

**HM Land Registry: Business Impact Target Report on Qualifying Regulatory Provisions for the period 8 May 2015- 8 June 2017**

<b>Title of measure</b>	<b>Date implemented</b>	<b>Description of measure</b>	<b>BIT score / Value (£m)</b>	<b>Link to RPC opinion</b>
<a href="#">Introduction of a new Statement of Truth form, Form ST5*</a>	29/06/2015	Aids customers in providing the necessary evidence to cancel a restriction commonly entered in the Land Register.	£0m	<a href="#">Validated</a>
<a href="#">Changes to practice</a>	Various: 10/08/2015 01/09/2015 10/08/2015 11/01/2016 28/11/2016 09/01/2017	Relates to changes of practice (requirements and processing) made as a result of reviews of areas of our work and guidance. Measures resulted in updates to our guidance and also led to the introduction of a new way of applying to withdraw official searches with priority and an alternative option for conveyancers to the requirement to lodge original deeds and documents on first registration.	£0.5m	<a href="#">Validated</a>
<a href="#">Changes to the handling of Information Service applications*</a>	14/09/2015 17/10/2016	This package of measures comprise: the withdrawal of facility for customers to lodge these types of application by fax; the introduction of a new method of applying for Historical Copy applications by email; and changes to the process governing provision of copies of the register.	-£0.5m	<a href="#">Validated</a>
<a href="#">Change of practice on first registrations*</a>	14/12/2015	Our practice of making protective entries on the register where applications for first registration have not provided all the deeds and documents has been widened.	£0m	<a href="#">Validated</a>
<a href="#">Introduction of an enhanced Application Enquiry Service*</a>	14/03/2016	An enhanced application enquiry service was introduced to enable customers to self serve in making essential progress enquiries.	- £0.5m	<a href="#">Validated</a>
<a href="#">Changes to the handling of applications with missing identity information*</a>	22/08/2016	Introduction of an alternative to requiring completion of a fresh application form. Instead customers can now complete a separate identity form included within the letter asking for the missing information.	£0m	<a href="#">Validated</a>
<a href="#">Change to the handling of adverse possession applications</a>	28/11/2016	Revised practice in how we handle appeals against adverse possession applications in certain cases.	£0m	<a href="#">Validated</a>
<a href="#">Housing and Planning Act 2016*</a>	06/04/2017	The Act and subsequent regulations made a number of changes in the way English Private Registered Social Housing Providers are regulated resulting in changes to our legislation and practice.	£0m	<a href="#">Validated</a>

\*See 'Changes to practice' assessment for familiarisation costs.

## 1. Statement of Truth

### Regulator Assessment: Qualifying Regulatory Provisions

<b>Title of proposal</b>	Introduction of Form ST5
<b>Lead Regulator</b>	<b>HM Land Registry</b>
<b>Contact for enquiries</b>	Jane Allen (0300 0067140)

<b>Date of assessment</b>	21 February 2017
<b>Commencement date</b>	29 June 2015
<b>Origin</b>	Domestic
<b>Does this include implementation of a Cutting Red Tape review?</b>	No
<b>Which areas of the UK will be affected?</b>	England and Wales

#### **Brief outline of proposed new or amended regulatory activity**

Under the law of England and Wales, there are two estates in land – legal and beneficial (or equitable). The legal or common law owners are the official owners and the ones registered at HM Land Registry. The beneficial owners are in effect those who will get the money if the property is sold.

Whenever there is co-ownership of land, the legal estate is held on a trust of land. The trustees hold the legal estate as joint tenants, the beneficial estate may be held by the beneficiaries as joint tenants or tenants in common. Joint tenants hold the whole land and on the death of one his interest in the land passes automatically to the surviving joint tenants.

Tenants in common hold a specific share in the land. On the death of a tenant in common his specific share will pass according to his will or under his intestacy. To reflect that the powers of the owners being registered to deal with the land are limited or on subsequent application, when this has become the case, a form A restriction is entered in the register.

Sometimes the registered proprietor(s) will apply to cancel a Form A restriction. To do this they have to provide us with evidence that the restriction is no longer needed.

We have an all-purpose form RX3 to cancel any restriction, but we were finding that many customers were not including all the required information to cancel a form A restriction, leading to requisitions for more evidence. Therefore new form ST5 was promulgated. This

form is solely used for cancelling a form A restriction, and allows customers (including conveyancers) to know what information they need to enclose.

### Which type of business will be affected? How many are estimated to be affected?

Although the new ST5 was designed with members of the public in mind, conveyancers can and do use the form too. We estimate there are 36,000 conveyancers in England and Wales.<sup>1</sup>

While it is possible for a company to be joint proprietor with a form A restriction, this is not a common occurrence.

### Summary of costs and benefits

Price base year	Implementation date	Duration of policy (years)	Net Present Value	Business Net Present Value	Net cost to business (EANDCB)	BIT score
2015	2015	10	-0.03	-0.03	0	<0.01

### Please set out the impact to business clearly with a breakdown of costs and benefits

#### Familiarisation

The details of the changes were published on the GOV.UK website on [18 June 2015](#) and [4 July 2016](#).

We estimate the familiarisation cost based on the two website articles to be £60,000.<sup>2</sup>

#### Ongoing costs and benefits

A conveyancer is required to make enquiries as to ownership in order to complete an ST5 but they had to make the same enquiries before the form was introduced and regardless of whether they choose to use form ST5 or provide the confirmation by way of a conveyancer's certificate.

So form ST5 is not presumed to have introduced any additional burden and as a voluntary form for conveyancers, that they would not choose to use it if the costs in doing so outweighed the benefits in doing so. It is assumed though that it will have reduced costs by ensuring, where it can be used, that all required confirmations are given avoiding follow-up correspondence.

Property lawyers are assumed to know about legal and beneficial interest – when applying to register joint owners they have to state how those owners are to hold the land (as tenants in common or beneficial joint tenants) – so this change did not introduce any new

<sup>1</sup> See 2017 Assessment for Familiarisation Costs.

<sup>2</sup> The two articles were 306 words with a Fleisch reading score of 58 and 49 respectively. At 75 words per minute it will take 4.08 minutes to read them at a conveyancers hourly pay of £24.51 (ASHE 2016 with 20.19% uplift for non-staff costs). In accordance with RPC guidance, this assumes 100% compliance from the 36,000 conveyancers. See 2017 Assessment for Familiarisation Costs for further clarification of figures used. Using the same methodology the lower bound figure for familiarisation costs is £2,500.

practice or requirement; it only made it easier, once they have made their enquiries, to provide sufficient confirmation to allow us to cancel the restriction.

Sampling of applications to cancel a restriction completed on 2 June 2016 found that about 6% of applications included a ST5 form lodged by conveyancers, all without customer error. This also shows that about 30% of applications lodged by a conveyancer including form RX3 elicited requisitions for further information which could have been avoided if they had used form ST5. This represents a saving to business customers of £4,000 per annum.<sup>3</sup>

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<sup>3</sup> Based on a sample of 100 out of the 270 applications to cancel restrictions received on 2 June 2016, we estimate about 4,050 ST5 forms are used by conveyancers annually. These have eliminated the 30% error rate in RX3 applications which would result in a requisition. Therefore the saving to customers is  $4,050 \times 30\% \times £2.96$  (average cost to process a requisition). We have assumed that customers will save at least as much as us in requisition processing.

## Introduction of Form ST5

### Department for Business, Energy & Industrial Strategy – Land Registry

RPC rating: **validated**

#### Description of proposal

Joint ownership of property can take two forms: joint tenancy or tenancy in common. In the latter case each beneficial share is owned separately and the power of each owner to deal with the land is limited. This is recorded by the Land Registry as a form A restriction.

Before the introduction of this measure, registered tenants in common could cancel the restriction using an all-purpose RX3 form. As this often resulted in applicants submitting incomplete information, the Land Registry has introduced a new form ST5 which is intended specifically for cancelling a form A restriction.

Businesses are not obliged to use the new form, so the measure is permissive. This is a retrospective assessment on a measure introduced in June 2015.

#### Impacts of proposal

The Land Registry estimates that 36,000 businesses would potentially be affected by the change. Users of the form would include solicitors, licensed conveyancers, legal executives, notaries and other paralegals.

The assessment estimates the total familiarisation cost at £60,000. This reflects the length of the information note published on the website (306 words), an average reading speed of 75 words per minute, hourly pay for conveyancers of £24.51 and an assumption of 100% compliance. It is also assumed that one person per business would read the note.

As the new form is believed to eliminate instances when the first submission needs to be followed up by additional documents, the Land Registry expects that this will reduce the cost of cancelling a form A restriction. The total saving is estimated to be small – around £4000 per annum. This reflects a small average cost of processing a requisition (a letter about defective application) of £2.96.

The RPC verifies the estimated equivalent annual net direct cost to business (EANDCB) of zero. This will be a qualifying regulatory provision that will score under the Business Impact Target.

## Quality of submission

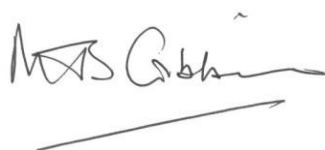
This is a clear and concise BIT assessment. It discusses the costs and benefits of the policy in sufficient detail and presents the information in an accessible way. The length and the level of detail of the assessment are appropriate for a measure of this size.

## Departmental assessment

Classification	Qualifying regulatory provision (OUT)
Equivalent annual net cost to business (EANCB)	Zero
Business net present value	Zero

## RPC assessment

Classification	Qualifying regulatory provision (OUT)
EANCB – RPC validated <sup>1</sup>	Zero
Business Impact Target (BIT) Score <sup>1</sup>	Zero



**Michael Gibbons CBE**, Chairman

<sup>1</sup> For reporting purposes, the RPC validates EANCB and BIT score figures to the nearest £100,000.

## 2. Familiarisation only changes

### Regulator Assessment: Qualifying Regulatory Provisions

<b>Title of proposal</b>	Minor practice changes where the only cost to customers is familiarisation
<b>Lead Regulator</b>	<b>HM Land Registry</b>
<b>Contact for enquiries</b>	Jane Allen (0300 0067410)

<b>Date of assessment</b>	9 February 2017
<b>Commencement date</b>	Various - see below
<b>Origin</b>	Domestic
<b>Does this include implementation of a Cutting Red Tape review?</b>	No
<b>Which areas of the UK will be affected?</b>	England and Wales

#### Brief outline of proposed new or amended regulatory activity

This is an aggregated assessment of all regulatory changes – in this case, the issue of new guidance to the conveyancing industry by Land Registry - which impose familiarisation costs on business, as per the list below.

HM Land Registry receives many millions of applications every year. There are a wide range of different applications which may be made, so we have published extensive guidance for customers to help them get their applications right first time. For most changes in law or practice, we will need to update some of our publications. The vast majority of the customers we deal with are professional conveyancers. Only a small percentage (less than 5%) are submitted by members of the public themselves<sup>1</sup>.

Familiarisation with this updated guidance is a cost to business. This assessment includes those Qualifying Regulatory Provisions where the only cost is familiarisation.

A guide might be amended for a variety of reasons, not all of them QRPs, including:

- to correct an error or clarify practice;
- to reflect a change of practice by Land Registry following an internal review or following a decision by the Courts or First-tier Tribunal;
- to reflect a change in the law or a change by another Government department (including the Welsh Government) or body; and

<sup>1</sup> Sampling of when our on-line guidance is accessed show that the vast majority are during standard business hours.

- to reflect changes in how or where applications should be lodged.

<u>Guidance issued</u>	<u>Implementation Date</u>	<u>Details</u>
Postponement of charges	10 Aug 2015	<p>Under section 27 of the Land Registration Act 2002, most mortgages must be registered with the Land Registry. Normally their priority is governed by their order in the register. This is the order they will be paid out in if the property were to be repossessed.</p> <p>Postponement occurs when the priority of mortgages is altered by the lenders. We used to have two forms of entry – “simple” where the 1<sup>st</sup> mortgage was apparently wholly postponed, and “complex” when it was not so clear (sometimes lenders only postpone to particular limit). In complex cases, customers need to order a copy of the deed to ascertain the extent of postponement.</p> <p>Following a review of practice, we felt that the current entries were not reflecting the legal position accurately. In particular the simple postponement entry may be misleading. We therefore introduced a combined entry which means that customers will need to check the terms of the postponement deed or letter. As a consequence, we also no longer require complex deeds of postponement to be by way of deed</p>
Easements	1 Sept 2015	<p>Easements are rights that the owner of one piece of land has over another piece of land. For example, a right of way for vehicles along a road or the right to lay and operate a pipeline. Under section 27 Land Registration Act 2002, most easements need to be registered at the Land Registry.</p> <p>A number of changes were made to how we process these applications:</p> <ol style="list-style-type: none"> <li>(1) Simplification of internal test for bringing forward easement entries on a transfer of part;</li> <li>(2) Register entries amended to make it clear that only legal easements are included in the title;</li> <li>(3) Reduction in the number of different easement entries;</li> <li>(4) Discontinuance of a note, which was added to an entry where the rights had not been completed by registration and thus did not operate at law.</li> </ol>
Prescriptive Easements	10 Aug 2015	<p>Prescription is the acquisition of a right through long use or enjoyment; the law presumes that the right was lawfully granted.</p> <p>A review of an earlier practice change made to our guidance on this area revealed concerns that some of the advice given was not legally correct. This was in relation to the scenario when only part of the burdened land was registered. Our guidance was thus updated to correct this.</p>
Requisition Reminders	11 Jan 2016	<p>In a significant number of applications, we find that some further action needs to be taken by the customer, before the application can be completed. There are a wide range of reasons why we might send one, for example a document may be missing, or someone’s consent might be needed.</p> <p>We send them a letter which is called a “requisition”, giving them 20 working days to reply. After 15 working days we issue a C90A</p>



		<p>reminder letter if there has been no reply or a C90B where there has been a partial reply.</p> <p>We changed practice to stop sending paper reminders to professional customers. If they have not supplied an email address then they will not receive a reminder.</p> <p>The C90A and C90B letters were also merged, and the letter no longer includes the cancellation date or specifies what matters remain outstanding.</p>
Copy documents on First Registration	28 Nov 2016	Conveyancers can now lodge certified copy deeds and documents instead of the originals with an application for first registration of the land, subject to certain conditions. This is an entirely voluntary change. They may continue to lodge originals if they wish.
Withdrawal of official searches	9 Jan 2017	<p>Official searches are applications submitted to us as part of the process of buying a house or flat or taking out a new mortgage. The applicant will be told if there have been any changes to the register since the official copies they will have previously ordered. It also freezes the register for 30 working days to protect the application to register the transfer, lease or charge (mortgage). For a home buyer, they are normally submitted after contracts have been exchanged but before completion. Sometimes, however, the applicant may need to withdraw the search.</p> <p>A new way of withdrawing official searches with priority was launched. In future business customers can withdraw these searches using our online transaction channel, the portal, in addition to the existing methods such as email.</p>

### Which type of business will be affected? How many are estimated to be affected?

All conveyancers and their paralegals. Conveyancers may work in private practice or be employed by other business customers such as lenders. This is made up of:

Solicitors <sup>2</sup>	20,000
Licensed Conveyancers <sup>3</sup>	1,300
Legal Executives <sup>4</sup>	2,030
Notaries <sup>5</sup>	850
Other paralegals <sup>6</sup>	12,200

<sup>2</sup> Source: Categories of Work undertaken by solicitors 2015 (Law Society, 2015). The categories who may deal with registered land are: Commercial Property (20,855), Residential Conveyancing (16,314), Wills and Probate (13,581), Landlord & Tenant (11,242) and Trusts (7,092). On average solicitors gave 3 different disciplines that they work in, this means the total is 3 times the number of solicitors with practising certificates. Legal Services Board (A Time for Change (2012), page 57) suggest there is considerable overlap between these categories. The [survey data](#) found that of the 1,793 firms who replied, 802 claimed to do at least 10% of time on residential conveyancing. Another 174 firms said they did work from 1 or more of the other four categories but not residential conveyancing. This suggests the residential conveyancing figure of 16,314 above should be uplifted by 22%.

<sup>3</sup> Source: [CLC Factsheet 1](#)

<sup>4</sup> [Cilex Practitioners' Directory](#) search 9.2.17

<sup>5</sup> Source: [Notaries Society website](#) 9.2.17

<sup>6</sup> This is believed to be a significant proportion of fee earners in solicitors' firms. In 2009 the Law Society stated it was equivalent to the numbers of assistant solicitors, and recent data from the Legal Services Board (A Time for Change (2012), page 7) puts the number at 40% of all fee earners. This figure assumes the 21,300 solicitors and LC figure is 60% of fee earners, making 35,500 fee earners, making a difference of 14,200. From that figure the legal executives are already accounted for.

Total (rounded) 36,000

**Summary of costs and benefits**

Price base year	Implementation date	Duration of policy (years)	Net Present Value	Business Net Present Value	Net cost to business (EANDCB)	BIT score
2015	2015-17	10	-0.62	-0.62	0.1	0.5

**Please set out the impact to business clearly with a breakdown of costs and benefits**

**Familiarisation Methodology**

The familiarisation costs presented below, and which drive the BIT score presented above, are based on an estimate of the time taken to read the updated guidance.

The formula for working out costs is:

$$Time\ spent\ on\ activity \times Frequency \times Cost\ per\ hour \times Population$$

Time is based on the number of words and an assumed reading speed. In accordance with central guidance, we have based the reading speed on the Fleisch Reading Ease<sup>7</sup> score:

Fleisch score	Assumed reading speed
0 – 60	75 words per minute
60 – 70	200 words per minute
70 – 100	275 words per minute

Regarding frequency we assume that conveyancers will read this once for familiarisation purposes.

Cost is based on the official Annual Survey of Hours and Earnings (2016) data. All legal professionals fall into the same 4 digit category (6910). There is a wide dichotomy between the median (£16.14 per hour) and average (£20.39 per hour). In view of the salary information published by the Law Society we have decided the average is the better figure to use.<sup>8</sup> Regulators also need to add a 20.19% uplift to account for other labour costs. This this leaves a cost of familiarisation of £24.51 per hour.<sup>9</sup>

<sup>7</sup> The Fleisch reading ease score is based on the length of sentences and the number of syllables per word. The higher the score, the easier a document is to read. The assumed reading speeds are averages contained in the Department for Business Innovation & Skills advice to regulators “Draft Appraisal of Guidance” document (2016)

<sup>8</sup> Source: [Private Practice Solicitors’ Salaries 2015](#), Law Society. Residential conveyancing was the 3<sup>rd</sup> highest paying out of 8 categories for non-specialists (less than 50% of time spent on category of work). It was 5<sup>th</sup> out of 8 for specialists, but the majority in the survey (43-30) said they were non-specialists.

<sup>9</sup> Source: [Eurostat 2015](#). £20.39 + 20.19%.

For population, we have used the total number of conveyancers, which we have estimated above to be 36,000. This is an upper bound figure which assumes 100% compliance in accordance with RPC guidance.<sup>10</sup>

We have some evidence that many customers prefer to read the guidance when they actually have such an application, rather than when practice changes. For them the regulatory burden would be nil (unless the length of the guidance had changed), because customers would have read that section anyway, whether it had changed or not. For example a customer may not read about our practice change on Postponement of Charges when it first comes out, but would read Practice Guide 29 when they have such an application to complete.

The lower bound figure is an estimate based on the website traffic for a few of our recent changes. In it we have assumed 1,500 people read our updated guidance as soon as it is published. However we know that many people keep up to date in other ways – for example internal briefings, or other information suppliers such as Practical Law. The upper bound figure assumes all 36,000 conveyancers will keep up to date somehow.

BIT Guidance is to assume 100% compliance, unless there is very good evidence to the contrary. At present we do not think we have strong enough evidence to choose the lower figure, therefore for the purposes of BIT we have used the upper bound figure.

Item	Publicity	Words	Fleisch	Speed (wpm)	Minutes	Cost Upper Bound	Cost Lower Bound
1. Postponement of charges	<a href="#">Website article</a>	171	46	75	2.28	£33,500	£1,400
	<a href="#">Practice Guide 29</a>	630	44	75	8.40	£123,500	£5,100
2. Easements	<a href="#">PG 62 Landing Page</a>	15 <sup>11</sup>	62	200	0.08	£1,200	£100
	<a href="#">Practice Guide 62</a>	1,289	35	75	17.20	£250,000	£10,400
3. Prescriptive Easements	<a href="#">PG 52 Landing Page</a>	14	59	75	0.19	£2,800	£100
	<a href="#">Practice Guide 52</a>	473	45	75	6.31	£92,800	£3,900
4. Requisition Reminders	<a href="#">Website Article</a>	232	46	75	3.09	£45,400	£1,900
	<a href="#">Practice Guide 50</a>	373	45	75	4.97	£73,100	£3,000
5. Copy documents on First Regn	<a href="#">Website Article</a>	976	43	75	13.01	Treat as Nil (these are merely alternative ways of making applications, not new regulatory requirements)	
	Practice Guide 1	656	37	75	8.75		
6. Withdrawal of official searches	<a href="#">Website Article</a>	140	55	75	1.87		
	<a href="#">Portal Guidance</a>	182	57	75	2.43		

<sup>10</sup> Regulatory Policy Committee “Impact Assessment Case Histories” (Dec 2016), paragraph 4.3.2 states “Normally, an IA should assume 100% compliance when calculating the costs and benefits of regulation. However, if a department has specific evidence that compliance is unlikely to be 100% then it should use that evidence to potentially assume a lower level of compliance. When a department assumes low levels of compliance, it should still set out the potential costs and benefits of full compliance.”

<sup>11</sup> “Landing page” word count relates to the summary of the changes under “Full Page History” on the relevant webpage.

	<a href="#">Practice Guide 12</a>	230	45	75	3.07		
					<b>Total</b>	<b>£622,300</b>	<b>£25,900</b>

**Other costs and benefits**

We have also considered whether there are any other costs and benefits associated with the above changes. In all cases we have decided that other costs and benefits are costed at nil.

- (1) Postponement of Charges – the majority of postponement entries were already “complex” before the change in practice.<sup>12</sup> There may be a few additional costs if customers have to order additional official copies to determine priority. This might be the case in repossession proceedings where mortgagees are paid off in priority order. On the other hand there may be savings if customers use the alternative letter of postponement rather than the more complex deed. We do not have figures for these, but they are likely to be small and probably cancel each other out anyway.
- (2) Easements - the amended guidance now states that customers might need to apply for an official copy of the benefitting title to ensure that the easement is a legal one. But it is likely that under the old system they would have probably had to have done that also. The old system caused a lot of confusion among our customers, and anecdotally we received a number of enquiries as to the meaning of the entry.
- (3) Prescriptive Easements – the practice change related to the treatment on the register of easements claimed by long use. It does not involve the customer in any additional costs.
- (4) Requisition reminders – it is good practice for solicitors to diarise the expiry date of the requisition when they first receive it. They will already have the original requisition to refer to, if they wish to know what points remain outstanding. Earlier sampling has suggested reminders do not result in a significant increase in completed applications by the deadline of the original requisition.<sup>13</sup>
- (5) Copy documents on First Registrations - This is a voluntary change, therefore under the BIT rules any costs to the customer may be disregarded. Therefore we have costed this as nil.
- (6) Withdrawal of Official Searches with priority - This is a voluntary change, therefore under the BIT rules any costs to the customer may be disregarded. Since customers can already withdraw searches by means of a simple email, we do not think that there will be many net benefits.

<sup>12</sup> In the half year before the change was introduced (October 2014 – March 2015), we made 5,365 postponement entries. Of these 85% were “complex” entries.  
<sup>13</sup> In January 2014 we sent 52,858 requisitions, and then recorded the number of days before the application was completed. For applications completed on days 11-15 after the requisition, the average daily response rate was 4.63% of outstanding cases, this fell to a daily rate of 3.03% on days 16-20 following issue of C90A.

## **Minor practice changes where the only cost to customers is familiarisation**

### **Department for Business, Energy & Industrial Strategy – Land Registry**

**RPC rating: validated**

#### **Description of proposal**

The BIT assessment deals with 6 minor changes, which are related to introduction of new or updated guidance and impose only familiarisation costs on business. The guidance aims to help customers applying for the first time to meet Land Registry (LR) requirements. These include:

1. Postponement of charges (related to priority status of mortgages on a property) - under new rules, when the priority of mortgages is altered by the lender it will have to provide more detailed information as it will have to “check the terms of the postponement deed or letter”;
2. Easements (rights that the owner of one piece of land has over another piece of land) – a number of changes introduced to processing of applications related to easements;
3. Prescriptive easements (prescription is the acquisition of a right through long use or enjoyment) – this change relates to a guidance update;
4. Requisition reminders (requisition is a letter sent to customers when a required piece of information is missing from an application) – LR will no longer send these reminders by post but do it via email;
5. Copy documents on first registration – the change allows conveyancers to lodge copies of deeds and documents instead of originals; and
6. Withdrawal of official searches (applications submitted to LR as part of the process of buying a house or flat or taking out a new mortgage) – the change introduces an option of withdrawing official searches electronically.

#### **Impacts of proposal**

The Land Registry estimates that 36,000 businesses would potentially be affected by the change, including solicitors, licensed conveyancers, legal executives, notaries and other paralegals.

The assessment estimates the total familiarisation cost at £622,300. This is an upper bound estimate based on an assumption of 100% compliance. LR presents lower

bound estimates based on an exercise measuring website traffic related to past guidance changes. An assumption stemming from that study was that 1,500 people would read the updated guidance as soon as it is published (a total cost of £25,900). LR admits that there is not enough evidence to claim that this estimate is reliable. The assessment provides detailed information on the length of each guidance document, its complexity and the time required for familiarisation. The average wage rate used in the assessment is £24.51 based on data from the Annual Survey of Hours and Earnings (2016).

The assessment discusses whether changes to guidance would result in additional impacts but concludes that they are likely to be small.

The RPC verifies the estimated equivalent annual net direct cost to business (EANDCB) of £0.1 million. This will be a qualifying regulatory provision that will score under the Business Impact Target.

## Quality of submission

The BIT assessment is concise, discusses the costs of the policy in sufficient detail and presents information in an accessible way. The length and the level of detail of the assessment are appropriate for a measure of this size.

While other costs and benefits resulting from the changes under consideration are discussed in the assessment, LR claims that these would have negligible impacts on business. While it is reasonable to make that claim, a much clearer analysis and evidence of these impacts should have been presented. For instance, Land Registry could have provided a more detailed description of the number of businesses likely to be affected and the likely scale of the impacts.

The assessment would also have benefited from a short description of efficiency savings to the Land Registry. As LR operates on the full cost recovery principles set out in Managing Public Money, any savings related to application processing could have resulted in a benefit to business.

The clarity of the assessment would have been improved by less frequent use of jargon and technical language and by clearer explanation of how each change affects businesses.

## Departmental assessment

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Classification	Qualifying regulatory provision (IN)
Equivalent annual net cost to business (EANCB)	£0.1 million
Business net present value	-£0.6 million

### RPC assessment

Classification	Qualifying regulatory provision (IN)
EANCB – RPC validated <sup>1</sup>	£0.1 million
Business Impact Target (BIT) Score <sup>1</sup>	£0.5 million



**Michael Gibbons CBE**, Chairman

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<sup>1</sup> For reporting purposes, the RPC validates EANCB and BIT score figures to the nearest £100,000.

### 3. Information Service Applications

## Regulator Assessment: Qualifying Regulatory Provisions

<b>Title of proposal</b>	Changes to Information Service Applications (1) Withdrawal of FAX facilities (2) Official copy application lodged when correction application pending
<b>Lead Regulator</b>	<b>HM Land Registry</b>
<b>Contact for enquiries</b>	Jane Allen (0300 0067140)

<b>Date of assessment</b>	20 February 2017
<b>Commencement date</b>	(1) 14 September 2015 (2) 17 October 2016
<b>Origin</b>	Domestic
<b>Does this include implementation of a Cutting Red Tape review?</b>	No
<b>Which areas of the UK will be affected?</b>	England & Wales

**Brief outline of proposed new or amended regulatory activity**

HM Land Registry has two main sorts of applications:

Registration Services – applications that result in a change to the register  
Information Services – includes applications for copies of the register, searches of the index map, or official searches.

During the reporting period we have made two changes in practice relating to information service applications that impact on customers.

**1. Withdrawal of Fax**

Fax as a lodgement channel for customers lodging an information service application and/or correspondence relating to Land Registry casework was withdrawn on 14 September 2015. (The change did not affect Land Charges services.)

Prior to the change customers were able to lodge and in some cases receive results by Fax for some information service applications. At the same time this change was brought in Land Registry introduced the ability for Historical Copy applications (HC1) for copy registers to be lodged via email for a reduced fee where a customer has a Variable Direct Debit account.



Land Registry has reserved the right to allow the use of fax for business continuity purposes.

This change was introduced to reflect the fact that 99% of information service applications are now submitted electronically, and to reflect the public policy objective to move to digital. Fax was not integrated with any of Land Registry's existing digital services and although Land Registry didn't receive many, every fax received had to be distributed by hand and then manually processed which resulted in a slower process.

## 2. Official copy applications submitted while a correction application is pending

Customers may apply for official copies of the register or plan using form OC1. However the register is not always up to date because an uncompleted application may be pending. In these circumstances the customer might want a copy backdated to the day before the application, or they may wish to apply later when the application is completed.

Where that application is to correct a mistake in the register, we used to ask the customer how they wanted to proceed. Now, if internally confirmed ok to do so, we will automatically send a backdated copy to the customer with an explanatory letter rather than first contacting them to see if that is what they want.

### Which type of business will be affected? How many are estimated to be affected?

All conveyancers (36,000) are potentially affected by the change.<sup>1</sup> However both of these changes only affect a small number of cases.

Summary of costs and benefits						
Price base year	Implementation date	Duration of policy (years)	Net Present Value	Business Net Present Value	Net cost to business (EANDCB)	BIT score
2015 <sup>2</sup>	2015	10	0.49	0.49	-0.1	-0.5

<sup>1</sup> See HMLR 2017 Assessment form for Familiarisation only changes.

<sup>2</sup> Given the very minor nature of the official copies change, the date for the Fax changes has been chosen.

**Please set out the impact to business clearly with a breakdown of costs and benefits**

**Summary**

<b>Item</b>	<b>Transitional</b>	<b>Ongoing (annual)</b>
Withdrawal of Fax		
Familiarisation	£56,000	
Process savings		- £29,000
Lower Fees		- £35,000
Official copies – correction pending		
Familiarisation	£0	
Additional copies		£700
<b>Total</b>	<b>£56,000</b>	<b>- £63,300</b>

**1. Fax**

We made customers aware of the change in a number of ways, including messages on search results, Twitter, LinkedIn and Portal our online transaction channel. However the main details of the change were published in a [news article](#) on our website. We therefore estimate a familiarisation cost to business of £56,000.<sup>3</sup>

It is unlikely that there will be any other significant compliance costs, since it is fair to assume that all affected customers will have the means to conduct their business via our electronic services. There is no charge to set up a Portal account to conduct on-line transactions.

A sampling exercise carried out in November 2014 showed that Land Registry received an average of 140 per day (excluding the departments where FAX will still be permitted). We estimate that alternative methods of correspondence will save customers about £29,000 annually.<sup>4</sup>

The low usage of FAX means that few businesses will be affected. Our research found that most faxes did not relate to urgent matters and was often followed up with a paper letter. At the time of implementation we worked with existing FAX users to highlight viable alternatives. We believe that nearly every conveyancing firm has access to e-mail.<sup>5</sup>

<sup>3</sup> The article was 286 words with a Fleisch Reading Score of 31. This means it can be read at 75 words per minute. Cost is based on 36,000 conveyancers earning £24.51 per hour (ASHE 2016 with 20.19% non-staff uplift) to spend 3.81 minutes each. Lower bound figure (not used) based on 1,500 reading article is £2,400.

<sup>4</sup> It will be longer to print the item and go to the fax machine to send, than emailing the document. Say 2 mins per application. £28,000 saved annually (140 x 252 days x 2 min / 60 x £24.51 hourly cost). There may be some costs in altering internal processes, and the savings may not be as great if customers use a desktop application to send faxes.

<sup>5</sup> A sample in October 2016 found all of the 79 firms within 17 miles of Lincoln had an email address, although some chose not to publicise it on the Law Society website.

To mitigate the change we altered our processes to allow submission of HC1 application for historical copies of the register or plan to be made by email. This is in addition to customers being able to apply for a Portal account (if they didn't have one already) to be able to order other information service items at a lower price. Such applications accounted for about 25% of the remaining faxes. This will represent a saving to customers as they will be able to pay the e-lodgement fee of £3 rather than the fax fee of £7. Total annual saving is therefore £35,000.<sup>6</sup>

We believe this does not fall in the fee orders exemption for BIT, because this relates to a change in regulator activity.<sup>7</sup>

## **2. Official copies with correction applications pending**

No publicity was issued to customers, because the original practice was never publicised.

We receive an average of 15 such applications per day. A sample of 70 applications found that 94% would have wanted a backdated copy, which is what we are proposing. This means that the remaining 6% will have to pay for a copy they do not want. Given the small numbers involved, this is an additional cost to business of £700 per annum.<sup>8</sup>

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<sup>6</sup> Exact figures are difficult to come by, this is based on returns made by offices of the top five reasons for faxes. Total faxes per day was 140, so with saving of £4 per HC1 the total annual saving to business is £35,000 (140 x 0.25 x 250 x 4).

<sup>7</sup> Source: [Impact Assessment Case Histories](#), RPC (Dec 2016), section 5.1.

<sup>8</sup> Total affected applications (15 x 252 working days) x volume (6%) x fee (£3)

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## Changes to Information Service Applications

### Department for Business, Energy & Industrial Strategy – Land Registry

RPC rating: **validated**

#### Description of proposal

The BIT assessment discusses two changes to the Land Registry's (LR's) information handling process:

1. Withdrawal of fax facilities – since 14 September 2015, customers can no longer lodge applications by fax. To mitigate the impacts of this change, LR has allowed applications for historical copies of the register to be submitted by email as well as via its portal.
2. Changes to the process governing provision of copies of the register – in the past when LR received an application for official copies of the register while these were in the process of being updated or corrected, LR would contact customers and ask whether they would like to wait until all pending updates have been processed or receive a backdated copy not including all the updates. Under the new arrangement, LR will automatically issue a backdated copy of the register.

#### Impacts of proposal

##### Withdrawal of fax facilities

LR estimates that up to 36,000 businesses have been affected by its decision to refuse to receive applications by fax. They include solicitors, licensed conveyancers, legal executives, notaries and other paralegals. In practice, the number affected is likely to be much smaller, as only a few applications were being submitted by fax when these changes came into force.

The assessment estimates that businesses will have incurred total familiarisation costs of £56,000 as a result of the changes. This reflects the length of the document published on the website (286 words), an assumed average reading speed of 75 words per minute, hourly pay for conveyancers of £24.51 and an assumption of 100% compliance.

Assuming that 140 applications were received every day by fax and that on average it took 2 minutes longer to send documents using a fax than to send them

electronically, the on-going process saving has been estimated at £29,000 per annum.

Customers who apply for historical copies by email will have to pay a £3 e-lodgement fee instead of a standard £7 fee. This will lead to an annual saving to business of £35,000.

#### Changes to the process governing provision of copies of the register

LR estimates that a significant majority of customers (94% of an average of 15 applications per day) requested a backdated copy of the register entry when offered the choice. Therefore, the change would mean that a small proportion of businesses receive copies that they don't need. This will lead to an estimated cost to business of £700 per annum based on 15 applications received each day.

The RPC verifies the estimated equivalent annual net direct cost to business (EANDCB) of -£0.1 million. This will be a qualifying regulatory provision that will score under the Business Impact Target.

### **Quality of submission**

This is a clear and concise BIT assessment. It discusses the costs and benefits of the policy and presents information in an accessible way. The length and the level of detail of the assessment are appropriate for a measure of this size.

The benefit related to the withdrawal of fax services might be overestimated as the difference between the time needed to use email and a modern fax machine can be even smaller than 2 minutes. However, this won't have a material impact on the EANDCB figure.

The assessment should have also discussed potential positive impacts on businesses of the change to the process of issuing register copies while a correction is pending. LR estimates the negative impact on those customers who need an up-to-date copy and thus have to apply again but fails to consider a benefit to all businesses who would no longer have to contact LR to receive a backdated copy. Any potential process savings to LR should also have been discussed. However, we do not expect these impacts to change the estimated EANDCB figure materially.

### **Departmental assessment**

Classification	Qualifying regulatory provision (OUT)
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Equivalent annual net cost to business (EANCB)	-£0.1million
Business net present value	£0.5 million

### RPC assessment

Classification	Qualifying regulatory provision (OUT)
EANCB – RPC validated <sup>1</sup>	-£0.1 million
Business Impact Target (BIT) Score <sup>1</sup>	-£0.5 million



**Michael Gibbons CBE, Chairman**

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<sup>1</sup> For reporting purposes, the RPC validates EANCB and BIT score figures to the nearest £100,000.

## 4. First Registrations

### Regulator Assessment: Qualifying Regulatory Provisions

<b>Title of proposal</b>	Increased use of making protective entries on the register where applications for first registration have not provided all the deeds and documents.
<b>Lead Regulator</b>	<b>HM Land Registry</b>
<b>Contact for enquiries</b>	Jane Allen (0300 0067140)

<b>Date of assessment</b>	21 February 2017
<b>Commencement date</b>	14 December 2015
<b>Origin</b>	Domestic
<b>Does this include implementation of a Cutting Red Tape review?</b>	No
<b>Which areas of the UK will be affected?</b>	England and Wales

#### Brief outline of proposed new or amended regulatory activity

When a property is first registered, the applicant is required to send us all the deeds and documents they have control over. Sometimes they are not complete and we send a letter asking for them. We have always made protective entries in some cases where material is missing. Now we have changed practice to make protective entries in more cases rather than going back to the customer.

#### Which type of business will be affected? How many are estimated to be affected?

Although primarily affecting those involved in unregistered conveyancing, any conveyancer potentially might be interested in the information (previously estimated at 36,000 see the 2015/17 BIT assessment on Familiarisation only changes), for example, when dealing with a registered title where a protective entry appears.

#### Summary of costs and benefits

Price base year	Implementation date	Duration of policy (years)	Net Present Value	Business Net Present Value	Net cost to business (EANDCB)	BIT score
2015	2015	10	-0.03	-0.03	0	0

## **Please set out the impact to business clearly with a breakdown of costs and benefits**

### **Background**

Sometimes examination of title will reveal the existence of restrictive covenants (legally binding promises not to do something with the land) or other matters that potentially burden the land, but the applicants have not lodged the original or a sufficient abstract or copy of the deed containing them or document in question.

In the past we would send a letter of requisition, asking for the conveyancer to send us the deed if they had it in their possession. We continue to request the deed, if we have to write to the customer for another reason. About 40% of requisitions for new title applications, such as first registrations, contain more than one requisition point, so they will be unaffected.<sup>1</sup> In a majority of cases it turns out that the customer does have the deed in question.<sup>2</sup>

The change in practice relates to when an application is in order apart from the missing deed. Rather than send a letter to see if they can provide the missing deed or document, we will now make a protective entry referring to it and complete the application. We will also send a letter to tell the customer what we have done and how they may bring the register up to date. If they send the deed within 1 month we will update the register free of charge, after that time they will have to apply for alteration which costs £20 (electronic lodgement) or £40 (paper lodgement).

By “protective entry” we mean an entry alerting to the existence of a deed which may affect the land, but which we have not been supplied with. In the case of restrictive covenants, the protective entry will say that we know a particular deed contains covenants etc but no copy was produced on first registration. An example entry is set out below:

A Conveyance dated 4 January 1988 made between (1) Patrick Gordon Hemmings, Robert James Walker Hemmings and Michael Andrew Bruce Walker Hemmings and (2) David William Pearson contains agreements declarations and covenants but neither the original deed nor a certified copy or examined abstract thereof was produced on first registration.

### **Impacts**

#### **(a) Familiarisation**

We did not issue any publicity, so there are no familiarisation costs.

#### **(b) Others**

In the other 60% of cases where we send a letter on completion of the case, we believe it is unlikely conveyancers in receiving it will have any additional work. There is a similar

<sup>1</sup> On 17 February 2017 we issued 3,705 requisitions. 444 (39%) of the 1,138 requisitions affecting new title applications had more than one requisition point (the data obtained was not broken down further). The proportion for dealing of whole applications was slightly lower (33%).

<sup>2</sup> In August 2013 we requested a missing deed containing restrictive covenants in 45 cases. In 28 cases (62%) the deed was sent in.



amount of work involved in locating a deed whenever it is requested. Anecdotally this may involve less work because a letter after registration is less likely to be actioned, than a requisition holding up the completion of a case. If a conveyancer knows the deed is missing they don't need to take any further action.

We conducted a random sample of 300 First Registrations completed in November 2016. Protective entries were registered in 32 cases (11%), but most related to lost title deeds or adverse possession cases.

10 cases (3%) related to the new policy. In 6 of those cases the customer sent in the missing deed and in another case they sent in an incomplete deed which was not sufficient. The other 3 letters were not replied to. No fee was charged in any case. However in one case it should have been charged because the application was after the 1 month.

For the year 2016/17 we are on track to receive 109,000 first registrations. Based on the sample 3,600 of these will have the new protective entry. If 10% of the cases would have resulted in a £20 fee to alter the register, then there would be additional costs to business of £7,200 per annum (360 x £20). Most dealing applications are submitted electronically.

However in 30% of cases the conveyancer would have had to do nothing because they did not have the deed. This would save them £3,200 per annum in staff time dealing with applying for alteration.<sup>3</sup>

Where a deed or document is missing, legal advisors will often recommend their clients take out a defective title insurance policy to guard against matters they are subject to, but do not know what they are. However this policy should not lead to any additional policies being required, over and above those for when the deed is lost.

Therefore we estimate there is a net cost to business of £4,000 per annum.

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<sup>3</sup> 30% of 3,600 is 1,080. An internal costing exercise found requisitions cost us £2.96 on average to process and we believe it will cost customers at least that to locate the file and deal with the request. Therefore the cost is estimated at 1,080 x £2.96 = £3,197

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## **Increased use of making protective entries on the register where applications for first registration have not provided all the deeds and documents.**

### **Department for Business, Energy & Industrial Strategy – Land Registry**

**RPC rating: validated**

#### **Description of proposal**

This measure increases the number of cases in which the Land Registry (LR) makes protective entries in the registry after a first-time application. A protective entry is made when LR has reason to believe that a particular deed contains restrictive covenants and the applicant failed to submit relevant documents. It signals that the title is subject to rights or covenants contained in the missing document(s).

Previously, LR would send an official letter to the applicant (a requisition) asking them to submit the necessary documents, and would not alter the registry until they were provided. If no response was received, the application would be cancelled. As a result of the amendment, applications are now completed before all the documents related to restrictive covenants have been provided, but a protective entry is created in the register. Customers are still informed that additional documents would have to be submitted in order to remove the protective entry.

#### **Impacts of proposal**

LR uses a random sample of 300 new entries to estimate that 3.3% of all first registrations would be affected by the new policy. Given that LR expects to receive 109,000 first registrations in year 2016/2017, the number of cases with new protective entries (relevant to the measure) is estimated to be 3,600.

On that basis, the assessment estimates the cost to business to be £7,200 per annum. This is based on the assumption that, in 10% of cases, conveyancers would not submit the required information within a month and would then have to pay a £20 fee to alter the register under the new arrangements.

The benefit to conveyancers from not having to respond to requisition letters is estimated to be £3,200 per annum. This is based on the assumption that no response would be required in 30% of cases and the results of an internal costing

exercise, which estimates the cost to a conveyancer of responding to a requisition at £2.96.

The estimated net cost to business is therefore £4,000 per annum.

The assessment states there would be no familiarisation costs as the LR did not issue any publicity about the change.

The RPC verifies the estimated equivalent annual net direct cost to business (EANDCB) of zero. This will be a qualifying regulatory provision that will score under the Business Impact Target.

## Quality of submission

The assessment discusses the costs and benefits of the policy in sufficient detail. The length and the level of detail of the assessment are appropriate for a measure of this size.

The quality of the assessment could have been improved by a more accessible presentation of the impact estimates. The assessment could have also been clearer about the sources of data used in the assessment (e.g. in relation to the number of registrations in 2016/2017).

## Departmental assessment

Classification	Qualifying regulatory provision (IN)
Equivalent annual net cost to business (EANCB)	Zero
Business net present value	Zero

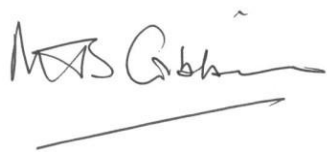
## RPC assessment

Classification	Qualifying regulatory provision (IN)
EANCB – RPC validated <sup>1</sup>	Zero
Business Impact Target (BIT) Score <sup>1</sup>	Zero

<sup>1</sup> For reporting purposes, the RPC validates EANCB and BIT score figures to the nearest £100,000.

Opinion: EANDCB validation  
Origin: domestic  
RPC reference number: RPC-3686(1)-BEIS-LR  
Date of implementation: 14 December 2015

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**Michael Gibbons CBE, Chairman**

## 5. Application Enquiry Service

### Regulator Assessment: Qualifying Regulatory Provisions

<b>Title of proposal</b>	Application Enquiry service
<b>Lead Regulator</b>	<b>HM Land Registry</b>
<b>Contact for enquiries</b>	Jane Allen (0300 0067140)

<b>Date of assessment</b>	21 February 2017
<b>Commencement date</b>	14 March 2016
<b>Origin</b>	Domestic
<b>Does this include implementation of a Cutting Red Tape review?</b>	No
<b>Which areas of the UK will be affected?</b>	England and Wales

#### **Brief outline of proposed new or amended regulatory activity**

There is a clear demand from customers for application information, which our current service was not meeting. It forced customers to telephone when they needed to know at what stage an application was. Analysis of data identified that around a third of all enquiries made to customer teams related to application progress<sup>1</sup>.

Therefore we introduced an enhanced service to make it easier for customers to track their application and to identify the reasons for delays. There is also a new feature to apply for expedition of an application. Not only is this a simpler method than other ways available at present, it also sets out our criteria for agreeing to the request.

Knowing the status of an application is essential for customers to better meet our registration requirements for a number of reasons, including:

- Knowing application status and reasons for delays, to feed back to customers and lenders
- Submitting applications before the expiry date of a search
- Responding to requisitions to avoid cancellation of application

Therefore it meets the three criteria to be a QRP, in particular giving advice and securing compliance, as it enables customers to better meet our registration requirements.

<sup>1</sup> Collected in our correspondence system OCRM

**Which type of business will be affected? How many are estimated to be affected?**

All customers using our on-line Portal service to make applications. The 13,000 organisations which use Portal includes conveyancers, lenders, government bodies, financial institutions, estate agents. Most of the 36,000 conveyancers we deal with will have access to Portal.

This change also involves lower running costs for HMLR, which will ultimately feedback to all customers in lower fees. These customers are not conveyancers, but the registered owners who pay HMLR fees. Businesses only make up a proportion of registered owners.

We know that corporations and charities make up about 11.5% of all registered owners (see table below). The ONS estimate businesses in the UK own 3.01 million “local sites”, that is sites they operate from. This is about 10% of the total<sup>2</sup>. The reason corporate ownership is higher on our data is that corporations and charities own many residential properties as part of their business, but not to operate from which is what the ONS figures are looking at. The housing stock of housing associations is a good example.<sup>3</sup>

However many business properties, especially smaller businesses, are owned by individuals rather than corporations. ONS data found 27.5% of businesses are owned by individuals and this is confirmed by a small sample we undertook by comparing the business rates register with the land register in Croydon High Street, a mixed retail and office offer at the edge of the central business district. We also found 27% of the business premises there were owned by individuals as opposed to corporations.

While we therefore estimate that the number of registered titles owned by businesses and charities is about 14.3%<sup>4</sup>, as those businesses will not have access to Portal, it will be their conveyancers, included within the 36,000 figure mentioned above, who will be making use of the revised system. Therefore the issue of familiarisation costs will not arise for these.

**Table: Number of titles owned by proprietor categories**

Proprietor Type	Freehold	Leasehold	Total	
Private Individual	16,749,397	3,980,879	20,730,276	85.95%
Limited Company	1,325,195	680,899	2,006,094	8.32%
County Council	95,667	3,380	99,047	0.41%
Local Authority	469,940	28,270	498,210	2.07%
Corporate Body	255,395	55,275	310,670	1.29%
Industrial & Provident Society (Company)	241,012	46,218	287,230	1.19%
Industrial & Provident Society (Corporate Body)	64,216	8,285	72,501	0.30%
Unlimited Company	2,376	2,402	4,778	0.02%
Limited Liability Partnership	13,017	52,583	65,600	0.27%
Housing Association (Company)	13,554	3,452	17,006	0.07%

<sup>2</sup> See [Families and households in the UK: 2016](#) (ONS), table 2. There are 27.1 million residential households in the UK and therefore the 3.01 million business premises will be 10% of the total (3.01 out of 30.11 million).

<sup>3</sup> See [UK business; activity, size and location: 2016](#) (ONS), in particular sections 4 and 7.

<sup>4</sup> If private individuals own 27.5% of business premises, and 10% of properties are business premises, then we need to add 2.75% to the existing business figure of 11.5%, as they will be listed as private individuals on the table above.

Housing Association (Corporate Body)	2,806	993	3,799	0.02%
Official Custodian for Charities	1,953	148	2,101	0.01%
Official Custodian for Charities (on behalf of trustees)	1,489	87	1,576	0.01%
Co operative Society (Company)	1,085	212	1,297	0.01%
Co operative Society (Corporate Body)	16	4	20	0.00%
Community Benefit Society (Company)	5,181	552	5,733	0.02%
Community Benefit Society (Corporate Body)	6	8	14	0.00%
Community Benefit Society (Corporate Body)	8,633	2,040	10,673	0.04%
Registered Society (Corporate Body)	1,242	338	1,580	0.01%
Housing Association Co operative Soc. (Company)	36	19	55	0.00%
Housing Association Co operative Soc. (Corporate Body)	4	1	5	0.00%
Housing Association Comm. Ben. Soc. (Company)	51	14	65	0.00%
Housing Association Comm. Ben. Soc. (Corporate Body)	1	80	81	0.00%
Housing Association Registered Soc. (Company)	409	97	506	0.00%
Housing Association Registered Soc. (Corporate Body)	34	16	50	0.00%

### Summary of costs and benefits

Price base year	Implementation date	Duration of policy (years)	Net Present Value	Business Net Present Value	Net cost to business (EANDCB)	BIT score
2016	2016	10	0.82	0.82	-0.1	-0.5

Please set out the impact to business clearly with a breakdown of costs and benefits

#### Familiarisation Costs

There are some familiarisation costs as set out below<sup>5</sup>:

Item	Words	Fleisch Score	Assumed Reading Speed	Minutes	Cost
<a href="#">Website News Item</a>	419	41	75 wpm	5.87	£86,000
<a href="#">New guidance notes</a>	331	52	75 wpm	4.41	£65,000
			<b>Total (rounded)</b>		<b>£150,000</b>

#### Other Annual Costs and Benefits

<sup>5</sup> This is based on an estimate of 36,000 conveyancers (see 2017 Assessment on Familiarisation) and an average hourly rate of £24.51 (ASHE 2016 with a 20.19% uplift for other staff costs), for example 5.87/60 hours x 36,000 x £24.51.

Item	Impact	Percent business	Total
Fewer calls (customer)	£103,000	100%	£103,000
Fewer calls (HMLR)	£94,000	14.3%	£13,500

**We consider the costs to be small for the following reasons:-**

- This is a non-technical measure so the familiarisation costs are low and a fifth of customers would already be familiar with the previous system – day list enquiry. However, when calculating the familiarisation costs, we assumed that all customers would be new users.
- Customers are using an existing system so there are no system changes.

The main benefit to business relates to the extra information displayed, which makes it easier for customers to see progress, likely completion date and also what is causing delays. Since implementation telephone calls enquiring about progress have fallen 16% and emails 20%.

It is difficult to offer a precise value as to potential savings, however, based upon average hourly rate of conveyancers (see footnote 2 above) of £24.51 per hour [40p per minute] we can identify that an average 7 minute phone call<sup>6</sup> replaced with a 2 minute screen enquiry, equates to a £2.04 saving<sup>7</sup>.

Therefore, with regards to inbound progress calls, recorded data revealed a daily reduction of approximately 200. This alone adds up to a business saving of £408 per day, or £103,000 pa [252 days].

Fewer calls represents a saving to HM Land Registry also. Treasury guidance in “Managing Public Money” means that ultimately this money will be returned to customers in lower fees.<sup>8</sup> This is because HMLR is not allowed to make a profit other than a small return to the Treasury. We estimate that the reduced traffic to our call centres will save £94,000 per annum<sup>9</sup>. As businesses are about 14.3% of registered owners, this represents an ultimate yearly saving to business of £13,500.

HMLR is not able to pass on fee reductions relating to individual services whenever they occur. A revised fee structure is in the early stages of development. The parliamentary process takes 18 months, so, whilst planned, the benefit of any fee reduction will not be realised in this reporting period by customers. For BIT purposes we have assumed this saving will begin in October 2018.

<sup>6</sup> From internal Customer Handling Group data

<sup>7</sup> This is based on our own use of the Portal system in a recorded video. The fact that a business customer may take longer than a member of HMLR staff was considered but as our member of staff had to log into the system and was presenting the video, we took this into account.

<sup>8</sup> “This approach is simply intended to make sure that the government neither profits at the expense of consumers nor makes a loss for taxpayers to subsidise.” ([Managing Public Money](#), section 6.2.2)

<sup>9</sup> The average hourly rate of an Executive Officer is £18.60 with the 20.19% other staff costs uplift applied elsewhere, this makes an hourly rate of £22.33. This is multiplied by the time saved of 200 x 5 minute phone calls per day (the customer is on the line for about 7 minutes but this figure has been reduced to allow for time kept on hold, although we do not have exact figures).



There are many other business benefits as a consequence of introducing Application Enquiry. Each of them has the potential to deliver financial savings to business, but are difficult to quantify:

- Free and direct access to secure, accurate and reliable casework information, 16½ hours every day of the week, including weekends
- Displaying details of conveyancer applicants enables better contact and collaboration between stakeholder parties to resolve outstanding issues, avoiding need to involve Land Registry
- Ability to search by Land Registry reference [ABR] allows navigation directly and quickly to application details screen. We have evidence that lenders are using this feature
- Displaying, for a limited period of time, [30 days] information relating to completed or cancelled applications offers visibility of completed or cancelled application info can prompt subsequent actions – call avoidance saves time and money
- Ability to identify when specific charges have been discharged - a very common enquiry – direct access to this data saves time and money from avoided phone calls or emails to Land Registry
- By providing more information up front, we can deliver faster resolution of customers' progress enquiries. Where the customer still needs to make contact, they are better informed, reducing the need to repeat or clarify basic details during the call, such as discharge of a charge and focus can be upon specific points only – saves time and money
- Ability to make online requests for expedites, with clear definitions of valid reasons for expedites and evidence. Formal structure with clear approval processes leads to less ambiguity and confusion and need for subsequent enquiries
- Fewer cancellations - Earlier and repeated awareness of correspondence can prompt customers to respond in a timely manner, leading to fewer cancellations and resubmission costs, particularly in light of the reduced circumstances in which a reminder is issued.

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**Application Enquiry Service**  
**Department for Business, Energy & Industrial Strategy –**  
**Land Registry**  
**RPC rating: validated**

### **Description of proposal**

The Land Registry (LR) has introduced a new online Portal for tracking applications. This measure was aimed at helping customers to track applications more easily, thereby reducing the number of calls enquiring about the progress of applications. LR's internal data showed that around one third of all telephone enquiries relate to application tracking.

### **Impacts of proposal**

The Land Registry estimates that 36,000 businesses have access to the Portal and could be affected by the change. This includes solicitors, licensed conveyancers, legal executives, notaries and other paralegals.

The assessment estimates the total familiarisation cost at £150,000. It provides detailed information on the length, complexity and the time taken to read each guidance document. The average wage rate used in the assessment is £24.51 (the hourly wage rate for conveyancers based on data from the Annual Survey of Hours and Earnings, 2016).

The key benefit identified in the assessment is the ability to access information more quickly online. Using internal data, LR states that the average phone call to its enquiry line lasts 7 minutes. It then assumes that the new system would allow conveyancers access to the same information in 2 minutes. Using the same hourly wage as for familiarisation, this translates into a saving of up to £2 per call. LR estimates that approximately 200 fewer calls per day would be received as a result of the change, saving conveyancers £103,000 per annum.

The RPC verifies the estimated equivalent annual net direct cost to business (EANDCB) of -£0.1 million. This will be a qualifying regulatory provision that will score under the Business Impact Target.

## Quality of submission

This is a clear and concise BIT assessment. It discusses the costs and benefits of the policy in sufficient detail and presents information in an accessible way.

The assumptions used in the assessment appear to be reasonable, but a more detailed discussion of their sources would have been beneficial. The claim that the number of calls decreased by 200 since the implementation of the system is not fully supported with evidence.

## Issues addressed following RPC's initial review

With regard to the missing benefits, the Initial Review Notice stated that the original assessment should have considered benefits to businesses related to efficiency savings to LR. This point has been addressed in the revised assessment. However, having reviewed the resubmission and considered the further information provided, the RPC has concluded that LR is not a typical "industry funded body" as it relies on fees from individuals as well as businesses. Therefore, the RPC no longer believes the efficiency saving should be regarded as a benefit to business. As this does not affect the EANDCB materially, the RPC is still able to validate it.

The initial review notice also pointed out that the on-going costs of the policy were not discussed in the original assessment. The revised document explains that the measure introduced changes to the existing online Portal, so there would be no new recurring costs.

The revised assessment also explains the assumption regarding the time needed to obtain information using the new functionality of the Portal. Based on LR's own use of the Portal, the assessment states that it would take a customer 2 minutes to find application information.

## Departmental assessment

Classification	Qualifying regulatory provision (OUT)
Equivalent annual net cost to business (EANCB)	-£0.1 million
Business net present value	0.8 million

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## RPC assessment

Classification	Qualifying regulatory provision (OUT)
EANCB – RPC validated <sup>1</sup>	-0.1 million
Business Impact Target (BIT) Score <sup>1</sup>	-0.5 million



**Michael Gibbons CBE**, Chairman

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<sup>1</sup> For reporting purposes, the RPC validates EANCB and BIT score figures to the nearest £100,000.

## 6. Identity

### Regulator Assessment: Qualifying Regulatory Provisions

<b>Title of proposal</b>	New requisition letter for Identity Evidence
<b>Lead Regulator</b>	<b>HM Land Registry</b>
<b>Contact for enquiries</b>	Jane Allen (0300 0067140)

<b>Date of assessment</b>	21 February 2017
<b>Commencement date</b>	22 August 2016
<b>Origin</b>	Domestic
<b>Does this include implementation of a Cutting Red Tape review?</b>	No
<b>Which areas of the UK will be affected?</b>	England and Wales

#### **Brief outline of proposed new or amended regulatory activity**

Many of our requisition letters use standard text URNs (unique requisition numbers). We send requisitions to ask customers to correct defects in their application.

We have several URNs where, depending on the reply, there may be a need for the customer to complete confirmation of identity within their application form for additional parties. Before customers would have to resubmit the whole application form and this meant completing the form again.

Instead the requisition reproduces the identity panel, to make it easier to reply. The change allows conveyancers to add information to the requisition letter and return this rather than complete a new form.

#### **Which type of business will be affected? How many are estimated to be affected?**

We estimate there are 36,000 conveyancers in England and Wales who may be affected.<sup>1</sup>

<sup>1</sup> See 2017 Assessment for Familiarisation Costs.

<b>Summary of costs and benefits</b>						
<b>Price base year</b>	<b>Implementation date</b>	<b>Duration of policy (years)</b>	<b>Net Present Value</b>	<b>Business Net Present Value</b>	<b>Net cost to business (EANDCB)</b>	<b>BIT score</b>
2016	2016	10	0	0	0	<0.01

**Please set out the impact to business clearly with a breakdown of costs and benefits**

**Familiarisation**

We did not publicise the change, so there will be no familiarisation costs involved.

**Ongoing costs and benefits**

This is a voluntary change. Customers can choose to complete the panel on the requisition form, or complete a new application form. Therefore any ongoing costs may be disregarded.

There are savings for customers if they choose to complete the panel on the requisition, as this will be quicker than filling out a new application form.

In November 2016 we sent 2,301 of these requisitions, from which we conducted a sampling survey of 63 cases. Of these 13 were disregarded because the application was cancelled or the reply was that identity evidence was not required.

This left 50 cases. Of these 38 (76%) used the old method of resubmitting the application form, or supplying the evidence in a letter. The remaining 12 (24%) used the new requisition form. However our sample found that several customers were simply printing out the AP1 and completing the missing panel. This will affect the counterfactual scenario, as there may not be significant savings in time to complete the requisition form instead.

Based on the November volume of 2,301, this would extrapolate to 6,600 cases in a year. If it took 10 minutes to fill out a replacement application form, the annual saving to business would be as high as £27,000.<sup>2</sup> But as said above this would depend on the counterfactual situation. Given the very small sums of money involved, it would not be proportional to investigate this further.

<sup>2</sup> 6,600 x 10/60 x £24.51 (hourly ASHE 2016 pay for lawyers with 20.19% other staff cost uplift).

## **New requisition letter for identity evidence**

### **Department for Business, Energy & Industrial Strategy – Land Registry**

**RPC rating: validated**

#### **Description of proposal**

This measure changes the Land Registry's (LR's) process for handling applications with missing identity information. As a result of the amendment customers are now asked to complete a separate identity form enclosed with the requisition letter, rather than resubmit the entire application.

#### **Impacts of proposal**

The Land Registry estimates that 36,000 businesses could be affected by the change. This includes solicitors, licensed conveyancers, legal executives, notaries and other paralegals.

This is a permissive change, as businesses are still offered the chance to complete a new application form should they wish to do so. No familiarisation costs were incurred, as the measure was not publicised.

The assessment estimates the time savings resulting from not having to resubmit the entire application.

Using a sample of requisition letters sent in November 2016 LR estimates that 24% of customers will use the new method of correcting incomplete applications. When extrapolated over 12 months this would give an annual total of approximately 6,600 cases. The assessment assumes that it would take 10 minutes longer to resubmit the whole application form as opposed to replying to a requisition letter under the new arrangement. On this basis, and using an hourly wage for conveyancers of £24.51 (Annual Survey of Hours and Earnings), the regulator estimates the annual saving to business to be £27,000.

The RPC verifies the estimated equivalent annual net direct cost to business (EANDCB) of zero. This will be a qualifying regulatory provision that will score under the business impact target.

#### **Quality of submission**

The BIT assessment provides an adequate level of analysis. It discusses the costs and benefits of the policy in sufficient detail and presents information in an accessible way.

There are a number of ways in which the analysis could have been clearer. For example, LR does not discuss whether there will be any cost related to the new method of updating information as it focuses on the time needed to complete the old form.

In addition, the assessment does not explain why only a relatively small sample (of 63 cases) was used to decide what proportion of businesses were likely to switch to the new method. However, given that impact of the measure is likely to be small, the analysis provided in the assessment is sufficient.

### Departmental assessment

Classification	Qualifying regulatory provision (OUT)
Equivalent annual net cost to business (EANCB)	Zero
Business net present value	Zero

### RPC assessment


Classification	Qualifying regulatory provision (OUT)
EANCB – RPC validated <sup>1</sup>	Zero
Business Impact Target (BIT) Score <sup>1</sup>	Zero

<sup>1</sup> For reporting purposes, the RPC validates EANCB and BIT score figures to the nearest £100,000.



Opinion: EANDCB validation  
Origin: domestic  
RPC reference number: RPC-3688(1)-BEIS-LR  
Date of implementation: 14 March 2016

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**Michael Gibbons CBE**, Chairman

## 7. Adverse Possession (Squatter's Rights)

### Regulator Assessment: Qualifying Regulatory Provisions

<b>Title of proposal</b>	Adverse Possession against Registered Land
<b>Lead Regulator</b>	<b>HM Land Registry</b>
<b>Contact for enquiries</b>	Jane Allen (0300 0067140)

<b>Date of assessment</b>	20 February 2017
<b>Commencement date</b>	28 November 2016
<b>Origin</b>	Domestic
<b>Does this include implementation of a Cutting Red Tape review?</b>	No
<b>Which areas of the UK will be affected?</b>	England and Wales

#### Brief outline of proposed new or amended regulatory activity

Adverse possession occurs when a squatter has acted as the owner of someone else's land for so long, that the original owner is barred by law from reclaiming it. Thus the squatter becomes the new owner. This is sometimes called "squatter's rights". The time limits and procedure differ somewhat depending on whether the land is registered or unregistered. When in relation to registered land, the squatter will make application in form ADV1 and state the grounds they are applying on.

One of the grounds is that they have been in adverse possession of land adjacent to their own for at least 10 years under the mistaken but reasonable belief that they are the owner of it, the exact line of the boundary with this adjacent land has not been determined under section 60 of the Land Registration Act 2002 and the estate to which the application relates was registered more than a year prior to the date of the application. This would be the case if the fence had been erected in the wrong place.

When an application is made for adverse possession, we serve notice on the registered owner and they may give counter notice, if they believe the application should be cancelled because the applicant has not met the conditions required to alter the register.

Almost invariably a squatter applying to be registered as owner of registered land on the basis of their "adverse possession" will seek to rely on having met one or more of three conditions, as otherwise the application will automatically be cancelled in the event that the current owner opposes the application. One of these conditions is that the squatter reasonably, but mistakenly, thought that the land fell within the boundaries of their neighbouring property. Until recently, if a squatter sought to rely on this condition but didn't

in their application set out any facts expressly supporting such reliance, and the owner opposed the application, then we would simply cancel the application. We've now changed that practice as it seems reasonable to infer the necessary facts from their making the application and expressly seeking to rely on the condition. The practical result is that, instead of being cancelled, the application is allowed to progress to being a dispute which is referred to the First-tier Tribunal: the judge can then decide whether or not the squatter meets the third condition.

**Which type of business will be affected? How many are estimated to be affected?**

Such applications are not very common, but any of 36,000 conveyancers may lodge them. The squatter or landowner could also be a business. We estimate about 15% of titles are owned by businesses<sup>1</sup>.

**Summary of costs and benefits**

Price base year	Implementation date	Duration of policy (years)	Net Present Value	Business Net Present Value	Net cost to business (EANDCB)	BIT score
2016	2016	10	0	0	0	0

**Please set out the impact to business clearly with a breakdown of costs and benefits**

**Familiarisation**

This change has not been publicised, so there are no familiarisation costs.

**Ongoing costs and benefits**

We average only about 750 adverse possession applications against registered land each year, of which only a minority will fit the fact pattern above. We do not have any detailed statistics but a rough estimate is about 200 per year<sup>2</sup>.

It is doubtful that the change will incur any costs or benefits for customers. Therefore the impact has been costed at nil, while the small numbers involved mean it would not be proportional to investigate any further.

<sup>1</sup> We have proprietor codes allocated to different sorts of owner. Companies and corporations make up 12% of the owners of registered titles. However we know that many businesses are owned in the name of private individuals not limited companies, to test this theory we checked the owners of all the properties in Croydon High Street, this revealed that a quarter of the business properties there were owned by private individuals.

<sup>2</sup> We serve an average of 3 notices relating to Registered Land Adverse Possession per day, making about 750 per year.

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## **Adverse Possession against Registered Land**

### **Department for Business, Energy & Industrial Strategy - Land Registry**

**RPC rating: validated**

#### **Description of proposal**

The impact assessment (IA) explains that “*adverse possession occurs when a squatter has acted as the owner of someone else’s land for so long, that the original owner is barred by law from reclaiming it. Thus the squatter becomes the new owner.*”

The proposal changes the approach taken by the Land Registry to handling appeals against adverse possession applications. This change of practice is limited to situations where the adverse possession application is made against registered land, and the condition for submitting the application is that the squatter “*reasonably, but mistakenly, thought that the land fell within the boundaries of their neighbouring property*”.

Before the change, if an applicant failed to present evidence in support of that condition and the owner of the land opposed the application on that basis, LR would simply cancel it. Under the new process, an incomplete application can be progressed, and the final judgement as to whether the condition for lodging the application has been met is left to the discretion of the First-Tier Tribunal. Thus, the change does not affect the landowner’s right to oppose the application, but does save some time in the early stages of the process for the applicant.

This measure applies in England and Wales.

#### **Impacts of proposal**

Land Registry estimates the impact of the measure to be negligible as the measure will affect a very small number of applications. The average annual number of applications that would be affected by the change is estimated at around 200, so this seems reasonable.

Moreover, the impact assessment (IA) explains that no familiarisation costs will have been incurred as the change affects only Land Registry’s own practice and has not been publicised.

The RPC verifies the estimated equivalent annual net direct cost to business (EANDCB) of zero. This will be a qualifying regulatory provision that will score under the business impact target.

### Quality of submission

The IA gives a clear and proportionate explanation of the measure. However, in the absence of detailed quantitative evidence the Department might have made more effective use of qualitative evidence. This particularly applies to the Department's assumptions on costs and benefits for stakeholders.

For example, the Department assumes that the change will not result in any costs or benefits for stakeholders, but in practice it may lead to some benefits for squatters – some of whom are businesses, as the Land Registry notes. Under the new rules, the evidence supporting the application for adverse possession could be provided at a later stage, when the dispute is subject to First-Tier Tribunal consideration, and when it is clear that the application has not been cancelled. This should reduce the costs of making adverse possession applications. Qualitative analysis of this kind might have been included in the IA in order to improve the quality of submission. In addition, the assessment could have discussed possible behavioural changes resulting from this regulatory change.

### Departmental assessment

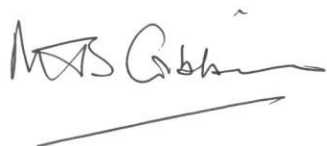
Classification	Qualifying regulatory provision (OUT)
Equivalent annual net cost to business (EANCB)	Zero
Business net present value	Zero

### RPC assessment

Classification	Qualifying regulatory provision (OUT)
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EANCB – RPC validated <sup>1</sup>	Zero
Business Impact Target (BIT) Score <sup>1</sup>	Zero



**Michael Gibbons CBE, Chairman**

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<sup>1</sup> For reporting purposes, the RPC validates EANCB and BIT score figures to the nearest £100,000.

## 8. Housing and Planning Act 2016

### Regulator Assessment: Qualifying Regulatory Provisions

<b>Title of proposal</b>	Housing and Planning Act 2016
<b>Lead Regulator</b>	<b>HM Land Registry</b>
<b>Contact for enquiries</b>	Jane Allen (0300 0067140)

<b>Date of assessment</b>	17 March 2017
<b>Commencement date</b>	6 April 2017
<b>Origin</b>	Domestic
<b>Does this include implementation of a Cutting Red Tape review?</b>	No
<b>Which areas of the UK will be affected?</b>	England only

#### Brief outline of proposed new or amended regulatory activity

The Housing and Planning Act 2016 and subsequent regulations make a number of changes in the way English Private Registered Social Housing Providers (PRPs) are regulated. The main type of PRPs are Housing Associations. The Impact Assessment that accompanied the change stated that this deregulatory move is linked to efforts to have Housing Associations reclassified away from the Public Sector.<sup>1</sup>

As they are currently public sector bodies this would mean that the changes, so far as they affect PRPs, are exempt from BIT. However since the purpose of the changes is to move them to the private sector we have considered the effect on them also.

As a result, the Land Registration Act 2002 and Land Registration Rules 2003 require updating, and there will be changes to our practice. We do not think that our changes are costed within the DCLG impact assessment. Therefore they are subject to the BIT target.

The main changes that affect HM Land Registry are deregulatory:

- PRPs applying to be registered as proprietor of a registered estate or charge in England will no longer need to provide a certificate as to their status under rule 183A Land Registration Rules 2003.
- As a consequence of the repeal of the Regulator of Social Housing's disposal consent regime in relation to PRPs, they will also no longer need to apply for a Form L restriction to ensure its compliance or when making a disposal, supply a certificate to comply with restrictions formerly entered in the register in relation.

<sup>1</sup> DCLG – [Housing and Planning Bill Regulatory Impact Assessment](#) - Paragraph 4.5

- There are also minor changes to Forms W, X, Y and KK restrictions to reflect the fact they no longer apply to English PRPs.

### Which type of business will be affected? How many are estimated to be affected?

As of 1 March 2017, there are 1,490 PRPs.<sup>2</sup>

We estimate there are 36,000 conveyancers who may lodge such applications (see the 2015/17 BIT assessment on Familiarisation only changes).

### Summary of costs and benefits

Price base year	Implementation date	Duration of policy (years)	Net Present Value	Business Net Present Value	Net cost to business (EANDCB)	BIT score
2017	2017	10	-0.26	-0.26	0.00	0

### Please set out the impact to business clearly with a breakdown of costs and benefits

#### Familiarisation

The main items customers will require to familiarise themselves with the change are the overview article on our website, and a blog article which contains greater details. We have not costed a number of consequential amendments to our guides because these duplicate the information. They do however make it easier to find the information later down the line when a customer is affected by the change.<sup>3</sup>

Item	Words	Fleisch Score	Minutes	Cost
<a href="#">Website Article (overview)</a>	372	27	4.96	£73,000
<a href="#">Blog Article (details)</a>	1,218	33	16.24	£239,000
<b>Total</b>				<b>£312,000</b>

#### Ongoing costs and benefits

The main impacts relate to registration of PRPs, and when a certificate is required on a disposal by a PRP.

##### (a) Registration

Currently when a PRP acquires a property, they must certify their status (rule 183A, Land Registration Rules 2003) and apply for a Form L restriction to reflect limitations on their powers of disposal. These requirements are being abolished. We believe the impact of these changes on PRPs will be extremely limited for the following reasons:

- Most, including the largest PRPs (1,260 out of 1,490)<sup>4</sup>, have an arrangement with us to dispense with this requirement on every application. The arrangement is entered in our “CAVE” (The

<sup>2</sup> HCA - [Private Registered Provider Social Housing Stock In England 2015-2016](#) – Table 2, page 8.

<sup>3</sup> Our familiarisation costs are calculated by counting the number of words in the new guidance and calculating the Fleisch readability score. A score of under 60 is assumed to have a reading speed of 75 words per minute. The average hourly cost for conveyancers is the £20.39 in the Annual Survey of Hours and Earnings (ASHE) 2016 plus 20.19% uplift for other staff costs (source: Eurostat 2015) = £24.51.

<sup>4</sup> HCA: [Statistical Data Return 2015/16](#), table 52 within the additional tables spreadsheet. We sampled the top 50 landowning PRPs from the return who make up 3% of PRPs but own 44% of PRP housing stock. Of these 49



Commercial Arrangements Volume) database; our staff simply check CAVE to confirm their status and enter the restriction automatically.

- For the other cases, conveyancers are known to create precedent transfers when they regularly submit those of a particular type therefore negating the need for additional work. This is industry best practice.
- The removal of these requirements will not affect the fee payable to register a PRP as proprietor as no additional fee was required in the first place.

Although these changes are intended to be deregulatory, in reality, these were never a burden because PRPs already had appropriate arrangements in place.

#### (b) Disposals

Certain disposals by PRPs are caught by the Form L restriction. To enable their registration, a certificate currently has to accompany confirming that consent has been given under section 172 of the Housing and Regeneration Act 2008, or section 9 of the Housing Act 1996 (predecessor legislation), as appropriate or does not apply.

Statistics from the Homes and Communities Agency<sup>5</sup> reveal that in 2015/16 there were 4,406 disposals which would have required section 172 certificate. This equates to about 17.5 per day.

The savings in not having to get consents have been considered in the DCLG Impact Assessment. (Paragraph 4.5.9 on page 63.) However there would be additional costs if the conveyancer had not enclosed the certificate and we had to requisition for it. These types of requisition are not easy to find as we have one template to cover any certificate required under a restriction. In the week 6-10 March 2017 we sent 1,947 such requisitions. A sample revealed that only 2 of the hundred sampled related to s.172 Housing and Regeneration Act 2008 or the earlier s.9 Housing Act 1996. This equates to about 2,000 requisitions annually.<sup>6</sup>

Internal costing exercises previously carried out, estimate the cost to us of serving a requisition to be £2.96. Because we do not have any detailed information at present on how much it costs a conveyancer to deal with a requisition from us, we have assumed a cost at least the same to our own for the following reason.

In these circumstances, Conveyancers would not have disproportionately more work to do than us in processing the requisition. We would read through the documents lodged and realise that the certificate had not been lodged. We would send a letter to the Conveyancer. The Conveyancer would read our letter, locate the case and contact the PRPs solicitors who are responsible for providing the necessary consents and certificates.

Based on this assumption, the change in practice will save business about £6,000 per annum. (2,000 requisitions x £2.96). Given that a small number of requisitions are involved (2,000), it is unlikely that the cost to conveyancers of dealing with them will exceed the BIT threshold of £50,000 even if their costs of compliance are more than £2.96 per case.

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had CAVE entries to confirm their PRP status. This clearly indicates that the larger PRPs had already established their status in advance of their applications and were therefore not required to do anything else.

<sup>5</sup> HCA - [Private Registered Provider Social Housing Stock In England 2015-2016](#) – Bullet 4, page 3.

<sup>6</sup> If 2% of requisitions in the sample are for a certificate under a restriction relate to section 172, then this extrapolates to about 2,000 annually (1,947 x 52 x 2%).

Therefore we estimate an annual saving to business of about £6,000. We feel it would be disproportionate to carry our further investigative work due to the low numbers and the fact that the BIT score would not be affected.

**Please provide any additional information (if required) that may assist the RPC to validate the BIT Score**

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## Housing and Planning Act 2016

### Department for Business, Energy & Industrial Strategy – Land Registry

RPC rating: **validated**

#### Description of proposal

This measure introduces a number of deregulatory changes to the requirements governing the functioning of English Private Registered Social Housing Providers (PRPs). As a result of the amendment, PRPs would no longer need to:

- Provide a certificate as to their status under rule 183A Land Registration Rules 2003 (relevant for PRPs applying to be registered as proprietor of a registered estate or charge in England),
- Apply for a Form L restriction to ensure its compliance or, when making a disposal, supply a certificate to comply with restrictions formerly entered in the register.

The measure also makes minor changes to Forms W, X, Y and KK restrictions.

#### Impacts of proposal

LR states that the measure would affect 1,490 PRPs and 36,000 conveyancers.

It explains that the repeal of the certification requirement at the registration stage would have a negligible impact, as most PRPs already have an arrangement which allows LR to confirm their status automatically.

The regulator estimates that there would be a small saving to conveyancers, who would no longer have to supply certificates when making a disposal. Based on an internal costing exercise LR estimates the cost of dealing with one requisition to be £2.96. LR would expect to request 2000 certificates annually. Therefore, the IA estimates the annual saving to business to be around £6,000.

The total one-off familiarisation cost is estimated at £312,000. This involves familiarisation with the web article (£73,000) and the blog article (£239,000).

The RPC verifies the estimated equivalent annual net direct cost to business (EANDCB) of zero. This will be a qualifying regulatory provision that will score under the Business Impact Target.

## Quality of submission

The assessment discusses the costs and benefits of the policy in sufficient detail. The length and the level of detail of the assessment are appropriate for a measure of this size.

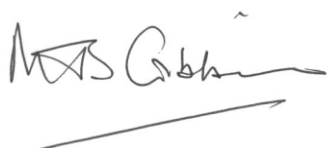
The assessment was not fit for purpose as first submitted. The initial review notice pointed to lack of clarity in relation to impacts and to unclear assumptions in relation to savings estimates. The regulator has addressed these points adequately by revising the assessment and providing more detailed explanation of the reasoning underpinning the impact estimates.

## Departmental assessment

Classification	Qualifying regulatory provision (IN)
Equivalent annual net cost to business (EANCB)	Zero
Business net present value	Zero

## RPC assessment

Classification	Qualifying regulatory provision (IN)
EANCB – RPC validated <sup>1</sup>	Zero
Business Impact Target (BIT) Score <sup>1</sup>	Zero



**Michael Gibbons CBE**, Chairman

<sup>1</sup> For reporting purposes, the RPC validates EANCB and BIT score figures to the nearest £100,000.