

Register of people with significant company control: company register available publicly (fees)

Department for Business, Innovation and Skills

RPC rating: fit for purpose

Description of the proposals

The Small Business, Enterprise and Employment Act 2015 contains measures that require companies to keep a register of people with significant control of their company (PSC register). Information in the register should be made publicly available. The overarching policy objective, described in the earlier impact assessment 'Transparency and Trust – Enhanced Transparency of Company Beneficial Ownership', is to enhance corporate transparency, fulfilling the UK's commitment to implement a G8 agreement.

The proposal will require companies that do not elect to hold their register centrally at Companies House to make it available for inspection, and to provide a copy of all or some of the entries, on request. Companies that do not hold their register at Companies House will either hold it themselves or use a trust and company service provider (TCSP)¹. Companies will be able to charge a prescribed fixed fee that will apply to all requests for access to some or all of the entries in its PSC register.

Impacts of the proposals

The Department estimates that nearly 2.2 million companies and TCSPs will familiarise themselves with the proposals. The Department estimates the one-off cost of this to be approximately £48 million. This estimate is based on a detailed breakdown of companies by size and the number of employees that will need to become familiar with the proposal.

The Department has assumed there will be ongoing costs to companies through handling requests to inspect their PSC register and requests for copies of the register. Based on evidence gathered through company surveys, the Department expects that only TCSPs will receive requests to inspect a register. It assumes that 175,000 of these will receive on average two requests each year, resulting in a total annual cost of £4.3 million. In addition, the Department assumes that 220,000 TCSPs and 125,000 companies will receive 1.5 and 1 request(s) for copies of the register each year respectively, at a total annual cost of £6.0 million.

¹ Accountants, lawyers and other companies that may hold the register on behalf of other companies

The Department explains that a fee is chargeable only if an individual requests a copy of the register. The Department estimates the benefits to business resulting from charging a fixed fee, assumed to be £12 for each request to provide a copy of the register, to be £5.5 million each year.

Overall, the proposal results in an equivalent annual net cost to business of £10.1 million. The protection regime was referred to in the earlier impact assessment 'Transparency and Trust – Enhanced Transparency of Company Beneficial Ownership'. In its opinion (RPC reference: RPC13-BIS-1990(2), 23 April 2014), the RPC accepted the proposals implemented commitments made by the UK in a G8 international agreement and that they were, therefore, out of scope of One-in, Two-out (OITO). As this proposal simply defines the costs of the protection regime more fully and does not extend the scope of the overarching impact assessment, the RPC is able to confirm that it, too, is out of scope of OITO and the Better Regulation Executive has advised that it is likely to be out of scope of the business impact target.

Quality of submission

At the consultation stage, the Department provided additional information in response to issues raised in the RPC's initial review. It has incorporated these points satisfactorily into the final stage impact assessment.

At that stage, the Department had very limited evidence to support its assumptions. The Department has since undertaken a more comprehensive survey of companies to strengthen the analysis. This additional evidence has provided a stronger evidence base to support the assumptions.

As a result of RPC concerns raised at the consultation stage, the Department now assumes that all companies that do not hold their register with a trust and company service provider will need to familiarise themselves with the guidance relating to the proposals. This assumption appears more reasonable but has resulted in a significant increase in the estimated cost of the proposals, increasing the EANCB figure from £5.34 million to £10.09 million.

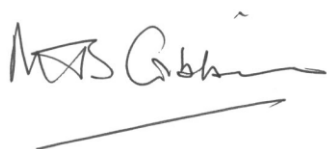
The Department has also now provided further evidence to support its contention that there would be very few cases where companies would apply to a court to refuse a request for information. The Department's explanation appears reasonable.

Initial departmental assessment

Classification	Out of scope (international)
EANCB	£10.09 million
Business net present value	-£89.89 million
Net present value	-£89.89 million

RPC assessment²

Classification	Out of scope (international)
EANCB – RPC validated	£10.09 million
Small and micro-business assessment	Not required (international)



Michael Gibbons CBE, Chairman

² RPC verification of the estimated EANCB and the classification that the measure is a non-qualifying regulatory provision is based on current working assumptions.