

 Regulatory Policy Committee	Regulatory Triage Confirmation	
Title of regulatory proposal	Company registration - director appointment dispute procedure	
Lead department/agency	Department for Business, Innovation and Skills	
Origin	Domestic	
Expected date of implementation	1 October 2015 (SNR10)	
Date submitted to RPC	11 May 2015	
Confirmation date and reference	22 May 2015	RPC15-FT-BIS-2372
Departmental triage assessment	Low-cost regulation	
RPC confirmation The RPC confirms that this low-cost regulatory proposal is suitable for the fast track.		<div style="background-color: green; color: white; text-align: center; padding: 10px; font-weight: bold;">CONFIRMED</div>
Departmental rationale for triage assessment <p>The proposal is to enable the registrar of companies to remove from the public register, details of a person who objects to being shown as a director where there is no evidence that the person consented to being a director. On receipt of an objection, the registrar will write to the company requesting evidence that the person consented to act as a director of the company. If the company does not provide such evidence, the registrar will remove from the public register, details of the person's appointment as a director.</p> <p>Under the existing statutory procedure, the company can stop such an application merely by objecting to it, without having to provide any supporting evidence.</p> <p>The Department's rationale for the fast track is that its analysis indicates the proposal would have a low cost for business.</p>		
RPC comments <p>The RTA states that, based on the best estimate of the number of complaints (approximately 500) received in each of the last two years from people having been incorrectly recorded as a company director, the impact on business of the proposal will be low.</p> <p>The Department assumes that the proposal would have an impact on businesses that would become involved in a dispute. The Department estimates that the total one-off costs will be £4,000, based on approximately 500 businesses taking 20 minutes each of a company director's time to familiarise themselves with new regulation.</p>		

In addition, the Department estimates that it would take approximately 500 businesses half a day each of a company director's time to provide the registrar with satisfactory evidence that a person consented to act as a director of the company. The Department estimates that the annual cost to business of this would total £47,000. The RTA explains that this is an overestimate of the costs as some companies involved in fraudulent activities might choose not to respond to the registrar's request for evidence.

The Department will have to provide evidence supporting an estimated equivalent annual net cost to business (EANCB) figure so that it can be validated at the final stage. The impact assessment at that stage should include an estimate of the number of companies that respond to the registrar's enquiry and that are subsequently found to be compliant. The costs they incur should be included in the calculation of the EANCB figure. In addition, the Department should gather evidence about the likelihood of some companies seeking legal advice when responding to the registrar, so that the cost of this may also be factored into the EANCB figure.

One-in, Two-out (OITO) assessment	In scope
<p>The RTA states that the regulatory proposal is in scope of OITO and would impose a net cost on business (an IN). Based on the information provided, this offers a reasonable assessment of the likely direction of the impacts and is consistent with paragraph 1.9.11 of the Better Regulation Framework Manual (March 2015).</p>	
Signed	Michael Gibbons, Chairman

