
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

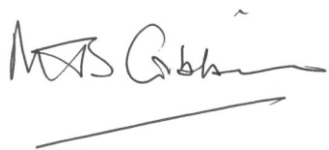
Classification	Qualifying regulatory provision (IN)
Equivalent annual net cost to business (EANCB)	Zero
Business net present value	Zero

RPC assessment

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

¹ 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



Michael Gibbons CBE, Chairman