

Local Land Charges

Department for Business, Innovation and Skills

RPC rating: **fit for purpose**

Description of proposal

The Department explains that under the Infrastructure Act 2015 the Land Registry will hold the local land charges (LLC) register in place of local authorities. One of the main sources of information for a Local Search, a search undertaken when someone buys or mortgages a property, is the LLC register. The Department explains that under the Infrastructure Act 2015, the Land Registry will digitise the LLC register and eliminate regional variation in turnaround times and fees in order to provide a consistent service across the country. The Department also explains that a move to a digitised platform is necessary because the current practice of holding deteriorating paper records is unsustainable. The present impact assessment (IA) concerns the secondary legislation required to implement the relevant provisions of the Act.

Impacts of proposal

The IA explains that the proposal, including the migration of the data from existing LLC registers held by local authorities, the digitisation process and operational costs, will result in an estimated cost to the Land Registry of £124.7 million over the ten-year appraisal period. The cost will be recovered in full through fees for LLC searches.

The Department estimates that, under the preferred option, fees for LLC searches will fall from the current weighted average fee of £26.50 to a standardised fee of £4.60 over the ten-year appraisal period. The IA states that Land Registry costs will be recovered in full through the new fees. The net reduction in fees results from productivity improvements and process savings brought about by digitisation.

The Department estimates that, in present value terms, businesses will save £10.5 million in fees over the appraisal period with an estimated EANCB of -£1.0 million.

Quality of submission

The IA explains that the proposal will be beneficial to business as, over the ten-year appraisal period, the fees charged will be lower than those in the counterfactual. However, it is currently not clear to the Committee that the reduction in fees would

result from a change in the scope of regulator activity, which would be necessary if the measure were to represent a qualifying regulatory provision with respect to the business impact target. The Department must clarify this position at final stage for the Committee to be able to validate the proposal.

The Department should seek further evidence through consultation to strengthen its assumptions at final stage. In particular, the final stage IA will need to provide further analysis to justify the following:

- The Department explains that the current proposals will not significantly affect the business of private search companies (PSCs) or other search intermediaries. The IA states that, during consultation on the primary legislation, PSCs raised a number of concerns relating to the viability of their businesses. Therefore, the assumption that the proposal will not adversely affect PSCs or other search intermediaries should be further tested at consultation.
- The Department assumes that productivity improvements will lead to a reduced fee of £4.60, generating savings to business. The Department should explain how this figure was derived and provide evidence to support the assumption that the associated saving to business will be realised.
- The Department expects that there will not be any significant familiarisation costs to conveyancers associated with the proposal, and that there may be savings to them in postage and paper costs. This analysis should also be tested at consultation.
- The IA states that the proposal will benefit customers, who include both homeowners and businesses. The Department should seek more evidence at consultation on the exact nature and extent of the impact on business.
- The IA states that Land Registry believes that its proposals will not have a major impact on employment in any local land charges department. The Department should seek consultation evidence on this assumption.

Initial departmental assessment

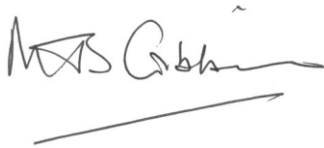
Classification	Qualifying regulatory provision
Equivalent annual net cost to business	-£1.0 million

Opinion: consultation stage IA
Origin: domestic
RPC reference number: RPC-BIS-3126(1)
Date of implementation: not provided

(EANCB)	
Business net present value	£10.5 million
Societal net present value	£89.4 million

RPC assessment

Classification	Unable to assess at this stage
Small and micro business assessment	Not required



Michael Gibbons CBE, Chairman