

PREM 19/3194

CONFIDENTIAL FILM

New Format for Vehicle Registration  
Marks after July 1983.

TRANSPORT

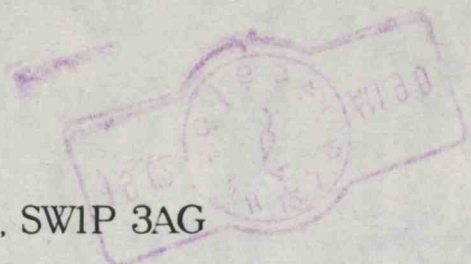
SALE OF VEHICLE REGISTRATION NUMBERS

February 1982

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
<del>4.2.82</del>							
<del>16.12.87</del>							
<del>21.12.87</del>							
<del>5.8.88</del>							
<del>20.9.88</del>							
<del>22.9.88</del>							
<del>30.9.88</del>							
<del>3.10.88</del>							
<del>2.11.88</del>							
<del>5.12.88</del>							
<del>3.1.89</del>							
<del>17.2.89</del>							
<del>24.2.89</del>	PA						
<del>3/3/89</del>							
<del>21/4/89</del>							
<del>24.4.89</del>	PA						
<del>26/4/89</del>							
<del>4.2.90</del>							
19.2.90							

PREM 19 / 3194

*cepc*



Treasury Chambers, Parliament Street, SW1P 3AG

*C.D.P. 19/2*

The Rt Hon Cecil Parkinson MP  
Secretary of State for Transport  
Department of Transport  
2 Marsham Street  
London  
SW1P 3EB

19 February 1990

*Dear Aunt*

**HARMONISING VEHICLE REGISTRATION NUMBER PLATES**

*-flat*

Thank you for copying me your letter of 23 January to Douglas Hurd. I have seen his response, which was supported by the Prime Minister, along with comments by the Attorney General.

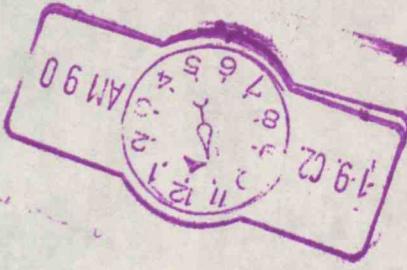
2 I agree that the proposal to incorporate the European symbol on all number plates is an unnecessary piece of bureaucracy. I understand that the scheme is primarily designed to raise the awareness of the Community by all citizens but its only practical purpose could be to ease the passage of vehicles at borders. Even then it does not take a Customs official very long to recognise the existing varying system of number plates.

3 However, as we are unlikely to succeed if we tried to defeat the Commission's proposal, I agree with Douglas that we should try to make it optional.

4 I am sending copies of this letter to the Prime Minister, David Waddington, OD(E) members, Peter Brooke and to Sir Robin Butler.

NORMAN LAMONT

TRANSPORT: Vehicle KeqSwaku  
Feb '82.





FILE  
JA  
PC

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

4 February 1990

Dear Simon,

HARMONISING VEHICLE REGISTRATION PLATES

The Prime Minister has seen a copy of the Transport Secretary's letter of 23 January to the Foreign Secretary about the Commission proposal on the harmonisation of vehicle registration plates in the European Community, together with the comments by the Foreign Secretary and the Attorney. She has commented that the proposal is ridiculous. She agrees that the best course is to try to make it optional for car-owners.

I am sending copies of this letter to the Private Secretaries to the Home Secretary, to members of OD, to the Secretary of State for Northern Ireland and to Sir Robin Butler.

Yours sincerely,  
C.D. Powell

C.D. POWELL

cc NIO Hmt  
HO FO  
DTT CO  
WPSO  
MOD  
WFO

Simon Whiteley, Esq.,  
Department of Transport.

JA



CPH

FCS/90/027

SECRETARY OF STATE FOR TRANSPORT

Harmonising Vehicle Registration Plates

1. Thank you for your letter of 23 January. *attached.*

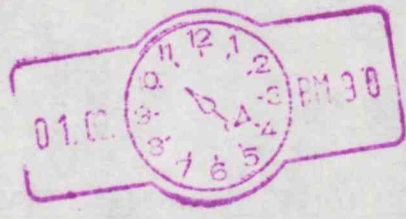
2. I agree that, for the reasons you give, we would not succeed if we sought to defeat the Commission's proposal. But the idea of incorporating the European symbol on all vehicle plates is unnecessary, and I think we should try to have it made optional for car-owners. I suggest we ask Sir D Hannay to take this up with the Commission: as you say the proposal does not arouse universal enthusiasm there.

3. I am sending copies of this minute to the Prime Minister, the Home Secretary, OD(E) members, the Secretary of State for Northern Ireland, and to Sir Robin Butler.

DH.

DOUGLAS HURD

Foreign and Commonwealth Office  
1 February 1990



cd/pu



ROYAL COURTS OF JUSTICE  
LONDON, WC2A 2LL

01-936 6201

The Rt. Hon. Douglas Hurd CBE, MP,  
Secretary of State for Foreign &  
Commonwealth Affairs,  
Foreign & Commonwealth Office,  
Downing Street,  
London,  
SW1.

31 January 1990

*Jean Douglas*

HARMONISING VEHICLE REGISTRATION PLATES

Cecil Parkinson copied to me his letter to you dated 23 January.

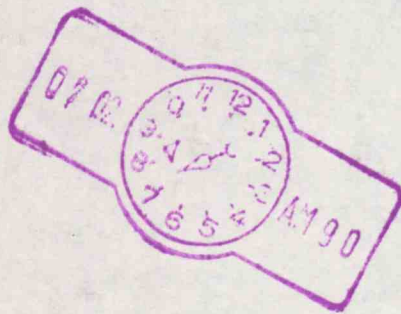
So far as competence is concerned, I note that the adoption of a common registration plate would permit the quick identification of vehicles of Member States at frontiers and would thereby facilitate the provision of cross-frontier transport services. It seems therefore very unlikely that the Court of Justice would uphold a challenge based on lack of Community competence to adopt the draft Directive.

That said, I understand that there have been Commission proposals in the transport field in relation to such matters as the compulsory use of seat belts in road vehicles and the alcohol level for drivers, in respect of which competence questions have arisen. Whilst these proposals themselves have not yet been taken forward, they do underline the need for general vigilance to identify issues of Community competence at an early stage so that, where necessary, unacceptable extensions of competence can be resisted.

I am sending copies of this letter to the Prime Minister, the Home Secretary, OD(E) members, the Secretary of State for Northern Ireland and to Sir Robin Butler.

*John G. ...  
Parkinson*





CCP  
①

Prime Minister

*This is ridiculous*

*This is a fairly better proposal to put the*

FROM THE SECRETARY OF STATE  
The Rt Hon Douglas Hurd CBE MP  
Secretary of State for Foreign  
and Commonwealth Affairs  
Foreign and Commonwealth Office  
Downing Street  
LONDON  
SW1A 2AH

*EC symbol on all car number plates - although the intention is benign: to speed up movement over European frontiers.*

*Dear [unclear]*

*We shall be isolated if we oppose it, and go down in flames as over the making of cigarette packets. The best course is to try to make it voluntary. Agree? Yes*  
23 JAN 1991  
CAF/2/L

**HARMONISING VEHICLE REGISTRATION PLATES**

I would be grateful for your views, and those of OD(E) colleagues, on a European question likely to arise at any time - the harmonisation of vehicle registration plates.

The Commission have prepared a draft Directive, though it has not yet appeared elsewhere than in working meetings of national experts. It does not cover the registration system or numbering, which would continue to be the business of member states. It makes proposals for technical harmonisation of the dimensions and standards of the plates. Other than in one respect, the proposals are no different from, or very slightly better than, our own. There are no Police objections. The exception is the specification of embossed aluminium as the only approved material, rather than the acrylic which is commonly used here. This is not acceptable to the domestic industry and we will oppose it.

But the main point of the harmonisation as far as the Commission is concerned, as well as the point of interest for you and colleagues, is the Directive's specification that all member states' plates should bear a blue stripe carrying the standard abbreviation of the state of registration plus the European symbol of the circle of gold stars. I attach photographs. The shape of the characters may be slightly unfamiliar, but that is a proposed domestic change: the Directive allows a variety of shapes. The use of GB rather than UK as the member-state identifier is also something we would propose to change.

Official discussions have so far been at a low level, but there are clear signs that we would be alone if we wished to sustain an objection of principle to this part of the proposals. Officials do not believe that there are very good arguments with which to back such an objection. The proposal is considered to be within the Commission's competence. The quick identification of member-state vehicles at frontiers is a legitimate objective. Community-style passports and driving licences provide precedents, as does the requirement to use the circle of stars symbol at frontiers.

However, the public impact of such a change is likely to be significant. This is why it is being proposed as an intentional means of raising awareness of the Community. At an earlier stage, when the Commission was thinking of much smaller plates than our own, to which the Police objected strongly, there was some interest in the Press, though not in Parliament, despite our use of an inspired Question to confirm the Government's opposition to less readable number plates. The press interest is likely to be at least repeated even if the technical elements of the revised proposals are now acceptable.

I have no great enthusiasm for the European symbol proposal. There are far better things to which the Commission could devote its attention. Indeed, I understand there is a similar view in some parts of the Commission, which may, at the very least, slow the progress of the proposal. The competence of the Commission on this issue is not in doubt. So it does not seem to be worth isolating the UK in what would be seen as an essentially anti-European position to no purpose. We too have more important business in Europe. Subject to OD(E) views I intend therefore to instruct officials not to sustain objections of principle that would leave us exposed.

I am sending copies of this letter to the Prime Minister, the Home Secretary, OD(E) members, the Secretary of State for Northern Ireland, and to Sir Robin Butler.

  
CECIL PARKINSON





NBPM

(Note: Her Office had already alerted us to the content of this letter, and I reflected it in my minute to the PM of 21/4).

Prime Minister

VEHICLE REGISTRATION YEAR LETTER

Rc6 24/4

WITH PG?

I have seen Paul Channon's minute to you of 10 April covering a paper on the vehicle registration system.

I share the view that it is in principle undesirable to operate such a market distortion. However, the evidence of the paper seems to suggest that the overall economic effects of the year letter are in practice slight. Against that the law enforcement arguments in favour of the current system seem strong. It is effective for police purposes because numbers are familiar and memorable, so that the police can immediately date a vehicle.

I would support Paul's general conclusion that no change is desirable at present. I think that there would need to be stronger evidence of the practical benefits before the disruption for the public, the police and the industry of introducing a new system would be justified.

I am copying this minute to members of E(A) and to Sir Robin Butler.

Douglas Hurd

24 April 1989



24. IV. 9 PM 9



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SREW



file

bc PU

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

24 April 1989

Dear Sir,

VEHICLE REGISTRATION YEAR LETTER

The Prime Minister was grateful for your Secretary of State's minute of 10 April and the attached paper. She has also seen the subsequent comments from colleagues.

Having seen the further analysis, the Prime Minister accepts that the present system does not do sufficient damage to justify the upheaval that would result from a change. She is therefore content for the present year letter arrangements to continue, but attaches importance to ensuring comprehensive forward planning as the system runs through the alphabet so that the best possible successor system is identified and developed in good time.

I am sending a copy of this letter to the Private Secretaries to members of E(A), the Home Secretary and Sir Robin Butler.

Yours,  
Paul

(PAUL GRAY)

Roy Griffins, Esq.,  
Department of Transport.

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ea

## PRIME MINISTER

VEHICLE REGISTRATION SCHEME

You will recall that you have been pressing for further work on possible alternatives to the year letter system of vehicle registration numbers. This followed your concern that the way the "F" letter introduced last August had stimulated the level of car imports.

Following various earlier exchanges, Paul Channon has now circulated a paper to members of E(A) (Flag A). He sets out the various pros and cons, and concludes that the present system does not cause sufficient difficulties to justify the upheaval that would result from a change. But he invites the views of colleagues, and indicates that if they would prefer a change then he can put the necessary work in hand.

All colleagues wishing to comment have now done so. John MacGregor, David Young and Douglas Hurd all agree with Paul Channon that a change would not be justified. No colleagues have pressed for a change.

Greg Bourne (Policy Unit) has provided a commentary at Flag B. He has no strong feelings on whether or not a change of system is desirable. But he points to a couple of possibilities for change:

- say that the introduction of the new letter "G" this coming August would be the last year identifier; then simply exhaust the licence number combinations that are possible with it, leading to the system ending in perhaps 3-4 years. That would give a strong incentive to the police and others to devise a new system as quickly as possible.
- announce now that the present system will come to an end by a given date and invite the police and others to come forward with ideas for a new system.



My own view is:

- the primary purpose of a vehicle registration scheme should not be for the convenience of the motor trade but, as the DTP paper argues, for law enforcement and road safety.
- the present registration letter system has led to a substantial bunching of sales in August. But whatever approach we have, there will be some bunching for seasonal and other reasons. The evidence is that the present degree of bunching in August is reasonably stable from year to year. So domestic producers ought to have adjusted to it. If they haven't done so adequately, that says more about their business competitiveness than it does about any particular vehicle registration system.
- the main reason why we had a particular import surge last August was that the economy was growing too fast and that neither domestic producers, nor to be fair the Government, had anticipated the extent of that growth. We could have faced the same problem whatever the registration system.
- the present system will run out in any event in some 15 years. That means a new system will have to be designed within the next decade. It would be worth speeding the whole process up and finding a new system more quickly if both there was a major problem and a good alternative was in prospect. But I am not persuaded either of these conditions holds.
- it might therefore be best just to let the present system run its course, while stressing the importance of adequate forward planning so that by the mid 1990s the best possible system is under preparation for the 21st Century.

Conclusion

- i) Do you accept that it would not be justified to change the present system before it runs its natural course, while stressing the importance of adequate forward planning for the future; *Yes m*  
Or
- ii) Do you want Paul Channon to put further work in hand with a clear intention to introduce a new scheme before the present system runs out? If so, are there any particular approaches that you want him to adopt?

*Pre 6.*

PAUL GRAY  
21 APRIL 1989

MRMAOQ



gb

COMPTON

BRIMS

VEHICLE REGISTRATION

20. IV.  
50  
AM 9



Ministry of Agriculture, Fisheries and Food  
Whitehall Place, London SW1A 2HH

From the Minister

PRIME MINISTER

VEHICLE REGISTRATION YEAR LETTER

I have seen a copy of Paul Channon's minute and attached paper of 10 April to you which considers the present system of vehicle registration numbering and the case for change.

I have no strong views, but like Paul, my own inclination is for no change in the present system since I am not clear that the problems with the existing system are such as to warrant the upheaval which a change would necessarily entail.

+ I am copying this minute to other members of E(A), to Douglas Hurd and to Sir Robin Butler.

Ministry of Agriculture,  
Fisheries and Food

14 April 1989

JOHN MacGREGOR



14. IV.



COMMISSIONER

**CONFIDENTIAL**

PRIME MINISTER

13 April 1989

VEHICLE REGISTRATION SYSTEM - YEAR LETTER

The one undisputed fact about the current vehicle registration system is that it produces a distortion in the market causing 20% of annual sales to occur in August.

Motoring organisations and the police argue vehemently for and against changing the current system and eventually settle on the status quo.

The trade figures, because they are seasonally adjusted, are unaffected by the August sales peak. Trade, however, is definitely affected by the government-imposed distortion but to what extent and in whose favour is unknown. British manufacturers may be marginally disadvantaged, but we can never be sure that by removing the distortion of the year letter, they would fare any better. British manufacturers will only fare better if they deliver on price and quality, and seize the market opportunities that change always brings.

The decision to change hangs on whether we believe removing this particular distortion is worth the candle, and whether a new system brings benefits without distortions.

CHANGING THE REGISTRATION SYSTEM

As the paper from Paul Channon states:

"The vehicle registration system exist primarily to identify vehicles in use on the road for the purposes of law enforcement, road safety and taxation."

It does not exist as a marketing device or to smooth out production schedules for the motor industry.

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Apart from consultation with the industry over such matters as size and placing of mounting brackets etc, the motoring organisations should have no say in the design of any new system.

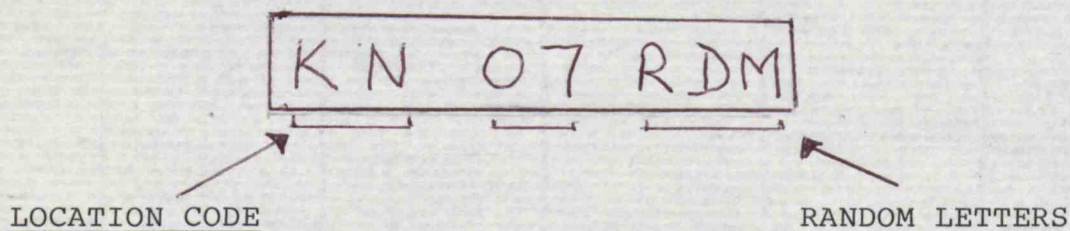
**This should be a matter for the police and the DTp.**

The main features which the police would see as desirable are:

- the **memorability** of registration numbers, for instance, to witnesses of a crime or accident;
- the ease of tracing a vehicle from a partially seen or remembered number - the number's **'elimination potential'**;
- the provision of **relevant information** about the vehicle or its keeper; and
- the **effectiveness** of the numbering system as an index for the vehicle and keeper details held on the Police National Computer.

DTp believe that there would need to be extensive consultation with the police, industry, local authorities, insurance interests etc on the detailed design of a new system. Allowing for this and writing of new software programmes at DVLC, they believe it would probably take three to five years to introduce a new system.

However a weekends work showed that the following system covers most of the police needs.



ie KENT

QUARTERLY SEQUENTIAL NUMBERS

ie one year 9 months after  
introduction of the new system



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While I do not suggest that this specific system be adopted it shows that solutions are there to be found if DTp stop looking only for the problems.

## SUGGESTED WAYS FORWARD

In August this year the letter "G" will be introduced. DTp could announce that this letter could be used until all licence combinations had been exhausted (potentially in 3-4 years) or until a new licence number system was introduced, whichever was the sooner. The current computer system is designed to cope with this change.

This tactic would give a powerful incentive for the police to agree on a new numbering system as quickly as possible.

The market distortion would be removed at a stroke but the police requirements would not be met until new software was written and introduced. This would take approximately 2-3 years and is estimated to cost £5-10 million.

## Alternatively and preferred:

Since new software needs to be written in the next few years, DTp could announce the intended date of its introduction to the police and invite them to contribute ideas to a new numbering system. Any new system would have to eliminate the year letter distortion and minimise other potential distortions. The cost is about the same as before but is at least tied to planned expenditure.

## CONCLUSION

- The year letter causes a market distortion but it is difficult to identify who gains or loses from the distortion;

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- trade figures, because they are seasonally adjusted, are not affected;
- it is for the DTp and police to decide on the details of any new system not the motor trade;
- changing to avoid distortions is possible but carries a cost of £5-10M and would take 2-3 years to implement.

RECOMMENDATION

If you believe removing the distortion is worth the effort, the quickest way is to let the year letter run on.

This provides a powerful incentive for DTp and the police to agree a new format.



GREG BOURNE

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CONFIDENTIAL

TY & TW

TYNE & WEAR

TYW & TYR

London needs approximately 12 codes, possibly specially prefixed,  
eg U for urban

UA

LONDON

ULA

UM

ULB

RANDOM LETTERS

Assuming only 22 letters are used (I O Q and Z are reserved at present) over 10,000 combinations can be made. It may be necessary to "vet" these combinations for "unacceptable" words.

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*Sept*  
*A*

Prime Minister

VEHICLE REGISTRATION YEAR LETTER

*at flap*

1. Your Private Secretary's letter of 5 December last commissioned a paper on the options for change to the vehicle registration system. This was originally requested for a discussion at E(A), but it may prove possible to clear the matter by correspondence.

2. The attached paper concludes that the present vehicle registration numbering system can be changed to eliminate the year letter and its distorting effects on vehicle sales patterns but at the cost of some expense and upheaval.

3. There are various opinions about the relative importance of the market distortion and of the Police's preference for the present year identifier. I do not believe that the present system does sufficient damage to justify the upheaval that would necessarily result from a change. But I would welcome the views of colleagues, to whom this is copied, on whether the Government should remove such an obvious interference with natural market patterns in spite of the problems. If colleagues prefer to make a change, then I can put the necessary work in hand.

4. I am copying this minute and the paper to other members of E(A), to the Home Secretary, and to Sir Robin Butler.

*P.C.*

PAUL CHANNON

10 April 1989

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(10 APRIL 1989)

## VEHICLE REGISTRATION YEAR LETTER

Paper by Secretary of State for Transport

### Introduction

The vehicle numbering system in Great Britain has for some years incorporated a letter to indicate the vehicle's age (the year identifier letter). This affects the Police and law enforcement, the motor trade and vehicle manufacturers, as well as consumers. The annual August change distorts the natural pattern of the new vehicle sales market. It has been suggested that it may create a bias against domestic producers and lead to higher imports than otherwise. This paper considers whether the current system causes a problem and what the alternatives are.

### Background

2 The vehicle registration system exists primarily to identify vehicles in use on the road for the purposes of law enforcement, road safety, and taxation. The year letter was initially introduced in 1963 simply as an expedient to expand the quantity of available numbers. Increasingly, it has come to have a significance of its own both as a supplementary aid to law enforcement and as an influence on patterns of car buying behaviour. As such, it has become more and more important for the motor industry, though views still differ on whether it is a help or a hindrance. Faced with the industry's inability to reach a consensus, my Department took the lead in conducting a review in 1987-88, to which both the industry and Police contributed. This was unable to identify a more favoured alternative system: it was clear that the Police were very attached to the year letter system; that all the alternatives to it would bring their own problems, and that the industry was adamant that if the year letter was to be retained, an August change was preferable to one in any other month. Annex A sets out the history in more detail.

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The case for change

3 It is, in principle, undesirable for Government to operate a registration system which results in an artificial distortion of the new car market. Over 20% of demand for new cars in the UK now falls in one month and this is clearly a significant distortion. It is inconsistent with the Government's broader policy for reducing distortions and improving the supply market that the present registration arrangements should continue unless the countervailing arguments are strong. The August change was originally introduced at the request of the industry to achieve a more equal distribution of sales between the first and second-half of the year. It has had this effect, but over the years, the popularity of the new registration letter grew until in 1985, the August registrations reached about 20% of the total annual new registration. From 1985 to 1987, they appeared to have stabilised at that level (see Annex B, Chart 1 and Table 1), though in 1988, August registrations were 21.9%. The additional stockpiling required to meet the August sales peak imposes extra costs on the industry. The extent of extra costs is difficult to quantify without a detailed cost-accounting survey.

4 The system is said particularly to benefit multinational producers, who - as distinct from purely domestic manufacturers - can divert supplies sourced on the Continent to the UK market during the Summer peak, when demand elsewhere in Europe is slack. For this and other reasons, it is claimed that the year letter increases import penetration.

Options for change

5 There are a number of possible alternative ways of numbering vehicles. The Department of Transport review in 1987-88 looked, in particular, at ways of retaining the year letter system with modifications to reduce the distorting effect (e.g. by adding a month indicator). It was concluded that these would either fail to reduce the distorting effect or would not meet the Police requirements for law enforcement. To eliminate market distortion.

/it is probably.....

/continued.....

it is probably necessary to abandon the year letter altogether. To do this, there would need to be a fundamental change to a new system, offering alternative features to assist law enforcement. There are two possible approaches. One is to change to a system based on the keeper of the vehicle rather than the vehicle itself. Registration numbers now stay with a vehicle for life, other than the special 'cherished transfer' arrangements. But a system, like that in, say, Belgium or Switzerland, where an individual is associated with a particular number, which is automatically transferred on to successive vehicles in their possession, could have advantages for the Police - who are after all normally more interested in the person driving a vehicle than the vehicle itself. Such a fundamental change to the system would have wide-ranging implications, including probably the need to replace existing numbers. There would be some civil liberties opposition. I know of little support for a keeper system, and the change from our existing vehicle-based system would be an upheaval, with consequences too far-reaching to be justified by the benefit of dealing with the August peak.

6 The second approach would be a vehicle-based system without an age identifier, but with a much more prominent indication of the area of registration than the existing local authority-based codes. The present system is based on the local authority areas which carried out vehicle registration when it began in the 1900s, but the letter codes are not recognisable as relating to their area (e.g. JO for Oxford). If we were to design a new local area system for the UK, the first step would be to decide on a number of areas and the boundaries. We could then identify the major city or town for each, and devise a shortened version of its name (e.g. BIR for Birmingham, OXF for Oxford).

/continued.....



Law enforcement

7 The year letter provides a familiar and well-understood feature on the number plate which witnesses to an accident or offence will readily notice and remember, and which can also provide useful information to the Police themselves. By dating a vehicle, it immediately narrows the size of the vehicle register to be searched in order to identify a particular car; and, when making a physical inspection, it indicates the statutory requirements which apply to it. The Police Service, therefore, strongly support the current system. Only if the status quo were ruled out would they wish to consider what they see as less attractive alternatives for law enforcement. A note on the Police requirements is at Annex C.

Industry

8 A paper by DTI officials assessing the effect on industry and trade is at Annex B. This shows that the quantitative effect of the year identifier is difficult to assess, and that, in practice, the net effect on the industry and the balance of trade is small. Many retailers and some manufacturers, maintain that the disadvantages of the August peak are more than offset by the stimulus to overall sales, which they believe the year letter promotes as a focus for consumer interest and for marketing. It is certain that any proposal to change would provoke strong complaints from Ford and General Motors, as well as from the many thousands of vociferous motor agents, who successfully opposed a proposal three years ago to change the date from August to October.

Balance of payments

9 The Treasury have examined whether the seasonal flow of imported cars which takes place in preparation for the August sales peak is, of itself, a major contributor to balance of payments deficits. They have concluded that it is not: the published figures are seasonally adjusted; do not exhibit any residual pattern in the Summer months, and the flow of cars is typically only 6% of total visible imports.

/continued.....

New technology

10 New technology is affecting the engineering of motor-cars. Legislation to allow the use of Autoguide is currently in Parliament, and my Department is doing research into the possibilities of electronic road-pricing, including "electronic number-plates". There is no indication, at present, that this might affect the design of registration-plate numbers, but in such a rapidly expanding area of technology, it is very difficult to foresee what advance may be made over the next ten to fifteen years.

European Community

11 The European Community has so far taken no real interest in vehicle registration systems, as distinct from, for instance, vehicle taxation, the shape and style of number-plates, or driver licensing. This may change. There seems no justification for the UK to adopt a harmonised system or relinquish responsibility to a European authority, but leaving room for some lesser changes might turn out to have some advantages. The European dimension will become more significant for law enforcement when the Channel Tunnel opens.

Sale of Registration Numbers

12 Legislation to permit the sale of marks by DVLC is included in this year's Finance Bill. The first sales of high-value numbers should take place at the end of the year, with a wide measure of choice of numbers available to the public by the introduction of the 'H' letter in 1990. Market research done so far on the likely level of sales under the full scheme indicates a very high level of interest among the motoring public. One in three car-owners say they are interested at the right price. Apart from its other disadvantages, it would be very difficult to make a keeper system compatible with the sale of numbers. There is no reason why a new area code system should not provide numbers which can be sold in the same way as those from the current system. Existing cherished numbers could continue.

Cost and timing

13 There would need to be extensive consultation with the Police, industry, local authorities, insurance interesrs etc., on the detailed design of a new system. Allowing for this and the writing of new software programmes at DVLC, it would probably take three to five years to introduce a new system.

14 It will, in any case, be necessary to replace the software for the vehicle registration system at DVLC in the next few years. If a new numbering system were incorporated at the same time, the additional cost might be £½m-£1m. There would probably be comparable additional costs for the Police National Computer. A change from seven digits (as at present), to eight digits (almost certainly necessary for a new area code system), would involve some additional operating costs. If the Police were to insist that vehicles must change the registration number with each change of area, this would also add to DVLC costs, and car-owners would have to buy new number-plates when they moved areas.

Conclusions

15 My only requirement for a vehicle registration plate numbering system is that each vehicle must be separately identifiable by a plate which can be read at twenty-five yards.

16 It would be perfectly possible to change the present system, which has real faults - in particular that it distorts the market. But it has the advantage of being strongly supported by the Police and by much of the motor industry. And there is no evidence that the market distortion creates significant ill-effects on trade or on the economy.

17 If we stay with the present system, the alphabet will run out in fifteen years time, and we will need to decide within the next ten years what to put in its place. My own belief is that whatever the flaws in the present system, the advantages of any change before then would be outweighed by the upheaval to public and industry. I would, nevertheless, very much welcome the views of colleagues; and if, on the basis of the options in this paper, an earlier change finds favour, then I will take the necessary action.

## DEVELOPMENT OF THE BRITISH VEHICLE REGISTRATION NUMBERING SYSTEM

Vehicle registration and numbering in Great Britain began in 1903, in response to the growing numbers of motor vehicles which were appearing on the roads. Each local authority set up and maintained a register of vehicles kept in its area. A one or two letter code at the start of the registration number indicated the registration authority. Initially, vehicles were often re-registered when they were moved from one local authority area to another, though this practice ended following new legislation in 1920.

2. By the 1930s some authorities were starting to run out of numbers, and an extra letter, issued sequentially, was added to the registration format to increase the available volume. The same thing happened in the 1950s, and this time the format was reversed (i.e. to numbers before letters) to generate more series of numbers. With the increasingly rapid growth of the vehicle population these series were soon exhausted, and in 1963 a year identifier letter was added to the registration format, which was thereby extended from 6 to 7 characters.

3. The year letter originally changed every January. It gradually began to affect the seasonal pattern of new car sales, and to exacerbate the already prevailing tendency for sales to be concentrated in the first half of the year. So in 1967, the time of the change was altered to August, in a deliberate effort - and at the direct request of the motor industry - to stimulate sales in what until then had been one of the slackest months of the year, and to provide a more even balance of sales between the two halves of the year. The results were immediate: August sales increased sharply, and the desired balance between the first and second half year sales was soon achieved.

4. Meanwhile, it had become clear that the old local authority-based system of registration, based on manual files, could not cope with the growing numbers of vehicles, and the increasing rate at which vehicles were moved around the country. The decision was taken to centralise the system at a single computerised installation, and from 1974 vehicle records began to be transferred to the Driver and Vehicle Licensing Centre (DVLC). This process was effectively completed by 1978. However, the registration numbering system was left largely un-

changed: the old local authority codes were retained, and mostly still used in the same general areas.

5. The year suffix letters were all used up by 1983. A consultation exercise by DVLC before that date had showed that the most popular replacement was a straightforward reversal of the format, so that the year letter became a prefix. This was duly introduced.

6. An unexpected result of the change was that the proportion of vehicles registered in August, which had been steadily rising since 1967, took a sharp step upwards. The change in format threw the year letter into new prominence, and it became used more than ever before by the motor industry as a means to stimulate sales during the August period. Since 1983 August sales have averaged about 20% of the annual total, though with no sign of a further upward trend.

7. The increased concentration of sales has caused difficulties for some sections of the motor industry because of the need to build up stocks in the summer. Conversely, other parts of the industry feel that the annual change stimulates demand significantly. In March 1986 the Government agreed to a request from the Society of Motor Manufacturers and Traders to move the date of change again, to October. The Motor Agents Association expressed strong opposition, on the grounds that this would leave the trade with large stocks of traded-in vehicles to try to dispose of during the slack winter period. The two bodies jointly asked the Department of Transport late in 1986 to instigate a full review of the alternatives to the present system.

8. A Consultative Group, led by this Department, was set up to carry out this review. The Home Office and Association of Chief Police Officers were represented, as well as the Department of Trade and Industry and organisations representing all the main interest groups in the motor industry itself. The motoring public was covered by representatives of the AA and RAC.

9. The Group considered in detail a wide range of alternative systems. A public consultation exercise was held during mid-1987, and the Group also heard oral evidence from Rover and Ford, as the two leading domestic vehicle manufacturers.

9. After toying for some time with the idea of a new code added to all registration numbers indicating the month of registration the Group ultimately concluded that there was no alternative system which was preferable to the present one. No member of the Group dissented, though the SMMT representatives were clearly hampered by disagreements within their own membership.

11. After consultations with other Departments it was concluded that we should accept the Group's advice and retain the present system. This decision was announced in February 1988. The outcome came as no surprise to the industry, and produced virtually no reaction, adverse or otherwise. Since then there has been no discernible concern from the industry about the year letter system, despite sales during 1988 - and in particular in August - reaching new record levels.

## YEAR IDENTIFIER: Industry case

Note by the Department of Trade and Industry  
Overview

1. The one undisputed effect of the Year Identifier change in August is that it creates a sales peak in that month amounting to around 20 per cent of annual car sales - the proportion appears to have stabilised at about this level in recent years though last year it edged up to 21 per cent. Industry views diverge on the costs and advantages which flow from this concentration of sales and as to the merits of alternative schemes.

2. Parts of the distribution sector and some vehicle manufacturers argue that:

- The identifier boosts the overall market and leads to higher new car sales overall;
- An August change brings sales and production into the second half year thereby improving UK plant utilisation compared with the mainland European position where sales are weighted towards the first half year;
- UK manufacturers dependent on export sales are able to specialise in building LHD cars in the early months of a year and concentrate on RHD requirements in June and July for the UK peak in August.

3. The costs to the industry from the peaking effect on sales are difficult to quantify without a detailed cost accounting survey but there is statistical evidence of car stockpiling on the lead up to August. The extent of stocking for August diminished markedly from 1985 until last year when the level of stocks reached the same percentage of total car registrations for the year as it did in 1985. But even then, the build up appears to have been slower and later starting than in 1985.

4. Critics of the present system have contended that the major multinationals manufacturing in Britain benefit from the present system through their option to meet peak sales here from their mainland European plants at a time when car sales elsewhere in Europe (and in Japan) are at or near an annual low - in some countries the winter sales trough in December or January is lower than in August.

5. Partly for this reason, it is also argued that the effect of the sales peak is to increase import penetration. Though the monthly profile of car registrations sourced from imports matches closely that of registrations sourced from UK plants, there is some slight bias in favour of import sourcing at the August peak both in general and by the major multinationals operating in the UK. There is some possibility that the peaking effect of the identifier leads to a slightly higher import bill but any influence is difficult to measure.

6. It is said that the benefits which the multinationals derive from the present system reduce the incentive for them to invest in Britain but we think this unlikely.

## Sales

7. Since the introduction of the August change in 1967 there has been some tendency for the concentration of car sales in that month to increase over time but the proportion appears to have stabilised at about 20 per cent in recent years though it

marginally increased last year to 21 per cent. It is clear from the low sales in July and from some commissioned market research studies that the identifier leads to some postponement in purchasing to enable buyers to secure the perceived advantages of a new prefix as this can affect trade-in values. Table 1 and Chart 1 (appended) show the monthly profile of registrations.

8. The identifier has led to the focusing of marketing activity by the industry and some argue that the effect is to increase overall demand as consumers are encouraged to trade-in cars more often. This view is inherently untestable as there are no appropriate comparisons: the British system is unique in Europe and historic data prior to 1963, when the (January) identifier was introduced, are considered unlikely to provide much guidance as to market conditions now were the identifier to be abolished. Nevertheless, the thesis of higher overall annual sales could still be valid but there is no presumption that higher car sales at the expense of other goods or saving is necessarily beneficial from a national perspective though it would be from that of the industry. Since 1984 UK, car sales have established successive record levels each year and the need for measures to boost the market would seem to have less relevance than they might have had in more difficult market conditions.

9. For contrast with the UK pattern of sales, Charts 2 and 3 show the monthly distribution of sales in selected European countries for which data was available, and in Japan. In each of these charts there is a pronounced spring sales peak followed by a summer low point in August with a secondary peak in the early autumn. The best conjecture as to what would happen to the seasonal distribution of car sales in the absence of a year identifier is that the British monthly sales pattern would converge towards that of mainland Europe with its distinct weighting towards the first half year.

10. For a short while, a change in the month from August to October gained wide but not universal support within the industry until the view prevailed that an October change would result in many trade-in cars being held in stock and subject to deterioration over the winter months until the spring buying season.

#### Production effects

11. Seasonal variations in the volume of UK car production are smaller than for car sales (Charts 1 and 4) and this does indicate the need for stockpiling. It is possible to model the cumulative changes in car stocks through a year in that UK production and imports in a month add to stocks while registrations and exports will deplete them. Chart 5 shows the cumulative effects on car stocks during each of the years 1985 through 1988 (up to November because of data availability) with the build up during the summer months up to July and its quick attrition by the peak sales in August. However, it is evident that the large stockpiling which did occur during 1985 when it reached over 200,000 cars by end July was not repeated until last year. The stocking peak then surpassed that of 1985 and reached the same proportion of total registrations for the year as it had before but the build up was slower and later. In the intervening years the stock build up has been largely confined to July alone and to more modest levels. The evidence suggests therefore that the stocking problem has been generally better managed and last year was unusual because of a major industrial dispute affecting Ford and because Vauxhall replaced one of its best selling models (see paragraph 19 below).

12. Stock levels occasion holding costs in terms of return on



capital, parking space, security and maintenance which must fall initially on manufacturers and distributors. It has also been argued peaking costs are ultimately borne by car buyers as supplier cost are passed on to customers in a competitive market and, possibly, also in so far as the August sales rush leads to inadequate pre-delivery inspection by distributors.

13. On the basis that seasonal variations in UK car production are not as great as with car sales, there would appear to be no good grounds for believing that a significant incidence of peaking costs are also carried by component suppliers in the industry. In anecdotal reports from the industry, it is not readily possible to distinguish between additional costs arising from the peaking effect and those occasioned by under-forecasting the strength of market demand or the presence of capacity constraints for other reasons. Published sales forecasts attributed to industry sources and consultants have consistently under-estimated car market growth in recent years.

#### Trade effects

14. Hypotheses concerning the trade effects of the identifier are not always clearly put but there appear to be two principle candidates. The first is that the UK multinationals benefit from their ability to source UK peak sales from their continental mainland plants at a time when local sales are at a low point in other European markets during July and August. The advantage to them is that this improves utilisation in their mainland plants.

15. There is arguably some substance to this hypothesis but the effect is likely to be small because their UK sales sourced from imports are only a relatively small proportion of total output from their mainland plants. Production data by month for the multinationals are not available but annual data are published. In 1987, Ford UK registrations sourced from imports amounted to 16 per cent of total output from the company's European mainland plants in Belgium, Germany and Spain. In the case of Vauxhall-Opel, the proportion was 5 per cent, and for Peugeot 4 per cent. Both Ford and Vauxhall claim that they are operating their UK plants at or near capacity limits already so there is generally no margin to spare for the substitution of their imports by UK production. As yet, corresponding data for 1988 are not available. Both companies have already stated an intention to source a higher proportion of their sales from UK production this year.

16. UK car manufacturing companies dependent on export sales, notably Jaguar and Rolls Royce, claim benefits for the present system in that the offset of the UK annual sales peak against the peaks in overseas markets enables them to concentrate on LHD or RHD production at different times and hence, presumably, gain some benefit from specialisation in assembly.

17. Austin Rover is more dependent on home market sales but has the opportunity of securing better plant utilisation through exports sales to mainland countries when the UK market is off-peak. Exports amounted to 33 per cent of Austin Rover's total car output in 1987 and 28 per cent last year. The conclusion must therefore be that while there may be some substance to plant utilisation argument, it is relatively small now for the multinationals and that the Rover Group has the opportunity to gain similar advantages from exporting when the UK market is off-peak.

18. It also seems that there is little substance to the argument that the multinationals tend to source market peak sales in Britain mainly from imports. The evidence from 1987 is that the

distribution of their sales patterns by month, whether sourced from UK production or from imports, are all very similar and close to the way total registrations vary month by month. A higher proportion of their August sales are sourced from imports as against UK production. In 1987, the difference amounted at most to four percentage points in the case of Ford and was smaller for the other two multinationals (Table 2). However, for Vauxhall last year the difference amounted to 10 percentage points (Table 3).

19. Comparisons with the situation last year need to be treated with some caution because of the market disruption caused by Ford's industrial dispute last February and its later repercussions throughout the year as the company made up lost UK production by sourcing a higher proportion of sales from imports. Doubtless, competitors sought advantage in the situation. In the event, Ford's total car sales were barely higher than in the previous year despite the buoyant market and, doubtless, competitors sought advantage in the situation. Coincidentally, the position for Vauxhall is also, arguably, not comparable as the company was changing over to a new model for one of its best selling cars and its overall sales were only some two per cent more than the market's growth in new registrations of 10 per cent. Both Ford and Vauxhall sourced a higher proportion of their UK sales from imports last year though in each case UK sourcing still predominated at, respectively, 57 and 61 per cent of their total car sales last year.

20. The second hypothesis concerning trade effects argues that the market effects of the year identifier inhibit plant investment by the multinationals in the UK because they are better placed to source UK peak demand from continental mainland plants. This is difficult to assess because location decisions are normally based on a mixture of considerations covering relative costs, exchange rate projections, taxation, production quality and other matters. Plant utilisation is doubtless one of the factors but the multinationals would in principle be able to obtain complementary advantages by maintaining production schedules here during UK off-peak demand and supplying European mainland markets during their peaks and then supply UK peak demand during the continental low sales period. It is therefore difficult to support the thesis that the year identifier is a significant deterrent to inward investment if other factors are favourable and the current interest of Toyota in establishing manufacturing capacity in the UK supports this view.

DTI/CVM5d  
16 February 1988

GREAT BRITAIN  
NEW CAR REGISTRATIONS

Thousands

	January	February	March	April	May	June	July	August	September	October	November	December
1984												
Number	164	163	175	156	143	141	42	304	157	123	124	68
Percent Imports	55%	58%	55%	53%	56%	55%	57%	60%	58%	60%	54%	59%
1985												
Number	155	161	186	152	145	138	42	379	142	133	127	83
Percent Imports	56%	56%	60%	60%	59%	59%	56%	57%	56%	54%	57%	48%
1986												
Number	175	153	173	163	149	143	48	388	143	135	132	83
Percent Imports	50%	51%	55%	55%	56%	54%	53%	57%	56%	53%	51%	50%
1987												
Number	174	169	181	152	164	153	49	412	177	144	146	95
Percent Import	47%	47%	49%	48%	50%	51%	44%	54%	53%	51%	52%	49%
1988												
Number	196	180	202	166	187	160	52	483	194	142	151	96
Percent Import	53%	52%	53%	54%	54%	55%	47%	59%	52%	57%	55%	51%

TABLE 1

TABLE 1

TABLE 2

NEW CAR AND TAXIS REGISTRATIONS: 1987  
by month with source of final assembly  
Major manufacturers

	FORD				VAUXHALL/OPEL				PEUGEOT				AUSTIN ROVER		REGISTRATIONS			
	Registrations		Registrations		Registrations		Registrations		Registrations		Registrations		Regist-	Registra-	All	Other	Registrations	
	by source:		per cent		by source:		per cent		by source:		per cent		ractions.	tions per	sources	imports	per cent	
	UK	Imports	UK	Imports	UK	Imports	UK	Imports	UK	Imports	UK	Imports	All UK	cent per		(excepting	per month	
as sourced from:		as sourced from:		as sourced from:		as sourced from:		as sourced from:		as sourced from:		as sourced from:		sourced.	month	Ford,	as sourced from:	Other
Nos.	Nos.	%	%	Nos.	Nos.	%	%	Nos.	Nos.	%	%	Nos.	%	Nos.	Nos.	%	%	
Jan	34,639	12,767	8.6	7.2	19,508	8,594	10.6	10.0	2,465	5,142	5.8	8.8	29,105	9.8	172,693	57,841	8.8	8.1
Feb	32,444	13,638	8.1	7.4	18,829	8,149	10.2	9.4	2,935	4,721	6.9	8.1	28,539	9.6	168,658	56,787	8.4	7.9
Mar	33,176	13,759	9.7	7.8	17,575	7,250	9.5	8.4	4,192	5,354	9.8	9.1	27,961	9.4	185,921	67,051	9.2	8.3
Apr	34,678	12,307	8.6	6.9	13,373	5,241	7.3	6.1	3,178	4,454	7.4	7.6	23,841	8.0	153,537	53,632	7.6	7.5
May	37,715	15,793	9.4	8.9	15,896	5,878	8.6	6.8	3,097	4,395	7.3	7.5	22,632	7.6	167,357	58,602	8.3	8.2
Jun	30,834	13,591	7.7	7.6	11,918	5,662	6.5	6.6	3,174	3,826	7.4	6.5	23,136	7.8	154,526	57,859	7.7	8.1
Jul	10,876	4,541	2.7	2.6	5,438	2,384	2.9	2.8	793	1,192	1.9	2.0	7,767	2.6	49,644	15,277	2.5	2.1
Aug	59,461	37,632	17.2	21.2	35,399	19,487	19.7	22.6	8,918	12,916	20.9	22.1	59,055	19.9	407,333	153,727	20.2	21.4
Sep	36,568	16,915	9.6	10.7	10,183	6,276	5.5	7.3	5,617	6,024	13.2	10.3	22,707	7.7	177,412	64,904	8.3	9.0
Oct	25,330	11,574	6.3	6.5	14,441	7,357	7.8	8.5	3,391	3,962	7.9	6.8	22,324	7.5	144,054	51,791	7.2	7.2
Nov	39,427	12,565	7.3	7.1	12,757	6,161	6.9	7.1	2,732	3,900	6.4	6.7	17,289	5.8	141,224	51,837	7.0	7.2
Dec	19,166	10,872	4.8	6.1	8,104	3,904	4.4	4.5	2,200	2,681	5.2	4.6	12,428	4.2	91,284	28,852	4.5	4.0
TOTAL	402,805	177,314	100.0	100.0	184,431	86,343	100.0	100.0	42,697	58,567	100.0	100.0	236,784	100.0	2,013,693	718,500	100.0	100.0

Source: SMM

TABLE 2

TABLE 3

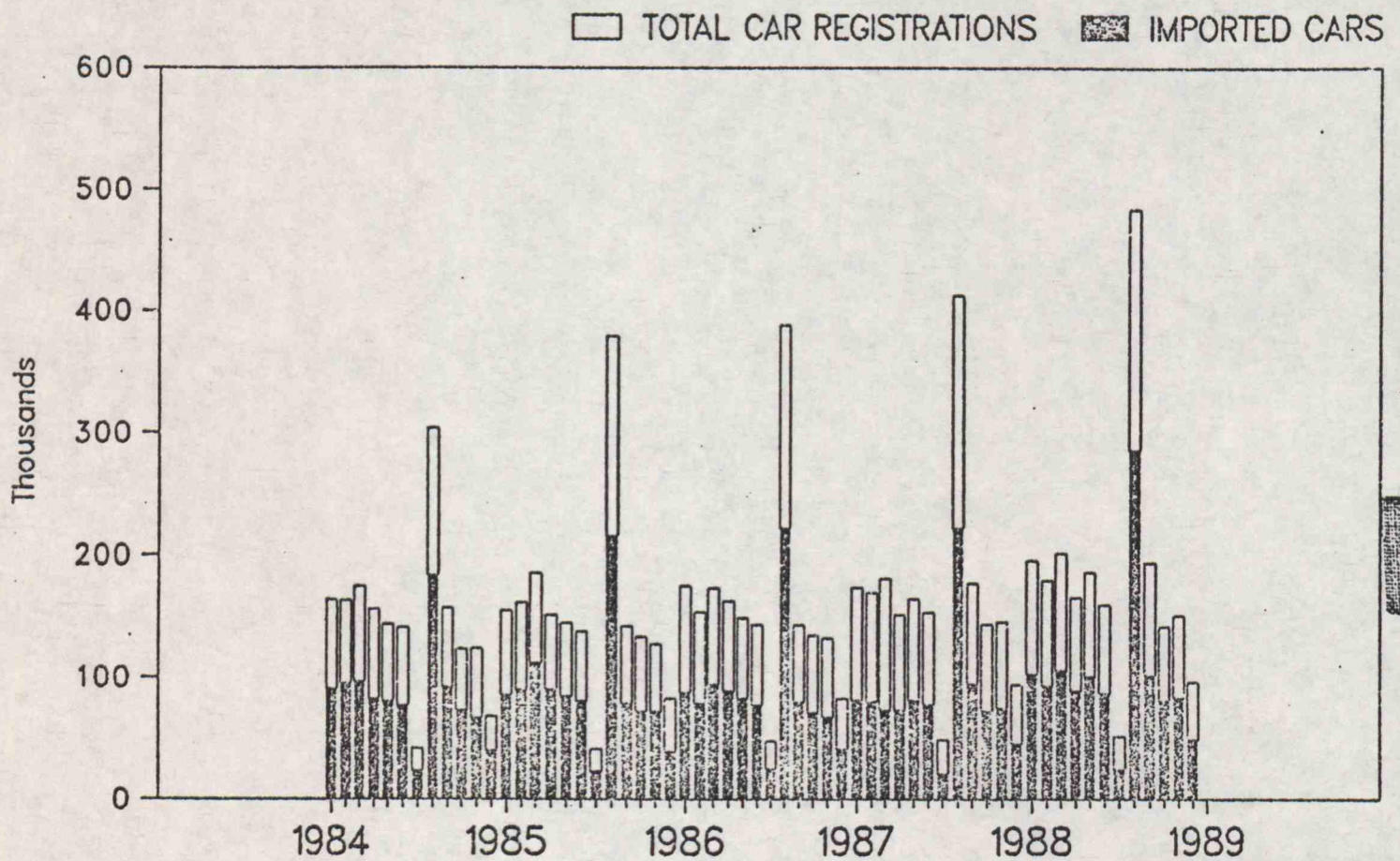
NEW CAR AND TAXIS REGISTRATIONS: 1988  
by month with source of final assembly  
Major manufacturers

	FORD				VAUXHALL/OPEL				PSOGEOT				AUSTIN ROVER		REGISTRATIONS			
	Registrations by source:		Registrations per cent		Registrations by source:		Registrations per cent		Registrations by source:		Registrations per cent		Regist- rations	Registra- tions per	All	Other	Registrations	
	as sourced from:		per month		as sourced from:		per month		as sourced from:		per month		All UK	cent per	sources	(excepting	per month	
	UK	Imports	%	%	UK	Imports	%	%	UK	Imports	%	%	sourced	month	Nos.	(Ford, Peugeot, Vauxhall)	All	Other
Nos.	Nos.			Nos.	Nos.			Nos.	Nos.			Nos.		Nos.	Nos.	%	%	
Jan	30,895	22,172	9.2	8.9	21,107	10,806	11.4	9.1	3,582	5,243	6.7	7.2	27,846	8.5	194,482	67,711	8.8	8.4
Feb	27,507	20,530	8.2	8.3	18,469	8,792	10.0	7.4	4,410	3,729	8.2	5.1	28,859	8.8	181,172	64,124	8.2	7.5
Mar	27,788	21,555	8.3	8.8	21,691	11,050	11.7	9.3	5,907	6,212	11.0	8.5	31,874	9.8	209,176	75,812	9.4	9.4
Apr	25,700	19,426	7.7	7.8	13,553	6,958	7.3	5.9	5,152	5,148	9.6	7.0	25,230	7.7	165,889	59,512	7.5	7.4
May	33,762	25,720	10.1	10.3	14,763	7,918	8.0	6.7	4,232	4,846	7.9	6.6	24,501	7.5	185,422	63,727	8.4	7.9
Jun	23,991	18,191	7.2	7.3	14,244	10,173	7.7	8.6	4,407	5,753	8.2	7.9	25,642	7.9	163,731	61,441	7.6	7.8
Jul	5,447	6,897	2.8	2.8	3,651	2,787	2.0	2.3	1,000	1,399	1.9	1.9	11,172	3.4	53,479	16,081	2.4	2.9
Aug	64,526	56,714	19.3	22.6	27,832	29,840	15.1	25.1	10,071	17,471	18.7	23.9	69,195	21.2	477,305	187,233	21.5	23.1
Sep	31,626	20,536	9.4	8.3	13,324	9,976	7.2	8.4	6,061	8,075	11.3	11.0	30,783	9.4	191,121	64,393	8.8	8.0
Oct	22,254	12,530	6.6	5.1	12,099	6,383	6.6	5.8	3,375	5,619	6.3	7.7	19,069	5.8	147,791	61,006	6.7	7.5
Nov	23,753	14,501	7.1	6.0	14,296	7,439	7.7	6.3	3,670	6,532	6.8	8.9	17,362	5.3	149,398	57,057	6.7	7.1
Dec	13,660	9,286	4.1	3.7	9,645	6,269	5.2	5.3	1,848	3,083	3.4	4.2	14,899	4.6	91,626	30,699	4.1	3.8
TOTAL	334,982	248,888	100.0	100.0	184,674	118,891	100.0	100.0	53,715	73,110	100.0	100.0	326,432	100.0	2,215,574	808,802	100.0	100.0

Source: SMMT

TABLE 3

# GREAT BRITAIN: IMPORT PENETRATION 1984-1988



# CAR REGISTRATIONS BY ORIGIN

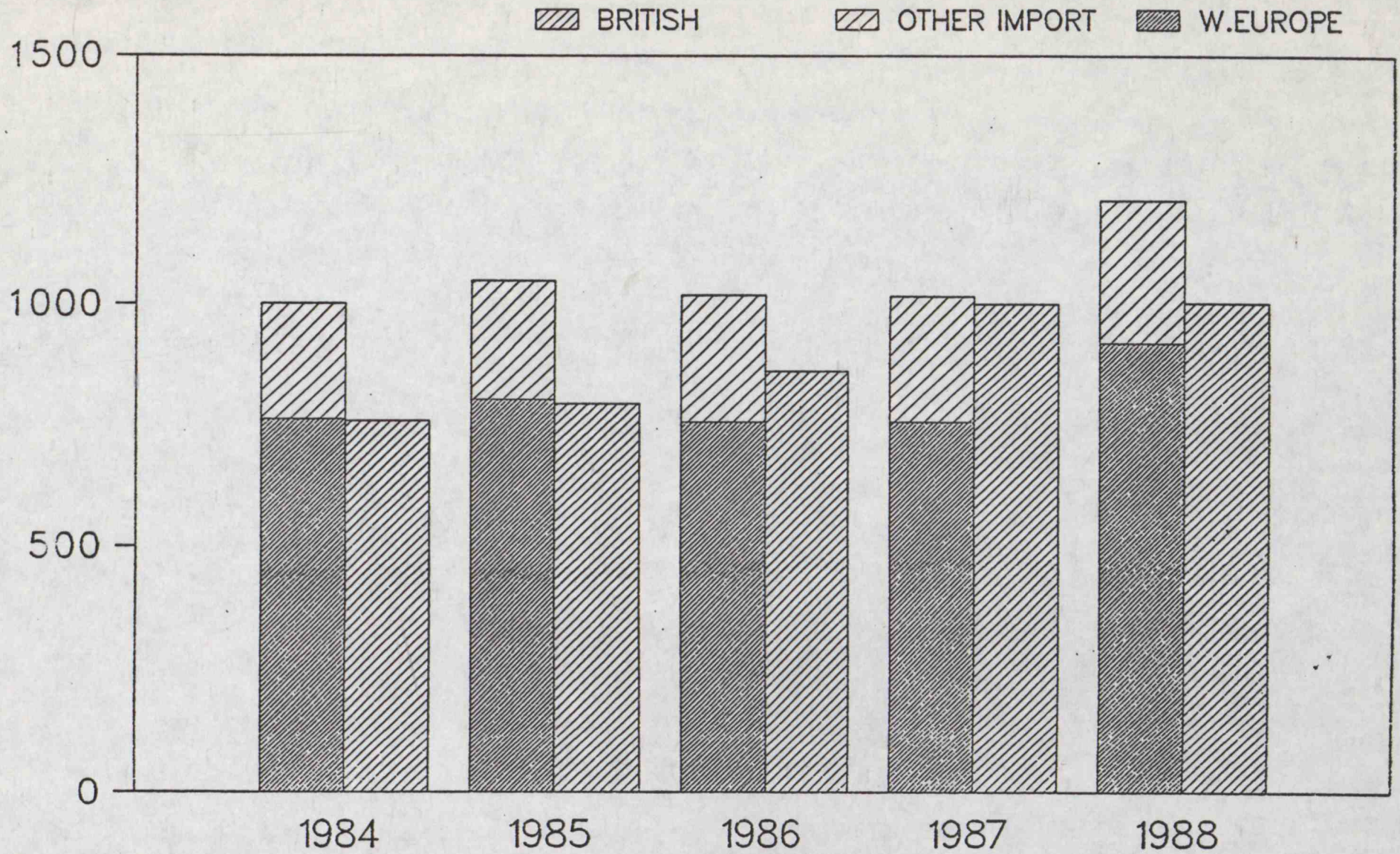
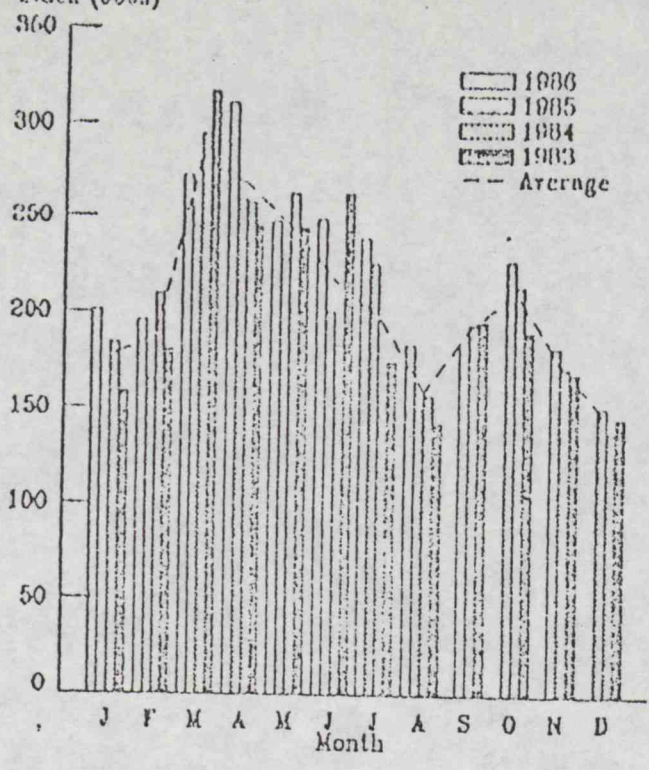


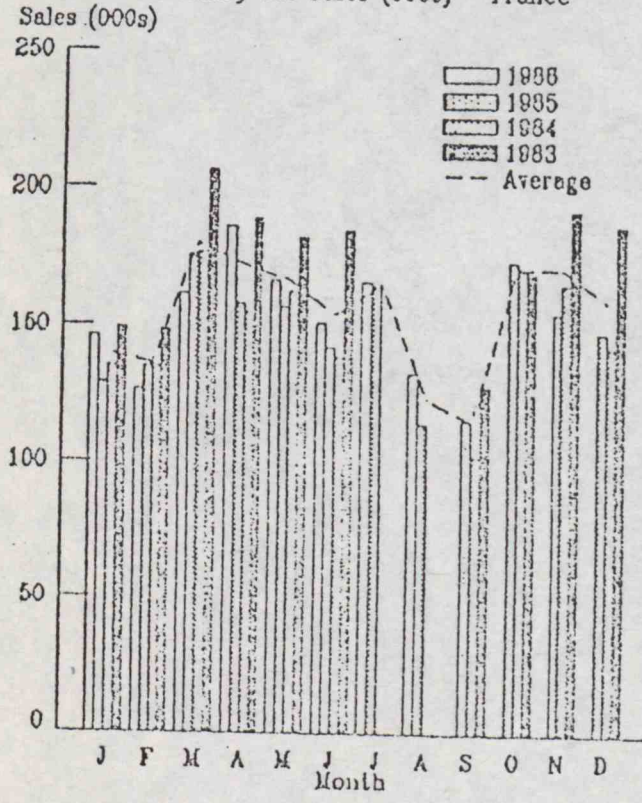
Chart 1B

Chart 1B

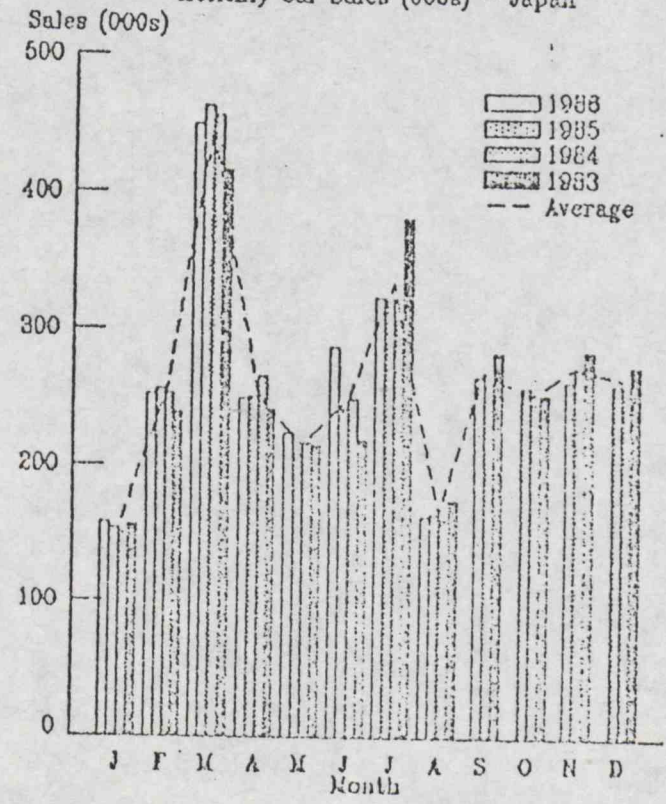
Monthly Car Sales (000s) - Germany



Monthly Car Sales (000s) - France



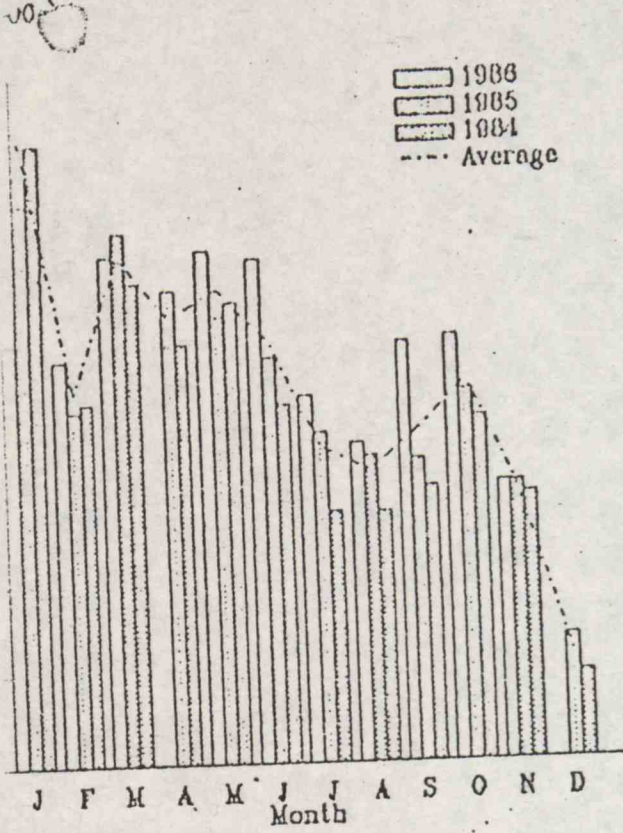
Monthly Car Sales (000s) - Japan



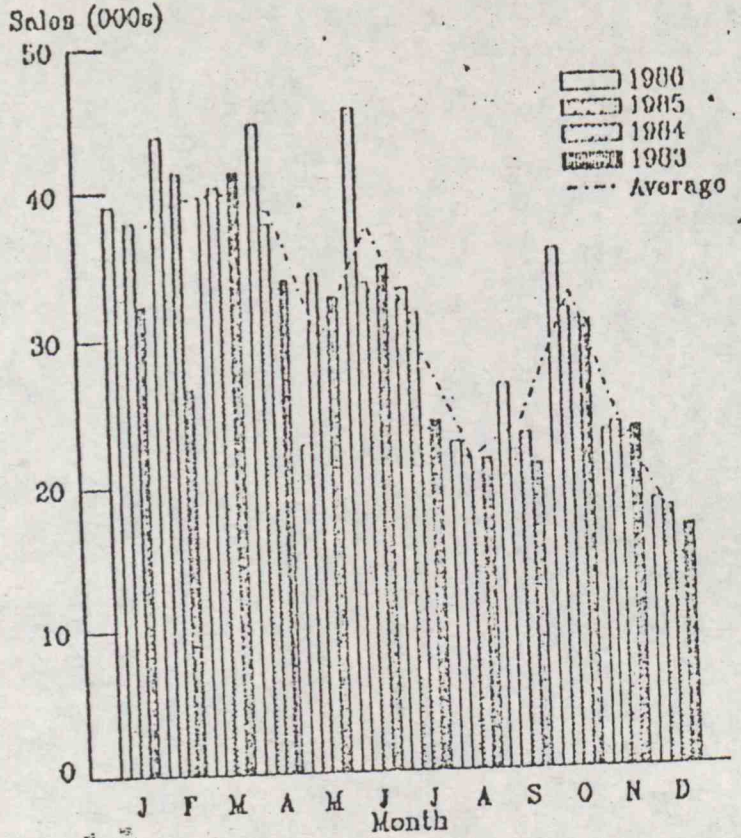


# Chart 3

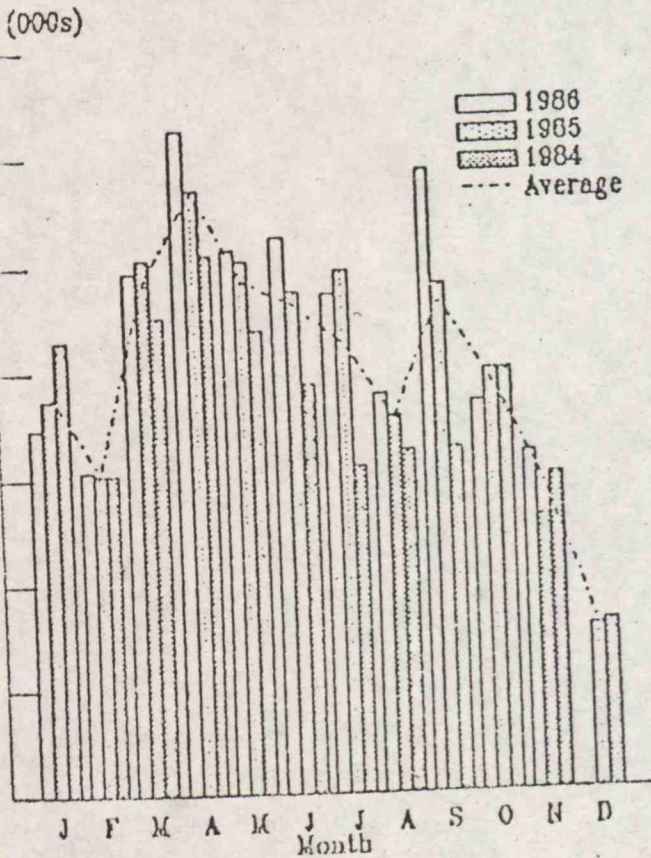
Monthly Car Sales - Netherlands



Monthly Car Sales (000s) - Belgium



Monthly Car Sales (000s) - Austria



Monthly Car Sales (000s) - Switzerland

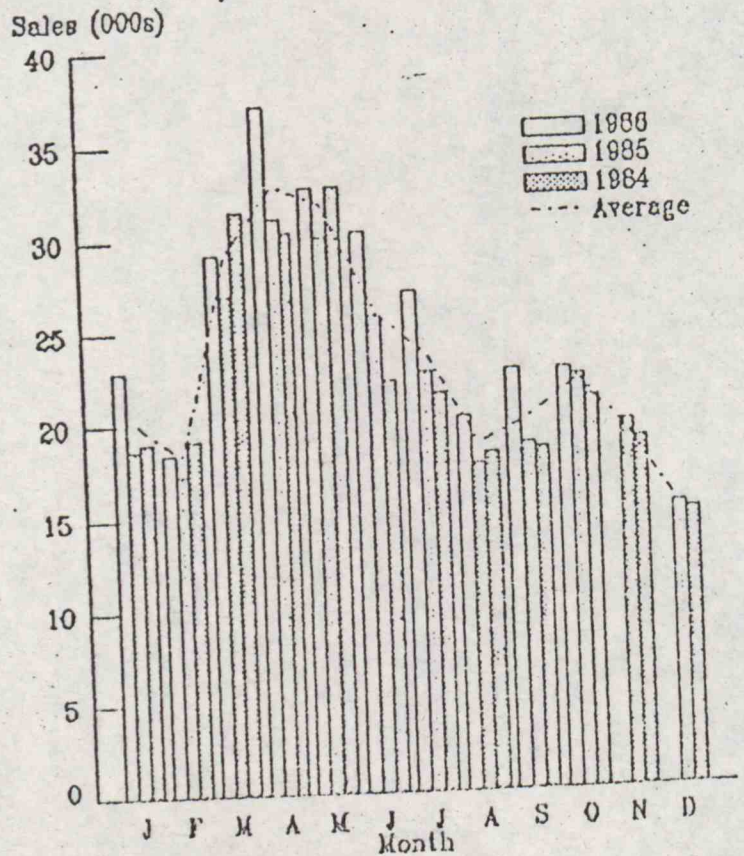
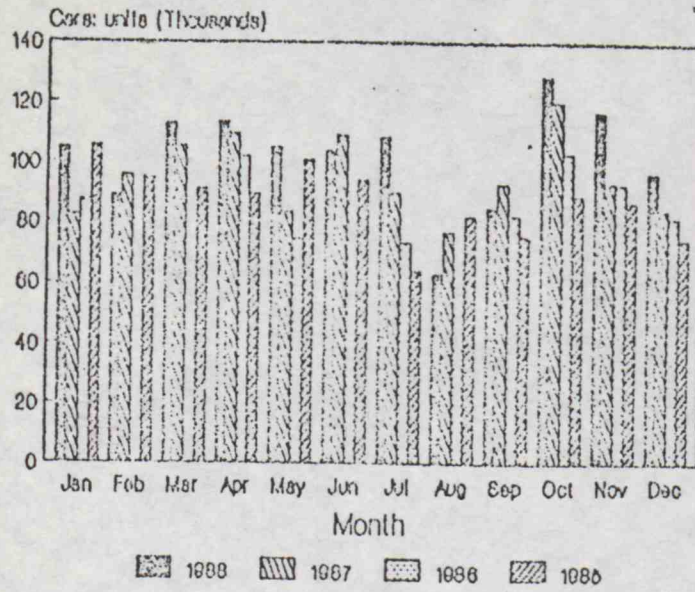


CHART 3

Chart 4

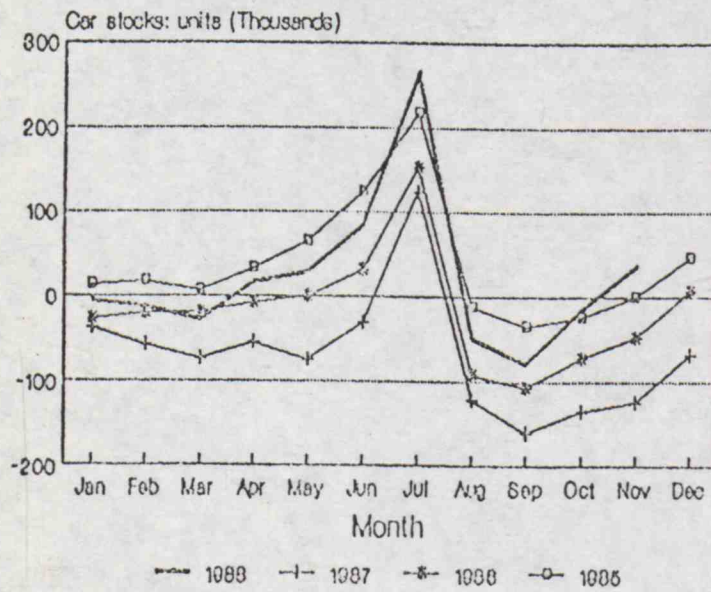
UK CAR PRODUCTION  
by month.



Source: DTI

Chart 5

CUMULATIVE CHANGE IN CAR STOCKS  
Since beginning of year.



Source: Derived from SMMT data.

CHARTS 4 and 5

## VEHICLE REGISTRATION NUMBERING SYSTEM: REQUIREMENTS OF THE POLICE

The key function of the registration system is simply to identify vehicles in use on the road. Any system which provides every vehicle with a unique number will do this. In practice, the Police have found that there are a number of highly desirable secondary features which the numbering system can also provide, which enhance the usefulness of the system for law enforcement.

2. The main features which the Police would see as desirable:

- the memorability of registration numbers, for instance, to witnesses of a crime or accident;
- the ease of tracing a vehicle from a partially seen or remembered number - the number's 'elimination potential';
- the provision of relevant information about the vehicle or its keeper; and
- the effectiveness of the numbering system as an index for the vehicle and keeper details held on the Police National Computer.

3. The present system scores relatively well under these criteria. The current year identifier provides the Police with a feature of a vehicle's registration number that is often remembered by witnesses (for the very reasons that make it such an effective distorter of the market). By dating a vehicle immediately, it helps them when checking the mechanical condition and other physical features of a vehicle, and in deciding the statutory requirements which apply to it. But there is no way in which an age indicator that is easy to understand will not distort car sales. To compensate for the disadvantage of losing the identifier, they will need an alternative system which includes some other feature which performs at least as well overall, in terms of the objectives identified in paragraph 2 above. Thus a system which had slightly less memorable numbers would still be acceptable if it resulted in a significantly more efficient register, for example. Otherwise the numbering system itself is neutral for the Police, though they will never be keen on changes to the format to which their officers and the public have grown used.

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Memorability

4. Commonsense and the systems adopted in other countries show that there are many alternative ways by which numbering systems can be made to produce memorable registration numbers. The most important distinction is between recognisable words, abbreviations or symbols and random groupings or codes. When the characters mean nothing in themselves, research has shown that smaller groups of letters or numbers are more likely to be remembered correctly than larger ones; but recognisable words or part-words are better than both. The words cannot be too long: anything over 7 characters in total would not fit easily on numberplates with characters as legible as the present UK pattern.

5. US-style 'vanity plates' forming a complete word or message are highly memorable, but make no sense as a system designed to produce over 2m unique new numbers each year. The majority practice is to use groups of letters and numbers, issued sequentially, to provide the quantity required, plus a code for information about the vehicle. Across the world the referent of the code or abbreviation most often chosen by registration authorities to help make numbers more memorable, is the location of the vehicle's first registration or its current keeper's address. Italy and Germany abbreviate the names of cities or areas; France has a simple numerical code for Departments, Eire has recently moved from the UK system of obscure alphabetical codes for local authority areas to a clearer abbreviation of cities and counties.

'Elimination Potential'

6. In investigations following a crime involving a vehicle, a partially-remembered registration mark narrows down the choice of vehicles to those whose marks contain the element remembered. Letters (rather than numbers) distributed evenly through the vehicle population give the greatest 'elimination potential', or fewest vehicles corresponding to a part-registration, and so this factor would tend to suggest a mark made up wholly of letters chosen at random - which would contain no code and would not score well for memorability. The year letter prefix offers significant benefits on 'elimination potential'; 'though in the first year of a new letter (e.g. F in the current year), by the end of the registration year there will be more vehicles on the road with that year's letter than any other years. Local codes also offer benefits, but the degree of benefit on 'elimination potential' increases with the number of local does, whereas memorability probably does not.

'Elimination potential' is certainly helpful in cases where the whole vehicle register has to be combed. But it is unlikely to be preferred by most Police practitioners at the expense of features which enhance memorability. No examples are known of foreign systems deliberately designed to maximise 'elimination potential'.

Extra information: vehicle keepers

8. Setting aside memorability and 'elimination potential', an area code does not provide any information intrinsically helpful to the conduct of Police business, in the way an age-identifier does. Further codes in the mark providing immediate information about the keeper would be regarded as attractive compensation in some quarters in the Police, 'though would necessarily reduce' 'elimination potential' again. Practical considerations suggest that a system incorporating information about keepers in vehicle registration marks would only work properly with a system of registration by keeper, not vehicle. Belgium and Switzerland register by keeper. A change of ownership leads to a change of registration mark, 'though this does complicate administration of the system somewhat. The disadvantage is that vehicle histories become harder to trace, with greater risk of 'ringing' stolen vehicles and write-offs. The advantage is easier tracing of vehicle keepers for more automated enforcement of traffic offences etc., particularly if a stricter system of keeper liability were to be introduced. There are likely to be civil liberties objections if information about vehicle keepers were included in the number.

TRANSPORT: Vehicle Registration

Feb 82

BUDGET CONFIDENTIAL



DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB  
01 276 3000

My ref :

Your ref :

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
HM Treasury  
Treasury Chambers  
Parliament Street  
LONDON  
SW1P 3AG

*NBM*

*PLC6*

*6/1*

3 MAR 1989

SALE OF CHERISED REGISTRATION NUMBERS

Thank you for your letter of <sup>*Plap.*</sup> 24 February. I am grateful for your explanation of the significance of this measure for the FSBR.

Given this background and the tightness of the timetable, I have carefully considered the arguments for and against delaying the putting of the sale of numbers provisions on the statute book. I think we should go ahead. I would be grateful if you would, as originally agreed, arrange for the clauses to be included in the Financial Bill and the projected income to appear in the FSBR.

I am copying this letter to the Home Secretary, the members of E(A) and Sir Robin Butler.

*K Owell*

PAUL CHANNON

*(Approved by the Secretary of State  
and signed in his absence)*

TRANSPORT: Vehicle Registration, Feb 82



*Handwritten scribbles and illegible text.*

STATE OF ILLINOIS DEPARTMENT OF TRANSPORTATION

STATE CHIEF OF POLICE

STATE OF ILLINOIS DEPARTMENT OF TRANSPORTATION





Treasury Chambers, Parliament Street, SW1P 3AG  
01-270 3000

24 February 1989

Rt Hon Paul Channon MP  
Secretary of State for Transport  
Department of Transport  
2 Marsham Street  
London  
SW1P 3EB

A handwritten signature in cursive script, appearing to read 'Paul Channon'.

#### SALE OF CHERISHED REGISTRATION NUMBERS

Thank you for your letter of 17 February.

The Financial Statement and Budget Report (FSBR, or "Red Book") contains a full list of tax measures in the Finance Bill which either have a non-negligible cost or yield, (that is, £3 million or more) or which are significant for some other reason. As we already have the ruling of the House authorities that the provisions to sell registration numbers are a "charge upon the people", and the yield is expected to reach £12 million in 1990-91, I could not omit this measure from the FSBR without undermining its comprehensiveness and hence its credibility.

That leaves two possible courses of action. If, as I would hope, you think you could still go ahead with sales of registration numbers whatever E(A) decides, albeit perhaps with some changes of detail to the scheme, then we could still include the measure in this year's Finance Bill and FSBR. If, on the other hand, you think that the E(A) discussion might make it impossible to go ahead with the sales, then I am afraid we will have to put this measure off until the 1990 Finance Bill.

Given the tightness of both the FSBR and the Finance Bill timetables, I would be grateful if you could let me know by the end of next week whether you would still wish to go ahead with this measure this year, or whether you would prefer it to be deferred until next year.



I am copying this letter to the Home Secretary, to the members of E(A) and to Sir Robin Butler.

A handwritten signature in black ink, appearing to read "Nigel Lawson", written in a cursive style.

**NIGEL LAWSON**

Transport - Vehicle Nos. Feb 82

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PRIME MINISTER

SALE OF CHERISHED REGISTRATION NUMBERS

You will wish to be aware of the attached exchange between Paul Channon (Flag A) and the Chancellor (Flag B).

You will recall that you have asked for an E(A) discussion of the case for a radical change in the vehicle registration number system. For various reasons, it will not be possible for E(A) to discuss that before the Budget.

Paul Channon now fears that this will complicate the proposal agreed earlier last year by H to introduce arrangements to sell "cherished" registration numbers. The plan had been to include this measure in the Budget. Mr Channon is worried about going ahead with this if there is a possibility of a major change in the vehicle registration system, which could radically affect the demand for the present cherished registration numbers.

You will see that the Chancellor has now asked Mr Channon to decide whether or not he wishes to go ahead in this year's Budget or leave it until 1990. I imagine you will not wish to intervene, but leave the Chancellor and Mr Channon to sort out this timing problem.

*Agreed not*

*Recd.*

PAUL GRAY

24 February 1989

DS2APG

A. M. P.



DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB  
01 276 3000

My ref :

Your ref :

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
HM Treasury  
Treasury Chambers  
Parliament Street  
LONDON  
SW1P 3AG

*K.B.P.M. at his stage.*  
*PLC*  
*12/2*

17 FEB 1989

*Dear Nigel.*

*Play*

**THE VEHICLE REGISTRATION LETTER**

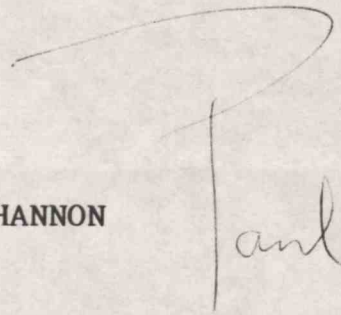
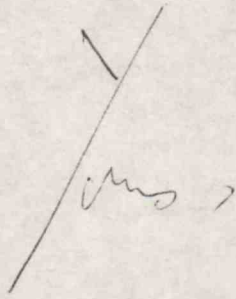
My Private Secretary wrote to his opposite number at No 10, copied to your office, on 22 December about the proposal for an E(A) discussion of the year-letter used in vehicle registration. He pointed out that legislative provisions to enable the Government to sell attractive vehicle registration numbers were intended to go in the 1989 Finance Bill, but that sales under that scheme might be adversely affected if as a result of the E(A) discussion, it was decided not just to re-examine the year-letter itself but to announce the examination of fundamental changes to the UK vehicle registration system. My proposal was that, in order to leave all possible options open, it would be preferable for the E(A) discussion to take place before the Budget.

I understand a slot had been reserved in the week before the Budget - on 9 March. That meeting has now had to be cancelled, and the previous week's E(A) already has an overloaded agenda. The paper I am preparing for E(A) could not be ready before then.

There is a further meeting booked for 16 March - two days after the Budget. Subject to your views, it would seem possible for no reference to be made to the sale of registration numbers provisions in the Budget speech and for them to be announced when the Finance Bill is published, which I believe will be on 13 April, though obviously the Bill must be finished well before then. I understand this creates a complication in respect of the Budget Red Book, however, if there was a reference to 1989-90 and 1990-91 income from the sale scheme in the Red Book published on Budget day, the options I had sought to keep open would, at least to a degree, be constrained.

To avoid this, I hope you will be able to agree that no such reference should be put in the Red Book. The likely income from the sale scheme, though still the subject of some speculation since the concept is novel and the public's reaction is unpredictable, is unlikely to be very large in Budget terms. The current business case suggests a gross income of £2m in 1989-90, and £12m, plus a few million from associated fees for "cherished transfer" of the numbers sold, in 1990-91.

I am copying this letter to the Home Secretary, the members of E(A) and to Sir Robin Butler.



PAUL CHANNON

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CONFIDENTIAL



File mem

10 DOWNING STREET

LONDON SW1A 2AA

*From the Private Secretary*

3 January 1989

**THE VEHICLE REGISTRATION SCHEME**

Thank you for your letter of 22 December, which the Prime Minister has seen and noted.

I am copying this letter to Alex Allan (HM Treasury), Philip Mawer (Home Office), Neil Thornton (DTI), Alison Smith in the Lord President's Office and to Sir Robin Butler.

PAUL GRAY

R. J. Griffins, Esq.,  
Department of Transport

CONFIDENTIAL

A handwritten signature in the bottom right corner of the page.



CONFIDENTIAL

cc A.V.



DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

My ref:

Your ref:

Paul Gray Esq  
Private Secretary  
10 Downing Street  
LONDON  
SW1A 2AA

Prime Minister <sup>2</sup>

22 DEC 1988

Dear Mr Gray

pr

**THE VEHICLE REGISTRATION LETTER**

Thank you for your letter of 5 December.

My Secretary of State has now set in hand the preparation of a paper on this subject for E(A) in the early part of next year, on the lines suggested by the Prime Minister.

I have, however, been asked to draw to your attention the fact that it is hoped to include provision for the Department's proposals to sell attractive vehicle registration numbers in the 1989 Finance Bill. These proposals were given policy approval by H on 27 July and were the subject of a bid, accepted by QL, for a private members handout Bill to be ready for the start of this session. The only reason they did not go forward is that the House authorities determined at a late stage that the provisions were not suitable for such a Bill, but by the same token (and contrary to previous advice) were suitable for a Finance Bill. The Financial Secretary agreed in principle to their inclusion in the 1989 Bill in a letter of 8 November to my Secretary of State.

Many potential amendments to the current numbering system would still produce attractive sales prospects. If, however, there were any possibility of an early and fundamental change to the system, that might have an impact on the sale proposals. My Secretary of State therefore thinks that, subject to the pressure of other business, his paper might usefully be taken before the Budget.

I am copying this letter to Alex Allan (HM Treasury), Philip Mawer (Home Office), Neil Thornton (DTI), Alison Smith in the Lord President's Office and to Sir Robin Butler.

Yours sincerely,

K. Owell

pp R J GRIFFINS  
Private Secretary

CONFIDENTIAL

TRANSPORT: Vehicle Logbook

Feb 02

WARRANT FOR THE STATE OF  
NEW YORK COUNTY OF ALBANY



COMMERCIAL



10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

5 December 1988

Dear Sir,

## THE VEHICLE REGISTRATION LETTER

The Prime Minister was grateful for your Secretary of State's minute of 28 November and the attached notes by officials.

The Prime Minister has noted that it will in any event be necessary to consider a major change to the registration system when the present alphabetical series is exhausted in some 15 years. She also continues to be concerned about the possible effects on trade of the current system. She would therefore be grateful if your Secretary of State could, as he suggests, put a paper to E(A) for discussion in the Spring. This should set out the options for change; and provide the basis for discussion of the right system to plan for when the present system comes to an end and the best timing for bringing that change into effect.

I am copying this letter to Alex Allan (HM Treasury), Philip Mawer (Home Office), Neil Thornton (Department of Trade and Industry) and to Sir Robin Butler.

Yours,  
Paul

(PAUL GRAY)

Roy Griffins, Esq.,  
Department of Transport.

dg

PRIME MINISTER

## VEHICLE REGISTRATION SYSTEMS

You wanted DTp to carry out further work on the case for, and possibilities of, changing the vehicle registration system away from the 'August letter'.

Paul Channon's minute of 28 November and attachments at Flag A are the response. Comments from Greg Bourne in the Policy Unit are at Flag B.

As Greg's note brings out, we shall need a new system in any event in 15 years' time. The issue is whether we leave things as they are until then - as DTp and DTI would prefer - or take action to make an earlier change.

Your original concern was that the August letter provides an unnecessary boost to car imports. On the basis of the material in Annex 1 to Paul Channon's minute, I think the evidence on this is broadly neutral. The industry has adjusted to the system. And any alternative system would inevitably have seasonality - either from the natural characteristics of the car market or from the impact of a revised registration system.

There can, in any event, be no question of any quick change to the system. But I agree with Greg that, on the evidence of Annex 2 to Mr. Channon's paper, DTp have not seriously addressed the alternatives. I think there is therefore a good case for asking Mr. Channon, as he offers, to put a paper with clear options to E(A) on the nature of a successor to the registration system. There would then be two decisions to take:

- (i) which is the right system to be planning for?
- (ii) should we be aiming to introduce it before the present system automatically runs out in 15 years' time?

*Rec.*

PAUL GRAY

2 December 1988

SLHBBU

B

VEHICLE REGISTRATION SYSTEMS

Five facts emerge when studying this subject:

- 1 The year identification letter creates a sales peak in August amounting to 20% of annual car sales.
- 2 The interest groups cannot agree on the benefits of the year identification letter.
- 3 DTp do not think a change is worth the effort involved.
- 4 DTp have 15 years, before the year identification letters run out, in which to decide what to do.
- 5 DTI have shown in their annex, that there are few perverse sales, production or trade effects, caused by the use of the year identification letter.

Two Decisions are Needed

In the absence of any pressure from yourself, DTp will happily stay with the status quo, probably for the next 15 years.

The first decision, therefore, is whether to ask DTp for their proposed solution to the vehicle licencing problem once the year identification letters run out.



TRANSPORT

Vehicle Reg Feb 82





A cc PU

PRIME MINISTER

*at top.*  
Your Private Secretary's letter of 3 October asked for a further note on maximising the usefulness to the Police of some elements of the vehicle registration system if the year identifier letter is to be abolished. The Chancellor has asked that the economic implications should be more fully studied.

The DTI have carried out a study (Annex 1) which shows that the effect of the year identifier letter on the industry and the balance of trade is small. The domestic motor industry is doing very well at present, although lower sales next year are predicted. Rover Group's increased competitiveness and productivity are contributing to a very healthy improvement in their performance. They have argued that they would prefer the removal of the August sales peak, but they accepted the Government's conclusion earlier this year that the August change should stay. The other big domestic manufacturers - Ford and Vauxhall - want to keep the current system. The car dealers - and there are many thousands of them - like the year identifier because they believe that it increases the total volume of sales (although this is difficult to prove) and would strongly oppose a change.

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So a change would involve fierce opposition from most of the industry. If an announcement coincided with the downturn in the market next year, I am sure that some sections of the industry would blame us in part.

Before I announced last February the Government's decision to retain the present system, we examined all possibilities for moving the change of year letter to another month in order to

avoid the August peak. It was clear that all the alternatives bring their own problems, and the industry was quite positive that if the year letter was to be retained, August was preferable to any other month.

To drop the year letter whilst retaining the present numbering system in other respects would not meet the law enforcement needs of the Police. So we would have to introduce a radically different system. A note by Department of Transport officials (Annex 2) examines this and concludes that the alternatives are to change either to an easily memorable local area system or to a system of registering keepers instead of vehicles. Either is technically possible, and we may need to make a change of this kind in any case when the present alphabetical series is exhausted at the end of 15 years. Introducing a radically new system would be complex and expensive. A complete new set of programmes would be needed for the DVLC computers. The costs cannot be estimated with any precision until decisions are taken on the nature of the new system, but my officials believe that the initial extra cost might be £5m-£10m, with additional running costs of a similar amount ever year because of the need to re-register a car on every change of area, if this were a requirement as the Police would insist, or keeper.

If we did not already have a year identifier, I would view a proposal to introduce one with some suspicion. However, I do not think we should now make changes to the rules around which companies have geared their investment and production strategies without being certain that the changes are justified and for the better. There is no evidence that the motor industry or the economy would benefit from a change at this time, and some of the largest companies believe that it would be damaging, as do the car dealers.

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If you think that the issue should be considered in greater depth by colleagues, I could put a paper with options to E(A).

I am copying this minute to Nigel Lawson, Douglas Hurd and David Young.

P.C.

PAUL CHANNON

28 NOV 1988

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MS  
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YEAR IDENTIFIER: Industry case

Note by the Department of Trade and Industry.

Overview

1. The one undisputed effect of the Year Identifier change in August is that it creates a sales peak in that month amounting to 20 per cent of annual car sales - the proportion appears now to have stabilised at about this level in recent years. Industry views diverge on the costs and advantages which flow from this concentration and as to alternatives.

2. Parts of the distribution sector and some vehicle manufacturers argue that:

- The identifier boosts the overall market and leads to higher new car sales overall; *higher imports*

- An August change brings sales and production into the second half year thereby improving UK plant utilisation compared with the mainland European position where sales are weighted towards the first half year; *- they export more in the 2<sup>nd</sup> half*

- UK manufacturers dependent on export sales are able to specialise in building LHD cars in the early months of a year and concentrate on RHD requirements in June and July for the UK peak in August.

3. The costs to the industry from the peaking effect on sales are difficult to quantify without a detailed cost accounting survey though there is evidence of car stockpiling on the lead up to August as monthly production volumes for the industry are more evenly spread than sales. However, the extent of stocking for the August peak appears to have diminished markedly since 1985.

4. Critics of the present system have contended that the major multinationals manufacturing in Britain benefit from the present system through their option to meet peak sales here from their mainland European plants at a time when car sales elsewhere in Europe (and in Japan) are at or near an annual low - in some countries the winter sales trough in December or January is lower than in August.

5. Partly for this reason, it is also argued that the effect of the sales peak is to increase import penetration. Though the monthly profile of car registrations sourced from imports matches closely that of registrations sourced from UK plants, there is some slight bias in favour of import sourcing at the August peak both in general and by the major multinationals operating in the UK. There is some possibility that the peaking effect of the identifier leads to a slightly higher import bill but any influence is difficult to measure.

6. It is said that the benefits which the multinationals derive from the present system reduce the incentive for them to invest in Britain but we think this unlikely.

## Sales

7. Since the introduction of the August change in 1967 there has been some tendency for the concentration of car sales in that month to increase over time but the proportion appears to have stabilised at about 20 per cent in recent years. It is clear from the low sales in July and from some commissioned market research studies that the identifier leads to some postponement in purchasing to enable buyers to secure the perceived advantages of a new prefix as this can affect trade-in values. Table 1 and Chart 1 (appended) show the monthly profile of registrations.

8. The identifier has led to the focusing of marketing activity by the industry and some argue that the effect is to increase overall demand as consumers are encouraged to trade-in cars more often. This view is inherently untestable as there are no appropriate comparisons: the British system is unique in Europe and historic data prior to 1963, when the (January) identifier was introduced, are considered unlikely to provide much guidance as to market conditions now were the identifier to be abolished. Nevertheless, the thesis of higher overall annual sales could still be valid but there is no presumption that higher car sales at the expense of other consumption or saving is necessarily an economic benefit from a national perspective even if motor manufacturers would benefit. Since 1984 UK car sales have established successive record levels each year and the need for measures to boost the market would seem to have less relevance than they might have had in more difficult market conditions.

9. For contrast, Charts 2 and 3 show the monthly distribution of sales in selected European countries for which data was available, and in Japan. In each of these charts there is a pronounced spring sales peak followed by a summer low point in August with a secondary peak in the early autumn. The best conjecture as to what would happen to the seasonal distribution of car sales in the absence of a year identifier is that the British pattern would converge towards the mainland European sales pattern with a distinct weighting towards the first half year.

10. For a short while, a change in the month from August to October gained wide but not universal support within the industry until the view prevailed that an October change would result in many trade-in cars being held in stock and subject to deterioration over the winter months until the spring buying season.

## Production effects

11. Seasonal variations in the volume of UK car production are smaller than for car sales (Chart 4) and this does indicate the need for stockpiling. It is possible to model the cumulative changes in car stocks through a year in that UK production and imports in a month will increment stocks while registrations and exports will deplete them. A chart showing the cumulative effects on car stocks during each of the years 1985 through 1987 shows clearly the build up of stocks in the summer months to August and

its quick attrition by the peak sales in August. However, it is evident that the large stockpiling which did occur during 1985 when it reached over 200,000 cars by end July was not followed in subsequent years where the build up has been largely confined to July alone and to more modest levels (Chart 5). The evidence suggests therefore that the stocking problem is now better managed.

12. Stock levels occasion holding costs in terms of return on capital, parking space, security and maintenance which must fall initially on manufacturers and distributors. It has also been argued peaking costs are ultimately borne by car buyers as supplier cost are passed on in a competitive market and, possibly, in so far as the August sales rush leads to inadequate pre-delivery inspection by distributors.

13. On the basis that seasonal variations in UK car production are not as great as with car sales, there would appear to be no good grounds for believing that a significant incidence of peaking costs are also carried by component suppliers in the industry. In anecdotal reports from the industry, it is not readily possible to distinguish between additional costs arising from the peaking effect and those occasioned by under-forecasting the strength of market demand or the presence of capacity constraints for other reasons. Published sales forecasts attributed to industry sources and consultants have consistently under-estimated market growth in recent years.

#### Trade effects

14. Hypotheses concerning the trade effects of the identifier are not always clearly put but there appear to be two principal candidates. The first is that the UK multinationals benefit from their ability to source UK peak sales from their continental mainland plants at a time when local sales are at a low point in other European markets during July and August. The advantage is that this improves utilisation in their mainland plants.

15. There is arguably some substance to this hypothesis but the effect is likely to be small because their UK sales sourced from imports are only a relatively small proportion of total output from their mainland plants. Production data by month for the multinationals are not available but annual data are published. In 1987, Ford UK registrations sourced from imports amounted to 16 per cent of total output from the company's European mainland plants in Belgium, Germany and Spain. In the case of Vauxhall-Opel, the proportion was 5 per cent, and for Peugeot 4 per cent. Both Ford and Vauxhall claim that they are operating their UK plants at or near capacity limits already so there is no margin to spare for the substitution of their imports by UK production.

16. UK car manufacturing companies dependent on export sales, notably Jaguar and Rolls Royce, claim benefits for the present system in that the offset of the UK annual sales peak against the peaks in overseas markets enables them to concentrate on LHD or RHD production at different times and hence, presumably, gain some benefit from specialisation in assembly.

17. Austin Rover is more dependent on home market sales but has the opportunity of securing better plant utilisation through exports sales to other European countries when the UK market is off-peak. Exports amounted to 33 per cent of Austin Rover's total car output in 1987. The conclusion must therefore be that while there may be some substance to plant utilisation argument, it is relatively small now for the multinationals and that the Rover Group has the opportunity to gain similar advantages from exporting.

18. It also seems that there is little substance to the argument that the multinationals tend to source market peak sales in Britain mainly from imports. The evidence is that the distribution of their sales patterns by month, whether sourced from UK production or from imports, are all very similar and close to the way total registrations vary month by month. A slightly higher proportion of their August sales are sourced from imports as against UK production but the difference amounted at most to four percentage points in the case of Ford in 1987 and was smaller for the other two multinationals (Table 2 and Chart 6).

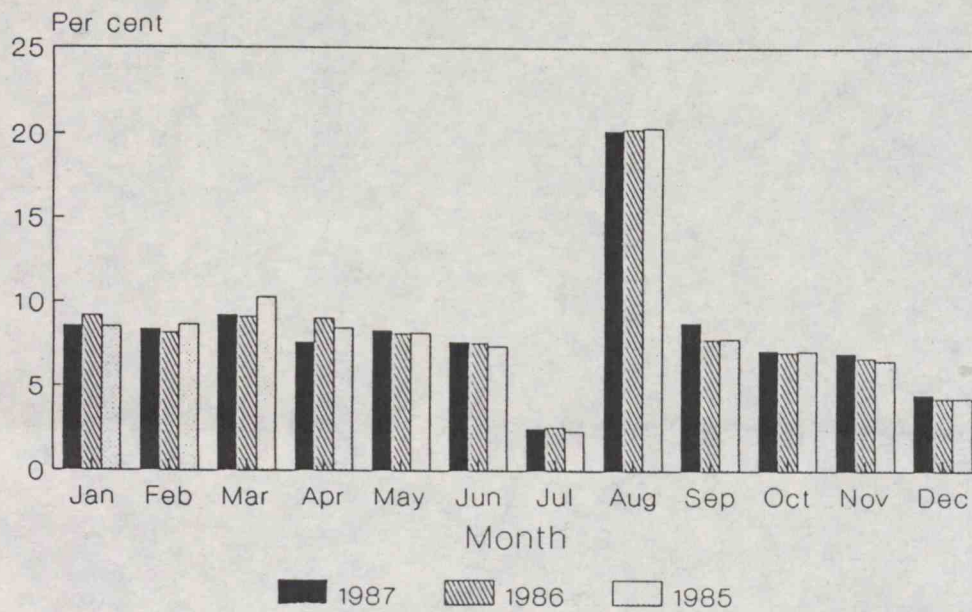
19. The second hypothesis concerning trade effects argues that the market effects of the year identifier inhibits plant investment by the multinationals in the UK because they are better placed to source UK peak demand from continental mainland plants. This is difficult to assess because location decisions are normally based on a number of considerations covering relative costs, exchange rate projections, taxation, production quality and other matters. Plant utilisation is doubtless one of the factors but the multinationals would be able to maintain production schedules during UK off-peak demand by supplying European mainland markets during the peaks in these markets. It is therefore difficult to support the thesis that the year identifier is a significant deterrent to inward investment if other factors are favourable.

DTI/CVM5d  
21 November 1988



Chart 1

REGISTRATIONS: Cars and Taxis  
Per cent per month



Source: SMMT

Table 1

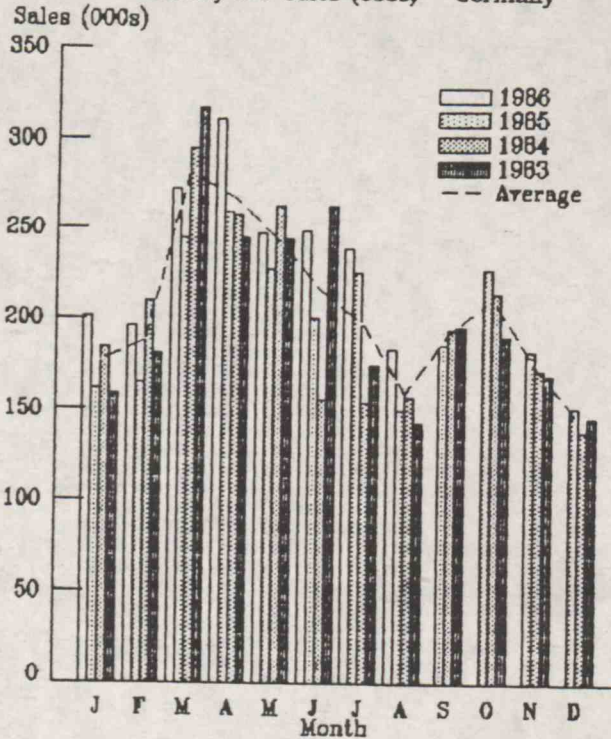
REGISTRATIONS: Cars and Taxis Numbers				REGISTRATIONS: Cars and Taxis Per cent per month			
	1987 Nos.	1986 Nos.	1985 Nos.		1987 %	1986 %	1985 %
Jan	172,693	173,275	156,823	Jan	8.6	9.2	8.6
Feb	168,658	153,959	158,358	Feb	8.4	8.2	8.6
Mar	185,921	171,858	187,967	Mar	9.2	9.1	10.3
Apr	153,587	170,141	155,076	Apr	7.6	9.0	8.5
May	167,357	152,877	149,701	May	8.3	8.1	8.2
Jun	154,526	142,696	135,708	Jun	7.7	7.6	7.4
Jul	49,644	47,759	42,428	Jul	2.5	2.5	2.3
Aug	407,333	382,215	373,253	Aug	20.2	20.3	20.4
Sep	177,412	147,203	143,615	Sep	8.8	7.8	7.8
Oct	144,054	133,062	130,406	Oct	7.2	7.1	7.1
Nov	141,224	126,621	120,332	Nov	7.0	6.7	6.6
Dec	91,284	80,988	78,738	Dec	4.5	4.3	4.3
<b>Total</b>	<b>2,013,693</b>	<b>1,882,474</b>	<b>1,832,405</b>	<b>Annual:</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: SMMT

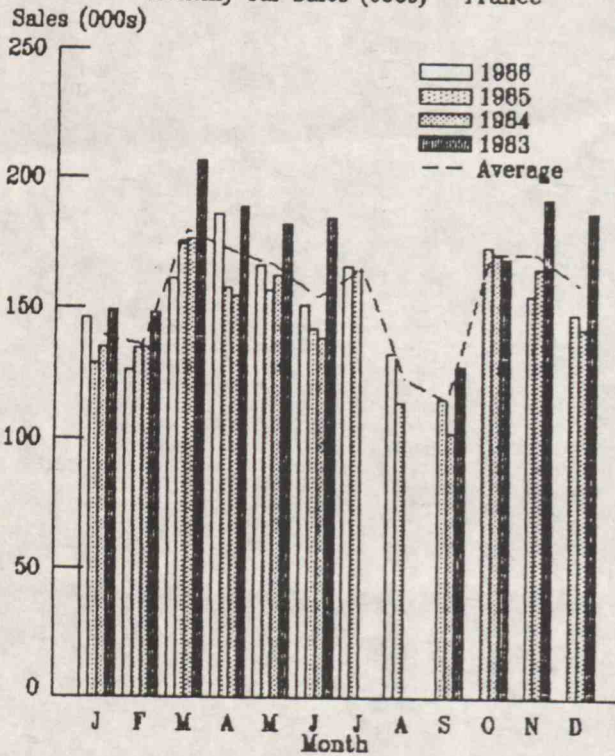
Source: SMMT

# Chart 2

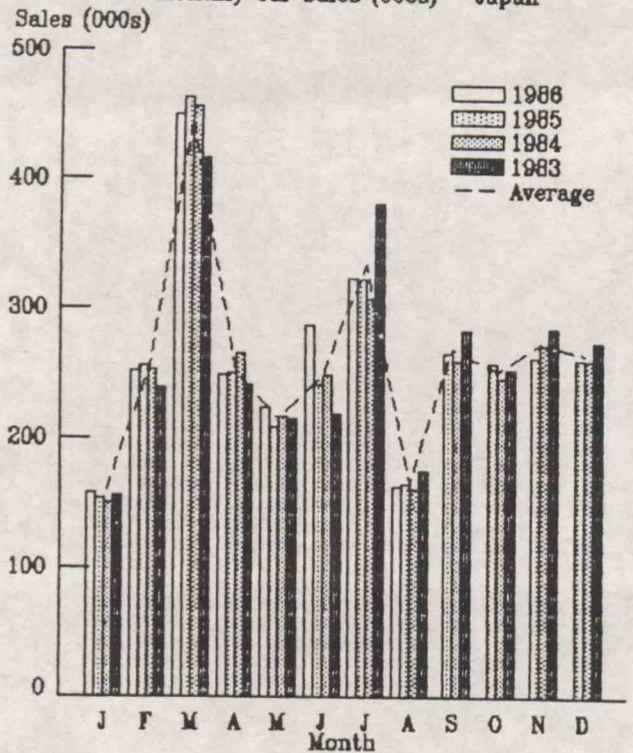
Monthly Car Sales (000s) - Germany



Monthly Car Sales (000s) - France



Monthly Car Sales (000s) - Japan



# Chart 3

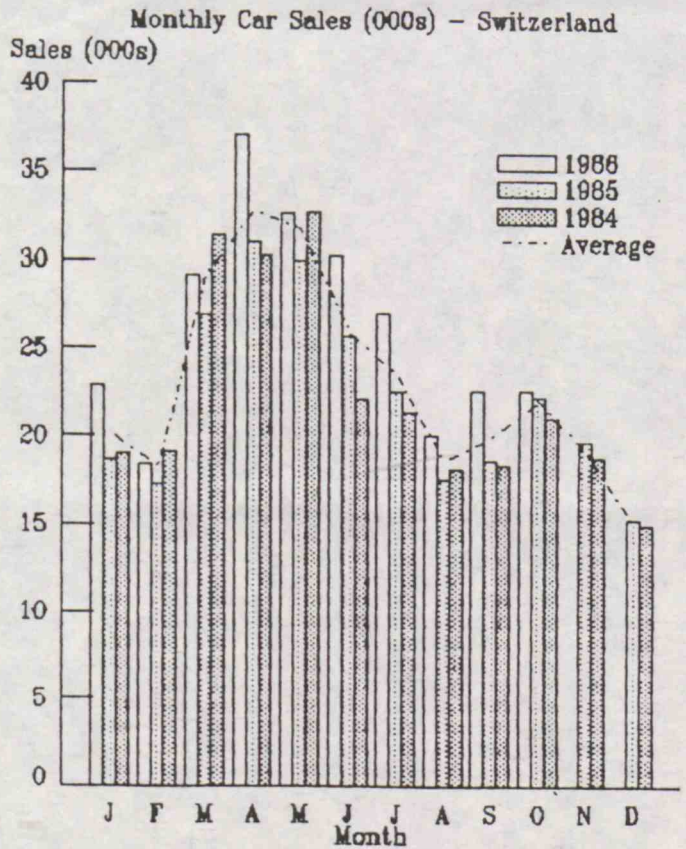
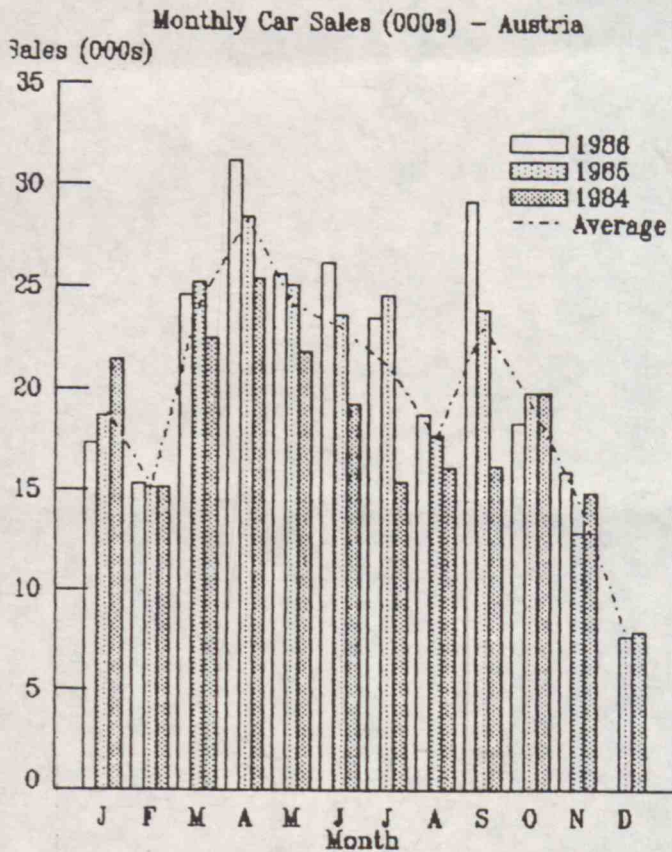
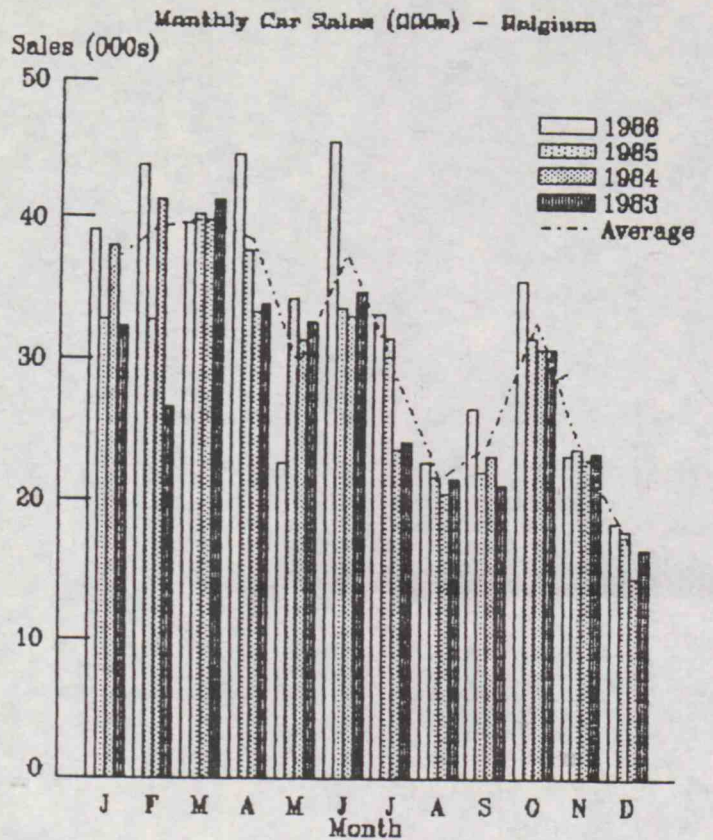
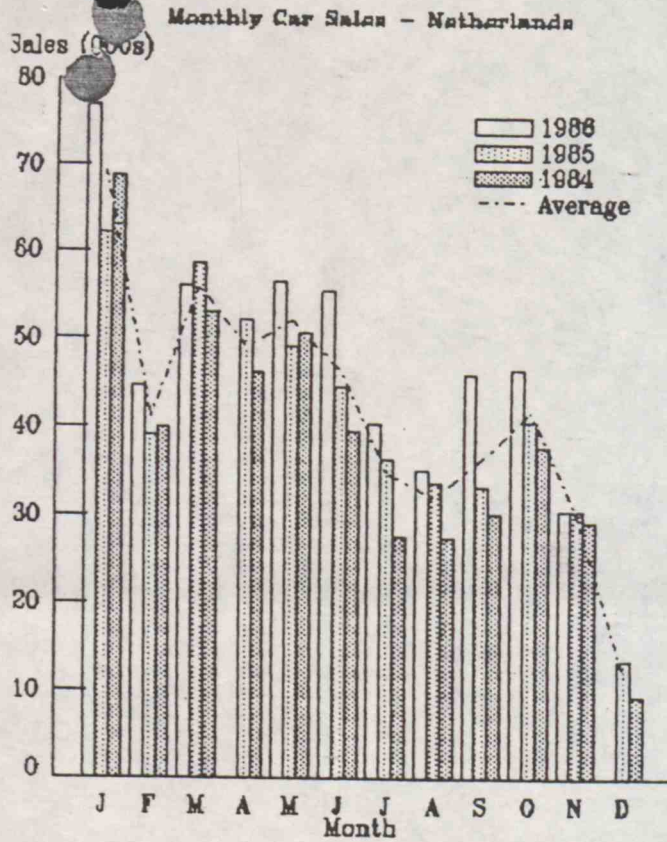
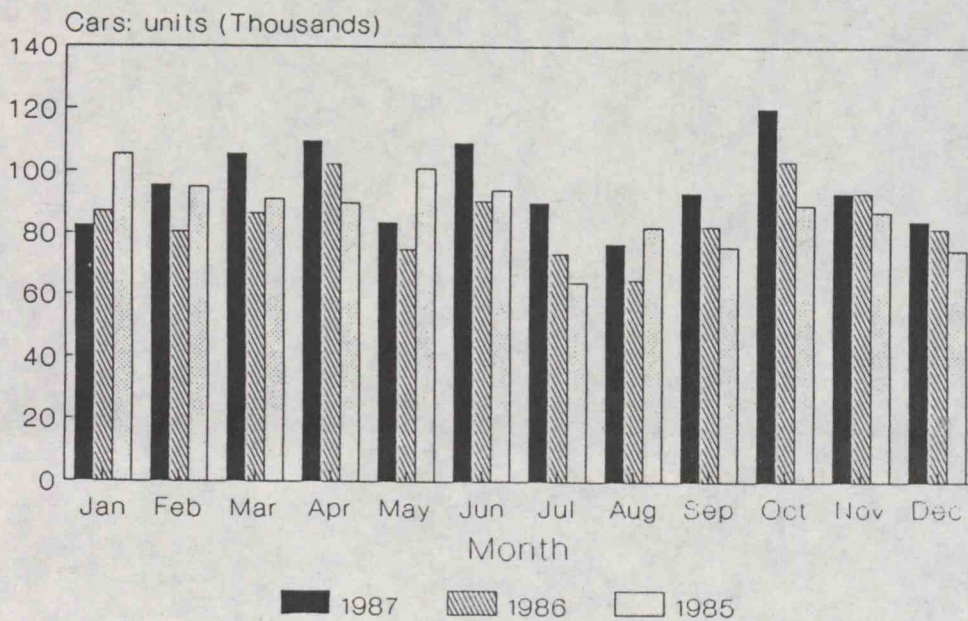


Chart 4

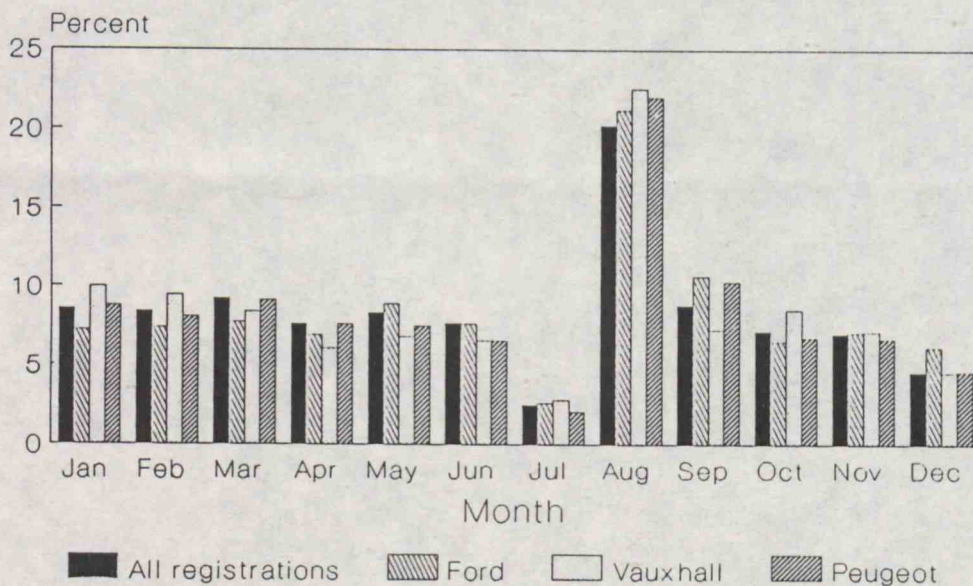
UK CAR PRODUCTION  
by month.



Source: SMMT

Chart 5

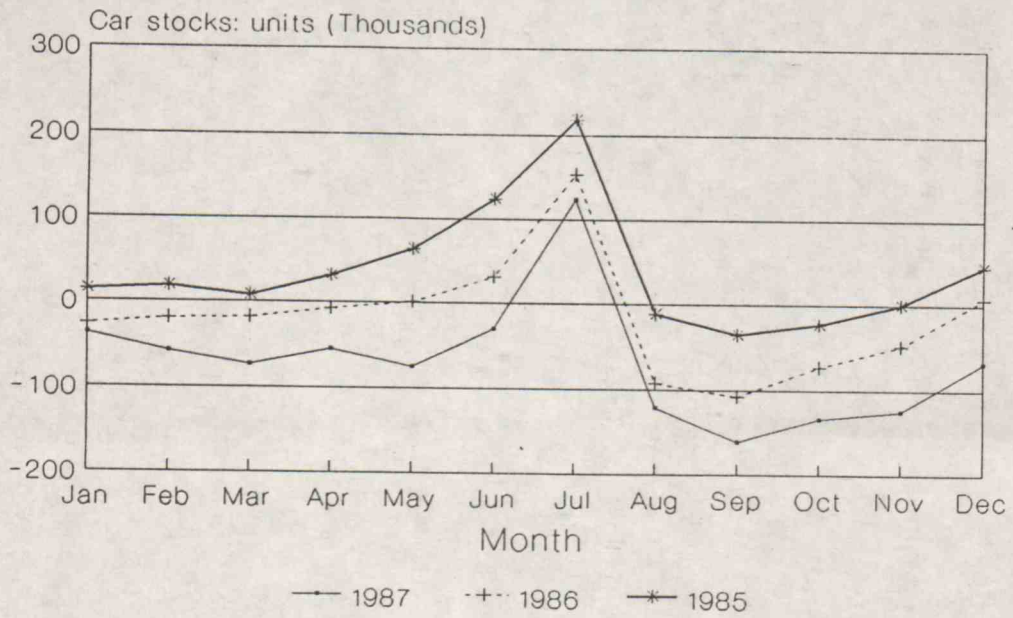
NEW CAR AND TAXI REGISTRATIONS: 1987  
Multinational imports & all registrations  
Per cent per month.



Source: SMMT

# Chart 6

## CUMULATIVE CHANGE IN CAR STOCKS Since beginning of year.



Source: Derived from SMMT data.

# Table 2

NEW CAR AND TAXIS REGISTRATIONS: 1987  
by month with source of final assembly.  
Major manufacturers.

	FORD				VAUXHALL/OPEL				PEUGEOT				AUSTIN ROVER		REGISTRATIONS			
	Registrations		per cent		Registrations		per cent		Registrations		per cent		Regist-	Registra-	All	Other	Registrations	
	by source:	per month:	per cent	per month:	by source:	per month:	per cent	per month:	by source:	per month:	per cent	per month:	per cent	per month:	sources	imports	per cent	per month:
	UK	Imports	UK	Imports	UK	Imports	UK	Imports	UK	Imports	UK	Imports	All UK	per cent		(excepting:	per month:	per month:
	as sourced from:		as sourced from:		as sourced from:		as sourced from:		as sourced from:		as sourced from:		sourced.	month		Ford,	per month:	per month:
	UK Imports		UK Imports		UK Imports		UK Imports		UK Imports		UK Imports					Peugeot,	All	Other
	Nos. Nos.		% %		Nos. Nos.		% %		Nos. Nos.		% %		Nos.	%	Nos.	Nos.	%	%
Jan	34,639	12,767	8.6	7.2	19,508	8,594	10.6	10.0	2,465	5,142	5.8	8.8	29,105	9.8	172,693	57,841	8.6	8.1
Feb	32,444	13,088	8.1	7.4	18,829	8,149	10.2	9.4	2,935	4,721	6.9	8.1	28,539	9.6	168,658	56,787	8.4	7.9
Mar	39,176	13,759	9.7	7.8	17,575	7,250	9.5	8.4	4,192	5,354	9.8	9.1	27,961	9.4	185,921	67,081	9.2	9.3
Apr	34,679	12,307	8.6	6.9	13,373	5,241	7.3	6.1	3,178	4,454	7.4	7.6	23,841	8.0	153,587	53,692	7.6	7.5
May	37,715	15,793	9.4	8.9	15,896	5,878	8.6	6.8	3,097	4,395	7.3	7.5	22,632	7.6	167,357	58,802	8.3	8.2
Jun	30,934	13,501	7.7	7.6	11,918	5,662	6.5	6.6	3,174	3,826	7.4	6.5	23,136	7.8	154,526	57,859	7.7	8.1
Jul	10,976	4,541	2.7	2.6	5,438	2,384	2.9	2.8	798	1,192	1.9	2.0	7,767	2.6	49,644	15,277	2.5	2.1
Aug	69,461	37,632	17.2	21.2	36,399	19,487	19.7	22.6	8,918	12,916	20.9	22.1	59,055	19.9	407,333	153,727	20.2	21.4
Sep	38,868	18,915	9.6	10.7	10,183	6,276	5.5	7.3	5,617	6,024	13.2	10.3	22,707	7.7	177,412	64,904	8.8	9.0
Oct	25,320	11,574	6.3	6.5	14,441	7,357	7.8	8.5	3,391	3,962	7.9	6.8	22,324	7.5	144,054	51,791	7.2	7.2
Nov	29,427	12,565	7.3	7.1	12,767	6,161	6.9	7.1	2,732	3,900	6.4	6.7	17,289	5.8	141,224	51,887	7.0	7.2
Dec	19,166	10,872	4.8	6.1	8,104	3,904	4.4	4.5	2,200	2,681	5.2	4.6	12,428	4.2	91,284	28,852	4.5	4.0
TOTAL	402,805	177,314	100.0	100.0	184,431	86,343	100.0	100.0	42,697	58,567	100.0	100.0	296,784	100.0	2,013,693	718,500	100.0	100.0

Source: SMMT

## ALTERNATIVE REGISTRATION NUMBERING REVIEW

Note by Department of Transport officials

The year identifier letter was introduced in 1963 because of the prospect of running out of numbers. In 1967, the time of the change was altered from the month of January to the month of August in a deliberate attempt - at the request of the motor industry - to alter the normal seasonal pattern of the market, with its emphasis on Spring sales, which before 1967 resulted in a much heavier volume of sales in the first-half of the year, compared to the second-half.

2 The August change has been successful in achieving a balance between new car sales in the two-halves of the year. It has done so, however, by distorting the natural market pattern.

3 The factor which causes this distortion - the importance which the public attaches to the changing year letter, and hence its high memorability - also yields the benefits to the Police and law enforcement agencies. If, therefore, the year letter is to be dropped, it needs to be replaced by a new system which scores equally highly on memorability.

What the Police need

4 The current year identifier provides the Police with a feature of a vehicle's registration number that is often remembered by witnesses (for the very reasons that make it such an effective distorter of the market). By dating a vehicle immediately, it helps them when checking the mechanical condition and other physical features of a vehicle, and in deciding the statutory requirements which apply to it. But there is no way in which an age indicator that is easy to understand will not distort car sales. To compensate for the disadvantage of losing the identifier, they will need an alternative system with features that:

/- improve.....

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- improve memorability of registration numbers for witnesses;
- make it easier to trace a vehicle from a partially-seen or - remembered number (the numbers 'elimination potential');
- if possible, provides a more effective index for keeper, keeper's address and other details recorded on the Police National Computer than the current system.

Otherwise the numbering system itself is neutral for the Police, 'though they will never be keen on changes to the format to which their officers and the public have grown used.

Memorability

5 Commonsense and the systems adopted in other countries show that there are many alternative ways by which numbering systems can be made to produce memorable registration numbers. The most important distinction is between recognisable words, abbreviations or symbols and random groupings or codes. When the characters mean nothing in themselves, research has shown that smaller groups of letters or numbers are more likely to be remembered correctly than larger ones; but recognisable words or part-words are better than both. The words cannot be too long: anything over 7 characters in total would not fit easily on numberplates with characters as legible as the present UK pattern.

/continued.....



6 US- style 'vanity plates' forming a complete word or message are highly memorable, but make no sense as a system designed to produce over 2m unique new numbers each year. The majority practice is to use groups of letters and numbers, issued sequentially, to provide the quantity required, plus a code for information about the vehicle. Across the world the referent of the code or abbreviation most often chosen by registration authorities to help make numbers more memorable, is the location of the vehicle's first registration or its current keeper's address. Italy and Germany abbreviate the names of cities or areas; France has a simple numerical code for Department; Eire has recently moved from the UK system of obscure alphabetical codes for local authority areas to a clearer abbreviation of cities and counties.

7 The present UK system is based on the local authority areas which carried out vehicle registration when it began in the 1900s, but the letter codes are not recognisable as relating to their area (e.g. JO for Oxford). If we were to design a new local area system for the UK, the first step would be to decide on how many areas and the boundaries. We could then identify the major city or town and devise a shortened form of its name (e.g. BIR for Birmingham, OXF for Oxford). Although this sounds - and indeed is, intellectually - a simple matter, there would need to be extensive consultation with the Police; and a lot of interests, local and other, would want to grind their axes. It would be a very public and controversial process. Maximum usefulness to the Police would probably imply re-registration with a new code when the keeper changes his address. This is what happens in Germany and other places where registration authorities are local rather than national. It would make the system much more expensive to run.

'Elimination potential'

8 In investigations following a crime involving a vehicle, a partially-remembered registration mark narrows down the choice

/of vehicles.....  
/continued.....

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of vehicles to those whose marks contain the element remembered. Letters (rather than numbers) distributed evenly through the vehicle population give the greatest 'elimination potential', or fewest vehicles corresponding to a part-registration, and so this factor would tend to suggest a mark made up wholly of letters chosen at random - which would contain no code and would not score well for memorability. The year letter prefix offers significant benefits on 'elimination potential'; 'though in the first year of a new letter (e.g. F in the current year), by the end of the registration year there will be more vehicles on the road with that year's letter than any other years. Local codes also offer benefits, but the degree of benefit on 'elimination potential' increases with the number of local codes, whereas memorability probably does not.

9 'Elimination potential' is certainly helpful in cases where the whole vehicle register has to be combed. But it is unlikely to be preferred by most Police practitioners at the expense of features which enhance memorability. No examples are known of foreign systems deliberately designed to maximise 'elimination potential'.

Extra information: vehicle keepers

10 Setting aside memorability and 'elimination potential', an area code does not provide any information intrinsically helpful to the conduct of Police business, in the way an age-identifier does. Further codes in the mark providing immediate information about the keeper would be regarded as attractive compensation in some quarters in the Police, 'though would necessarily reduce 'elimination potential' again. Practical considerations suggest that a system incorporating information about keepers in vehicle registration marks would only work properly with a system of registration by keeper, not vehicle. Belgium and Switzerland register by keeper. A change of ownership leads to a change of registration mark, 'though this does complicate administration of the system somewhat. The disadvantage is that vehicle

/histories become....

/continued.....

histories become harder to trace, with greater risk of 'ringing' stolen vehicles and write-offs. The advantage is easier tracing of vehicle keepers for more automated enforcement of traffic offences etc., particularly if a stricter system of keeper liability were to be introduced. There are likely to be civil liberties objections.

### Conclusions

11 If the year identifier is to be ruled out, either now or at some time in the future, there are two radical alternatives that would be likely to appeal to the Police: clear area codes that would be recognised and remembered in circumstances where no numbers or parts of numbers are remembered at present; and registration by keeper rather than vehicle. A choice between them could only be made after fuller consultation with the Police, plus research and experimental work to test the assumptions made above and check the practical problems posed by comparable foreign systems.

12 Introducing a radically new registration system into the UK would be complex and expensive. A complete new set of programmes would be needed for the DVLC computers. The cost would need further assessment but is likely to be £5 - £10 million to make the necessary changes, with additional running costs of a similar amount every year because of the need to re-register cars on every change of area, if this were a requirement as the Police would insist, or keeper. For an area code, parallel running of the existing system and the new system would probably be the most practical option. This would then need to continue indefinitely, if only to deal with the many vehicles preserved by enthusiasts with their existing numbers, some of them very valuable (and some to be sold by the Government, under current plans). This could not logically continue for a keeper-based system, under which all existing numbers and plates would need to be discarded and replaced. Some system of exemptions for historic vehicles might still be possible.



NOTE FOR THE RECORD

VEHICLE REGISTRATION NUMBERS

Jenny McCusker (Department of Transport) rang me concerning the follow up to my letter of 3 October. She reported that DTI were still engaged on further work analysing the impact of the August registration letter on the car market: this was expected to be available in a couple of weeks. Department of Transport were carrying out the further work on memorability commissioned by the Prime Minister, but this would be on a longer timescale.

I agreed with Jenny that Department of Transport need not send any interim response at this stage. But they should let the Prime Minister have a progress report before the end of November, once the DTI analysis was available, indicating the further work programme they had in hand.

*peg.*

Paul Gray

4 November 1988

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8th  
abg

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

3 October 1988

Dear Roy,

**VEHICLE REGISTRATION NUMBERS:  
THE YEAR IDENTIFIER LETTER**

The Prime Minister was grateful for the paper on this subject prepared by your Secretary of State.

She recognises the importance of ensuring arrangements that meet law enforcement needs. She wonders however whether the present arrangements maximise the memorability and elimination potential of the licence plate. She would be grateful if further work could be undertaken on means of enhancing this potential, consistent with removing the impact on the trade figures generated by the year letter. The Prime Minister wonders whether any lessons could be drawn from the practises adopted on the Continent.

I am copying this letter to Alex Allan (HM Treasury), Neil Thornton (Department of Trade and Industry) and Philip Mawer (Home Office).

Yours,  
P.G.

(PAUL GRAY)

Roy Griffins, Esq.,  
Department of Transport.

8th

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*cc pta*

Treasury Chambers, Parliament Street, SW1P 3AG  
01-270 3000

30 September 1988

Paul Gray Esq  
No.10 Downing Street  
London SW1

*NBPM*

*PRCO*

*3/10*

*Dear Paul*

**CAR REGISTRATION LETTER**

The Chancellor has seen the note on car registrations enclosed with Roy Griffins' letter to you of 20 September. That note reports the conclusions of a review of alternative registration methods.

The Chancellor has noted that the review concluded - mainly for policing reasons - that we should stick to the present system. He continues to share, however, the Prime Minister's concern that the August peak in demand may lead to higher imports than otherwise.

He suggests, therefore, that the economic implications should be studied more fully before any firm conclusion is reached. If it is concluded that the present arrangements create a bias against domestic producers, he would hope that a satisfactory alternative might be devised.

I am copying this letter to Roy Griffins (DTp), Neil Thornton (DTI) and Philip Mawer (Home Office).

*Yours sincerely*  
*J M G Taylor*

**J M G TAYLOR**  
Private Secretary

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Faint, illegible text or markings in the upper middle section of the page.

COMMISSION





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PRIME MINISTER

## CAR REGISTRATION LETTER

Following the apparent surge of car imports in August when the new F registration letter was introduced, you asked me to commission a report from Department of Transport on alternative registration possibilities.

I now attach:

- Flag A A note by Paul Channon, which reports the outcome of a study of this problem last year and the announcement of "no change" made in February 1988.
- Flag B A subsequent note we have commissioned from DTP setting out the alternatives that were considered in the study.
- Flag C A note by Greg Bourne of the Policy Unit recommending that DTP and the police should be asked to take another look at the problem.

It is clear from the papers at Flags A and B that last year's study reached a "no change" conclusion because the police insisted on the need for some sort of year identifier, and the various trade interests could not agree amongst themselves on a better alternative to August. That said, it is clear from Flag B that none of the alternatives studied is without its difficulties and we should certainly not blame the new August letter alone for the increase in the imports. The point made in paragraph 11 of the Flag A paper was clearly important.

Even if we remove any system based on a year identifier, there would be some sort of seasonal pattern to car sales. So we would never get rid of that altogether. But Greg Bourne's note at Flag C suggests that further work might possibly produce a new system in which the legitimate concerns of the police are met at least as well - and possibly better - while

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the seasonality of car demand might be moderated. Whether this would of itself reduce car imports overall is I think debatable - but it certainly ought not to worsen the problem.

Given that it is only eight months since Paul Channon's announcement of "no change" are you content to let the matter rest for now?

Or

Would you like to commission further work along the lines suggested by Greg Bourne?

*Yes - how do the police  
on the contract, merge?*

*mt*

*AG*

(PAUL GRAY)

30 September 1988

VEHICLE REGISTRATION NUMBERING SYSTEM

The Report of the Consultative Group reviewing the Vehicle Registration Numbering System was published in January this year. It concluded that there should be no change or at most, the addition of small "month - identification - letters" in front of the year letter.

The report looked at various options but its tone indicates a group who were looking for problems rather than solutions.

OBJECTIVES OF THE REGISTRATION SYSTEM

The primary aim is to identify uniquely every vehicle on the road for the purposes of law enforcement, vehicle taxation and road safety.

Secondary objectives cited in the report are:

- "- Registration numbers must be as easy as possible to read, comprehend and remember, not only for everyone's convenience, but more particularly to preserve the present high standards for law enforcement and road safety purposes. The present GB system already provides one of the most readable and clearly visible designs of number plate in the world, and it is important that these virtues are not lost.
- The numbering system should, if practicable, help to maintain an even spread of new vehicle registrations throughout the year, and in addition help to ensure a healthy and stable market for used vehicles, in the interests of both the motor industry and consumers.

- Registration numbers should include information which is of most use to law enforcement agencies, consumers and others.
- The register should be accurate and up-to-date to allow vehicles to be traced for law enforcement and other purposes, while being simple and economical to operate.
- The system should provide sufficient numbers to cope with expected demand (currently 2 1/3 million new vehicles a year) plus at least as much again in reserve to allow for growth, and to provide the necessary margin of flexibility to ensure the efficient administration of the system.

Within these overall aims there are potential conflicts of interest. In particular, adding information to the registration may be useful for some purposes, but it may also make the numbers longer and so, all other things being equal, more difficult to remember.

Changes to the system intended to further one objective may also have a substantial impact in other areas. For instance the year letter, introduced mainly to increase the volume of available numbers, has had major side-effects on the distribution of vehicle sales through the year, and on the memorability of numbers."

There are many vested interests extolling the virtues of the priority to be placed on different secondary objectives. In the end, the group could not agree as to where their priorities lay. The final solution (the status quo!) was found by deferring to the Police view that memorability of the year letter was helpful to law and order and therefore it should not be changed!

### A DIFFERENT APPROACH

Given that the motor manufacturers, importers, automobile associations etc; having been unable to agree on anything new; were prepared to defer to the police view, then perhaps the memorability argument should be pursued further. Thus DTp should ask the Police - how best could the prime objective of unique identification be married to memorability so as to enhance the process of elimination in a search?

Accepting that an observer of say an accident, presumably sees vehicle shape (car/lorry/van), colour, and other helpful indicators and that he reads from left to right - how helpful is the information he receives from the licence plate?

Currently if he reads only the first letter, and that letter is the "year" indicator - the elimination procedure cuts down the number of vehicles to 2.3 million (ie last year's new registrations) out of nearly 25 million vehicles on the road today.

However, if that first letter were random, then the elimination procedure would be 22 times better in the first year of introduction. (I, O, Q and Z are currently not used).

In a number plate consisting of 4 letters followed by two numbers the following table indicates the elimination potential if people recognise an increasing number of letters in the first year.

Recognition of:

Possible number of vehicles

YEAR LETTER	2,300,000
1 LETTER	104,545
2 LETTERS	4,752
3 LETTERS	216
4 LETTERS	10

With a combination of 4 letters and 2 numbers 23 million registrations are possible. By using the permutations randomly but exhaustively the maximum elimination potential exists.

MEMORABILITY

DTp carried out tests regarding the memorability of the different options. None of the alternative formats performed significantly worse than the existing one.

My preferred format would be something like!

AB - 12 - CD

It is the four letters which give the most help in elimination procedures. Memorising the first or the last pair of letters or even both is far better than just memorising the year letter. Further, memorability is enhanced if the first two letters logically indicate the location, ie. LO - London, BI - Birmingham etc.

CONCLUSION

- The report was looking for problems not solutions.

- The motor industry can't agree on a change - hence status quo.
- The law enforcement argument is the best one to follow but its arguments need to lead to the logical conclusion of finding a way to:- Positively enhance the memorability and elimination potential of the licence plate.
- Removal of the year letter would remove the government distortion of trade figures and slowly but surely a market related trading pattern would emerge.

RECOMMENDATION

DTP and the Police should take another look at the problem and find a solution.

A handwritten signature in blue ink, consisting of a large, stylized 'G' followed by a horizontal line that extends to the right.

GREG BOURNE

cc/po.



DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

My ref:

Your ref:

Dominic Morris Esq  
Private Secretary  
10 Downing Street  
LONDON  
SW1A 2AA

Ask G. Bourne for <sup>told Pu.</sup> 29.9.88  
Comments by Friday  
lunchtime.

Dear Dominic

27 SEP 1988

**VEHICLE REGISTRATION NUMBERING SYSTEM**

Roy Griffins wrote last ~~week~~ <sup>prop.</sup> responding to your request for information on the Department's work on seeking alternatives to the vehicle registration year letter.

I now attach an annex which outlines in more detail the alternatives, their effects and disadvantages, which were examined by the Consultative Group. No doubt you will let us know if there is more that we can provide.

Yours sincerely

Jenny McCusker

JENNY McCUSKER  
Private Secretary





A

## VEHICLE REGISTRATION NUMBERS - THE YEAR IDENTIFIER LETTER

### NOTE BY THE SECRETARY OF STATE FOR TRANSPORT

1. The year identifier letter was introduced in 1963 when numbers in the 3 letter 3 number format were running out. It originally changed every January. It gradually began to affect the seasonal pattern of new car sales, and in 1967, at the request of the motor industry, it was moved to August with the intention of stimulating sales in what had traditionally been a slack month, and providing a more even balance of sales between the first and second halves of the year.

2. This worked rather too well. While the half-yearly balance of sales has been consistently well matched, the concentration of registrations in August has steadily grown to the point that since 1983 they have averaged 20% of the annual total, though with no sign of a further upward trend. This has caused difficulties for some sections of the motor industry because of the need to build up stocks in the summer. On the other hand, parts of the industry feel the annual change stimulates demand significantly. In March 1986 the Government agreed to a request from the Society of Motor Manufacturers and Traders to move the date of the change again, to October. The Motor Agents Association expressed strong opposition. The two bodies jointly asked the Department in late 1986 to instigate a full review of the alternatives to the present system.

3. A Consultative Group, led by my Department, was set up to carry out this review. The Home Office and Association of Chief Police Officers were represented, as well as the Department of Trade and Industry and organisations representing all the main interest groups in the motor industry itself. The motoring public was covered by representatives of the AA and RAC.



4. The Group considered in detail a wide range of alternative systems. A public consultation exercise was held during mid-1987, and the Group also heard oral evidence from Rover and Ford, as the two leading domestic vehicle manufacturers.

5. After toying for some time with the idea of a new code added to all registration numbers indicating the month of registration the Group ultimately concluded that there was no alternative system which was preferable to the present one. No member of the Group dissented, though the SMMT representatives were clearly hampered by disagreements within their own membership.

*Why? What happens on the continent*

6. The strongest advocates of the existing year letter system were the Police. It is their experience that the year letter sticks in the mind and helps the public recognise and recall vehicle registrations for law enforcement purposes, or at least reduces the number of vehicles that need to be investigated to one year's batch. The vehicle registration system is primarily a law enforcement tool, and any changes that do not have the support of the Police need to be embarked upon with great care. Though the argument that the change of letter stimulates new vehicle sales over the year was agreed to be unprovable, it is still believed in some quarters.

7. After consultations with Douglas Hurd and David Young I concluded in January this year that we should accept the Group's advice and retain the present system. This decision was announced on 3 February; a copy of the Press Notice is enclosed.

8. Once the principle of a year identifier is agreed, the argument moves to the most appropriate month in which to change it. An August change certainly achieves the desired balance of sales between the first and second halves of the year. No alternative commands widespread support.



9. The August peak in the UK market coincides with troughs in other markets, and this tends to operate to the advantage of importers since it enables them to smooth out their production schedules. Except for Rover, the UK volume car manufacturers are also importers, which may explain why Ford, for example, supports the present system. Rover on the other hand does not benefit in this way, and believes it is uniquely disadvantaged by the system.

10. The proportion of imports has tended to be higher in August than over the year as a whole. Provisional figures suggest penetration of 61% this August, compared to a forecast of about 56% for the whole of the year. This probably reflects the tendency of private buyers - who are more prone to buy in August than companies - to be more likely to buy an imported vehicle.

11. It is impossible to give a definitive answer on the basis of the statistics to the question as to whether the current registration system affects the level of import penetration over the year as a whole. What is clear is that other factors are much more important in accounting for the rise in imports which has occurred this year - both earlier in the year and in August itself. DTI say that the prime cause has been the very strong growth of car demand in the UK, which has been twice as fast as in the rest of Europe. This demand growth has more than offset the simultaneous growth in UK car production. Other significant factors have been the Ford strike earlier in the year, and some loss of UK price competitiveness.

12. Unless we are prepared to overrule the strong advice of the Police that there should be a year identifier, we shall have to pick some month. Those consulted would overwhelmingly prefer us to keep August rather than change to another month.

## Press Notice No:

60

3 FEBRUARY 1988

### VEHICLE REGISTRATION NUMBERS - NO CHANGE

Paul Channon, Secretary of State for Transport, today announced that the present registration numbering system will not be changed. Ministers have accepted the firm recommendation of the review commissioned to look into the system.

In answer to a written Parliamentary Question from Tim Smith MP., Mr Channon said:

"The Consultative Group which was asked to undertake the review has now submitted its Report. The Group examined a wide range of possible systems and conducted a major public consultation exercise. The majority of responses, from a wide variety of interested parties, showed a clear preference for the present system. After considering these responses, the Group has unanimously recommended that the present registration numbering system, with the year prefix letter changing each August, should remain in place. Having carefully considered the Group's Report, I have decided to accept its recommendation, and thus to retain the existing system unchanged.

The Report is to-day being published and I am placing copies in the Library of the House".

Mr Channon added:

"I am glad that the review Group was able to reach a clear verdict on the way forward. I hope that this will now bring to an end the prolonged uncertainty over this issue, and enable all concerned to plan ahead with confidence".

## NOTES TO EDITORS

The present registration number format, with a year prefix letter, was introduced in 1983, when all the year suffix letters had been used up. Since then the peak levels of registrations when the year letter changes each August have risen significantly. August new car registrations now account for about 20 per cent of the annual total. This has caused problems, especially for parts of the motor industry faced with building up large stocks in the early summer. Following the industry's failure to agree on an alternative month of change for the year letter, the Government agreed in October 1986 (PN 538) to undertake a more wide-ranging review of possible alternative numbering systems.

After further discussions with the industry, a consultative group, chaired by the Department and including representatives from major industry and road-user organisations and the Police, was set up to carry out the review.

As part of its work, the review group issued last August a public consultation document seeking comments on a range of possible alternatives to the present numbering system (PN 425). The responses - indicating wide support for keeping the existing system - were taken into account by the group in making its recommendation.

Copies of the group's report can be obtained from Ms V Thomas, Room D9S, DVLC, Swansea SA6 7JL, at a cost of £7.00 each (including post and packaging).

Press Enquiries: 0792-782318  
Public Enquiries: 0792-72134  
Out of Hours: 01-212-7071

TRANSPORT: Sale of Vehicle

Reg no: Feb 82



## ALTERNATIVES TO THE PRESENT VEHICLE REGISTRATION NUMBERING SYSTEM

A large number of alternatives were examined by the Consultative Group. The principal options (some of which can be combined) for a system of vehicle registration marks (VRMs) that might avoid or minimise the annual peak are:

1. Removal of the year-identifier letter

A seventh digit is necessary to give sufficient volumes of VRMs, but it need have no relation to age.

Effect Reversion to the pattern before year letters were introduced: buoyant spring and slack autumn. Possible lower volume of sales.

Disadvantages Pre-year identifier pattern will still be unsatisfactory to many in the industry; police strongly oppose removal of easy-to-remember year identifier.

2. New VRM system: no year-identifier, more recognisable area-code

This would follow the French and German systems; the enhanced area-code is argued to be at least as memorable as the year-identifier.

Effect Pre-year sales pattern re-emerges.

Disadvantages Police not convinced new system would be as memorable as year-identifier (and it would not have the used vehicle price practical significance to the public); existing numbers might need to be replaced; effect on policy for selling VRMs; major changes to DVLC systems; gives rise to argument for bureaucratic and expensive re-registration when vehicle's keeper moves from one area to another (as in France which has local registration authorities).

3. New VRM system: register by keeper

Other than the special arrangements for 'cherished transfers' VRMs now stay with a vehicle for its life. VRMs could be allocated to people instead, and transferred on to successive vehicles in their possession. This happens in Belgium and Switzerland. Some interests within the police would probably prefer this to age-identified vehicle registration, but the ACPO line is to support retention of the age-identifier.

Effect Pre-year letter sales pattern re-emerges.

Disadvantages New legislation; probable need to replace existing numbers; effect on policy for selling VRMs; major changes to DVLC systems; civil liberties opposition.

4. Keep year-identifier letter - move change to a month other than August

Attempts to agree on an alternative to August have previously led to stalemate. The dealers would generally prefer an earlier month - June or July - to bring the sales peak away from the holiday period. But the manufacturers and importers feel this would increase the size of the peak, and eat into the existing spring sales bulge. Instead they would prefer October. The peak in that month might perhaps be smaller than in August, but the dealers object strongly because of their problems in disposing profitably of large numbers of traded-in vehicles so late in the year.

Effect Uncertain (other than that part of the industry would be dissatisfied); imports in the peak month could reduce slightly, but the peak might get bigger.

Disadvantages A further change (used to be January, now August) to no agreed likely effect.

5. Keep the year letter, but add a code (not on DVLC register) to show the month of registration

This option was the review Group's second choice. The aim of the month code would be to date vehicles more precisely, and thus to encourage consumers to buy them throughout the registration year - since later cars would become visibly newer and more attractive. Acceptable to the Police. A less attractive alternative is a code showing the quarter, rather than month, of registration.

Effect Uncertain: with the year letter still visible and the market accustomed to making much of the change, the peak could well remain.

Disadvantages Possible reduction in legibility and memorability of VRMs; might appear to be 'tinkering' with the existing system to no effect.



6. Monthly date-code without year letter

A 'rolling' two-letter code could change each month, without a year indicator. It would become progressively more difficult for the public to work out the age of vehicles, but the trade and the police would retain some form of age-identification.

Effect Gradual reversion to pre-year letter sales pattern.

Disadvantages Loss of public interest in registration dates and memorability of age-identifier. Significant changes to DVLC system.

7. 'Age' identifier not tied to any specific date

This would involve a code which might simply change when the sequence of numbers using it ran out. In the present registration format, the "year" letter would in fact last some three or four years if it was allowed to. Such a system would still to some extent indicate the relative age of vehicles. A locally-based variant, in which the code would change for each local series whenever that ran out, would within a few years effectively amount to abandonment of the principle of age-related registrations.

Effect Reversion to pre-year letter sales pattern.

Disadvantages Loss of memorable year-identifier; significant changes to DVLC system.

TRANSPORT: Vehicle Registration, Feb 82



CONFIDENTIAL

*cc PH*



DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

My ref:

Your ref:

Paul Gray Esq  
Private Secretary  
10 Downing Street  
LONDON  
SW1A 2AA

*Copy letter to  
Note by SS/Transport - w/PLB  
Box 30/9*

*Dear Paul*

20 SEP 1988

**CAR REGISTRATION LETTER**

Thank you for your letter of 31 August about the impact of the August change in the vehicle registration year letter.

Here is the note which the Prime Minister asked for on the possibility of changing to an alternative system which might reduce the annual August peak of registrations.

I am copying this to Alex Allan at Treasury, and, with your letter, to Neil Thornton at DTI and Philip Mawer at the Home Office.

*at Alex*

*Yours  
R J*

**R J GRIFFINS**  
Private Secretary

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*File Sub  
105*

10 DOWNING STREET

LONDON SW1A 2AA

*From the Private Secretary*

31 August 1988

CAR REGISTRATION LETTER

The Prime Minister has noted with some concern the marked impact on the profile of new car registrations - and possibly of car imports - once again brought about by the introduction of a new registration letter on 1 August. She would be grateful if your Secretary of State could let her have a note on alternative registration possibilities which would avoid, or at any rate minimise, this annual peaking effect either on 1 August or at any other point during the year. It would be helpful to have this material by the end of September.

I am copying this letter to Alex Allan (H.M. Treasury).

PAUL GRAY

Neil Hoyle, Esq.,  
Department of Transport

CONFIDENTIAL

*SP*



16pm CCBG

QUEEN ANNE'S GATE LONDON SW1H 9AT

21 December 1987

Dear Willie,

**SALE OF VEHICLE REGISTRATION NUMBERS**

Paul Channon sent me a copy of his letter to you of 30 November about the possibility of offering for sale to the general public attractive registration numbers which have not hitherto been issued.

WILL REQUEST IF REQUIRED

I am content for public consultations to go ahead on these proposals. The police would be concerned about the effect on law enforcement if there were to be a wholesale extension of the use of cherished numbers, and are likely to press for the scheme to be kept relatively small and under tight control. I am sure that Paul will actively solicit the considered views of the police during the consultation and will weigh their views carefully.

Yours,

Douglas

The Rt Hon Viscount Whitelaw, CH, MC

TRANSPORT

VEHICLE

REGISTRATION

NUMBERS

2/V2





From the Chancellor of the Duchy of Lancaster  
and Minister of Trade and Industry

DEPARTMENT OF TRADE AND INDUSTRY

1-19 VICTORIA STREET  
LONDON SW1H 0ET

Telephone (Direct dialling) 01-215)  
GTN 215) 5147  
(Switchboard) 01-215 7877

nbpm

THE RT HON KENNETH CLARKE QC MP

Rt Hon Paul Channon MP  
Secretary of State  
Department of Transport  
2 Marsham Street  
LONDON  
SW1P 3EB

16 December 1987

Dear Paul,

will obtain if requested.

Thank you for sending me a copy of your letter of 30 November to Willie Whitelaw about the sale of vehicle registration numbers.

I entirely support your proposal to seek public consultation on the question of the sale of vehicle registration numbers. When I was a junior Minister in your Department I wanted to do this seven years ago and I hope you are successful in cutting through the obstacles quickly!

I agree that the current options being considered by the Vehicle Registration Review Group are no reason to delay the development of a sales scheme.

I feel that such a scheme could be attractive to consumers who would have more choice in, and a much less complicated way of, obtaining "personalised" number plates than currently, as well as a means of avoiding unscrupulous registration number traders.

I look forward to receiving the consultation document in due course.

Copies of this letter go to members of H and to Sir Robert Armstrong.

KENNETH CLARKE





MFJ

4 February 1982

Thank you for your letter of  
2 February, about vehicle registration  
marks after July 1983.

The Prime Minister has noted the  
announcement which you will make on  
Monday.

MAP

Mrs Alice Baker  
Department of Transport

B

cc Press.

Prime Minister 2.

MA 3/2.



DEPARTMENT OF TRANSPORT  
2 MARSHAM STREET LONDON SW1P 3EB

Mike Pattison Esq  
Private Secretary to the  
Prime Minister  
10 Downing Street  
LONDON SW1

2 February 1982

Dear Mike

A NEW FORMAT FOR VEHICLE REGISTRATION MARKS

As you may know the present series of vehicle registration marks runs out in July 1983 and we have been considering the best system for use thereafter. Ministers published a Consultation Paper in July 1980 inviting public comments and my Secretary of State is now ready to announce his decisions. The announcement is expected to raise considerable Press interest and I attach a copy of the statement Mr Howell proposes to make on Monday, 8 February in response to an inspired written PQ - for release at about 4 pm.

I am sending a copy of this letter and attachment to Nick Huxtable in the Lord President's office, John Halliday in the Home Secretary's office, Michael Pownall in Baroness Young's office, Jonathan Spencer in the Secretary of State for Industry's office and David Wright in the Cabinet Office. I am also sending a copy to John Rhodes in the Secretary of State for Trade's office.

Yours sincerely

Alice Baker

MRS E ALICE BAKER  
Private Secretary

DRAFT

DRAFT INSPIRED PQ on Vehicle Registration Marks

To ask the Secretary of State for Transport if he will now announce his decision on the future vehicle registration number system when the current series has been completed in 1983.

DRAFT REPLY

I have been pleased by the very full response to the consultation which began in 1980. Some ingenious ideas were put forward, but the majority of the motoring public and the motor trade overwhelmingly wanted a simple system which would minimise the cost of change. They favoured straightforward reversal of the present format i.e. a single letter, three figures then three letters instead of the present lay-out. Such an arrangement would also be acceptable to the police, and I have accordingly decided to accept this advice and reverse the present format in 1983.

I am arranging for my officials to consider with the motor trade two issues which remain unresolved. The first concerns the choice of August as the month in which the year letter changes. It causes problems for some organisations, as did January before the month was changed in 1967. The second concerns the question of whether the present age letter is appropriate for all vehicles, particularly imported used vehicles and rebuilt vehicles. In both these cases, the year letter identifies the date of registration rather than the age of the vehicle, and this can cause confusion. I shall announce my decisions on these two points later.

# Grey Scale #13



**A** 1 2 3 4 5 6 **M** 8 9 10 11 12 13 14 15 **B** 17 18 19



Inches 1 2 3

1 2 3 4 5 6 7 8

Centimetres

## Colour Chart #13

Blue

Cyan

Green

Yellow

