EXPLANATORY MEMORANDUM TO

THE REGISTRAR OF COMPANIES (FEES) (AMENDMENT) REGULATIONS 2024

2024 No. 155

1. Introduction

1.1 This Explanatory Memorandum has been prepared by the Department for Business and Trade and is laid before Parliament by Command of His Majesty.

1.2 This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Purpose of the instrument

2.1 These regulations amend the fees that are charged by the Registrar of Companies in relation to the performance of her functions and other services.

3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments

3.1 These regulations will result in the fees that Companies House (which incorporates the functions of the Registrar of Companies) charges increasing by more than the rate of inflation. This is as a result of the expansion of the scope of the fees via the Economic Crime and Corporate Transparency Act 2023 to take into account costs relating to functions that enable the investigation and enforcement of new and existing offences. Other fees charged by Companies House for specific services will also increase to reflect increases in the costs of providing these services since the fees were last amended.

4. Extent and Territorial Application

4.1 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is the United Kingdom.

4.2 The territorial application of this instrument (that is, where the instrument produces a practical effect) is the United Kingdom.

5. European Convention on Human Rights

5.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

6. Legislative Context

6.1 Section 1063 of the Companies Act 2006 was amended by the Economic Crime and Corporate Transparency Act 2023, expanding the range of functions which can be funded through Companies House fees. This instrument increases the fees currently charged by Companies House to include the costs of the activities that support these functions, as well as making necessary changes to a range of other fees that are charged by Companies House to ensure they continue to cover costs.

7. Policy background

What is being done and why?

7.1 The Economic Crime and Corporate Transparency Act 2023 created a range of new offences and granted new powers and functions to the Registrar of Companies. The Government considers that costs of maintaining the integrity of the company register should be borne by those that benefit from being on the register by including the funding for investigation and enforcement activities within the incorporation and annual fees. These regulations increase the fees payable at incorporation and those paid with the filing of the first confirmation statement each year to provide funding for enhanced enforcement activities that will help to maintain the integrity of the Register. These regulations will also increase the fees charged for other services that are provided by Companies House to reflect their increased costs.

8. European Union Withdrawal and Future Relationship

8.1 This instrument does not relate to withdrawal from the European Union or trigger the statement requirements under the European Union (Withdrawal) Act.

9. Consolidation

9.1 No consolidation is performed by this instrument.

10. Consultation outcome

10.1 Extensive consultations were held on the nature and scope of reform of Companies House over 2019-21, which were clear that funding arrangements would need to evolve. The Government has not consulted on the level of fees themselves as they are set to cover the costs of activities undertaken to support new activities enabled by the primary legislation. During development of the policy that underpins the primary legislation there was widespread support among stakeholder groups for the principle of increasing Companies House fees to fund enhanced capabilities to tackle economic crime. And during passage of the Economic Crime and Corporate Transparency Act, the Government repeatedly made clear the approximate level fees would be revised to.

11. Guidance

11.1 Companies House has begun communicating to stakeholders that their fees will be increasing. Following the laying of these regulations, Companies House will undertake a communications exercise across multiple channels to inform users of the new fee levels.

12. Impact

12.1 There is no, or no significant, impact on business, charities or voluntary bodies.

12.2 There is no, or no significant, impact on the public sector.

12.3 A full Impact Assessment has not been prepared for this instrument because tax, duties, levies or other charges are out of scope of the definition of Regulatory Provisions. Following Better Regulation guidance, an analytical paper has been published alongside this Explanatory Memorandum to support Parliamentary scrutiny of the changes to the fee regulations.

13. Regulating small business

13.1 The legislation applies to activities that are undertaken by small businesses.

13.2 No specific action is proposed to minimise regulatory burdens on small businesses.

14. Monitoring & review

14.1 The approach to monitoring of this legislation is that an annual internal review will be undertaken to ensure that income generated from the fees is sufficient to continue to meet costs. A more strategic review will take place at least every three years to consider whether the funding provided by the fees is at the appropriate level to support the Registrar to make use of her powers to help combat economic crime.

14.2 The instrument does not include a statutory review clause as it is exempt under section 28(3)(a) of the Small Business, Enterprise and Employment Act 2015.

15. Contact

15.1 Ged McMahon at the Department for Business and Trade Telephone: 07919 696 464 or email: Gerard.mcmahon@businessandtrade.gov.uk can be contacted with any queries regarding the instrument.

15.2 Matt Ray, Deputy Director for Company Law and Governance at the Department for Business and Trade can confirm that this Explanatory Memorandum meets the required standard.

15.3 Kevin Hollinrake MP, Minister for Enterprise, Markets and Small Business at the Department for Business and Trade can confirm that this Explanatory Memorandum meets the required standard.