

EXPLANATORY MEMORANDUM TO
THE HOME INFORMATION PACK (NO. 2) REGULATIONS 2007

2007 No. 1667

- 1.** This explanatory memorandum has been prepared by the Department for Communities and Local Government (“the Department”) and is laid before Parliament by Command of Her Majesty.

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

2. Description

2.1 The Home Information Pack (No. 2) Regulations 2007 (“the Regulations”) come into force on 2 July 2007.

2.2 The matters dealt with by the Regulations include—

- prescribing the contents of home information packs which will be required for marketed sales of residential properties, including information about the energy efficiency of homes;
- exceptions from the duties to have or produce a home information pack;
- approval of certification schemes in connection with home condition reports¹;
- the level of penalty charge that may be levied for a breach of the home information pack duties;
- transitional arrangements for homes already on the market when the home information pack duties come into force;
- controlling access to a register of home condition reports.

3. Matters of special interest to the Joint Committee on Statutory Instruments

In its 17th Report of Session 2006-07, the Joint Committee on Statutory Instruments drew special attention to regulation 43 of the Home Information Pack Regulations 2007 (S.I. 2007/992). An equivalent provision appears in these Regulations (also regulation 43), and the drafting of this provision takes into account the Committee’s comments.

4. Legislative Background

¹ A report on the condition of a physically complete property carried out by a certificated home inspector. The report is equivalent to a mid level survey.

- 4.1 The Regulations are made under Part 5 of the Housing Act 2004. Once in force, Part 5 of the Housing Act 2004 will require a “responsible person” (a seller and/or estate agent) to have in their possession a home information pack when marketing a property for sale with vacant possession (see sections 151 to 153 of the Act). A home information pack must comply with the requirements of the 2007 Regulations (by virtue of section 155) and a responsible person will be required to provide a copy of the home information pack to a potential buyer on request (under section 156).
- 4.2 These Regulations effectively replace the Home Information Pack Regulations 2007 (S.I. 2007/992) which were revoked before they came into force by the Home Information Pack (Revocation) Regulations 2007 (S.I. 2007/1525). That revocation took effect on 31st May 2007.
- 4.3 The Home Information Pack Regulations 2007 in turn replaced the Home Information Pack Regulations 2006 (S.I. 2006/ 1503, also revoked by S.I. 2007/1525).
- 4.4 Although the Regulations come into force on 2 July 2007, an order is needed under section 270 of the Housing Act 2004 to bring into force the duties in the Act to obtain and produce on request a home information pack. The first of a series of such orders was made on 8th June with a coming into force date of 1 August).² .

5. Territorial Extent and Application

This instrument applies in England and Wales. Under section 250(3) of the 2004 Act, the Secretary of State must consult the National Assembly for Wales before making any regulations under Part 5 which relate to residential properties in Wales, and has done so.

6. European Convention on Human Rights

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

7. Policy background

Policy general

- 7.1 The Department’s policy on home information packs derives from the Government’s 1997 and 2001 manifesto commitments. The 2001 manifesto committed the Government to “make it easier for people buying and selling homes through a new seller’s pack”.
- 7.2 A "Home Information Pack" (HIP) is a collection of documents provided by the seller of a residential property to potential purchasers where the property is put on the market. There are a number of documents that must be included in a pack relating to the title and tenure of the property, local search information and the property's energy performance. The pack may also contain additional documents that would be beneficial to the smooth completion of the property transaction.
- 7.3 The specific objectives of home information packs are:
- To provide consumers with better information at the right time in order to improve the speed and certainty of transactions and reduce wasted costs; and
 - To reduce the carbon emissions that come from homes, which currently account for 27% of UK emissions.

Expected benefits of home information packs

- (i) *Improving the home buying and selling process: immediate benefits*

² The Housing Act 2004 (Commencement No. 8) (England and Wales)) Order 2007, S.I. 2007/1668.

7.4 The first of these objectives will be achieved by requiring sellers to provide key information to potential purchaser at the beginning of the process. With the exception of the EPC - an EU requirement - this information is information that is required at present in the sale process. HIPs simply transfer the obligation to provide this information from the buyer to the seller. This is expected to have the following immediate benefits:

- the offers made by potential purchasers should be better informed, reducing the risk that information comes to light at a later stage that causes a delay or, in extreme cases, the transaction to fall through. The leasehold information that is required to be provided for flats is likely to be particularly important in this respect.
- first time buyers struggling to get on to the property ladder will receive much of the information they currently have to pay for for free and will stand to lose much less if transactions fall through.
- transactions should not be delayed once an offer has been accepted whilst searches and leasehold documents are obtained.
- where transactions do fall through, it is expected that less money will be wasted as the searches and other legal documents will have been obtained by the seller and can be made available to the next buyer.
- the requirement to produce a HIP before putting a property on the market should discourage those who currently market their homes speculatively without any very serious intention of selling them. Such “speculative” or “tentative” listers impose significant costs on those who do sell their homes as the costs incurred by estate agent in marketing such properties are paid for through the fees charged to successful sellers. (Where estate agents offer HIPs free or on a “no sale, no fee” basis they will have an incentive to confirm that a client is serious about selling before incurring the cost of producing a pack.)

(ii) *Improving the home buying and selling process: longer term benefits*

7.5 Unlike many other sectors, the home buying and selling industry has not operated over the last 20-30 years in a way that has driven down costs and increased choice and quality for consumers. The Department believes that, by increasing transparency and competition, HIPs will provide a platform for market-led innovation, leading to more radical transformation of the market and improvements driven by innovation and the use of new technology.

7.6 There is already evidence that this is happening in anticipation of HIPs. In particular:

- more than 50 local authorities have reduced their official search fees by an average of 20%
- groups of solicitors have come together in some localities to agree the list of searches that are required in their area (e.g. a mining search in a former coal mining area) and have undertaken that they will not ask for additional searches. This should eliminate the delay that can be caused when a buyer’s legal adviser advises that a specialist search should be conducted before a transaction can go ahead.
- some pack providers are already offering legal summaries that set out what the documentation in the pack means in simple non-technical terms. The widespread use of all-inclusive HIPs that provide everything a buyer needs to move immediately to exchange of contracts without needing to obtain further documentation is a possibility.

7.7 HIPs will also make possible the market-led roll out of home condition reports, which have considerable potential benefits for consumers. Home condition reports are being trialled in the area trials.

(iii) Reducing carbon emissions and improving energy efficiency

7.8 The second objective - reducing carbon emissions from homes - will be achieved through the inclusion within home information packs (HIPs) of energy performance certificates (EPCs) together with energy improvement recommendations. EPCs and energy improvement recommendations will be phased in under the Energy Performance of Buildings (Certificates and Inspections) (England and Wales) Regulations 2007 (S.I. 2007/991). The certificates and recommendations together will provide home buyers and sellers with easily understood information about the energy efficiency of homes and what can be done to reduce both carbon emissions and fuel bills. The recommendations should encourage buyers to take simple and cost effective steps to improve the energy efficiency of their new homes such as topping-up loft insulation and filling cavity walls. Over time energy efficiency is likely to become an increasingly significant factor in the decisions people make about the homes they want buy. EPCs will help inform those choices, thereby influencing the decisions of both buyers and sellers. It is estimated that the introduction of EPCs for homes will save around 25 million tonnes of carbon by 2020. In addition, the Energy Savings Trust have estimated that the average household will save £300 a year on its energy bill if it implements the basic recommendations contained in the EPC.

7.9 The specification of what an EPC is and the requirement to include one in a HIP will be the result of the combined effect of these Regulations and the Energy Performance of Buildings (Certificates and Inspections) (England and Wales) Regulations 2007 (S.I. 2007/991), which transposed the relevant parts of the Energy Performance of Buildings Directive (Directive 2002/91/EC) (“the Directive”) into English and Welsh Law.

7.10 The intention of the Directive is that EPCs should be available to enable potential purchasers to compare the energy efficiency of different properties they are considering buying. Given that offers can be made on properties on the day on which they are put on the market, to be truly effective, EPCs should be available at the point where properties are first marketed. Moreover, the Department believes that the information provided in an EPC is information that consumers should in any case be given when they set out to buy a home just as they are provided with equivalent information on fridges, washing machine and dishwashers - all of which have a much smaller environmental impact and cost much less to run.

7.11 Given that EPCs need to be provided at the beginning of the sale process it is cost effective for them to be provided with the other information contained in a pack as this allows one delivery mechanism to be used for both and for one enforcement regime to ensure compliance.

Areas of concern raised with introduction of home information packs

7.12 The Secretary of State made a statement to the House of Commons on 22 May announcing the deferral of introduction of HIPs as a result of a judicial review brought by the Royal Institution of Chartered Surveyors (RICS) and a shortage of assessors available to prepare EPCs. She also announced that the regulations then before Parliament - the Home Information Pack Regulations 2007 (S.I. 2007/992) - were to be revoked to give Parliament proper opportunity to consider revised regulations in the light of the necessary changes.

7.13 These Regulations, together with changes relating to EPCs that are being made by the Energy Performance of Buildings (Certificates and Inspections) (England and Wales) (Amendment)

Regulations 2007 and other action being taken by the Department, respond to various concerns that have been raised about the implementation of HIPs.

- *HIPs will cause disruption to the housing market due to shortages of home inspectors (HIs) and domestic energy assessors (DEAs) able to prepare EPCs:* Under the revoked regulations, sellers had to obtain an EPC before marketing or had to commission and wait before marketing. Had there been insufficient HIs and DEAs to prepare EPCs, sellers would have effectively been obliged to delay marketing their homes or risk a penalty charge. This issues has been dealt with by:
 - deferring the introduction of HIPs to allow more time for HIs to become certificated and DEAs to become accredited;
 - implementing HIPs on a phased basis starting with larger properties, thereby avoiding a “big bang” implementation that might have caused disruption to the market
 - a transitional period, allowing sellers to market their homes once they have commissioned an EPC, without the need to wait until it has been provided (Regulation 34).
 - Any property put on the market before the duties under HIPs are commenced will not be required to produce a HIP if they remain on the market after commencement (Regulation 33). A date will be set when all properties remaining on the market are required to have a HIP (the ‘drop dead date’). This is expected to be 7 months following the last commencement date. However, this date will be set in the light of a practical understanding of the housing market following 1 August. A further amendment to these regulations will follow setting this ‘drop dead date’.
- *Long term impact on the housing market:* The only new item in a HIP is the EPC, which is expected to cost around £100. That compares with fees paid on a typical house sale of around £5000. The Department has never believed that such a small additional cost is likely to have any long term impact on the housing market. Indeed, by speeding up transactions and reducing uncertainty HIPs should improve home buying and selling and make the whole process less daunting to those contemplating moving house. However, to give added reassurance, the Department has commissioned an independent economic analysis from Europe Economics. This is being updated in the light of the new implementation timetable and will be published shortly. It concludes that while there may be a transitory impact on the volume of properties marketed for sale as consumers adjust to the new duties, any such impact is likely to be small compared with normal fluctuations in listings. Any such transitional adjustments are unlikely to impact on house prices. Furthermore, Home Information Packs are unlikely to be a determinant of future house price changes.
- *HIPs are costly and won’t improve home buying and selling:* As noted above, the only new item in the HIP is the EPC, which should enable home buyers to save costs - as well as reducing carbon emissions. All the other mandatory components of a pack are required under the current system and HIPs simply transfer costs from the buyer to the seller with an added benefit to first time buyers who will get the HIP for free. As set out in paragraphs 7.4 and 7.7 above, Home Information Packs will both offer real and immediate benefits in their own right and provide a platform for further, longer-term market-led change. They are also an important step towards a set of wider strategies to improve the home buying and selling process and to improve the energy efficiency our homes. To ensure that these benefit are realised the Department will assess the impact they have had towards the end of the year and consider what further steps might be needed to maximise the reduction in carbon emissions and drive forward the reform of home buying and selling. This assessment will be informed by the operation of the

market from 1 August; by the results of the area trials; and by a further consultation on the next steps in implementing HIPs and EPCs, which we will begin in the summer.

- *"Gold-plating" the Directive:* There are a number of areas in which the Government has gone beyond the bare minimum required by the Directive. This has been done in order to deliver larger carbon savings. The Energy Performance of Buildings Regulations regulatory impact assessment published on 29 March 2007 (2007 No. 991) demonstrates that the additional costs imposed are more than justified by the extra reductions in carbon emissions that will be generated.

The point on which there has been most concern is in relation to the decision to require EPCs to be no more than three months old when a property is first put on the market, as opposed to the maximum of ten years allowed by the Directive. The reason for this decision is that home buyers are more likely to act on EPCs with energy improvement recommendations that include the latest information on energy saving technologies, estimates of cost saving based on current prices and up to date information on the availability of grants. Analysis shows it is harder to justify more frequent production of EPCs for other building sectors and transactions e.g. residential tenants are less likely than homeowners to make additional investment in a property they do not own.

It remains the view of the Government that this is the right approach, but in response to the RICS judicial review, the Department has agreed to consult further on this issue. Ministers will decide whether to make further amendments to the regulations in the light of the results of that consultation. In the meantime, the maximum age of an EPC when a property is first marketed will be increased to 12 months to ensure that no one is required to produce a second EPC for a property before the consultation has been completed and decisions have been taken in the light of the responses made.

Previous scrutiny of Home Information Packs - Reports of the Select Committee on the Merits on Statutory Instruments

7.14 The Select Committee on the Merits of Statutory Instruments has twice reported on the policy issues raised by these Regulations:

- In its 18th Report of Session 2006-07, the Committee drew the Home Information Pack Regulations 2007 to the special attention of the House on the ground that they may imperfectly achieve their policy objective. Before doing so, the Committee heard oral evidence from Departmental officials.
- In its 39th Report of Session 2005-06, the Statutory Instruments Merits Committee drew the Home Information Pack Regulations 2006 Regulations to the special attention of the House on the ground that they gave rise to issues of public policy likely to be of interest to the House.

7.15 In relation to the 18th Report of Session 2006-07, the Department's views are set out in the minutes of evidence, and the response to the Committee's report is set out in a letter from Baroness Andrews to the Chair of the Committee, Lord Filkin on 3 May 2007. This letter, and supplementary information provided to the Committee by the Department, were published as part of the Committee's 20th Report. The Department noted with particular interest the Committee's observations on the Impact Assessment to the Home Information Pack Regulations 2007. We have considered each of the issues raised in the Committee's 18th Report and ensured that the revised Impact Assessment attached to this memorandum takes account of these concerns.

Parallel changes to the Energy Performance of Buildings Regulations

7.16 In order to ensure EPCs can be included in HIPs in line with the changes described above, amendments to the Energy Performance of Buildings (Certificates and Inspections) (England and Wales) Regulations 2007 are also being brought forward in the Energy Performance of Buildings (Certificates and Inspections) (England and Wales) (Amendment) Regulations 2007, accompanied by a parallel explanatory memorandum which sets out the nature of the changes being made. In summary, these are:

- extending the maximum age of an EPCs when a property is first put on the market from 3 to 12 months, to allow for consultation on this issue to take place, on the basis that this will be further amended in the future if necessary (see para 7.12 above);
- allowing the temporary marketing of homes without a HIP and therefore an EPC, for a transitional period (until 1 January 2008); providing that, where a home is marketed without a HIP, an EPC is provided to the prospective purchaser before a contract is entered into;
- only requiring the energy asset rating of a home to be included within written particulars (such as those produced by estate agents) once a HIP is available, if a home is marketed without a HIP during the transitional period.

Consultation

7.17 The Department's policy on home information packs has been the subject of extensive consultation over many years.

i) Consultations before the 2006 regulations

7.18 The Government has published two major consultation papers on Home information packs. In 1998 *The key to easier home buying and selling*, to which 919 responses were received and in 2003, *Contents of the home information pack*, to which 255 responses were received.

7.19 A Home Information Pack Components Project Board ("the Project Board") was established in September 2004 to consider the contents of the home information pack in the light of responses to the above consultation paper. During the period March 2005 to April 2006, the Project Board were involved in the process of drafting the Regulations and were consulted on successive drafts. Other stakeholders affected by particular parts of the regulations were also selected and further consulted on drafts (for example, the Local Government Association and others involved in the searches industry were consulted on provisions on searches, property professionals dealing with agricultural land were consulted on exceptions and new homes warranty providers were consulted on provisions on such warranties).

7.20 Draft regulations based on these recommendations were published for a further public consultation with the intention of eliciting comments on their technical effect (rather than their policy objectives). This consultation began in October 2005. 110 responses were received. A consumer testing exercise of proposed home information pack forms was also undertaken at this time. The issues raised by this consultation were considered by the Project Board and the draft Regulations revised to take account of the Board's recommendations.

7.21 As a result of the various consultations, the Regulations were amended so that: standard forms were no longer prescribed; the content of certain required property searches better reflected existing property searches; and a logo was no longer required on all pack documents.

ii) Consultations before the 2007 regulations

7.22 Between June 2006 and May 2007, the Department continued its informal consultations with stakeholders and formal consultations through working groups involving the various sectors of industry and the consultation paper *Home Information Pack update: towards 1 June - consultation* (January 2007). There was a wide spectrum of feedback and on the basis of this,

additional changes were made to the policy on property searches, leasehold sales and the transitional arrangements.

7.23 Close attention was also paid to the progress of the national voluntary dry run and area trials of home information packs. In November 2006, area trials started in 6 areas across England (Southampton, Newcastle, Bath, Huddersfield, Cambridge and Northampton). A further two areas were added in January 2007 (Southwark, and North West Wales (Anglesey, Conwy & Gwynedd)). Over 4,000 packs were produced as part of the trials which are looking particularly at home condition reports. The results of the area trials are being independently assessed by MORI.

iii) Consultations since 22 May 2007

7.24 The transitional provisions in the current regulations have been discussed with key stakeholders in a series of bilateral meetings with officials since 22 May 2007. The meetings included sessions with estate agents, pack providers, home inspectors, surveyors, mortgage lenders, home builders, lawyers, environmental interests and property search providers.

7.25 The Department was acutely aware of the interests of all those who are or could be adversely affected by the Secretary of State's statement of 22nd May. The Department had little choice but to take the action it has taken in deferring the implementation of HIPs, but nevertheless has done everything it can do to engage with the stakeholders affected by these Regulations and to warn them of the necessary changes, in the short time available to it. The Department wishes to emphasise that the modifications to the policy given effect by these Regulations are of a transitional nature.

7.26 In the near future—

- The Department will consult formally this summer on proposals for the validity of EPCs and on proposals to include in home information packs assessments of the sustainability of newly built homes.
- The Department will continue its informal and formal consultations with stakeholders.
- The Department will continue to examine the progress of the area trials of home information packs as further information emerges from completed sales.

Guidance and publicity

7.27 The procedural guidance that accompanied Home Information Pack Regulations 2007 will be amended and updated to reflect the current Regulations.

7.28 The Department will continue to cooperate with the industry and other affected bodies (e.g. enforcement authorities) in producing help and guidance on the new duties where requested.

7.29 The Department's publicity strategy is being adjusted to reflect the current position. It will continue to:

- maximise awareness and understanding of the rationale and benefits of Home Information Packs for consumers and the industry;
- place national advertising and advertorials in the trade media and regional press, and in the areas in which the area trials occurred;
- conduct a national consumer campaign;
- undertake direct marketing to those in the industry;

- regularly produce a newsletter for those with an interest in Home Information Packs.

8. Impact

8.1 An Impact Assessment is attached to this memorandum.

9. Contact

Steven Daniels at the Department of Communities and Local Government Tel: 0207 944 4168 or e-mail: steven.daniels@communities.gsi.gov.uk can answer any queries regarding the instrument.

Summary: Intervention & Options

Department /Agency: Communities and Local Government	Title: Impact Assessment of Home Information Packs	
Stage: Final	Version: 1	Date: 8 June 2007
Related Publications: Home Information Pack (No. 2) Regulations 2007		

Available to view or download at:

<http://www.>

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

Home buying and selling is slow, costly, and uncertain. The process is fraught with information failures and a lack of transparency for both sellers and buyers. It is also fragmented and requires a number of parties to work together in order for transactions to complete successfully. These problems are exacerbated by the fact that most home sales are part of a chain of transactions, with the consequence that a problem with any individual transaction impacts on all other links in the chain.

The combined result of all of these factors is to prevent effective price competition, contribute to delays, uncertainty, wasted costs and transaction failures, and leave many consumers with a raw deal.

The industry compares poorly with other markets which have seen costs fall as a result of improvements in efficiency and quality of service provision driven by innovation and the use of new technology. Instead, performance has worsened - costs have risen faster than earnings and the time taken to complete property transactions has lengthened.

Previous attempts to bring about change by voluntary means have failed. By targeting some of the identified market failures and increasing transparency, it is expected that Home Information Packs (HIPs) will improve performance as well as encouraging innovation and market-led reform.

Homes account for 27% of the UK's carbon emissions. Lack of information currently prevents consumers from understanding the impact that their home has on carbon emissions, and hinders them from taking sensible action to improve the energy efficiency of their home and reduce their fuel bills.

What are the policy objectives and the intended effects?

Home Information Packs are being introduced for two reasons:

- to improve the effectiveness and efficiency of the home buying and selling process, and
- to cut carbon emissions from homes.

By increasing transparency and providing home buyers and sellers with timely, upfront information about properties for sale, Home Information Packs should improve decision-making and smooth the transaction process resulting in faster transactions with fewer failures and a reduction in the amount of cost that is wasted when transactions do fail. First time buyers are likely to be amongst the biggest beneficiaries as they will receive for free much of the information that they currently have to pay for.

The introduction of Home Information Packs is also expected to stimulate wider market-led reform, including the roll out of Home Condition Reports, and innovation in the home buying and selling industry by creating the pre-conditions for effective competition.

By providing home buyers with targeted energy efficiency information, through the inclusion in HIPs of Energy Performance Certificates (EPCs) and recommendations about how energy performance can be improved, home owners will be better able to improve the energy efficiency of their homes and save money on their fuel bills.

The Department believes that placing EPCs in home information packs will enhance their value by providing important energy efficiency information to the buyer at the start of the home buying process and increasing the likelihood that the certificate will be read and recommendations implemented.

This impact assessment deals only with the costs and benefits associated with the provision of clearer information up front in the home buying and selling process that impacts on the speed and nature of the transaction process. It does not consider the costs and benefits associated with the provision to consumers of energy information in an EPC. These are dealt with in the Regulatory Impact Assessment that accompanies the Energy Performance of Buildings (Certificates and Inspections) (England and Wales) Regulations 2007.

What policy options have been considered? Please justify any preferred option.

3 main options are considered:

- Do nothing - reference case
- Mandatory Home Information Pack
- Mandatory Home Information Pack including a Home Condition Report

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects? An initial impact assessment will be carried out in December 2007 to consider what, if any, further steps might be needed to maximise the reduction in carbon emissions and drive forward the reform of home buying and selling. An interim assessment against the 2006 Baseline will be carried out in autumn 2008 with a full evaluation in autumn 2010.

Ministerial Sign-off:

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:

Kay Andrews

.....Date: 11th June 2007

Summary: Analysis & Evidence

Policy Option: Option 2	Description: Home Information Pack with Voluntary Home Condition Report
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COSTS	ANNUAL COSTS	Description and scale of key monetised costs by 'main affected groups' Home owners will be required to provide a Home Information Pack when selling their property. The costs shown are the costs of providing packs less the cost of the Energy Performance Certificate, which is a requirement of European legislation.
	One-off (Transition) ³ Yrs	
	£ 105m	
	Average Annual Cost (excluding one-off)	
£ £390m	Total Cost (PV)	£ 3,365m
Other key non-monetised costs by 'main affected groups'		

BENEFITS	ANNUAL BENEFITS	Description and scale of key monetised benefits by 'main affected groups' - Savings to buyers who will receive at no cost much of the information for which they currently have to pay - Reduced wasted costs when transactions fall - Reduced cost of pack components due to increased competition
	One-off (Transition) Yrs	
	£ 130m	
	Average Annual Benefit (excluding one-off)	
£ £470m	Total Benefit (PV)	£ 4,065m
Other key non-monetised benefits by 'main affected groups' Consumers will benefit from improvements in transaction times, a reduced rate of transaction failure and reduced stress associated with home buying and selling. Stimulus to wider market-led reform and innovation.		

Key Assumptions/Sensitivities/Risks Input assumptions are set out in Annex 1 to this document

Price Base	Time Period	NET BENEFIT (NPV Best estimate) £ 700m
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³ Home Information Packs will be implemented on a phased basis starting on 1 August 2007, from which date owners of properties with 4 or more bedrooms will need to produce a HIP. The one-off costs associated the costs that will be incurred between 1 August 2007 and 31 December 2007.

What is the geographic coverage of the policy/option?	England & Wales
On what date will the policy be implemented?	From 1 August 2007
Which organisation(s) will enforce the policy?	Trading Standards
What is the total annual cost of enforcement for these	£ 2.2m
Does enforcement comply with Hampton principles?	Yes
Will implementation go beyond minimum EU requirements?	See footnote below⁴
Will the proposal have a significant impact on competition?	No adverse impact (see Annex 4). Expected consumer benefits from increased competition.

⁴ Home Information Packs will implement EPCs for marketed properties. Pending a consultation to be conducted over the summer, the maximum age of an EPC will be 12 months rather than the 10 years allowed by the Energy Performance of Buildings Directive. The additional costs and benefits of requiring newer EPCs are accounted for in the Regulatory Impact Assessment prepared for the Energy Performance of Buildings (Certificates and Inspections)(England and Wales) Regulations 2007. This impact assessment considers the costs and benefits of HIPs compared to a base case in which EPCs with a maximum age of 12 months are required in any case.

Rationale for Government action on behalf of consumers

1. Home Information Packs are being introduced for two reasons:
 - to improve the effectiveness and efficiency of the home buying and selling process, and
 - to cut carbon emissions from homes.
2. Home Information Packs aim to achieve these objectives through:
 - increasing transparency by providing home buyers and sellers with timely, upfront information about properties for sale, which is expected to improve decision-making, smooth the transaction process and stimulate wider market-led reform and innovation in the home buying and selling industry by creating the pre-conditions for effective competition, and
 - providing home buyers with targeted energy efficiency information, through the inclusion of Energy Performance Certificates (EPCs) and the recommendations about how energy performance can be improved, within the packs⁵.
3. The introduction of Energy Performance Certificates in HIPs is a key step in our strategy to reduce emissions from buildings alongside the strengthening of Part L of Building Regulations, the Code for Sustainable Homes, encouraging the development of green mortgages and working with energy suppliers to encourage improvements in efficiency through the Energy Efficiency Commitment.
4. As regards the home buying and selling process itself, HIPs will work alongside e-conveyancing, strengthened redress arrangements for estate agents and market-led changes such as the growing use of the internet and “point of sale” mortgages to bring about major change in the way we buy and sell homes. The Government’s concern is to accelerate those changes and to see that they bring the fullest possible benefits to consumers, particularly first time buyers. The housing market is also a significant part of the economy. There are substantial economic and social benefits to be gained from improvements in its efficiency.

Market Failures

5. The current home buying and selling process is slow, costly, and uncertain. The process is fraught with information failures and a lack of transparency for both sellers and buyers. It is also fragmented and requires a number of parties to work together in order for transactions to complete successfully. These problems are exacerbated by the fact that 60% of home sales are part of a chain of transactions, with the consequence that a problem with any individual transaction impacts on all other links in the chain.
6. The combined result of all of these factors is to prevent effective price competition, contribute to delays, uncertainty, wasted costs and transaction failures, and provide a poor service for many consumers.
7. The current home buying and selling process does not serve consumers well. A number of ways can be identified in which the market does not function efficiently. Reducing these market failures will lead to an improvement in the efficiency of the home buying and selling industry, delivering benefits for consumers and industry alike:

Imperfect information

- Buyers make offers on the basis of the estate agents’ particulars and a tour of the property. They only commission a survey after they have made an offer. This increases the likelihood of costly transaction failures occurring at a late stage when delays or failures will impact on others in the chain.
- Home buyers and sellers and their advisers cannot easily see what is happening up and down a chain of transactions. This reduces the pressure on those in the chain to ensure delays are minimised.

Principal-agent issues

⁵ Energy Performance Certificates are a requirement of the Energy Performance of Buildings Directive (2002/91/EC). SI 2007/991 implements the Directive in England and Wales and is accompanied by a full RIA which considers the costs and benefits of EPCs. Draft amending regulations to effect changes necessary to include EPCs in HIPs as of 1 August are also currently before Parliament and their impact is assessed in an accompanying RIA.

- Buyers and sellers have little understanding of what is involved in the conveyancing process and are not able to act as informed clients. Conveyancers commission various documents, the costs of which are simply passed through to their clients as 'disbursements'. As a result, there is limited price competition around searches.

Externalities

- Most housing transactions are part of chains. A chain only moves as quickly as the slowest transaction in the chain. One transaction in the chain falling through may well cause all other transactions to fail, potentially resulting in wasted costs for all the prospective buyers. Reducing delays at any point in the chain will therefore have significant spillover benefits.
- The 'no sale, no fee' deals offered by estate agents mean that sellers don't need to take account of the costs they cause others. In particular, when a seller withdraws a property from the market without paying anything, the costs that their estate agent has incurred in marketing their property are borne by those who do successfully complete a transaction through the fees that they pay.

Lack of Price Competition

- There is little price competition among estate agents, as the OFT found in its 2004 report *Estate Agency Market in England and Wales*. Estate agents' commissions continue to be charged at the same percentage rates as ten years ago even though average house prices have risen twice as fast as average earnings over this period. Lack of clarity about the selling process and the seller's focus on the price achieved in a sale rather than the costs incurred tend to reduce the pressure for price competition.

Co-ordination failures

- The fragmented nature of the home buying and selling process means that no single industry group is capable of driving the kind of market-led transformation that would address the problems outlined above. Nor is there an incentive for them to do so.
8. The overall result is a market that does not function to drive down prices or increase choice and quality for the consumer. The complexity of the arrangements and the fragmented nature of the market contribute to unnecessary delays and high failure rates - and have perhaps been the reason why competitive pressures have not led to the market reforming itself.

The Impact of Home Information Packs

9. The introduction of Home Information Packs will have immediate impacts by bringing greater transparency to home buying and selling and by providing important legal information upfront. There are also expected to be significant longer-term benefits, which will come from the market-led innovation and reform that we expect to be stimulated by the increased transparency of the home buying and selling process.

Immediate Benefits

10. The documents that make up a mandatory HIP, including the EPC, are all items that are already produced, or would have to be produced, under the current system. The principle of the Home Information Pack is to ensure that this information is provided to consumers up front at a time when it can influence decision-making and improve the efficiency of the transaction process.
11. By bringing information up front and increasing transparency Home Information Packs are expected to have a number of immediate benefits:
- home buyers will get **better information** about properties they are interested in buying, and they will get it earlier;
 - **first time buyers**, struggling to make the first step onto the property ladder, will receive much of the information for which they currently have to pay for free, and will stand to lose much less if transactions fall through.
 - this should **speed up the process** by ensuring that transactions are not delayed by waiting for searches and leasehold documents to be obtained. The average transaction takes 10 days longer between an offer being accepted and exchange of contracts than in 1998 and we expect HIPs to contribute to reversing this trend;
 - around 60% of property transactions are part of chains, with the average chain consisting of 4 linked transactions. A chain only moves as quickly as the slowest transaction in the chain. Reducing delays at any point in the chain will therefore have significant spillover benefits for other transactions;
 - the combination of providing additional information to consumers up front and reducing delays in the period between offer and exchange, will, we expect, lead to a small, but not insignificant to those involved, **reduction in the number of transactions that fall through** once an offer has been accepted. At present, around one in four transactions fail at this late stage;
 - where transactions do fall through, **less money will be wasted** as the searches and other legal documents will have been prepared by the seller and can be made available to the next bidder.
 - the requirement to produce a HIP before marketing will mean that estate agents offering 'no sale, no fee' deals have a stronger incentive to ensure that prospective sellers are serious about their intention to sell. A similarly strengthened incentive to think through the decision to market will exist for sellers who choose to pay for a HIP upfront.
 - This should help reduce the number of properties that are listed speculatively without a high level of commitment to sell on the part of the homeowner. Where these properties are subsequently removed from the market without a transaction taking place, the time and energy, and in many cases money, of prospective buyers is wasted. At present, the 'no sale, no fee' deals on these properties are subsidised by home owners that genuinely want to sell their home through the estate agents fees they pay upon completion of their sale.
12. In the case of most transactions, where the prospective seller is also looking to buy a property the only new cost will be the Energy Performance Certificate, which is required by European legislation and which will enable home owners to save money on their fuel bills. Research from the Energy Savings Trust estimates that home-owners could save £300 a year by adopting the recommended energy efficiency measures.
13. It is estimated that the introduction of EPCs for homes will save 25 million tonnes of carbon at a cost of £22 per tonne of carbon saved. This represents very good value for money when compared with the current "social cost of carbon" of £94 - the guideline amount that it is worth paying to reduce carbon emissions by one tonne.

14. By making the process more transparent and giving consumers a clear idea of the cost for providing the various legal documents contained in the pack, HIPs will help tackle the barriers that limit the extent of effective price competition:
- There is already evidence that this is happening within the search industry. Around 50 Local Authorities have reduced their search fees by an average of 20% in anticipation of the greater competition that HIPs will stimulate.
 - The consequence of **more effective competition** is that the mandatory HIP documents, all of which except the EPC need to be produced under the current system, are likely to cost significantly less than the fees that are charged for providing the equivalent documents now.
 - A number of estate agencies, including ASDA and Hamptons, are already preparing to offer free packs. Others will offer “no sale, no fee” deals. The potential suppliers of packs already outstrip demand so there will be **intense competition** between pack providers.

Longer-term Benefits

15. Increased transparency is also expected to stimulate the kinds of improvements in efficiency and quality of service provision that have been seen in other markets, such as travel agency and the growth of online retailing, over the past 10-20 years. This should provide a platform for market-led innovation, leading to more radical transformation of the market through more effective competition and better use of new technology.
16. HIPs will support the market-led roll out of home condition reports which offer substantial additional benefits to home buyers and sellers, through:
- Providing condition-related information to buyers up front, allowing them to make well-informed bids and reducing the risk of late surprises which can lead to delays caused by eleventh hour re-negotiation or in many cases the breakdown of the transaction.
 - Minimising the risk to sellers of being asked to accept a price reduction at a late stage in the transaction process due to issues revealed in a survey commissioned by the buyer.
17. These market-led developments that will be facilitated by HIPs have the potential to deliver further substantial improvements over the current system:
- More effective competition between providers will reward firms that offer better products which help consumers obtain a quicker, more certain and less stressful transaction.
 - There is already evidence of the market starting to develop and innovate. For example, once HIPs are established, providers will be able to offer home condition reports for a relatively small additional cost. Some are already offering legal summaries. All-inclusive HIPs that provide everything a buyer needs to move immediately to exchange of contracts without needing to obtain further documentation are a possibility.

Impact on the Housing Market

18. There may be a short term impact on the number of properties marketed for sale as a result of estate agents encouraging sellers to bring forward the marketing of their homes in order to avoid having to pay for a HIP. Others may delay marketing their home until the new arrangements bed down.
19. Research conducted for the Department by Europe Economics suggested that had HIPs been implemented on 1 June for all properties there may have been a transitory impact on the volume of properties marketed for sale as consumers adjusted to the new duties. Any such impact was likely to have been small compared with the normal fluctuations in listings. The analysis further predicted that listings behaviour would quickly return to trend levels as the new systems settles into place. Under the revised arrangements, with phased introduction of HIPs, any transitional impacts are likely to be even less significant.
20. The report further suggests that any transitional adjustments are unlikely to affect house prices or transactions, and that Home Information Packs are unlikely to be a determinant of future changes in house price trends.

21. In the medium term, as Home Information Packs improve transparency and increase competition, making home buying and selling a quicker, more certain and less daunting experience, the operation of the market should improve.
22. The Europe Economics research is currently being updated to reflect the phased implementation announced on 22 May 2007. The revised report will be published in due course.

Options Considered

23. Three main options were considered in developing the policy:

Option 1 - Do nothing. As required by the Energy Performance of Buildings (Certificates and Inspections) (England and Wales) Regulations 2007, an Energy Performance Certificate would be provided for each marketed property.

Option 2 - Require everyone marketing a home to produce a Home Information Pack without a home condition report.

Option 3 - Require everyone marketing a home to produce a Home Information Pack including a Home Condition Report.

24. **Option 1** would not address any of the problems with delay or uncertainty in the current home buying and selling process. The Energy Performance Certificate is a requirement of the Energy Performance of Buildings Directive and the associated costs and benefits are considered in the RIA that accompanies the Energy Performance of Buildings (Certificates and Inspections) (England and Wales) Regulations 2007 implementing the Directive.

25. **Option 2** would provide buyers with important information (searches and legal documents, including leasehold documents) early in the home buying and selling process.

26. Sellers may choose to include a Home Condition Report as part of the pack, but there is no regulatory requirement to do so, and so costs and benefits accruing to the Home Condition Report are not considered in this scenario,

27. **Option 3** goes further than Option 2 by mandating the inclusion of a Home Condition Report in all packs.

28. On the basis of the cost-benefit analysis and consideration of non-monetised benefits, Option 2 offers the most cost-effective policy option. Therefore, the central focus of this document is to present the case for Option 2, the preferred option.

29. As set out already, the primary benefits from HIPs are expected to derive from improvements in transaction times and the certainty of transaction completion, as well as reductions in the levels of stress involved in home buying and selling. These benefits have not been directly monetised.

Alternative Options Considered

30. Other options considered were:

Option 4 - Non-statutory voluntary implementation of Home Information Packs.

Option 5 - Only impose a compulsory system on those marketing homes as a business.

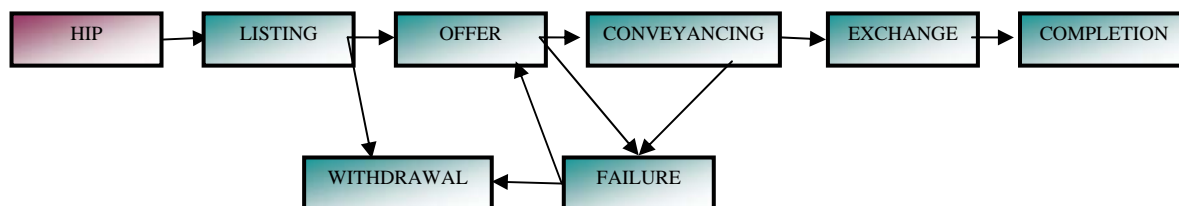
31. **Option 4** is not supported by experience. Previous attempts at voluntary reforms have not been successful. Transactions with packs would become caught up in chains with other transactions without packs. Transactions involved in chains only move as quickly as the slowest link in the chain. Thus any time savings attributable to the presence of a Home Information Pack would be lost in these circumstances. In addition, sellers who provided and paid for the Home Information Packs might find that they were expected to pay for these items again in their role as buyers.

32. **Option 5** would avoid involving private individuals in legal obligations and potential sanctions. Currently, less than 5 per cent of people choose to sell their home without involving an estate agent. This proportion might

increase substantially, with the growth in home sale websites. Like Option 4, transactions with a Home Information Pack would become linked with transactions without a pack. This would reduce the benefits of the pack. There may also be unintended consequences as businesses may adapt their selling procedures with greater home seller involvement simply to avoid the requirement to produce a Pack. This would further reduce the proportion of homes marketed with a Home Information Pack and therefore further undo the intended benefits of the pack.

Modelling the impacts of HIPs

33. We believe that the biggest improvement to consumers' home buying and selling experience as a result of Home Information Packs will be felt through increased speed and certainty or reduced stress and as a result of the wider reform that HIPs is expected to stimulate. The pure financial savings from HIPs are expected to be relatively marginal.
34. However, there is no commonly accepted methodology that allows the benefits in terms of increased speed and certainty or reduced stress to be quantified or monetised. Therefore the cost model that has been developed focuses narrowly on financial costs and benefits and thus **systematically underestimates the wider benefits of HIPs**.
35. The cost model has been designed to calculate the cost savings and additional costs associated with the various HIPs policy options, showing which costs accrue to buyers and to sellers, and at which point in the transaction process the costs are incurred.
36. The modelling only takes into account those costs groups that will be directly affected by the different Home Information Packs options. These include searches, compiling legal documents, surveys, conveyancing and a reduction in wasted marketing costs to estate agents. Cost items such as estate agent fees and stamp duty that are not within the scope of HIPs are excluded. This was the approach adopted in the RIA that was published in June 2006, and the same approach has been used in order to ensure consistency.
37. Moreover, the model focuses exclusively on those costs and benefits that are expected to occur in the short-term as a *direct* result of the introduction of HIPs. It is expected that the second-round impacts in terms of catalysing market-led reform have the potential to be significantly greater than the direct impacts.
38. The structure of the cost model, which replicates the stages in the home buying and selling process is set out in the figure below:



Option 1 - Do nothing

39. This option is the base case against which options 2 and 3 are compared. As required by the Energy Performance of Buildings Directive, an Energy Performance Certificate (EPC) and accompanying recommendation report, expected to cost £100, are required at the point of marketing for all properties that are listed for sale.⁶
40. Under this scenario, all costs, with the exception of the EPC are incurred once an offer has been accepted.

Option 2 - HIP with voluntary Home Condition Report (recommended option)

⁶ An Energy Performance Certificate and recommendation report must not be older than twelve months at the point of first marketing. Less than 0.25% of properties are bought and then re-sold within 12 months, which is assumed to be *de minimis* for modelling purposes. The cost model therefore assumes that in practice a new EPC must be produced for each sale.

41. Under this option the mandatory sellers' pack contains searches and various legal documents including title information, sale statement and leasehold documents where relevant, as well as the EPC, all of which must be produced at the point of marketing.⁷
42. The price of a pack will be set by the market and not by Government. It is clear that there will be a number of different approaches to charging for HIPs. For example this is likely to range from estate agents that will offer free HIPs or HIPs on a 'no-sale, no-fee' basis to firms that will price on the basis of the cost of compiling the pack documents. It is the firm expectation that competition, and the transparency that HIPs will bring to this market, will combine to drive down prices.
43. For the purposes of the Impact Assessment it is assumed that, based on the cost of compiling the individual components in the current market, a HIP including an EPC but without an HCR will cost around £350 to produce. Quoted fees from those pack providers that have announced their tariffs support this estimate, although in practice, it is expected that many HIP providers will in time be able to deliver significant efficiency savings compared to the current market, and that as a result the prices charged will fall. However these savings are not included in the modelling.
44. With the exception of the EPC, the documents that make up a HIP are already in the system. In the case of most transactions, where the prospective seller is also looking to buy a property the only additional cost will be the EPC, expected to cost £100 or less, which will enable home owners to save money on their fuel bills by adopting the recommended energy efficiency measures.
45. First time buyers are likely to be amongst the biggest beneficiaries as they will receive for free much of the information that they currently have to pay for.
46. At present searches and leasehold documents can take many weeks to compile, thus slowing down transactions, and in many cases entire chains of transactions, in the crucial period between offer and acceptance and exchange of contracts. Providing this information up front is expected to reduce these delays, helping to speed up the transaction process. Requiring this information to be compiled by the seller not the buyer will also reduce the wasted costs that are incurred when transactions fall through after an offer has been accepted, as the seller could re-use the documents.
47. Searches are the most time sensitive documents in Home Information Packs. Most lenders accept searches as valid as long as they are not more than six months old. For properties that have not sold after six months, the searches may need to be refreshed. A number of search providers have indicated that they are considering offering refresh searches at reduced costs. Moreover, Home Information Packs should reduce the time taken to buy and sell properties, thus reducing the volume of searches that need to be refreshed.
48. Given that the HCR is voluntary and thus does not constitute a regulatory burden the costs and benefits of the HCR are not considered in this scenario. As a result it is assumed that the costs of producing a survey continue to fall to the buyer.
49. A proportion of properties that are put on the market do not sell. Estimates vary with some analysis suggesting that the proportion may be a third or more. Some of these will be people whose circumstances change whilst they are marketing their home, but a significant proportion are believed to be people who do not have a very firm intention of selling.
50. The cost of producing a HIP is unlikely to deter those who are seriously intent on selling so our analysis assumes that there is no reduction in transactions. There is, however, likely to be an impact on those who are less committed to selling. Such sellers can currently market at no cost to themselves, taking advantage of the 'no sale, no fee' terms offered by most estate agents. Costs are, however, imposed on estate agents and prospective purchasers. The costs incurred by estate agents are borne by successful sellers in the fees they pay to estate agents. Our analysis assumes that around a third of those who currently list but do not sell are deterred from marketing and that as a consequence the number of listings falls by 10%.
51. It is expected that the number of transaction failures will fall as a result of the additional information that is provided to consumers up front and also as a consequence of a reduction in delays in the period between offer and exchange. However, in view of the difficulty in demonstrating that this will occur in advance of the introduction of HIPs, this has not been included in the cost-benefit analysis. As a result the analysis underestimates the benefits from this policy option.

⁷ A number of transitional arrangements have been put in place to ensure smooth implementation of Home Information Packs and prevent delays to marketing. In particular, during this five-month transitional period, home-owners will be allowed to market their property provided that the pack documents have been commissioned. The cost-benefit analysis is based on an analysis of the steady-state impact of HIPs given the short validity of the transitional measures.

52. However, the model does incorporate a reduction in the amount of cost that is wasted in the quarter of cases where transactions do fail, as documents can be reused when the property is subsequently returned to the market. This saving is estimated to be worth £10m a year.

Option 3 - HIP with mandatory HCR

53. Under this option the sellers' pack contains a mandatory Home Condition Report, in addition to components included in option 2. The EPC would be contained within the HCR, with the overall cost for the HCR expected to be £400, based on the cost of the most similar product available in the current market, the Home Buyers Survey and Valuation.
54. Around half of all transaction failures are due to condition-related issues with one or more properties in a transaction chain. By providing condition-related information, along with the other information contained in the pack, to prospective buyers up front and before offers are made and agreed, it is assumed that the rate of transaction failure would be halved under this option.

Modelling Outputs

55. The tables below summarise the results from modelling the options described above. All costs and benefits are relative to the reference case, set out as option 1 above.
56. The cost differences from only taking into account the direct financial benefits are relatively small given the sensitivity around a number of assumptions; the most significant benefits from Home Information Packs are likely to derive from time savings and greater certainty.
57. However, even on a very narrow financial analysis of the benefits of HIPs the recommended policy option is expected to deliver an annual saving of £80m (see Table 1) compared with the reference case.

Table 1: Overall Financial Costs and Benefits

	Costs	Benefits	Net Benefit	% saving
Option 2 - HIP without HCR	£390m	£470m	£80m	21%
Option 3 - HIP with HCR	£860m	£850m	-£10m	-1%

58. The cost estimates above are calculated on the basis that in both of the 'do-something' options a HIP will need to be produced for all properties that are marketed for sale, with the cost falling to the home-owner or to the Estate Agent if HIPs are offered on a 'no-sale, no fee' basis. A HIP without an HCR is expected to cost somewhat less than £250 over and above the cost of the EPC, which is required anyway and included in the reference case.
59. The additional cost of producing a HIP with a Home Condition Report is expected to be around £550, over and above the cost of the EPC and around £300 more than a pack without an HCR. Both figures are based on the prices charged for equivalent sets of products in the current market. Around 1.7 million dwellings are expected to be marketed for sale every year after the introduction of HIPs, including a small reduction in the number of properties that are listed 'speculatively' without a strong commitment to selling.
60. The benefits largely accrue to home buyers and come from costs savings driven by:
- Conservative assumptions around the improved efficiency of a system in which information is provided up front with greater transparency, and where there is genuine competition between information providers.
- The analysis incorporates evidence from the market for property searches where there are already around 50 examples of local authorities reducing their fees in response to the imminent introduction of HIPs.
- Some pack providers are offering to reduced prices if sellers buy other services from them at the same time. It is also clear that there is potentially significantly more capacity to compile packs than will be needed. This will result in intensive competition, encouraging innovation and exerting a downward pressure on prices.
- Reduced costs associated with failed transactions, as documents can be re-used when properties return to the market,
 - A reduction in the wasted costs that are incurred marketing properties that are listed to 'test the market' without genuine intention of selling and paid for by those who market their properties in good faith.

Table 2: Financial Costs and Benefits per successful transaction

	Costs	Benefits	Net Benefit	% saving
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Option 2 - HIP without HCR	£338	£408	£70	21%
Option 3 - HIP with HCR	£741	£732	-£9	-1%

61. Data from the past 10 years show that on average, around 1.2m transactions are completed each year. The table above presents the results from Table 1 as a cost per successful transaction, including the cost of producing HIPs for properties that do not sell.

Table 3: Average financial impact for a consumer who sells one property and buys another

	Costs	Benefits	Net Benefit	% saving
Option 2 - HIP without HCR	£236	£324	£88	37%
Option 3 - HIP with HCR	£566	£565	-£1	0%

62. For an individual consumer who successfully sells a home and buys another the costs are estimated to be lower and the potential net saving greater than as presented in Table 2. By increasing transparency and encouraging greater competition consumers should pay less for their documents under HIPs with these being used more efficiently, with documents being re-used by the seller in the case of transaction failure rather than having to be produced by multiple buyers.
63. The cost savings from halving the rate of transaction failure, which the mandatory inclusion of the Home Condition Report would be expected to bring about, are potentially much larger than under the recommended option. However, the additional costs associated with the requirement for an HCR to be produced for the significant proportion of properties that are marketed but do not sell mean that the overall financial impact of this policy option is expected to be neutral.
64. We have decided not to mandate the inclusion of HCRs in Home Information Packs. However, in light of the potential benefits from providing buyers with condition-related information up front we are keen to create a situation in which the market could lead the voluntary take-up of HCRs without creating a regulatory requirement to do so.
65. As a result of introducing Home Information Packs with the HCR as a voluntary component, the average home-owner who sells a property and purchases another is expected to save nearly £90 (see Table 3), driven by reduced wasted costs in the event of transaction failure and cheaper documents due to the effects of greater transparency and enhanced competition.
66. In practice, the benefits from increasing transparency and stimulating market-led reform and innovation through creating the conditions for effective competition are likely to be much greater than the narrowly-defined and short-term financial impacts described above:
- HIPs provide a platform for market-led innovation, leading to more radical transformation of the market through more effective competition and better use of new technology.
 - Increasing the transparency of the process should lead to consumers getting better products that will help sellers obtain a quicker, more certain and less stressful sale, and which give buyers better information earlier, on which to base their purchasing decisions.
67. As the market adapts, the development of all-inclusive HIPs, for example containing a Home Condition Report as well as a legal summary of the pack that could be relied upon by the buyer and their solicitor, are a possibility. Such a pack would provide everything a buyer needs to move immediately to exchange of contracts without needing to obtain further documentation. If such packs were to become an established part of the system, the buying and selling process would be greatly streamlined.

Sectors and Groups Affected

Consumers

68. Most of the information included in the Pack is currently provided in the existing home buying and selling process. The introduction of Home Information Packs will realign the current process with the expected benefit of ensuring that important information is made available earlier in the process.
69. In the majority of cases, where an individual who is selling one property is also looking to buy another property, the introduction of Home Information Packs the cost impacts will be broadly neutral, with a small financial benefit from increased competition and reduced costs of pack documents.
70. First time buyers will benefit in particular from these new arrangements, as they will receive for free much of the information for which they currently have to pay.
71. Homeowners who are selling but not buying another property will face additional costs compared with the current system, but these will be marginal compared with the overall value of the property sale.

Estate Agents and Others Marketing Property for Sale

72. Estate Agents and others who market properties for sale will need to make changes to the way they operate, as they will no longer be able to market a property for sale until a Home Information Pack has been assembled⁸. The changes required to their systems, business processes and any additional staff training required would mean additional expense in the short term.
73. However, the proposals create new opportunities, as well as reducing the wasted cost of failed and aborted transactions for these businesses. In particular, the requirement to provide a Home Information Pack is expected to deter those 'sellers' who are not serious about selling their property. The reduction in such listings will reduce marketing costs to estate agents - savings which, in a more competitive environment, are expected to be passed onto consumers.

Local Authorities

74. The OFT report *Property Searches – A Market Study*, published in September 2005 highlights a number of problems with the current search market. In particular:
 - it is not always easy for private search companies to access the information they need to complete searches, and;
 - local authority search charges ranged from around £50 to £270, with no obvious justification for such a large price differential.
75. The principal recommendation in the report is that local authorities should make available the unrefined data used to compile search replies on terms that do not put private search companies at a disadvantage.
76. Local authority trading standard officers will also be responsible for enforcing the HIP legislation. They will have a number of enforcement options, ranging between providing help and advice to issuing fixed penalty notices for serious breaches of the rules. The costs of this additional burden have been reflected in the Local Government settlement.

Private Search Companies

77. Private search companies will be able to provide search information for inclusion in a Home Information Pack. This will consolidate and widen the market opportunities for these companies, who already provide a significant proportion of searches under the current system. However, the regulations will regulate the current system by specifying minimum standards for searches and search providers to ensure adequate consumer protection (e.g. compulsory insurance cover).

⁸ As set out at paragraph 38, a transitional period will run until 31 December 2007 to ensure smooth implementation of HIPs. During this period it will be possible to market properties provided that the pack documents have been commissioned.

78. Because searches for inclusion in the Home Information Pack will need to be produced at the start of the marketing period there will be an increased focus on speed of delivery for search products. This will affect both local authorities and private search companies.

Conveyancers

79. All the legal documents that are required by the Home Information Pack regulations are produced under the current system. The introduction of the Packs is therefore expected to have a broadly neutral impact for conveyancers. Having most of the information made available at one time, rather than piecemeal over a number of weeks or months, should provide significant scope for efficiency savings.

Home Information Pack Providers

80. Home Information Pack providers are a new group of firms who aim to specialise in compiling the documents for inclusion in the Home Information Pack and supplying their services to estate agents and individual sellers of homes. A representative body, the Association of Home Information Pack Providers (AHIPP) has been set up and has produced a code of conduct and agreed minimum standards that members must adhere to.
81. Many firms that are already involved in the home buying and selling industry have identified competitive benefits from streamlining their processes and providing complete packs in addition to their core market.

Consumer Redress

82. From 1 August, any estate agent in England and Wales marketing a home with a Home Information Pack (HIP) will be required (by Order) to belong to an approved redress scheme for HIP-related complaints. The Department of Trade and Industry (DTI), who have responsibility for estate agents, will introduce this requirement in time for and to coincide with the introduction of HIPs on 1 August.
83. A full RIA accompanied the redress order. Costs and benefits were and continue to be estimated on the assumption that estate agents will need to join a wider scheme from April under the Consumers, Estate Agents and Redress Bill (currently going through Parliament).
84. We estimate the net benefit range of laying a new order requiring estate agents to belong to a redress scheme from 1 August to be in the range of -£0.1m - £1.2m. We have estimated that the costs will remain at £500,000 -the same level as stated in the original RIA on the redress order (though this is considered to be a high estimate). This is based on estate agents having to pay the annual membership to join the mandatory HIPs redress scheme which will now cover only 8 months (1 August - 1 April). The new benefit range is estimated to be £0.4- £1.7m.
85. Most other bodies involved in the home buying and selling process - for example, solicitors and licensed conveyancers - are already members of redress schemes through their professions. All accreditation and certification schemes for DEAs and HIs respectively are required to have robust complaints and redress handling procedures. In addition there are voluntary redress schemes to which most major HIP providers and private search companies belong.

Annexes

Annex 1: Input Assumptions

Annex 2: Implementation and Evaluation

Annex 3: Enforcement and Sanctions

Specific Impact Tests

Type of testing undertaken	Results
Competition Assessment	Annex 4
Small Firms Impact Test	Annex 5
Health Impact Assessment	Annex 6
Race Equality	Annex 6

Annex 7: Consultation

Annex 1 - Input Assumptions

Surveys

The HIP Baseline Research⁹ asked buyers to report the cost of surveys undertaken as part of their purchase¹⁰. The figures set out below are very much in line with those used in the June 2006 RIA. The exception is the mortgage valuation survey, which has been verified by canvassing a number of major mortgage lenders.

Cost item	Cost	Evidence
Home Buyers Survey & Valuation (HSV)	£421	Baseline Research, Table 36
Building Survey	£563	
Mortgage Valuation Inspection	£325	
Home Condition Report	£400	Unchanged from the cost estimate from the HIPs RIA published in June 2006, based on comparison with cost of Homebuyers' Survey and Valuation
Energy Performance Certificate	£100	Based on evidence collected by Faber Maunsell to inform EPBD RIA

Take-up of survey products - The Baseline research also reported data on the percentage of buyers that commissioned each of the different survey products. This frequency data has been used in the cost model. Note that the total sums to greater than 100% as some home buyers commission more than one survey product (e.g. mortgage valuation inspection and structural survey).

⁹ HIP Baseline Research was conducted on behalf of Communities and Local Government by the Building Research Establishment and IpsosMORI and provides a snapshot of the home buying and selling process as it was in summer 2006 prior to the introduction of HIPs. This is the benchmark against which future post-implementation evaluation exercises will assess the impact of HIPs.

¹⁰ Page 33, Table 16. This table also reports on the frequency with which buyers commission the different survey products.

Survey Type	Frequency
No survey	11%
Mortgage Valuation	41%
HomeBuyers Survey	38%
Structural Survey	15%
Specialist Survey	6%

Lender reliance on HCR - For the mandatory HCR option we have assumed that 50% of HCRs are relied on for mortgage valuation purposes. This is in line with the assumption that was made in June 2006 based on the increasing use of Automated Valuation Mechanisms for mortgage approvals which is expected over coming years. It is expected that the information provided in the HCR would enhance the accuracy of these models and thus accelerate their roll-out.

Searches

Estimates for the cost of official searches are taken from OFT's 2005 report *Property Searches – A Market Study*¹¹. In addition the model incorporates assumptions about:

- the level of discount on personal searches compared with official searches, and
- the extent to which HIPs will facilitate competition in the market for searches leading to a reduction in the cost of all searches

Cost item	Cost	Evidence	
Current System	Buyer – Local searches	£150	2005 OFT Report: 'Property Searches - A Market Study'
	Buyer - Personal searches	£120	We have assumed that personal searches are currently 20% cheaper than official searches. In some cases the differential is as much as 50%.
With HIPs	Seller – Local searches (HIPs)	£120	By facilitating the establishment of a level playing field and thus encouraging genuine competition in the market for searches we expect the price of both official and personal searches to fall. The model assumes a reduction of 20%.
	Seller - Personal searches (HIPs)	£108	As with official searches, we have assumed that personal searches become 20% cheaper in the competitive environment that HIPs will facilitate
	Searches revalidation (after 6 months)	£50	Personal Searches Group (September 2006) estimated the cost of refreshing a search at £35. One LA has also quoted this figure (although Wakefield have now said that they will offer this service at no extra cost). We have taken £50 as a conservative assumption.

¹¹ The OFT report can be viewed at: http://www.offt.gov.uk/shared_offt/reports/consumer_protection/oft810.pdf

Private searches rejected by buyers' solicitors - The model makes allowance for buyer's solicitors who are resistant to private searches to commission additional local authority searches in 25% of cases.

Searches that need refreshing - The model assumes that 25% of searches in HIPs will need to be refreshed. This assumption is derived from transaction reported in the Baseline research and allows for the expectation that HIPs will reduce transaction times.

Structure of market for searches - The model assumes a 60/40 split of the current market for searches between LAs and PSCs respectively, moving to 40/60 after the introduction of HIPs.

Legal Fees

On the basis of evidence from the Baseline Research, the modelling assumes that under the current system the total spent on conveyancing costs by buyers and sellers together is £905. It is assumed that, with the introduction of HIPs, the amount spent on conveyancing cost falls by £105 to £800. Given the volume of upfront activity to compile legal documents and check the pack this is felt to be a cautious assumption.

No change is assumed in the cost of compiling the other legal documents in either freehold or leasehold sales. This is also a cautious assumption as pack providers are likely to streamline procedures.

Impact of HIPs on Listings

The modelling assumes that the introduction of HIPs will reduce listings, by 10% but that there would be no impact on the number of transactions. These figures have been derived from research by Countrywide Estate Agents into the motivations of sellers which suggest that up to 30% of sellers may be marketing their homes without necessarily having a firm intention to sell. The modelling assumes that if the HCR were mandatory listing might fall by 20%.

Annex 2 - Implementation & Evaluation

Implementation

The proposed implementation plan showing key deliverables is given in the table below:

Proposed implementation Plan

Key deliverable	Actual or planned implementation date
Home Information Pack Regulations laid	11 June 2007
Regulations come into force	1 August 2007
Go-live for 4 bedroom and above properties Other properties to be phased in as sufficient Home Inspectors and Domestic Energy Assessors become available.	1 August 2007
Pre Go-live baseline research	May / June 2006
Post Go-live research: Interim evaluation	Autumn 2008
Final evaluation	Autumn 2010

Review, Monitoring and Evaluation

A series of monitoring and evaluation exercises will be conducted subsequent to the implementation of the Home Information Pack regulations on 1 August 2007. These are intended to monitor and evaluate the impact that HIPs have on the housing market.

Since November 2006, the Department has been trialling HIPs in a number of areas¹² in co-operation with the Association of Home Information Pack Providers (AHIPP). These trials are intended to test the practicalities of producing packs and to enable Government to understand how best to maximise the benefits of HIPs to the consumer.

The area trials are principally aimed at testing and maximising the consumer benefits of the Home Condition Report. However the Home Information Pack (No. 2) Regulations 2007 incorporate a number of practical measures in response to early findings from the trials, in particular the transitional arrangements concerning searches and leasehold documents.

Phased introduction gives greater scope to build on experience from the early operation of the Home Information Pack systems. The Government will carry out an assessment of how well HIPs are working by the end of the year to determine what, if any, action is necessary to maximise reduction of carbon emissions and ensure that market-led transformation moves forward as quickly as possible. This assessment will be informed by experience of roll-out since 1 August, results of consultation on EPCs and the results of the area trials¹³.

It is also envisaged that the approach used in the 2006 HIP Baseline Research will be repeated to give an interim evaluation in autumn 2008, and a full evaluation in autumn 2010. By using the same methodology it will be possible to compare directly the results from these post-implementation studies with the pre-implementation picture obtained from the 2006 Baseline

¹² In November 2006, trials started in Bath, Cambridge, Huddersfield Newcastle, Northampton and Southampton. Two further trials were launched in January 2007, in Southwark and North West Wales (Anglesey, Conwy and Gwynedd)

¹³ The area trials are being independently monitored and assessed by Ipsos MORI.

study. It is expected that by 2010 market-led innovations will be serving to reinforce the direct benefits of Home Information Packs.

Annex 3 - Enforcement and Sanctions

The Home Information Pack duties will be enforced by local authority trading standards officers (TSOs) and Communities and Local Government has agreed to meet the additional costs, estimated at £2.2m per annum. The arrangements include a new provision for enforcement against private sellers. The enforcement arrangements are risk based and proportionate, and comply with the recommendations of the Hampton review. The emphasis is on enforcement authorities providing information and advice to achieve compliance.

However, where TSOs decide that such action is warranted, they will have the option of serving a civil penalty of £200 and referring cases involving estate agents to the Office of Fair Trading, who would consider the fitness of the estate agent to continue operating. OFT has existing powers to issue a banning order on agents engaging in undesirable practices

Annex 4 - Competition Assessment

A competition assessment has been undertaken, following the revised competition filter guidance published for consultation by the Office of Fair Trading (OFT) on 19 February 2007. This supplements the findings from the competition assessment that was undertaken in June 2006 on the basis of the previous OFT guidance.

The four questions in the revised competition filter are as follows:

In any affected market, would the proposal:

- Directly limit the number or range of suppliers?
- Indirectly limit the number or range of suppliers?
- Limit the ability of suppliers to compete?
- Reduce suppliers' incentives to compete vigorously?

The competition assessment found that the introduction of the Home Information Pack is likely to have some impact on competition within the housing industry. However, it should not limit the ability of businesses to compete or their incentives to do so; in fact it creates new opportunities for businesses and will encourage competition.

Direct limits on the number or range of suppliers

A number of approved certification schemes will compete to license Home Inspectors for the production of Home Condition Reports (HCRs). As set out elsewhere in this document, Home Condition Reports will be an authorised document that sellers can choose to add to their packs but will not be mandatory. The Department believes that there is benefit in allowing the market to develop in response to consumers and that consumers will see benefits in topping up their HIPs to include an HCR.

Moreover, given that the Home Condition Report is a new document, and its inclusion in a HIP will be voluntary, the requirement for Home Inspectors to belong to an approved certification scheme will not impose a restriction on existing suppliers in the home buying and selling industry. What Government is seeking to achieve through the licensing scheme is to protect the quality of this new product.

Only qualified and certified Home Inspectors will be able to produce Home Condition Reports. The requirement for Home Inspectors to belong to an approved certification scheme is a response to fears about the credibility to buyers and mortgage lenders of an inspection report commissioned and paid for by the seller. In the absence of suitable safeguards, a seller would be incentivised to misrepresent the condition of their property in order to extract a higher sale value or to ensure a smooth transaction.

Home Inspector certification is one of a number of ways in which the Department has worked to address this concern:

- the Government will set the standards that Home Inspectors must meet when producing Home Condition Reports;
- only Home Inspectors registered with a Certification Scheme approved by the Secretary of State will be able to prepare Home Condition Reports;
- the Certification Schemes will monitor and audit the Home Condition Reports produced by Home Inspectors to ensure that they meet the standard set by the Government;
- Home Inspectors will be required to have suitable insurance to provide redress to buyers, sellers and lenders when necessary;

- if a Home Inspector fails to maintain the standards set by the Government (either by producing a substandard Home Condition Report or by acting unprofessionally) their certification can be removed.

Given these safeguards the Department believes that buyers, sellers and lenders will have every reason to have confidence in the report.

Indirect limits on the number or range of suppliers

We do not believe that Home Information Packs will impose a significant barrier to entering or exiting the home buying and selling industry, in particular for estate agents. As OFT found in its 2004 report the estate agency market is not highly concentrated with no single estate agency having more than 10 per cent of the national market share and a high proportion of small independent firms².

It is not expected that the proposals will have a disproportionate impact on smaller firms (see Small Firms' Impact Test). Nor do we expect that large businesses will be able to establish a dominant market position by operating in multiple parts of the industry. The impact of the Home Information Pack is more likely to be determined by the way an individual business responds, for example by joining with other firms and/or using Pack services provided by other organisations.

Limits on the ability of suppliers to compete

The regulations will specify when a Home Information Pack must be produced as well as the required contents of the product. The price of Pack components will be determined by the market and Government expects that increased competition will drive prices down.

Although the Home Information Pack will consist of a standard set of core, required documents, a number of documents such as a Home Condition Report will be authorised for inclusion in the Pack. In addition, other information relevant to the property can, as now, be provided as part of a wider service, for example, local area based information about schools, hospitals and other facilities.

The Government will set minimum quality standards for the Home Condition Report. Minimum quality standards are one of the measures that have been taken to ensure the credibility and acceptability of the Home Condition Report to the buyer, as set out above.

Given that the Home Condition Report is a voluntary component of the Home Information Pack the existence of minimum quality standards will not restrict the ability of suppliers to compete in the market for HIP provision.

Reduced incentives to compete

The Department believes that Home Information Packs will stimulate competition in the affected markets, and will provide opportunities and incentives for both new entry and innovation.

The information failures, lack of transparency and principal agent issues that distort the current home buying and selling experience for consumers are clearly set out elsewhere in this document. These factors combine to prevent effective price competition for estate agency services, searches and conveyancing.

OFT's 2004 report into the estate agency market in England and Wales confirmed the lack of price competition among estate agents. Indeed, estate agents' commissions continue to be charged at the same percentage rates as ten years ago even though nominal house prices have trebled in this period. Lack of clarity about the selling process and the seller's focus on the price achieved in a sale tend to reduce the competitive pressures in this market.

Home Information Packs will complement other initiatives to increase competition in the market for property searches, a market considered in OFT's 2005 report 'Property Searches – A Market Study'. The OFT's view is that effective competition between Local Authorities and Personal Search

Companies, based on non-discriminatory access to the unrefined information held by Local Authorities, will deliver the best results for consumers. In particular, the expectation is that both private and official searches will become cheaper.

In summary, the Department believes that by ensuring that key information is provided to consumers early in the home buying and selling process Home Information Packs will increase transparency in the home buying and selling process, making it clear what documents are needed and how much they cost to produce.

Market Structure

It is likely that the proposals will increase the linkages across the various areas within the industry (e.g. estate agents working more closely with conveyancers). Sellers and their agents will be keen to market the property as soon as possible so there will be pressure to assemble the legal documents efficiently and quickly. This can be facilitated by greater coordination and cooperation between those who provide documents for the pack.

Although competition for consumers is unlikely to change dramatically in the short-term, Home Information Packs may facilitate alternative ways to buy and sell homes. For example, conveyancers offering Pack provision services could offer a potential alternative to estate agents as a first point of contact for sellers. In this way the traditional roles of a number of the key players in the market could change as part of longer-term market-driven change.

Annex 5 - Small Firms Impact Test

The Small Business Service (SBS) in the Department for Trade and Industry has been consulted and is content that the potential impacts of the proposals on small businesses have been fully considered.

Research has been undertaken with a number of estate agents, conveyancers and surveyors to test the potential impact on small businesses of the proposed reforms. Small businesses were divided in their views on the likely impact of the Government's proposed reforms. Those businesses that were opposed to the reforms were also the most concerned about the potential for Home Information Packs to have a negative effect on their business. Those that supported the reforms tended to see it as an opportunity to increase their business in the sector.

A common concern for estate agents was the belief that the introduction of the Home Information Pack will reduce the number of sellers coming to market which will, in turn, lead to a fall in revenue within the industry.

However only speculative or non-serious 'sellers' are likely be deterred from putting their property on the market, and therefore the overall number of completed transactions is expected to remain constant. Moreover, estate agents will save the wasted costs associated with marketing properties that do not sell.

There is a concern that smaller businesses may have difficulty raising the funds needed to train staff and change their systems in preparation for the Home Information Pack. A number of HIP providers provide free training to Estate Agents who sign up for their services. The NAEA also arranges HIP handling courses, which it offers at preferential rates to its members. Moreover, many smaller businesses will be in a better position to adapt their systems, as their infrastructure will be less complex or widespread and thus less costly to update.

There has been concern that if the market moves towards a "no sale, no fee" approach for Packs then smaller business would not be able to compete with larger firms. However, experience shows that many of the companies that are currently using packs successfully are small businesses. Small businesses can compete by placing the emphasis on quality of service, greater flexibility and local knowledge, and by developing links with other sectors to share the risks and costs of providing a competitive service.

Annex 6 - Other Impacts

Race equality impact assessment

In 2005, COI Strategic Consultancy were commissioned to investigate the impact of Home Information Packs on ethnic and other minority groups¹⁴. They examined the effect of the Pack and Home Condition Report requirements on a number of groups by talking directly to organisations which represent these communities. The study found that, in general, BME home buying/selling behaviour is consistent with the mainstream community. This suggests that Home Information Packs are unlikely to have any impact on racial equality.

Health impact assessment

It is unlikely that Home information Packs will have any specific impacts on health. However, by making the process smoother and more transparent HIPs may remove some of the stress from home buying and selling, thus leading to a small secondary benefit.

¹⁴ *ODPM Home Information Pack Scoping*, COI Strategic Consultancy, September 2005.

Annex 7 - Consultation

Both the general public and industry have been consulted extensively over a number of years on the principle of the Home Information Pack and its contents. In addition to formal consultation processes, the Department for Communities and Local Government and its predecessor Departments have discussed options and sought feedback on policy ideas from key external stakeholders via working groups and project boards.

Key to easier home buying and selling

The consultation paper *The key to easier home buying and selling* was published in December 1998. Respondents were largely individual consumers (29 per cent) and professional individuals (solicitors 21 per cent, estate agents 16 per cent, surveyors / valuers 15 per cent). The main representative bodies for the key interest groups - The Consumers' Association (now Which?), the Council of Mortgage Lenders (CML), the National Association of Estate Agents (NAEA), The Law Society, The Royal Institution of Chartered Surveyors (RICS) and the Local Government Association (LGA) - also responded.

- There was strong support for the Home Information Pack to be made compulsory. Sixty-three per cent of the respondents agreed that sellers should assemble an information pack about the property. This included strong support from businesses, professional bodies and consumer representatives.
- Fifty-six per cent of the respondents were concerned about the inclusion of a Home Condition Report, with opposition to the Home Condition Report largely based on issues of practicality.
- The other main concern was that the Home Information Pack would have a limited shelf-life. The only time sensitive documents in the mandatory pack are the searches (as this information can change over time). Under the current system searches are usually accepted to be valid by lenders for six months.

Under the current system around 80% of sales receive an offer which is accepted by the seller within six months. For properties that have not sold after six months, the searches, but not the pack as a whole, may need to be refreshed. A number of search companies have indicated that they are considering offering refresh searches at reduced costs. Moreover, Home Information Packs should reduce the time taken to buy and sell properties, thus reducing the volume of searches that need to be refreshed.

Contents of the home information pack

The consultation paper entitled *Contents of the home information pack* was published in March 2003 for responses by the end of June 2003. As well as seeking views on the Home Condition Report, the Department also consulted on the searches that should be incorporated in the pack and who could, or should, provide such information. The largest group of respondents were the representatives of trade organisations (32 per cent), followed by social housing providers (28 per cent). Other groups that responded were estate agents, private and corporate business, academics and other government bodies.

- Of those respondents who made explicit comments on whether they agreed or disagreed with the pack, 68 per cent agreed that the seller should provide a Home

Information Pack. Concerns about the pack included the cost (including the potential for costs to rise over time) and the complexity of the pack. Respondents also raised concern about the impact on low income households.

- Thirty-nine per cent of respondents commented on the searches to be included in the pack. Eighty-two per cent of those that commented thought that these should be no more than three months old at the time the property is first marketed. This requirement is included in the regulations, and extended to all required pack documents with the exception of the EPC which must be no older than 12 months at the time the property is first marketed.
- Nearly all respondents (91 per cent) thought that private search companies, as well as local authorities, should be able to provide searches for inclusion in the pack so long as there was adequate insurance in the event of inaccurate replies. The main reason respondents gave for this view was that allowing private search companies as well as local authorities to provide searches would prevent a monopoly in the market and increase consumer choice. The regulations reflect this view, which is in line with the OFT's view, expressed in its 2005 report 'Property Searches – A Market Study' that effective competition between Local Authorities and Personal Search Companies, based on non-discriminatory access to the unrefined information held by Local Authorities, will deliver the best results for consumers.

The Home Information Pack Components Project Board (which consisted of representatives from RICS, Law Society, NAEA, CML and Which?, as well as Communities and Local Government officials) considered the responses to the consultation and sought advice from the working and stakeholder groups before making recommendations on the contents of the pack.

HIPs Update - Towards 1 June

The HIP Update document, published on 25 January 2007, was the latest in a series of consultation exercises in relation to the HIP Regulations. In addition to presenting the latest research that the Department had conducted into the home buying and selling process and reaffirming the case for HIPs as a vehicle to stimulate reform of the home buying and selling process and contribute to action to cut carbon emissions from homes, the paper sought views on a number of transitional measures to smooth implementation of HIPs. The responses to this consultation have informed the fine-tuning of these measures.

