

Company filing requirements for corporate entities other than companies

Department for Business, Innovation and Skills (BIS)

RPC rating **validated**

Description of proposal

The proposal is to implement a package of measures, with multiple strands, to reduce regulatory burdens on businesses by streamlining and improving Companies House reporting requirements. The proposal extends previous reforms to company filing requirements to ‘other corporate entities’ such as limited liability partnerships (LLPs), European Economic Interest Groupings (EEIG), Societas Europaea (SE), and unregistered companies (UC). The proposals include:

- accelerating the procedure to strike off and dissolve LLPs from the public register to reduce the time that the process takes;
- removing the requirement to complete a “consent to act” form within the application that notifies Companies House of the details of a new director (the “consent to act” will be replaced by a simple statement from the company that the director has consented to act as a director);
- Companies House writing to newly appointed directors of UCs to inform them about their duties as a director; and
- in order to provide protection against identity theft, removing the day element of a director’s date of birth from the public register.

Impacts of proposal

Accelerated strike off. The IA explains that approximately 8,000 LLPs are struck off the register annually across the UK. The Department does not expect accelerated strike off to result in savings for Companies House because they will go through the same processes as before, albeit more quickly. However, they expect this quicker process to benefit those dealing with these companies such as investors, lenders and traders by helping them to make more informed decisions (e.g. about trading or lending to corporate entities). However, the Department does not have sufficient information to quantify the benefits of improved integrity and accuracy of the register.

There are not expected to be any additional familiarisation costs associated with this measure for involved parties (e.g. creditors, members of the LLP). Strike off is procedural and once an application is made to strike off an LLP, standard communications to interested parties already clearly state the amount of time that third parties have to comment on the proposals.

Filing details of company directors and secretaries. Using information from Companies House, the Department assumes that secretarial staff earning wages of £12.17 an hour in each corporate entity will save ten minutes per appointment from no longer completing the “consent to act” section of the form notifying Companies House that a director has been appointed. Given that there are approximately 21,900 director or secretary appointments per annum in the UK, the Department estimates total annual administrative saving of £44,500.

The IA explains that there will be some one-off familiarisation costs as a result of the change in requirement to file a statement of truth as opposed to “consent to act”. The Department assumes that it would take affected companies ten minutes of staff time to familiarise themselves with the proposed changes to “consent to act”. Using the same assumptions about staff and wages, total one-off familiarisation is estimated to be £44,500.

Information to newly appointed directors. The benefit of this measure is that all newly appointed directors of unregistered companies will be made aware of their legal duties. This benefit has not been quantified. This is not expected to give rise to any costs to businesses or individuals.

Date of birth of directors. The Department identifies unquantified benefits for individual directors, business and law enforcement agencies relating reduced identity theft and fraud amongst directors who have the day of their date of birth suppressed from the public register. Corporate entities will still be required to provide their directors’ full dates of birth to Companies House, so the measure will not reduce the amount of time and effort it takes to file information with them. As no process is changing, it is not expected that corporate entities will incur any familiarisation costs as a result of the policy measure.

On the basis of the above information, the RPC is able to validate the Department’s estimated equivalent annual net cost to business (EANCB) figure of -£0.04 million.

Quality of submission

The IA provides a rationale for the proposals and clear and detailed analysis of the impact of each element of the proposal. Where possible the Department has quantified the impacts. Where this has not been possible the Department provided detailed qualitative analysis.

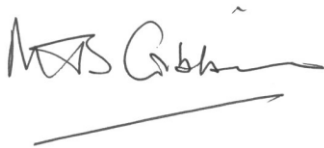
As the measure is deregulatory, a small and micro business assessment is not required. However, the Department states that small and micro businesses are in scope of the proposals. They are able to benefit from reduced administrative burdens in the same way as the larger corporate entities.

Initial departmental assessment

Classification	OUT
Equivalent annual net cost to business (EANCB)	-£0.04 million
Business net present value	£0.34 million
Societal net present value	£0.34 million

RPC assessment

Classification	OUT
EANCB – RPC validated	-£0.04 million
Small and micro business assessment	Not required



Michael Gibbons CBE, Chairman