually.

Insurance

The incidence of driving without insurance is estimated at between 4% and 6%, which imposes a cost of around £30 extra per premium per year to fund insurance evaders.

Database Accuracy

One significant problem is that the databases involved in the system contain many inaccuracies resulting in an inherently poor system. There is particular concern with the DVLA vehicle register, which is worsened by the fact that the seller has no incentive to notify authorities of transfer of keepership. The DVLA database may contain more than 10 million more vehicles than are believed to be on the roads. MIB's experience in trying to trace the registered keepers on allegedly uninsured vehicles is that at least 50% of enquiries to DVLA disclose out of date or wrong information, although this may not be representative of the database as a whole. Enforcement, which depends upon reliable and up-to-date information, is also weaker as a result. At least

the key databases covering vehicles, insurance details and MOT need to be accurate and connected.

5. Many of the ideas presented in this report are not new and there are a number of existing initiatives developing aspects of them. However, a greater urgency and a clearer sense of direction are now needed. In the past, there has been a tendency to introduce change to the system in a piecemeal way, rather than by considering more fundamental changes to address the deficiencies more effectively.

Looking Forward

6. There are two emerging issues that are likely to make an impact on the scale of the problems associated with the licensing system. First there has been an increase in the number of vehicles abandoned. On average, some 1.8 million cars reach their end of life each year and are scrapped. In year 2000, however, 350,000 cars were abandoned on our streets, leaving Local Authorities with an expensive removal problem. There is real concern that the number of abandoned vehicles will increase with the introduction of the EU End of Life Directive, which will become law in April 2002 and will regulate the disposal of vehicles. By 2007 the last owner must be able to return their vehicles into the disposal system free of charge. In the meantime, though, legitimate vehicle disposal will be an expensive operation for last owners (in the order of £100 per vehicle). This will inevitably increase the number of abandoned vehicles.
7. The second issue is the increasing use of automatic number plate recognition (ANPR) systems in both the public and private sector, and the possible introduction of congestion management, both of which depend on the existence of a machine-readable number plate. Current number plates are insecure in themselves, loosely attached to vehicles, legitimately available through about 27,000 outlets in the UK and are extremely easy to forge. It is of considerable concern to the police that the number plate arrangements are both vulnerable to abuse and central to the current operation of the ANPR systems and any new congestion management systems that may be introduced.

Principles of a good system

1. *Can be implemented quickly*
2. *Minimal need for legislation*
3. *Cost effective*
4. *Future proof – responsive to changing circumstance*
5. *Default to honesty i.e., put yourself out to break the rules*
6. *Responsibility clear from ‘designer to shredder’*
7. *Privacy and data protection issues to be taken into account*
8. *Easy to use:*
 - a. *One-stop shop*
 - b. *Customer friendly*
 - c. *No undue burden on partners in private sector*
 - d. *Simple systems to ensure compliance and detect non-compliance*
 - e. *Easy to enforce*

Recommendations

PROBLEM 1: DATABASE INACCURACY

Recommendation 1

Registered keepers remain liable for their vehicle until a change of keepership is notified to DVLA

Recommendation 2

Buyers to show reliable proof of identity (identity card/ photo-ID and proof of current address) when registering as a new keeper

Recommendation 3

Move to a single or virtual database by 2004

Recommendation 4

Key details (identification of vehicle and keeper) verified and updated at each relevant contact with vehicles/ keepers

Recommendation 5

Police and other appropriate enforcement agencies to have secure, on-line access to relevant parts of the database, leaving an audit trail for data protection purposes

Recommendation 6

Insurance industry and motor trade to supply relevant information to the database electronically within one working week by 2004 and move to real time by 2007

Recommendation 7

HMG to commission an independent review of insurance arrangements with respect to whether the person or the vehicle should be insured

PROBLEM 2: INSECURITY OF VEHICLE IDENTIFICATION SYSTEMS

Recommendation 8

HMG should plan to introduce electronic vehicle identification before the end of 2007

PROBLEM 3: ENFORCEMENT REQUIRES IMPROVEMENT

Recommendation 9

An enforcement capability should be established funded out of increased tax and insurance receipts

PROBLEM 4: LACK OF STRATEGIC OVERVIEW

Recommendation 10

A Vehicle Licensing Implementation Group and Vehicle Licensing Futures Group should be established

PROBLEM 5: CRIME PREVENTION AS A PRIORITY

Recommendation 11

Crime prevention to take a higher priority within DVLA

Financial Implications

8. Our initial assessment is that the arrangements proposed here should reduce tax evasion by at least 50% (guaranteeing additional revenue at some £75 million per annum). In the first year these additional VED receipts would cover the costs of introducing the new system and thereafter there would be a net benefit to the exchequer of the order of £50 million per annum. We also expect a substantial increase in insurance premium income.

Implementation

9. If the recommendations set out here are to be implemented then specific arrangements will have to be made to ensure that it happens and funds will need to be made available. The *Implementation Group* could take on this role. It is not a simple task – a whole range of activity is already under way and the system is, in any event, complex and inter-dependent. Therefore, we suggest that this group:
 - Provides a general overview function
 - Sets targets for implementation goals
 - Develops a marketing strategy to sell the ideas to the public
 - Co-ordinates implementation efforts across Government
 - Provides feedback to various interested parties
 - Checks on the consequences of the actions
 - ‘Sweeps up’ outstanding work, for instance by looking further into social exclusion issues.
10. Although many proposals will need to be presented carefully to the public and will need further consultation, initial results from motorists’ focus groups suggest that they may be agreeable to many recommendations made. Importantly, privacy intrusions were not a concern and they were willing to undergo system changes if it meant decreases in evasion and crime. They believed some changes might be more convenient. There also seemed to be broad agreement to the ideas of continuous liability and to changes in keepership transfers involving more reliable proof of identification.
11. However, it is not enough to just implement the recommendations without keeping an eye towards the future. The proposed *Futures Group* could be responsible for ‘horizon scanning’, including keeping abreast of technological developments in the area, anticipating future crime trends and proactively incorporating an understanding of these into planning.