

Register of people with significant company control: protection regime

Department for Business, Innovation and Skills

RPC rating: fit for purpose

Description of the proposals

The Small Business, Enterprise and Employment Act 2015 requires companies to maintain a register of people with significant control of their company (PSC register). Information in the register should be made available publicly. The overarching policy objective, described in the earlier impact assessment on 'Transparency and Trust – Enhanced Transparency of Company Beneficial Ownership' (RPC reference: RPC13-BIS-1990(2), 23 April 2014), is to enhance corporate transparency, fulfilling the UK's commitment to implement a G8 agreement.

The proposals will enable a person with significant control to make an application to protect personal information from public disclosure on a company register, if they are at serious risk from physical harm. The risk could be as a result of a company's activities or other factors specific to the individual. The proposals include withholding usual residential addresses from credit reference agencies.

Impacts of the proposals

The Department anticipates that over 76,000 companies in sensitive sectors (e.g. the life science sector) would familiarise themselves with the protection regime at a one-off cost of £460 for small businesses and £510 for medium and large companies. The Department estimates that the total one-off cost would be £35.6 million.

The Department estimates that the number of applications for protection submitted by private businesses on behalf of individuals would be around 10,700 in the first year, and around 700 each year thereafter. The Department estimates that the cost to business of applications (fees, administration and gathering evidence to prove that an individual is at risk) would total £4.2 million in the first year and £284,000 in each subsequent year. Overall, the proposals result in an annualised net cost to business of £4.7 million.

The protection regime was referred to in the overarching impact assessment 'Transparency and Trust: Enhanced Transparency of Beneficial Ownership'. In its opinion (RPC reference: RPC13-BIS-1990(2), 23 April 2014), the RPC accepted that the proposals implemented commitments made by the UK in a G8 international agreement and that they were, therefore, out of scope of OITO. As this proposal simply defines the costs of the protection regime more fully and does not extend the scope of the overarching impact assessment, the RPC is able to confirm that it, too, is out of scope of OITO and the Better Regulation Executive has advised that it is likely to be out of scope of the business impact target.

Quality of submission

At consultation stage, the Department provided additional information in response to issues raised in the RPC's initial review. These points have been incorporated satisfactorily into the final stage impact assessment.

In addition, at the consultation stage the Department had very limited evidence to support its assumptions. The Department has since undertaken a more comprehensive survey of companies to strengthen the analysis. It received 174 responses to its latest survey. This additional evidence has provided a much stronger evidence base. Nonetheless, the assumption concerning the expected number of applications for protection is highly uncertain. The impact assessment would benefit from exploring further the degree to which these proposals will reduce the overall benefits of the trust and transparency measures.

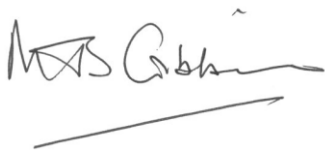
Although the proposals have a negative NPV, the Department explains that there are significant benefits from preventing attacks on people at risk of harm and from providing greater security to individuals investing in companies in sensitive sectors. Much of this analysis remains necessarily speculative and the RPC accepts that these benefits cannot be monetised.

Initial departmental assessment

Classification	Out of scope (international)
EANCB	£4.7 million
Business net present value	-£42.0 million
Net present value	-£41.6 million

RPC assessment

Classification	Out of scope (international)
EANCB – RPC validated	£4.7 million
Small and micro-business assessment	Not required (international)



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