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Meg Hillier MP
Chair, Committee of Public Accounts
House of Commons
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30 November 2018

Dear Minister, Dear Chair,

Accounting Officer Memorandum: Local Land Charges Programme

It is normal practice for Accounting Officers to scrutinise significant policy proposals or plans to start or vary major projects, and then assess whether they measure up to the standards set out in Managing Public Money (MPM). From April 2017, the government has committed to make a summary of the key points from these assessments available to Parliament when an accounting officer has agreed an assessment of projects within the Government's Major Projects Portfolio (GMPP). This is the summary for the Local Land Charges (LLC) Programme for HM Land Registry (HMLR).

1. Background and Context

- 1.1 The critical first step in the pre-contract stage of the property buying process is conducting property searches to establish any rights or obligations over the property. LLC Searches are one of two key local property searches which sit alongside the central HMLR search. There are approximately 26 million LLCs in England, held disparately by 326 English Local Authorities (LAs).
- 1.2 Each LA maintains a register of LLCs within its jurisdiction with differing formats, standards, turnaround times and fees for customers. This results in a situation where many property customers currently experience a level of service that is more expensive, slower and less digitally accessible than it could be. LLCs are obligations, prohibitions or restrictions over a specific piece of land such as the listing of a building, the designation of a conservation area or a tree preservation order. A LLC is binding on successive owners and is not typically documented in property title deeds.
- 1.3 When purchasing a property, LLC searches are generally undertaken for due diligence purposes as part of the conveyancing process. Our research indicated that LAs have an average turnaround time of 8 days (typically ranging from 1 day to 50 days) with costs ranging from £3 to £76 for the provision of LLC search results to customers.
- 1.4 The Housing White Paper, "Fixing our Broken Housing Market" (February 2017) committed HMLR to become the world's leading land registry for speed, simplicity and an

open approach to data. HMLR is embracing this challenge - it is being modernised to become a digital and data-driven registration business within the public sector. This is central to achieving genuine transparency on land ownership and control and will help unlock relevant UK productivity. The Infrastructure Act 2015 provides that the Chief Land Registrar must keep the LLC register.

- 1.5 Given the complexity and the risk of transforming the data, HMLR has designed the migration delivery plan in stages. Phase 1 will, during 2018 and 2019, digitise, standardise and centralise LLC data and associated services from up to 26 LAs. This will include LA registers that are wholly paper and electronic based to remove paper from the process and from LA registers that have high search volumes, high fees and long turnaround times, to give the best customer benefits. This phase is also designed to provide maximum learning about the costs, take up assumptions and risks for future implementation and phases.

2. Assessment against the accounting officer standards

Regularity – assessed as regular

- 2.1 The Infrastructure Act 2015 provided the legal basis for HMLR to assume responsibility for registering LLCs from LAs across both England and Wales. The current scope for implementation is the provision of the HMLR LLC Service for England only. As the power to set fees is devolved in Wales, the Welsh LAs would be dealt with under a separate business case in due course and is currently out of scope for the programme.
- 2.2 The Environmental Information Regulations 2004 (EIR)¹ provide for public access without charge to environmental information held by public authorities, including LAs. The EIR do this in two ways:
- Public authorities must proactively make environmental information it holds available to the public by electronic means; and
 - Members of the public can request environmental information from public authorities.
- 2.3 The HMLR LLC Register will have environmental information within it that is publicly available for free. The programme team have consulted and continues to consult the Information Commissioner's Office and received legal advice that is being reflected in the developing design of HMLR's LLC Register Service, for dealing with EIR requests as well as the paid for searches as separate products operated from the same register. Statutory compensation provisions apply to both personal and official searches.

Propriety – assessed as proper

- 2.4 HMLR's financial strategy for the implementation of the national LLC Service has been designed in accordance with HM Treasury (HMT) MPM principles. With HMT approval, HMLR will fund programme expenditure from its cash and reserves accumulated in previous years. The cost is fully incorporated and budgeted within HMLR's Medium Term Financial Strategy, and cash and reserves are adequate to fully cover implementation expenditure. The business case for the programme assumes trading fund status for HMLR and any potential reclassification away from that could impact negatively on the availability of funds to complete the programme from this source and will need to be reviewed carefully.
- 2.5 The LLC Programme Board has a specific remit to set the direction for the programme, support the SRO in decision-making and oversee the overall progress of the programme.

¹ Environmental Information Regulations are part of European Law and therefore potentially subject to change as the United Kingdom leaves the European Union.

The Board is chaired by the SRO, HMLR's Director of Transformation, who takes executive responsibility for decisions relating to the LLC Programme. The membership of the Board is formed of key stakeholders, including individuals across HMLR, Department for Business, Energy & Industrial Strategy (BEIS), UK Government Investments Limited (UKGI) and Ministry of Housing, Communities and Local Government (MHCLG) who all have an interest in the outcome of this work and HMLR's business strategy.

- 2.6 The estimated cost of implementing the initial phase of the HMLR national LLC Service is £15m. Based on current roll out plans, fee level and take up rate assumptions, the cost of this phase will be recouped by HMLR within 10 years.
- 2.7 Guided by the costs of implementation and operation of the service, as well MPM guidance, the fee was set through legislation (the Local Land Charges Fees (England) Rules 2018 (the Fees Rules)) at a baseline search price of £15 for each LLC search. This compares with £27 as the weighted average price charged by LAs reflected in the business case. This is a lower price than 84% of LAs charge.
- 2.8 Analysis of the costs, demand for the product and income following the initial delivery phase will provide vital information for determining the optimal longer-term price point for the official LLC search product. At this stage, it will be possible, if required, through the Fee Rules process, to amend the fee to a more suitable level. It is acknowledged that there will be a lead time of approximately nine months for doing so, as fee revisions to the Fees Rules go through the statutory process, and normally come into force only on one of two common commencement dates each year.
- 2.9 The LLC Programme has two significant strategic risks. The full cost of upgrading the quality of the data being migrated into and maintained in the national register is at yet unknown, given the variability that we have seen in the ways that LAs have historically collected and stored their data. Similarly, the future demand for the paid for official search product is based on assumptions about the number of property sales in the market and take up of the paid product. The initial phase has been designed to test these assumptions and will feed into the design and business case for future phases.
- 2.10 Those LAs selected for the initial phase have been chosen to represent a good cross section of different types, to enhance the learning. 20 of the originally identified 26 LAs are signed up to participate, with discussions ongoing for the remaining. A number of volunteer LAs have also come forward.

Value for Money – assessed as representing good value for money

- 2.11 A full options analysis has been previously considered as part of the programme. Phase 1 delivers the national LLC Service and HMLR will significantly improve the customers' experience of the LLC search process by providing a new national digital service. Once rolled out, this initial phase will deliver immediate customer benefits, including an estimated annual saving for property buyers of £2.5m annually, more than halving the average cost of a LLC search for over 125,000 home and property buyers per year.

Feasibility – currently assessed as amber/green delivery confidence by a BEIS sponsored health check.

- 2.12 The LLC Programme started in April 2013 and to date has delivered:
 - primary and secondary legislation;
 - the Outline Business Case;
 - the public consultations on the primary and secondary legislation;
 - the LLC prototype – using LLC data from seven LAs;

- supplier market engagement – required to support the digitisation and migration of the LLC data;
- established working relationships with each of the 326 English LAs;
- good working knowledge of the current ‘as-is’ LLC data across the 326 LAs;
- good understanding of the barriers and mitigation to successful migration from LAs;
- the detailed implementation plan for the migration of the initial phase of LAs;
- three significant procurement exercises to secure programme delivery capability and capacity;
- a new digital register;
- published data migration standards;
- a successful launch of the new digital LLC Service on 11 July 2018, with four LAs now live;
- the Service remains stable with customers actively using it and
- the programme status reporting as amber/green at the BEIS GMPP September 2018 quarterly return.

2.13 The Programme was considered by an HMT Approval Point Panel on 7 April 2017, covering all aspects of the planned way forward. The conclusion of the Panel was that the programme is in a shape to proceed if that remains the ministerial priority. The Programme had a full Gateway 0 Infrastructure & Projects Authority (IPA) review in December 2016. The resulting recommendations were fully completed. The Programme received approval to implement its initial phase from the Chief Secretary of the Treasury on 26 January 2018. A BEIS Health Check Review was completed in June 2018, with positive feedback giving amber/green confidence to proceed with the launch of the new Service on 11 July 2018. A Government Digital Service Assessment approved the digital LLC service for public beta in November 2018.

3. Conclusion

- 3.1 As the Accounting Officer for HM Land Registry I have considered this assessment of the LLC Programme and I am satisfied it is in order. I approved it on 30th November 2018.
- 3.2 I have prepared this summary to set out the key points and risks which informed my decision. If any of these factors change materially during the lifetime of this programme, I undertake to prepare a revised summary, setting out my assessment of them.
- 3.3 This summary will be published on the government’s website (GOV.UK). Copies will be deposited in the Library of the House of Commons and sent to the Comptroller and Auditor General and Treasury Officer of Accounts.

Yours sincerely



Graham Farrant
Chief Executive and Chief Land Registrar