

# Land Registry Annual Report and Accounts 2009/10

Serving our customers



# Land Registry Annual Report and Accounts 2009/10

Report to the Lord Chancellor  
and Secretary of State for Justice  
by the Chief Land Registrar and  
Chief Executive on the work  
of Land Registry for the year  
2009/10.

Presented to Parliament  
pursuant to section 101 of the  
Land Registration Act 2002 and  
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  
27 July 2010.

HC251  
London: The Stationery Office  
£19.75

Land  
Registry





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ISBN: 9780102966497

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

ID 2370035 07/10

Printed on paper containing 75% recycled fibre content minimum.

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# Foreword

By the Chief Land Registrar and Chief Executive

Serving customers quickly, efficiently and courteously has always been Land Registry's priority. Year after year we've recorded levels of customer satisfaction that are the envy of other organisations, both in the private and public sector. But in a changing world, and with Land Registry itself changing fast, the creation of a new, diverse and flexible approach to serving customers has become a necessity.

Who are our customers? Our immediate customers are the legal practitioners – conveyancers and solicitors – who we work with on a day-to-day basis. On a wider view it's any member of the general public who uses our services, whether on a commercial or a private basis. Our contact with the public has grown as we've created more online services, particularly through our *Find a property* website.

The truth though is that we need to know our customers much better than we do at present, in order to serve them as well as we can. We need to understand their businesses or their personal circumstances so we can tailor our processes and our products for them. And we need to listen when they tell us what works for them.

For instance, we've involved leading lawyers in our plans to introduce electronic transfers in spring next year. They've challenged and informed the processes, design and features we've proposed. A consultation was then held this spring on the rules for the service.

As another instance, we found our Property Portfolio Consolidator

service was particularly useful for housing associations thanks to talking to social landlords and their representatives. For the general public, we targeted our *Protect your property* anti-fraud campaign at particular groups of at-risk homeowners identified and contacted via relevant consumer bodies.

As we talk to our customers more and find out more about them, we need to ensure we use the information efficiently and wisely. Every time a customer contacts us, the member of staff taking the call or opening the envelope must be able to view that customer's records and respond accordingly. That's where our Customer Relationship Management strategy comes in, allowing everyone at Land Registry to update and access customer records so they are as comprehensive as possible.

One thing we do know is our customers are busy people with no time to waste. They're rightly not interested in how Land Registry does things as long as they're done as well as possible. We've taken a long hard look at the way we're organised and one result is the creation of customer teams, which will give our larger business customers a single point of contact for all their applications. A pilot has shown that the concept works and we're taking it forward across the organisation.

All this is part of the customer strategy we're drawing up. The high-level strategy was approved last year and the detailed strategy has now been adopted. Again, we don't expect customers to set much store by a strategy in itself. What counts is how we apply it and the benefits they see.

Can we turn around an application within a day? Can the customer's question be answered by the first person to pick up the phone? Can we create e-services that are straightforward to adopt and use? When we can answer yes to these questions and more, we'll know we have got the strategy right.

Of course good service depends on people first and foremost. Land Registry staff have always put service to the customer first, even when some of our processes have put obstacles in their way. Our technological and process improvements are important but customer service is ultimately about people.

This year we have needed to achieve greater efficiency and we are in the process of implementing the changes announced under our Accelerated Transformation Programme, which will lead to reductions in staff numbers and offices, with savings of nearly £500 million over the next 10 years. I recognise that the last couple of years have been exceptionally tough for our staff but we're doing our best to support them through this difficult period. We're doing all we can to help those leaving make a fresh start. For those who remain with Land Registry, I can promise a stimulating future working for an organisation that puts its customers first.



**Marco Pierleoni**  
Chief Land Registrar and Chief Executive

9 July 2010

# Who we are and what we do

Her Majesty's Land Registry (Land Registry), established in 1862, is a government department in its own right, an executive agency and a trading fund that makes no call on monies voted by Parliament. By statute, it is required to ensure that its income from fees covers all of its expenditure under normal operating conditions.

Land Registry comprises the Registration of Title Department, dealing with its 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. It has 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 Lord Chancellor and Secretary of State for Justice is the minister responsible for Land Registry.

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, which can be

found at our website  
[www.landregistry.gov.uk](http://www.landregistry.gov.uk)

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 some 22.5 million titles, and more than 10 million hectares – or 73 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 London-based Head Office and offices in Plymouth housing the Land Charges and Agricultural Credits departments and our Information Systems Directorate.

Under proposals announced in 2006, our Harrow Office closed during February 2010 and York is scheduled to close in September 2010. Further, in Durham, Lytham St Annes, Birkenhead, Nottingham and Swansea, where Land Registry had two offices, these were merged during 2009/10.

During the period 2010/11, we shall reduce our surplus space requirement further by closing a number of offices as part of our transformation programme. In particular, we intend to close Portsmouth Office by February 2011, and close Stevenage and Tunbridge Wells offices by June 2011. Our Plymouth Office staff are moving from Plumer House to Seaton Court from April 2011, and Plumer House will then be sold. In London, our Head Office

staff will move to Croydon Office by 31 March 2011, and the Head Office building will then be sold.

Contact details for Land Registry's offices can be found at our website [www.landregistry.gov.uk](http://www.landregistry.gov.uk)

“Our main purpose is to register ownership of land in England and Wales and to record dealings with land once it is registered.”

# Our vision, purpose, aims and objectives

Our vision is a fast, efficient and customer focused Land Registry.

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, and
- 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 are to:

- create and maintain an accurate, secure and comprehensive register
- complete registration applications quickly, accurately and efficiently, and
- 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.

During 2009/10 our key strategic objectives were grouped under four key development areas as follows.

## *Customer engagement and customer service*

- Continue to make improvements to the delivery of services to our customers through identification of their needs and behaviours.

## *Land registration*

- Deliver timely and effective secondary legislation in relation to land registration.

- Create a comprehensive Land Register for England and Wales.

## *Electronic service delivery*

- Introduce further electronic services through which an increasing number of property transactions will be effected.

## *Customer and business development*

- Develop a broader range of 'add value' statutory and non-statutory products and services that meet the needs of our customers.

Our performance against these objectives and their targets is shown on page 11.

“Our vision is a fast, efficient and customer focused Land Registry.”

# The year in focus



Harrow Office staff at their celebration ball

Land Registry entered 2009/10 with hopes that the worst of the property slump was behind us but aware that the impact of the global economic crisis would continue to be felt. The previous year had been perhaps the toughest in our history, with the level of registrations falling to 60 per cent of its peak the year before. Revenues declined by 36 per cent and we recorded an operating deficit of £65.6 million (after the restatement required for the move to International Financial Reporting Standards). £73.3 million before restatement.

We knew that existing plans to transform the organisation for a new era of electronic and commercial services would be affected by the downturn. The Accelerated Transformation Programme (ATP) was created to draw up the radical proposals deemed necessary to put us back on track. The aim was to ensure

we become the smaller, leaner, flexible, customer focused and sustainable organisation we need to be to deliver our objectives in a changing market.

In October the ATP's recommendations were published for public and internal consultation. They included reducing staff numbers by around 1,500 by 2011, closing five offices and disposing of the central London Head Office and one of our Plymouth buildings.

During the consultation period Chief Land Registrar and Chief Executive Peter Collis announced he was stepping down. His successor, on an interim appointment, is Marco Pierleoni, previously Director General, Finance and Commercial with the Ministry of Justice.

After the ATP consultation closed at the end of January the results were digested

and the final decisions of the Board announced. The cut in staff numbers was changed to 1,400 by 2011 and a further 800 by 2014. Two of the offices slated for closure, Croydon and Peterborough, were reprieved with Head Office moving to Croydon to co-occupy the Trafalgar House building. Tunbridge Wells, Stevenage and Portsmouth offices will now shut in 2011, though a sub-office will remain in the short term in Portsmouth. Plumer House in Plymouth will be sold, with Plymouth Office staff moving to Information Systems' Seaton Court base.

These office closures would not be the first Land Registry has made. The Harrow and York offices had been due to shut since 2006 and in February 45 years of land registration in north-west London came to an end with Harrow's closure. Staff marked the occasion with a celebration ball at Harrow School in December.

Cost savings were also being achieved through the



Chief Executives Marco Pierleoni and Peter Collis



Information Systems Director John Wright (right) signs the Gloucester data centre deal with his Ordnance Survey counterpart Bob Goodrich

renegotiation of contracts and other cuts across the organisation. For the first time all our suppliers were called together for a conference, where managers challenged them to improve the value for money they offered. Among the successes scored by procurement teams was a saving of just over £500,000 on the cost of cleaning our buildings. In July we helped balance the books further by raising our fees, a regrettable but rare occurrence when it's considered that eight of the nine fee amendments since 1993 have been reductions.

A new source of income was created when we signed a groundbreaking five-year data centre deal with Ordnance Survey (OS), under which OS will lease 219 square metres of serviced and managed space at our data centre in Gloucester.

We are actively pursuing a shared service strategy by marketing extra capacity at our data centres and the OS agreement was the first of its kind across central government.

Running parallel with the Accelerated Transformation Programme, and informing its decisions, was the continued development of our customer strategy. A new high-level customer strategy was approved by the Board in September, with Commercial Director Annette Davies-Govett taking charge as Commercial & Customer Strategy Director. A detailed strategy will be formally presented to the Board in May.

One of the key elements of the strategy is the creation of customer teams. Current practice is for customers to send their applications to

whichever Land Registry office is responsible for the relevant geographical area. Customer teams instead provide a single point of contact for national and large regional customers, who send all their applications to that team regardless of location. The teams build a relationship with the customers they serve, getting to know the people and the business. The idea was successfully piloted at Hull and Gloucester offices and customer teams are now being set up across Land Registry.

The fall in core registration work gave us the chance to focus staff attention on development work such as data integrity and voluntary registration. Our continuing aim is to achieve a comprehensive land register in England and Wales, with all the strategic and commercial advantages that would deliver. Challenging targets for increasing geographic coverage are set each year and in the autumn the proportion of registered freehold land topped the 70 per cent mark, compared with 45 per cent in 2004.

Another area of intense focus was on combating the growing risk of property fraud. Increased investment in our anti-fraud activities stopped attempted fraud against properties valued at around £20 million. More staff were allocated to our dedicated anti-fraud team while others across the organisation were given training on spotting and

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Avebury stone circle: registered as part of the National Trust estate project

preventing fraud. New systems and processes were also introduced.

We share information about fraud with a wide variety of organisations, including the National Fraud Initiative, National Fraud Intelligence Bureau and National Fraud Authority and work with international partners through forums such as the United Nations Economic Commission for Europe's Working Party on Land Administration. In January we launched a *Protect your property* campaign raising awareness of the need for homeowners to keep their contact details up to date.

The property slump did not affect the continued drive to move as many of our services as possible online. At the year's end a consultation was launched into the rules for introducing electronic

transfers. This is the third main element of electronic conveyancing after electronic discharges and charges, which are already available to customers.

The portal, a secure website platform for accessing Land Registry's electronic services, started to attract substantial numbers of customers in advance of the shutdown of 10-year-old business users' website Land Registry Direct. The portal provides all the services offered by Land Registry Direct and more, with further benefits being added at regular intervals. Search of the index map with attached plan, together with search of part with priority with attached plan, were two of the key services that became available in November. In April the Legal Services Commission, which runs the legal aid scheme in England and Wales, became the first central government body to sign up to the portal.

Business Gateway is an alternative way for customers to access our services, allowing them to send applications directly from their case management systems. It has been developed to enable customers to send and receive data electronically via web language XML. Initially it is aimed at conveyancers who deal in high volumes of remortgage work. Customers benefit as it streamlines their processes by removing the need for them to type details into Land Registry web pages, which is particularly useful to

those sending large volumes of applications. A key benefit for us is to move customers away from paper charges on to electronic charges (e-charges). In February an e-charge was delivered via Business Gateway for the first time.

The advances made in putting statutory services online were mirrored in the progress made in marketing and selling 'add value' services that help customers in their day-to-day work. Established products such as Illustrative Plans and Charge Validation were joined by newer names such as Register Extract and Property Portfolio Consolidator, each drawing on our data and expertise to offer customers an enhanced business process.

For the general public the Flood Risk Indicator was made available via the *Find a property* web pages. The indicator allows homeowners and buyers to determine the risk of flooding to land or property more accurately than ever before. The service combines Environment Agency flood data with Land Registry address data to determine the danger on a property-by-property basis. This was the first time we had bought another government agency's data and combined it with our own to create a new product.

The technology behind e-services and Add Value Services continued to be developed by our in-house

Information Systems (IS) Group in Plymouth. The group's efficient delivery received national and global recognition during the year. It gained Software Engineering Institute accreditation at CMMI Maturity Level 2, recognising the reliable and cost-effective way it develops software, and its successful migration of some of Land Registry's most vital data to a new database was held up by business partner IBM as an example to counterparts around the world.

Developing staff skills has remained a priority across Land Registry despite the pressure on training budgets. We retained our accreditation by Investors in People, the UK's leading people management standard, thanks to offices around the country proving the high standard of their staff training and development. All our offices are reviewed once in a three-year period. The Association of Chartered Certified Accountants (ACCA) meanwhile awarded us Platinum Approved Employer status following a full review of the training and continual professional development of Land Registry members. ACCA's highest accolade is given to employers who demonstrate commitment to good practice in the training and development of ACCA staff.

The year was a difficult one for everyone at Land Registry, with uncertainty hanging over the future of many people's jobs and offices, but



Staff take part in the tug of war at sports day in Cheltenham

staff still threw themselves enthusiastically into the social events that are landmarks in every Land Registry year. At the annual relay, scores of walkers, runners and cyclists shrugged off poor weather conditions to cover all 180 miles of the Tarka Trail in north Devon. Four relay 'batons' were slotted together in a frame to symbolise the success of the event. The weather was better for sports day 2009 in Cheltenham, where more than 200 people took part in the competitive events and around 500 celebrated into the small hours at a party at Cheltenham Racecourse.

# Our performance 2009/10

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 by a robust management information system, and performance information is published in a range of formats on a regular basis. Our performance against our 2009/10 targets is as follows.

	Target 2009/10	Achieved 2009/10
<b>Customer service</b>		
<i>Speed</i>		
Percentage of official copy and search applications processed within two working days	98	98.6
Percentage of all registrations processed within 15 working days	80	89.4
<i>Accuracy</i>		
Percentage of registrations processed free of any error	98.5	98.98
<i>Overall satisfaction</i>		
Percentage of customers who rate the overall service provided by Land Registry as excellent, very good or good	Better than 95	95.29
<b>Financial</b>		
Percentage return on average capital employed	3.5	3.2
<b>Efficiency</b>		
Cost per unit in cash terms <sup>1</sup> (real terms) <sup>2</sup>	£35.20 (£23.27)	£29.13 (£19.26)
<b>Strategic development areas</b>		
<i>Customer engagement and customer service</i>		
Introduction of a prototype service for electronic lodgement of a search of the index map (SIM) with plan		Achieved – service went live on 12 October 2009
<i>Land registration</i>		
Through voluntary registration, add a further 310,000 hectares of land to the total areas of registered freehold land in England and Wales	310,000 hectares	456,534 hectares
<i>Electronic service delivery</i>		
Introduce a pilot Business Gateway		Achieved – pilot commenced during September 2009
<i>Electronic service delivery</i>		
Increase gross incremental revenue from ‘add value’ products and services by 25% compared with 2008/09 and earn a contribution of 8% of income net of direct costs and apportioned product development costs	£4.9 million revenue  8% contribution	£4,078,820  16%

<sup>1</sup> Based on the GDP deflator issued by HM Treasury on 31 March 2010 (base year 1992/3)

<sup>2</sup> The real term unit cost in the base year of 1992/3 was £30.65

# Our wider business performance 2009/10

	2008/9	2009/10
<b>Customer service</b>		
<i>Speed</i>		
Percentage of customers who rate the speed of service of official copy and official search applications as excellent, very good or good	98	96
Percentage of customers who rate the speed of service of registrations as excellent, very good or good	94 (new titles) 99 (dealings)	96 (new titles) 97 (dealings)
Average number of days taken to process:		
first registrations	5	6
dispositional leases	5	7
transfers of part	6	8
dealings of whole	3	3
official copies	2	2
official searches	1	2
Percentage of general correspondence (letters, faxes and emails) responded to within five working days	97	98.4
<i>Accuracy</i>		
Percentage of customers who rate the accuracy of registrations as excellent, very good or good	94 (new titles) 96 (dealings)	91 (new titles) 93 (dealings)
<i>Overall satisfaction</i>		
Percentage of customers who rate the overall service provided by Land Registry as excellent or very good	83	79
<b>Strategic</b>		
Number of registered titles (millions)	22.154	22.518
Percentage (area) of freehold of England and Wales registered	69.46%	73.35%
Number of registrations:		
first registrations	319,152	223,706
discharges	1,708,175	1,115,408
mortgages	1,651,336	1,115,807
transfers for value	734,224	764,424
leases	185,616	134,277
<b>Other</b>		
Average number of training days per person (annual return)	5.3	5.86
Average sick absence per person (days)	8.8	8.6
Year-to-date indemnity spend (with fraud as a sub-category)	£10,058,945	£7,782,081
	Fraud: £5,072,113	Fraud: £4,947,650
Headcount total (total number of full-time equivalent (FTE) employees)	7,938 (7,119 FTE)	6,294 (5,667 FTE)
Ratio of core to flexible/temporary workforce	187.98:1	285.81:1
HR staff FTE as a ratio of Land Registry total staff FTE	1:50	1:47

	2008/9	2009/10
<i>Women, disabled and BME staff as a percentage of total employees</i>		
Women as % of senior civil servants (SCS)	33%	32%
Women as % of staff	63%	61%
Ethnic minorities as % of staff (SCS)	3%	0%
Ethnic minorities as % of staff	5%	5%
Disabled as % of staff (SCS)	7%	4%
Disabled as % of staff	6%	6%
Employee turnover (percentage of FTE employees leaving Land Registry)	2.3% for quarter ending 31.03.09	1.9% for quarter ending 31.03.10
Customer satisfaction with HR advice (HR Service Centre Interim Customer Satisfaction Survey – December 2009)	Not applicable	89% of staff/line managers very satisfied or satisfied with the overall service provided
Percentage of total volume of services delivered through electronic channels	-	35.25
Percentage of total income generated through electronic services	-	19.4
Percentage surplus capacity in the total estates portfolio	11.53%	22.36%
Percentage of applications validated as correct on completion	-	93.3
Percentage of new titles registered free from real overlaps	-	97.0
Percentage of titles processed on which specified entries are correct	-	90.1

## Intakes and outputs

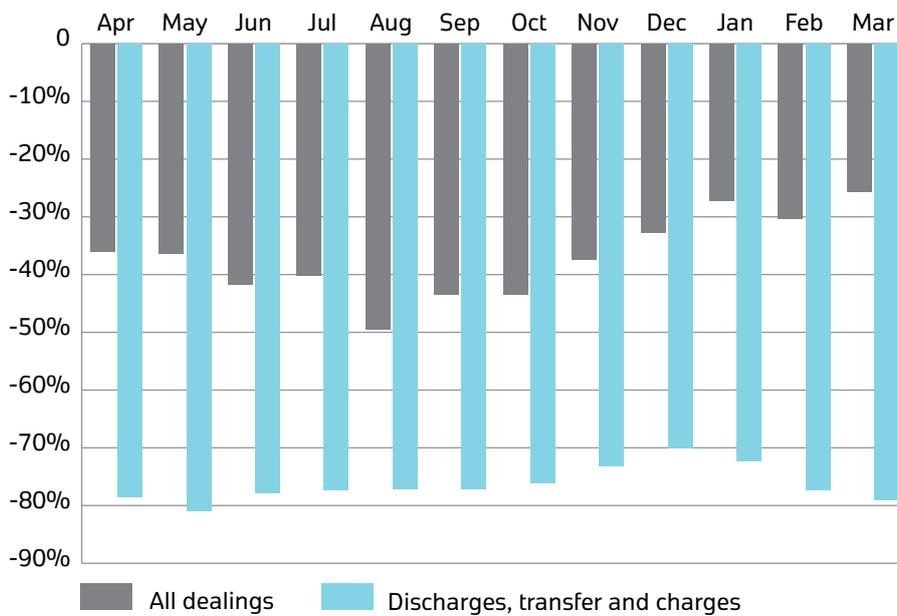
Although we achieved our forecast workload, the property market, which significantly cooled during 2008/9 with a resultant collapse of our core business by up to 75 per cent in volume, did not improve during 2009/10 and in comparison with 2007/8 intakes our basic work remained at low levels. This is illustrated in the graph alongside, which shows a monthly comparison with 2007/8 intakes for dealings and discharge/transfer/charge applications.

Overall intake decreased by 11.7 per cent over that received for 2008/9. We received 23,609,868 applications over the year. This equates to a unit output for 2009/10 of 10.4 million, compared with the budget forecast of 10 million. At 9,977,421, intakes of preliminary services applications have decreased by 13.5 per cent on the previous year's 11,528,763 applications. Output for the year was 9,977,421 applications, which is 13.5 per cent less than achieved for 2008/9.

## Overall customer satisfaction

The results of our customer satisfaction telephone interviews show extremely positive ratings for Land Registry with 95.3 per cent rating our overall service as excellent, very good or good against our KPI target of better than 95 per cent. This is on a par with the satisfaction rating achieved in 2008/9 of 96.8 per cent. Also 85.7 per cent rated Land Registry on overall value for money as excellent, very good or good, and 74.4 per cent agreed strongly with the statement that Land Registry is a professional,

## Impact of credit crunch on discharges, transfers and charges



efficient and courteous public service.

Additionally, our survey showed that Land Registry staff received above average ratings (excellent or very good) across all services in providing information and guidance, especially for helpfulness and courtesy (73.5 per cent) and for knowledge and competence (59.9 per cent).

## Efficiency

We met our cash cost per unit target, the year-end figure being £29.13 against a target of £35.20. We did not meet our target for the return on average capital employed of 3.5 per cent with an outturn of 3.2 per cent. In accordance with trading fund principles of 'taking one year with the next', the return on average capital employed over five years was 7.7 per cent. Further details of our income and expenditure can be found on page 44.

## Accuracy

We achieved our KPI relating to the accuracy of casework. We processed 98.98 per cent of all cases free from error against the target of 98.5 per cent (98.91 per cent was achieved in 2008/9).

The results of our customer satisfaction survey showed that 95.4 per cent of customers rated the accuracy and quality of casework in 2009/10 as excellent, very good or good compared with the 95.3 per cent the previous year.

The percentage of customers who rated the accuracy and quality of completed registrations as excellent (23.9 per cent) or very good (41.7 per cent) was 65.6 per cent compared with 72.7 per cent the previous year.

## Speed

We also achieved our KPI relating to the percentage of all registrations processed within

15 working days. We processed 89.39 per cent within 15 days against the target of 80 per cent. During 2008/9, the result was 87.6 per cent within 15 days (and 91.7 per cent within 18 days, against a KPI of 80 per cent within 18 days).

We are striving to process dealings of whole (where no amendment is needed to the title plan) on a 'same-day' basis. This year, on a daily basis, we completed 74.50 per cent of such applications on the day of receipt (compared with last year's figure of 69.54 per cent). Those we could not complete were usually awaiting confirmation by lenders that a mortgage had been discharged.

The results of our customer satisfaction survey showed that 95.4 per cent of customers rated our speed of service of substantive casework for 2009/10 as excellent, very good or good, and 97.2 per cent rated the speed of service of preliminary services as excellent, very good or good. For 2008/9 the figures were 96.3 per cent and 98.2 per cent respectively.

## Performance against our strategic development area objectives

### **Electronic service delivery.**

The Business Gateway pilot commenced in September 2009 aimed at the re-mortgage market. Pilot criteria were confirmed as having been met by Internal Audit in February 2010, and Business Gateway was subsequently handed over as a business as usual capability.

**Land registration.** Creating a comprehensive register of land in England and Wales is vitally important to Land Registry. It will mean every registered landowner has the best possible legal protection, and buyers have access to good title information, making buying and selling easier for everyone concerned. In 2009/10, we added a further 456,534 hectares (or 2.97 per cent) of freehold land in England and Wales to the register, which means some 73.35 per cent is currently registered.

Through 2009/2010, the volume of voluntary work processed was significant. Against our target of adding a further 310,000 hectares of land to the total areas of registered freehold land in England and Wales through voluntary registration, we achieved a figure of 456,534 hectares with the help of some notable registrations, namely the Goathland Estate, where the TV series Heartbeat was filmed, Salisbury Plain and Stokesay Court Estate, where the film Atonement was made. This continued activity on register development was a positive response to the continued downturn in intakes, with our new customers being persuaded of the benefits of registration despite the uncertain economic climate.

### **Customer engagement and customer service.**

A prototype service for electronic lodgement of a search of the index map (SIM) with plan was introduced to the portal in October 2009.

### **Standards of service**

Our target standards of service, and our achievements against

them, are published on our website [www.landregistry.gov.uk](http://www.landregistry.gov.uk) and displayed in our customer information centres across England and Wales.

Our annual business plan contains full details of our key performance indicators and targets and is published on our website.

## 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.

This year the combined totals of applications dealt with by the Land Charges and Agricultural Credits departments was 2,557,499, which represents a reduction of 16 per cent over the totals for 2008/9.

The total number of searches processed was 2,272,546, which is a reduction of 18 per cent over the previous year.

The proportion of search and official copy applications made by telephone, direct access and fax decreased to 81.4 per cent

of the totals received during this year, compared with 88.9 per cent in 2008/9, with 94 per cent of official copy applications being delivered in this way. A total of 74.6 per cent of Land Charges searches are now processed through Land Registry Direct and the National Land Information Service. The percentage of telephone searches conducted as a proportion of total search applications received fell to 7.9 per cent compared with 8.7 per cent in the previous year.

## 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

## The Land Charges Department

Type of application	Number of applications or names in 2009/10	Percentage variation compared with 2008/9
New registrations, rectifications and renewals	204,235	+7%
Cancellations	15,781	-21%
Official searches:		
– full searches	492,207	-4.5%
– searches limited to insolvency	1,780,339	-21%
Official copies	59,878	-8.6%
<b>Total</b>	<b>2,552,440</b>	<b>-16%</b>

## Legislation

The Land Registration Fee Order 2009 came into force on Monday 6 July 2009.

The Land Registration (Amendment) Rules 2009 and the Commonhold (Land Registration) (Amendment) Rules 2009 came into force on 1 October 2009. The amendments reflected the coming into force of parts of the Companies Act 2006 and legislation made as a consequence of that.

Two Proper Office Orders were made during the year to reflect the restructuring of the Land Registry estate. The Land Registration (Proper Office) Order 2009 came into force on 1 October 2009. This reflected the merger of the two offices in Birkenhead and the two offices in Nottingham into a single office in each location. The Land Registration (Proper Office) (No. 2) Order 2009 came into force on 11 January 2010. This reflected the closure of the Land Registry, Swansea Office.

A consultation was launched on 22 March 2010 on draft Land Registration (Electronic Conveyancing) Rules 2011 which would make provision for the creation of certain transfers and legal charges in electronic form.

## Rule Committee

The Rule Committee was reconstituted 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. A High Court judge chairs it and its members comprise the Chief Land Registrar, representatives

of the legal profession, mortgage lenders and surveyors together with a person appointed for their experience in consumer affairs. Neither the chair nor the members are paid for their work on the committee. The committee meets as necessary to consider new or amendment rules.

A High Court judge was appointed to the committee in May 2009, his predecessor having served for 13 years.

The Rule Committee met in June 2009 to consider what became the Land Registration (Amendment) Rules 2009 and the Commonhold (Land Registration) (Amendment) Rules 2009. The Land Registration Fee Order 2009 was considered by the committee in March 2009 as reported in the Annual Report 2008/9.

## International Unit

Our International Unit ensures that we communicate and interact effectively with our stakeholder network overseas, that our interests are represented in relevant international forums and that we contribute where appropriate to the Government's international priorities. This includes providing assistance to developing and transitional countries as part of the Justice Assistance Network of domestic UK justice sector government departments.

In 2009/10 we maintained our strong links with our counterparts overseas. We have again been active participants in the United Nations' Economic Commission for Europe's (UNECE) Working Party on Land Administration (WPLA),

helping to identify and spread good practice throughout the European Economic Region. Our Head of International Unit is a member of the WPLA Bureau and we have taken the lead in a Europe-wide study on fraud prevention in online land registers. We have continued to be active members of the European Land Registry Association (ELRA), which represents the interests of land registries in the EU and in Community law. Through ELRA, we cooperate with the European institutions on matters of joint concern, developing and understanding the role of land registration in real property and capital markets. Also our Chief Geographic Information Officer represents the UK on the Permanent Committee on Cadastre in the European Union.

During the year, we provided further assistance to the land registration authority in Colombia, at the request of the British Embassy in Bogotá. We also carried out a review of processes for, and at the request of, the Survey and Land Registration Bureau in Manama, Bahrain.

We have also continued to receive a large number of visitors from overseas, delivering to them tailor-made study programmes to meet their particular areas of interest, such as customer service, registration processes and human resource. Such visits give us the opportunity to share experience and expertise and to build relationships with overseas colleagues working in the same field. This year we have hosted study visits from our counterparts and other organisations in Afghanistan,

Australia, Bahrain, Canada, Gambia, Guernsey, Lesotho, Mexico, New Zealand, Nigeria, St Vincent & the Grenadines, Saudi Arabia, Singapore, Turks & Caicos and the USA.

## Corporate responsibility

Land Registry remains committed to its corporate responsibility action plan and our steering group continues to promote and embed responsible business behaviour into our organisation.

The national volunteering policy was launched in May 2010 and we have joined the National Talent Bank, an online tool that matches staff to relevant volunteering opportunities in three of our target areas – young people, the environment and local communities.

Staff at our Plymouth, Information Systems and Nottingham offices are volunteering as job coaches to help people with challenges such as homelessness and offending to find employment.

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 at all stages on the low carbon journey. Our Sustainable Development Action Plan is regularly reviewed and updated, and our Environmental Management System embeds good environmental principles into all activities.

We have made good progress in most areas towards achieving the targets for sustainable

operations on the government estate but have some work still to do on reducing carbon emissions from road vehicles, which continues to be a challenging target for us.

## Open and full information

A comprehensive range of practical information about our services and procedures is available from Land Registry Customer Support and all our customer information centres (CICs). All publications and land registration forms are available to view and download free of charge from our website ([www.landregistry.gov.uk](http://www.landregistry.gov.uk)) as are all the official forms needed to lodge land registration applications. The website also includes a section devoted to answering frequently asked questions.

During 2009/10, Land Registry identified 150 written requests for information as being made under the provisions of the Freedom of Information Act 2000.

## Accessibility and the promotion of choice

Our main customers tend to be from the legal profession or financial institutions, although we do receive applications and enquiries from a range of other bodies and directly from the general public. We recognise that our customers include everyone affected by our work.

Customers can contact us in person, by telephone, fax, email and post. Professional customers with credit accounts/variable direct debit can access our services electronically through the Land Registry portal and through Telephone

Description	Government target	Achievement at 31 Mar 10
Carbon emissions from offices	Reduce carbon emissions by 12.5% by 2010/11, relative to 1999/2000 levels	30.33% reduction in emissions
Carbon emissions from road vehicles	Reduce carbon emissions from road vehicles used for Government administrative operations by 15% by 2010/11, relative to 2005/6 levels	6.6% reduction in emissions
Energy efficiency	Departments to increase their energy efficiency per m <sup>2</sup> by 15% by 2010, relative to 1999/2000 levels	29.31% improvement in performance
Recyclables	Departments to increase their recycling figures to 40% of their waste arising by 2010	62% of waste recycled
Water consumption	Reduce water consumption by 25% on the office and non-office estate by 2020, relative to 2004/5 levels	30.56% reduction in consumption

Services, which provide a quick, convenient and simple method of applying for a number of our services. Telephone Services for Wales specialises in Welsh place names and offers a Welsh language service.

The general public can access our information electronically by using our *Find a property* service. This allows anyone with access to the internet to download title registers and title plans and pay by credit or debit card.

We are fully committed to equal opportunities for all our employees and customers. We design our policies and procedures to be fair and

reasonable. We appreciate everyone's differences and make sure all our employees have the opportunity to develop their skills so we can provide the best possible service to all our customers.

We invite our customers to tell us if they would like:

- help understanding the information we give
- the information in a different language or format, such as on audio tape or in large print, or
- an adviser, friend or member of their family involved when they deal with us.

We will do our best to help.

All customer information centres have access for wheelchair users. We maintain a list of members of staff who can use British Sign Language with customers. Textphone and Minicom users can call our customer contact centres using the text relay service by adding the 18001 prefix before the telephone number.

We use our customer feedback questionnaire, *We value your comments*, to assess demand for information in languages other than English and Welsh. We also maintain a database of staff able to speak other languages to help customers with particular language needs.

### Welsh language service

Land Registry welcomes correspondence in Welsh and initiates correspondence accordingly. We reply in Welsh to letters received in Welsh and meet the same speed of service targets for correspondence. Correspondence by fax and electronic means are treated in the same way. Our website is bilingual, and the Welsh site can be accessed through [www.cofrestrfathir.gov.uk](http://www.cofrestrfathir.gov.uk)

We offer a Welsh language service on the telephone and in some customer information and telephone service centres. We aim to deliver an equally high-quality service in Welsh and English.

The register template of every title in Wales is printed in bilingual format. The headings and standard information appear in English and Welsh. Individual entries appear in the language of the source

document on which they are based.

For further information on the Welsh language services that we provide please contact:

The Welsh Language  
Coordinator  
Land Registry Wales Office  
Tŷ Cwm Tawe  
Phoenix Way  
Llansamlet  
Swansea SA7 9FQ

### Putting things right

We appreciate that mistakes can be annoying, but sometimes things can go wrong and we may not get it right first time. We welcome complaints and provide a variety of methods to make it as easy as possible for people to do so. Our complaints leaflet *Putting things right* explains our procedure, making it easy for people to complain in person, over the phone or in writing (including fax and email). Our website enables customers to complain to us online and contains full contact details.

We see complaints as an important aspect of customer feedback because they may identify gaps or deficiencies in service delivery and lead to improvements. Customers are informed of improvements made in response to complaints either directly, through our customer magazine, *Landnet*, or on our website.

In 2009/10 we received 4,183 complaints (compared with 2,389 in 2008/9). Amongst the issues that led to high numbers of complaints were the increase in fees in July 2009 and the proposals announced under

the Accelerated Transformation Programme (ATP).

Of the complaints received in 2009/10, 88 per cent were responded to within our five-day target (92 per cent in 2008/9).

During 2009/10, Land Registry was approached five times by the Office of the Parliamentary and Health Service Ombudsman. Two of these were preliminary enquires that did not lead to further investigation. The position at the end of the year was that in two of the other cases the ombudsman was conducting an investigation, the outcome of which was not known at time of publication, and in the final case it was not known whether the enquiry would proceed to a full investigation.

### Independent Complaints Reviewer

The Independent Complaints Reviewer (ICR) conducts independent investigations of complaints from customers who remain dissatisfied with the customer service they have received from us, having exhausted our internal complaints procedure. Elizabeth Derrington has been ICR for Land Registry since 2008, and is a qualified solicitor and mediator with a wide experience in complaint resolution. She is also ICR for the Northern Ireland Youth Justice Agency.

The number of referrals leading to formal investigations by the ICR remains at a consistently low level, with the proportion of individual complaint issues upheld being relatively small.

Recommendations contained in the reports issued by the ICR are considered and evaluated by Independent Complaints Reviewer Evaluation & Study Team, which was specifically set up for this purpose. Information about its meetings and the actions taken on the ICR decisions are accessible to all Land Registry staff on our intranet pages.

Further details including case studies are set out in the ICR's annual report, which can be obtained online at [www.icrev.org.uk](http://www.icrev.org.uk)

### Indemnity Fund

In 2009/10, we paid £7,782,081.06 for 1,011 claims, compared with £10,058,945.39 for 1,364 claims in 2008/9.

We saw a decrease in the number of claims and the amount paid as a result of fraud, such as the registration of fraudulent transfers and charges. We paid £4,947,650.06 for 53 claims, down from £5,072,113.43 for 62 claims in 2008/9. During the year we have reviewed our procedures and continue to do so. We have introduced measures intended to counteract registration fraud.

We recovered £155,748.25 under our statutory rights of recourse, compared with £89,235.00 last year.

## Indemnity claims for 2009/10

Nature of claim	Number of claims	Substantive loss (£)	Costs (£)	Percentage of total
Extent of registered titles	324	£577,772.48	£646,956.30	15.7%
Errors in/omissions from register entries	189	£887,055.59	£257,531	14.7%
Sundry plans errors	42	£31,741.76	£62,059.68	1.2%
Fraud and forgery	53	£4,508,090.06	£439,560	63.6%
Official inspections of title plans	9	£12,500	£6,261.64	0.2%
Bankruptcy errors	0			0.0%
Official searches	7	£800	£4,371	0.1%
Official copies	6	£13,833.53	£12,785	0.3%
Errors in SIMs	33	£8,689.09	£23,613.15	0.4%
Errors in filed extracts	28	£1,080.75	£3,914.07	0.1%
Lost documents/ administrative errors	319	£70,903.20	£137,673.08	2.7%
Land Charges errors	1	£74,889.68	-	1.0%
<b>Total</b>	<b>1,011</b>	<b>£6,187,356.14</b>	<b>£1,594,724.92</b>	
Gross payment		£7,782,081.06		
Less sums recovered under Land Registry's statutory right of recourse		£155,748.25		
<b>Net indemnity</b>		<b>£7,626,332.81</b>		

## Education and training

In common with other training providers, Land Registry has seen a reduction in the last financial year in the number of customers attending face-to-face training events and also a fall in the number of requests for in-company training. Research has indicated that our customers still like these traditional methods of teaching despite the availability of online materials and web seminars. During the year we have increased the number of online modules available to our customers and have found that more customers who have used online modules have made repeat purchases than any other.

We have also created our own web seminar training facility at Nottingham Office enabling us to deliver a variety of web seminars ourselves rather than through other course providers. Topics have included a general update on fraud and general boundaries; a talk aimed at local authorities on statutory charges; and a talk on adverse possession aimed at conveyancers.

Education & Training Group has also continued to support customers moving to electronic services. This included updating the technical manual and online e-services training modules to reflect improvements to the service and additional facilities as and when they were introduced. Working with course providers and the Law Society, members of Land Registry staff have also participated in conferences and web seminars to explain the process involved in moving to electronic services

and the wider benefits for organisations who take that step.

## 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. This year NLIS developed a new licence strategy resulting in one of the former channels renewing its licence and the appointment of two new channels. The channels will compete in the marketplace and differentiate between their services by packaging and presenting the information to suit their target audience.

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.

Land Registry has 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 in excess of £4 million in the last financial year.

## 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. Land Registry added one more customer to the Connect Direct user base in 2009/10, bringing the total number of channels to four.

Fee income from applications lodged through the four Connect Direct channels in 2009/10 has exceeded £2.8 million.

## The European Land Information Service

Land Registry has continued to participate in the development of the European Land Information Service (EULIS), which aims to be the first port of call for land information across Europe by providing online direct access to official European registers of land and property information. In addition it offers subscribed customers valuable reference information on national land registration procedures and practices.

During the year, following discussions with the European Commission, it has been agreed that EULIS will be the official solution for meeting the requirements of the commission's e-Justice initiative for providing land registry information throughout Europe and will link to the European e-Justice portal.

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. As a result, the national land information services of Austria, England and Wales, Ireland, Lithuania, The Netherlands and Sweden are now linked together online, through the EULIS portal.

Countries with pending connections are Italy, Iceland, Finland and Scotland, with many more countries involved in discussions. Land Registry organisations contributing to the website ([www.eulis.eu](http://www.eulis.eu)) include Belgium, Czech Republic, Estonia, Latvia, Norway, Serbia, Slovenia, Slovakia and Spain.

The long-term vision of EULIS is to provide easy worldwide access to European electronic land and property information in order to encourage cross-border lending. From 2001 to 2004 the development of the service was assisted by funding from the European Commission's eContent programme.

The target audiences for EULIS include banks, lenders, credit agencies, solicitors, legal professionals, estate agents, police, government departments and enforcement agencies. The diverse market may use the service for different purposes such as second property searches, risk assessment, credit checks or business acquisition. Users simply log on as usual to their existing national land registration information provider in order to get access to the EULIS portal and they are also billed as usual. This facility opens up a new market for land and property information, as customers of the connected services can now

directly access land information from equivalent services in other countries.

## Marketing and sales

Marketing & Sales Group has undergone a major restructure in line with Land Registry's aspirations to become a more customer focused organisation. The restructure saw responsibility for the formation, development and implementation of the Customer Strategy fall to the Commercial Director, who took on the role of Commercial & Customer Strategy Director.

Through the development of a Customer Engagement Management (CEM) structure and Customer Relationship Management (CRM) strategy, Marketing & Sales Group's aim is to provide a consistent customer experience across all contact points and identify product development refinements and opportunities.

The group now comprises:

- Customer, Stakeholder & Market Insight
- Portfolio Implementation & Management
- Customer Experience Management
- Customer Performance Management
- Business Development
- Marketing Services.

The past year saw the development of:

- a customer experience blueprint, setting out what the customer might expect when dealing with Land Registry
- a channel strategy setting out how Land Registry's

products and services are to be delivered both now and in the future. The focus will be on the migration of customers to channels that deliver cost efficiencies for both customers and Land Registry

- a centralised approach to customer communications planning and implementation
- a new stakeholder group, the Land Registry Advisory Council, to ensure the interests of stakeholders are taken into account in the development of Land Registry policies, services, products and channels
- a revised and robust strategy for involving customers in the design, build and test of Land Registry's new products and services
- an analytical CRM capability that draws together data from disparate systems to create a single view of customers and their business activities
- a centralised research library, collating the results of all research activities into one reusable resource.

The second phase of CRM activity will see the delivery of an operational solution in 2010/11. This will provide staff with the information they need to manage customer interactions as smoothly as possible, allowing them to resolve issues, where practical, at first point of contact.

Gross incremental revenue from Add Value sales increased marginally in 2009/10 despite difficult trading conditions. Business Development teams identified opportunities

that led to the timely development and introduction of new products and services and the refinement of existing ones. They also proactively encouraged customers to move from Land Registry Direct to the Land Registry portal.

A restructure of Marketing Services approved in October will ensure specialist marketing activities deliver cost efficiencies, consistency of message and visual representation, and management of proactive communications for Land Registry as a whole.



# Our people

This has been an exceptionally challenging year for Human Resources (HR) in Land Registry.

A main focus during the early part of the year was the completion of the roll out of the HR Transformation project and training of managers to enable them to take on a greater level of responsibility for HR issues. Under the new HR structure, we now have a single central HR Service Centre at Nottingham where a service desk provides advice and guidance to staff and managers, and where HR case advisers provide support to line managers on complex or challenging issues. In addition, HR business partners and senior business partners now work with Board members and senior managers to help plan and deliver future people requirements.

The new streamlined HR service, the implementation of which was completed in May 2009, reflects the changes we are making across our business and provides professional specialist support to our managers. Surveys conducted in July and December 2009 revealed that 89 per cent of staff and line managers were very satisfied or satisfied with the overall service provided. Ultimately, HR Transformation delivers an enhanced, more cost-efficient HR service and provides an improved level of HR support for business change. For HR there has been a change in focus towards developing capability across the organisation, and the transformation has resulted in a saving of 35 per cent in HR costs.

HR was also managing the latter stages of the complex and sensitive work relating to

staff release schemes and office closure and merger schemes that had commenced in 2008. For all these schemes, HR played a crucial role designing and managing the process, and in communicating with staff with tact and understanding, providing as much information as possible to enable staff to make an informed decision about their future. In total 1,426 members of staff left Land Registry through the release and office closure and merger schemes.

HR has played a key role in the design of the Accelerated Transformation Programme (ATP), playing a central strategic role in developing the proposals and leading consultations, facilitating the work on organisational change and developing vision and values for the Land Registry of the future, and providing the necessary central and local support and services to staff and Land Registry partners.

Following the ATP announcement in October, HR has been providing significant levels of support to staff and managers affected by the proposals, on issues such as outsourcing and redundancy. Throughout this period, HR has been in discussion with the unions, negotiating a way forward and ultimately reaching a position where the unions and Land Registry can move forward together with the proposals in a positive way. In March 2010 final decisions were made confirming further reductions and, as with earlier staff reductions, HR will undertake the difficult task of supporting Land Registry staff through this challenging period.

## Recruitment and retention

At 1 April 2010, Land Registry employed 6,284 people, or 5,656 full-time equivalents (including fixed-term and casual staff).

## Facts and figures

- Part-time employees make up 33 per cent of staff.
- Sixty-one per cent of our staff are female, including two of the six directors reporting to the Chief Land Registrar.
- Six per cent report that they have a disability and 4 per cent report they are from an ethnic minority.
- Last year, 53 people started new permanent jobs with Land Registry – 40 of these were existing staff promoted into new jobs and 13 joined Land Registry for the first time.
- Turnover for permanent staff for the past year equated to 20.5 per cent compared with 5.5 per cent the previous year, a reflection of the significant rationalisation of Land Registry's staffing levels.

Our recruitment statement is set out in Appendix 2.

## Diversity

Land Registry's diversity delivery plan is now established as the reporting tool for measuring the delivery of diversity across the business. The plan itself links into all departmental business plans and incorporates both our single equality scheme and diversity strategy.

Over the past 12 months we have continued our programme of equality impact assessments

(EIA), and 89 per cent of all Land Registry policies have undergone screening. Our priority over the coming months will be to complete all outstanding EIAs. In addition, the first phase of the ATP has undergone a full equality impact assessment and we will continue to ensure all major changes introduced by this programme undergo EIAs.

In January 2010 we launched our diversity strategy, which builds on what we have already achieved and reflects our drive to mainstream equality and diversity into every aspect of our business. The strategy replaces the previous Land Registry 10 Point Plan. The strategy itself comprises of four key themes: behaviour and culture change, leadership and accountability, talent management and diverse workforce. Our local senior management team diversity champions played an active role in ensuring all staff were aware of the new strategy, including the introduction of zero tolerance of discrimination, harassment and bullying.

Work with our three diversity focus groups is ongoing. Each group has a specific action plan in place which links into the diversity delivery plan. All three groups have been involved in key projects over the past year.

We have introduced a new online declaration process via our HR Portal for staff to declare their ethnicity and disability status. In addition we have introduced monitoring of both sexual orientation and religion. It is hoped that the new online system will increase the declaration rates across our workforce, plus the additional

categories will assist HR when monitoring their processes across all diversity categories.

The Diversity and Learning & Development teams have worked closely with our black minority ethnic (BME) focus group to develop and pilot a 'pathways to releasing your potential' course. This work will now integrate with the diversity strategy's talent management workstream. Our aim is to extend the programme to other under-represented groups within Land Registry.

Other achievements over the past 12 months include the removal of Land Registry's default retirement age. This change brings us in line with other Civil Service departments. We have also developed staff and manager guidance for transgender and also reasonable adjustment within the workplace. Finally we remained in the Stonewall Workplace Equality Index Top 100 Employers for the third year running, ranking 95th.

### Developing staff

Investing in our people is crucial to our ability to deliver our objectives.

### Qualifications in Land Registration Law and Practice

The Qualifications in Land Registration Law and Practice are run in partnership with The College of Law and are established career development courses for both Land Registry staff and external students.

There are two qualifications: the certificate, which is a one-year foundation course at A-level standard, and the degree-level diploma, which is

a two-year course providing a comprehensive and detailed consideration of property law, including the law and practice of land registration.

The qualifications have been fully open to external candidates since 2003, and actively promoted externally since 2005.

During 2009, 156 students (123 internal, 33 external) completed the certificate and 77 students (43 internal, 24 external) graduated with the diploma. To date, 1,962 certificates (1,763 internal, 199 external) and 669 diplomas (602 internal, 67 external) have been awarded.

### Associate membership of the Royal Institution of Chartered Surveyors

The programme for staff seeking to achieve associate membership of the Royal Institution of Chartered Surveyors (AssocRICS) is now in its sixth year. During that period 30 members of staff have gained membership and a further 51 are working towards it.

During the six years Land Registry has enhanced the corporate model, formed part of a working party that re-evaluated and improved the NVQ, and worked with the RICS Geomatics Professional Group in developing the competencies for the new associate membership route.

### Future Leaders

Introduced in September 2005, Future Leaders is Land Registry's in-house programme for developing staff potential through a mixture of assignments, secondments and training. It has two main strands – the one-year local office-based

Local Accelerated Module (LAM) and the three-year centrally organised Central Accelerated Module (CAM).

The programme was reviewed in 2008 and in light of the changing needs of the business, and to reflect the current economic climate, a series of changes were made. In line with our strategic requirement to increase the skill level of managers, changes to the LAM programme have enabled local managers to take more responsibility for their staff on the programme. Local managers now identify development opportunities and select the people who will make the most of them.

In October 2009, the second cohort from the CAM programme “graduated” after completing three years of work-related study and experience. Key success stories for the programme are the promotion of a former CAM participant to an Area Manager position and another to a Grade 6 post in another government department. Other students from both CAM and LAM have achieved promotion or broadened their experience within Land Registry. Several CAM participants have been working on the ATP.

The financial costs of the programme to date represent a small fraction of the overall training budget year-on-year and provide the most comprehensive training package within Land Registry.

The revised CAM programme sees more structure to the compulsory components of

the programme, providing targeted leadership knowledge and development based on a learner’s current experience.

Currently there are 20 people participating in LAM and 11 on CAM.

### **Developing Management Capability**

As part of the long-term strategy for transforming HR at Land Registry, the Learning & Development Team was responsible for creating a new in-house programme to enhance management capability.

In 2008, after a successful pilot at Tunbridge Wells and Durham, the first two core modules of the Developing Management Capability (DMC) programme were delivered to managers across the organisation, reaching an estimated 96 per cent.

The aim was to help managers prepare for the planned changes in their responsibilities resulting from the rollout of HR Transformation in 2009. In addition to providing lots of interactive team building, the modules gave managers a baseline of good practice in people skills, managing performance and implementing HR policies effectively.

Feedback from managers who have attended the course has been positive. The DMC programme was awarded a south-west region National Training Award in October 2009. This is a highly prestigious award honouring those who have made an outstanding contribution to training in the workplace. The judges found

the training outcomes provided lots of evidence of personal and organisational change. They commented that the DMC programme was a remarkable achievement for a Civil Service organisation that demonstrated a very high standard of practice and was a role model for other public agencies to follow.

The DMC programme has since been extended to include modules for those undertaking investigating, deciding and appeals officer roles in formal procedures. A further workshop has also been developed for managers who are responsible for remote teams.

The Learning & Development Team is currently delivering the first of two skills workshops to support managers with the implementation of the new performance management policy.

### **Internal training**

During the year, Education & Training Group produced training packages and workshop materials to support staff as we change the way we interact with our customers through the use of customer teams and has begun to build the framework for training staff as we move forward with our plans for the future. Other training delivered this year includes complaint recognition training, protecting information and fraud awareness modules. There have been no major changes to practice and procedures requiring extensive technical training of staff although we have continued to develop casework skills on an individual basis. Staff in customer contact centres have received training to

enhance their skills in handling customer queries both by telephone and via email and in respect of the need to provide a consistent service across the whole of this virtual team.

Aspect	Trainee days
Induction	401
Vocational (land registration)	28,727
Management	2,515
External	4,079
Total	35,722

The total spend on all training represented 7.6 per cent of the salary bill.

## Health and safety

The most significant health and safety risks facing Land Registry, identified as part of the work on the Corporate Manslaughter and Corporate Homicide Act 2007, continue to be 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 measures designed to mitigate the risks. Particular pieces of work in this area have been a post-implementation review of the revised driving policy and guidance, an internal audit to ensure that the driving policy and guidance is being adhered to and providing training to local facilities teams on dealing with the health and safety implications of having external contractors on Land Registry premises.

The annual health and safety audit programme has been

completed. All recommendations for improvement arising from the audits have been actioned or are in the process of being actioned in line with the audit response timetable.

There has been a continuing investment in health and safety-related training both through internal and externally run courses. Training for facilities staff has been provided for general health and safety management and completing display screen equipment risk assessments. A number of staff have obtained professionally recognised health and safety qualifications.

The recorded accident incident rate has reduced significantly from 6.1 last year to 3.7, with slips, trips and falls continuing to be the largest category of accidents. There have been nine accidents reported to the Health & Safety Executive under the reporting of injuries regulations, a significant reduction from last year's figure (28).

# Chief Executive's Report

## Land Registry Board

The Land Registry Board assists the Chief Land Registrar and Chief Executive in his ultimate responsibility and accountability for the good governance and performance of Land Registry. During 2009/10, the members of the Board were as follows.

Peter Collis CB HonRICS CCMl	Chief Land Registrar and Chief Executive <sup>3</sup>
Marco Pierleoni	Chief Land Registrar and Chief Executive
Joe Timothy	Director of Legal Services and Deputy Chief Land Registrar
Andy Howarth OBE	Director of Operations & Customer Delivery
Heather Foster	Finance Director
John Wright	Director of Information Systems
Annette Davies-Govett	Commercial & Customer Strategy Director
Malcolm Dawson OBE	Director of Human Resources
David Rigney	Non-Executive Director
Dr Catherine Raines	Non-Executive Director

<sup>3</sup> Peter Collis formally retired on 31 March 2010. However Marco Pierleoni took up this role and full responsibility for Land Registry business with effect from 1 February 2010

The Land Registry Board met nine times during the year. Details of the remuneration of members of the Land Registry Board who served during 2009/10 can be found in the remuneration report. 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, which has the same membership as the Land Registry Board but excludes the non-executive directors, delivers Land Registry's annual business plan and is responsible for the day-to-day management of Land Registry. It met 25 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. In 2009/10 there were no significant changes to this governance structure. However, during the latter part of the year a review was undertaken into Land Registry's board governance, including the structure, roles and capabilities required for the Land Registry Board and its associated bodies. Key recommendations of this review take in the restructuring of the Land Registry Board with an independent non-executive chairman, more non-executive directors, likely fewer executive directors and a rationalisation of the existing sub-board and committee structures. These recommendations are planned to be implemented during 2010/11.

## 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 five times during the year. The Chief Executive, Finance Director, Head of Internal Audit and our external auditors routinely attend the committee's meetings. During 2009/10 the members of the Audit Committee were as follows.

David Rigney	Non-Executive Director and Chairman
Dr Catherine Raines	Non-Executive Director
Vaughan Williams	Independent member
John Wright	Director of Information Systems
David Cleasby	Area Manager Portsmouth Office

No Audit Committee member had any other directorship or significant interest that 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 2009/10 was £70,000 (2008/9: £70,000). The cost is in respect of the audit services relating to the statutory audit.

The audit work for IFRS trigger point 4 was also carried out by the C&AG. The cost of this audit work in 2009/10 was £12,000 (2008/9: £8,000 for trigger point 2).

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 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 year we paid 95.3 per cent of invoices received from suppliers within 10 working days (or the agreed contractual terms if otherwise specified). This percentage does not include disputed invoices.

New technology introduced during the year to improve performance and efficiency resulted in a second half of year performance of 99.1 per cent of valid invoices paid within 10 working days.

### Principal risks and uncertainties of the business

Land Registry faces challenges and risks to the achievement of its strategic business objectives. Key current strategic risks relate to stakeholder support for e-conveyancing (e-discharges, e-charges, e-documents and e-transfers); 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. In particular, the Land Registry Board considers significant strategic risks to the organisation, and the Finance Director, as the Board's risk champion, chairs the Business Risk Board, which ensures that

key business risks are identified and managed.

### Personal data-related incidents

During 2009/10, there were no protected personal data-related incidents formally reported to the Information Commissioner's Office, or any centrally recorded protected personal data-related incidents not formally reported to the Information Commissioner's Office.

### 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 for 17 years. By statute, it is required to ensure that its income from fees covers all of its expenditure under normal operating conditions.

Its legal position and status as a non-ministerial government department are laid down in its Framework Document that 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.

Land Registry has analysed its supplier base and identified those suppliers that are key to its business success. Resources have been allocated accordingly and strategies

developed to provide effective contract management, including associated risks. A robust process has been developed, with the creation of joint risk registers for our key suppliers, a new monitoring and escalation process and regular reporting to Land Registry's Business Risk Board. This has resulted in improved governance and communication. Value for money initiatives have been pursued through market testing, reviewing requirements, benefits realisation plans and key performance indicators. Land Registry's most critical suppliers are included in a supplier relationship management programme, utilising a more extensive and sophisticated approach to contract management.

## Operating and Financial Review

### Income statement

Land Registry continued to see a low demand for our core business with volumes of work falling a further 11.7 per cent from last year as a result of the ongoing slow housing markets and the continued unavailability of mortgages and re-mortgages. However due to the new fee order which came into force from 6 July 2009, fee income for the year increased to £328.4 million from the £308.0 million in 2008/9.

Because of the static housing market Land Registry has continued to search for ways to reduce its expenditure and to stringently review contracts let in all areas of the business. The major focus on continuing cost reductions going forward is through the Accelerated Transformation Programme, a major restructuring of the

business commenced during the year, which will close further offices and reduce staff in 2010/11.

Land Registry undertakes a full professional valuation every three years. The most recent valuation was in January 2008. For the intervening years, a "desktop" valuation is completed by the Valuation Office. The reduction in the value of the properties, after taking account of the revaluation reserve, was £4.6 million which was expensed through the income statement.

The savings made from the merger of offices and the redundancy schemes at the end of the last financial year have begun to be realised. These, along with other savings, have enabled an overall drop in operational and administrative costs of 17 per cent from £373.6 million in 2008/9 to £308.2 million for this year, allowing us to achieve an operational surplus of £20.2 million compared with the £65.6 million operating deficit last year (after the restatement required for the move to International Financial Reporting Standards). £73.3 million before restatement.

During the year a number of e-conveyancing (e-discharges, e-charges, e-documents) products were made available to our customers. As a result we have started to amortise their development costs, held on the balance sheet as intangible assets, through the income statement. A total of £2.5 million was amortised during the year.

Staff costs represent the majority of Land Registry's expenditure. During the year staff numbers continued to be reduced through

redundancy and early retirement schemes. The total cost of these schemes during the year was £27.2 million (2008/9 £50.3 million).

As a result of these additional costs over and above our normal operating costs, Land Registry made a deficit of £28.4 million (2008/9 £129.9 million).

Our cash cost per unit target was at the year-end £29.13 in-year against a target of £35.20. Our return on average capital employed was 3.2 per cent against a target of 3.5 per cent.

In line with an agreement with HM Treasury, a dividend of £15.3 million for the financial year based on our average capital employed is payable to the Consolidated Fund (2008/9: £18.6 million).



### **Non-current assets**

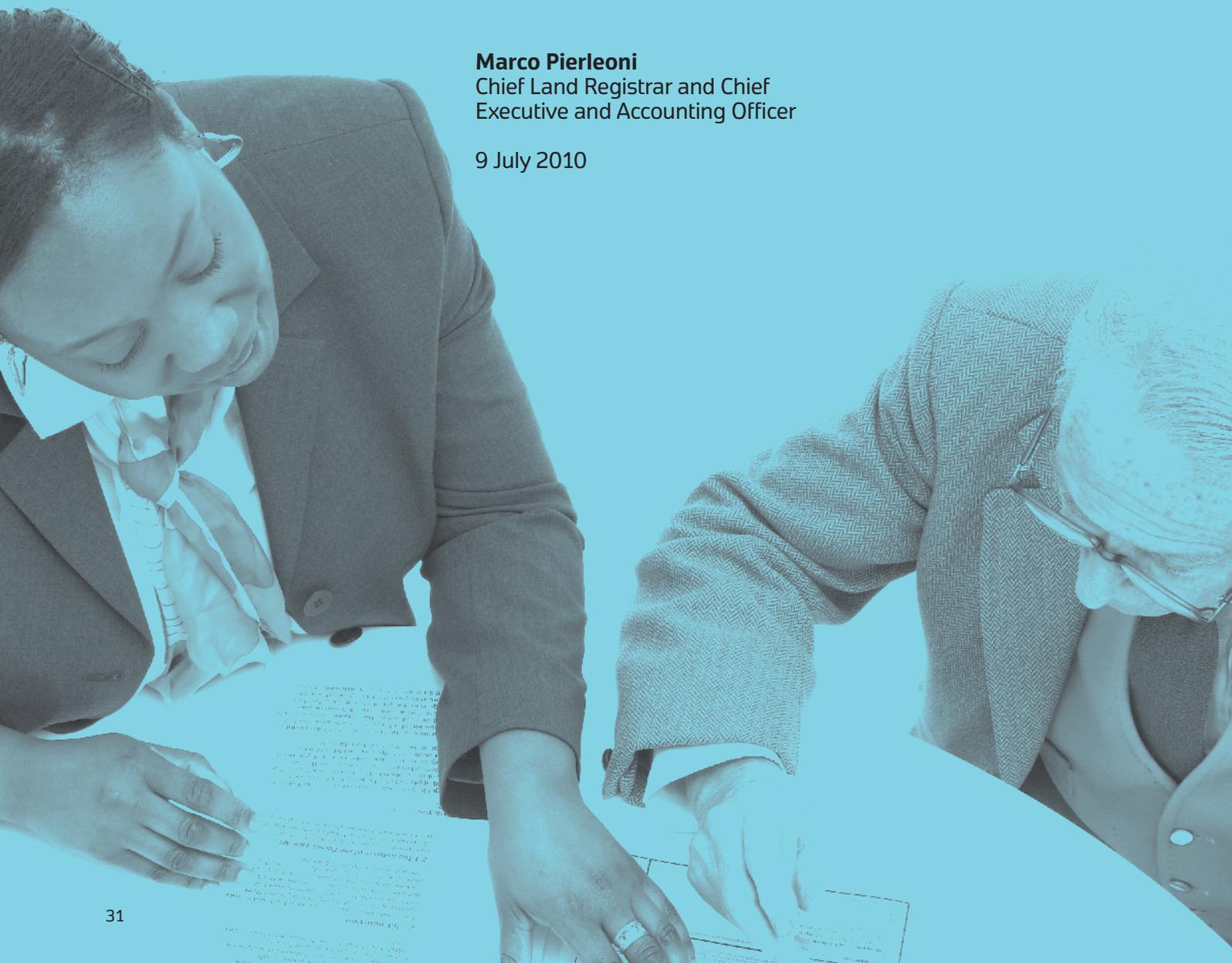
As mentioned above, the annual desktop valuation of the estate by the Valuation Office reflected changes in the commercial office market during the year with an overall downward revaluation of freehold property of £2.0 million across the estate. One property, Boldon House, Durham, was sold during the year, and Old Market House, Birkenhead, has been leased under a MOTO agreement to the National Health Service.

A total capital spend of £14.6 million was made during the year, £3.9 million of which was on continuing the development of new services for e-conveyancing (e-discharges, e-charges, e-documents and e-transfers).

The sections of the report that cover the requirements of the management commentary are: *Who we are and what we do; Our vision, purpose, aims and objectives; The year in focus; Our performance 2009/10; Our people and the Chief Executive's report.*

**Marco Pierleoni**  
Chief Land Registrar and Chief  
Executive and Accounting Officer

9 July 2010



# Accounts 2009/10



Land Registry  
Public Guide 4  
April 2004

Protecting matrimonial  
home rights under the  
Family Law Act 1996

Land Registration  
Act 2002  
Scope of this guide

1. Introduction

2. The purpose of the Family Law Act 1996

3. The purpose of the Family Law Act 1996

4. The purpose of the Family Law Act 1996

5. The purpose of the Family Law Act 1996

6. The purpose of the Family Law Act 1996

7. The purpose of the Family Law Act 1996

8. The purpose of the Family Law Act 1996

9. The purpose of the Family Law Act 1996

10. The purpose of the Family Law Act 1996

FR1

Land Registry

Form FR1

Application for registration of a charge

1. Name of the applicant

2. Name of the chargee

3. Name of the property

4. Description of the property

5. Description of the charge

6. Date of the charge

7. Signature of the applicant

8. Signature of the chargee

9. Date of the charge

10. Date of the charge



# Statement of trading fund's and 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 48. 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, and
- prepare the financial statements on a going concern basis.

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 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*.

# Statement on internal control 2009/10

## 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.

## 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 2010 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 annually a statement to me 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 managed. 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.

Land Registry's risk management policy is periodically reviewed and updated. In particular, following approval by the Board in February 2009, a new directorate-based risk management policy was rolled out during the first half of the reporting year, which requires biannual self-certification by directors of the effectiveness of their systems of internal control.

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 a biennial health and safety audit programme for local offices was successfully completed. All recommendations for improvement arising from these audit programmes have been or are in the process of being actioned in line with the audit response timetable.

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 which 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. During the

year, a post-implementation review of our driving policy and guidance was conducted, and local office facilities teams were trained on the health and safety implications of having external contractors on Land Registry premises.

Land Registry constantly reviews its procedures to tackle fraud, which is recognised by the Executive Board as one of the organisation's top priorities. During the year, a number of planned initiatives were implemented to combat registration fraud. In particular, a new fraud management system was successfully delivered, as was a three-month strategic marketing campaign *Protect your property* to raise the awareness of vulnerable proprietor groups about the need for them to keep their address for service up to date. 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.

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.

Land Registry continues to monitor its arrangements for contract management and to identify actions needed to achieve improvements. 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. Additionally, Land Registry has reviewed 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'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 well-established internal controls for managing information risk, particularly following the issue in 2008 of Cabinet Office guidance on data handling procedures in government. During the past year we have developed our processes to strengthen and improve our approach incorporating information risk management within the ambit of our existing risk management policy.

Information risk is managed through regular meetings of our IS Management Board, Information Management Board and Business Risk Board. Each directorate maintains risk registers and, with specific regard to information risk, our information assets have identified owners who are responsible for assessing and managing risk across all their assets. The Senior Information Risk Owner (SIRO) jointly chairs the Information Management Board, which was set up specifically because of the increased prominence of information management. Among the board's responsibilities are seeking and sharing best practice, determining information sharing requests and raising awareness across the organisation of the importance of information risk management.

We have long recognised the importance of the effective handling of information in Land Registry, the core of which is our register, a critical database of property ownership. Over the course of the past year we have continued to progress on the sound foundations previously laid down, and I can confirm the following.

- All staff have completed online training on protecting information.
- Guidance has been issued to all staff on the subject of data handling and reporting losses in order to improve awareness.
- No protected personal data-related incidents have occurred during the year.
- An escalation model has been developed to deal with the reporting of information asset incidents.
- Data losses are investigated and reported to the Information Management Board, which uses them as a learning opportunity to improve our systems.
- We have overhauled and updated our filing system by using the government standard for protective marking of information.
- In the latter part of the year, we produced an action plan to improve the maturity of our information assurance in line with the Cabinet Office's Information Assurance Maturity Model (IAMM).

Nevertheless, there remains more to be achieved and our information risk management plans for the coming year include the following.

- Achievement of at least Level One in all elements of the IAMM by mid-summer 2010,

and a mixture of Levels Two and Three within the next two years.

- Further staff training focusing on the escalation model and its usage.
- Further engaging with our main third party suppliers and delivery partners on the topic of information management with a view to fully assuring the delivery chain.

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 that risks to public stakeholders arise from many aspects of the development and operation of electronic conveyancing. While developing new forward change initiatives, Land Registry involves the public in risk management through the normal consultation process. My senior staff and I meet stakeholder groups and cover their views on risks to their interests in these meetings.

Risks of our online register being abused and accessed illegally are managed through a developing anti-fraud strategy based on 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 the 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.
- 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, energy and the environment, diversity, and business continuity.

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.

The Head of Internal Audit's opinion for the year 2009/10 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.

**Marco Pierleoni**  
Chief Land Registrar and Chief  
Executive  
9 July 2010

# 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](http://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](http://www.civilservice.gov.uk)

During the year the members of the SCS Pay Committee were: Catherine Raines (Chair), David Rigney and Peter Collis.

## Remuneration policy for other civil servants

Pay for Land Registry staff who are not in SCS grades is determined under the terms of the Pay Agreement, which came into effect on 1 April 1995. Under this agreement, pay is determined each year following negotiation and consultation between Land Registry and the unions, and is subject to approval by the Treasury.

In 2009/10, 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.

## 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.

With the exception of Marco Pierleoni, who is on loan to Land Registry from the Ministry of Justice from 1 February 2010 to 13 January 2011, all the directors covered by this report hold appointments that are open-ended until they reach the normal retiring age of 65. 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](http://www.civilservicecommissioners.gov.uk)

## Salary and pension entitlements<sup>1</sup>

	Salary including performance pay		Real increase in pension and lump sum at 60		Total accrued at March 2010		Cash equivalent transfer value (CETV at 31 March)		Real increase in CETV after adjustment for inflation and changes in investment factors
	2010	2009	Pension	Lump sum	Pension	Lump sum	2010	2009	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Land Registry Board</b>									
Marco Pierleoni (from 1 February 2010) Annual equivalent Chief Land Registrar and Chief Executive	25-30 (170-175)	-	0-0.5	-	50-55	-	550	539	47
Peter Collis (until 31 January 2010) Chief Land Registrar and Chief Executive	160-165	175-180	2.5-3.0	8.5-9.0	65-70	195-200	1,442	1,296	62
Andy Howarth (until 31 March 2010) Director of Operations & Customer Delivery	130-135	130-135	3.0-3.5	8.5-9.0	60-65	180-185	1,456	1,385	69
Joe Timothy (until 31 March 2010) Director of Legal Services & Deputy Chief Land Registrar	125-130	130-135	2.5-3.0	7.5-8.0	45-50	140-145	1,063	954	58
Malcolm Dawson Director of Human Resources	105-110	100-105	5.0-5.5	15.5-16.0	30-35	100-105	592	471	88
Heather Foster Finance Director	100-105	95-100	3.5-4.0	11.5-12.0	35-40	105-110	741	626	79
John Wright Director of Information Systems	130-135	105-110	2.0-2.5	-	5-10	-	115	76	30
Annette Davies-Govett Commercial & Customer Strategy Director	100-105	90-95	2.0-2.5	-	0-5	-	44	21	19
David Rigney (until 31 March 2010) Non-Executive Director	15-20	15-20	-	-	-	-	-	-	-
Catherine Raines Annual equivalent Non-Executive Director	20-25 -	0-5 (15-20)	-	-	-	-	-	-	-

<sup>1</sup> This table is subject to audit

'Salary' includes gross salary, performance pay or bonuses, London allowance, recruitment and retention allowances and any other allowance to the extent that it is subject to UK taxation. None of the directors received any benefits in kind during the year. The table above is based on payments made by Land Registry and thus recorded in these accounts.

In October 2009 John Wright received back-dated pay in relation to a temporary promotion to SCS pay band 2 effective from 2007. The pay banding for the year without this back-dated pay would have been £110,000-£115,000.

Peter Collis stepped down as Chief Land Registrar and Chief Executive from 1 February 2010 but was paid until 31 March 2010 in order to provide a handover period to his successor.

The amount payable by Land Registry to Paymaster relating to the flexible early retirement of Peter Collis is £399,128. This is the Land Registry liability to cover the early payment of the enhanced pension and enhanced lump sum.

The amount payable by Land Registry to Paymaster relating to the approved early retirement of Joe Timothy is £109,937. This is the Land Registry liability to cover the early payment of the pension and lump sum.

Andy Howarth left under normal age retirement terms on 31 March 2010. Land Registry has not incurred any additional liability in relation to his retirement.

#### **Compensation for loss of office**

Peter Collis left under flexible early retirement terms on 31 March 2010. He received immediate payment of his pension and associated lump sum. He also received two months' salary of £25,333 in lieu of notice (included in the table on page 39); payment for untaken annual leave, over and above the 10 days payable under Land Registry rules, of £15,785; and

a £38,000 ex-gratia payment in lieu of non-consolidated performance payment in the 2010 pay round. These payments are not included in the banding in the table on page 39.

Joe Timothy left under approved early retirement terms on 31 March 2010. He received immediate payment of his pension and associated lump sum. He also received payment for untaken annual leave, over and above the 10 days payable under Land Registry rules, of £9,294 (not included in the table on page 39).

#### **Civil Service pensions**

Pension benefits are provided through the Civil Service pension arrangements. From 1 October 2002, 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). The 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 changes in the Retail Prices Index (RPI). New entrants after 1 October 2002 may opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant 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 and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump

sum equivalent to three years' 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 (but members may give up (commute) some of their pension to provide a 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. In nuvos a member builds up a pension based on his or her pensionable earnings in that scheme year and the accrued pension is up-rated in line with RPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

For 2009/10 Land Registry paid employer's contributions of £30.6 million (2008/9: £36.8 million) at one of four rates in the range 16.7 per cent to 24.3 per cent (2008/9: 17.1 per cent to 25.5 per cent) of pensionable pay, based on salary bands. The scheme's actuary reviews employer contributions every four years following a full scheme valuation. From 2001/11 the rates will be in the range 16.7 per cent to 24.3 per cent. The contribution rates are set to meet the cost of the benefits accruing during 2009/10 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 2009/10 this contribution was £54,525 (2008/9: £56,587). 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 £4,068 in 2009/10 (2008/9: £4,280), 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.

Five individuals retired early during the year on ill-health grounds. The total additional accrued pension liabilities in the year amounted to £11,425.

Further details about the Civil Service pension arrangements can be found at the website [www.civilservice-pensions.gov.uk](http://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, and from 2003/4 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements and for which the CS Vote has received a transfer payment commensurate with the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated 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 effectively funded by the employer. It takes account of the

increase in accrued pension due to inflation and 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.

#### **Marco Pierleoni**

Chief Land Registrar and Chief Executive  
9 July 2010

# 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 2010 under the Government Trading Funds Act 1973. These comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Reserves, 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 the financial statements in accordance with applicable law and 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 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 2010 and of its deficit, changes in reserves and cash flows 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 Chief Executive's report, which comprises the management commentary 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 returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements 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

12 July 2010

# Income statement

for the year ended 31 March 2010

	Notes	2010 £'000	2009 (Re-stated) £'000
Fee income – continuing operations	2	328,414	308,050
Cost of service	2	(291,259)	(354,634)
Gross surplus/(deficit)	2	37,155	(46,584)
Administrative expenses	2	(16,932)	(18,992)
<b>Operating surplus/(deficit)</b>		<b>20,223</b>	<b>(65,576)</b>
Profit/(loss) on disposal of non-current assets	3.2	4,037	(14)
Investment income – interest receivable	5	549	12,315
Finance costs	6	(784)	(7,830)
Amortisation of e-conveyancing in use	9.1	(2,492)	-
Restructure and reorganisation costs	3.2	(34,609)	(50,253)
<b>Deficit for the financial year</b>		<b>(13,076)</b>	<b>(111,358)</b>
Dividend payable	7	(15,279)	(18,572)
<b>Retained deficit for the financial year</b>		<b>(28,355)</b>	<b>(129,930)</b>

The notes on pages 48 to 69 are an integral part of these accounts.

# Statement of financial position

As at 31 March 2010

		2010		2009		2008	
	Notes	£'000	£'000	(Re-stated) £'000	(Re-stated) £'000	(Re-stated) £'000	(Re-stated) £'000
<b>Non-current assets</b>							
Property, plant and equipment	8	167,523		189,882		226,637	
Intangible assets	9	53,142		56,359		40,753	
Other receivables	11.2	973		1,555		1,841	
<b>Total non-current assets</b>			<b>221,638</b>		<b>247,796</b>		<b>269,231</b>
<b>Current assets</b>							
Inventories	10	823		1,144		1,653	
Trade and other receivables	11.1	15,053		16,281		19,901	
Cash and cash equivalents	12	237,325		280,329		380,331	
<b>Total current assets</b>			<b>253,201</b>		<b>297,754</b>		<b>401,885</b>
Non-current assets classified as held for sale	8.3		3,177		-		-
<b>Total assets</b>			<b>478,016</b>		<b>545,550</b>		<b>671,116</b>
<b>Current liabilities</b>							
Trade and other payables	13.1	43,533		58,039		84,475	
Obligations under finance leases	15.1	1,599		699		1,703	
Short-term provisions	17	7,338		31,675		1,435	
<b>Total current liabilities</b>			<b>52,470</b>		<b>90,413</b>		<b>87,613</b>
<b>Non-current assets plus net current assets</b>			<b>425,546</b>		<b>455,137</b>		<b>583,503</b>
<b>Non-current liabilities</b>							
Obligations under finance leases	15.1	6,250		5,768		6,467	
Long-term provisions	17	15,733		13,686		-	
<b>Total non-current liabilities</b>			<b>21,983</b>		<b>19,454</b>		<b>6,467</b>
<b>Net assets</b>			<b>403,563</b>		<b>435,683</b>		<b>577,036</b>
<b>Capital and reserves</b>							
Indemnity Fund			23,000		23,000		15,400
Public Dividend Capital			61,545		61,545		61,545
Government Grant Reserve			4,366		6,718		8,599
Revaluation Reserve			64,564		65,664		82,806
Income and expenditure account			250,088		278,756		408,686
			<b>403,563</b>		<b>435,683</b>		<b>577,036</b>

The notes on pages 48 to 69 are an integral part of these accounts.

**Marco Pierleoni**  
Chief Land Registrar and Chief Executive  
Date 9 July 2010

# Statement of changes in reserves

for the year ended 31 March 2010

	Note	Indemnity Fund £'000	PDC £'000	Government Grant Reserve £'000	Revaluation Reserve £'000	I & E Reserve £'000	Total Reserves £'000
<b>Balance at 31 March 2008</b>		15,400	61,545	8,599	82,984	423,628	592,156
Changes in accounting policy	26.1	-	-	-	(178)	(14,942)	(15,120)
<b>Restated balance at 1 April 2008</b>		15,400	61,545	8,599	82,806	408,686	577,036
<b>Changes in accounting policy 2008/9</b>	26.2						
Reversal of backlog depreciation		-	-	-	185	-	185
Revaluation leasehold land and buildings		-	-	-	93	-	93
Movement in employee benefits		-	-	-	-	556	556
Finance charge re HP PFI contract		-	-	-	-	(765)	(765)
Land and buildings finance lease		-	-	-	-	170	170
<b>Changes in reserves 2008/9</b>							
Increase to indemnity fund		7,600	-	-	-	-	7,600
Deficit on revaluation		-	-	-	(17,420)	-	(17,420)
Revaluation		-	-	(14)	-	-	(14)
Depreciation		-	-	(1,352)	-	-	(1,352)
Impairment		-	-	(515)	-	-	(515)
Retained deficit for the year	26.3	-	-	-	-	(129,891)	(129,891)
<b>Balance at 31 March 2009</b>		23,000	61,545	6,718	65,664	278,756	435,683
<b>Changes in reserves 2009/10</b>							
<b>Indemnity Fund</b>							
Additions during the year		6,794	-	-	-	-	6,794
Utilised in year		(6,794)	-	-	-	-	(6,794)
<b>Revaluation reserve</b>							
Surplus in year		-	-	-	(1,100)	(313)	(1,413)
<b>Government Grant</b>							
Revaluation		-	-	(240)	-	-	(240)
Impairment		-	-	(384)	-	-	(384)
Depreciation		-	-	(1,177)	-	-	(1,177)
Reclassification of assets		-	-	(551)	-	-	(551)
Retained deficit for the year		-	-	-	-	(28,355)	(28,355)
<b>Balance at 31 March 2010</b>		23,000	61,545	4,366	64,564	250,088	403,563

The notes on pages 48 to 69 are an integral part of these accounts.

# Cash flow statement

for the year ended 31 March 2010

	Notes	2010 £'000	2009 (Re-stated) £'000
Net cash outflow from operating activities	20.1	(13,096)	(57,517)
<b>Investing activities</b>			
Purchase of property, plant and equipment		(10,870)	(4,823)
Purchase of intangible assets		(4,283)	(22,284)
Proceeds on disposal of property, plant and equipment		7,098	38
Interest received		553	13,818
<b>Net cash used in investing activities</b>		<b>(7,502)</b>	<b>(13,251)</b>
<b>Financing activities</b>			
Dividends paid		(18,572)	(19,709)
Repayments of capital element of obligations under finance leases		(3,050)	(1,702)
Interest elements of obligations under finance leases		(784)	(7,823)
<b>Net cash used in financing activities</b>		<b>(22,406)</b>	<b>(29,234)</b>
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% and is therefore deemed not material.			
<b>Net decrease in cash and cash equivalents</b>	20.2	<b>(43,004)</b>	(100,002)
<b>Cash and cash equivalents at beginning of year</b>	20.2	<b>280,329</b>	380,331
<b>Cash and cash equivalents at end of year</b>	12	<b>237,325</b>	280,329

The notes on pages 48 to 69 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 2009/10 (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 which 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.

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 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.

These are the first financial statements prepared under IFRS and therefore IFRS 1 *First time adoption of International Financial Reporting Standards* has been applied. The last financial statements under UK Generally Accepted Accounting Principles (UK GAAP) were for the year to 31 March 2009. An explanation of the transition to IFRS and the disclosures required by IFRS 1 are provided in note 26.

### 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 statements 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 income statement 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 their normal 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](http://www.civilservice-pensions.gov.uk)).

Further pension details can be found in the remuneration report on pages 38 to 41.

### 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. The last full valuation was carried out in January 2008.

Land Registry is required by FReM to disclose other non-current assets in the balance sheet 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 income statement 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:

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

Land Registry is currently developing e-conveyancing (e-discharges, e-charges, e-documents and e-transfers), an electronic system to help improve the processes of buying, selling and registering land and property in England and Wales. The cost of developing e-conveyancing (e-discharges, e-charges, e-documents and e-transfers) is being capitalised as an intangible asset on the

balance sheet. Expenditure is separately identified by a series of projects that was held within the Business Transformation Programme and, following the Target Operating Model review, is now managed under the E-Services Programme. All programme costs, including directly attributable staff costs, eligible to be defined as development expenditure, are being capitalised. They will be amortised against future e-conveyancing (e-discharges, e-charges, e-documents and e-transfers) income streams. They are also subject to impairment reviews.

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

Mainframe	20 per cent
Desktop	33 <sup>1</sup> / <sub>3</sub> 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.

#### **1.12 Cash and cash equivalents**

Cash represents cash-in-hand, cash held with the Government Banking Service, and in commercial bank accounts.

#### **1.13 Trade payables**

Trade payables are stated at their nominal 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 balance sheet 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 income statement and regarded as liabilities in the statement of financial position.

The discount factor applied to the early retirement provision over 10 years is 2.2 per cent.

#### **1.16 Indemnity Fund**

The Indemnity Fund was established in 1993. In 2007/8 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 increase the fund to £23 million as at 31 March 2009. 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 income statement 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 income statement 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 balance sheet and the service element expressed through the income statement as incurred. The amount capitalised is amortised over the shorter 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.

## 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/(deficit) 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	
	2010	2009	2010	2009	2010	2009
		(Re-stated)		(Re-stated)		(Re-stated)
	£'000	£'000	£'000	£'000	£'000	£'000
Fee income	<b>323,671</b>	302,387	<b>4,743</b>	5,663	<b>328,414</b>	308,050
Cost of service	<b>(287,023)</b>	(351,983)	<b>(4,236)</b>	(2,651)	<b>(291,259)</b>	(354,634)
Administrative expenses	<b>(16,687)</b>	(18,872)	<b>(245)</b>	(120)	<b>(16,932)</b>	(18,992)
Operating surplus/(deficit)	<b>19,961</b>	(68,468)	<b>262</b>	2,892	<b>20,223</b>	(65,576)

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/(deficit)

#### 3.1 Operating surplus/(deficit) is stated after charging

	2010	2009 (Re-stated)
	£'000	£'000
Staff costs (see note 4.1)	204,655	239,490
Provisions for indemnity costs	-	7,600
IT infrastructure costs (see note 22)	10,047	13,969
Hire of machinery	6,465	6,632
Auditor's remuneration – audit fee	70	70
Auditor's remuneration – IFRS audit fee	12	8
Depreciation of tangible non-current assets – owned (see note 8)	18,418	14,003
Depreciation of tangible non-current assets – leased (see note 8)	400	2,907
Amortisation of intangible assets (see note 9)	4,013	6,243
Impairment in value of non-current assets	4,562	2,966
Charge for operating leases – buildings	2,566	3,519
Finance charges	784	7,830
Other operating income	(5,890)	(5,912)

#### 3.2 Restructure and reorganisation costs

	2010 Early retirement	Early severance	ATP and Blueprint cost	Total	2009 Total
	£'000				£'000
Costs incurred in year	7,048	14,187	7,438	28,673	5,431
Costs provided for	6,518	(582)	-	5,936	44,822
	<b>13,566</b>	<b>13,605</b>	<b>7,438</b>	<b>34,609</b>	<b>50,253</b>
Profit on disposal – Durham Boldon	-	-	(3,840)	(3,840)	-
	<b>13,566</b>	<b>13,605</b>	<b>3,598</b>	<b>30,769</b>	<b>50,253</b>

The income statement reports a profit on disposal of non-current assets of £4.04 million. This figure includes £3.84 million profit on disposal for the sale of the Durham Boldon office. This disposal arose as a result of the 'Blueprint' and the net effect of this on the restructure and reorganisation costs is a reduction to £30.8 million.

## 4 Employee information

### 4.1 Staff costs

	<b>2010</b>			2009
	<b>Permanent staff</b>	<b>Others</b>	<b>Total</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Salaries	161,307	3,987	165,294	193,235
Social security costs	11,642	28	11,670	13,747
Other pension costs	30,693	-	30,693	36,822
<b>Total staff costs</b>	<b>203,642</b>	<b>4,015</b>	<b>207,657</b>	<b>243,804</b>
Capitalised staff costs	(1,662)	(316)	(1,978)	(4,314)
Seconded staff costs	(1,024)	-	(1,024)	-
<b>Total net staff costs</b>	<b>200,956</b>	<b>3,699</b>	<b>204,655</b>	<b>239,490</b>

The amounts disclosed as salaries include directors' remuneration.

The capitalised staff costs relate to the development of e-conveyancing (e-discharges, e-charges, e-documents and e-transfers) (see note 1.9).

The seconded staff costs relate to an arrangement with JobCentrePlus for the provision of a specified number of mandays between October 2009 and 31 March 2010. All staff involved remained on Land Registry's payroll and JobCentrePlus were invoiced at a standard rate across a range of grades. The income has been recorded against miscellaneous receipts.

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.

	<b>2010</b>			2009
	<b>Permanent staff</b>	<b>Others</b>	<b>Total</b>	
Senior management	8	-	8	8
Operational	5,683	6	5,689	6,531
Administration	323	22	345	312
IT	473	10	483	499
	<b>6,487</b>	<b>38</b>	<b>6,525</b>	<b>7,350</b>

**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 38 to 41.

#### 4.4 Pensions

Pension benefits are provided for the majority of staff through the PCSPS. For 2009/10 employer contributions of £30.6 million (2008/9: £36.8 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 2009/10 Land Registry made a contribution of £54,525 (2008/9: £56,587).

Further details of the pension schemes can be found in the remuneration report on pages 38 to 41.

## 5 Investment income

	<b>2010</b>	2009
	<b>£'000</b>	£'000
Interest on bank deposits	<b>549</b>	12,315

## 6 Finance costs

	<b>2010</b>	2009
	<b>£'000</b>	(Re-stated) £'000
Interest on obligations under finance leases	<b>784</b>	7,830

No finance charges have been incurred in the current year in relation to the Steria PFI contract as there have been no capital purchases in year in relation to that contract. The 2010 figure is made up of trailing lease finance charges inherited from the previous Hewlett Packard contract and finance charges on leasehold properties. The 2009 figure includes finance charges relating to the Hewlett Packard contract, which under IFRS was capitalised as a finance lease.

## 7 Dividend payable

	<b>2010</b>	2009
	<b>£'000</b>	£'000
Dividend payable	<b>15,279</b>	18,572

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 Land	Buildings			IT related assets	Other plant and equipment	
	£'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 <sup>1</sup>	419	(1,495)	6,578	-	-	-	5,502
Reclassification to retained reserves <sup>4</sup>	-	-	(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 <sup>3</sup>	(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

At 1 April 2009	-	12,287	3,147	-	59,336	27,056	101,826
Provided during the year <sup>2</sup>	-	2,449	1,576	-	12,861	3,109	19,995
Reclassification to retained reserves <sup>4</sup>	-	-	(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
<b>Carrying amount at 31 March 2010</b>	<b>34,592</b>	<b>88,618</b>	<b>25,323</b>	<b>964</b>	<b>12,079</b>	<b>5,947</b>	<b>167,523</b>

### 8.2 Cost or valuation

	(Re-stated) £'000	(Re-stated) £'000	(Re-stated) £'000	£'000	(Re-stated) £'000	(Re-stated) £'000	(Re-stated) £'000
At 1 April 2008 (re-stated)	44,350	120,266	33,672	7,139	79,214	34,599	319,240
Additions	-	(4)	-	5,515	5,952	768	12,231
Assets brought into use	-	996	-	(9,723)	7,993	734	-
Transfer additions to intangibles	-	-	-	-	(10,035)	-	(10,035)
Revaluation in year <sup>1</sup>	(6,930)	(5,326)	(4,235)	-	-	-	(16,491)
Impairment	-	(3,541)	(605)	-	-	-	(4,146)
Disposals	-	-	-	-	(8,580)	(511)	(9,091)
At 31 March 2009	37,420	112,391	28,832	2,931	74,544	35,590	291,708

## Accumulated depreciation and impairment

	Property			Plant and equipment			Total
	Freehold		Leasehold	Assets under construction	IT related assets	Other plant and equipment	
	Land	Buildings	Buildings				
	(Re-stated) £'000	(Re-stated) £'000	(Re-stated) £'000	£'000	(Re-stated) £'000	(Re-stated) £'000	(Re-stated) £'000
At 1 April 2008 (re-stated)	-	9,708	2,348	-	56,815	23,732	92,603
Provided during the year <sup>2</sup>	-	2,579	799	-	17,315	3,812	24,505
Transfer depreciation to Intangibles	-	-	-	-	(6,243)	-	(6,243)
Backlog depreciation reversal	-	-	-	-	-	-	-
Disposals	-	-	-	-	(8,551)	(488)	(9,039)
At 31 March 2009	-	12,287	3,147	-	59,336	27,056	101,826
<b>Carrying amount at 31 March 2009</b>	<b>37,420</b>	<b>100,104</b>	<b>25,685</b>	<b>2,931</b>	<b>15,208</b>	<b>8,534</b>	<b>189,882</b>

1 £0.240 million (2008/9: £0.014 million) allocated to assets funded by government grant

2 £1.177 million (2008/9: £1.352 million) allocated to assets funded by government grant

3 £0.384 million (2008/9: nil) allocated to assets funded by government grant

4 £0.551 million (2008/9: nil) allocated to assets funded by government grant

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 2008. 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 £3.17 million (2008/9: £1.32 million). In the year £0.63 million of depreciation related to these assets.

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

An asset was bought for £0.86 million to provide the integrated run-time and management environment for the deployment of composite business services for e-conveyancing (e-discharges, e-charges, e-documents and e-transfers). Although the software remains a viable asset it has been decided that we will not need to use its functionality for the foreseeable future. As the asset will not be brought into service it has been impaired.

### 8.3 Non-current assets classified as held for sale

During the year the Wales and Swansea offices merged to form one Wales Office. Active marketing of the Swansea property began in September 2009. The decision to merge the offices was taken by the Board in 2006 as part of the Blueprint and was brought forward in 2009 as part of the Accelerated Transformation Programme.

The Lytham and Lancashire offices also merged during the year, forming what is now the Fylde Office. Active marketing of the Lytham property began in September 2009. The decision to merge the offices was taken by the Board in 2006 as part of the Blueprint and was brought forward in 2009 as part of the Accelerated Transformation Programme.

## 9 Intangible assets

### 9.1 Cost

	Development costs £'000	E-conveyancing in service £'000	Software licences £'000	Total £'000
At 1 April 2009	39,266	-	56,657	95,923
Additions	3,640	-	408	4,048
Assets brought into use	(22,560)	22,560	1,707	1,707
Reclassification	-	-	13,456	13,456
Disposals	-	-	(969)	(969)
Impairment <sup>1</sup>	(555)	-	(397)	(952)
At 31 March 2010	19,791	22,560	70,862	113,213

### Amortisation

At 1 April 2009	-	-	39,564	39,564
Charge for the year	-	2,492	4,013	6,505
Reclassification	-	-	15,048	15,048
Disposals	-	-	(946)	(946)
Impairment	-	-	(100)	(100)
At 31 March 2010	-	2,492	57,579	60,071
<b>Carrying amount at 31 March 2010</b>	<b>19,791</b>	<b>20,068</b>	<b>13,283</b>	<b>53,142</b>

### 9.2 Cost

	(Re-stated) £'000	(Re-stated) £'000	(Re-stated) £'000	(Re-stated) £'000
At 1 April 2008 (re-stated)	27,452	-	46,622	74,074
Additions	11,814	-	10,035	21,849
Disposals	-	-	-	-
At 31 March 2009	39,266	-	56,657	95,923

### Amortisation

	(Re-stated) £'000	(Re-stated) £'000	(Re-stated) £'000	(Re-stated) £'000
At 1 April 2008 (re-stated)	-	-	33,321	33,321
Charge for the year	-	-	6,243	6,243
At 31 March 2009	-	-	39,564	39,564
<b>Carrying amount at 31 March 2009</b>	<b>39,266</b>	<b>-</b>	<b>17,093</b>	<b>56,359</b>

The cost of developing e-conveyancing (e-discharges, e-charges, e-documents and e-transfers) is being capitalised as an intangible asset on the balance sheet and will be amortised against future e-conveyancing income streams.

1 During the year the decision was taken to move from local and central signing, as part of the e-conveyancing (e-discharges, e-charges, e-documents and e-transfers) e-security solution, to central signing only for both businesses and citizens. This decision was taken primarily as a result of technical issues experienced by customers due to their security settings interfering with the software required for local signing. The benefits identified for this move are: an improved customer experience; improved take-up of portal services; and reduced support overheads. The development expenditure impairment relates to £345,000 for software licences and £210,000 of management costs incorrectly classified as development expenditure in prior years.

Software licences, again relating to e-security, which had previously been capitalised were reviewed for impairment. The numbers required was judged to be in excess of existing need and so the value was impaired to reflect the numbers expected to be in use going forwards.

## 10 Inventories

	2010 £'000	2009 £'000	2008 £'000
Work-in-progress	823	1,144	1,653
	<b>823</b>	<b>1,144</b>	<b>1,653</b>

## 11 Trade and other receivables

### 11.1 Current

	2010 £'000	2009 £'000	2008 £'000
Trade receivables	8,608	7,694	10,052
Other receivables	1,578	2,642	3,155
Prepayments and accrued income	4,867	5,945	6,694
	<b>15,053</b>	<b>16,281</b>	<b>19,901</b>

The average credit period taken on provision of services is nine 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 approximate their fair value.

### 11.2 Non-current

	2010 £'000	2009 £'000	2008 £'000
Other receivables	735	842	884
Prepayments	238	713	957
	<b>973</b>	<b>1,555</b>	<b>1,841</b>

## 12 Cash at bank and in hand

	2010 £'000	2009 £'000	2008 £'000
Government Banking Service	205,096	259,217	372,088
Commercial banks and cash-in-hand	32,229	21,112	8,243
<b>Total</b>	<b>237,325</b>	<b>280,329</b>	<b>380,331</b>

Land Registry holds customer deposits as part of the credit account payment facility. At the year-end there were 19 accounts (2008/9: 25) for which a total of £0.31 million (2008/9: £0.93 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.

## 13 Trade and other payables

### 13.1 Current

	2010	2009 (Re-stated)	2008 (Re-stated)
	£'000	£'000	£'000
Trade payables	1,921	4,420	6,967
Taxation and social security	3,642	4,420	4,652
Other payables	3,054	3,471	3,515
Accruals	14,544	23,656	40,965
Net obligations under finance leases	232	213	196
PFI finance lease obligations	1,367	486	1,507
Deferred income – fees received in advance	5,093	3,500	8,667
Dividend payable	15,279	18,572	19,709
	<b>45,132</b>	<b>58,738</b>	<b>86,178</b>

Trade and other payables principally comprise amounts outstanding for trade purchase and ongoing costs. The average credit period taken for trade purchases is 23 days. The carrying amount of trade payables is deemed to be an approximation of their fair value.

### 13.2 Non-current

	2010	2009 (Re-stated)	2008 (Re-stated)
	£'000	£'000	£'000
Net obligations under finance leases	5,536	5,768	6,467
PFI finance lease obligations	714	-	-
	<b>6,250</b>	<b>5,768</b>	<b>6,467</b>

## 14 Intra-government balances

### 14.1 Receivables

	Current			Non-current		
	2010 £'000	2009 £'000	2008 £'000	2010 £'000	2009 £'000	2008 £'000
Balances with:						
Other central government bodies	2,104	2,556	2,831	-	-	-
Local authorities	849	1,136	404	-	-	-
Public corporations and trading funds		2	-	-	-	-
<b>Intra-government balances</b>	<b>2,953</b>	<b>3,694</b>	<b>3,235</b>	<b>-</b>	<b>-</b>	<b>-</b>
Balances with bodies external to government	12,100	12,587	16,666	973	1,555	1,841
<b>Total receivables</b>	<b>15,053</b>	<b>16,281</b>	<b>19,901</b>	<b>973</b>	<b>1,555</b>	<b>1,841</b>

### 14.2 Payables

	Amounts falling due within one year			Amounts falling due after more than one year		
	2010 £'000	2009 £'000 (Re-stated)	2008 £'000 (Re-stated)	2010 £'000	2009 £'000 (Re-stated)	2008 £'000 (Re-stated)
Balances with:						
Other central government bodies	22,705	26,669	27,971	-	-	-
Local authorities	472	31	111	-	-	-
Public corporations and trading funds	-	322	47	-	-	-
<b>Intra-government balances</b>	<b>23,177</b>	<b>27,022</b>	<b>28,129</b>	<b>-</b>	<b>-</b>	<b>-</b>
Balances with bodies external to government	21,955	31,716	58,049	6,250	5,768	6,467
<b>Total payables</b>	<b>45,132</b>	<b>58,738</b>	<b>86,178</b>	<b>6,250</b>	<b>5,768</b>	<b>6,467</b>

## 15 Obligations under leases

### 15.1 Finance leases

	Minimum lease payments		Present value of minimum lease payments	
	2010 £'000	2009 (Re-stated) £'000	2010 £'000	2009 (Re-stated) £'000
Amounts payable under finance leases				
Within one year	2,358	3,894	1,599	699
In the second to fifth years inclusive	4,542	3,815	1,887	1,069
After five years	9,870	10,823	4,363	4,699
	<b>16,770</b>	18,532	<b>7,849</b>	6,467
Less: future finance charges	(8,921)	(12,065)		
Present value of lease obligations	<b>7,849</b>	6,467		
Less: amount due for settlement within 12 months (shown under current liabilities)			(1,599)	(699)
Amount due for settlement after 12 months			<b>6,250</b>	5,768

### 15.2 Operating leases

	2010 £'000	2009 £'000
Minimum lease payments under operating leases recognised in the year	<b>3,519</b>	3,836

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:

	2010 £'000	2009 £'000
Within one year	72	-
In the second to fifth years inclusive	1,556	2,415
After five years	937	1,104
	<b>2,565</b>	3,519

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 2010.

## 17 Provisions for liabilities and charges

	Early retirement	Early severance	Property	Total	2009	2008
	2010				2009	2008
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2009	26,975	18,386	-	45,361	1,435	2,557
Provided in the year	6,518	(582)	1,541	7,477	44,822	1,079
Provisions utilised in the year	(12,515)	(17,252)	-	(29,767)	(896)	(2,201)
<b>At 31 March 2010</b>	<b>20,978</b>	<b>552</b>	<b>1,541</b>	<b>23,071</b>	<b>45,361</b>	<b>1,435</b>
<b>Included in current liabilities</b>				<b>7,338</b>	31,675	1,435
<b>Included in non-current liabilities</b>				<b>15,733</b>	13,686	-
				<b>23,071</b>	<b>45,361</b>	<b>1,435</b>

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 £19.7 million in 2009/10, of which £13.0 million had been provided for within the ERP provision in the 2008/9 accounts. The total pension liability up to normal retiring age in respect of each employee is charged to the income statement 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 2008/9.

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 2.2 per cent. The impact of unwinding the discount in 2009/10 was £1.6 million.

## 18 Capital commitments

	2010	2009
	£'000	£'000
<b>Capital expenditure</b>		
Contracted for but not provided in these accounts.	<b>738</b>	787

## 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. Claims pending under this liability were as shown below.

	<b>2010</b>	2009
	<b>£'000</b>	£'000
In relation to entries in the register	<b>7,968</b>	4,951
Fraud and forgery	<b>15,194</b>	10,556
	<b>23,162</b>	15,507

## 20 Notes to the cash flow statement

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

	<b>2010</b>	2009
	<b>£'000</b>	(Re-stated) £'000
Operating surplus/(deficit)	<b>20,223</b>	(65,575)
Restructure and reorganisation costs	<b>(34,609)</b>	(50,253)
Depreciation of property plant and equipment	<b>18,818</b>	16,910
Amortisation of intangible assets	<b>4,013</b>	6,243
Impairment in value of non-current assets	<b>3,710</b>	2,965
Impairment in value of intangible assets	<b>852</b>	-
(Decrease)/increase in provisions	<b>(22,290)</b>	43,926
Decrease in inventories	<b>321</b>	509
Decrease in receivables	<b>1,806</b>	2,404
Decrease in payables	<b>(5,940)</b>	(22,246)
Increase in Indemnity Fund	-	7,600
Net cash outflow from operating activities	<b>(13,096)</b>	(57,517)

### 20.2 Reconciliation of net cash flow to movement in net cash

	<b>2010</b>	<b>2009</b>	<b>2009</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>	£'000	£'000
	<b>Land Registry funds</b>	<b>Customer deposits</b>	Land Registry funds	Customer deposits
Net cash at start of period	<b>280,329</b>	<b>933</b>	380,331	2,019
Increase/(decrease) in cash in the period	<b>(43,004)</b>	<b>(619)</b>	(100,002)	(1,086)
Net cash at end of period	<b>237,325</b>	<b>314</b>	280,329	933

Land Registry holds customer deposits as part of the credit account payment facility. At the year-end there were 19 accounts (2008/9: 25) for which a total of £0.31 million (2008/9: £0.93 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 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, Communities and Local Government and the Post Office.

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 Interpretive 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.

In 2010 there has been no capital expenditure under the contract. Therefore all costs incurred in the year have been expensed to 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 2009/10 £5.28 million was charged under the Steria contract to the income statement and £4.77 million was charged to the income statement under the Hewlett Packard contract.

For 2008/9 £13.97 million (re-stated) was charged under the Hewlett Packard contract.

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

	£'000
Within one year	11,707
In second to fifth years inclusive	25,908
After 5 years	-
	37,615

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

	2010 Actual %	Target %	2009 Actual %	Target %
Percentage return on average capital employed	3.2	3.5	-	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 2005 to 31 March 2010 the average return on average capital employed is 7.7 per cent (2008/9: 8.7 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.

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 events after the reporting period

It was announced in the Budget on 22 June 2010 that the Government intends to adopt the Consumer Price Index (CPI) for the indexation of public service pensions from April 2011. This will have an impact upon the future operation of the pension scheme that Land Registry provides to employees.

After the financial period end Land Registry commenced marketing a number of properties as a result of the ATP disposal of surplus office space requirements. These properties are included under non-current assets as at 31 March 2010 and valued at existing use in these financial statements. As required by IFRS 5 *Assets held for sale and discontinued operations* they have been reclassified as assets held for sale in 2010/11. The assets will be revalued at market value less estimated selling costs and will no longer be depreciated in 2010/11. In revaluing the properties the estimated amount that will be charged to the revaluation reserve will be £0.442 million.

## 26 Explanation of transition to IFRS

This is the first year that the agency has presented its financial statements under IFRS. The following disclosures are required in the year of transition. The last financial statements under UK GAAP were for the year ended 31 March 2009 and the date of transition was therefore 1 April 2008.

### 26.1 Reconciliation of capital and reserves at 1 April 2008 (date of transition to IFRS)

	UK GAAP	Effect of transition to IFRS	IFRS
	01.04.08		01.04.08
	£'000	£'000	£'000
Property, plant and equipment	249,110	(22,473)	226,637
Intangible assets	27,452	13,301	40,753
Other receivables	1,841	-	1,841
<b>Total non-current assets</b>	<b>278,403</b>	<b>(9,172)</b>	<b>269,231</b>
Inventories	1,653	-	1,653
Trade receivables	19,901	-	19,901
Cash and cash equivalents	380,331	-	380,331
<b>Total current assets</b>	<b>401,885</b>	<b>-</b>	<b>401,885</b>
<b>Total assets</b>	<b>680,288</b>	<b>(9,172)</b>	<b>671,116</b>
Trade and other payables	(73,727)	(10,748)	(84,475)
Obligations under finance leases	(919)	(784)	(1,703)
Short-term provisions	(1,435)	-	(1,435)
<b>Total current liabilities</b>	<b>(76,081)</b>	<b>(11,532)</b>	<b>(87,613)</b>
Obligations under finance leases	(12,051)	5,584	(6,467)
<b>Total non-current liabilities</b>	<b>(12,051)</b>	<b>5,584</b>	<b>(6,467)</b>
<b>Net assets</b>	<b>592,156</b>	<b>(15,120)</b>	<b>577,036</b>
Indemnity Fund	15,400	-	15,400
Public Dividend Capital	61,545	-	61,545
Government Grant Reserve	8,599	-	8,599
Revaluation Reserve	82,984	(178)	82,806
Income and expenditure account	423,628	(14,942)	408,686
<b>Total capital and reserves</b>	<b>592,156</b>	<b>(15,120)</b>	<b>577,036</b>

#### Notes to the reconciliation of capital and reserves at 1 April 2008

Estimate of financial amount of staff leave outstanding	(10,748)
Financial impact of capitalisation of Hewlett Packard PFI contract	847
Re-calculation of land & buildings finance leases	(5,041)
Reversal of backlog depreciation	(178)
	<b>(15,120)</b>

## 26.2 Reconciliation of capital and reserves at 31 March 2009 (date of last UK GAAP financial statements)

	UK GAAP	Effect of transition to IFRS	IFRS
	01.04.09		01.04.09
	£'000	£'000	£'000
Property, plant and equipment	217,685	(27,803)	189,882
Intangible assets	39,266	17,093	56,359
Other receivables	1,555	-	1,555
<b>Total non-current assets</b>	<b>258,506</b>	<b>(10,710)</b>	<b>247,796</b>
Inventories	1,144	-	1,144
Trade receivables	16,281	-	16,281
Cash and cash equivalents	280,329	-	280,329
<b>Total current assets</b>	<b>297,754</b>	<b>-</b>	<b>297,754</b>
<b>Total assets</b>	<b>556,260</b>	<b>(10,710)</b>	<b>545,550</b>
Trade and other payables	(47,846)	(10,193)	(58,039)
Obligations under finance leases	(927)	228	(699)
Short-term provisions	(31,675)	-	(31,675)
<b>Total current liabilities</b>	<b>(80,448)</b>	<b>(9,965)</b>	<b>(90,413)</b>
Obligations under finance leases	(11,562)	5,794	(5,768)
Long-term provisions	(13,686)	-	(13,686)
<b>Total non-current liabilities</b>	<b>(25,248)</b>	<b>5,794</b>	<b>(19,454)</b>
<b>Net assets</b>	<b>450,564</b>	<b>(14,881)</b>	<b>435,683</b>
Indemnity Fund	23,000	-	23,000
Public Dividend Capital	61,545	-	61,545
Government Grant Reserve	6,718	-	6,718
Revaluation Reserve	65,564	100	65,664
Income and expenditure account	293,737	(14,981)	278,756
<b>Total capital and reserves</b>	<b>450,564</b>	<b>(14,881)</b>	<b>435,683</b>

### Notes to the reconciliation of capital and reserves at 1 April 2009

	£'000
Estimate of financial amount of staff leave outstanding	(10,748)
Financial impact of capitalisation of Hewlett Packard PFI contract	847
Re-calculation of land & buildings finance leases	(5,041)
	(178)
	(15,120)
Movement in provision for staff leave outstanding	556
Finance charge in respect of capitalisation of Hewlett Packard PFI contract	(765)
Land and buildings finance lease obligations	170
Reversal of backlog depreciation	185
Revaluation leasehold land and buildings	93
	(14,881)

## 26.3 Reconciliation of deficit for 2009

	UK GAAP	Effect of transition to IFRS	IFRS
	01.04.09		01.04.09
	£'000	£'000	£'000
Fee income – continuing operations	308,050	-	308,050
Cost of service	(366,204)	11,570	(354,634)
Gross deficit	(58,154)	11,570	(46,584)
Administrative expenses	(15,181)	(3,811)	(18,992)
Operating deficit	(73,335)	7,759	(65,576)
Loss on disposal of fixed assets	(14)	-	(14)
Interest receivable	12,315	-	12,315
Interest payable and similar charges	(32)	(7,798)	(7,830)
Restructure and reorganisation costs	(50,253)	-	(50,253)
Deficit for the financial year	(111,319)	(39)	(111,358)
Dividend payable	(18,572)	-	(18,572)
Retained deficit for the financial year	(129,891)	(39)	(129,930)

### Explanation of material adjustments to the cash flow statement for 2009

	£'000
Transfer of operating costs to interest/capital payable on finance leases	(7,760)
Amortisation charges reduction in respect of finance lease assets	(1,793)
Reduction in outstanding annual leave commitment and finance lease creditor	549
Interest charges in respect of finance leases	7,791
Repayment of capital in respect of finance leases	1,213
	-

# 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 2005 to 31 March 2010 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 2009/10



# Appendix 1

## Summary of intakes 2008/9 and 2009/10

	2008/09	2009/10	Variance %
<b>Working days</b>	<b>255</b>	<b>253</b>	
<b>Applications</b>			
First registrations	319,152	223,706	-29.9%
Dispositional first leases	191,308	143,983	-24.7%
Transfers of part of registered land	138,873	119,542	-13.9%
Dealings of whole with registered land (excl. BRUs/NDPs)	3,588,315	2,874,767	-19.9%
Bulk register updates (BRUs)/notice of deposits (NDPs)	1,319,067	2,509,842	90.3%
Preliminary services (OS,OC,CI,SIM,PIC)	11,528,763	9,977,421	-13.5%
Correspondence (excl. PIC, Form 313 and register views)	390,661	381,962	-2.2%
Telephone and enquiry services	2,087,340	1,837,377	-12.0%
Register views (LR Direct, NLIS and LR Online)	6,151,891	4,700,833	-23.6%
Title plan views (LR Direct, NLIS, LR Online)	873,219	698,440	-20.0%
Document views (LR Direct and NLIS)	144,131	141,995	-1.5%
<b>Total applications</b>	<b>26,732,720</b>	<b>23,609,868</b>	<b>-11.7%</b>
<b>Preliminary services</b>			
<i>Office copies :</i>			
By post	906,692	505,503	-44.2%
By e-services	5,656,214	5,525,243	-2.3%
By phone	240,735	179,817	-25.3%
<b>Total office copies (less CIs)</b>	<b>6,803,641</b>	<b>6,210,563</b>	<b>-8.7%</b>
<i>Official searches :</i>			
By post	322,674	267,382	-17.1%
By e-services	1,615,501	1,420,842	-12.0%
By phone	176,689	133,274	-24.6%
<b>Total official searches excluding HR3s</b>	<b>2,114,864</b>	<b>1,821,498</b>	<b>-13.9%</b>
<i>Official searches of the index map</i>			
By post	1,352,516	1,018,572	-24.7%
By e-services	650,818	643,938	-1.1%
By phone	137,816	100,637	-27.0%
<b>Total official searches of the index map</b>	<b>2,141,150</b>	<b>1,763,147</b>	<b>-17.7%</b>
Certificate of inspection of title plan (CI)	7,715	6,147	-20.3%
Home rights searches (Form HR3)	248,880	173,970	-30.1%
Register views (LR Direct, NLIS, LR Online, portal and Gateway)	6,151,891	4,700,833	-23.6%
Title plan views (LR Direct, NLIS, LR Online, portal and Gateway)	873,219	698,440	-20.0%
Document views (LR Direct, portal and Gateway)	144,131	141,995	-1.5%
Personal searches of the register (PIC)	3,303	2,096	-36.5%
<b>Total preliminary services</b>	<b>18,488,794</b>	<b>15,518,689</b>	<b>-16.1%</b>

**Other services**

Form 313	37,029	-	-100.0%
Property price bespoke reports	1,044	803	-23.1%
<b>Total other services</b>	<b>38,073</b>	<b>803</b>	<b>-97.9%</b>

# Appendix 2

## Recruitment statement

The following information outlines Land Registry's work in the field of recruitment during 2009/10.

Land Registry recruitment activity has been very limited in line with the reduction in the size of the organisation overall. It has focused on areas where there has been a need to bring in specialist expertise from outside of the organisation, such as Information Systems and Human Resources.

Land Registry's recruitment procedures are conducted on the basis of fair and open competition, in accordance with the Civil Service Commissioners' Recruitment Principles, and are subject to internal monitoring.

The following external recruitment appointments were made during 2009/10.

Grade	Numbers appointed
Senior Civil Servant (SCS)	0
Non-Executive Director	0
Senior Registration Administrator (SRA)	1
Senior Registration Executive (SRE)	1
Registration Executive 1 (RE1)	5
Registration Executive 2 (RE2)	6
Registration Officer (RO)	0
Registration Assistant (RA)	0
<b>Total</b>	<b>13</b>

Land Registry's continued commitment to diversity and equality of opportunity is reflected in its recruitment procedures, which are continually monitored and evaluated. The following statistics relate to the staff shown in the table above.

Grade	Male	Female	Ethnic minorities	Disabled
Non-Executive Director	0	0	0	0
Senior Registration Administrator (SRA)	1	0	0	0
Senior Registration Executive (SRE)	1	0	0	0
Registration Executive 1 (RE1)	1	4	1	0
Registration Executive 2 (RE2)	4	2	0	0
Registration Officer (RO)	0	0	0	0
<b>Total</b>	<b>7</b>	<b>6</b>	<b>1</b>	<b>0</b>

1 Note: Not all recruits declared their ethnicity or disability status.

No appointments were made under the exceptions to the recruitment principles permitted by the Civil Service Commissioners.

# Land Registry offices and sub-offices 31 March 2010





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ISBN 978-0-10-296649-7

