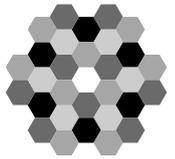


Land Registry

Annual Report and Accounts 2010/11



Report presented to Parliament pursuant to Section 101 of the Land Registration Act 2002. Accounts presented to Parliament pursuant to Section 4(6)(a) of the Government Trading Funds Act 1973 as amended by the Government Trading Act 1990.

Ordered by the House of Commons to be printed on 30 June 2011.

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This document is also available to download from www.official-documents.gov.uk and www.landregistry.gov.uk

ISBN: 9780102971774

Printed in the UK for The Stationery Office Limited
on behalf of the Controller of Her Majesty's Stationery Office

ID 2428762

07/11

Printed on paper containing 75 per cent recycled fibre content minimum.

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Foreword By the Chief Land Registrar and Chief Executive

Land Registry has always been an innovator. Our creation in 1862 was an innovation in itself that, over time, has more than realised the vision of the then Lord Chancellor, Lord Westbury, and his predecessors.

In the years since, we've continually evolved as an organisation and a public service, from the expansion of compulsory registration to the growth of our local office network, from the computerisation of the Land Register to the introduction of electronic services.

We've both led change and made change possible by innovating in policy, practice and technology. It's a strength that has served us well during the recent property slump, which compelled us to rationalise our cost base ahead of much of the rest of the public sector and to accelerate our plans to transform the organisation.

Over the past 12 months these imperatives have seen us close our local office in Portsmouth, say goodbye to many hundreds of valued colleagues, outsource a number of our support services and relocate from our historic Head Office in Lincoln's Inn Fields. We have delivered these changes well and we are on track to complete the structural elements of our transformation during the next 12 months.

These have inevitably been difficult and painful changes. But they were necessary and they haven't distracted us from our central task of serving our customers and, in doing so, maintaining the high standards to which we aspire.

We've also scored some notable successes, not least in the rapid expansion of our network of customer teams providing a dedicated service to business users. The speed and accuracy of our registrations exceeded targets and we beat our objective for voluntary registrations by almost 20 per cent. The percentage of transactions delivered through electronic channels continued to increase in line with our strategy.

The economic climate continued to be challenging for many of our customers. In these circumstances, revenue generated from our add value products and services fell short of a demanding target, though profitability was better than expected. These add value products and services, which involve making innovative use of our data for the benefit of customers, are an example of how we've begun to successfully diversify our business.

Nevertheless, we have fallen short of some targets, such as in meeting a new internal quality standard and in overall customer satisfaction. We were also some way off meeting our targets for employee engagement, which brings me to my priorities for the coming year.

When I was appointed Chief Land Registrar and Chief Executive in March, I made improving engagement one of my three key priorities. There is no doubt that, while we are on track to deliver what we set out to in transforming our organisation, there is still a great deal of uncertainty among our people about our future and what this might mean for them. I'm determined to address this.

In part this uncertainty is due to wider questions arising from the Government's Feasibility Study into Land Registry's future and developments on public data policy. Whatever the final decisions on these matters, we know that there will be further change ahead for the organisation. A further priority is therefore to build people's confidence that we are equipped to manage that change successfully.

My third priority is to make a reality of our new vision of 'Putting the customer, quality and innovation at the heart of land registration services'. Our targets for this year are designed to focus our efforts on doing so and on implementing the key elements of our customer strategy.

I want to engage our people more fully in delivering these targets. If we can do so, I am convinced that we can demonstrate, once again, that Land Registry is a creative, responsive and forward looking organisation committed to delivering value for our customers. We will be able to look forward to our 150th anniversary next year with confidence, whatever decisions about our future direction might be taken over the coming months.



Malcolm Dawson
Chief Land Registrar and Chief Executive

20 June 2011

Who we are and what we do



Malcolm Dawson
Chief Land Registrar and
Chief Executive

Her Majesty's Land Registry (Land Registry) was established in 1862. We are a non-ministerial government department, an executive agency and a trading fund that makes no call on monies voted by Parliament. By statute, we are required to ensure that our income from fees covers all of our expenditure under normal operating conditions.

Land Registry comprises the Registration of Title Department, dealing with our main business, and the much smaller Land Charges and Agricultural Credits departments. This report deals with the departments separately but the accounts are given for Land Registry as a whole.

Land Registry's functions are entirely statutory. We have no prerogative powers. The Land Registration Act 2002 empowers Land Registry to deal with "the business of registration under this Act" and is Land Registry's primary governing statute.

The head of Land Registry is the Chief Land Registrar, appointed under statute by the Lord Chancellor and Secretary of State. The Chief Land Registrar is also Land Registry's Chief Executive and Accounting Officer. The Chief Executive is solely responsible for the effective and efficient day-to-day management of Land Registry, subject to financial and legislative parameters. Full details of the roles and responsibilities of the Lord Chancellor and Secretary of State and the Chief Land Registrar are set out in our Framework Document 2008.

Our main purpose is to register ownership of land in England

and Wales and to record dealings with land once it is registered.

We serve a population of more than 54 million and facilitate one of the most active property and mortgage markets in the world. Our Land Register comprises 22.8 million titles, and more than 10 million hectares – or approximately 75 per cent – of the land in England and Wales is now registered.

Land Registry operates through a number of offices located throughout England and Wales, a Head Office sharing premises with our Croydon Office and offices in Plymouth housing the Land Charges and Agricultural Credits departments and our Information Systems Directorate.

Under proposals announced in 2006, our York Office closed in September 2010. As part of our transformation programme we closed our Portsmouth Office in February 2011 and opened a sub-office in the city. Our Stevenage and Tunbridge Wells offices were due to close in June 2011. Plymouth Office staff moved from Plumer House to Seaton Court at the end of January and Head Office staff completed their move from Lincoln's Inn Fields in central London to Trafalgar House in Croydon at the end of March. The Head Office and Tunbridge Wells buildings have been sold and Plumer House, along with other properties, is on the market.

Contact details for Land Registry's offices can be found at our website www.landregistry.gov.uk

Our vision, purpose, aims and objectives

Our vision is putting the customer, quality and innovation at the heart of land registration services.

Our purpose is to:

- maintain and develop a stable and effective land registration system that provides state-backed security of title to registered estates and interests in land throughout England and Wales so as to facilitate the creation and free movement of those estates and interests
- provide ready access to up-to-date and guaranteed land information so as to enable confident dealings in property and security of title.

Our aims in 2010/11 were to:

- create and maintain an accurate, secure and comprehensive register
- complete registration applications quickly, accurately and efficiently
- achieve progressively improving performance targets set by the Lord Chancellor and Secretary of State, so that high quality, cost-effective services are delivered promptly to our customers.

Our strategic objectives in 2010/11 were to:

- identify, anticipate and satisfy customer needs by constantly refining and developing products and channels
- continually improve operational delivery
- extend the benefits of land registration by creating a comprehensive register
- build a flexible and efficient organisation to

enable us to respond to market fluctuations and the changing needs of our customers

- develop appropriate organisational structure and capability to deliver Land Registry's business vision
- grow sustainable add value services, diversification and cross-governmental partnerships.

Our performance against these objectives and our targets is shown on page 65 (Appendix 1).



The year in focus: product and service innovation

Innovation has been a touchstone for everything Land Registry has done in 2010/11. A stagnant property market and cross-government restrictions on spending and recruitment have been a spur rather than an obstacle, requiring and inspiring us to come up with solutions and initiatives that match the demands of our extraordinary times. Some of the innovations have been technological, some have been organisational and others have been in the realm of policy and practice.

Customer teams

Customer teams have been perhaps the most dynamic and far-reaching of our recent innovations. In the past our core operations and processes have evolved on a geographical basis, with solicitors and conveyancers submitting applications to a particular office on the basis of the property's location. Customer teams by contrast process all the paper applications submitted by a particular firm or organisation, regardless of geography.

At the end of 2009/10 we had at least one customer team in every office. Twelve months later more than 50 per cent

of the work of our customers was being processed through 92 dedicated customer teams and Plymouth Office had become the first in Land Registry to convert wholly to customer team working.

Customers make savings on postage and other processing costs and benefit from the consistency of service offered by a dedicated team with named contacts to answer their queries. In total more than 2,000 had signed up by the end of March. It's early days for many of the relationships being established but the initial feedback has been very positive.



Gavin Thorne, Research & Insight Manager

Research and insight

Customer teams are a vital part of our drive to put customers at the heart of what we do, as set out in our Customer Strategy. The strategy, which details how we will meet our customers' needs consistently at a cost both parties can afford, was developed in partnership with our customers by employing in-depth knowledge about them. More than 2,000 separate pieces of customer feedback were used to inform it.

We're now building on that knowledge by investing in research tools and survey technology and developing

our specialist in-house research capacity. Our Customer & Market Insight Team ensures our product and service initiatives are built upon detailed customer insight and keeps us on top of relevant developments in the property market and the wider economy. We've also developed and adopted Net Promoter Score as a new measure of customer satisfaction, under which customers are asked to respond to questions on a scale of 0 to 10 with the answers classifying them as 'promoters', 'passives' or 'detractors'. This will be used in future surveys.

Diversifying our business

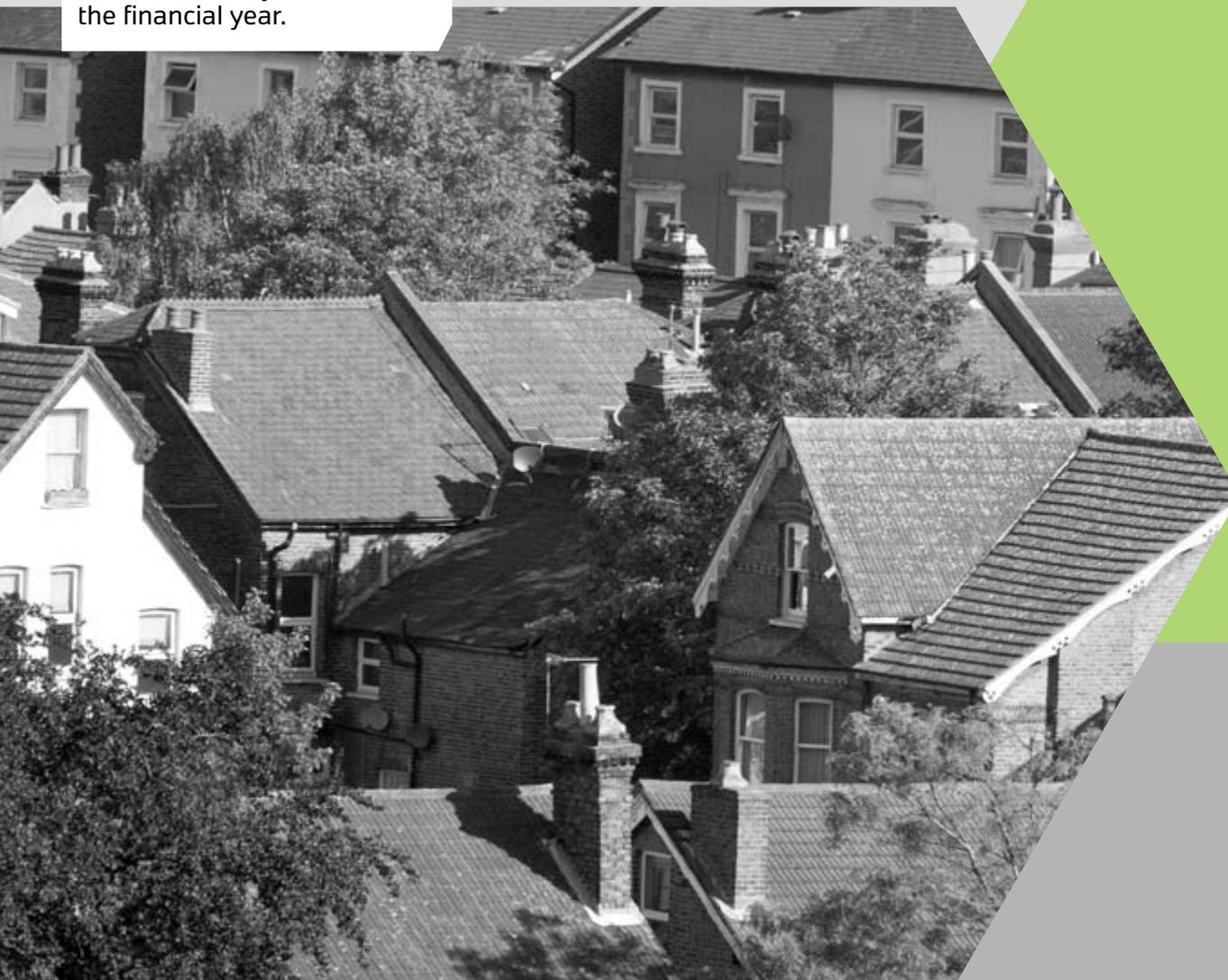
Market research is playing a key part in initiatives to diversify our business. We've been carefully considering the potential for diversification and how it will benefit our customers, the property market and Government objectives. Following the adoption of our Diversification Strategy we announced we were exploring the possibility of supplying searches of the Local Land Charges Register and other information currently provided by local authorities. This work is ongoing.

Land Registry will seek to maximise its skills, knowledge and expertise for the benefit of land and property markets, the citizen and government to deliver cost effective and efficient land and property services

Adding value

Expanding and enhancing our range of add value products and services is another way in which we seek to innovate to the benefit of our customers. One of our most successful products over the past year has been Property Portfolio Consolidator (PPC), which supplies landlords with detailed information about their portfolio derived from the Land Register. The product appealed in particular to social landlords, who were required by their regulator to supply accurate information on their stock by the end of the financial year.

PPC met this need by carrying out a search of the Index of Proprietors' Names to reveal the title numbers of a landlord's holdings and so compile a spreadsheet of the register details. For social landlords who lacked good records on title, PPC provided the solution. All our add value products and services similarly aim to help customers manage their records, keep track of their markets and identify business opportunities.



Gateway to services

Our portal became the main gateway to Land Registry's online business e-services when the Land Registry Direct website was closed to business in June. The portal, a secure website platform, provides all the services offered by Land Registry Direct and more, with new features being added at regular intervals. Customers using the portal benefit from the speed, certainty and accuracy of electronic transactions, as well as the efficiency of payment by variable direct debit and savings on postal, stationery and printing costs.

In March 2011 we received 1,131,023 transactions via the portal. Around 12,000 organisations are signed up and we have 166,296 active authorised users. Seventeen of our most regularly used documents are available electronically, with three offering automated registration, and more than three-quarters of all discharges of registered charges (when a mortgage is paid off) are now carried out electronically. E-despatch, a new feature added to the portal in September, provides electronic submission and response for a wide range of transactions, whether or not they are completed automatically.



Electronic communication

Our development of electronic services has been accompanied by an increasing use of electronic communication. In December we converted our customer magazine, *Landnet*, from a paper to an electronic publication. We use data from our expanding customer database to create the mailing list for an email bulletin sent to readers each time *Landnet* is published. Links in the bulletin take the reader to the PDF document on the website. The format allows us to publish more frequently, widely and cost-effectively while reducing our environmental impact.

We've also joined Twitter to tweet about developments at Land Registry, changes in policy and practice and events such as the publication of the monthly House Price Index. Klout.com (a website that analyses activity on Twitter of individuals and organisations by monitoring usage, take-up and network) defines Land Registry currently as "effectively using social media to influence their network across a variety of topics" and having "built a good size network that is highly engaged".

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Land Registry's magazine for practitioners

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Statements of truth



Customer teams





Land Registry managers study a pilot team's progress

Achieving high performance

The Performance & Innovation (P&I) project adopts the principle of Lean – altering systems and processes to remove waste and duplication – and engages staff in rethinking their own team's work processes to improve productivity and efficiency. A pilot at the HR Support Desk in Nottingham yielded encouraging results and further pilots are now being run at Gloucester and Weymouth offices.

The P&I team is drawing on the experience of Unipart Expert Practitioners and Her Majesty's Revenue & Customs to create a methodology designed for Land Registry's needs that can be used on any process across the organisation. Local champions will form part of the P&I team for the duration of the work at each office, working closely with the teams selected.

Our performance

Business performance

The last year has seen Land Registry responding to the challenges posed by the stagnant property market and cross-government restrictions on spending.

Our intake profile reflected the continuing stagnation of the housing market, with a 13 per cent downturn against the 2009/10 intake. Since 2008/9 we have experienced a reduction of around a third in our core business as a direct consequence of the global financial instability experienced then with the resultant housing market slump. Intakes have continued to be fairly flat through 2010/11 with little sign of any upturn as yet.

Despite these challenges, Land Registry has continued to push forward and explore and implement innovations to respond to the tough conditions and to meet our performance targets.

Each year the Lord Chancellor and Secretary of State sets Land Registry performance targets to ensure our customers continue to receive an excellent land registration service. Progress towards achieving these targets is monitored throughout the year and performance information is published on a regular basis. A full list of these key performance indicators (KPIs) and our performance against them can be found at Appendix 1 on page 65.

Performance highlights

Customer service development

- For 2010/11 we were set a KPI of continuing to introduce and develop customer teams. The target was to introduce a minimum of 12 further teams. By 31 March, the number of teams introduced stood at 92. This was a key achievement and demonstrates Land Registry's commitment to putting customers at the heart of our service.

Casework

- In 2010/11 we received 20.5 million applications equating to a unit output of 8.9 million units, matching the budget forecast. Even with the closure of three offices, requiring the transfer of work to the remaining 14 offices, we maintained our customer service and the speed at which we processed registrations. We exceeded our KPI target to process 80 per cent of registrations within 15 days by processing 89.8 per cent in that timescale.
- We exceeded our target relating to accuracy of casework. Against a KPI of 98.5 per cent of all cases processed accurately we achieved 99.1 per cent.
- A new and challenging KPI to measure internal quality was introduced during 2010/11. While we have not achieved the KPI of 97 per cent, having it in place has resulted in significant positive actions to develop our skills, simplify some technical practices and focus our attention on key aspects of our customers' experience of the quality of work we complete. The

actual achievement stood at 92.9 per cent for the year end. This KPI will carry forward into next year to show our dedication to customer quality.

Comprehensive Land Register

- For the last five years we have made significant leaps in the creation of the comprehensive register, registering 20 per cent during that period taking us to approximately 75 per cent of England and Wales being registered. The hectare KPI, which was to add 250,000 hectares through voluntary registration by 31 March, was delivered with the addition of 294,163 hectares. This is despite the testing market conditions and the law of diminishing returns.

Estate

- During the last year, Land Registry exceeded all of our targets in this area, in many areas by some margin. For example, against a target of reducing our carbon emissions from offices by 12.5 per cent (relative to 1999/2000 levels) we achieved a reduction of 36.5 per cent. And we exceeded our target of increasing the amount of waste recycled (set at 40 per cent) by increasing the amount of waste recycled by 72 per cent.

Land Charges and Agricultural Credits

The Land Charges Department operates under the authority of the Land Charges Act 1972. The department maintains registers of Land Charges, pending actions, writs and orders affecting land and other encumbrances registered against the names of owners of property, which are not registered under the Land Registration Acts.

Agricultural Credits is responsible for maintaining a register of short-term loans by banks under Part II of the Agricultural Credits Act 1928. These charges are secured on farming stock and other agricultural assets of the farmer.

Land Charges also houses two further teams. The Credit Accounts team is responsible for the management of Land Registry's customer accounts and the Index of Proprietors' Names team processes search requests made against names of individuals and companies where it is to be established if any property assets are held under those names.

The two departments dealt with a combined total of 1,899,753 applications, a reduction of 26 per cent on 2009/10.

The total number of Land Charges searches processed was 1,688,954, a reduction of 26 per cent on the previous year.

The proportion of search and official copy applications made by telephone, direct access and fax increased to 89 per cent, compared with 81.4 per cent in 2009/10, with 95 per cent of official copy applications

being delivered in this way. A total of 82 per cent of Land Charges searches are now processed through e-access channels. The percentage of telephone searches conducted as a proportion of total search applications received fell to 7.1 per cent compared with 7.9 per cent in the previous year.

The Land Charges Department

Type of application	Number of applications or names in 2010/11	Percentage variation compared with 2009/10
New registrations, rectifications and renewals	140,927	-31%
Cancellations	15,242	-3.5%
Official searches:		
– full searches	353,747	-28%
– searches limited to insolvency	1,335,207	-25%
Official copies	50,052	-16.4%
Total	1,895,175	

The Agricultural Credits Department

Year	New registrations	Cancellations and rectifications	Searches
2007/8	1,267	808	4,269
2008/9	1,159	917	4,120
2009/10	917	737	3,405
2010/11	737	1,153	2,688

Legislation

The only legislation that was made during the year was the Land Registration (Proper Office) Order 2010. This came into force on 1 October 2010 and reflected the forthcoming planned closure of Portsmouth, Stevenage and Tunbridge Wells offices. We issued two consultation papers, one on changes to the Land Registration Rules 2003, and the other on the Land Registration (Network Access) Rules 2008 to take account of Alternative Business Structures.

Rule Committee

The Rule Committee was constituted under the Land Registration Act 2002 to provide advice and assistance to the Lord Chancellor and Secretary of State in making new or revised rules under the Act. It did not meet during 2010/11.

Open and full information

A comprehensive range of practical information about our services and procedures is available from Customer Support. All our forms and publications, including our Publication Scheme, can be found on our website: www1.landregistry.gov.uk/publications

The newly appointed Head of Corporate Information Management Unit has responsibility for the ongoing development of our information assurance strategy and data sharing policy in order to value, protect and make full use of our information.

During 2010/11 we identified 175 written requests for information as being made under the provisions of the Freedom of Information Act

2000. This is an increase on the 150 identified during 2009/10.

Service standards

Details of the service that customers can expect from us can be found on our website: www1.landregistry.gov.uk/upload/documents/servicestandards.html

Welsh language service

Information about our Welsh language service can be found on our website: www1.landregistry.gov.uk/info/welsh-language-scheme

Complaints

We received 3,217 complaints in 2010/11 (compared with 4,183 in 2009/10), of which we responded to 94 per cent within our five-day target (88 per cent in 2009/10). Among the issues that led to complaints were those arising following the introduction of electronic delivery (e-despatch) for portal business e-services in September 2010. Concerns raised about the security of the register following publicity issued by third parties offering title theft protection services, and the associated coverage in the national media, also generated complaints.

We were approached three times by the Office of the Parliamentary and Health Service Ombudsman and a full report was compiled in each case.

Our complaints procedure, including the role of the Independent Complaints Reviewer and the Parliamentary and Health Service Ombudsman, is explained in our leaflet *Putting things right*, which can be

found on our website: www1.landregistry.gov.uk/upload/documents/putting_things_right.html

Indemnity

In 2010/11, we paid £9,417,594.13 for 963 claims, compared with £7,782,081.06 for 1,011 claims in 2009/10.

This year we will pay out £7,367,416.18 for 71 claims involving fraud, compared with £4,947,650.06 for 53 claims in 2009/10. We continue to review our counter-fraud measures. However we realise it is possible that for the next few years claims may continue at this level as frauds perpetrated prior to our counter-fraud measures work their way through the system. However, we do not anticipate the amounts will drop to below 2007/8 levels as it is recognised there is a significant increase in fraudulent activity in the property and mortgage markets generally.

As a result of our counter-fraud measures there are fewer frauds being registered and we are committed to monitoring and improving our fraud defences. This year we have continued to enhance our defences by, for example, expanding our specialist fraud team as well as implementing many IT enhancements.

We recovered £1,077,252.63 under our statutory rights of recourse, compared with £155,748.25 last year.

Nature of claim	Number of claims	Substantive loss (£)	Costs (£)	Percentage of total claims
Extent of registered titles	254	243,789.00	613,265.90	9.10%
Errors in/omissions from register entries	112	500,918.68	199,729.45	7.44%
Sundry plans errors	29	62,750.00	92,176.73	1.65%
Fraud and forgery	71	6,705,852.29	661,563.89	78.23%
Official inspections of title plans	10	7,895.00	6,628.86	0.15%
Bankruptcy errors	-	-	-	-
Official searches	10	151,364.95	11,959.87	1.73%
Official copies	9	-	1,517.51	0.02%
Errors in SIMs	12	600.00	4,361.51	0.05%
Errors in filed extracts	32	573.40	12,446.26	0.14%
Lost documents/ administrative errors	423	38,643.47	101,469.23	1.49%
Land Charges errors	1	-	88.13	-
Total	963	£7,712,386.79	£1,705,207.34	100%
Gross payment		£9,417,594.13		
Less sums recovered under Land Registry's statutory right of recourse		£1,077,252.63		
<i>Net indemnity</i>		£8,340,341.50		

Education and training

Education & Training Group merged with the Learning & Development Team and the Qualifications Team to create a single Capability Group responsible for both staff and customer training.

The group supports customers in their move to electronic services, and in understanding the enhancements to those services, through updates to the technical manual and e-services training modules.

Online training modules and in-company events covering the key areas of land registration practice allow customers to choose between face-to-face training and the cheaper, less time-demanding e-learning options. The delivery of web seminars was put on hold in August 2010.

The National Land Information Service

The National Land Information Service (NLIS) is a commercial service offering online searches and enquiries to solicitors and licensed conveyancers throughout England and Wales. Searches are sent electronically and results received via the NLIS hub, which acts as the gateway for information and services from a number of data providers.

We have supported NLIS from its inception and we continue to be a major data provider, alongside other bodies such as local authorities and utility companies.

Over the last year we have seen a steady increase in the number of applications received through NLIS. NLIS channels generated fee income for Land Registry of £2,792,689.

Connect Direct

Launched in 2006, Connect Direct provides business-to-business links aimed at property search companies, using an XML schema over a virtual private network. The service appeals to search companies who operate in the same market as the NLIS channels but do not have an NLIS licence.

Searches are sent electronically and results returned directly to the customer. Many of these applications are fully automated. Fee income in 2010/11 was £1,787,235.

International Unit

Our International Unit ensures that we communicate and interact effectively with our stakeholder network overseas, that we are represented in relevant international forums and that we contribute where appropriate to the Government's wider strategic goals, including providing UK expertise to developing and transitional countries.

During 2010/11 we provided further assistance to the Government of Bermuda by drafting the Land Title Registration Bill.

We maintained our strong links with our counterparts overseas and in the past year we have been active participants in the United Nations' Economic Commission for Europe's Working Party on Land Administration (WPLA). Our Head of International Unit represents us on the WPLA Bureau. We have continued to be active members of the European Land Registry Association, considering matters of international concern such

as a proposal for a regulation in matters of succession. And we have maintained formal UK representation on the Permanent Committee on Cadastre in the European Union.

During the year we have also continued to receive a large number of visitors from overseas, delivering tailor-made study programmes to meet their particular areas of interest, such as customer service, registration processes and performance management. Such visits give us the opportunity to share experience and expertise and build relationships with overseas colleagues working in the same field.

This year we have hosted study visits from our counterparts and other organisations in Abu Dhabi, Afghanistan, Australia, Azerbaijan, Bermuda, China, Gambia, Germany, Hong Kong, Macedonia, Malaysia, Nigeria, South Korea, Taiwan and Uganda.

The European Land Information Service

Land Registry continues to participate in the development of the European Land Information Service (EULIS), which provides online, direct access to official European land and property registers for professional, registered customers. Land Registry was among the first group of land registration authorities to go live with the service when it was officially launched in November 2006. Members of the EULIS Board include Austria, England and Wales, Finland, Germany, Ireland, Lithuania, Netherlands, Scotland, Spain and Sweden.

Our people

Recruitment and retention

At 1 April 2011 Land Registry employed 5,397 people, or 4,846 full time equivalents (including fixed-term and casual staff).

Facts and figures

- Part-time employees make up 34 per cent of staff.
- Sixty per cent of our staff are female, including two of the six directors reporting directly to the Chief Land Registrar.
- Seven per cent report that they have a disability and 4 per cent report they are from an ethnic minority.
- Last year, 289 people began new roles with Land Registry – 279 of these were existing staff promoted into new jobs and 10 joined Land Registry for the first time, including two from outside the Civil Service.
- Turnover for permanent staff for the past year equated to 13.6 per cent compared with 20.5 per cent the previous year, a reflection of the continued rationalisation of our staffing levels.

Developing our people

Investing in our people continues to be crucial to our ability to deliver the services which our customers need and to make the critical organisational changes needed to redefine our organisation to meet the challenges of the future. The new Capability Group (see page 18) looks holistically at the changing capability needs of the organisation.

Qualifications in Land Registration Law and Practice

Internal and external students began the last Qualifications in Land Registration Law and Practice courses in September.

The one-year certificate course provides a foundation in land registration law and practice and the two-year diploma course builds on that at degree standard to provide a comprehensive and detailed consideration of property law, including the law and practice of land registration.

A significant number of Land Registry staff have participated in and benefited from these courses since 2000 but the numbers enrolling on the courses have declined over recent years and it is no longer cost-effective to continue providing these courses in their current form. Work is ongoing to review our needs and approach for the future when these courses come to an end.

Associate membership of the Royal Institution of Chartered Surveyors

Staff already on the programme to achieve associate membership of the Royal Institution of Chartered Surveyors continued with their activities, although it was not possible to take on new recruits as a result of changes to the route to membership. This has allowed us to review the attainment of essential plans skills, alongside the review of the other land registration qualifications, as we look towards equipping technicians with the technical skills needed for the future.

Future Leaders

The Future Leaders programme, started in September 2005, has had several key successes this year as staff on the programme have won promotion to senior grades, in some cases rising up several grades in one go. As the organisation moves forward we

will be reassessing what we are looking for in our emerging and existing leaders and learning lessons from this programme, not least by addressing the requirement to meet the continuing training needs of those who come through the programme into new and challenging roles.

Internal training

During 2011, Capability Group rolled out workshops to introduce the new vision and values, ensuring staff were aware of the behaviours expected of them and their managers in order to deliver the services our customers require for the future. The Developing Management Capability courses continued for those managers new to line management as a result of the structural changes to the organisation. Workshops on managing sickness absence have also taken place.

Work too has been ongoing on technical land registration aspects for members of our customer teams as well as covering topics such as the greater use of telephony and the customer relationship management system. All staff have been involved in the annual protecting information training.

Aspect	Trainee days
Induction	12
Vocational (land registration)	22,462
Management	1,926
External	2,086

The total spend on all training represented 5.8 per cent of the salary bill.

Diversity

The diversity agenda has been successfully embedded into Land Registry business. Diversity objectives have been incorporated into departmental business plans and the majority of policies have undergone equality impact assessment (EIA) screening. We are currently revising our equality analysis process to ensure this meets the new public sector equality duty.

Impact assessment has formed an essential part of organisational change processes. The Accelerated Transformation Programme (ATP) has undergone a full EIA, and over the last 12 months the delivery of actions within the EIA action plan has ensured changes introduced by ATP have not resulted in discrimination.

We have both Board and senior management team diversity champions across the business. Our local diversity champions have played a key role in ensuring diversity is integrated into day-to-day activities. This has included ensuring our current performance assessment process has undergone equality proofing.

Our three diversity focus groups continue to play an active role in key projects. We aim to merge the three groups into one diversity working group that will assist the business in progressing our key equality objectives. The three groups will remain in a more supportive and virtual role.

Diversity monitoring now forms part of our customer survey and we have introduced diversity monitoring for customers visiting

local offices. We have reviewed the process for ensuring all publications and official documents are accessible to customers and taken steps to ensure our external websites meet accessibility standards. We still have some outstanding issues but it is hoped these will be resolved shortly.

We are pleased with the progress we have made in regards to diversity in procurement. A risk assessment tool for suppliers is used by all contract managers. This process is also used to carry out supplier and procurement screening. Organisation-wide adoption of a corporate procurement standards model that includes diversity provisions has now been agreed. Further work is required to develop a procurement checklist.

Our Black & Minority Ethnic Focus Group has worked with Human Resources (HR) to develop a 'Releasing Your Potential' course. This course has now been extended to include our staff with disabilities. Further positive action initiatives will focus on increasing the diversity of trained assessors and will look at developing mentoring opportunities. Work will also link into changes brought in via the Next Generation HR project which will see more shared services across Civil Service HR departments.

Monitoring of HR processes is now established and is part of business as usual.

Employees and social and community issues

We remain committed to corporate responsibility and continue to look for

opportunities to promote and embed responsible business behaviour into our organisation. Members of Land Registry staff have continued to participate in volunteering opportunities in the community, and we will be looking to further encourage staff to volunteer through the promotion of our volunteering policy and specific activities with the ongoing support of Business in the Community.

Staff at our Plymouth and Information Systems offices recently won an award from local delivery partner the Shekinah Mission for their volunteering work as job coaches. While being of considerable benefit to the local community, the staff involved gained confidence and developed their own interpersonal skills, which has helped improve their performance in the workplace. This work forms part of Business in the Community's Business Action on Homelessness campaign, and through our continued membership of Business in the Community we have participated in regional events organised by The Prince's Mayday Network, a collaboration of businesses taking action on climate change.

Employee involvement

We continue to ensure staff are informed and consulted through established structures and mechanisms on both a formal and informal basis. Formal opportunities for consultation and discussion with our staff unions include the Departmental Whitley Council and Local Whitley Committees and the Departmental Health and Safety Committee. Consultation will also take place outside these forums

on a more ad hoc basis during, for example, policy development processes, on pay negotiations and during change programmes, through appropriate meetings or exchange of correspondence or emails.

In addition to consultation with unions, we also ensure our staff are kept informed of business performance and have the opportunity to contribute to important activities and developments through extensive use of electronic communications, surveys, team briefings, workshops and cascades of information by line managers. The HR Transformation programme, which came to an end in March 2010, led the way in cultural change in Land Registry, empowering line managers to take greater responsibility for day-to-day people management and employee involvement.

Recent staff survey results have provided us with a very clear insight into the work we need to do to improve levels of staff engagement. We are confident that the significant investment being made in the launch of our vision and values that began in earnest in the latter part of 2010/11 will have a positive effect on staff engagement.

Award for HR

When the ATP decisions on office closures and redundancies were announced, Land Registry said it would do everything possible to reduce the impact on the staff most affected.

Human Resources (HR) ensured there were networks of internal and external support in place, working closely with Jobcentre

Plus and outplacement specialists to offer career and employment advice.

A team of internal HR representatives based locally at the affected locations and centrally at the HR Service Centre provided information around redundancy, relocation and redeployment options.

HR's achievements were recognised in the 2010 Civil Service Awards. The team won in the Resource Management category and were shortlisted for the overall HR Award.

Representatives from the team, alongside the Chief Executive, were invited to Buckingham Palace to receive their award.

Property management

The estates strategy has been largely dictated by the Accelerated Transformation Programme (ATP), with a number of property disposals in 2010/11 and other properties declared surplus to requirements.

The Head Office building at Lincoln's Inn Fields in London was sold in March 2011 for £37.5 million, with Head Office relocating to Croydon Office.

Tunbridge Wells Office is closing in June 2011 and its building, Forest Court, was sold in February 2011 for £10 million. Tŷ Bryn Glas in Swansea (the former Swansea Office) was sold in April 2011 for £3 million.

Freehold properties St Andrew's Court in Portsmouth (the former Portsmouth Office), Birkenhead House in Lytham (the former Lytham Office) and Plumer House in Plymouth

(the former Plymouth Office) have been declared surplus to requirements and are currently under offer.

The Executive Board also decided the disposal and relocation of Nottingham Office should be brought forward from 2015 to 2012.

James House, the former York Office building, is still held by Land Registry on lease. Part of the building is being sub-let to another government department.

Plymouth Office, Information Systems and Procurement were successfully merged into Seaton Court in Plymouth.

A strategy of sharing surplus space with other government departments is being increasingly pursued, with a number of initiatives underway.

Facilities management

Our strategy for the past 18 months has been to outsource facilities management to a single provider across the organisation, retaining a core in-house central management function predominantly based in Nottingham. The contract was awarded to Carillion in December 2010 and went live on 1 April 2011.

Regional file stores

TNT UK Ltd will operate our regional file stores from 1 July 2011 following a decision to join the Ministry of Defence (MoD)'s Pan Government Records Management Framework. We signed a service agreement with MoD in April 2011 that enabled us to join MoD's framework and access the services from TNT.

Environmental management

The requirement to report against the Sustainable Operations on the Government Estate (SOGE) targets came to its conclusion at the end of March 2011 and the targets will be replaced by the Greening Government Commitment (GGC). We have worked effectively throughout the SOGE period and achieved the targets set with an end date of March 2011 (see pages 66-67). We continue to utilise our Environmental Management System to ensure sufficient management of our sustainability objectives.

Health and safety

The most significant health and safety risks facing Land Registry continue to be tracked as part of the work on the Corporate Manslaughter and Corporate Homicide Act 2007. These risks have been identified as driving on duty, working out of the office, building construction and maintenance and slips, trips and falls. Six-monthly reports have been made to the Business Risk Board to monitor the progress of the control measures designed to mitigate these risks and future reports will be made to the Executive Board as part of changes to health and safety governance arrangements.

An important piece of work during the year was the planning and preparation for the change in the way that health and safety is managed. Traditionally health and safety has been managed by in-house staff, but this changed with effect from 1 April 2011 as part of the facilities outsourcing contract. In the future we will continue to have responsibility for health and safety policy and strategy

with the delivery of health and safety management being dealt with by our facilities service provider. A number of pieces of work have been undertaken to ensure a smooth transition, including an extensive review of the overarching Land Registry health and safety policy.

A programme of audits has been undertaken during the year to ensure that premises remain compliant with health and safety regulation and legislation.

The reported accident incident rate per 100 staff was 0.52 with slips, trips and falls continuing to be the largest category of accidents. There have been seven accidents reported to the Health & Safety Executive under the Reporting of Injuries Regulations, a reduction from nine reportable accidents during 2009/10.

Chief Executive's Report

Land Registry Board

The Land Registry Board, chaired by the Chief Land Registrar and Chief Executive, is responsible for the strategic direction, good governance and overall performance of Land Registry. Two non-executive directors sit on the Board. During 2010/11, the members of the Board were as follows.

Marco Pierleoni	Chief Land Registrar and Chief Executive ¹
Malcolm Dawson OBE	Chief Land Registrar and Chief Executive ¹
Alasdair Lewis	Acting Director of Legal Services and Deputy Chief Land Registrar
John Peaden	Acting Director of Operations & Customer Delivery
Heather Foster	Finance Director
John Wright	Director of Information Systems
Annette Davies-Govett	Commercial & Customer Strategy Director
Katie Gordon-Smith	Acting Commercial & Customer Strategy Director ²
Malcolm Dawson OBE	Director of Human Resources
David Evans	Acting Director of Human Resources ³
Dr Catherine Raines	Non-Executive Director
Mike Cutt	Non-Executive Director (from 1 May 2010)

¹Marco Pierleoni resigned as Chief Land Registrar and Chief Executive on 21 March 2011 and Malcolm Dawson was appointed as Chief Land Registrar and Chief Executive on 22 March 2011.

²Katie Gordon-Smith was appointed Acting Commercial & Customer Strategy Director on 15 March 2011 as a result of Annette Davies-Govett's long-term illness.

³David Evans was appointed Acting Director of Human Resources on 25 March 2011.

The Land Registry Board met five times during the year. Details of the remuneration of members of the Land Registry Board who served during 2010/11 can be found in the remuneration report (see page 33). No Board member had any other directorship or significant interest that conflicted with their responsibilities as a member of the Land Registry Board.

The Executive Board, whose membership comprises solely of Land Registry's executive directors, delivers Land

Registry's annual business plan and is responsible for the day-to-day management of Land Registry. It met 10 times during the year.

The Land Registry Board and Executive Board are supported by a number of subsidiary boards, which either oversee specific aspects of Land Registry's operations or provide assurance. During the year there were some changes to this governance structure; namely, the Indemnity Board and the Technical Issues Board were

replaced with a new Register Protection Board under the chairmanship of the Director of Legal Services.

Land Registry Audit Committee

The Audit Committee provides assurance to the Board that Land Registry's activities are being undertaken in accordance with proper standards of public accountability. The Audit Committee met four times during the year. The Chief Executive, Finance Director, Head of Internal Audit and our external auditors routinely attend the committee's meetings. During 2010/11 the members of the Audit Committee were as follows.

Dr Catherine Raines	Non-Executive Director and Chair
Vaughan Williams	Independent member
John Wright	Director of Information Systems
David Cleasby	Head of Central Operations Group/Area Manager Portsmouth, Croydon and Tunbridge Wells

No Audit Committee member had any other directorship or significant interest which conflicted with their responsibilities as a member of the Land Registry Audit Committee.

Auditors

The accounts have been audited by the Comptroller and Auditor General (C&AG). The cost of this audit work for 2010/11 was £67,500 (2009/10: £70,000). The cost is in respect of the audit services relating to the statutory audit.

So far as the Accounting Officer is aware, there is no relevant audit information of which Land Registry's auditors are unaware. The Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that

the auditors are aware of that information.

Pensions

Details of how pension costs and liabilities are treated in the accounts can be found in note 1.6 to the accounts, and further information relating to pensions is included in note 4.4 to the accounts and in the remuneration report.

Payments

We comply with the Late Payment of Commercial Debt (Interest) Act 1998 and the Better Payment Practice Code. During the financial year the requirement to pay supplier invoices promptly under the Better Practice Code was reduced from 10 to five working days. For the first four months of the financial year we paid 99.5 per cent of invoices received from suppliers within 10 working days

(or the agreed contractual terms if otherwise specified). During the remaining eight months of the year we paid 97.1 per cent of invoices received from suppliers within five working days. These percentages do not include disputed invoices.

Principal risks and uncertainties of the business

Land Registry faces challenges and risks to the achievement of our strategic business objectives. Key current strategic risks relate to registration fraud; failure of our computing facilities; and the integrity of our register. A risk management strategy is in place at all levels of the organisation to ensure that risks are effectively managed.

Personal data-related incidents

During 2010/11, there were no protected personal data-related incidents formally reported to the Information Commissioner's Office. There were 14 centrally recorded protected personal data-related incidents not formally reported to the Information Commissioner's Office as detailed in the table alongside.

Resources and stakeholders

Land Registry has operated as a separate government department since 1862, as an executive agency since July 1990 and as a trading fund since 1993. By statute, we are required to ensure that our income from fees covers all of our expenditure under normal operating conditions.

Our legal position and status as a non-ministerial government department are laid down in our Framework Document, the latest of which came into force in June 2008. This framework sets out the role and responsibilities of the Chief Land Registrar and Chief Executive and those of the Lord Chancellor and Secretary of State.

As part of the Accelerated Transformation Programme (ATP), we have analysed our non-core activities to identify areas where benefits could be achieved either through transforming the way the service is delivered internally or by outsourcing the activity to the private sector.

As a consequence of this review, significant savings have been identified in the internal IT desktop and central printing

Summary of protected personal data-related incidents in 2010/11

Incidents deemed by the Data Controller not to fall within the criteria for report to the Information Commissioner's Office but recorded centrally within the department are set out in the table below. Small, localised incidents are not recorded centrally and are not cited in these figures.

Category	Nature of incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises	3
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises	10
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	-
IV	Unauthorised disclosure	-
V	Other	1

services and several major areas have been outsourced. These include total facilities management of the entire Land Registry estate; reprographic and printing of documentation; and the filing, storage and retrieval of our 88 million files.

The ATP sourcing project will deliver up to £68 million of savings over a 10-year period, together with benefits from greater cost transparency, an increase in the proportion of costs that are variable rather than fixed, and access to innovation and new skills. Recognising the increasing emphasis on outsourcing, we are enhancing our commercial capability through a programme to develop the skills and behaviours of those managing the contracted services, ie developing our 'intelligent customer' capability.

In October 2010, ministers announced they had asked Ministry of Justice officials to lead a feasibility study to scope out the opportunities presented by expanding private sector involvement in Land Registry. This was in response to the Cabinet Office review of Arm's Length Bodies.

Ministers are currently considering the outcome of a feasibility study alongside Cabinet Office proposals to develop a Public Data Corporation. Ministers are keen to understand the potential impact of data policies on the options being considered under the Feasibility Study. At the time of publication of this report, we were still awaiting the outcomes of ministerial considerations, but clearly those outcomes could result in further change for Land Registry and our people.

Operating and Financial Review

Statement of comprehensive income

We continued to see a low demand for our core business with volumes of work falling a further 13 per cent from last year as a result of the ongoing slow housing market and the continued reduced availability of mortgages and re-mortgages. However due to income for the full year being based on the July 2009 Fee Order, fee income for the year was £351 million compared with £328.4 million in 2009/10.

The business has achieved an overall drop in operational and administrative costs of 8 per cent from £309.0 million in 2009/10 to £285.6 million for this year, allowing us to achieve an operational surplus of £65.4 million (£19.5 million in 2009/10).

We have continued to rationalise our costs. ATP included the closure of three local offices, Portsmouth, Tunbridge Wells and Stevenage, between February and June 2011, the marketing of all properties and the sale during the financial year of the Tunbridge Wells office for £10 million. ATP also included the relocation of the Head Office function in central London from Lincoln's Inn Fields to the Croydon local office by March 2011 and the sale of the central London building for £37.5 million; the relocation of Plymouth Office staff from Plumer House to Seaton Court; and the marketing of Plumer House.

The sale of the central London and Tunbridge Wells buildings made a profit of £40.07 million. The buildings at Plymouth,

Stevenage and Portsmouth were held for sale at year end along with those at Swansea and Lytham, which were already in this category. The additional three buildings moved from value in use to market value resulting in a £2.4 million write-down.

Following a consultation we decided to suspend the further development of e-charges and e-transfers and concentrate instead on providing customers with electronic lodgement and despatch of casework applications. This prompted a review of the capitalised development, redefined to reflect the assets developed by the business and now in use to provide existing and future electronic services.

The review has resulted in the write-off of £12.7 million of research and development and 'catch-up' amortisation that is not expected to provide adequate income flows and £4 million of costs which, on investigation, should not have been treated as development expenditure, shown as a prior period adjustment.

The intangible e-conveyancing assets and products currently in use resulted in £4.5 million of amortisation during the year (£2.3 million in 2009/10).

Staff costs represent the majority of our expenditure. During the year staff numbers continued to fall through voluntary redundancy schemes as part of ATP. The total cost during the year was £80.2 million (2009/10 £27.2 million).

As a result of these additional costs over and above our normal operating costs, we made a

comprehensive deficit of £2.9 million (2009/10 £30.1 million).

Our cash cost per unit was at the year-end £30.64 in-year against a target of £33.95. Our return on average capital employed was 16.4 per cent against a target of 3.5 per cent.

In line with an agreement with HM Treasury, a cash dividend of £14 million for the financial year based on our average capital employed is payable to the Consolidated Fund (2009/10: £15.3 million).

Fixed assets

A full valuation of the estate was undertaken in January 2011 by the Valuation Office which increased the valuation of the estate by £0.676 million.

A total capital spend of £18.1 million was made during the year.

Indemnity Fund

In line with Land Registry policy, a full actuarial valuation of the Indemnity Fund was undertaken by Lane Clark & Peacock, a firm of actuaries. Its report, updated for transactions for the three months to 31 March 2011, recommended a reduction in the Indemnity Fund of £1.2 million to £21.8 million (£23.0 million in 2009/10).

Malcolm Dawson

Chief Land Registrar and Chief Executive and Accounting Officer

20 June 2011

Accounts 2010/11

Statement of Accounting Officer's responsibilities

Under Section 4(6) of the Government Trading Funds Act 1973 the Treasury has directed Land Registry to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction referred to in note 1.1 on page 44. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Land Registry and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- observe the Accounts Direction issued by the Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the financial statements
- prepare the financial statements on a going concern basis.

which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Land Registry's assets, are set out in the Accounting Officers' Memorandum issued by the Treasury and published in *Managing Public Money*.

The Treasury has appointed the Chief Executive of Land Registry as the Accounting Officer for the trading fund. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for

Statement on internal control 2010/11

1 Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of Land Registry's policies, aims and objectives set by the Lord Chancellor and Secretary of State for Justice, while safeguarding the public funds and departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Managing Public Money*.

I report on Land Registry's performance and on any future issues to the Lord Chancellor and Secretary of State for Justice at six-monthly intervals. After each written report I meet with the Minister of State (Justice) who leads on Land Registry on behalf of the Lord Chancellor.

The performance monitoring process includes an assessment of any concern about the achievement of Land Registry's strategic objectives as detailed in its annual business plan. If, between the biannual reports, any issues arise that might significantly change Land Registry's risk assessment of the achievement of any of its strategic objectives, a submission would be made to the Minister of State (Justice) in the first instance.

I was appointed as Chief Land Registrar and Chief Executive on 22 March 2011. In preparing this statement, I have taken into account actions taken by my predecessor and the Land Registry Board over the course of the year to maintain and enhance the control environment, as well as the

evidence and assurances provided to me since my appointment.

2 The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Land Registry for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

3 Capacity to handle risk

As Accounting Officer, I acknowledge my overall responsibility for the effective management of risk throughout Land Registry. However, as a management responsibility, I formally delegate the responsibility for internal control and the adequacy of assurance arrangements, as for corporate governance as a whole, to the individual directors of Land Registry. They submit a statement to me annually that confirms that an effective system of internal control for the management of risk is in place and working within their area of responsibility.

Significant strategic risks to the organisation are considered by the Land Registry Board, which includes two non-executive directors. As the Board's risk champion, the Finance Director chairs the Business Risk Board, which ensures that key business risks are identified and mitigated. A small Risk Management Group within the Finance Directorate provides support and guidance on all risk-related matters and regular summary reports for the Business Risk Board.

During the year we successfully conducted an annual business continuity rehearsal programme to test the effectiveness of local offices' contingency plans, with all offices undertaking either a rehearsal or an activation of their business continuity plan for a real incident. Also, we successfully undertook a full disaster recovery test of our information systems.

As a consequence of the Corporate Manslaughter and Corporate Homicide Act 2007, the Business Risk Board receives biannual reports on the effectiveness of the measures that have been put in place to reduce the risks to staff arising from those high-risk workplace activities that have been identified as posing the greatest risk of death or serious injury to staff and others, especially driving on duty, working out of the office, and building construction and maintenance.

In accordance with DAO(GEN) 01/10 dated 28 October 2010, I have delegated authority to the Finance Director to manage the risk of financial loss across Land Registry and actual losses. In particular, a strategy has been

put in place and work is now in progress to coherently identify and consistently manage risks across end-to-end funds flow processes for procurement, payroll, expenses and fees and charges.

Land Registry continues to keep fraud prevention and detection as one of its top priorities with significant successes during the last 12 months. With new measures in place we prevented frauds from being registered on property valued at approximately £4.5 million. Due to the ever present risk of registration fraud, we work closely with other agencies to obtain intelligence on the prevention and detection of fraud. We have increased our resources within our specialist counter-fraud team and also continue to invest in internal and external training to further enhance our fraud counter-measures.

Through its annual audit programme, the Technical Assurance Group provides assurance to the Board that our technical registration practices and processes comply with land registration legislation. Additionally, registration assurance teams provide assurance to the Director of Operations & Customer Delivery, land registrars, area managers and the senior management teams that local technical registration practices and processes comply with legislation, technical mapping standards, and Land Registry practice and procedures. For 2010/11, the Technical Assurance Group reported that most prescribed practices and procedures are being

consistently applied, albeit some weaknesses following new processes were evidenced. These are being addressed.

Functional ownership of pan-Land Registry contract management issues is assigned to a single individual, our Chief Procurement Officer, who has a clear remit to improve contract management and is responsible for ensuring that contract management plans and appropriate governance arrangements are in place for all our major contracts. We continue to monitor our arrangements for contract management and review the risks associated with our major service contracts, with regular reporting of business-critical risks at Board level. Where possible, mitigating actions have been planned and implemented.

4 The risk and control framework

Land Registry has a well publicised risk management policy in place which is periodically reviewed and updated. Land Registry's directors and other senior managers lead risk management in their commands. In particular, they are responsible for putting in place a management system for the systematic identification, assessment and management of the risks to delivery of their outputs and key targets. Risks are identified and evaluated in the context of their potential impact on the achievement of objectives and managed at the level at which staff have the authority, responsibility and resources to take action. Staff and managers are required to identify new or increased risks and opportunities as part of the

routine performance reporting process.

Risk management is an integral part of Land Registry's programme and project management, responsibility for which is vested in senior responsible owners. Programmes and projects are managed in accordance with Office of Government Commerce guidelines and reviewed under the Government's Gateway process.

Land Registry has an established risk management policy which incorporates information risk. Each directorate has identified risks to their information assets and this is regularly reviewed. The internal processes and controls are well established and the importance of protecting and valuing information is recognised.

Land Registry's key information is contained in the register of property ownership and the protection of this database is a central value of the whole organisation.

The Senior Information Risk Owner (SIRO) jointly chairs the Information Management Board, which is one of the boards responsible for managing and reviewing information risk. Regular meetings of this board, the IS management board, the IT security committee and the business risk board consider information risks, information sharing requests and strategies for continuing to promote and develop awareness of the benefits of information risk management.

Over the course of the past year we have continued to develop our capability to manage information risk, and I can confirm the following.

- We have measured the effectiveness of our information risk management policy and practices against the Cabinet Office's Information Assurance Maturity Model (IAMM). In June 2010, we successfully achieved level 1 against the IAMM and in doing so met our key performance indicator in this area.
- We have affirmed accreditation to ISO 27001 (the Information Security Management standard).
- We have appointed a permanent Head of Corporate Information Management.
- We initiated a comprehensive review of our Information Asset Register.
- All our staff undertook training on data handling and reporting of data loss incidents.
- Our escalation reporting model facilitated the investigation of data losses enabling the dissemination of lessons learned and best practice.

Our information risk management plans for the coming year include the following.

- Further annual protecting information training for all staff.
- Continued engagement with our main third party suppliers to assure ourselves of their information risk management practices.
- To complete the revision of the information risks identified within each

directorates and clarification of responsibilities for key information assets.

- To ensure that effective governance arrangements are in place in parallel to the development and deployment of a new Enterprise Data Warehouse.
- Continued progression against the IAMM standards.

Land Registry's risk appetite varies according to the perceived importance of risks and their timing. All risks with a high impact on our performance, stewardship of our register, public funds, the environment, our reputation or that of the wider government receive focused and cost-justified management attention. Where appropriate, action is escalated through the chain of management to the Ministry of Justice and ministers.

As described above I hold biannual meetings with the Minister of State (Justice) at which operational risks are discussed. He receives reports on risks to delivery of key performance indicator targets and strategic objectives through biannual reports.

I am keenly aware of the risks that arise from many aspects of the development and operation of electronic services. I am also conscious of the importance of maintaining public confidence in the security of our systems and processes in the face of the continued risk of property fraud. While developing new services, Land Registry involves the public and key stakeholders in risk management through the normal consultation process. My senior staff and I regularly meet

stakeholder groups and obtain their views on risks to their interests in these meetings. The risks of our online register being misused or accessed illegally are managed through an anti-fraud strategy which is continually developing and takes into account the views of our many stakeholders.

5 Review of effectiveness

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of our internal auditors and the executive managers within Land Registry who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Land Registry Board, the Audit Committee and Business Risk Board and a plan to address weaknesses and ensure continuous improvement of the system is in place.

My review is also informed by written assurance reports as follows.

- An annual Statement of Assurance from each Land Registry Director, stating that an effective system of internal control for the management of risk is in place and working. In particular, each director provides assurance that their respective directorate is in general legal compliance with all pertinent government

legislation. Additionally, with the introduction during 2010 of assurance maps, each director confirms they have reviewed the assurances provided by the sources listed on their assurance maps and that those assurance sources have indicated that risks are being properly managed and that appropriate controls are in place.

- As Land Registry's Senior Information Risk Owner, the Director of Information Systems provides written advice to me in my capacity as accounting officer on the adequacy of internal controls relating to information risk, not least of which is confirmation of our certification as conforming to ISO 27001.
- The Chief Procurement Officer gives an annual assurance to the Land Registry Board regarding the conduct of all procurement activities in Land Registry.
- A rolling programme of assurance reports covering physical and information system security, health and safety, sustainability (energy and environment), diversity and business continuity.

All recommendations arising from these audits have been or are in the process of being actioned.

The Head of Internal Audit's opinion for the year 2010/11 is that the effectiveness of Land Registry's system of internal control is satisfactory. In his opinion, there are no significant weaknesses that fall within the scope of issues that should be reported in the Statement on internal control.

Overall, I am satisfied with the effectiveness of the system of internal control in Land Registry.

Malcolm Dawson
Chief Land Registrar and Chief Executive

20 June 2011

My Head of Internal Audit provides regular reports on the key risk and control issues, to standards defined in the government internal audit manual, and an annual independent opinion on the adequacy and effectiveness of Land Registry's system of internal control together with recommendations for improvement. Individual internal audit reports are circulated to the Land Registry Board and the Audit Committee.

Remuneration report

Remuneration policy for senior civil servants

The remuneration of senior civil servants is set by the Prime Minister following independent advice from the Review Body on Senior Salaries.

In reaching its recommendations, the Review Body has regard to:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities
- regional/local variations in labour markets and their effects on the recruitment and retention of staff
- Government policies for improving the public services including the requirement on departments to meet the output targets for the delivery of departmental services
- the funds available to departments as set out in the Government's departmental expenditure limits
- the Government's inflation target.

The review body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

Further information about the work of the review body can be found at www.ome.uk.com

The salary of the Chief Executive is set by the Senior Civil Service Pay Committee for the Ministry of Justice.

A Senior Civil Service (SCS) Pay Committee, acting on the authority of the Land Registry Board, considers the pay recommendations provided by line managers and decides the distribution of performance pay

in the annual pay review for Land Registry staff in the SCS, in accordance with the guidance issued by the Cabinet Office.

Both base pay and non-consolidated performance related awards are dependent on performance, which is assessed through an annual appraisal system for senior civil servants, more details of which can be found at www.civilservice.gov.uk

During the year the members of the SCS Pay Committee were: Catherine Raines (Chair), Mike Cutt and Marco Pierleoni.

Remuneration policy for other civil servants

Pay for Land Registry staff who are not in SCS grades is determined each year following negotiation and consultation between Land Registry and the unions, and is subject to approval by the Secretary of State.

In 2010/11, for satisfactory performers who had been in the grade one year, the pay award comprised a guaranteed progression of one step up the pay band and a revalorisation of the pay band. For satisfactory performers with less than one year's service in the grade the pay award comprised a revalorisation of pay. In addition there was a performance-related non-consolidated payment for all staff who received the top appraisal marking.

RAs, ROs and RE2Ls on the maximum of the pay scale who achieved a satisfactory or higher appraisal marking also received an additional performance-related non-consolidated payment.

In April 2010 Land Registry also introduced a discretionary recognition scheme to recognise positive staff contributions in a timely and visible manner.

Service contracts

Civil Service appointments are made in accordance with the Civil Service Commissioners' Recruitment Code, which requires appointment to be on merit on the basis of fair and open competition.

All the directors covered by this report hold appointments that are open-ended and are subject to a notice period of three months. Early termination, other than for misconduct, would result in the individual receiving compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commissioners can be found at www.civilservicecommissioners.gov.uk

Non-Executive Directors

The non-executive directors (Dr Catherine Raines and Mr Mike Cutt) are on a contract for service for a period of two years, which is renewable by mutual agreement of both Land Registry and the individual. Their appointment can be terminated by one month's notice by either party.

Salary and performance pay¹

	2010/11 Salary £'000	2010/11 Performance pay £'000	2009/10 Salary £'000	2009/10 Performance pay £'000
Land Registry Board				
Marco Pierleoni ² (until 21 March 2011) Annual equivalent Chief Land Registrar and Chief Executive	165-170 (165-170)	-	25-30 (170-175)	-
Malcolm Dawson (from 22 March 2011) Annual equivalent Chief Land Registrar and Chief Executive	0-5 (105-110)	-	-	-
John Peadar Acting Director of Operations & Customer Delivery	80-85	0 - 5	-	-
Alasdair Lewis Acting Director of Legal Services & Deputy Chief Land Registrar	90-95	5 - 10	-	-
Malcolm Dawson (until 21 March 2011) Annual equivalent Director of Human Resources	95-100 (95-100)	5 - 10	95-100	5-10
David Evans (from 25 March 2011) Annual equivalent Acting Director of Human Resources	0-5 (80-85)	-	-	-
Heather Foster Finance Director	90-95	-	90-95	5-10
John Wright Director of Information Systems	100-105	-	120-125	5-10
Annette Davies-Govett Commercial & Customer Strategy Director	90-95	-	90-95	5-10
Katie Gordon-Smith (from 15 March 2011) Annual equivalent Acting Commercial & Customer Strategy Director	0-5 (75-80)	-	-	-
Catherine Raines Non-Executive Director	45-50	-	20-25	-
Mike Cutt (from 1 May 2011) Annual equivalent Non-Executive Director	20-25 (20-25)	-	-	-

1 This table is subject to audit.

2 Marco Pierleoni departed Land Registry on 21 March 2011 and returned to the Ministry of Justice, from where he was seconded.

Salary

‘Salary’ includes gross salary, reserved rights to London weighting or London allowances, recruitment and retention allowances and any other allowance to the extent that it is subject to UK taxation.

The table on page 34 is based on payments made by Land Registry and thus recorded in these accounts.

During the course of the year, in her role as Non-Executive Director, Catherine Raines led and participated in many key activities and meetings related to Land Registry transformation and change programmes. This participation was in addition

to her contracted commitment as a Non-Executive Director. Payment for time over and above Catherine’s contracted commitment is allowed for under the terms of her Non-Executive Director contract.

During the course of the year, in his role as Non-Executive Director, Mike Cutt led and participated in many key activities and meetings related to Land Registry transformation and change programmes. This participation was in addition to his contracted commitment as a Non-Executive Director. Payment for time over and above Mike’s contracted commitment is allowed for under the terms

of his Non-Executive Director contract.

Benefits in kind

None of the directors received any benefits in kind during the year.

Bonuses

Bonuses are based on performance levels attained and are made as part of the appraisal process. Bonuses relate to the performance in the year in which they become payable to the individual. The bonuses reported in 2010/11 relate to the performance in 2010/11 and the comparative bonuses reported for 2009/10 relate to the performance in 2009/10.

Pension benefits³

Real increase in pension and lump sum at 60	Total accrued at March 2011		Cash equivalent transfer value (CETV at 31 March)		Real increase in CETV after adjustment for inflation and changes in investment factors		
	Pension	Lump sum	Pension	Lump sum			
	£’000	£’000	£’000	£’000	2011	2010⁴	£’000

Land Registry Board

	Pension £’000	Lump sum £’000	Pension £’000	Lump sum £’000	2011 £’000	2010 ⁴ £’000	Real increase £’000
Marco Pierleoni (until 21 March 2011) Chief Land Registrar and Chief Executive	2.5-5.0	-	60-65	-	563	501	29
Malcolm Dawson (from 22 March 2011) Chief Land Registrar and Chief Executive Director of Human Resources (until 21 March 2011)	0-2.5	0-2.5	35-40	105-110	570	521	3
John Peadar Acting Director of Operations & Customer Delivery	2.5-5.0	12.5-15.0	35-40	105-110	658	525	90

cont’d

	Real increase in pension and lump sum at 60		Total accrued at March 2011		Cash equivalent transfer value (CETV at 31 March)		Real increase in CETV after adjustment for inflation and changes in investment factors
	Pension	Lump sum	Pension	Lump sum	2011	2010 ⁴	
	£'000	£'000	£'000	£'000	£'000	£'000	
Land Registry Board							
Alasdair Lewis Acting Director of Legal Services & Deputy Chief Land Registrar	2.5-5.0	7.5-10.0	30-35	95-100	567	471	54
David Evans (from 25 March 2011) Acting Director of Human Resources	0-2.5	-	45-50	-	847	845	1
Heather Foster Finance Director	0-2.5	0-2.5	35-40	110-115	764	693	13
John Wright Director of Information Systems	0-2.5	-	5-10	-	129	101	16
Annette Davies-Govett Commercial & Customer Strategy Director	0-2.5	-	5-10	-	63	40	18
Katie Gordon-Smith (from 15 March 2011) Acting Commercial & Customer Strategy Director	10.0-12.5	-	10-15	-	111	16	(9)

³ This table is subject to audit.

⁴ The actuarial factors used to calculate CETVs were changed in 2010/11. The CETVs at 31/3/10 and 31/3/11 have both been calculated using the new factors, for consistency. The CETV at 31/3/10 therefore differs from the corresponding figure in last year's report, which was calculated using the previous factors.

Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (classic, premium, or classic plus); or a whole career scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under

classic, premium, classic plus and nuvos are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5 per cent of pensionable earnings for classic

and 3.5 per cent for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially

a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly in the same way as in classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3 per cent of their pensionable earnings in that scheme year and the accrued pension is up-rated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

For 2010/11 Land Registry paid employer's contributions of £28.0 million (2009/10: £30.6 million) at one of four rates in the range 16.7 per cent to 24.3 per cent (2009/10: 16.7 per cent to 24.3 per cent) of pensionable pay, based on salary bands. The scheme's actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2010/11 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

The partnership pension account is a stakeholder pension arrangement. Land Registry makes a basic contribution of between 3 per cent and 12.5 per cent (depending on the age of the member) into one of three approved stakeholder pension products; for 2010/11 this contribution was £58,277

(2009/10: £54,525). The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3 per cent of pensionable salary (in addition to the employer's basic contribution). Land Registry also contributes a further 0.8 per cent of pensionable salary, which amounted to £4,153 in 2010/11 (2009/10: £4,068), to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

Any contributions due to the partnership pension providers at the balance sheet date or contributions prepaid at that date were not material.

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

Four individuals retired early during the year on ill-health grounds. The total additional accrued pension liabilities in the year amounted to £49,611.

Further details about the Civil Service pension arrangements can be found at the website www.civilservice-pensions.gov.uk

Cash equivalent transfer values

A cash equivalent transfer value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the

member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefit at their own cost. CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax, which may be due when pension benefits are drawn.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, or the contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Reporting of Civil Service and other compensation schemes – exit packages⁵

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2011	2010	2011	2010	2011	2010
£0-£10,000	-	-	89	22	89	22
£10,001-£25,000	-	-	166	79	166	79
£25,001-£50,000	-	-	186	97	186	97
£50,001-£100,000	-	-	386	192	386	192
£100,001-£150,000	-	-	119	44	119	44
£150,001-£200,000	-	-	51	27	51	27
>£200,000	-	-	68	6	68	6
Total number of exit packages	-	-	1,065	467	1,065	467
Total cost			£79,426,950	£30,351,705	£79,426,950	£30,351,705

⁵ This table is subject to audit.

The data in the table above includes ex-gratia payments of £49,885 (2010: £85,139).

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of the contractual agreement to depart. Where Land Registry has agreed early retirements, the additional costs are met by Land Registry and not by the Civil Service pension scheme. Ill health retirement costs are met by the pension scheme and are not included in the table.

Malcolm Dawson

Chief Land Registrar and Chief Executive
20 June 2011

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Land Registry for the year ended 31 March 2011 under the Government Trading Funds Act 1973. These comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Trading Funds Act 1973.

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

This includes an assessment of: whether the accounting policies are appropriate to the Land Registry's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Land Registry; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of Land Registry's affairs as at 31 March 2011 and of its deficit for the year then ended, and
- the financial statements have been properly prepared in accordance with the Government Trading Funds Act 1973 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Trading Funds Act 1973, and
- the information given in the sections of the annual report headed: Who we are and what we do; Our vision; Purpose, aims and objectives; The year in focus; Our people; and the Chief Executive's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept, or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns, or
- I have not received all of the information and explanations I require for my audit, or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

21 June 2011

Statement of comprehensive income for the year ended 31 March 2011

	Notes	2011 £'000	2010 (Re-stated) £'000
Fee income – continuing operations	2	351,002	328,414
Cost of service	2	(270,800)	(292,020)
Gross surplus	2	80,202	36,394
Administrative expenses	2	(14,833)	(16,932)
Operating surplus		65,369	19,462
Profit on disposal of non-current assets	3.2	39,114	4,037
Investment income – interest receivable	5	580	549
Finance costs	6	(870)	(784)
Amortisation and depreciation of e-conveyancing in use	8.1, 9.1	(6,577)	(2,334)
Restructure and reorganisation costs	3.2	(87,847)	(34,609)
Surplus/(deficit) for the financial year		9,769	(13,679)
Dividend payable	7	(14,006)	(15,279)
Retained deficit for the financial year		(4,237)	(28,958)
Gain/(loss) on revaluation of property, plant and equipment		1,316	(1,100)
Comprehensive deficit for the financial year		(2,921)	(30,058)

The notes on pages 44 to 62 are an integral part of these accounts.

Statement of financial position as at 31 March 2011

	Notes	2011 £'000	2010 (Re-stated) £'000	2010 (Re-stated) £'000	£'000
Non-current assets					
Property, plant and equipment	8	118,968		167,523	
Intangible assets	9	27,997		49,310	
Other receivables	11.2	2,164		973	
Total non-current assets			149,129		217,806
Current assets					
Inventories	10	1,215		823	
Trade and other receivables	11.1	8,774		15,053	
Cash and cash equivalents	12	299,635		237,325	
Total current assets			309,624		253,201
Non-current assets classified as held for sale	8.3		21,111		3,177
Total assets			479,864		474,184
Current liabilities					
Trade and other payables	13.1	42,374		43,533	
Obligations under finance leases	13.1, 15.1	1,949		1,599	
Short-term provisions	17	24,923		7,338	
Total current liabilities			69,246		52,470
Non-current assets plus net current assets			410,618		421,714
Non-current liabilities					
Obligations under finance leases	13.2, 15.1	7,057		6,250	
Long-term provisions	17	32,198		15,733	
Total non-current liabilities			39,255		21,983
Net assets			371,363		399,731
Capital and reserves					
Indemnity Fund			21,800		23,000
Public Dividend Capital			61,545		61,545
Government Grant Reserve			3,853		4,366
Revaluation Reserve			41,794		64,564
Income and expenditure account			242,371		246,256
			371,363		399,731

The notes on pages 44 to 62 are an integral part of these accounts.

Malcolm Dawson
Chief Land Registrar and Chief Executive
20 June 2011

Statement of changes in reserves for the year ended 31 March 2011

	Indemnity Fund	Public Dividend Capital	Government Grant reserve	Revaluation reserve	I&E reserve	Total reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2009	23,000	61,545	6,718	65,664	278,756	435,683
Prior period re-statement	-	-	-	-	(3,229)	(3,229)
Re-stated balance at 1 April 2009	23,000	61,545	6,718	65,664	275,527	432,454
Changes in reserves 2009/10						
Indemnity Fund						
Additions during the year	6,794	-	-	-	-	6,794
Utilised in year	(6,794)	-	-	-	-	(6,794)
Revaluation reserve						
Transfer to retained earnings	-	-	-	-	(313)	(313)
Government Grant						
Revaluation	-	-	(240)	-	-	(240)
Impairment	-	-	(384)	-	-	(384)
Depreciation	-	-	(1,177)	-	-	(1,177)
Reclassification of assets	-	-	(551)	-	-	(551)
Comprehensive net deficit	-	-	-	(1,100)	(28,958)	(30,058)
Balance at 31 March 2010	23,000	61,545	4,366	64,564	246,256	399,731
Changes in reserves 2010/11						
Indemnity Fund						
Additions during the year	7,941	-	-	-	-	7,941
Utilised in year	(9,141)	-	-	-	-	(9,141)
Revaluation reserve						
Transfer to retained earnings	-	-	-	(352)	352	-
Transfer to assets held for sale	-	-	-	(23,734)	-	(23,734)
Government Grant						
Revaluation	-	-	89	-	-	89
Amortisation	-	-	(307)	-	-	(307)
Depreciation	-	-	(295)	-	-	(295)
Comprehensive net deficit	-	-	-	1,316	(4,237)	(2,921)
Balance at 31 March 2011	21,800	61,545	3,853	41,794	242,371	371,363

The notes on pages 44 to 62 are an integral part of these accounts.

Cash flow statement for the year ended 31 March 2011

	Notes	2011 £'000	2010 (Re-stated) £'000
Net cash inflow/(outflow) from operating activities	20.1	51,218	(13,857)
Investing activities			
Purchase of tangible assets		(18,252)	(10,870)
Purchase of intangible assets		(494)	(3,522)
Proceeds on disposal of tangible assets		47,683	7,098
Interest received		523	553
Net cash inflow/(outflow) from investing activities		29,460	(6,741)
Financing activities			
Dividends paid		(15,279)	(18,572)
Repayments of capital element of obligations under finance leases		(2,219)	(3,050)
Interest elements of obligations under finance leases		(870)	(784)
Net cash outflow from financing activities		(18,368)	(22,406)
Separate disclosure for operating segments is not disclosed as the income and expenditure proportion for Land Charges and Agricultural Credits departments is less than 2 per cent and is therefore deemed not material.			
Net increase/(decrease) in cash and cash equivalents	20.2	62,310	(43,004)
Cash and cash equivalents at beginning of year	20.2	237,325	280,329
Cash and cash equivalents at end of year	12	299,635	237,325

The notes on pages 44 to 62 are an integral part of these accounts.

Notes to the financial statements

1 Statement of accounting policies

1.1 Basis of preparation

These financial statements have been prepared in accordance with the Government Financial Reporting Manual 2010/11 (FReM) and comply with the Accounts Direction given by the Treasury in accordance with section 4 (6) (a) of the Government Trading Funds Act 1973.

The accounting policies contained in the FReM follow International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy that has been judged to be the most appropriate to the particular circumstances of Land Registry for the purposes of giving a true and fair view has been selected. Land Registry's accounting policies have been applied consistently in dealing with items considered material in relation to the financial statements.

IFRSs in issue but not yet effective – the implementation of IFRSs in issue, but not yet effective, for the accounting period under review is not expected to have a material impact on the financial statements.

These financial statements have been prepared on a going concern basis. Management is of the opinion that a going concern basis is appropriate as we are legally obliged under the Land Registration Act 2002 to provide statutory services relating to land registration.

There are no plans to amend the Act and no decisions have been notified to suggest that an amendment will occur in the following 12 months, and the Accelerated Transformation Programme has proposed a structure to support the business as a going concern.

1.2 Accounting convention

The financial statements have been prepared under the historic cost convention modified for the revaluation of property, plant and equipment, intangible assets and, where material, inventories to fair value as determined by the relevant accounting standard.

1.3 Fee income

This is income that relates directly to the operating activities of Land Registry. It comprises fees, net of any refunds, for statutory services for registration of title and land charges, including agricultural credits. Income is recognised in the financial year in which the service is delivered.

Certain services require receipt of payment with application, resulting in payments being received for services not yet delivered within the financial year being reported upon. These amounts are reported as fees received in advance and disclosed within current liabilities.

1.4 Insurance

Insurance is charged to the statement of comprehensive income on the basis of actual premiums paid, for cover of property, lifts, the car fleet, use of hire cars and overseas travel.

1.5 Employee benefits

The cost of providing employee benefits is recognised in the period in which Land Registry receives services from its employees, rather than when it is paid or payable. Short-term employee benefits are recognised as an expense in the period in which the employee renders the service. Performance payments are recognised only when there is a legal or constructive obligation to pay them and the costs can be reliably estimated. Termination benefits are recognised when it can be demonstrated that there is an irreversible agreement to terminate the employment of employee(s) before the schemes' retirement date or as a result of an offer to encourage voluntary redundancy.

1.6 Pensions

Land Registry employees are civil servants who are entitled to be members of the Principal Civil Service Pension Scheme (PCSPS). PCSPS is an unfunded multi-employer defined benefit scheme, but Land Registry is unable to identify its share of the underlying assets and liabilities. Land Registry recognises the expected cost of providing pensions on a systematic and rational basis over the period during which it benefits from the employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for the payment of future benefits is a charge on the PCSPS. The scheme actuary valued the scheme as at 31 March 2007. You can find details in the resource accounts of the Cabinet Office under Civil Superannuation (www.civilservice-pensions.gov.uk).

Further pension details can be found in the remuneration report on pages 33 to 38.

1.7 Property, plant and equipment

Freehold and leasehold land and buildings are professionally valued every three years. In the intervening years, the Valuation Office Agency provides a 'desktop' valuation. A full valuation was carried out in January 2011.

Land Registry is required by the FReM to disclose other non-current assets in the statement of financial position at fair value. For short life non-property assets historic cost is used as an approximation to the fair value of the asset.

Freehold land and buildings and leasehold buildings are included at revaluation less accumulated depreciation and impairment losses.

All other tangible non-current assets are included at historic cost less accumulated depreciation and impairment losses.

Assets in the course of construction are not depreciated.

The depreciation charge is calculated so as to allocate the cost or revalued amount, less the estimated residual value, of non-current assets systematically over their remaining useful lives using the straight-line method.

Asset lives are reviewed at the end of each financial year.

The following asset depreciation rates are used.

Freehold land	nil
Freehold buildings	2 per cent
Leasehold buildings	period of the lease
Telecommunications equipment	20 per cent
Furniture, fixtures and fittings	20 per cent
Office equipment	20 per cent
Computers:	mainframe 20 per cent
Computers:	mini and PCs 33 1/3 per cent
Motor vehicles	25 per cent
Structured cabling	10 per cent
Plant and heavy machinery	10 per cent

Non-current assets classified as held for sale are carried at fair value less costs to sell and are not depreciated. Land Registry classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sales transaction rather than through continuing use. To qualify the asset must be available for immediate sale in its present condition and the sale must be highly probable.

1.8 Impairment of non-current assets

Impairment reviews are undertaken at each year end and if there are indications that the asset has suffered an impairment loss a charge is reflected in the statement of comprehensive income in the year in which it occurs, unless the asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is

the higher of fair value less costs to sell and value in use. In assessing value in use the estimated future cash flows are discounted to their present value using the applicable government discount rate of 3.5 per cent.

1.9 Intangible assets

The development expenditure for internally generated intangible assets is recognised if and only if Land Registry can demonstrate:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use
- (b) the intention to complete the intangible asset and use it
- (c) the ability to use the intangible asset
- (d) how the intangible asset will generate probable future economic benefits and can demonstrate the usefulness of the intangible asset
- (e) the availability of adequate technical, financial and other resources to complete the development and to use the intangible asset, and
- (f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Land Registry has developed three systems, all of which are now in use, to deliver e-services. The costs of developing the IT systems (Land Registry portal, E-security and Business Gateway) have been capitalised as intangible assets on the statement of financial position. Expenditure incurred in developing the systems was separately identified by a series of projects and managed within the

Electronic Services Programme, which has now closed.

All programme costs eligible to be defined as development expenditure, including directly attributable staff costs, were capitalised. These costs are now being amortised on a straight line basis, at a rate of 10 per cent, over the expected useful lives of the systems, which have been determined with reference to the useful lives of other similar assets in use in Land Registry. The systems are assessed for indications of impairment at each financial year end.

Software licences are included at cost less accumulated amortisation. They are amortised on a straight line basis at a rate of:

Mainframe	20 per cent
Desktop	33 ¹ / ₃ per cent

1.10 Inventories

Work-in-progress is stated at the lower of cost and net realisable value, which is based on the fee, less further costs expected to be incurred on completion of the case.

1.11 Trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for irrecoverable amounts. The carrying amount of trade receivables is deemed to be an approximation of fair value.

1.12 Cash and cash equivalents

Cash represents cash-in-hand, cash held with the Government Banking Service, cash on deposit with the National Loans

Fund and in commercial bank accounts.

1.13 Trade payables

Trade payables are stated at their nominal value. The carrying amount of trade payables is deemed to be an approximation of fair value.

1.14 Embedded derivatives

Derivatives embedded in host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and accounted for separately. A review of Land Registry's significant contracts has not identified any embedded derivatives and therefore no separate disclosure is required.

1.15 Provisions

Land Registry provides for legal and constructive obligations that are of uncertain timing or amount at the statement of financial position date, on the basis of management's best estimate of the expenditure required to settle the obligation. Where appropriate this is supported by independent professional advice. Provisions are charged to the statement of comprehensive income and recorded as liabilities in the statement of financial position.

The discount factor applied to the early retirement provision over 10 years is 2.9 per cent.

1.16 Indemnity Fund

The Indemnity Fund was established in 1993. In 2010/11 Land Registry commissioned Lane Clark & Peacock to carry out an actuarial review.

The fund represents the amount calculated by the independent

professional actuaries as being required to fulfill the statutory duty imposed on Land Registry to indemnify registered title in England and Wales. The recommendation of the report was that Land Registry decrease the fund to £21.8 million as at 31 March 2011. Claims that are proved and covered by the fund will, in the first instance, be charged against the fund.

1.17 Contingent liabilities

Where appropriate, liabilities that have only a possible chance of crystallising and do not meet the provisions criteria have been classified as contingent liabilities. This includes, but is not limited to, claims for losses arising from errors, or fraud in relation to Land Registry's statutory responsibility as insurer of titles in England and Wales.

1.18 Finance leases

Where Land Registry retains all the risks and rewards of ownership of an asset subject to a lease, the lease is treated as a finance lease.

Future instalments payable under finance leases, net of finance charges, are included in liabilities with the corresponding asset values recorded in non-current assets and depreciated over the shorter of their estimated useful lives or their lease terms. Lease payments are apportioned between the finance element, which is charged to the statement of comprehensive income as interest, and the capital element, which reduces the outstanding obligation for future instalments.

1.19 Operating leases

An operating lease is a lease other than a finance lease. Rental

costs under operating leases are charged to the statement of comprehensive income as incurred.

1.20 Capital government grant

The value of the assets funded by a government grant for capital expenditure is held in a Government Grant Reserve. The assets paid for by the grant are revalued and depreciated in line with Land Registry's non-current asset policy. Depreciation charges and revaluation movements for these assets are charged to the reserve in line with FReM guidance.

1.21 Payments to Private Finance Initiative (PFI) suppliers

The Private Finance Initiative contract with Steria is accounted for under International Financial Reporting Interpretations Committee (IFRIC) 12 as amended by the FReM. The capital element of the expenditure under the contract is recorded as an asset on the statement of financial position and the service element expensed through the statement of comprehensive income as incurred. The amount capitalised is amortised over the shorter of the life of the asset or the duration of the contract.

1.22 VAT

Land Registry accounts for VAT on its statutory activities under the Treasury's Taxing and Contracting Out of Services Directions. For non-statutory activity, which is business activity, VAT is charged and recovered according to commercial VAT rules. Irrecoverable VAT is charged to the relevant expenditure category or included in the

capitalised purchase costs of fixed assets. Where output tax is charged or input tax is recoverable the amounts are stated net of VAT.

1.23 Cost of capital

Land Registry is required to pay the Treasury an annual dividend being 3.5 per cent of the average capital employed during the financial year. Land Registry considers it sufficient to calculate this figure using an annual average. There is no material impact of calculating this figure using an annual average.

1.24 Estimation techniques

Estimation techniques are the methods adopted to arrive at estimated monetary amounts for income and expenditure during the reporting period and the valuation of assets and liabilities and disclosure of contingent assets and liabilities at the date of the accounts. Significant estimation techniques for Land Registry include the recognition and valuation of provisions, eg accrued income, PFI, indemnity fund and the early retirement and early severance provisions.

1.25 Prior period re-statements

Under IAS 8 *Accounting policies changes in accounting estimates and errors*, adjustments to prior periods are required for changes to accounting policies or to correct prior period errors, arising from omissions, or misstatements.

Land Registry has applied prior period adjustments to the opening position for 2009/10 through the 2008/9 reserves and through the statement

of comprehensive income in 2009/10. This was to correct an error and reflect a change in policy in our treatment of development expenditure in relation to e-conveyancing.

2 Business segments

The information contained in this note satisfies a dual purpose. The first is to comply with the Treasury *Fees and charges* guide and the second is to comply with the International Financial Reporting Standard (IFRS) 8.

There are two separate statutory services carried out by Land Registry: registration of title, and land charges including agricultural credits.

Detailed in the table below is the fee income, total cost of service and surplus for each of these services. The cost of service and administrative expenses are allocated if separately identifiable with the service or apportioned in proportion to the income generated by each segment.

	Registration of title	Land charges and agricultural credits	Total	Total
	2011	2011	2011	2010 (Re-stated)
	£'000	£'000	£'000	£'000
Fee income	346,422	4,580	351,002	328,414
Cost of service	(266,678)	(4,122)	(270,800)	(292,020)
Administrative expenses	(14,596)	(237)	(14,833)	(16,932)
Operating surplus	65,148	221	65,369	19,462

The financial objective of the trading fund is to cover the costs of the two services and to make a return on average capital employed of 3.5 per cent, taking one year with another (see also note 23).

The Land Charges and Agricultural Credits departments net assets represent approximately 2 per cent of Land Registry's total net assets.

3 Operating surplus

3.1 Operating surplus is stated after charging

	2011	2010 (Re-stated)
	£'000	£'000
Staff costs (see note 4.1)	185,640	205,403
Provision for indemnity costs	(1,200)	-
IT infrastructure costs (see note 22)	8,262	10,047
Hire of machinery	6,513	6,465
Auditor's remuneration – audit fee	68	70
Auditor's remuneration – IFRS audit fee	-	12
Depreciation of tangible non-current assets – owned	8,389	18,418
Depreciation of tangible non-current assets – leased	2,694	400
Amortisation of intangible assets	6,930	4,013
Impairment in value of non-current assets	11,435	4,562
Charge for operating leases – buildings	2,565	3,519
Other operating income	(6,817)	(5,890)

3.2 Restructure and reorganisation costs

	2011 Early retirement	Early severance	ATP and Blueprint cost	Total	2010 Total
	£'000	£'000	£'000	£'000	£'000
Costs incurred in year	12,709	26,376	7,652	46,737	28,673
Costs provided for in year	30,606	10,504	-	41,110	5,936
	43,315	36,880	7,652	87,847	34,609
Profit on disposal	-	-	(39,324)	(39,324)	(3,840)
	43,315	36,880	(31,672)	48,523	30,769

The statement of comprehensive income reports a net profit on disposal of non-current assets of £39.114 million. This figure is broken down as follows: a profit on the sale of Lincoln's Inn Fields of £35.037 million, a profit on the sale of Tunbridge Wells of £5.028 million, giving a total profit of £40.065 million; associated assets from the sale of these properties resulted in a loss on disposal of £0.741 million giving a reorganisation and restructure profit on disposal of £39.324 million. Other assets disposed of during the year unrelated to ATP or Blueprint yielded a loss on disposal of £0.210 million resulting in the net profit on disposal of £39.114 million reported in the statement of comprehensive income.

4 Employee information

4.1 Staff costs

	2011			2010
	Permanent staff	Others	Total	(Re-stated) Total
	£'000	£'000	£'000	£'000
Salaries	147,308	1,495	148,803	165,294
Social security costs	10,709	12	10,721	11,670
Other pension costs	28,054	-	28,054	30,693
Total staff costs	186,071	1,507	187,578	207,657
Capitalised staff costs	-	-	-	(1,230)
Seconded staff costs	(1,938)	-	(1,938)	(1,024)
Total net staff costs	184,133	1,507	185,640	205,403

The amounts disclosed as salaries include directors' remuneration.

Other staff costs include salaries and social security costs for staff employed as casuals or on fixed term contracts; and the costs of agency staff.

4.2 Staff numbers

Average number of persons employed (full time equivalent) by Land Registry during the year was made up as follows.

	2011			2010
	Permanent staff	Others	Total	
Senior management	8	-	8	8
Operational	4,544	1	4,545	5,689
Administration	317	11	328	345
IT	438	3	441	483
	5,307	15	5,322	6,525

4.3 The salary and pension entitlements of the Chief Executive and the directors of Land Registry are included in the remuneration report on pages 33 to 38.

4.4 Pensions

Pension benefits are provided for the majority of staff through the PCSPS. For 2010/11 employer contributions of £28.0 million (2009/10: £30.6 million) were payable to PCSPS at one of four rates in the range 16.7 per cent and 24.3 per cent of pensionable pay, based on salary bands.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. For 2010/11 Land Registry made a contribution of £58,277 (2009/10: £54,525).

Further details of the pension schemes and compensation schemes' exit packages can be found in the remuneration report on pages 33 to 38.

5 Investment income

	2011	2010
	£'000	£'000
Interest on bank deposits	580	549

6 Finance costs

	2011	2010
	£'000	£'000
Interest on obligations under finance leases	870	784

7 Dividend payable

	2011	2010
	£'000	£'000
Dividend payable	14,006	15,279

Land Registry is required to pay to the Treasury an annual dividend being 3.5 per cent of the average capital employed during the financial year.

8 Property, plant and equipment

8.1 Cost or valuation

	Property		Leasehold Buildings	Assets under construction	Plant and equipment		Total
	Freehold				IT related assets	Other plant and equipment	
	Land	Buildings					
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2010	34,592	100,396	29,552	964	64,533	34,000	264,037
Additions	-	-	-	1,199	15,891	58	17,148
Assets brought into use	-	48	-	(1,302)	396	279	(579)
Revaluation in year ¹	(753)	1,477	(48)	-	-	-	676
Reclassification of assets	-	-	-	-	15	(15)	-
Transfer assets held for sale (market value)	(4,700)	(15,820)	-	-	-	-	(20,520)
Impairment	-	-	(344)	-	-	-	(344)
Disposals	(9,450)	(24,089)	-	-	(6,119)	(3,386)	(43,044)
At 31 March 2011	19,689	62,012	29,160	861	74,716	30,936	217,374

Accumulated depreciation and impairment

At 1 April 2010	-	11,778	4,229	-	52,454	28,053	96,514
Provided during the year ^{2,3}	-	2,493	779	-	7,932	2,264	13,468
Transfer assets held for sale (market value)	-	(811)	-	-	-	-	(811)
Disposals	-	(2,370)	-	-	(5,550)	(2,845)	(10,765)
At 31 March 2011	-	11,090	5,008	-	54,836	27,472	98,406
Carrying amount at 31 March 2011	19,689	50,922	24,152	861	19,880	3,464	118,968

8.2 Cost or valuation

	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2009	37,420	112,391	28,832	2,931	74,544	35,590	291,708
Additions	-	-	-	2,195	7,997	362	10,554
Assets brought into use	-	3	-	(2,488)	226	552	(1,707)
Revaluation in year ¹	419	(1,495)	6,578	-	-	-	5,502
Reclassification to retained reserves	-	-	(4,638)	-	-	-	(4,638)
Reclassification of assets	-	-	-	-	(13,448)	(8)	(13,456)
Transfer assets held for sale (market value)	(510)	(3,960)	-	-	-	-	(4,470)
Impairment	(487)	(391)	(1,220)	(1,674)	-	-	(3,772)
Disposals	(2,250)	(6,152)	-	-	(4,786)	(2,496)	(15,684)
At 31 March 2010	34,592	100,396	29,552	964	64,533	34,000	264,037

Accumulated depreciation and impairment

	Property			Assets under construction	Plant and equipment		Total
	Freehold		Leasehold		IT related assets	Other plant and equipment	
	Land	Buildings	Buildings				
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2009	-	12,287	3,147	-	59,336	27,056	101,826
Provided during the year ²	-	2,449	1,576	-	12,861	3,109	19,995
Reclassification to retained reserves	-	-	(494)	-	-	-	(494)
Reclassification of assets	-	-	-	-	(15,040)	(8)	(15,048)
Transfer assets held for sale (market value)	-	(970)	-	-	-	-	(970)
Disposals	-	(1,988)	-	-	(4,703)	(2,104)	(8,795)
At 31 March 2010	-	11,778	4,229	-	52,454	28,053	96,514
Carrying amount at 31 March 2010	34,592	88,618	25,323	964	12,079	5,947	167,523

1 £0.089 million (2009/10: £0.240 million) allocated to assets funded by government grant.

2 £0.602 million (2009/10: £1.177 million) allocated to assets funded by government grant.

3 £2.091 million depreciation related to e-conveyancing assets.

The accounting policies state that Land Registry's policy is to professionally value freehold and leasehold land and buildings every three years. A full valuation was conducted as at 1 January 2011. In the intervening years, these figures are updated by a 'desktop' valuation. Both professional valuations and 'desktop' valuations are supplied by external valuers, the Valuation Office Agency. The basis of valuation was fair value.

The net amount of finance leases at the end of the year was £3.23 million (2009/10: £3.17 million). In the year £0.176 million of depreciation and £0.231 million of revaluation related to these assets.

Where property value falls below original values, the deficits (temporary and permanent) are charged to the statement of comprehensive income as impairment unless the asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Land Registry announced the implementation of a major change programme, the Accelerated Transformation Programme (ATP), in March 2010, following a full consultation in October 2009. ATP included the closure of three local offices, Portsmouth, Tunbridge Wells and Stevenage between February and June 2011, the marketing of all properties and the sale during the financial year of the Tunbridge Wells office for £10 million. ATP also included the relocation of the Head Office function in central London from Lincoln's Inn Fields to the Croydon local office by March 2011 and the sale of the central London building for £37.5 million; the relocation of Plymouth Office staff from Plumer House to Seaton Court and the marketing of Plumer House.

8.3 Non-current assets classified as held for sale

During the year Land Registry began active marketing of: St Andrew's Court, Portsmouth; Brickdale House, Stevenage; Tŷ Bryn Glas, Swansea; Birkenhead House, Lytham; Plumer House, Plymouth; and Cumbyrla, Manselton file store, Swansea. These properties have been revalued at fair value less costs to sell and transferred to assets classified as held for sale and are held on the statement of financial position at a value of £21.111 million. On reclassification these properties are no longer depreciated. The revaluation of Plumer House to fair value less costs to sell resulted in an impairment of £2.5 million, which is included within the restructure and reorganisation costs in the statement of comprehensive income.

9 Intangible assets

9.1 Cost

	Development costs	E-conveyancing in service	E-security	Portal	Business Gateway	Software licences	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2010	17,244	21,117	-	-	-	70,862	109,223
Additions	-	-	-	-	-	946	946
Assets brought into use	-	-	-	-	-	579	579
Reclassification	(10,812)	(16,612)	9,691	15,967	1,766	-	-
Disposals	-	-	-	-	-	(52)	(52)
Impairment ¹	(6,432)	(4,505)	-	-	-	(318)	(11,255)
At 31 March 2011	-	-	9,691	15,967	1,766	72,017	99,441

Amortisation

At 1 April 2010	-	2,334	-	-	-	57,579	59,913
Charge for the year ³	-	-	1,740	2,644	102	7,237	11,723
Reclassification	-	(2,334)	764	1,481	89	-	-
Disposals	-	-	-	-	-	(27)	(27)
Impairment ¹	-	-	-	-	-	(165)	(165)
At 31 March 2011	-	-	2,504	4,125	191	64,624	71,444
Carrying amount at 31 March 2011	-	-	7,187	11,842	1,575	7,393	27,997

9.2 Cost

	(Re-stated) £'000	(Re-stated) £'000	£'000	£'000	£'000	£'000	(Re-stated) £'000
At 1 April 2009	36,037	-	-	-	-	56,657	92,694
Additions	2,879	-	-	-	-	408	3,287
Assets brought into use	(21,117)	21,117	-	-	-	1,707	1,707
Reclassification	-	-	-	-	-	13,456	13,456
Disposals	-	-	-	-	-	(969)	(969)
Impairment ²	(555)	-	-	-	-	(397)	(952)
At 31 March 2010	17,244	21,117	-	-	-	70,862	109,223

Amortisation

	(Re-stated) £'000	(Re-stated) £'000	£'000	£'000	£'000	£'000	(Re-stated) £'000
At 1 April 2009	-	-	-	-	-	39,564	39,564
Charge for the year	-	2,334	-	-	-	4,013	6,347
Reclassification	-	-	-	-	-	15,048	15,048
Disposals	-	-	-	-	-	(946)	(946)
Impairment ²	-	-	-	-	-	(100)	(100)
At 31 March 2010	-	2,334	-	-	-	57,579	59,913
Carrying amount at 31 March 2010	17,244	18,783	-	-	-	13,283	49,310

E-conveyancing development expenditure was incurred to make four products (e-charges, e-discharges, e-transfers and e-documents) available to the property market. Some of the products have not proved suitable for significant take-up by the market at this time and so some impairment of the value of e-conveyancing assets has occurred. However, in developing the products, the underlying systems of the Land Registry portal, E-security and Business Gateway were created and are in use and operating successfully, making Land Registry's services more efficient and providing a platform for future improvements. The value to Land Registry of our development expenditure is better represented by

reclassifying it from a product basis to instead show the IT systems developed. The asset values for the IT systems are shown after any impairment has been written off, as detailed below.

¹ During the year, because of concerns regarding electronic signing of documents by conveyancers and citizens, and after consultation, it was decided to cease further development of e-charges and e-transfers. Expenditure incurred in developing products, including e-charges and e-transfers, which does not continue to be utilised by the Land Registry portal, E-security or Business Gateway has been written off. The Land Registry portal and E-security came into use on 1 September 2008 and Business Gateway on 1 March 2010. Costs incurred after the systems came into use, which were capitalised, no longer meet the criteria for recognition as development expenditure, so have also been written off. The total amount written off because of impairment is £10.937 million. This consists of £6.432 million of development costs that were not yet in use, plus £4.505 million for e-conveyancing assets that had already been brought into service (these amounts being included in cost of service in the statement of comprehensive income).

The Land Registry portal and E-security systems came into service earlier than the e-conveyancing products. The total amortisation of £4.486 million charged for the year consists of two elements: i) the amortisation reflecting the utilisation of the systems during 2010/11 (£2.742 million) and ii) the amount of 'catch-up' amortisation that would have been charged in earlier periods from the date the systems came into use (£1.744 million). The total impact of these adjustments in 2010/11, excluding current year amortisation, is £12.681 million.

Software licences relating to E-security, which have been capitalised, but will no longer be used because of the decision to cease the development of e-transfers, have also been impaired. The benefits of impairing these assets are the simplification of the E-security system and reduced maintenance costs in future.

² A prior period error has been identified where management costs from previous years, incorrectly classified as development expenditure, had been capitalised. In order to show the correct position, the following changes have been made: the amount of development costs at 1 April 2009 have been reduced by £3.229 million; additions to development costs in 2009/10 have been reduced by £0.761 million; and the associated amortisation charge for the year in 2009/10 for e-conveyancing in service has been reduced by £0.158 million. The impact on the statement of comprehensive income is an increase in the cost of service figure of £0.761 million and a reduction in amortisation for e-conveyancing in use of £0.158 million. There were no incorrectly capitalised management costs in 2010/11. The net impact on the statement of financial position is therefore a cumulative reduction in net assets of £3.832 million at 1 April 2010.

³ The amortisation charges for the Land Registry portal, E-security and Business Gateway, totalling £4.486 million, are disclosed on the face of the statement of comprehensive income, along with £2.091 million depreciation charged for e-conveyancing assets referred to in note 8, footnote 3. The total value of amortisation and depreciation shown on the face of the statement of comprehensive income relating to e-conveyancing is £6.577 million. The statement of changes in reserves discloses the 2009/10 opening balance re-statement.

The statement of changes in reserves discloses the 2009/10 opening balance re-statement.

10 Inventories

	2011 £'000	2010 £'000
Work-in-progress	1,215	823
	1,215	823

11 Trade and other receivables

11.1 Current

	2011 £'000	2010 £'000
Trade receivables	2,744	8,608
Other receivables	2,229	1,578
Prepayments and accrued income	3,801	4,867
	8,774	15,053

The average credit period taken on provision of services is six days. No interest is charged on the receivables. An allowance has been made for estimated irrecoverable amounts from the provision of services and this allowance has been determined by reference to past default experience. The carrying amount of trade and other receivables is deemed to be an approximation of their fair value.

11.2 Non-current

	2011 £'000	2010 £'000
Other receivables	597	735
Prepayments	1,567	238
	2,164	973

12 Cash at bank and in hand

	2011 £'000	2010 £'000
Government Banking Service	217,336	205,096
Commercial banks and cash-in-hand	34,799	32,229
National Loans Fund	47,500	-
Total	299,635	237,325

Land Registry holds customer deposits as part of the credit account payment facility. At the year-end there were 18 accounts (2009/10: 19) for which a total of £0.15 million (2009/10: £0.31 million) was held in Land Registry's bank account. Customer deposits are not shown in the balance sheet as they relate to third party monies (see note 20.2).

Land Registry's financial assets are bank balances and cash and trade and other receivables, which represent the maximum exposure to credit risk in relation to financial assets. The credit risk is primarily attributable to trade and other receivables and is spread over a large number of customers. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by management based on past experience and an assessment of the current economic climate. The credit risk on liquid funds is limited because Land Registry's bank balances are in the main held with the Government Banking Service and the National Loans Fund.

13 Trade and other payables

13.1 Current

	2011 £'000	2010 £'000
Trade payables	1,499	1,921
Taxation and social security	3,401	3,642
Other payables	2,632	3,054
Accruals	15,824	14,544
Net obligations under finance leases	254	232
PFI finance lease obligations	1,695	1,367
Deferred income – fees received in advance	5,012	5,093
Dividend payable	14,006	15,279
	44,323	45,132

Trade and other payables principally comprise amounts outstanding for trade purchase and ongoing costs. The average credit period taken for trade purchases is 7.4 days. (The payment performance target changed from 10 to five working days in August 2010.) The carrying amount of trade payables is deemed to be an approximation of their fair value.

13.2 Non-current

	2011	2010
	£'000	£'000
Net obligations under finance leases	5,282	5,536
PFI finance lease obligations	1,775	714
	7,057	6,250

14 Intra-government balances

14.1 Receivables

	Current		Non-current	
	2011	2010	2011	2010
Balances with:	£'000	£'000	£'000	£'000
Other central government bodies	2,866	2,104	-	-
Local authorities	30	849	-	-
Intra-government balances	2,896	2,953	-	-
Balances with bodies external to government	5,878	12,100	2,164	973
Total receivables	8,774	15,053	2,164	973

14.2 Payables

	Current		Non-current	
	2011	2010	2011	2010
Balances with:	£'000	£'000	£'000	£'000
Other central government bodies	21,361	22,705	-	-
Local authorities	109	472	-	-
Intra-government balances	21,470	23,177	-	-
Balances with bodies external to government	22,853	21,955	7,057	6,250
Total payables	44,323	45,132	7,057	6,250

15 Obligations under leases

15.1 Finance leases

	Minimum lease payments		Present value of minimum lease payments	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Amounts payable under finance leases				
Within one year	2,794	2,358	1,949	1,599
In the second to fifth years inclusive	5,416	4,542	2,816	1,887
After five years	9,165	9,870	4,241	4,363
	17,375	16,770	9,006	7,849
Less: future finance charges	(8,369)	(8,921)		
Present value of lease obligations	9,006	7,849		
Less: amount due for settlement within 12 months (shown under current liabilities)			(1,949)	(1,599)
Amount due for settlement after 12 months			7,057	6,250

15.2 Operating leases

	2011 £'000	2010 (Re-stated) £'000
Minimum lease payments under operating leases recognised in the year	3,046	4,438
Income from tenants	(481)	(919)
	2,565	3,519

At the balance sheet date Land Registry had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2011 £'000	2010 £'000
Within one year	181	111
In the second to fifth years inclusive	2,504	1,997
After five years	47	938
Income due from tenants	(401)	(481)
	2,331	2,565

Operating lease payments represent rentals payable by Land Registry for land and buildings.

16 Loans

Land Registry had no loans during the financial year ending 31 March 2011.

17 Provisions for liabilities and charges

	Early retirement	Early severance	Property	Total	
	2011				2010
	£'000	£'000	£'000	£'000	£'000
At 1 April 2010	20,978	552	1,541	23,071	45,361
Provided in the year	30,606	10,504	8	41,118	7,477
Provisions utilised in the year	(5,148)	(537)	(1,383)	(7,068)	(29,767)
At 31 March 2011	46,436	10,519	166	57,121	23,071
Included in current liabilities				24,923	7,338
Included in non-current liabilities				32,198	15,733
				57,121	23,071

The early retirement provision (ERP) gives retirement benefits to certain employees. These benefits conform to the rules of the Principal Civil Service Pension Scheme (PCSPS). Land Registry bears the cost of these benefits until the normal retirement age of the employees retired under the scheme. Total payments in the year amounted to £44.8 million in 2010/11, of which £5.7 million had been provided for within the ERP provision in the 2009/10 accounts. The total pension liability up to normal retiring age in respect of each employee is charged to the statement of comprehensive income in the year in which the employee takes early retirement and a provision for future pension payments is created. Pension and related benefit payments to the retired employee until normal retiring age are then charged annually against the provision.

The early severance provision was set up to provide for the cost of those members of staff who will be leaving Land Registry in future years, but entered into a firm commitment to take up the offer of early severance in 2010/11.

International Accounting Standard 37 *Provisions, contingent liabilities and contingent assets* requires that: "Where the time value of money is material, the amount of a provision should be the present value of the expenditures expected to be required to settle the obligation".

The discount factor applied to the early retirement provision over 10 years is 2.9 per cent. The impact of unwinding of the discount in 2010/11 was £4.8 million (2009/10: £1.6 million).

18 Capital commitments

	2011	2010
	£'000	£'000
Capital expenditure		
Contracted for but not provided in these accounts.	850	738

19 Contingent liabilities

The Land Registration Act 2002 places a legal liability on Land Registry to indemnify for losses resulting from errors or omissions on the register of title. This includes errors resulting from frauds perpetrated by third parties. As a statutory insurer of titles in England and Wales, indemnity payments are not confined to mistakes made by Land Registry. All claims pending under this liability were as shown below irrespective of the likelihood of a claim being successful (see also note 1.16 on page 46).

	2011	2010 (Re-stated)
	£'000	£'000
In relation to entries in the register	9,775	9,209
Fraud and forgery	57,616	22,410
	67,391	31,619

20 Notes to the cash flow statement

20.1 Reconciliation of operating surplus to net cash inflow/ (outflow) from operating activities

	2011	2010 (Re-stated)
	£'000	£'000
Operating surplus	65,369	19,462
Restructure and reorganisation costs	(85,341)	(34,609)
Depreciation of property plant and equipment	11,083	18,818
Amortisation of intangible assets	6,930	4,013
Impairment in value of non-current assets	344	3,710
Impairment in value of intangible assets	11,091	852
Increase/(decrease) in provisions	34,050	(22,290)
(Increase)/decrease in inventories	(392)	321
Decrease in receivables	5,146	1,806
Increase/(decrease) in payables	4,138	(5,940)
Decrease in Indemnity Fund	(1,200)	-
Net cash inflow/(outflow) from operating activities	51,218	(13,857)

20.2 Reconciliation of net cash flow to movement in net cash

	2011		2010	
	£'000	£'000	£'000	£'000
	Land Registry funds	Customer deposits	Land Registry funds	Customer deposits
Net cash at start of period	237,325	314	280,329	933
Increase/(decrease) in cash in the period	62,310	(167)	(43,004)	(619)
Net cash at end of period	299,635	147	237,325	314

Land Registry holds customer deposits as part of the credit account payment facility. At the year-end there were 18 accounts (2009/10: 19) for which a total of £0.15 million (2009/10: £0.31 million) was held in Land Registry's bank account.

Customer deposits are not shown in the balance sheet as they relate to third party monies.

21 Related party disclosures

In accordance with IAS 24 *Related party disclosures*, as interpreted by the FReM, the following information is provided on related party transactions.

Land Registry is an executive agency, trading fund and government department. During the year it has had a number of material transactions with other government departments and other central government bodies. Most of these transactions have been with Ordnance Survey and the Department for Communities and Local Government.

None of the board members, members of the key management staff or other related parties have undertaken any material transactions with Land Registry.

22 Public-private partnership

A contract was awarded in July 2009 to Steria for a five-year period (with an option to extend for a further two years) under a public-private partnership arrangement. Steria is required to design, implement and manage the IT infrastructure for Land Registry's registration systems. The infrastructure will support Land Registry's move towards integrating its computerised registers, title plans and supporting deeds. The accounting treatment is in compliance with International Financial Reporting Interpretations Committee (IFRIC) 12 *Service concession agreements*, as amended by the FReM, with the allocation of contract costs between the statement of financial position and the income statement.

Steria is providing a managed service and this is achieved with an on-site team that work in partnership with Land Registry's local system administrators. To maximise the use of Land Registry's IT assets, PCs, servers and hubs that are compatible with the managed service are now maintained by Steria on Land Registry's behalf.

For 2010/11 £8.26 million (2009/10 nine months: £5.28 million) was charged under the Steria contract to the statement of comprehensive income.

The future payments committed under the Steria contract are detailed below.

	£'000
Within one year	8,890
In second to fifth years inclusive	19,311
After five years	-
	28,201

Due to the flexibility built into the contract these numbers are estimates subject to change dependent upon Land Registry's transformation plans.

23 Corporate financial targets

	2011 Actual %	Target %	2010 Actual %	Target %
Percentage return on average capital employed	16.4	3.5	3.0	3.5

Under Trading Fund guidance issued by Treasury there is a principle of ‘taking one year with the next’ where the return on average capital employed is over five years. For the five year period commencing 1 April 2006 to 31 March 2011 the average return on average capital employed is 8.9 per cent (2009/10: 7.7 per cent).

24 Financial instruments

International Financial Reporting Standard 7 *Financial instruments: disclosures* requires disclosure of the role financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities.

Land Registry has no borrowings and relies primarily on income from statutory activities and is therefore not exposed to liquidity risks. Material deposits are held with the Government Banking Service and the National Loans Fund.

As all material assets and liabilities are denominated in sterling Land Registry is not exposed to interest rate risk or currency risk.

25 Events after the reporting period

In accordance with the requirements of IAS 10 *Events after the reporting period*, events after the statement of financial position date are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the certificate and report of the Comptroller and Auditor General.

Non-adjusting event after the reporting period

On 28 April 2011 we completed the sale of the Swansea Office Tŷ Bryn Glas for £3 million. At the year end the property was held on the statement of financial position within assets held for sale at a market value of £2.956 million. The sale of this property has resulted in a gain on disposal of £2.703 million, which includes a revaluation reserve release of £2.658 million and a gain on disposal of £0.045 million. The disposal of associated assets as a result of the sale of this property has resulted in a loss of £0.132 million. The net effect of this sale on the statement of comprehensive income in the 2011/12 accounts will be a profit on disposal of £2.571 million.

Treasury Minute dated 15 December 2003

- 1 Section 4(1) of the Government Trading Funds Act 1973 (“the 1973 Act”) provides that a trading fund established under that Act shall be under the control and management of the responsible Minister (or, where a trading fund is established for operations carried on by a person appointed in pursuance of any enactment, that person, if the Order establishing the trading fund so provides in accordance with section 1(6) (a) of the 1973 Act); and in the discharge of his function in relation to the fund it shall be his duty:
 - (a) to manage the funded operations so that the revenue of the fund:
 - (i) consists principally of receipts in respect of goods or services provided in the course of the funded operations, and
 - (ii) is not less than sufficient, taking one year with another, to meet outgoings which are properly chargeable to revenue account; and
 - (b) to achieve such further financial objectives as the Treasury may from time to time, by minute laid before the House of Commons, indicate as having been determined by the responsible Minister (with Treasury concurrence) to be desirable of achievement.
- 2 A trading fund for H M Land Registry was established on 1 April 1993 under the Land Registry Trading Fund Order 1993 (SI 1993 No. 938). Article 3(2) of that Order provides that the trading fund shall be under the control and management of the Chief Land Registrar. Additional assets were appropriated to the trading fund on 11 March 1996 under the Land Registry Trading Fund (Additional Assets) Order 1996 (SI 1996 No. 750). On 13 October 2003, the trading fund was extended and amended under the Land Registry Trading Fund (Extension and Amendment) Order 2003 (SI 2003 No. 2094).
- 3 The Secretary of State for The Ministry of Justice and the Lord Chancellor, being the responsible Minister for the purposes of section 4(1)(b) of the 1973 Act, has determined (with Treasury concurrence) that a further financial objective desirable of achievement by H M Land Registry for the period from 1 April 2006 to 31 March 2011 shall be to achieve a return, averaged over the period as a whole, of a minimum of 3.5 per cent in the form of a surplus on ordinary activities before interest (payable and receivable) and dividends expressed as a percentage of average capital employed. Capital employed shall equate to the total assets from which shall be deducted the total liabilities.
- 4 This Minute supersedes that dated 1 April 1993.
- 5 Let a copy of this Minute be laid before the House of Commons pursuant to section 4(1)(b) of the Government Trading Funds Act 1973.

Appendices 2010/11

Appendix 1

Our performance 2010/11

Each year the Lord Chancellor and Secretary of State sets Land Registry performance targets to ensure our customers continue to receive an excellent land registration service. Progress towards achieving these targets is monitored throughout the year and performance information is published in a range of formats on a regular basis. Our performance against our 2010/11 targets is as follows.

(KPI = key performance indicator)		Target 2010/11	Achieved 2010/11
Registration			
A1: Speed (KPI)	Percentage of all registrations processed within 15 working days	80%	89.81%
A2: Quality (KPI)	Percentage of completed registrations that meet internal quality standards in specified key areas ¹	97%	92.9%
A3: Accuracy (KPI)	Percentage of registrations processed free of any error	98.5%	99.10%
Comprehensive Land Register			
B1 (KPI)	Through voluntary registration, add a further 250,000 hectares of land to the total areas of registered freehold land in England and Wales	250,000 hectares by 31/03/2011	294,163 hectares
Legislation			
C1	Achieve Level 1 of HMG's Information Assurance Maturity Model	30/06/2010	Achieved
C2	Complete a formal consultation on proposals for e-dispositions, including the consultation report	31/12/2010	Proposals for e-dispositions consultation completed and the Board has made a decision on the way forward
Customer service development			
D1 (KPI)	Percentage of customers who rate the overall service provided by Land Registry as excellent, very good or good	Better than 95%	92%
D2	To continue with the introduction and development of customer teams	A minimum of 12 further teams by 31/03/2011	92 teams
Electronic service delivery			
E1 (KPI)	Increase the percentage of transactions delivered through e-channels	65%	65.28%
E2	Deliver an e-despatch solution that provides an e-response for all e-transactions with the exception of Land Charges applications and Land Registry official copy applications where the documents are not held electronically	30/09/2010	E-despatch capability was available for customer use on 12 September 2010

		Target 2010/11	Achieved 2010/11
E3	Complete the detailed requirements and system design phase for e-transfers	31/12/2010	Work on e-transfers has ceased pending a review of development costs
E4	External e-channel availability	99.25%	99.19%
People and processes			
F1 (KPI)	Percentage return on average capital employed	3.5%	16.4%
F2 (KPI)	Cost per unit in cash terms ² (<i>real terms</i>) ³	£33.95 (£21.70)	£30.64 (£19.58)
F3	10% reduction in average sick absence per person (days)	7.7 days	8.1 days
Information Systems			
<i>Service delivery</i>			
G1: Reliability	Availability of services ⁴	At least 99%	99.8%
G2: Speed of incident resolution	Time taken to resolve impact 1 incidents ⁵	Mean-time of resolution of 2 hours 30 minutes	1 hour 43 minutes
<i>Service desk management</i>			
G3: Incident management efficiency	Incidents fixed at first point of contact	At least 60%	66%
G4: Efficiency of response service	(a) Average number of calls per day that are abandoned ⁶	Less than 10%	6.7%
	(b) Call waiting times	Less than 15 seconds	26 seconds
<i>Product development</i>			
G5: Software release quality	Percentage software defects identified before entering production systems:		
	(a) external facing systems	95%	96.2%
	(b) combined (internal and external systems)	93.5%	96.1%
Estate			
H1: Energy efficiency	Reduction in kWh per square metre (combined gas and electricity consumptions)	15% improvement by 2010, relative to 1999/2000 levels	37%
H2: Carbon emissions (office)	Reduction in carbon emissions from offices	12.5% reduction by 2010/11, relative to 1999/2000 levels	36.5%

		Target 2010/11	Achieved 2010/11
H3: Water consumption	Reduction in water consumption on both office and non-office estate	25% reduction by 2020, relative to 2004/5 levels	31.9%
H4: Waste recycling	Increase in amount of waste that is recycled	40% of waste arising by 2010	72%
H5: Carbon emissions (vehicles)	Reduce carbon emissions from road vehicles	15% reduction by 2010/11, relative to 2005/6 levels	17.2%
Organisational development			
I1 (KPI)	Deliver the key ATP milestones as detailed in the ATP plan	31/03/2011	Milestones delivered
I2 (KPI)	Increase the percentage of staff positively engaged with Land Registry	50% (March 2011 pulse survey)	25.54%
I3 (KPI)	Increase the percentage of staff satisfied with Land Registry's leadership and change management	45% (March 2011 pulse survey)	18%
Product and service innovation			
J1	Submit the Land Registry Diversification Strategy, legislation change requirements and impact assessment to the minister by December 2010 to request ministerial permission to commence public consultation	31/12/2010	Strategy and legislation change requirements submitted and approved December 2010
J2 (KPI)	Increase gross incremental revenue from all add value products and services by a further £2.6 million above 2009/10 actual	£6.7 million	£4.36 million
J3 (KPI)	Earn a contribution from add value products and services of 8% of income net of direct costs and apportioned product development costs	8%	25%
J4	Explore in detail the factors and business drivers that contribute to customers' perception of the value for money of Land Registry's services and products by customer segment, service and channel	A specific value for money measure(s) by 31/03/2011	Net Promoter Score metric developed

1 The specified key areas are (a) the index map (b) the proprietorship entry and (c) easements.

2 Based on the GDP deflator issued by HM Treasury on 24 March 2010 (base year 1992/3).

3 The real term unit cost in the base year of 1992/3 was £30.65.

4 Average availability of defined key services measured using the Business Availability Centre (a commercial software package).

5 An impact 1 incident is where more than 50 per cent of a service or site is down/out.

6 Calls to the service desk terminated after 10 seconds are abandoned.

Appendix 2 Recruitment statement

The following information outlines Land Registry’s work in the field of recruitment during 2010/2011.

Due to the Civil Service-wide ‘freeze’, our recruitment outside the Civil Service has been limited during this period to two campaigns which commenced prior to 1 April 2010. Two successful candidates from these campaigns were appointed from outside the Civil Service; a Registration Executive 1 and a Registration Executive 2 who, as a short-term appointment up to a maximum of two years, was appointed as an exception to the recruitment principles permitted by the Civil Service Commissioners.

Our continued commitment to diversity and equality of opportunity is reflected in our recruitment procedures, which are continually monitored and evaluated. The following statistics relate to the staff mentioned above.

Grade	Male	Female	Ethnic minorities	Disabled
Registration Executive 1	-	1	1	-
Registration Executive 2	-	1	-	-

Our recruitment procedures are conducted on the basis of fair and open competition, in accordance with the Civil Service Commissioners’ Recruitment Principles, the Civil Service Code, and are subject to internal monitoring.



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