

Title: The Registrar (Identity Verification and Authorised Corporate Service Providers) Regulations 2024 IA No: DBT-009(IA-F)-24-CMRR RPC Reference No: RPC-DBT-5333(1) Lead department or agency: Department for Business and Trade Other departments or agencies: Companies House	Impact Assessment (IA)			
	Date: 28 February 2024			
	Stage: Final			
	Source of intervention: Domestic			
	Type of measure: Secondary legislation			
Contact for enquiries: transparencyandtrust@businessandtrade.gov.uk				
Summary: Intervention and Options				
RPC Opinion: Fit for purpose (Green)				

Cost of Preferred (or more likely) Option (in 2019 prices)			
Total Net Present Social Value	Business Net Present Value	Net cost to business per year	Business Impact Target Status
-£167.5m	-£167.5m	£19.5m	97.3

What is the problem under consideration? Why is government action or intervention necessary?

Prior to the Economic Crime & Corporate Transparency Act (ECCTA) 2023 the legal framework required Companies House to accept information from entities and individuals in good faith with no checks to confirm that someone registered as a director/Person with Significant Control (PSC) has given their consent or is a real person. Another way in which bad actors have been able to take advantage of this system is through the use of agents to form entities, file on others behalf and may not conduct due diligence checks to an appropriate standard. Government intervention is necessary as changes to these systems can only occur through the introduction of primary and secondary legislation.

Identity verification was introduced via the ECCTA 2023. All new and existing directors, PSCs, individual agents and some presenters filing documents with Companies House, must verify their identity. This Impact Assessment sets out the compliance costs for the SI that provides the process for identity verification, the allocation of unique identifiers by Companies House and the suspension and de-authorisation regime for Authorised Corporate Service Providers (ACSPs). In the absence of the SI these ECCTA requirements cannot be met.

ECCTA also outlined the requirements for agents (i.e. those setting up and filing on behalf of companies) to become registered ACSPs. These requirements are not included in the SI, as they were given effect by ECCTA and are therefore in the do-nothing baseline.

What are the policy objectives of the action or intervention and the intended effects?

- Support legitimate enterprise and the UK's reputation as a secure place to do business – These reforms aim to improve the trustworthiness of the company register by providing more accurate information regarding those setting up, managing and controlling corporate entities, thus minimising existing information asymmetries.
- Help tackle crime and protect national security – These reforms also aim to support Companies House and other supervisory bodies in targeting those using or intending to use companies in criminal/corrupt activities.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option

Option 0: Counterfactual, registering ACSPs would take place for corporate ACSPs but in the absence of a process for IDV set out in this SI, IDV provisions in ECTTA would not take effect.

Option 1 - Introduction of identity verification and Authorised Corporate Service Providers (ACSPs) (preferred option): All new and existing directors, PSCs, individual agents and some presenters who file documents with Companies House will be required to verify their identity. For every appointment, it will also need to be confirmed that the officer holding the position has undertaken identity verification. ACSPs will also have the option to provide identity verification services.

Will the policy be reviewed? If applicable, set review date: Yes, 5 years after the regulations are made				
Is this measure likely to impact on international trade and investment?		No		
Are any of these organisations in scope?		Micro Yes	Small Yes	Medium Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)		Traded: N/A		Non-traded: N/A

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister of State, DBT  Date: 21/05.2024

Summary: Analysis & Evidence

FULL ECONOMIC ASSESSMENT

Price Base Year 2019	PV Base Year 2024	Time Period Years 10	Net Benefit (Present Value (PV)) (£m) ¹		
			Low: -278.0	High: -81.9	Best Estimate: -167.5

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	61.5	2.6	81.9
High	162.6	14.6	278.0
Best Estimate	112.1	7.0	167.5

Description and scale of key monetised costs by 'main affected groups'

Identity verification (Directors/PSCs and equivalent, and non-ACSP presenters)

- Costs of familiarising and complying with the requirements (i.e. undertaking identity verification and confirming verification status for each role held)

Authorised Corporate Service Providers (Agents)

- Costs of familiarising and complying with different aspects of the policy package.

Other key non-monetised costs by 'main affected groups'

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate			

Description and scale of key monetised benefits by 'main affected groups'

Other key non-monetised benefits by 'main affected groups'

Key non-monetised benefits are:

- Improving the reliability and accuracy on the register: Mandatory identity verification for directors and equivalents, PSCs and most presenters who file documents with Companies House, as well as increased checks on those setting up and filing on behalf of companies, is an essential part of improving the reliability and accuracy of the register. This supports enterprise as companies have access to more reliable information, which can be used to inform various decisions. BEIS research from 2019 showed that users' willingness to pay for Companies House data was around £2,000 per user, a year, with higher values (around £3,200 a year) for those that use it most. Based on these estimates, the total value of the information on the Company Register is between £1 billion and £3 billion a year. These estimates relate to the value of the register in its pre-reform state. As outlined in the primary stage Impact Assessment, were there to be a small improvement in the quality and usefulness of the data then the expected benefit would more than cover the costs of the regulation to business.
- Supporting law enforcement with tackling economic and organised crime would in turn support national security: Companies House will be able to share more robust and reliable data with law enforcement and help them to identify illicit activity. For instance, the introduction of unique identifiers is critical in recognising when the same individual(s) may have more than one directorship or PSC role across several different companies. Although this in itself is entirely legitimate, there may be circumstances where one individual's multiple roles create a pattern of suspicious behaviour, which can then be investigated by law enforcement.

Key assumptions/sensitivities/risks	Discount rate	3.5%
Assumptions and risks have been outlined throughout the Impact Assessment.		

^{1 2} These costs exclude the cost of ACSP registration. ACSP registration costs are in the baseline given that they are implemented by the primary legislation. Further details of the costs to ACSPs are provided in section 'IV. Costs' and 'VII. Annex'.

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m: ²		Score for Business Impact Target (qualifying provisions only) £m:
	Benefits: 0.0	
		97.3

I. Overview

Background

1. The Economic Crime and Corporate Transparency Act (ECCTA) received Royal Assent in October 2023.³ The Act gives powers to make significant reforms to Companies House and increases transparency of UK companies. These reforms include:
 - Broadening the Registrar of Companies' powers, including new powers to check, remove or decline information submitted to, or already on, the companies register.
 - Providing Companies House with more effective investigation and enforcement powers and introducing better cross-checking of data with other public and private sector bodies.
 - Introducing identity verification for all new and existing registered company directors and Persons with Significant Control (PSC).⁴
2. Overall, the role of the ECCTA is to strengthen the UK's response to economic crime through preventing the misuse of UK registered entities in illicit activities and improving the reliability of the data available on the companies register.
3. In September 2022, a comprehensive primary stage Impact Assessment was published at the introduction of the Economic Crime and Corporate Transparency Act.⁵ It estimated that the entire reform package (Companies House Register Reform and Reform of Limited Partnership Law) would have an annual cost of around £21m (in EANDCB terms). This was in 2019 prices and 2023 as the base year.
4. The estimated costs for each of the measures within the reform package are summarised in Figure 1.

³ See: <https://bills.parliament.uk/bills/3339>

⁴ A person with significant control (PSC) is someone who owns or controls your company. They're sometimes called 'beneficial owners'. See: <https://www.gov.uk/guidance/people-with-significant-control-pscs>

⁵ See: <https://publications.parliament.uk/pa/bills/cbill/58-03/0154/1.ImpactAssessmentfromDepartmentforBusinessEnergyandIndustrialStrategy.pdf>

Figure 1: Summary of costs assessed at the introduction of the Economic Crime and Corporate Transparency Act

Measure	Summary	NPV (£m)	EANDCB (£m)
Registrar's powers	Powers for the Registrar to allow them to query information submitted to Companies House and broaden the Registrar's powers to allow them to remove information from the register to better ensure its accuracy.	N/A	N/A
Identity verification	Measures to know who is setting up, managing, and controlling corporate entities, including compulsory identity verification for all directors and PSCs and those who file documents with Companies House.	-133	15
Authorised Corporate Service Providers	Increased checks on intermediaries who incorporate a company on behalf of others. Only properly supervised agents will be able to file on behalf of entities.	-1.08	0.13
Transparency of ownership	Specific proposals to increase transparency of information presented on the companies register.	27.53	3.2
Data sharing	Measures to deter the abuse of corporate entities, e.g., data sharing, intelligence sharing.	-0.74	0.09
Privacy	Removal of restrictions to enable personal information to be removed from the register.	N/A	N/A
Improving financial information on the register	Changes to the way accounts are filed with Companies House.	-17.4	2.02
Reform of Limited Partnership Law	Modernising the law on limited partnerships by aligning it, where viable, to limited companies	-21.5	2.2

Focus of this Impact Assessment

5. This Impact Assessment supports the Registrar (Identity Verification and Authorised Corporate Service Providers) Regulations 2024 and gives effect to requirements laid out in primary legislation. These Regulations set out:
 - **IDV procedure:** This sets out the procedure for identity verification that must be followed to enable the Registrar or ACSPs to verify (and in some cases, reverify) the identity of individuals.
 - **Allocation of unique identifiers (UIDs):** This gives the Registrar the power to allocate UIDs to individuals who have verified their identity. UIDs will help link information about verified individuals held on the register, including the ability to link the identity of individuals using different names to their appointments. This means the public will be able to see a person's appointments even if they use a variety of names. UIDs will also make it easier to trace individuals where there is a suspicion of identity fraud or other criminality and will help Companies House identify individuals who have not verified their identity during the transition period. The Registrar also has the power to allocate UIDs to ACSPs.
 - **Duties on ACSPs:** This creates new duties on ACSPs to provide information to the Registrar on request, and update information provided on their registration. Should ACSPs choose to verify an individual's identity then they will also have duties to keep records relating to identity verification checks they have completed.
 - **De-authorisation and suspension of ACSPs:** This sets out the grounds that enable the Registrar to suspend and deauthorise ACSPs.
6. The Better Regulation Framework notes that primary and secondary legislation can be part of a single policy development process. This is very much the case for the set of measures in this Impact Assessment. The Impact Assessment for the primary legislation set out our best estimate, at the time of the Bill's passage, of identity verification compliance costs. Since the publication of the primary stage Impact Assessment, details of the operational policy have been developed further, which change some of the underlying assumptions used.
7. This IA also includes some elements which were given direct effect by the Act. The latter includes measures relating to the registration of ACSPs. We do this because further work by Companies House has improved our cost estimates. Section IVC sets out the costs associated with measures that are covered by the SI and those that have direct effect from the Act, including their contribution to the EANDCB.

Identity verification

8. The ECCTA requires all new and existing directors, PSCs and most presenters filing documents with Companies House, to verify their identity.^{6 7} This was assessed in the primary stage Impact Assessment to cost businesses £15m (in EANDCB terms). Section 1110A of ECCTA defines “identity is verified” for the purposes of the Act. It requires:
- under s.1110A(1)(a), that the individual’s identity has been verified by the registrar “in accordance with regulations under section 1110B”, or
 - under s.1110A(2) that “a verification statement is a statement by an authorised corporate service provider confirming that it has verified an individual’s identity in accordance with regulations under section 1110B”.
9. **The Registrar (Identity Verification and Authorised Corporate Service Providers) Regulations 2024 are brought in under section 1110B** of the Act to ensure that the identify verification requirements in primary legislation are operable. We could not bring into force the obligations in the Companies Act 2006 on directors and PSCs to be identify verified if these Regulations were not passed. This has important implications for our do-nothing option, which we set out later.
10. A number of business registries globally already require identity verification, these include Australia and the Republic of Ireland. As part of our policy development, we engaged with registry representatives from these jurisdictions to develop our understanding of their verification requirements, standards and processes, as well as identified risks and lessons learnt. This information was used to inform drafting of the Companies House (CH) identity verification policy. Whilst the UK is not a forerunner in introducing identify verification requirements, our position on a global stage is novel. Specifically, we will require all directors, People with Significant Control (PSCs) and those filing information with CH to undergo compulsory identity verification. This is distinct from the Australian model where the verification requirement is currently limited to directors. Additionally, some jurisdictions offer citizen identity cards, which can be used as both a core identity document and a mechanism for corroborating information with the authoritative source (issuing authority). This model can streamline the process of confirming identity for nationals of those countries. Given this, whilst there are somewhat comparable examples of identity verification within other international business registries, they are not as broad in scope, ambitious or ostensibly complex as the measures detailed within the ECCTA 2023.
11. Through this engagement, and other work, operational policy has been developed further, since the publication of the primary stage Impact Assessment. This has provided greater clarity on the likely impact of identity verification. However, it has led to some changes to the scope of this analysis:

⁶ This refers to all presenters that are not Authorised Corporate Service Providers (ACSPs). For example, a company secretary. Therefore, we refer to these individuals as non-ACSP presenters.

⁷ Other third-party presenters/agents (such as company formation agents, solicitors and accountants) can assist in setting up and operating a company. The Economic Crime and Corporate Transparency Act requires all these presenters/agents to become registered Authorised Company Service Providers (ACSPs), to continue this work or to be able to undertake identity verification. A requirement for becoming a registered individual ACSP will be for individuals to verify their identity. Non-individual ACSPs, will have to verify the identity of their directors/equivalents and PSCs when obligations for these firms commence, but they do not need to do this as a prerequisite when applying to become an ACSP.

- **Existing stock of unique officers:** In the primary legislation Impact Assessment two approaches were used to estimate the existing number of unique officers – the unique number of individuals who need to verify. This was estimated by matching names and dates of birth either a) within each entity record or b) across the register. We now have greater confidence in the estimates from matching officers across the register and we judge these to be more accurate. Therefore, we use this approach in this Impact Assessment to estimate the number of unique officers in scope.
- Estimating the number of unique officers across the Register means that we cannot attribute a unique ID verification to a particular entity where the verified individual is both, say, a director of a company or a member of a LLP. Therefore, our analysis includes all officers, even those of entities that are not covered by this SI, but will be covered by subsequent SIs.
- **‘Harder-to-verify’ individuals:** It could be more difficult to verify the identities of some unique officers, in comparison to others. These individuals are considered ‘harder-to-verify’. In the primary stage Impact Assessment, these individuals were characterised as those that submitted paper transactions. However, through policy development, this definition has been changed. It is currently understood ‘harder-to-verify’ officers are those:
 - a) Overseas residents with non-biometric passports or certain biometric passports;⁸
 - b) Those with unknown nationalities and residencies
- **Confirming verification:** As well as having to verify their identity, for every appointment an officer holds (e.g. any directorships or PSC roles), either a presenter on behalf of/within the company or the officer will need to confirm that the officer has undertaken identity verification (e.g. by submitting a statement). All new and existing unique officers will need to comply with this requirement. This presents additional costs to companies, which were not captured in the primary legislation Impact Assessment.

⁸ GOV.UK OneLogin is HMG’s standard verification platform, which utilises several forms of ID such as biometric passports. GOV.UK OneLogin does not have the capability to access and verify all passports (e.g. non-biometric passports). In some instances, GOV.UK OneLogin may also be unable to access and verify some biometric passports. For example, if the country only recently started rolling out biometric passports.

Authorised Corporate Service Providers (ACSPs)

12. The ECCTA also reforms how third parties/agents are used to complete filings on behalf of companies and other registrable entities. All agents will be required to register as Authorised Corporate Service Providers (ACSPs) in order to complete identity verification checks on their clients or to present filings on their behalf. This was included in the primary stage Impact Assessment, and as outlined above, was costed at £0.13m (in EANDCB terms).
13. The Act gave direct effect to provisions related to the registration of ACSPs, where the ACSP is a corporate. Where the ACSP is a sole trader registration is dependent on the sole trader being identity verified. Nevertheless, this Impact Assessment includes revised estimates of ACSP registration costs. Since the publication of the primary stage Impact Assessment further operational details have been developed, which has provided greater clarity on the likely impacts. This has led to some changes to the analysis:

- **Number of ACSPs:** To estimate the numbers of ACSPs that will need to register, we sought to identify the number of existing user accounts who file on behalf of companies. Within the primary stage Impact Assessment, we estimated there would be around 26,000 ACSPs. However, this only partially captured the population, since this analysis was based upon internal Companies House data that only captured account filings using software and not those through paper or WebFiling. Therefore, we uplifted the figures to capture ACSPs who file accounts on paper and through WebFiling. Now, we estimated the total number of 'would-be' ACSPs in scope is closer to 50,000.
- **XML Software Providers:** XML software providers generally supply their clients (e.g. agents) with software they can use to complete filings. However, there are instances where these entities are also responsible for submitting these filings directly to Companies House, instead of their clients. Where this is the case, the XML software provider has acted as an 'intermediary filer' between the client and Companies House, and will therefore need to adhere to the same legislation implemented for agents and other filers. The XML software provider can choose to:
 - a) **Continue as an intermediary:** Where they will need to become AML supervised and then register as an ACSP.
 - b) **Discontinue as an intermediary:** Where they will either need to change their business model to become a re-seller of software or exit the market.

Either choice will pose a cost for these entities. Whilst we assess that there are only a small number of XML software providers, adhering to these new requirements could have significant implications for these few businesses.

- **ACSPs opting to undertake identity verification on behalf of individuals:** Undertaking identity verification is a choice and not an obligation for ACSPs. As a result, according to the Better Regulation Framework, any costs incurred by ACSPs undertaking identity verification, would fall out of scope of our assessment.

Therefore, this is excluded from the EANDCB. Therefore, we do not cost regulations related to maintaining ID verification records. Nor do we cost duties to provide information where we lack information, or which only arise when the Registrar suspects that an ACSP is non-compliant.

- **The suspension and de-authorisation of ACSPs:** The Statutory Instrument outlines the process for how ACSPs can be suspended and de-authorised. As per Better Regulation Guidance, the Impact Assessment only intends to capture the cost of compliance to businesses. Any costs that arise from the suspension and de-authorisation of ACSPs, would come as a result of non-compliance. As a result, this falls out of scope of our costs analysis.

14. A question arises whether ACSPs or software developers, who choose to offer identity verification services will be able to pass on the costs of this service to Directors or PSCs. And therefore, whether identify verification could be substantially more costly than set out in this Impact Assessment. For example, if the ACSP or software developer has overheads and other costs, e.g. technology development, to recover. Our judgement is:

- That for a cost minimising business the maximum they would be willing to pay is the time cost of using the default platform – GOV.UK OneLogin.
- If companies or their officers wished to use a more expensive service provider then they can do so, but the additional cost involved is a result of their decision rather than a requirement of the Regulations.
- It is therefore reasonable to suppose that, in most cases, the compliance costs of the Regulation should be capped by the costs of using GOV.UK OneLogin.

II. Problem under consideration and rationale for intervention

Problem under consideration

15. Prior to ECCTA, the legal framework required Companies House to accept information from corporate entities and individuals, such as directors, in good faith. There were no checks to confirm that someone registered as a director or PSC has given their consent or is even a real person. As a result, the current company registration framework was vulnerable to exploitation, enabling bad actors to mask the true identity of owners of corporate entities. ECCTA gave Companies House powers to check the information provided and also requires officers and PSCs to verify their identity.
16. Additionally, people might decide to use an intermediary/agent to file with the Registrar, form a new registerable entity, or verify their identity. These 'corporate service providers' are often accountants, legal advisers, and company formation agents.
17. These agents are required by the Money Laundering Regulations (MLR) to carry out customer due diligence checks, which may include verifying their identity.⁹ These requirements are different to those ACSPs will need to conduct for Companies House identity verification, as MLR checks are currently required to verify a 'customer', rather than the specific requirements on directors (or equivalents) and PSCs. For Companies House identity verification, ACSPs will need to verify an individual's identity to the same standard as those checks undertaken by the Registrar at Companies House via the direct route.
18. Intelligence from law enforcement suggests that those using companies to carry out criminal or corrupt activities and/or launder the proceeds often use agents. The agent's involvement may be witting or unwitting. The case studies below illustrate several instances where this has occurred:¹⁰

Case study 1: The FinCEN files

In Autumn 2020, thousands of Suspicious Activity Reports from the US Financial Crimes Enforcement Network (FinCEN) were leaked. The reports alleged that 3,267 UK limited liability partnerships (LLPs) and limited partnerships (LPs) were set up for suspicious illicit purposes by registration agents between 1999 and 2017. In general, ownership of these LPs and LLPs was hidden by registering them with owners that were companies based in so called 'secrecy jurisdictions' - where companies can be registered without publicly revealing who owns them. This allowed the UK partnerships to be owned and controlled anonymously and potentially used to launder money.

There are many legitimate reasons for using these types of UK partnerships. For example, LPs are primarily used by the private equity and venture capital sectors as investment vehicles, LLPs are mostly used by professional service firms in the legal and accountancy sectors who value the combination of limited liability and tax transparency for members. However, the same flexible rules governing UK partnerships which are so highly valued by legitimate businesses, can be misused for illegitimate purposes which harm the UK and global economy.

⁹ See: <https://www.gov.uk/guidance/money-laundering-regulations-your-responsibilities>

¹⁰ See for original case studies: <https://www.gov.uk/government/publications/corporate-transparency-and-register-reform>

Case study 2: Danske Bank

The Danske Bank case highlighted the crucial role played by anonymous UK registered entities in moving illicit wealth around the globe, and in facilitating international money laundering and corruption. The veneer of legitimacy provided by association with a UK registered company was crucial to \$200 billion flowing through accounts of non-resident customers from Russia and other ex-Soviet countries via Danske's Estonian branch through hundreds of UK registered entities. This was one of the largest money laundering scandals in European history. A [2018 report](#) found that more than half of the 10,000 customers in Danske's non-resident portfolio had suspicious characteristics. This was one of the largest money laundering scandals in European history. It ultimately led to Danske Bank in 2018 admitting that its procedure for oversight had completely failed and that its money laundering controls in Estonia had been insufficient.

The 2018 report also found that UK registered limited liability partnerships (LLPs) were the preferred vehicle for the non-resident customers. UK LLPs were used in the 'Azerbaijani laundromat' from 2012-2014, where USD 2.9 billion dollars was laundered by four UK registered LLPs. Similarly, the 'Russian laundromat' scheme in 2013-2014 involved 177 customers, many of whom were UK registered LLPs.

Case study 3: Using UK companies to defraud the furlough scheme

In 2021 HMRC seized £26.5m in previously claimed furlough cash from the accounts of a series of companies registered at Companies House. An 'entrepreneur' registered four fake companies that claimed to be an IT services company, a corporate charity, a research hospital and a religious institute. These shell companies were all registered to a virtual address and each claimed to have dozens of employees and had similar company names. Each company received between £5 and £10m in furlough funding.

In measures announced by the Chancellor in the March Budget 2021, £100 million was allocated for a new Taxpayer Protection Taskforce to crack-down on Covid fraudsters who have exploited UK Government support schemes.

Case study 4: Fraudulent director appointments

In 2020/21, Companies House processed 1,388 applications to remove material related to a director appointment on the register. In the majority of cases, this service is used to remove director appointments that are on the public register where the appointee did not consent to the appointment.

In one instance, a handbag containing identity documents was stolen and the person's details used to register companies that were then used to open bank accounts. When Companies House removed the person's details, they were immediately reappointed. In response, Companies House changed its process to prevent a person being reappointed unless they provided evidence under section 1049(b) of the Companies Act 2006.

Rationale for intervention

19. The rationale for intervention can be explained by three key issues:
- Addressing criminal behaviour
 - Reducing negative externalities
 - Reducing information asymmetries

Addressing criminal behaviour

20. Establishing and enforcing a common set of rules is a key and well-established role of the state. Where there are deficiencies in the legal framework which enable individuals or entities to commit crimes, then there is a clear rationale for government intervention.
21. As previously described, the anonymity of corporate structures can facilitate criminal activities. This anonymity has been reduced by the UK's domestic PSC register, but corporate entities are still vulnerable to abuse. Recent years have seen growing instances of misuse of companies through money laundering and fraud, challenges safeguarding personal data held and concerns over the accuracy of the companies register. As referenced above, evidence suggest that there have been several instances where agents have been linked to aiding criminal activities, both knowingly and unknowingly.
22. The introduction of identity verification will aid in the reduction of criminal behaviour, as the identities of those setting up and controlling a company will need to be disclosed, thus deterring use of UK corporate vehicles for illicit activity.
23. Identity verification can also be used to support law enforcement with tackling economic and organised crime, which would in turn support national security. The introduction of identity verification will confirm the identities of those setting up and controlling companies, allowing Companies House to share more robust and reliable data with law enforcement to help in identifying any illicit activity. For instance, the introduction of unique identifiers will be critical in recognising when the same individual(s) may have more than one directorship or PSC role across several different companies. Although this is entirely legitimate, there may be circumstances where one individual's multiple roles create a pattern of suspicious behaviour that can be investigated by law enforcement.

Reducing negative externalities

24. Illicit activity can impose negative externalities on licit UK corporate entities and the UK's reputation. Media articles and negative public opinion regarding illicit behaviour can lead to an erosion of trust in UK businesses generally. We also note that a significant amount of abuse occurs from foreign organised criminal organisations, and this damages international prosperity and undermines the UK's reputation as a responsible jurisdiction.¹¹

Reducing information asymmetries

25. In economic transactions one party to the transaction usually must acquire information about the other party to understand sufficiently the quality and risks associated with the goods, service or investment opportunity on offer. Where there is an asymmetry in the information held by the two transacting parties (i.e., one party possesses information another does not) then there is the risk that productive transactions do not go ahead, or

¹¹ See: http://www.transparency.org.uk/publications/offshore-in-the-uk/#.WungAOj4_yQ

go ahead at a higher cost, due to greater risks of making sub-optimal investments, not being paid correctly or inadvertently financing crime.

26. There is evidence to suggest that businesses often use information from the companies register (e.g. for due diligence or credit reference decisions). BEIS research from 2019 showed that users' willingness to pay (WTP) for Companies House data was around £2,000 per user, a year, with higher values (around £3,200 a year) for those that use it most. Based on these estimates, the total value of the information on the company register is between £1 billion and £3 billion a year.¹²

Figure 2: Annual user benefits by 'total use' of Companies House data¹³

Company information and data attribute	Total use (hours per year)				
	0-3 hours	3-10 hours	10-20 hours	20-40 hours	>40 hours
Total WTP (£)	1,260 [324 – 2,194]	1,522 [536 – 2,506]	2,223 [864 – 3,582]	2,563 [1,366-3,759]	3,216 [782 – 5,649]
WTP per use (£/visit)	28	18	11	9	8

27. However, the presence of incorrect information on the register (i.e. via fraudulent appointments) reduces its trustworthiness and creates information gaps for parties intending to utilise this data. Additionally, at present, the exact number of agents aiding companies in registrations and filings is unknown.

Policy objectives

28. Based on the above, the intended impacts of the policy are to:
- Support legitimate enterprise and the UK's reputation as a secure place to do business – Identity verification aims to improve the trustworthiness of the company register by providing more accurate information regarding those setting up, managing and controlling corporate entities, thus minimising existing information asymmetries. In order to complete identity verification checks on their clients and deliver filings on their behalf, all agents will be required to register as ACSPs. This will increase the scrutiny of company formation and company information in order to make the Companies House register a more valuable resource for its users.
 - Help tackle crime and protect national security – Requiring all unique officers to verify their identity acts as a deterrent for individuals/organisations that have intentions to use corporate structures for illicit activities. Additionally, this can support Companies House and other supervisory bodies in targeting those using or intending to use companies in criminal/ corrupt activities. All agents must also be Anti Money Laundering supervised to register as an ACSP. By implementing

¹² See: <https://www.gov.uk/government/publications/companies-house-data-valuing-the-user-benefits>

¹³ See Table 2.2. of <https://www.gov.uk/government/publications/companies-house-data-valuing-the-user-benefits>

such a supervisory requirement, it aims to make identifying suspicious behaviour easier and deters against criminal activity as Companies House can escalate bad behaviour and share relevant intelligence with an ACSP's money laundering supervisor.

29. This is covered further under ***VII: Monitoring and evaluation.***

III. Options considered

Description of options considered

Option 0: Do nothing

30. Under do nothing the following would occur:

- In the case of identity verification, we previously noted that the Act requirements could not be made operable unless these regulations were passed. There would be no costs related to identity verification in the case of do-nothing,
- This Impact Assessment also reports on costs related to ACSP registration. These are higher than those reported in the primary legislation Impact Assessment and are included in the do-nothing baseline as they were introduced by the primary legislation and do not require further powers.
- Note that where an ACSP is a sole trader, not making identity verification operable would mean that ACSP sole traders might not be registered as they need to be identity verified. However, the Registrar does have discretion to accept such registration under s1073 of ECCTA¹⁴.

Option 1: Introduction of identity verification and ACSPs (preferred option)

31. Responses to the September 2019 consultation showed overall support for introducing identity verification to help ensure that the identities behind companies were real.¹⁵ Representatives from business, professional bodies, law enforcement and civil society strongly supported the proposals, demonstrating a consensus that tighter requirements on verification are the way forward.

32. In the corporate transparency and register reform white paper, the Government proposed compulsory identity verification for all directors, PSCs and all individuals who file information with Companies House (non-ACSP 'presenters').^{16 17} In addition to this – and where this analysis expands upon that published for primary legislation – statements confirming an individual's identity has been verified will also need to be submitted for all appointments (e.g. directorships and PSC roles). The requirements to do this were established in the ECCTA.

¹⁴ Unfortunately we have not been able to split our ACSP population into sole traders and corporates. For this reason we attribute all ACSP registration costs to our do-nothing baseline.

¹⁵ See: <https://www.gov.uk/government/consultations/corporate-transparency-and-register-reform>

¹⁶ A non-ACSP presenter is anyone submitting filings to Companies House (including incorporations) through a direct account. To file, presenters will need to create an account and verify their identity with Companies House. If an individual already has a verified account with Companies House (i.e., if they are a director or PSC) then they will not need to verify again to be a presenter. A common example of a non-ACSP presenter would be a company secretary.

¹⁷ Registered entities include companies, corporate bodies subject to Companies Act 2006 disclosure requirements and certain non-corporate forms with similar disclosure requirements.

33. Third parties/agents are often used to form new entities and/or complete filings on behalf of other entities. So as not to disrupt legitimate firms continuing this work, the Government also announced that, alongside Companies House, agents will also be able to verify the identity of their clients, and file on their behalf. They must register as an ACSP with Companies House to do so.
34. Further options were considered in the primary stage Impact Assessment.¹⁸ However, for the purpose of this Impact Assessment we only consider option one (preferred option).

Summary of preferred option with description of implementation plan

35. Option one is our preferred option. It will give effect to the Act and further details of its implementation are provided in this Impact Assessment. In the sections above, we have set out the core elements of the proposal and explained how these fit into the wider reform agenda.
36. Once the new arrangements are in place, Companies House will be responsible for the ongoing operation and enforcement of the arrangements which will fall within their wider transformation programme.

Implementation plan

37. The Statutory Instrument this Impact Assessment supports is being laid in May 2024. It will give the registrar powers to verify and reverify identities, allocate unique identifiers, as well as de-authorise and suspend ACSPs. The authorisation of ACSPs (which was already given effect via the Act), including identity verification for sole trader (that is, an individual) ACSPs, is due to begin in Autumn 2024, and identity verification requirements for directors (and equivalents)/PSCs and non-ACSP presenters are due to begin in Spring 2025. This may be subject to change as implementation details are finalised.

Verifying the stock and flow of unique officers

38. There will be no restriction on the timeframe for which identity verification is valid for (i.e. a 'retention period'). Therefore, the assumption is that once an individual has completed the process, they will not need to do so again, even if appointed to another company.¹⁹
39. Officers are either classified as 'easy-to-verify' or 'harder-to-verify'. We estimate that the vast majority of officers will be 'easy-to-verify' (94.5%), whilst only 5.5% would be 'harder-to-verify'. These estimates are based on earlier working assumptions produced by Companies House, which included a slightly wider population. These estimates are still being refined, however we will use these values to produce conservative estimates, as discussed in more detail under **IDV for 'harder-to-verify' officers**.

¹⁸ See: <https://publications.parliament.uk/pa/bills/cbill/58-03/0154/1.ImpactAssessmentfromDepartmentforBusinessEnergyandIndustrialStrategy.pdf>

¹⁹ In appropriate circumstances, the Registrar has a discretionary power to require reverification, such as where intelligence is received that calls the original verification check into question.

40. We expect that GOV.UK OneLogin will be the default platform which will be used to verify an individual's identity.²⁰ We envision that most officers (i.e. 'easy-to-verify') will be able to verify their identity digitally using GOV.UK OneLogin, via two routes:
- **'Standard digital'** verifications through GOV.UK OneLogin platform (online and app)
 - **'Assisted digital'** verifications provided by GOV.UK OneLogin (attending a Post Office to assist individuals to verify themselves)
41. We also envision that a small number of officers (i.e. those we categorise as 'harder-to-verify') will be unable to verify their identity via GOV.UK OneLogin (through either the 'standard digital' or 'assisted digital' route), and will need to utilise alternative routes, which may be more burdensome.
42. Companies House and DBT are working together to consider additional routes which could be offered to allow 'harder-to-verify' individuals to verify their identity. However, the policy prescribing this is still in development. At present, the main options under consideration are:
- **'Digital' verification** (e.g. via a separate provider using a process equivalent to the GOV.UK OneLogin route)
 - **'In-person' verification** (e.g. providing documentation to a notary and attending an interview)
43. It's possible that some 'easy-to-verify' and/or 'harder-to-verify' officers might utilise ACSPs to verify their identity which could increase the cost of verification. However, in line with Better Regulation guidance, we assume that businesses would seek to comply at lowest cost to themselves. . Additionally, undertaking identity verification is a choice and not an obligation for ACSPs. Some ACSPs may opt to undertake identity verification, whilst others will not.

Confirming verification

44. As well as having to verify their identity, for every appointment an officer holds (e.g. directorships or PSC roles) they or the company must confirm with Companies House that they have had their identity verified. All new and existing unique officers will need to comply with this requirement.
45. There is a difference between verifying an individual versus confirming identity verification for a specific appointment. A director or PSC (the individual) is considered verified once they complete the identity verification process (i.e. via GOV.UK OneLogin). However, there is a considerable overlap between these populations, as individuals will often hold more than one role (the appointment). This could be with the same organisation and/or across several other organisations. Therefore, confirmation of verification will be required to confirm that those holding these appointments have

²⁰ See: <https://www.sign-in.service.gov.uk/>

verified their identity and match them with their identity. For example, an individual may be a PSC and director for company A, and a director in company B. They will only be required to verify their identity once, but this information would need to be provided for each appointment.

46. The policy prescribing the process verified individuals will use to submit this information is still in development. However, we have outlined the current position below.
- At this stage, we have assumed that the process will be the same regardless of the route (i.e. 'standard digital' vs. 'assisted digital') individuals take to verify.
 - Upon verifying their identity, officers will receive a unique verification code. This code will be submitted alongside a statement to confirm the officer has been verified.
 - For existing directors, this statement must be submitted by the company alongside the company's annual confirmation statement. For new directors appointed upon the incorporation of a new company, this statement must be submitted by the company in the incorporation application, and for new directors being appointed to an existing company it must be submitted by the company alongside the notification of appointment.
 - For existing PSCs, this statement must be submitted by the PSC within 14 days of the 'appointed day' which will be set out in secondary legislation. For new PSCs of existing or new companies, this statement must be submitted by the PSC within 14 days of receiving a request from the Registrar. This will be the same for relevant officers of Relevant Legal Entities (RLEs), however they will have a 28-day deadline from the 'appointed day' rather than 14 days.²¹
47. A core principle of the identity verification service is that individuals should, in most cases, only need to verify once regardless of the number of appointments they hold. Upon successful verification the individual will be provided a unique code. It is this code, alongside a statement, which will then need to be provided to Companies House on a per appointment basis. Therefore, individuals may need to have multiple interactions with Companies House. Work is underway to investigate how to efficiently streamline the process of providing the unique code for each appointment an individual may hold.

ACSPs

48. ACSPs are required under the primary legislation to register in order to undertake ID verification and to file information with the registrar on behalf of others, and they can be suspended and deauthorised. The power to require ACSPs to register is included in the primary legislation. The secondary legislation specifically enables ID verification and suspension or de-authorisation of ACSPs as well as creates additional duties for ACSPs

²¹ A company or organisation that has a significant degree of influence or control over another company. RLEs are the same as people with significant control (PSCs), but they are corporate entities rather than natural persons.

(to keep IDV records, provide information on the registrar's request and update any changes to the information provided on ACSP registration to the registrar).

ACSP registration

49. Agents who want to conduct identity verification for Companies House or file on behalf of other registrable entities will need to register as an ACSP. A pre-requisite to become an ACSP is to be registered with a UK supervisory body for AML purposes and if they are an individual i.e. sole trader they will need to verify their identity. AML regulated bodies are already obliged to carry out customer due diligence checks under the MLRs, which includes verifying the identities of clients. To conduct identity verification checks for Companies House, ACSPs will however have to carry these out to the same standard as those conducted by Companies House via the direct route. This may mean they have to repeat identity verification checks if what was done under customer due diligence did not meet the Companies House identity verification standard.

ACSPs opting to undertake identity verification

50. As outlined above all directors, PSCs and presenters are required to verify their identities. Some officers (particularly those characterised as 'harder-to-verify') may choose to identity verify with the aid of an ACSP.
51. For ACSPs, undertaking identity verification for director/equivalents and PSCs is a choice and not an obligation that they must comply with. For this reason, we do not consider requirements to keep records or provide related information to the Registrar as a direct cost to business but explore the potential impact of this later.

The suspension and de-authorisation of ACSPs

52. This Statutory Instrument outlines the process for how ACSPs can be suspended and de-authorised. As per Better Regulation guidance, the Impact Assessment only intends to capture the cost of compliance to businesses. Any costs that arise from the suspension and de-authorisation of ACSPs, would come as a result of non-compliance. As a result, this falls out of scope of our costs analysis.

IV. Costs

53. We assess costs over a ten-year appraisal period and present our estimates in terms of present value costs for this period for business (NPV) and equivalent annualised net direct costs to business (EANDCB).
54. Our earlier analysis provided all costs in 2019 prices and used 2023 as the base year for the present value calculation.²² However, any costs and benefits should only be assessed from the point at which identity verification comes into effect.
55. The authorisation of ACSPs, including identity verification for sole traders (an individual) ACSPs, is due to begin in Autumn 2024, and identity verification requirements for directors (and equivalents)/PSCs and non-ACSP presenters are due to begin in Spring 2025. This may be subject to change as implementation details are finalised.
56. As a result, this Impact Assessment provides all costs in 2019 prices and uses 2024 as the base year for the present value calculation.²³

Option 0: Do nothing

57. As noted above some small costs related to ACSP registration would be incurred under do nothing. We separate these out in Section IVC.

Option 1: Introduction of identity verification and ACSPs (preferred option)

58. The cost assessment for this option is outlined below. Section IV C distinguishes between costs that would be incurred under do-nothing and those that are attributable to the regulations.

²² See: <https://www.gov.uk/government/collections/impact-assessments-guidance-for-government-departments>.

²³ Our ten-year appraisal period covers 2024 to 2033. However, since identity verification requirements begin for the remainder of officers in 2025, our analysis will only capture nine-years of costs.

A. Introduction of identity verification

Numbers in scope

59. To estimate the costs of this policy, we need to understand the number of individuals who will be impacted:
- **The stock of unique officers who will need to be identity verified:** identity verification will apply to all existing directors (or equivalents), PSCs and non-ACSP presenters – this is ‘the stock’ of unique officers.
 - **The flow of unique officers who will need to be identity verified:** identity verification will also apply to all new directors (or equivalents) and PSCs who join the register and non-ACSP presenters who interact with Companies House for the first time – this is ‘the flow’ of unique officers.
 - **Confirming identity verification for each appointment:** Process confirming an individual’s identity has been verified will also need to be submitted for all current and future appointments.
60. Under the policy proposal, the following individuals fall into the categories of directors (and equivalents), PSCs and individuals delivering documents to Companies House who will be required to verify their identity:²⁴
- Directors of companies
 - Natural person directors of corporate directors
 - Non-ACSP presenters
 - General partners of limited Partnerships (LPs) including Scottish limited partnerships
 - Limited liability partnership (LLP) Members
 - Individual PSCs and relevant officers of Relevant Legal Entities
 - Natural person member/ partner/ director or managing officer of LLP corporate members²⁵
 - Natural person member/ partner/ director or managing officer of LP Corporate general partners
 - Director of an overseas company
 - Community Interest Company (CIC) directors
61. ACSPs that are sole traders will also be required to verify their identities – this is covered under ‘**B. ACSPs**’.

²⁴ List of required officer types provided by Companies House

²⁵ This means an individual human being has to verify their identity on behalf of the corporate LLP member.

62. As noted earlier, the difficulty of attributing an identity verified individual to a particular corporate form where that individual has multiple roles means that our analysis captures entities that are not subject to these regulations but will be subject to subsequent regulations. It should be noted however that these regulations apply to companies which make up most bodies covered by the primary legislation. Therefore we focus our analysis on directors (or equivalent), PSCs, general partners, and non-ACSP presenters, as they make up the vast majority of individuals who would need to identity verify.

The stock of unique officers who will need to be identity verified

Directors/PSCs (and director equivalents of other entities)

63. There is a considerable overlap between directors and PSCs as most companies are small, with one or two directors at most. In these cases, the directors meet one or more of the conditions for significant control and therefore are also PSCs.²⁶ For example, Companies House statistics shows that in 2022/23 there were 1.58 directorships per company and 1.27 PSCs per company.^{27 28}
64. Currently, there is no way to identify ‘unique officers’ - the count of unique individuals on the register who are a director or a PSC - on the register. As an individual only needs to identity verify once, adding the numbers of PSCs and directors separately would lead to double counting.
65. In the primary stage Impact Assessment, Companies House used two approaches to match individual records to identify unique officers. The approaches were to match on first names, second names and date of birth, using:²⁹
- **A search within each entity record:** For example, Officer A is an individual PSC and a director of Company A, and a director of Company B. Officer A is counted twice: once as a unique officer for Company A and once as a unique officer of Company B. This approach resulted in double counting and was therefore our ‘high’ scenario.
 - **A search across the register:** For example, Officer A is an individual PSC and a director of Company A, and a director of Company B. Officer A is counted once only. However, since there was no process in place to ensure the consistency of officers’ details across the register, this was our ‘low’ scenario.³⁰
66. Companies House have since reviewed their methodology for identifying unique officers. Given the analysis completed to date, the estimates provided by the ‘high’ scenario were

²⁶ Most PSCs are those who hold: more than 25% of shares in the company, more than 25% of voting rights in the company and/or the right to appoint or remove the majority of the board of directors

²⁷ See: <https://www.gov.uk/government/statistics/companies-register-activities-statistical-release-2022-to-2023>

²⁸ Directorships are not the same as the count of directors as an individual may hold multiple directorships

²⁹ These searches captured the following appointments: Director, LLP Member, Individual PSC and RLE PSC

³⁰ For example, an individual could put ‘Jon Smith’ for Company A and ‘Jonathan Smith’ for Company B and would thus not be captured.

considered unrealistic and no longer appropriate. In comparison, there is greater confidence that the estimates from the 'low' scenario are more accurate.

67. Using a search across the register, we estimate the current number of unique officers to be around 6 million. To capture the stock of unique officers on the register by Spring 2025, we also add the forecasted number of new officers in 2024 and 2025 (1.6 million). This approach is covered under '**The flow of unique officers who will need to be identity verified**'. Therefore, we estimate the total stock of directors/PSCs (or equivalent) by Spring 2025 to be 7.6 million.

General partners

68. Companies House does not currently collect data on the officers of limited partnerships, and therefore we need to estimate the number of general partners that would need to complete identity verification.³¹ To do this, we took the average number of unique officers per active company and multiplied this by the estimated number of active limited partnerships.³² We estimate the total number of general partners by Spring 2025 to be 22,000.

Non-ACSP presenters

69. In many companies, especially small and micro-businesses, it is the director who submits filings. Larger companies may have dedicated resource (e.g. company secretaries), who file on a director's behalf. In this scenario, to submit a filing, company secretaries will need to have verified their identities as presenters. We refer to any company employees permitted to file on behalf of their company as 'non-ACSP presenters'. In order to continue filing on behalf of their organisation, these presenters must verify their identity.
70. We were unable to obtain any data on the number of non-ACSP presenters from both desk-based research and Companies House. It is not possible to accurately tell who in a company is a non-ACSP presenter because of the many roles that fall under the categorisation.
71. But data from ONS's Annual Survey of Hours and Employment³³ suggests that there are 11,000 company secretaries in the UK. However, we believe this is likely to be an underestimate as many individuals could fulfil the duties of a company secretary but not

³¹ Officer details of LLPs are currently collected, however.

³² Assuming an estimate of 7.5 million directors (and equivalents)/PSCs and 6.1 million active companies (as of Spring 2025) produces an average of 1.24 officers per active company. According to Companies House 2022/23 register activities statistical release there are 57,537 limited partnerships (including Scottish Limited Partnerships). The number of limited partnerships on the register at the end of the period includes those limited partnerships that were closed, as they are not removed from the register. Companies House internal analysis estimated that only 32% of these LPs would be active; applying this to the total population we estimate that only 18,170 LPs are active. Multiplying this by the average number of officers per active company, we estimate there are 22,456 general partners. Given the small number of general partners estimated and the lack of relevant data, we do not consider this within the flow analysis. This same methodology was used in the primary stage Impact Assessment, to estimate the total number of general partners.

³³

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupation4digitsoc2010ashtable14>, soc code 4214, 2023 provisional data.

describe themselves as such. The duties of a company secretary could be performed by an administrator in the company's finance function, for example³⁴. And in some cases, companies contract out company secretary services to other businesses. Further, there are substantially more than 11,000 large and medium sized companies.

72. Therefore, we make the following assumptions:

- Only medium and large UK companies will utilise non-ACSP presenters to file on their behalf

For each of these medium and large companies, there will only be one non-ACSP presenter³⁵

73. The FAME database captured 77,000 medium and large UK companies.³⁶ Therefore, we estimate that there are also 77,000 non-ACSP presenters. To capture the total stock of non-ACSP presenters by Spring 2025, we also add the estimated yearly flow of new non-ACSP presenters (8,000) to this – covered under '**The flow of unique officers who will need to be identity verified**'. Therefore, we estimate the total number of 'would-be' non-ACSP presenters by Spring 2025 to be 93,000. Our judgement is that this the best estimate possible based on the available data, though it is likely to over-estimate the numbers of ID verifications required if most companies contract out their company secretary requirements to a small group of businesses, who would need to be registered as ACSPs.

74. Figure 3 details the current stock of unique officers.

Figure 3: Estimated stock of officers by Spring 2025 who must identity verify

Verifier	Total
Directors/PSCs	7,571,000
General partners	22,000
Non-ACSP presenters	93,000
Total	7,687,000

Figures have been rounded to the nearest 1,000 so totals may not sum

75. Officers are either classified as 'easy-to-verify' (94.5%) or 'harder-to-verify' (5.5%). We provide more detail below as to how we estimate these categories.

76. We anticipate that GOV.UK OneLogin will be the default platform which will be used to verify an individual's identity.³⁷ We envision that the vast majority of officers (i.e. 'easy-to-verify') will be able the verify their identity digitally using GOV.UK OneLogin, via two routes:

³⁴ <https://www.simpleformations.com/blog/company-secretaries-the-basics.html>

³⁵ Within these larger organisations, it's possible that there may be more than one individual completing these filings. However, for simplicity we assume there will only be one individual.

³⁶ The FAME database contains information on companies registered at Companies House in the UK. It covers company financials, in detailed format, with up to ten years of history, detailed corporate structures and the corporate family, shareholders and subsidiaries. Figures from the FAME database may differ slightly from Companies House annual publications, as FAME extracts and captures data from the companies register more frequently.

³⁷ See: <https://www.sign-in.service.gov.uk/>

- ‘**Standard digital**’ verifications through GOV.UK OneLogin platform (online and app)
- ‘**Assisted digital**’ verifications provided by GOV.UK OneLogin (attending a Post Office to assist individuals to verify themselves)

77. Officers characterised as ‘harder-to-verify’ will need to use alternative routes to identity verify. This is covered below under ***IDV for ‘harder-to-verify’ officers.***
78. Companies House have used Government Digital Service (GDS) analysis to estimate the share of officers that will go through each of these verification routes. This was achieved through estimating the success rate of users that attempt this route (i.e. the proportion of user journeys that are started and result in successfully verifying their identity through GOV.UK OneLogin).
79. The ‘standard digital’ route is a very quick and straightforward process, whereas the ‘assisted digital’ route involves an additional step (i.e. going to a Post Office) in order to complete the verification process. Evidence from the GDS found that a significant proportion of ‘easy-to-verify’ officers were able to successfully self-verify through the ‘standard digital’ route. Therefore, we use this to estimate that 96% of ‘easy-to-verify’ officers will verify themselves through the ‘standard digital’ route. There may be a small share of these verifiers who will require additional support to complete the verification process, therefore we estimate that only 4% ‘easy-to-verify’ officers will utilise this route.

IDV for ‘harder-to-verify’ officers

80. There is a small subset of individuals that may experience difficulties and/or be unable to verify their identity via GOV.UK OneLogin. These verifiers are defined as ‘harder-to-verify’ and are currently assessed to have the following characteristics:
- Overseas residents with non-biometric passports and certain biometric passports;
 - Those with unknown nationalities and residencies
81. Companies House use a search across the entire register to identify the existing population of unique officers, then identifies those that meet this definition. Officers who are overseas residents with either a non-biometric passport or certain biometric passports accounted for around 1% of the existing population of unique officers.
82. Due to data quality issues, Companies House were unable to capture residency and/or nationality data for some verifiers. As a result, 4.5% of officers have unknown nationalities and residencies. We do not know whether they would be able to verify using GOV.UK OneLogin. So, in the absence of any further information regarding these officers, we also consider them ‘harder-to-verify’.³⁸

³⁸ It’s possible that this may be an overestimate as some of these officers: a) may not be ‘harder-to-verify’ so will be able to verify via GOV.UK OneLogin or b) fall out of scope of our analysis as they do not have any activity in the UK.

83. Based on these working assumptions, we estimated that around 5.5% of all individuals would be 'harder-to-verify'.
84. Given this definition, there are some foreign individuals that will be based overseas and realistically have limited to no economic activity in the UK, and would fall out of our cost assessment. Ultimately, as per Green Book guidance, our interests lie where there is a cost on business undertaking economic activity in the UK. However, given the data limitations we are unable to disaggregate these individuals from the overall population of 'harder-to-verify' officers. It is possible that some of these individuals may fall out of scope of this analysis, and therefore our cost assessment may be an overestimate.
85. Additionally, recent analysis conducted by Companies House estimates that the population of 'harder-to-verify' officers could be much lower - around 2.4%. Therefore, it's likely that our population of 'harder-to-verify' officers is an overestimate. **However, given the known data quality issues across both estimates, we use 5.5% to model a more conservative estimate.**
86. Companies House and DBT are working together to consider additional routes which could be offered to allow 'harder-to-verify' individuals to verify their identify. However, the policy prescribing this is still in development. At present, the main options under consideration are:
- **'Digital' verification** (e.g. via an alternative provider using a process equivalent to the GOV.UK OneLogin route)
 - **'In-person' verification** (e.g. providing documentation to a notary and attending an interview)
87. Given the data quality issues, it's difficult to estimate the number of 'harder-to-verify' officers that will utilise each route to complete identity verification. Therefore, we estimate a 50-50 split between both verification routes.
88. Figure 3.1 provides the breakdown for the total stock of unique officers.

Figure 3.1: Breakdown of the stock of unique officers

Verifier	Verification route		No. of officers
'Easy-to-verify' (94.5%)	'Standard digital' (96%)	6,976,000	7,267,000
	'Assisted digital' (4%)	291,000	
'Harder-to-verify' (5.5%)	'Digital' (50%)	210,000	420,000
	'In-person' (50%)	210,000	
Total stock of unique officers			7,687,000

Figures have been rounded to the nearest 1,000

The flow of unique officers who will need to be identity verified

89. We now estimate the flow of individuals who will need to identity verify over the ten-year appraisal period. This will be determined by the number of new directors, PSCs (or equivalents) and non-ACSP presenters there are each year through either a new incorporation or appointment through an event driven filing (e.g. change in director).³⁹
90. We need to understand the flow of the current officer types:

Directors/PSCs (and equivalents)

91. To estimate the flow of new director and PSCs appointed each year, we look at the number of unique officers appointed each year on the register.
92. Companies House internal analysis applied the same approach used to estimate the stock of unique officers (i.e. a search across the register). For instance, if Officer A was appointed in 2016, resigned in 2017 and was reappointed in 2019 - Officer A would not be counted as a new officer in 2019/20.
93. The estimated number of new unique officers appointed between 2017 and 2023 is shown in figure 4.

Figure 4: Estimated flow of new unique officers appointed each year, 2017-2023 ⁴⁰

	Average	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
New unique officers	790,000	853,000	796,000	755,000	816,000	762,000	760,000

94. Using the average across this period, we estimate 790,000 new directors/PSCs (and equivalents) each year.

General partners

95. Given the small number of general partners of limited partnerships estimated, and the lack of relevant data, we have not included these within our estimates of the flow. The same approach was used in the primary stage Impact Assessment.

Non-ACSP presenters

96. The flow of new non-ACSP presenters could be a result of two factors:
- **New large or medium sized companies joining the register:** A snapshot of data from FAME between October 2022 to September 2023 found less than 35 new medium and large companies incorporated in the UK out of an approximate

³⁹ For example, an event driven filing occurs where an existing company replaces a director.

⁴⁰ From 1st April to 31st March

838,000 incorporations.⁴¹ We therefore assume the number of new companies using non-ACSP presenters each year will be negligible.

- **The turnover of staff who act as non-ACSP presenters (e.g. if they change job):** In 2022, the average job tenure was 10.2 years.⁴² Therefore, we assume that after 10.2 years the entire population of presenters would change. We spread this change proportionately out over our 10-year appraisal period to estimate 8,000 new presenters each year.

Total flow population

97. The total flow population is the sum of new directors/PSCs (790,000) and non-ACSP presenters (8,000). This provides an estimate of 798,000 new unique officers year-on-year.
98. Historically, the size of the register has increased at a fairly steady rate, so where there are no substantial macroeconomic events, the level of incorporations in a given year are generally predictable. This raises the question of whether our historic estimates of unique officers should be increased to account for more register activity in the future. However, behaviour is more difficult to determine where wide-reaching events occur (e.g. Covid-19).
99. However, it is possible that the introduction of identity verification and the uplift in Companies House fees (along with other measures within the reform package) might reduce the number of individuals and companies on the register post-reform. Indeed, one aspect of the Registrar's new powers is to 'clean' the register.
100. Additionally, because GOV.UK OneLogin is used across other departments, there will likely be an overlap in the population of existing GOV.UK OneLogin users and the flow of new officers. So, it's possible that some of the officers captured in our analysis would already be verified/have a GOV.UK OneLogin account, and would therefore not need to identity verify again.
101. Given these unprecedented reforms to Companies House, it is difficult to forecast what impact this might have on future trends for the flow of new officers. Therefore, we have assessed three potential scenarios for the flow of new officers - an annual decline of: 15% (low), 7.5% (central) and none (high).⁴³ We will continue to monitor the size of the register throughout the implementation of the reforms.
102. Figure 5 summarises our estimates for the number of new officers who will need to identity verify each year.

⁴¹ See: <https://www.gov.uk/government/statistics/incorporated-companies-in-the-uk-july-to-september-2023>

⁴² See: https://stats.oecd.org/Index.aspx?DataSetCode=TENURE_AVE#

⁴³ The analysis published alongside the uplift in Companies House fees, estimated an annualised 7.5% cumulative decline in the register size. There is limited research on the impacts on the register size following legislative reform and therefore, the unusual growth in the register seen during Covid-19 has been used as a proxy for the estimated decline. This proxy is considered to represent the portion of businesses who will likely dissolve as a result of the additional administrative requirements. See:

https://www.legislation.gov.uk/ukxi/2024/155/pdfs/ukxi0d_20240155_en_001.pdf

Figure 5: Estimated flow of new officers who must identity verify each year

	Flow of new officers per year (000s)									
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Low	798	798	678	577	490	417	354	301	256	217
Central	798	798	738	682	632	584	540	450	462	428
High	798	798	798	798	798	798	798	798	798	798

Total rounded to the nearest 1,000.

103. According to the historical growth of the register, on average 798,000 new unique officers join each year. We add this to our estimate of the existing stock of unique officers on the register in order to forecast the number of officers on the register when identity verification goes live for all remaining officers in 2025. We assume that in 2024 and 2025 the flow of new officers follows the historical trend – this is applied across all three scenarios.⁴⁴ We apply the estimated decline in the flow of new officers from 2026 onwards.

Confirming identity verification

104. There is a difference between verifying the identity of an individual versus notifying the unique identifier of an individual with regards to a specific appointment. A director or PSC (the individual) is considered to have verified their identity once they complete the identity verification process (i.e. via GOV.UK OneLogin) regardless of how many appointments they have. However, there is a considerable overlap between these populations, as individuals will often hold more than one role (the appointment). This could be with the same organisation and/or across several other organisations. Therefore, each person holding a particular role will be required to confirm that they have verified their identity and notify their unique identifier to the registrar. For example, an individual may be a PSC and director for company A, and a director in company B. They will only be required to verify their identity once, but this information would need to be provided for each appointment.

105. Some officers may be able to confirm their identity verification on a company level (e.g. directors submitting their unique verification code alongside incorporation or (for existing directors) alongside their confirmation statements). However, assuming companies only submit one statement for all officers on a yearly basis would likely be an underestimate. Fundamentally, the responsibility to submit this information falls on the PSC/company and following year one there may be multiple points in a year where officers will need to confirm that they have been verified, for example once they have been appointed. As a result, we envision that capturing the costs at an appointment level – in effect there is a cost attached to every appointment – will be a more realistic assessment of costs.

106. A core principle of the identity verification service is that individuals should, in the majority of cases, only need to verify once regardless of the number of appointments they hold. Upon successful verification the individual will be provided a unique code. It is this code, alongside a statement, which will then need to be provided to Companies House on a per appointment basis. Therefore, individuals may need to have multiple interactions with

⁴⁴ As outlined above, it’s likely that this is an overestimate, but we use this to be conservative.

Companies House. Work is underway to investigate how to efficiently streamline the process of providing the unique code for each appointment an individual may hold.

- 107. Therefore, we want to estimate the existing stock of appointments and flow of new appointments overtime.
- 108. This will be a requirement for all unique officers, however since directors/PSC (and equivalents) account for the majority of the population, we focus on these officers in particular.

Stock

- 109. Companies House statistics shows there are over 8 million existing directorships, 6 million PSC roles on the register.⁴⁵ As outlined under ‘**The stock of unique officers who will need to be identity verified**’, we also estimate 22,000 existing roles for general partners.
- 110. To capture the stock of appointments by Spring 2025 we’ll also need to add flow of new appointments. As outlined below – under ‘**Flow**’ - we estimate a total of 4.6 million new appointments between 2024 and 2025.
- 111. Therefore, as of Spring 2025, we estimate there will be around 18.9 million appointments.
- 112. Figure 6 outlines the estimated stock of appointments as of Spring 2025.

Figure 6: Estimated stock of appointments

	No. of appointments
Directorships	8,081,000
PSC roles	6,124,000
General partners	22,000
Average no. of new appointments	4,643,000
Total	18,871,000

Total rounded to the nearest 1,000, so totals may not sum

Flow

- 113. We now estimate the flow of appointments over the ten-year appraisal period. This will be determined by the number of new directors, PSCs and equivalents) each year, primarily through new incorporations.
- 114. For all incorporations a statement will need to be submitted for each director and PSC. For simplicity here, we consider this on a per appointment basis (although process in

⁴⁵ See: <https://www.gov.uk/government/statistics/companies-register-activities-statistical-release-2022-to-2023>

practice differs for directors and PSCs). We estimate 2.1 million new appointments will be created via new incorporations ^{46 47}

115. We also envision that the flow will also be influenced by the number of new appointments to existing organisations. This could either be through an existing officer being replaced by a new one or an additional officer being appointed to the organisation. We assume that this will only account for a very small proportion of the flow of new appointments and estimate this population to be around 10% of new appointments created via new incorporations. This equates to 211,000 new appointments.
116. Overall, we estimate an average of 2.3 million new appointments each year.
117. However, it is possible that the introduction of identity verification and the uplift in Companies House fees (along with other measures within the reform package) might reduce the number of individuals and companies on the register post-reform. Indeed, one aspect of the Registrar’s new powers is to ‘clean’ the register.
118. Given these unprecedented reforms to Companies House, it is difficult to forecast what impact this might have on future trends for the flow of new appointments. Therefore, similar to the flow of unique officers, we have assessed three potential scenarios for the flow of new officers - an annual decline of: 15% (low), 7.5% (central) and none (high).⁴⁸ We will continue to monitor the size of the register throughout the implementation of the reforms. We will continue to monitor the size of the register throughout the implementation of the reforms. Figure 7 outlines the estimated number of new appointments.

Figure 7: Estimated flow of new appointments

	Flow of new appointments (000s)									
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Low	2,321	2,321	1,973	1,677	1,426	1,212	1,030	876	744	633
Central	2,321	2,321	2,148	1,987	1,838	1,670	1,572	1,454	1,345	1,244
High	2,321	2,321	2,321	2,321	2,321	2,321	2,321	2,321	2,321	2,321

Total rounded to the nearest 1,000.

119. According to our estimates, on average there are 2.3 million new appointments each year. We add this to our estimate of the existing stock of appointments on the register in order to forecast the number of officers on the register when identity verification goes live for all remaining officers in Spring 2025. We assume that in 2024 and 2025 the flow of new officers follows the historical trend – this is applied across all three scenarios. We apply the estimated decline in the flow of new officers from 2026 onwards.

⁴⁶ See: <https://www.gov.uk/government/statistics/companies-register-activities-statistical-release-2022-to-2023>

⁴⁷ To estimate the average number of new appointments, we multiplied the total number of incorporations between 2018 to 2023 (740,575) with the average number of directorships and PSC roles per company. This was 1.58 and 1.27, respectively,

⁴⁸ The analysis for the uplift in Companies House fees, estimated an annualised 7.5% cumulative decline in the register size. There is limited research on the impacts on the register size following legislative reform and therefore, the unusual growth in the register seen during Covid-19 has been used a proxy for the estimated decline. This proxy is considered to represent the portion of businesses who will likely dissolve as a result of the additional administrative requirements.

Monetised costs

120. Whilst we have reasonable data on the number of individuals that need to be ID verified, it is less straight-forward to estimate time costs for a system that has not yet been implemented. To estimate these, we have:
- Drawn on the latest thinking at Companies House on how they will implement ID verification; and
 - Used time cost estimates based on what we think are likely to be comparable systems e.g. Government Digital Service GOV.UK OneLogin.
121. Precise estimates of compliance costs with ID verification are therefore unlikely to be available until the system is up and running. We will revisit cost estimates in a future review of the Regulations, drawing upon Companies House user experience data.
122. The main costs of identity verification⁴⁹ are:
- **Familiarisation costs:** Understanding the new obligations that are required of individuals. This will be a one-off cost for all new and existing unique officers.
 - **Verifying the stock and flow of officers:** This is a one-off cost for all new and existing officers.
 - **Confirming verification:** For every appointment an officer holds, they will need to confirm their identity has been verified. This is required for all new and existing officers.
123. In most instances, it will be directors/PSCs who need to verify their identities. We cost this at the opportunity cost of their time valued using the median hourly pay rate (excluding overtime) for managers, directors and senior officials from the Annual Survey of Hourly Earnings (ASHE) in 2023, uplifted by 20% to account for non-wage labour costs.^{50 51} Using the GDP deflator to bring this into 2019 prices, this is £25.20 per hour.⁵²

Familiarisation costs

124. Familiarisation costs will apply to all individuals that need to verify their identities. Individuals will need to familiarise themselves with this policy change:

⁴⁹ Note that Companies House costs of system development are not included here as they are not compliance costs as defined under the better regulation framework. Estimated costs were included in the primary legislation IA.

⁵⁰ See: <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupation4digitsoc2010ashtable14>

⁵¹ Non-wage costs include sickness, maternity and paternity pay, National Insurance contributions and pension contributions.

⁵² See: <https://www.gov.uk/government/collections/gdp-deflators-at-market-prices-and-money-gdp>

- Individuals verifying themselves via GOV.UK OneLogin (or another alternative route) will need to understand how to complete the process.
- All officers will need to understand the process for confirming verification.

125. Engagement from Companies House suggests that there are a wide range of methods that can be used to make individuals aware of these changes (e.g. emails, webinars, web pages etc.). However, Companies House will aim to use digital methods to make it easy and intuitive to understand what is required of them. The familiarisation process should not require training of staff, changes to business processes or briefing sessions for entire teams.
126. The process of familiarising with the policy change is unlikely to be very burdensome. Familiarisation will not require reading the regulations, Registrar's rules and guidance, though may involve reading a letter or email from Companies House and, for most, following a link to the actual verification site. A message that covers an A4 page contains between 400-500 words⁵³. As on average readers read at 200 words a minute⁵⁴, familiarisation is likely to be modest. However, to allow for the fact that this will be a new requirement for many and may require the finding of documents e.g. passport, we estimate that it would take individuals ten to twenty minutes to understand the new obligations - we use fifteen minutes per individual as the average.
127. Therefore, we estimate the time cost for individuals to familiarise with this policy change to be £6.30.

Verifying the stock and flow of unique officers

128. This section outlines the one-off costs for business of having to comply with the identity verification requirements for the current stock of unique officers.
129. We've identified that the vast majority of officers will verify their identity digitally using GOV.UK OneLogin, via two routes:
- **'Standard digital'** verifications through GOV.UK OneLogin platform (online and app)
 - **'Assisted digital'** verifications provided by GOV.UK OneLogin (attending a Post Office to assist individuals to verify themselves)
130. We use evidence from the GDS to estimate the time it will take an officer to verify. According to the GDS, on average 'standard digital' verifications take ten minutes, whilst

53

<https://www.blackkitetranslations.com/quote/wordcount.php#:~:text=As%20a%20rule%20of%20thumb,average%20400%20to%20500%20words.>

⁵⁴ <https://www.prsa.org/article/how-to-determine-average-reading-time>

'assisted digital' verifications take forty-five minutes. Again, we use the ASHE earnings data for directors and managers (£25.20 per hour) to estimate the cost of this.⁵⁵

131. Therefore, we estimate the time cost of 'standard digital' verifications at £4.20 and 'assisted digital' verifications at £18.90.

IDV for 'harder-to-verify' officers

132. Most users will be able to use the standard and assisted digital route. Those who cannot, will be required to verify their identity via a more manual route. As part of their implementation Companies House is developing the options for this alternative route with the aim of limiting the overall burden on users. However, this is likely to combine manual verification of documents, for example via third parties, with additional checks for likeness/liveness which may be carried out in-person or via video interview.
133. Companies House and DBT are working together to consider additional routes which could be offered to allow 'harder-to-verify' individuals to verify their identity. However, the policy prescribing this is still in development. At present, the main options under consideration are:
- **'Digital' verification** (e.g. via an alternative provider using a process equivalent to the GOV.UK OneLogin route)
 - **'In-person' verification** (e.g. a combination of manual verification of documents supported by additional checks)
134. There is little evidence available on the time it might take 'harder-to-verify' individuals to identity verify via alternative verification routes. At the very least the time costs will be as significant as those experienced using 'standard digital' route.. Therefore, we have used identity verification via the 'standard digital' route for our low scenario: i.e. ten minutes . Digital verification time costs scale with the number of pieces of identification required to be verified. For example, different methods could require between one to three pieces of identification⁵⁶. The GOV.UK OneLogin route only requires one piece of identification. For individuals who must use an alternative route we assume that more pieces of identification would be required as risks of misidentification would be higher. Therefore, we use twenty minutes, representing two pieces of identification, in the central scenario and thirty minutes, representing three pieces of identification, in the high scenario. Using the ASHE earnings data for directors and managers (£25.20 per hour), officers could incur a time cost of £4.20 (low), £8.40 (central) and £12.60 (high).
135. Similarly, there is minimal evidence on the time it would take 'harder-to-verify-officers' to identity verify 'in-person'. We assume it'll likely be more burdensome than the 'digital'

⁵⁵ We do not know who will be verifying their identity in the instance of a non-ACSP presenter, we also use the wage rate of a director. This might be an overestimate if the verification process is carried out by a company secretary on the director's behalf. This is because the hourly wage for a company secretary is £14.18 (in 2019 prices, including non-wage labour costs). However, given the small number of non-ACSP presenters, we use the wage rate of directors as a conservative estimate.

⁵⁶ <https://www.gov.uk/government/publications/identity-proofing-and-verification-of-an-individual/identity-profiles#collecting-multiple-pieces-of-evidence>

verification route, particularly since officers are likely to need to visit a third-party office to undertake this process.

136. Although a different process, if an individual is to get a passport urgently (another way of confirming your identity) and requires an appointment, it can last up to thirty minutes.⁵⁷ Until the process for verification of documentation is further prescribed it is difficult to estimate the time required for that element, however Companies House currently believe that in-person verification could be carried out in 45 minutes: 15 minute completion of a form followed by a 30 minute on-line interview with a member of Companies House. We use these examples to estimate the time it might take officers to complete identity verification via the 'in-person' route. To account for this uncertainty, we model three scenarios: thirty minutes (low), forty-five minutes (central) and sixty minutes (high).
137. We estimate the time cost of 'in-person' verifications could be £12.60 (low), £18.90 (central) and £25.20 (high).

Confirming identity verification

138. The process for confirming verification varies for presenters, directors and PSCs, but all are required to verify their identity in advance of interacting with Companies House. The process also varies for existing directors and PSCs, and new directors and PSCs (once identity verification requirements are in place).
139. Upon verifying their identity, officers will receive a unique verification code which can then be used in the submission of statements. There is uncertainty around how this process will work in practice and therefore limited evidence around the time it would take to complete:
- It's possible that the process for confirming verification could form part of the existing identity verification processes. Therefore, there would be no additional time cost to submitting these statements, as this would already be captured within the process time for undertaking identity verification (i.e. 'standard digital' vs. 'assisted digital' verification).
 - It could also be argued that there is in fact an additional time cost for submitting this information. For instance, collecting and collating each officer's unique verification code would pose a time cost for everyone involved (i.e. a company secretary, director etc.).
140. To account for this uncertainty, we have modelled three different scenarios. We estimate that this could take between zero (low) and ten minutes (high) to complete per appointment (and therefore a central estimate of five minutes). Using the ASHE earnings data we estimate the time cost of confirming verification to be £0 (low), £2.10 (central) and £4.20 (high).

⁵⁷ See: <https://www.gov.uk/get-a-passport-urgently>

B. ACSPs

141. In this section we include the costs to ACSPs for registering with Companies House and ensuring that ACSPs are compliant with the Anti-Money Laundering regulations. For the reasons discussed above, these costs are attributable to the primary legislation, not the SI. We do not quantify any costs relating to storing of records of identity verification checks, or provision of information to the Registrar. This is because in the former ACSPs can choose not to offer identify verification and in the latter the requirement either arises when the Registrar suspects non-compliance or, in the case of requirements to update ACSP information, we have no information on which to estimate a cost.

Numbers in scope

Stock of agents

142. We do not know how many agents there are currently filing on behalf of companies. It is likely that agents, whose role includes setting up and filing on behalf of companies, will be using software to do so rather than directly through the Companies House WebFiling service. Companies House have therefore undertaken analysis estimating the number of agents by looking at the number of unique email addresses belonging to filers who use software.⁵⁸
143. To estimate the numbers of future ACSPs that will need to register, Companies House previously sought to identify the number of existing user accounts who file on behalf of companies. However, this internal data was only available for accounts filing using software and does not include those who file accounts on paper and through WebFiling. Therefore, to account for the fact that the data only partially captures the population who will need to register as ACSPs, we need to uplift the figures to attempt to capture agents who file accounts on paper and through WebFiling.
144. Analysis of internal Companies House data identified approximately 30,000 accounts who file on behalf of companies using software. The best central estimate provided by Companies House of additional numbers needing to register as ACSPs (based on those filing through other routes) is an additional 20,000. This figure has significant uncertainty as we do not have reliable data to support this but was seen to represent a conservative assumption of the additional number of ACSPs.
145. As a sense-check, we know that 55% of account filings use the software filing route, with 45% coming through WebFiling or paper routes. If we assume that ACSPs file across the filing routes consistent with the whole population, then applying a 45% uplift to the 30,000 figure provides an estimate of 43,500. However, it is possible that more ACSPs file through WebFiling or on paper than the filing population as a whole, we consider 50,000 to be a conservative estimate.
146. Therefore, we estimate there to be 50,000 agents who will need to register as ACSPs.

⁵⁸ This may potentially be an overestimate, as individuals themselves can also buy software to undertake their filing but are significantly less likely to do this than go through the free Companies House service and by looking at unique email addresses, we run the risk of double counting as agents may have more than one email address for their company.

Flow of ACSPs

147. There is insufficient evidence to estimate the ongoing flow of ACSP presenters, and given many of these organisations will be established businesses, we envisage the flow to be very low. Due to this, this is not captured within our estimates.

Monetised costs

148. The main costs for ACSPs are:

- **Familiarisation costs:** Understanding the new obligations that are required of individuals. This will be a one-off cost for all new ACSPs and existing agents.

Registering with Companies House: Completing the process to become an ACSP. This will be a one-off cost for all new ACSPs and existing agents. The SI also requires ACSP to notify the Registrar when their information provided on registration changes. We do not cost this given the lack of any information on which to base an estimate. These costs are likely to be small.

149. Companies House will also incur a cost to implementing these reforms. However, these costs were outlined within the primary stage Impact Assessment.

Familiarisation costs

150. Engagement with HMRC tells us that all supervisors currently provide regular guidance to their supervised population. A wide range of tools are used, including webinars, podcasts, e-mails. It is likely that a similar method will be used in this scenario and a process they will be aware of.
151. Engagement with Companies House implementation leads has also highlighted that for ACSPs to familiarise themselves with these new obligations will be fairly low burden. Companies House plan to use the following channels (e.g. email, sessions etc.) to relay this information to companies.
152. Given what is currently required of individuals and firms who are regulated for AML purposes, such as TCSPs, lawyers or accountants, we believe they will find any changes in requirements straightforward.
153. Therefore, the process of familiarising with the policy change is unlikely to be very burdensome. As a result, we envision that it would take individuals ten to twenty minutes to understand the new obligations - we use fifteen minutes per individual as the average. We will revisit this estimate in a future Review.
154. Therefore, we estimate the time cost for individuals to familiarise with this policy change to be £6.30 (central estimate).⁵⁹

⁵⁹ This is based on the median hourly pay rate (excluding overtime) for managers, directors and senior officials from the Annual Survey of Hourly Earnings (ASHE) in 2023, uplifted by 20% to account for non-wage labour costs.

Registering with Companies House

155. In order to become registered ACSPs, in addition to providing all the necessary information to Companies House, sole trader (i.e. individual) agents will also need to verify their identity.
156. The information they will be expected to provide will likely be readily available to these individuals and will therefore make registration fairly straightforward.
157. We envision this process will be similar to the 'standard digital' verification route. According to the GDS, on average 'standard digital' verifications take ten minutes. Again, we use the ASHE earnings data for directors and managers (£25.20 per hour) to estimate the cost of this. Therefore, we estimate the time cost of £4.20.
158. It is likely there will also be a registration fee to become an ACSP at Companies House. However, tax, duties, levies or other charges are not in scope of the definition of Regulatory Provisions, so this is therefore excluded from our EANDCB calculations.⁶⁰

XML Software Providers

159. XML software providers generally supply their clients (e.g. agents) with software they can use to complete filings. However, there are instances where these entities are also responsible for submitting these filings directly to Companies House, instead of their clients. Where this is the case, the XML software provider has acted as an 'intermediary filer' between the client and Companies House, and will therefore need to adhere to the same legislation implemented for agents and other filers. The XML software provider can choose to:
 - **Continue as an intermediary:** Where they will need to become AML supervised and then register as an ACSP
 - **Discontinue as an intermediary:** Where they will either need to change their business model to become a re-seller of software or leave the market
160. Either choice will pose a cost to these entities. There is limited information available on the number of XML software providers in scope or the costs they could incur. Although we do not envision there to be many XML software providers in scope, adhering to these new requirements could have significant implications for these few businesses.
161. However, some uncertainty still remains around the ability of software providers to make the required changes. This will impact the choice these software providers can/will make. There are also uncertainties linked to wider impacts these businesses could be exposed to and how this might impact the costs they incur. Ultimately, several factors including: the size of the business, the number of filings they complete and the nature of the activity

Using the GDP deflator to bring this into 2019 prices, this is £25.20 per hour. It's difficult to estimate the wages of ACSPs, therefore we use the wage of directors as a proxy.

⁶⁰ 'Provisions and their impacts are out of scope from the definition of Regulatory Provisions where they are in connection with: imposing, abolishing, varying or in connection with any tax, duty, levy or other charge' See: <https://www.gov.uk/government/publications/better-regulation-framework>

they undertake will all have implications for the costs they could incur. Whilst we have attempted to provide some indication of what these costs could look like, these are based upon very high-level assumptions and they are subject to vary from firm-to-firm. We will review these estimates in the future.

Continue as an intermediary

162. The exact number of XML software providers is unknown, although based upon a list of software suppliers provided on GOV.UK, we estimate there could be up to 35 XML software providers in scope.⁶¹
163. The main costs associated with continuing as an intermediary include:
- a) Familiarisation: Based on our central estimate outlined previously, it will take 15 minutes for individuals to familiarise with the policy change/new requirements. This translates to a time cost of £6.30.
 - b) Registering for AML supervision: HMRC will likely be the supervisory authority for these businesses, so long as they undertake the relevant regulated activity.⁶² HMRC currently monitor all trust or company service providers (TCSPs) – TCSPs who want to continue filing with Companies House following the reforms will need to register as an ACSP. In order to register for AML supervision, entities will incur the following one-off costs: a ‘fit and proper test’ fee (£150 for each person tested) and an ‘approval process’ fee (£40 for each person tested). Businesses must also register each premises they operate from. They will incur a £300 registration fee for each premises, which they must pay annually.⁶³ We do not have any further information on the average number of people companies choose to have tested or the number of premises these businesses operate from. Due to this lack of evidence we have assumed that each entity tests at least one person and has at least one premises they operate from. As a result, entities would incur a one-off cost of at least £490, and an ongoing cost of at least £300 to become AML supervised. Tax, duties, levies or other charges are not in scope of the definition of Regulatory Provisions, so this is therefore excluded from our EANDCB calculations.⁶⁴
 - c) Registering as an ACSP: Once AML supervised, these entities will then be able to register as ACSPs with Companies House. Above we’ve estimated the time cost of becoming registered as £4.20.

⁶¹ See: <https://www.gov.uk/company-filing-software/filing-annual-accounts-returns-and-tax-accounts>

⁶² Filing alone does not satisfy the requirement for AML supervision. This could mean offering additional services they did not in the past in order to become supervised. Providing these services could incur further costs for these businesses, however in the absence of any further data regarding what these costs might look like, this has not been captured within our analysis.

⁶³ See: <https://www.gov.uk/guidance/money-laundering-regulations-registration-fees>

⁶⁴ ‘Provisions and their impacts are out of scope from the definition of Regulatory Provisions where they are in connection with: imposing, abolishing, varying or in connection with any tax, duty, levy or other charge’ See: <https://www.gov.uk/government/publications/better-regulation-framework>

- d) Compliance with the money laundering regulations: It is difficult to estimate the cost of implementing the necessary processes to comply with money laundering regulations. We utilise evidence from the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 Impact Assessment to assess this.⁶⁵ Indeed, the Impact Assessment supporting these regulations discusses that the MLRs are underpinned by a risk-based approach and the lengths to which regulated entities must go in order to satisfy these checks are not set out in legislation. This makes it difficult to know the costs associated with compliance:
- There will be one-off costs of implementing changes (e.g. updating systems, processes and training staff). These costs will vary from firm to firm. Some e-money firms estimated that the cost of implementing changes to processes and legal requirements within the Fourth Money Laundering Directive would be in the region of £50,000-£75,000.⁶⁶ These costs may be different for TCSPs.
 - There would also be an ongoing cost of conducting the relevant customer due diligence checks. The E-Money Association reports that the direct cost of carrying out customer due diligence (CDD) on a customer is estimated to be £1.4 – £5 per check, although it will be difficult to disentangle this from other due diligence checks the firm undertakes. We also do not have evidence on how many CDD checks will need to take place.

Figure 8: Cost to XML software providers who opt to continue as intermediaries (per entity cost)

	Low	Central	High
Familiarisation	£4.20	£6.30	£8.40
Registering for AML supervision	£490		
Registration of ACSPs	£4.20		
Compliance with the money laundering regulations	£50,000	£62,500	£75,000
Total	£50,498.40	£63,500.50	£75,502.60

164. Based on the information outlined above, to complete steps a, b and c businesses would incur a one-off cost of at least £500 and an ongoing cost of at least £300.
165. For step d, we assume that businesses could incur a one-off cost of £50,000 (low), £62,500 (central) or £75,000 (high) to comply with money laundering regulations. They may also face ongoing costs to undertake due diligence checks, but given the caveats outlined above, the scale of this is unknown.
166. Overall, we currently envision businesses to incur costs anywhere between £50,000 (low scenario) to £76,000 (high scenario) in order to continue as an intermediary. These costs are largely driven by the cost of complying with the money laundering regulations,

⁶⁵ See: <https://www.legislation.gov.uk/ukxi/2017/692/impacts>

⁶⁶ The directive led to tightening of regulation for e-money, so is also different in scope to what would be expected of software firms.

however as outlined above this will vary greatly between businesses and could be more or less than we have estimated. We will therefore review these estimates in the future.

Discontinue as an intermediary

167. We were unable to find any relevant data on the potential cost of discontinuing as an intermediary, or the potential likelihood of this occurring.

ACSPs opting to undertake IDV for directors (or equivalents) and PSCs

168. ACSPs do not have to comply with this policy change – they will have the option to undertake identity verification as a service they provide to their clients. As this is not a regulatory requirement on business, this falls out of scope of the Business Impact Target and is therefore excluded from our EANDCB calculation.⁶⁷ However, for completeness, we have considered the costs of this below:

- This will be a new process which will have **familiarisation costs**. Conversations with Companies House found that the vast majority of existing agents/potential ACSPs are unfamiliar with the entity.
- Where an ACSP is a sole trader they will need themselves to be ID verified. The Companies House identity verification standard is more granular and detailed compared to the checks agents now conduct for AML ID checks.⁶⁸ As a result, familiarising with these changes could be more challenging for ACSPs.
- Additionally, since most organisations are not accustomed to completing identity verification to these standards, it's possible that **one off costs** may arise through organisations **upgrading their systems/processes** to meet these higher identity verification requirements (i.e. investing in new software, training, recruitment etc.)
- All ACSPs will be required to retain records of any identity verification check. Therefore, costs could potentially arise from investing in new software and/or **data storage solutions**.
- If the cost of undertaking identity verification via an ACSP is significantly higher than the direct Companies House route, then ACSP clients are likely to prefer to identity verify via the direct route, This means that ACSP's may choose not to offer the service.
- Smaller providers are most likely not to offer identity verification. User research conducted by Companies House found that smaller enterprises would most likely not undertake identity verification due to scale and cost of set up and on-going cost. , Larger organisations would have the infrastructure and processes in place to undertake identity verification, and they may choose to provide this as an extra as part of a bundled service.

⁶⁷ See: <https://www.gov.uk/government/publications/better-regulation-framework>

⁶⁸ See: <https://www.gov.uk/government/publications/identity-proofing-and-verification-of-an-individual>

C. Overview: Introducing identity verification and Authorised Corporate Service Providers

169. All costs are provided in 2019 prices and uses 2024 as the base year for the present value calculation.⁶⁹
170. For all the measures in this Impact Assessment, we estimate a NPV of -£169.9m and an Equivalent Annual Net Direct Cost to Business of £19.7m (increasing from £15m assessed in the primary stage Impact Assessment). Focusing only on costs relative to the do nothing the EANDCB falls to £19.5m in the central case. This is because costs related to ACSP registration will occur in the do-nothing scenario as the obligation has effect through the primary legislation. Note that the EANDCB for the ACSP registration measures has increased from £0.13m in the primary legislation Impact Assessment to around £0.3m in this Impact Assessment. This is a result of improved coverage of the number of ACSPs in scope.
171. Figures 9 and 9.1 provide an overview of the cost estimates in the low, central and best scenarios.

Figure 9: Summary of cost estimates for introducing identity verification and ACSPs over 10-year appraisal period

	NPV (£m)	EANDCB (£m)	EANDCB – excl. ACSP registration (£m)
Low	-280.9	9.7	9.5
Central	-169.9	19.7	19.5
High	-83.8	32.6	32.3

Note: ACSP registration costs are included under do nothing. Totals may not sum due to rounding

Figure 9.1: Individual Costs

		Low	Central	High
Familiarisation		£4.20	£6.30	£8.40
Verifying the stock and flow of unique officers				
'Easy-to-verify' (94.5%)	'Standard digital' (96%)	£4.20		
	'Assisted digital' (4%)	£18.90		
'Harder-to-verify' (5.5%)	'Digital' (50%)	£4.20	£8.40	£12.60
	'In-person' (50%)	£12.60	£18.90	£25.20
Confirming verification		£0.00	£2.10	£4.20
Registration of ACSPs (per entity cost) – incurred under do nothing		£4.20		

172. On an individual level, to complete the identity verification process (i.e. familiarise with the policy change and identity verify) it would cost the average officer (i.e. 'easy-to-verify

⁶⁹ Our ten-year appraisal period covers 2024 to 2033. However, since identity verification begins for the remainder of officers in 2025, our analysis will only capture nine-years of costs.

+ 'standard digital' verification) £10.50. This increases to £25.20 for officers verifying via the 'assisted-digital' route.

173. This goes up further for officers considered 'harder-to-verify'; £14.70 for those that verify via the 'digital' route and £25.20 for those that verify via the 'in-person' route.
174. Based on our central estimate, it will cost officers £2.10 to confirm verification for each additional appointment they hold.

See VIII. Annex for further cost breakdown

V. Benefits

175. Many of the benefits of reforming the companies register, such as greater transparency and more effective action against crime, will be felt broadly across business and society. Many of the measures within the reform package are interconnected and contingent on one another to be successful. Therefore, although this section will highlight many of the benefits associated with identity verification, other measures (identified in Figure 1) are also necessary to achieving this.
176. The primary legislation Impact Assessment broadly categorised the overall benefit of the reform package into two main types:
- Support legitimate enterprise and the UK's reputation as a secure place to do business – Identity verification aims to improve the trustworthiness of the company register by providing more accurate information regarding those setting up, managing and controlling corporate entities, thus minimises existing information asymmetries. In order to complete identity verification checks on their clients and deliver filings on their behalf, all agents will be required to register as ACSPs. This will increase the scrutiny of company formation and company information in order to make the Companies House register a more valuable resource for its users.
 - Help tackle crime and protect national security – Requiring all unique officers to verify their identity acts as a deterrent for individuals/organisations that have intentions to use corporate structures for illicit activities. Additionally, this can support Companies House and other supervisory bodies in targeting those using or intending to use companies in criminal/ corrupt activities. All agents must be Anti Money Laundering supervised. By requiring this as part of ACSP registration, it aims to make identifying suspicious behaviour easier and deters against criminal activity through corporate structures.
177. These measures will generate benefits to business who are significant users of Companies House data. The Impact Assessment underpinning the primary legislation noted that were the measures in the Bill to increase the quality of Companies House information by 5%, then the estimated benefit would more than offset the estimated cost to business for the entire policy package, including in the 'high cost' scenario.
178. In terms of tackling crime, opaque corporate structures not only facilitate crime but also hamper the law enforcement response. Register reform and data sharing should help remove a layer of complexity currently facing law enforcement agencies during their investigations in seeking those that control a company. As a result, investigations could be expedited and more efficient for law enforcement agencies. Officials in the Department of Business and Trade have commissioned research to estimate the benefits of the existing register and the expected benefits of the register after the reforms. This research is focused on law enforcement officials and persons who carry out Anti Money Laundering checks. The results will be published in due course and will provide a baseline for the evaluation of the reforms.

179. Register reform aims to further increase the transparency of the register enabling better and more efficient investigation of criminality. The reform package also includes other measures, without impacts on business, e.g. data sharing which should increase the effectiveness of law enforcement.
180. The theory of change under the monitoring and evaluation section shows how we expect the corporate transparency legislation to reach their intended outcomes.

VI. Wider impacts

Risks

181. The section below outlines wider policy risks we have identified within the policy making process. We will continue to monitor these as this policy is implemented and in a subsequent Review.

Phased implementation

182. All the necessary policy changes linked to identity verification will not commence at the same time for operational reasons. For instance, identity verification requirements for directors and PSCs will commence prior to identity verification requirements and filing restrictions for those who file documents with Companies House. Similarly, searchers of the register will only be able to see the effect of unique identifiers in connecting different appointments 12 months after identity verification commences, once the transition period for existing directors and PSCs to verify their identity has concluded. Identity verification for limited partnerships will also commence at a later stage in line with LP reform.
183. This could attract criticism from members of the public who may view that the phased implementation will dampen the impact of the reforms, however we consider this risk can be sufficiently mitigated through clear communication with stakeholders during the transition period, alongside the fact that it will only be for a limited period of time.

Restrictions to GOV.UK OneLogin

184. We envision that the vast majority of officers will be able to verify their identity via GOV.UK OneLogin. However, there are certain restrictions to this platform, namely that some overseas passports are not accepted by OneLogin. This poses the risk that foreign nationals with passports that are not accepted by OneLogin, may be deterred from completing the process.
185. Additionally, if foreign nationality directors of UK companies cannot successfully verify this may mean they take their business out of the UK and could be less keen to trade here.
186. Companies House will ensure that they are able to offer a route to identity verification to as much of the officer population as is reasonably possible.

Deterring legitimate activity

187. There is a risk that increased transparency and accountability over who owns and controls UK business deters a number of legitimate business opportunities from investing in the UK, as well as impacting the illegitimate business we are seeking to deter.
188. We consider this to be a low risk. We have worked closely with stakeholders to ensure this package of reforms are overall beneficial for business. Most stakeholders (including those representing companies) throughout the consultation stage were strongly in favour

of this package of proposals. We have introduced mitigations through the privacy elements of this policy package for those companies where an increase in transparency will put them at risk. We therefore envisage it is likely that companies behaving illegitimately will be deterred by the increase in transparency requirements.

Failure to meet external expectations

189. Identity verification is a prominent element of the overarching register reform package within the ECCTA. This has led some stakeholders and media outlets to conclude that the reform will go further than just *identity* verification, for instance that the measures will verify the information provided by individuals, such as their personal address, or their status as a director or PSC of a company, which is not the case. There is therefore a risk that once the reforms are implemented they do not align with the expectations of stakeholders.
190. We have worked closely with stakeholders throughout the development of this policy to ensure the objectives of the reforms are clear, and will continue to do so throughout the implementation phase.

Failure to achieve objectives

191. There is a risk that the full vision of the reform proposals is not achieved or achieved sub optimally. This would result in not producing more accurate and reliable information on the public register at Companies House. This could in turn leave UK business vulnerable to fraud, money laundering and other economic crimes. Failure to deliver the reforms may also have a cost to business through increased damage to the UK's reputation as a safe and trusted economic environment for people to set up and do legitimate business.
192. We have worked closely with stakeholders to ensure the planned reforms will achieved their required objectives. We will continue to do this throughout the implementation phase of these reforms.

Public sector impact

193. The impact on the public sector has been considered within the primary legislation Impact Assessment. Most notably, ***IV. Costs of Companies House transformation*** looks at the cost of these proposals to Companies House.⁷⁰

Competition and innovation impact test

194. The proposed reforms affect all companies across sectors, and we thus have not identified any specific competition and innovation impacts. The proposals will help strengthen the position and protect consumers and businesses who 'do the right thing' from those who aim to abuse the current corporate framework.

⁷⁰ See: <https://publications.parliament.uk/pa/bills/cbill/58-03/0154/1.ImpactAssessmentfromDepartmentforBusinessEnergyandIndustrialStrategy.pdf>

195. In 2018 BEIS commissioned research on the value of the companies register found that of the businesses surveyed, 86% used company information to confirm basic information about a company, 71% to carry out due diligence work about a company and 28% to check risk/creditworthiness of a supplier. By having more up to date, accurate data on the companies register it should support business when transacting with one another and thus promote competitive business taking place. Similarly, having more reliable and trustworthy data on the companies register should support business and thus have a positive impact on innovation.

A summary of the potential trade implications of measures

196. All UK companies and all PSCs and Directors of UK companies, wherever they are resident, will be subject to the requirements. We do not therefore envisage any favourable treatment for UK or foreign persons, legal or otherwise. However, there could be marginal effects on trade and investment:

- The measures could provide greater confidence to foreign and UK entities that the UK companies they trade with are legitimate and therefore increase trade. .
- Improving company regulation could impact on inward investment. The reforms signal that the UK is a good place for legitimate investment and may encourage more foreign persons to set up a company in UK..

Environmental impacts

197. There are no obvious direct concerns in this area.

Human rights

198. The Human Rights analysis was conducted for the purposes for the human rights memorandum.

Justice system

199. A Justice Impact Test (JIT) is the Ministry of Justice tool that helps policymakers across government find the best way of achieving their policy aims whilst minimising the impact on the justice system. A JIT for IDV and ACSPs has been submitted to the Ministry of Justice.

Impact on small, micro and medium businesses

200. The measures in this reform package will impact all businesses – including micro, small and medium businesses. Internal analysis estimates around 97% of all companies registered with Companies House are considered micro or small; including medium companies this increases further to 99.3%. Although we do not know exactly how many agents are currently supporting companies, we'd expect the spread of ACSPs to broadly resemble to company population.

201. Overall, introducing exemptions based on company size would undermine the objectives of this policy. For example, if micro, small and medium businesses did not have to verify the identities of their directors or PSCs, this could be a loophole that criminals could exploit.
202. At the minimum, all companies will need to comply with the same policy change – all directors, PSCs (or equivalents) and presenters will need to verify their identities – and as covered in earlier sections this will likely be very low burden for all companies. The burden therefore scales with the number of officers that need to be ID verified. As most companies are small and we know that, on average, there are 1.58 directorships and 1.27 PSCs per company (section IVA), we can infer that most small and micro companies will have one director. The burdens on these companies, on a per company basis, will be considerably less than a large, listed company which could have up to 15 directors⁷¹. However, given that the largest companies are likely to be more than 15 times larger⁷² (in terms of employment or turnover) than the smallest companies then the burden is likely to be disproportionately higher for the smallest companies. However, as noted in the previous paragraph, exemption of small companies would undermine the policy objective.
203. It could also be argued that a more transparent and accurate companies register will be particularly beneficial to small and micro businesses, as they are more likely to rely on Companies House data as a key source of due diligence compared to larger companies who may have the resource to undertake more rigorous checks. The valuing the user benefits of Companies House data asked direct users of the data their annual expenditure on additional company information and data products, of which 18% of respondents answered yes.⁷³ The costs of these additional data products had a mean of £1,640. This reiterates the value in having free, high-quality data available for small and micro businesses.
204. We also know that small and micro businesses place a high value on being able to incorporate. Recent published research from BEIS found that the total value of company incorporation to owners of Limited Liability Companies with 0 to 9 employees in the UK is estimated to be approximately £9.6 billion per year.⁷⁴ Overall, the study shows that the choice to incorporate is not solely based on financial or administrative burden factors that are within the direct control of business regulation and policymaking. Whilst these factors do matter and at the margin changes in incorporation fee, tax liability, and administrative requirements will impact LLC business formation, a richer set of influences also matter and in some cases are more material to business owners than the direct policy levers.

⁷¹ <https://www.spencerstuart.com/research-and-insight/uk-board-index/the-board#:~:text=The%20average%20board%20size%20is,Group%20Holdings%2C%20with%2015%20members.>

⁷² For example, the Business Population estimates suggests that there are 1.1 million companies with less than 50 employees which account for 7.2 million employees, i.e. roughly 7 per company. In contrast there are 2075 companies with between 500 and 999 employees which employ 1.4 million, i.e roughly 674 per company. https://assets.publishing.service.gov.uk/media/65169e937c2c4a000d95e23b/bpe_2023_detailed_tables.xlsx

⁷³ See: <https://www.gov.uk/government/publications/companies-house-data-valuing-the-user-benefits>

⁷⁴ See: <https://www.gov.uk/government/publications/understanding-the-reasons-for-forming-a-company>

205. In terms of mitigations, Companies House will work with the small and micro business community to ensure they understand what they need to do to be compliant with these policy changes:
- Companies House ECCTA Act campaign site is primarily aimed at small and micro businesses. It is a central hub of information, setting out all the legislative changes, what they mean for customers and when they will need to take action. Launched in November 2023, views are currently at about 130,000 and increasing steadily.
 - 86% of companies on the register are currently signed up to receive email reminders and in addition, all companies will be required to provide a registered email address on their confirmation statement from 4 March 2024. Companies House will utilise all available email addresses to provide early/ongoing notifications of the identity verification requirements, explaining what changes will happen when and what they will need to do differently.
206. Companies House will also be using multi-channel campaigns to support communications around the new identity verification requirements. Campaigns will be delivered in targeted phases to make sure companies, including small and micro businesses, understand exactly what they need to do differently, when and how. Campaign channels include:
- All owned Companies House channels including paid for social.
 - Owned opportunities via partnership marketing or press and trade press.
 - Influencer marketing – persuading prominent industry specific people to amplify our messages on their social channels.

VII. Monitoring and evaluation

207. DBT and Companies House are jointly developing an approach to monitoring and evaluating the reforms. This includes setting up data processes, identifying key metrics, and developing research plans to assess the longer-term success of the corporate transparency reforms in the Economic Crime (Transparency and Enforcement) Act 2022 and the ECCTA 2023. Given the interdependency of the reforms and what they aim to achieve, the outcomes and impacts of the legislation are looked at in their entirety.
208. The monitoring and evaluation framework is based around the Theory of Change (Figure 10).⁷⁵ ⁷⁶ This builds upon the logic model presented in the primary stage Impact Assessment.
209. Companies House and DBT will monitor the impacts of the reforms being made to Companies House a) as these reforms are introduced, and experienced by users, and b) on an ongoing basis to help understand the impact of the changes being made at Companies House. This links to the 'outputs' in the Theory of Change. Some of these metrics will be relevant to the introduction of identity verification, which will likely include:
- Number of times Companies House intelligence hub has shared data with other organisations;
 - Number of times other organisations have shared data with Companies House through the intelligence hub;
 - Number of times the new querying power is used (and type of query)
 - Number (and type) of financial penalties imposed by the Registrar.
210. Companies House and DBT are also considering projects to evaluate the long-term success of the reforms, to assess the 'outcomes' and 'impacts' as outlined in the logic model – to support the metric monitoring. This includes repeating the externally commissioned research valuing the data on the company data, which was valued in excess of £1-3 billion a year in 2019. This would test whether the value of the data has increased and thus whether identity verification has contributed to this. Additional ongoing research looks at the value of company data for tackling crime pre- and post-reform. Previous qualitative research found that law enforcement already regards company information as an essential resource for investigating fraud. Further improving

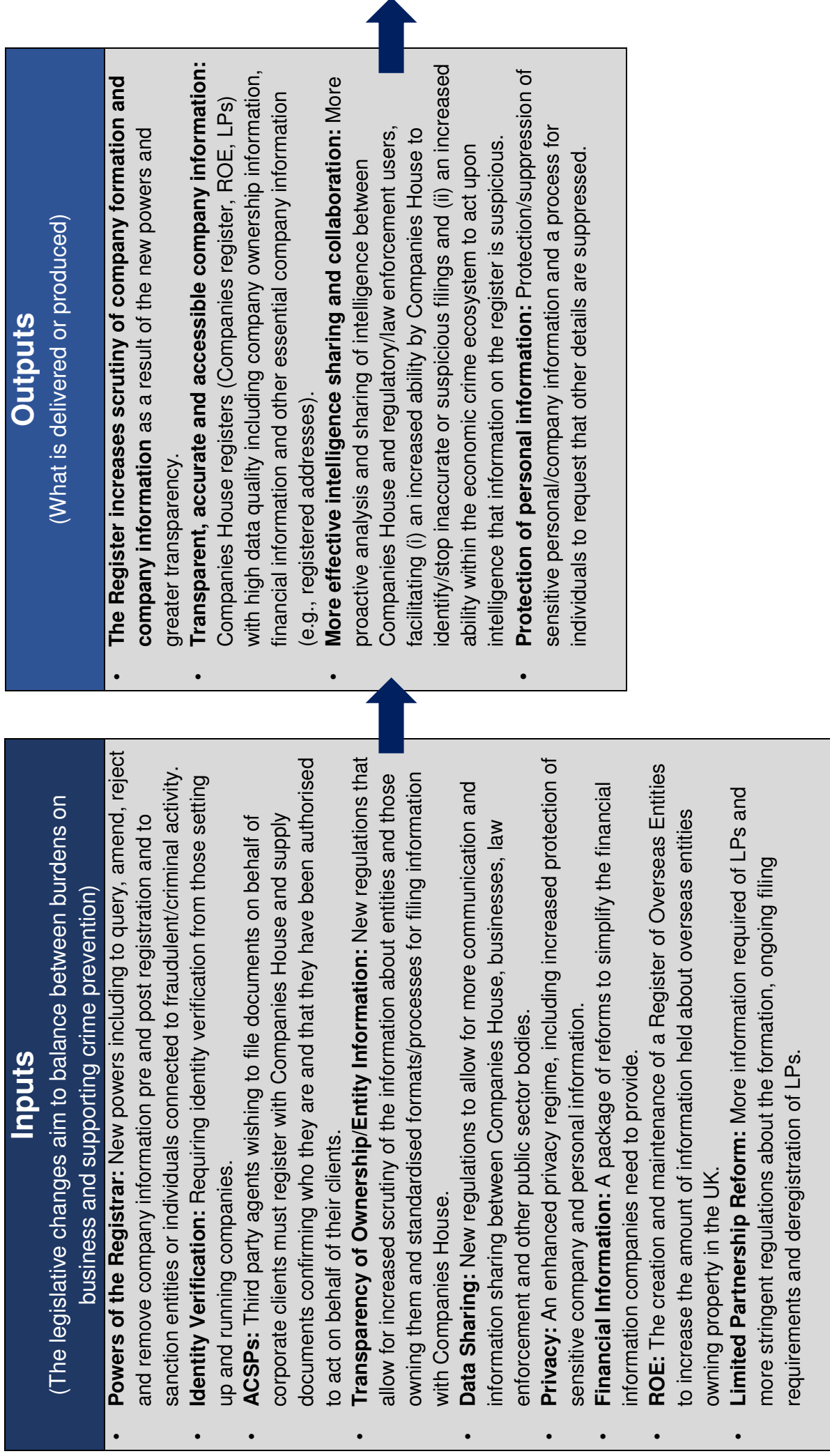
⁷⁵ A theory of change is a framework that explains how a policy intervention is expected to lead to specific end results. It is a way of thinking about how change happens and how to achieve desired results. In this case it outlines the causal chain underlying how the proposed changes the legislation is going to make (the inputs) deliver specific outputs (e.g. increased scrutiny of company information) that cause early to medium term outcomes (e.g. more valuable Companies House resources for all users, and long-term impacts (e.g. helping tackle crime).

⁷⁶ All outputs feed into both outcomes to some extent. A number of metrics will be tracked corresponding with each output.

the value of company data for law enforcement purposes is a core objective of the reforms.

211. The evidence collected through monitoring and evaluation for the reform package as a whole will be presented in different outputs. These include Companies House implementation reports to Parliament and future Reviews.

Figure 10: Theory of Change



Outcomes

(The early or medium-term results)

- **More valuable Companies House resources for all users**, facilitated by higher data quality, easier to use registers (Companies Register, ROE, LPs) and more effective, efficient Companies House services.
- **More support for organisations and users doing work to prevent/minimise crime and reduced risk of personal harm to businesspeople**, including deterrence against criminal activity through corporate structures and the misuse of personal/sensitive information.



Impact

(The long-term results)

- **Support legitimate enterprise and the UK's reputation as a secure place to do business**, including through more transparent and reliable Companies House registers and an improved user experience for businesses.
- **Help tackle crime and protect national security**, by preventing the misuse of the UK's corporate framework by hostile actors and hindering economic and organised crime, fraud and corruption.

VIII. Annex

Figure 9.2: Introduction of IDV over 10-year appraisal period

	NPV (£m)	EANDCB (£m)
Low	-278.0	9.5
Central	-167.5	19.5
High	-81.9	32.3

Figure 9.3: Introduction of ACSPs over 10-year appraisal period (also incurred in the do-nothing case)

	NPV (£m)	EANDCB (£m)
Low	-1.9	0.22
Central	-2.4	0.27
High	-2.8	0.33

Figure 9.4: Summary of annual total costs for IDV and ACSPs

	Total costs (£m)									
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Low	2.2	70.6	6.2	5.3	4.5	3.8	3.3	2.8	2.4	2.0
Central	2.7	128.6	13.1	12.1	11.2	10.3	9.6	8.8	8.2	7.6
High	3.3	186.6	20.9	20.9	20.9	20.9	20.9	20.9	20.9	20.9