

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.

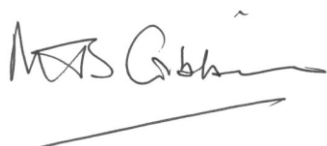
The clarity of the assessment would have been improved by less frequent use of jargon and technical language and by clearer explanation of how each change affects businesses.

Departmental assessment

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 ¹	£0.1 million
Business Impact Target (BIT) Score ¹	£0.5 million



Michael Gibbons CBE, Chairman

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