 Regulatory Policy Committee	Validation of the One-in, Two-out Status and the Net Direct Impact on Business
Validation Impact Assessment (IA)	HM Land Registry - local land charges
Lead Department/Agency	Department for Business, Innovation & Skills
IA Number	BIS LR003
Origin	Domestic
Expected date of implementation	SNR 7
Date of Regulatory Triage Confirmation	29 November 2013
Date submitted to RPC	2 May 2014
Date of RPC Validation	30 May 2014
RPC reference	RPC13-FT-BIS-1925(3)
Departmental Assessment	
One-in, Two-out status	Zero Net Cost
Estimate of the Equivalent Annual Net Cost to Business (EANCB)	N/A
RPC assessment	VALIDATED
Summary RPC comments	
<p>The IA is fit for purpose. In line with the RPC's triage confirmation, the IA treats the changes to conveyancing fees as an impact on the individual or business purchasing property, not as a cost to conveyancers that is indirectly passed through to customers.</p> <p>The IA estimates that the reduced fees as a result of the changes will result in benefits to business of £1.8 million each year. As a regulatory measure with benefits to business, the RPC can validate the measure as an IN with a 'Zero Net Cost'.</p>	
Background (extracts from IA)	
What is the problem under consideration? Why is government intervention necessary?	
<p><i>"In 2010 the lack of consistency and standardisation in the provision of Local Land Charges and Con29 searches was identified by customers as a problem in the conveyancing sector, which Land Registry may be able to resolve through its extensive experience of managing registers and providing electronic search services. Government Intervention is necessary as the best way to correct market failure, as only a national database will ensure an optimum fee."</i></p>	

What are the policy objectives and the intended effects?

- *Transparent Fee – end the “postcode lottery”*
- *Standardised and improved processing times*
- *Maintain quality and integrity of data*
- *Standardised format of results*
- *Supporting the Government’s ‘digital by default’ agenda, by having electronic access to records*

RPC comments

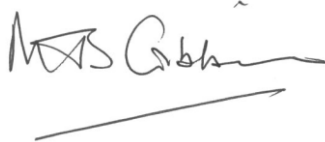
The proposal is to legislate for the Land Registry to undertake local land charge searches on behalf of those buying property. These searches are currently provided by local authorities, which charge different amounts and are able to respond in different timeframes. The IA states that centralising the process will result in the significant majority of customers, including businesses, paying a lower fee per purchase for a faster service.

The IA uses the proportion of land titles owned by businesses and civil society organisations to estimate the volume of property purchases by those groups. The impact on business and civil society organisations, as a result of reduced fees from the proposal, is expected to be an equivalent annual net benefit to business of £1.8 million. The RPC can validate that the proposal is likely to be net beneficial to business, and therefore an IN with Zero Net Cost.

While they are unlikely to affect the net beneficial to business nature of the proposal, the IA would benefit from addressing the points below.

Redundancy and unemployment costs. The IA indicates (page 23) that there could be redundancies among staff employed on providing local land charge searches. The IA states that the cost of redundancy payments have not been included in the IA on the basis of advice that they should not unless formal notice of redundancy has been issued. Although this issue does not affect the EANCB, the Department should explain this further. The Treasury Green Book (paragraph 5.23, page 21) advises that the likelihood of contingent liabilities, such as redundancy payments, should be taken into account in an appraisal. Whether redundancy payments should be included in an economic appraisal will also depend on how likely it is that the people being made redundant will leave the labour force. The IA also refers to the cost of unemployment following redundancy. It would seem that these impacts would be modest in terms of the overall employment in a local area, but the published IA would benefit from some further consideration of this issue.

Personal search companies. The IA sets out some reasons why personal search companies’ concerns regarding a loss of business are not relevant to the current proposals, and would only be relevant if the Land Registry also offered other searches (such as ‘Con29’ searches). It is, however, unclear whether any additional regulatory change would be needed to enable the Land Registry to do so. The published IA would benefit from setting out more clearly why the concerns are not relevant to the current proposed regulatory

change.		
Signed		Michael Gibbons, Chairman