



Our customers, our people, our future

Readers of this report

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.

The Secretary of State for Justice and Lord Chancellor is the minister responsible for Land Registry. This is the Chief Land Registrar's formal account to the minister of Land Registry's performance against each of the objectives and key performance targets set by the minister for 2006/7.

Copies of the report are made available to:

- Land Registry staff
- The Stationery Office bookshops for sale to members of the public
- the institutions representing those who regularly use our services
- those organisations with a particular professional or practical interest in conveyancing or other aspects of Land Registry's work
- academics in the field

- the professional and national press
- other government departments and agencies, including HM Treasury and the Cabinet Office
- land registries overseas
- the United Nations, European Union and World Bank
- those individuals in institutions with a professional interest in public sector management.

For readers of this report who are not familiar with Land Registry terms, a glossary has been provided at Appendix 8. This report is available for online viewing on our website at www.landregistry.gov.uk.

If you would like this annual report and accounts in a different format, including audio tape, Braille or large print, please contact Ian MacEachern by phone: 020 7166 4496 or email: ian.maceachern@landregistry.gsi.gov.uk

Land Registry Annual Report and Accounts 2006/7

Report to the Secretary of State for Justice and Lord Chancellor by the Chief Land Registrar and Chief Executive on the work of Land Registry for the year 2006/7.

Report prepared pursuant to section 101 of the Land Registration Act 2002, and accounts prepared pursuant to Section 4(6) of the Government Trading Funds Act 1973, of HM Land Registry Trading Fund as at 31 March 2007, together with the Report of the Comptroller and Auditor General.

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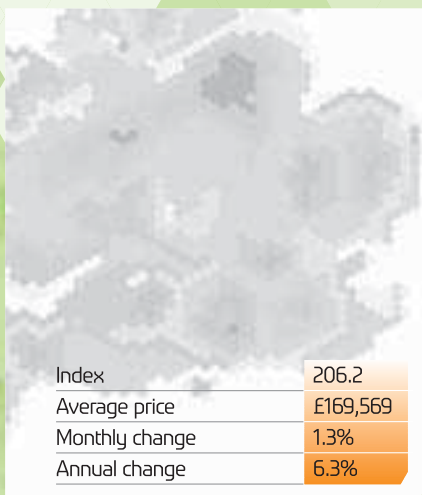
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Our organisation
Our services
Our customers
Our people
Our technology
Our future

Highlights of 2006/7

The price is right

Land Registry's new House Price Index was launched in October. Its 'like-for-like' method of calculating price changes, using Land Registry's unique database of every property transaction in England and Wales, makes the House Price Index comprehensive, accurate and timely. The index and its findings have attracted significant media coverage.



Happy to be helped

The percentage of customers who are very satisfied or satisfied with our full range of services is an extraordinary 98.6 per cent, with 49.8 per cent putting themselves in the very satisfied category.

Child friendly

Westbridge Day Nursery at Leicester Office was opened by the then Department for Constitutional Affairs minister Baroness Ashton of Upholland in October. Land Registry has on-site nurseries at nine of its offices and external providers supply nursery places at a further nine. Both bought-in and on-site nursery places are subsidised by Land Registry at a rate of 33 per cent of the cost.



Flowers for the minister from some of the children at the nursery

Safe hands

A landmark in the development of e-conveyancing was reached when Land Registry awarded IBM the contract for ensuring the security of the electronic system. At the end of March another milestone was passed with the launch of the prototype of Chain Matrix, which gives conveyancers and homebuyers and sellers online access to information about their property chains. The prototype is being tested in three parts of England.

Work life

Land Registry receives many commendations for our employment practices. Among the latest have been the inclusion of Information Systems in a new *Top IT Employers in the UK* guide and the award of the Association of Chartered Certified Accountants' Platinum Approved Employer for Trainee Development kitemark.



Deputy Chief Executive Ted Beardsall puts pen to paper with Jan Gower of IBM

Thanks, minister

Vera Baird QC, Parliamentary Under-Secretary of State at the Department for Constitutional Affairs, was given day-to-day responsibility for Land Registry in January. Ms Baird took the reins from Baroness Ashton. In March Ms Baird visited Land Registry Head Office to meet Chief Land Registrar Peter Collis and other staff. "Land Registry is such a dynamic organisation," said Ms Baird, the MP for Redcar. "I like the way that our new e-services are empowering businesses and citizens in their dealings with land and property." The Department for Constitutional Affairs has now been renamed the Ministry of Justice.



Ms Baird (left) learns about Land Registry's services

Highlights of 2006/7 cont'd

Good health

A series of organisation-wide health awareness campaigns began in the summer with a focus on healthy hearts. Chief Land Registrar Peter Collis led a brisk walk around Lincoln's Inn Fields and similar exercise was simulated at local offices.



Peter Collis leads the walkers

Green gains

An external audit reconfirmed Land Registry's ISO 14001 certificate in February, demonstrating that we meet international standards in energy use, waste disposal and general environmental awareness. Following an organisation-wide consumption-cutting campaign, we were runners-up in the multi-site category of the Carbon Clean-up Awards.

Register here

Land Registry is encouraging the owners of unregistered land to register their property voluntarily and so take advantage of a 25 per cent discount on the fee. Local office networking and a regional media campaign helped meet our key performance indicator of adding 700,000 hectares to the total area of registered freehold land in England and Wales. Recent registrations have included the Duchies of Cornwall and Lancaster, the Blenheim Estate, the British Museum and the Forestry Commission.



Equality ticked

A review by Jobcentre Plus reconfirmed the award of the Two Ticks disability symbol to Land Registry, showing our commitment to the recruitment, retention, training and career development of disabled staff. We have also created a disability equality scheme to join our longer-established race equality scheme.



Full house

We received a record 34,448,431 applications over the year. Just over half were substantive applications to change an entry on the Land Register or create a new one. The remainder were preliminary service applications for information. Preliminary applications were particularly high, with the total of 14,660,341 up by 9.4 per cent on the previous year.

It's an honour

Nearly 40 years of service to Land Registry was recognised when Gordon Vickers received the OBE from the Queen at Buckingham Palace in November. Gordon retired from our Information Systems Directorate last year. He was involved in many of our key IT projects, including the development of the Land Register Online website and the preparations for the introduction of e-conveyancing.



Gordon Vickers meets the Queen
(Credit: BCA Films)

Foreword by the Chief Land Registrar and Chief Executive

This has been an exciting year for Land Registry, not least because of the publication of our Blueprint. This sets out a vision of how Land Registry will look by the middle of the next decade, when we expect to have a comprehensive Land Register for England and Wales and e-conveyancing to be the established method for transferring and mortgaging property.

At the heart of our Blueprint is a Land Registry even more focused on its customers' needs than now, tailoring its services to their particular requirements. In 2006/7 we took significant steps in this direction by developing and marketing a range of commercial services and launching our new House Price Index. This draws on our unique database of every property transaction in England and Wales, using a 'like-for-like' method of calculating price changes that makes the index comprehensive, accurate and timely.

In 2007/8 we will continue to develop these and other new services and, just as importantly, will put even more effort into bringing them to the attention of the huge range of businesses and individuals whom we believe could benefit from them.

But our core business must always remain our primary concern. Following the trend of recent years, our workload continued to increase by 5.88

per cent compared with 2005/6. We dealt with this work speedily, accurately and efficiently.

A major accomplishment was increasing the Land Register to cover 59 per cent of England and Wales, up from 48 per cent only two years ago. We have achieved this by targeting larger landowners and persuading them of the benefits of voluntarily registering their estates. This enabled us to exceed our milestone target of 700,000 hectares. In 2007/8 we aim to register another 550,000 hectares.

Customer satisfaction continues to reach the highest levels. The percentage of customers who are very satisfied or satisfied with our full range of services is an extraordinary 98.6 per cent, with 49.8 per cent putting themselves in the very satisfied category.

Our electronic conveyancing programme has progressed to the launch of the prototype Chain Matrix service in March 2007, meeting the e-conveyancing key performance target for 2006/7. We will be continuing to trial our innovative prototype and evaluating the reaction of conveyancers, lenders, estate agents and the public.

Less visibly, but no less significantly, we will be putting in place a robust system for attaching electronic signatures to documents, which will pave the way for electronic lodgement

of applications to which deeds are attached, such as mortgages and property transfers. We will also be analysing responses to our first consultation on the draft secondary legislation, which is necessary before e-conveyancing can be introduced. We will make further strides with our e-conveyancing programme in 2007/8.

We would not be able to deliver all of this without our committed and talented workforce. We need to support them so they can continue to give their best. This year this support has included, among many other things, a comprehensive diversity training package and the continuation of our Future Leaders programme. We are introducing a new wider business performance measure for 2007/8 that will measure the average number of training days per person.

We had to take some tough decisions in 2006/7. Continued improvements in efficiency mean that our workforce is now two-thirds of the size it was at its peak, yet our office network is unchanged. We had to address this, and therefore proposed the merger of five pairs of our offices and the closure of two. This was not easy for an organisation that had not had any significant office closures since we were founded in 1862. We stressed, though, that we would do all we could to help staff affected by these proposals and would try

to enable as many as possible to stay with us by transferring to another office.

I hope you will enjoy reading our new style annual report. We are immensely proud of the service we provide and will strive to do even better in 2007/8. We will rise to the challenges of the level of activity in the housing market; the buoyancy of the re-mortgaging market; the continuing growth in the size of the Land Register; and the much greater use made by customers of the information on the register now that it is so much more accessible, as well as taking forward e-conveyancing and our other forward programmes.

Our aim is that, with each year that passes, Land Registry's services get better and better and our organisation becomes one of which customers, staff and business partners can feel ever more proud. I hope that, after reading this report, you will share our sense of pride.



Peter Collis CB HonRICS CCMI
Chief Land Registrar and
Chief Executive

July 2007

Land Registry directors



Peter Collis CB HonsRICS CCMi
Chief Land Registrar and
Chief Executive



Ted Beardsall CBE
Deputy Chief Executive and
Business Development Director



Joe Timothy
Director of Legal Services and
Deputy Chief Land Registrar



Andy Howarth
Director of Operations



Mike Cutt
Non-Executive Director



David Rigney
Non-Executive Director



Heather Foster
Finance Director



Linda Daniels
Director of Human Resources



John Wright
Director of Information Systems

About us

Land Registry's mission is to provide the world's best service for guaranteeing ownership of land and facilitating property transactions.

In pursuit of this mission, Land Registry's principal aims are:

- to maintain and develop a stable and effective land registration system throughout England and Wales as the cornerstone for the creation and free movement of interests in land
- on behalf of the Crown, to guarantee title to registered estates and interests in land for the whole of England and Wales
- to provide ready access to up-to-date and guaranteed land information, enabling confident dealings in property and security of title
- to provide a Land Charges and Agricultural Credits service.

Land Registry was created as a separate government department in 1862 and became an executive agency on 2 July 1990 and a trading fund on 1 April 1993. The Chief Land Registrar is the Head of the Department, full Accounting Officer and Chief Executive of the executive agency. He is a statutory office holder and is responsible for conducting the whole business of land registration in England and Wales. He reports to the Secretary of State for Justice and Lord Chancellor.

Land Registry operates through 24 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. Appendix 7 contains contact details for Land Registry offices.

The Land Register, comprising more than 21 million titles, has been open to public inspection since December 1990.

Our mission, vision and strategic objectives

Our mission

To provide the world's best service for guaranteeing ownership of land and facilitating property transactions.

Our vision

Making property transactions easier for all.

Our strategic objectives

Our strategic plan seeks to develop or enhance existing services as well as introduce new services, with the overall aim of making property transactions easier for all.

We have identified four key areas for development: customer service, land registration, electronic service delivery and other business.

To ensure we deliver improvements within each of these areas, we have agreed with our ministers a number of long-term strategic objectives, affirmed each year.

Customer service

- 1 Continue to make improvements to the delivery of services to all stakeholders.

Land registration

- 2 Deliver timely and effective secondary legislation in relation to land registration.
- 3 Create a comprehensive Land Register for England and Wales.

Electronic service delivery

- 4 Introduce an electronic conveyancing system through which most property transactions will be effected.
- 5 Make all land registration data electronically accessible to everyone.

Other business

- 6 Develop a broader range of services for property professionals, the public and others.

Each year, we address strategic objectives 1 and 2 by continually improving our services and ensuring that our legislation is up to date and meets the needs of our stakeholders. Our intention is to achieve strategic objective 3 within the next decade by committing each year to register a challenging target of additional hectares of land for the first time. Strategic objectives 4 and 6 will be achieved progressively through the year-on-year introduction of new services and service delivery systems. During 2006/7, we made the

documents referred to in the title registers available electronically to the general public via Land Register Online. This completes our task of achieving strategic objective 5.

To ensure we deliver annually against these objectives, Land Registry is set a key performance target for each of our development areas. The targets for 2006/7 and our performance against them are shown in the table on page 15 under the section titled *Strategic development areas*.

Our key performance indicators

As well as setting the key performance targets for our development areas, each year the Secretary of State for Justice and Lord Chancellor sets Land Registry a number of key performance indicators (KPIs) to ensure our customers continue to receive an excellent land registration service.

Progress towards these KPIs 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 the KPIs and wider business performance measures for 2006/7 is shown in the following table. Our performance against previous years' KPIs can be found in Appendix 1. Our KPIs for 2007/8 can be found in Appendix 4. Explanations of the KPIs shown opposite can be found in Appendix 5.

How we performed against our key performance targets 2006/7

	Target 2006/7	Achieved
Customer service		
Speed		
Percentage of official copy and official search applications processed within two working days	98	98
Percentage of all registrations processed within 18 working days	80	88.6
Accuracy		
Percentage of registrations processed free of any error	98.5	98.8
Overall satisfaction¹		
Percentage of customers who, overall, are very satisfied/satisfied with the full range of services provided by Land Registry	Better than 95	98.6
Financial		
Percentage return on average capital employed	3.5	23.2
Efficiency²		
Cost per unit in cash terms ³ (real terms) ⁴	£29.89 (£21.17)	£25.84 (£18.30)
Strategic development areas		
Customer service		
Introduce imagery-based access to Land Register Online		Achieved – Aerial Land Locator launched in June 2006
Land registration		
Add a further 700,000 hectares of land to the total area of registered freehold land in England and Wales		Achieved ⁵ – 1 February 2007 – 780,554 at year end
Electronic service delivery		
Introduce a prototype Chain Matrix service to provide transparency to residential conveyancing chains		Achieved – Chain Matrix prototype launched 29 March 2007
Other business		
Establish a Land Registry Portal as a first step in implementing a single integrated customer interface for all electronic Land Registry information and services		Achieved – Portal access established October 2006

¹ Result from quarterly satisfaction survey (Ytd Quarter 4) and customer survey 2006.

² This is the final-year target towards the the Treasury-agreed cost per unit target for 2006/7 of £29.89 in cash terms (£21.17 in real terms). Target adjusted for revised pension costs.

³ Based on the GDP deflator issued by the Treasury on 21 March 2007 (base year 1992/3).

⁴ The real-term unit cost in the base year of 1992/3 was £30.65.

⁵ Based on title extents (see also note 2 on next page).

Our wider business performance for 2006/7

	Achieved 2005/6	Achieved 2006/7
Customer service		
<i>Speed</i>		
Percentage of customers who are very satisfied/satisfied with the speed of service of official copy and official search applications ¹	99.3	99.2
Percentage of customers who are very satisfied/satisfied with the speed of service of registrations ¹	98.6	98.3
Average number of days taken to process:		
first registrations	11	13
dispositional first leases	16	20
transfers of part	16	19
dealings of whole	5	6
official copies	3	3
official searches	1	1
Percentage of general correspondence (letters, faxes and emails) responded to within five working days	97	97
<i>Accuracy</i> ¹		
Percentage of customers who are very satisfied/satisfied with the accuracy of registrations	97.9	98.2
<i>Overall satisfaction</i> ¹		
Percentage of customers who, overall, are very satisfied with the full range of services provided by Land Registry	47.1	49.8
Financial		
Percentage cumulative reduction in fees since becoming a trading fund (1993)	53.7	47.0
Strategic		
Number of registered titles (millions)	20.513	21.079
Percentage (area) of freehold of England and Wales registered ²	54.47	59.46
Number of registrations:		
first registrations	309,609	304,391
discharges	2,502,318	2,605,620
mortgages	2,627,999	2,723,530
transfers for value	1,270,867	1,480,819
leases	173,610	197,546

¹ Result from quarterly satisfaction survey (Ytd Quarter 4) and customer survey 2006.

² Based on indexings (see also note 5 on previous page).

Intakes and outputs

Overall intake increased by 5.88 per cent over that received for 2005/6.

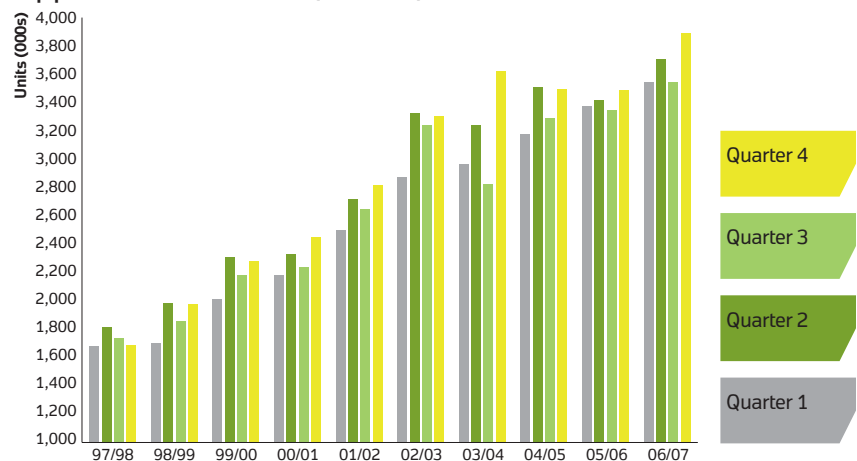
We received 34,448,431 applications over the year. This equates to a unit intake for 2006/7 of 14.691 million, compared with the budget forecast of 13.084 million.

At 14,660,341, intakes of preliminary services applications have been notably high and have increased by 9.4 per cent on the previous year's 13,397,544 applications.

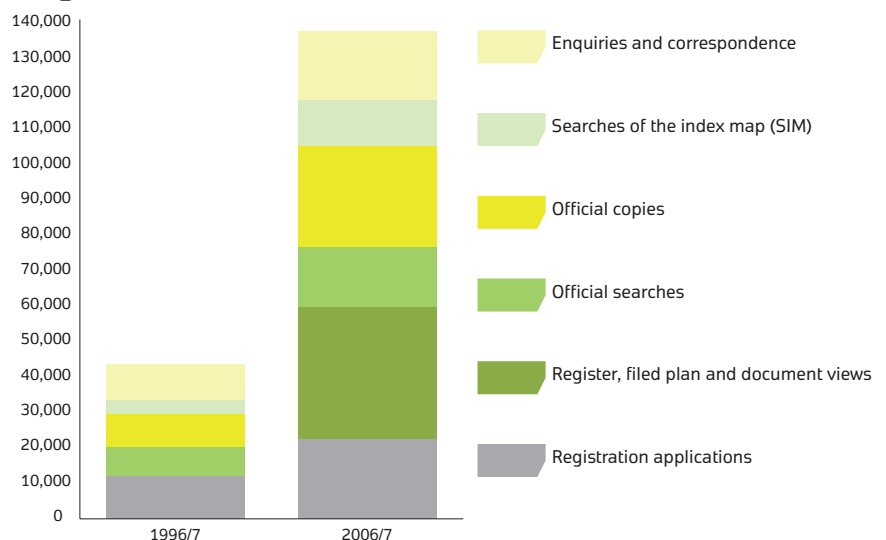
Output for the year was 34,432,036 applications, which is 6.8 per cent more than achieved for 2005/6.

Full details of our year's workload are shown at Appendix 2.

Applications received (in units)



Daily intakes in 1996/7 and 2006/7



Overall customer satisfaction

The results of our quarterly and annual customer surveys show that the percentage of customers who, overall, are very satisfied or satisfied with the full range of our services is 98.6 per cent, against our KPI of better than 95 per cent.

We continue to place great importance on increasing the level of very satisfied customers and are pleased to record that progress continues to be made. Our customer surveys show that 49.8 per cent of customers rate themselves as very satisfied with the full range of our services, compared with 47.1 per cent in 2005/6.

The annual customer survey registered a big improvement in satisfaction with our electronic Land Registry Direct service. To improve the customer support experience of this service, we completed some process and infrastructure changes to automatically route relevant support calls to our Stevenage office. This has resulted in a reduction in the amount of time customers wait for their calls to be answered, as well as a reduction in the amount of password-related calls taken by the Information Systems Service Desk. Despite much increased traffic, the number of customers who were very satisfied with the service increased by 10 percentage points to 53 per cent.

We asked customers to compare us with others in the public and

private sector that they deal with. This year, 33.3 per cent of our customers rated us as much better than private sector organisations. This is an improvement of 0.7 per cent on the 2005/6 figure of 32.6 per cent. The figure for those rating Land Registry as much better than public sector organisations has remained at the high figure of 45.3 per cent.

Efficiency

We met our cash cost per unit target, the year-end figure being £25.84 against a target of £29.89.

Fee income for the financial year was £474.5 million against a 2005/6 figure of £395.4 million. Total expenditure was £382.1 million against £364.7 million for 2005/6.

We met our target for the Return on Average Capital Employed of 3.5 per cent with an outturn of 23.2 per cent. A dividend of £16.55 million for the financial year was paid to the Consolidated Fund (£14.23 million in 2005/6).

How do our customers feel we compare with other organisations?

	Much better/ better		The same		Worse/ much worse	
	2006	(2005)	2006	(2005)	2006	(2005)
Private sector organisations	77.6%	(78.5%)	20.7%	(20.4%)	1.7%	(1.0%)
Other public sector organisations	86%	(86.3%)	13.1%	(13.4%)	0.8%	(0.1%)

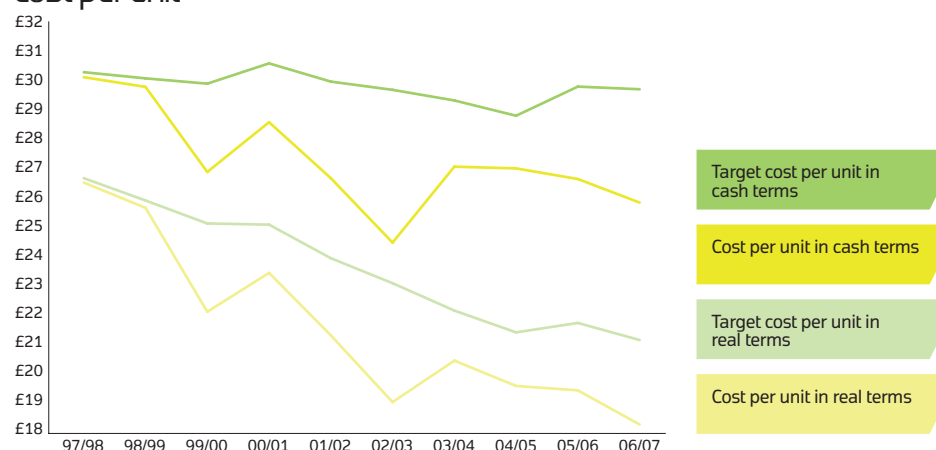
(Source: Land Registry customer satisfaction surveys 2005 and 2006)

How do our customers rate their overall satisfaction with the service provided by Land Registry local offices and the Land Charges Department?

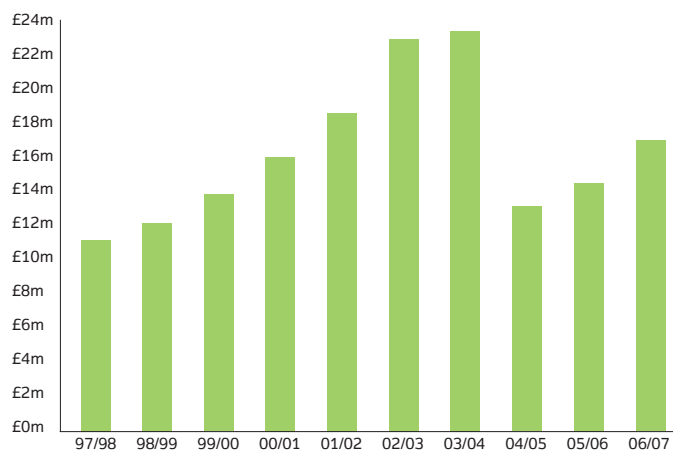
	Very satisfied/ satisfied		Dissatisfied		Very dissatisfied	
	2006	(2005)	2006	(2005)	2006	(2005)
Local office used most frequently	98.8%	(99.4%)	1.1%	(0.5%)	0.2%	(0.1%)
Land Charges Department	99.3%	(99.4%)	0.5%	(0.6%)	0.1%	(0.0%)

(Source: Land Registry customer satisfaction surveys 2005 and 2006)

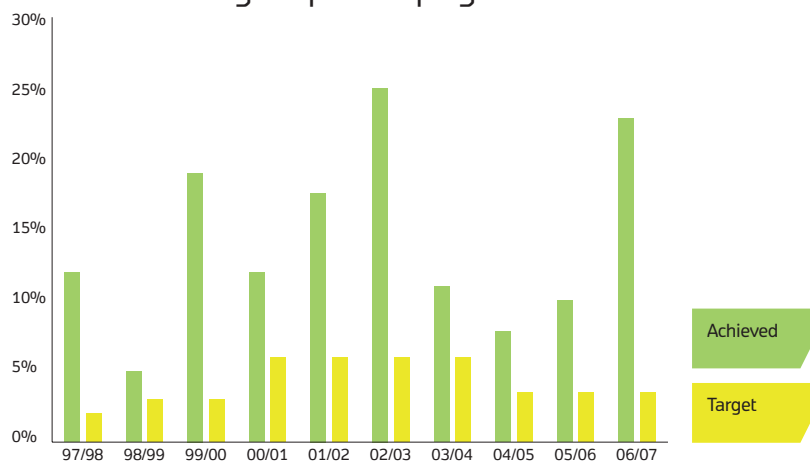
Cost per unit



Dividend to the Consolidated Fund



Return on Average Capital Employed



How do our customers rate our speed of service and quality of correspondence?

Very satisfied/ satisfied	2006	(2005)	Dissatisfied		Very dissatisfied	2006	(2005)
			2006	(2005)			
	98.5%	(98.8%)	1.4%	(1.1%)	0.1%	(0.1%)	

(Source: Land Registry customer satisfaction surveys 2005 and 2006)

Customer satisfaction – speed and accuracy of registrations

	Very satisfied/ satisfied	2006	(2005)	Dissatisfied		Very dissatisfied	2006	(2005)
				2006	(2005)			
Speed of service for dealings of whole	98.7%	(99.6%)		1.3%	(0.3%)	0.1%	(0.0%)	
Speed of service for new titles	95.2%	(97.8%)		4.5%	(2.1%)	0.4%	(0.1%)	
Accuracy	97.9%	(97.8%)		1.8%	(2.0%)	0.3%	(0.1%)	

(Source: Land Registry customer satisfaction surveys 2005 and 2006)

Speed

We achieved our KPI of processing 80 per cent of all registrations within 18 working days, with 88.6 per cent completed within the target and 85.3 per cent completed within 15 days. During 2005/6 (when intakes were lower), the results were 89.5 per cent within 18 days and 85.1 per cent within 15 days.

During the past few years we have introduced a culture whereby dealings of whole (where no amendment is needed to the title plan) are processed on a 'same-day' basis. On a daily basis, we completed more than 60 per cent of such applications on the day of receipt. Those we could not complete were usually awaiting confirmation by lenders that a mortgage had been discharged. We have also been extending this practice to new titles. This process will be assisted by the development of e-conveyancing.

The results of our customer satisfaction survey showed that 98.3 per cent of customers were very satisfied or satisfied with the speed of service of substantive casework for 2006/7, and 99.2 per cent were very satisfied or satisfied with the speed of service of preliminary services.

Accuracy

We also achieved our KPI relating to the accuracy of casework. We processed 98.8 per cent of all cases free from error against the target of 98.5 per cent.

The results of our quarterly and annual customer satisfaction surveys show that 98.2 per cent of customers were very satisfied or satisfied with the accuracy of casework in 2006/7, compared with 97.9 per cent for the previous year.

The percentage of customers who were very satisfied with the accuracy of completed registrations was 45.3, an increase from 42.3 per cent last year.

Standards of service

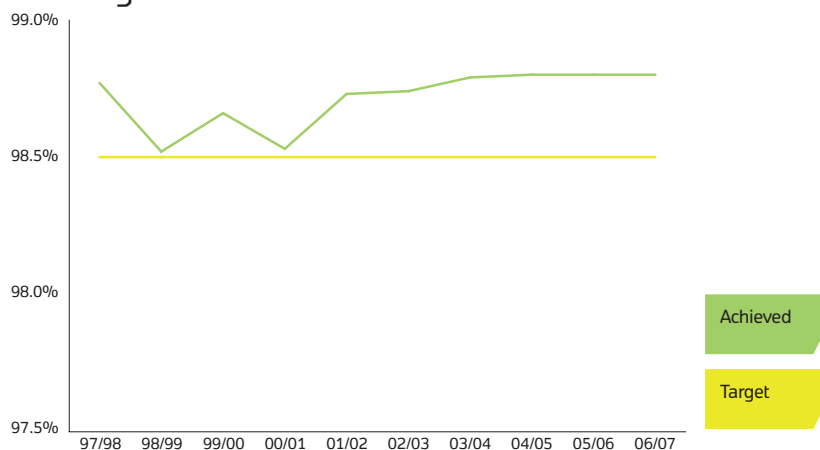
Our target standards of service, and our achievements against them, are published each year in our annual report and accounts as well as being displayed in our customer information centres across England and Wales.

Practitioners' advisory committees are also regularly informed. Information relating to our performance against these targets is published on our website www.landregistry.gov.uk and in our customer magazine *Landnet*.

Our 10-Year Strategic Plan and our annual business plans contain full details of our key performance targets and are published on our website. These online business plans are regularly updated with details of our current performance against these targets.

Land Registry's statement of service standards is set out in Appendix 3.

Accuracy



Our organisation

For most of Land Registry's history we have been dedicated to the vital task of processing registrations. But times are changing. We're still committed to providing a world-class registration service but we're also aiming to double the number of services we offer by the end of the next decade. As a result we'll greatly widen the number and type of customer we serve. We'll need to be even more proactive, customer-friendly and high achieving.

Over the past year we've demonstrated that we're moving towards the kind of flexible, outward-looking organisation we want to become. Our new board structure and the creation of a Marketing & Sales Group from 1 April 2007 reflect our leaner, modern approach. Our environmental performance and membership of Business in the Community demonstrate our concern for our impact on the wider world, while our International Unit continues to make our expertise available to developing nations.

Land Registry's boards

From April 2006 Land Registry has operated with two boards: the Land Registry Board, including two independent non-executive directors, and the Executive Board, which has the same membership but excludes the non-executive directors. The Land Registry Board is responsible for the strategic direction, good governance and overall performance of Land Registry. The Executive Board delivers the annual business plan and is responsible for the day-to-day management of Land Registry.

These boards are supported by a number of subsidiary boards, which either oversee specific aspects of Land Registry's operations or provide assurance. In particular:

- the Business Risk Board ensures that key risks are identified and managed in Land Registry
- the Programme Management Board owns Land Registry's programme portfolio on behalf of the Land Registry and Executive boards and provides assurance that projects accurately support the delivery of Land Registry's business plans
- the Business Development Board assesses the commercial viability of major new business ventures. It considers their compliance and financial, ethical and legal implications before sanctioning further development
- the Audit Committee provides

assurance to the Land Registry Board on key risks and control issues.

An organisational chart showing Land Registry's corporate governance structure together with its committees and their purpose is at Appendix 9.

Audit

The accounts have been audited by the Comptroller and Auditor General (C & AG). The cost of the audit work for 2006/7 was £69k (2005/6: £68k). The cost is in respect of the audit services relating to the statutory audit. There were no other services provided or assurance work undertaken by C & AG during the year.

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 Land Registry's auditors are aware of that information.

Work of the Audit Committee

The committee's activities in 2006/7 included:

- recommending improvements in internal procedures, such as server security
- reviewing the membership and induction of Audit Committee members, including specific training on their responsibilities
- overseeing the development

of risk management in Land Registry, via the Business Risk Board

- receiving regular progress reports from the Chair of the Business Risk Board highlighting any emerging risks and reporting on the strategic risk register activity
- regular reports from Internal Audit and other areas of the business, such as single tender contracts and health and safety, to gain an assurance that proper processes were being adhered to
- agreeing and monitoring Internal Audit's plans and reports and ensuring action was taken to implement Internal Audit's recommendations
- agreeing and monitoring External Audit's strategy, audit and management letter
- drawing up of an overview of assurance providers within the organisation to assist them in the delivery of their duties to the Land Registry Board
- approving the annual accounts and statement on internal control for the annual report.

During the period under review, John Wright, Director of Information Systems, and David Cleasby, Area Manager Portsmouth Office, joined the committee, replacing other executive officers. The Chief Executive, Finance Director, Head of Internal Audit and our external auditors routinely attend the committee's meetings.

Risks to our business

Land Registry's first priority must always be to deal with the work our customers send us as quickly, accurately and efficiently as we can. We are a customer-led organisation, and we have to respond to the work the property and mortgage markets generate for us. Our experience of recent years is of a progressive increase in the amount of work we handle.

This reflects the level of activity in the housing market, the buoyancy of the re-mortgaging market, the continuing growth in the size of the Land Register, and the much greater use made by customers of the information on the register now that it is so much more accessible. We cannot accurately predict what will happen in these markets in the coming year, and the impact that this might have on our income and performance, and so we have to have sound risk mitigation plans in place to ensure that we have sufficient operational capacity to meet the demands of these markets while maintaining our high standards of customer service.

In addition, we have to be prepared for the impact of new legislation on our operations, such as the forthcoming introduction of home information packs, and innovations of our own such as e-conveyancing and the development of new commercial services.

Lastly, with IT systems at the heart of our customer service delivery, the availability and

reliability of such systems is vital to our business. Accordingly, we have to have robust and comprehensive business continuity plans in place to mitigate the impact that their loss would have on our operations, including an annual programme of exercises designed to test arrangements at each Land Registry office.

Our risk management policy is set out in Appendix 10.

Rule Committee

The Rule Committee was reconstituted under the Land Registration Act 2002 to provide advice and assistance to the Secretary of State for Justice and Lord Chancellor 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.

During the course of the year the terms of two of the members ended. The Lord Chief Justice reappointed the High Court judge and the Secretary of State for Justice and Lord Chancellor reappointed the consumer affairs representative.

Following the publication, in February 2007, of the consultation paper

e-conveyancing – Secondary legislation part 1, members of the Rule Committee met to gain an understanding of the proposed system of e-conveyancing. Although the advice and assistance of the Rule Committee is not required for the draft rules being consulted on, members of the committee were included among those the Secretary of State for Justice and Lord Chancellor considered it appropriate to consult.

International Unit

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

During 2006/7 we have, among other projects, provided assistance to the British Council's Security, Justice & Growth programme in Nigeria, funded by the Department for International Development (DFID). In Rwanda we supported a DFID-funded project to help implement a newly enacted land law in terms of land registration law and practice. In partnership with Registers of Scotland, we assisted the Slovak Republic in a European Union project enhancing the efficiency of its land registration services.

We also:

- maintained our strong links with the United Nations' Economic Commission for

Europe's Working Party on Land Administration (WPLA). Our Deputy Chief Executive continues to represent us on the Bureau of the WPLA. We provided legal expertise for a comprehensive land administration review in Azerbaijan under WPLA auspices

- remained active members of the European Land Registry Association
- attended IBM's Business Leadership Forum in Rome for discussions about innovation and the challenges facing businesses in the 21st century
- participated in the joint meeting of the Permanent Committee on Cadastre and Eurogeographics held in Vienna, an international seminar on real property transfers in European Law in Madrid, the XXIII Congress of the International Federation of Surveyors in Munich and the European Land Registry Association meeting in Brussels.

During the year we have seen a significant increase in the number of visitors we have welcomed from overseas, delivering tailor-made study programmes to meet their particular areas of interest, such as customer service or e-conveyancing. 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 Bulgaria, Croatia, Ghana, Indonesia, Jamaica, Macedonia, Mongolia, Nigeria, Poland, the Russian Federation, Saudi Arabia, Scotland, Sierra Leone, Singapore, South Korea and Thailand.

Jon Llewellyn, International Unit

Working for Land Registry's International Unit means you are constantly challenged to deliver significant reforms at a national level. In 2006 I worked in Rwanda on the National Land Reform Programme – my mission was to come up with a comprehensive title registration system that could be applied to the whole country under the newly enacted Rwandan Organic Land Law.

I created a comprehensive title registration act designed to preserve citizens' land rights and promote economic opportunity and growth in Rwanda. I then helped the government prepare a costed bid document for submission to the newly formed Investment Climate Facility for Africa in support of their national business reform strategy. The bid proved to be successful, providing funding for the strengthening of land administration and business development in the country.

I'm hopeful Land Registry will return to Rwanda to continue to encourage and support the development of their fledgling land administration system and to help protect ordinary citizens' property rights.



Jon Llewellyn

Andrew Smith, International Unit

Land Registry has been working in Nigeria since 2004 in conjunction with the British Council's Security, Justice & Growth programme. My brief is to implement our national land administration development strategy, adapting it to changing circumstances and ensuring that new opportunities for progress are identified.

I really have two key roles – the first is political which involves building high-level consent and support for continuing improvement, promoting dialogue across traditional governmental boundaries and the mentoring of senior government officials in relation to institutional capacity building. The second is a classic technical assistance role, employing my land registration skills directly.

There is still plenty of progress to be made but I'm confident that Nigeria will develop a system of land registration that could eventually provide an example to other developing countries in Africa.

Corporate responsibility

Corporate responsibility is the continuing commitment by businesses such as Land Registry to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families, as well as the local community and society at large.

This year we have started to take steps to fine-tune our commitment. We joined Business in the Community, which comprises more than 700 of the UK's top companies committed to improving their positive impact on society.

Extensive discussions with Business in the Community have led to the preparation of our own

action plan. We are looking to the future to deliver our corporate responsibility and sustainable development obligations while using every opportunity to generate measurable business benefits in order to achieve recognition as an organisation that truly contributes to the wider communities it serves.

We were awarded the Charter Mark for the fifth successive time in 2004. An interim assessment in 2005 saw independent assessors looking at evidence of continuous improvement demonstrating that our service continues to meet the Charter Mark standard, particularly in terms of diversity and our work with local communities.

Our sustainable development action plan commits us to the responsible use of non-renewable resources, the protection and enhancement of the environment, social inclusion and socio-economic growth.

We aim to measure our success against the five main principles of the Government's *Securing the Future* report.

- Living within environmental limits.
- Ensuring a strong, healthy and just society and sustainable communities.
- Achieving a sustainable economy.
- Promoting good governance.
- Using sound science responsibly.

Our commitments will have an impact on everything from environmental management systems and sustainable procurement to fundraising and volunteering.

We are working towards reducing carbon dioxide emissions by 12.5 per cent by March 2011. Similarly, we continue to make good progress to improve the energy efficiency of our buildings by 15 per cent by 2010. These are both central government targets relating to sustainability. The assessment is made by measuring electricity and gas consumption against square metreage.

Carbon reduction

Staff at the Swansea office were presented with 10 green shrubs as the prize for a successful campaign to reduce energy use. Swansea registered a 28 per cent reduction in energy consumption, the largest of all Land Registry offices, during a week-long efficiency drive in December 2006.

Switching off equipment such as monitors, printers and photocopiers contributed to the office's green victory.

Swansea's carbon footprint has also been reduced by the installation of voltage optimisation technology at all Land Registry offices. A year-on-year comparison has shown a reduction in monthly

energy consumption of 12,000 kWh.

During the Christmas efficiency drive the office saved a further 3,000 kWh.

“The 1.5 tonne reduction in carbon emissions in one month as a result of our energy-saving actions is roughly equivalent to the emissions produced by using an average family car for a year,” said Accommodation Manager Bill Moore.

“This is a significant saving for one office alone, and as we have installed voltage optimisation across all our offices, we have saved around £200,000 to date,” said Martin Illingworth, Energy & Environment Manager for Land Registry.

“Saving money is something every office manager is keen to do, and the message is simple – getting staff to switch off equipment at the end of the day can significantly reduce energy bills.”



Hayley Rees, Melanie Rees and Clare Leonard of Swansea Office receive their prize

Improving energy efficiency in our offices

	Base year 2002/3	This year 2006/7	Compared with base year
Gas (kWh per square metre)	143.15	95.21	-33%
Electricity (kWh per square metre)	127.48	88.37	-31%
Improvement in CO ₂ emissions from energy use			-10%

Property Asset Management Board

Through the Office of Government Commerce (OGC), the Treasury has raised the profile of real estate management for all government departments, agencies and arm's-length bodies.

Land Registry's Chief Facilities Estates Officer and the Head of Estates were involved in the research undertaken by the OGC and later on the implementation steering group.

Launched in November 2006, the High Performing Property Route Map to Asset Management Excellence provides the framework and direction for improving strategic property asset planning in central government over a defined period. The key actions and deliverables are aimed at achieving efficiency savings.

Land Registry is well placed to achieve the requirements of the route map and, in many areas, is already achieving the objectives and goals the route map highlights. One of the recommendations of the initiative was to create within government organisations a Property Asset Management Board (PAMB). Following the Executive Board's approval, Land Registry was one of the first agencies to introduce a PAMB.

Contract management

Land Registry is ever more reliant on a number of key suppliers to successfully undertake its

business operations and functions. Proactive contract management is essential over the term of each contract to extract full value and appropriate risk transfer. It also permits the budget holder to demonstrate auditable proof of governance of the contract.

We comply with the Late Payment of Commercial Debts (Interest) Act 1998 and the Better Payment Practice Code. During the year we paid 98.9 per cent of invoices received from suppliers within 30 days (or the agreed contractual terms if otherwise specified). This percentage does not include disputed invoices.

A strategy has been approved clearly setting out contract management activity within Land Registry over the next three to five years.

A contract manager with overall responsibility for proactively managing that relationship and its strategic direction has been identified for Land Registry's category 1 suppliers. This classification was identified through detailed analysis of our critical suppliers. It signifies a supplier of goods or services to Land Registry where the loss or failure of provision of any one criterion or combined effect of several criteria would prevent the organisation from meeting its KPIs or wider government performance measures.

Risk registers, checklists and service improvement plans have been developed for these

suppliers, together with proactive supplier and market intelligence reporting and the introduction of a contract management software tool.

Risk identification, mitigation and management, performance measurement, communication, relationship building, knowledge, intelligence and value enhancements are all integral to this new role and will help Land Registry to achieve best practice contract and relationship management.

Ordnance Survey partnership

Land Registry has negotiated a new three-year surveying services agreement with map supplier Ordnance Survey.

Land Registry is Ordnance Survey's biggest single customer.

The new agreement:

- includes changes within the service to create efficiencies and ensure the supply of map data in improved timescales
- caters for the ongoing training of Land Registry surveyors in new technology
- fixes the price of surveys carried out for Land Registry, and the data delivery service, for the next three years
- ensures a more proactive relationship between the two organisations.

Our services

Land Registry's services are increasing in type and number, spanning both statutory and non-statutory provision. We envisage that the number of services we provide will double by 2014. They include our traditional processes for registration services, although these will be used less as the introduction of e-conveyancing leads to greater usage of electronic processes and a developing range of new e-services. Many of these new services relate to the development of e-conveyancing and others are being devised and developed.

We continue to base our service provision on our structure of local offices across England and Wales but we'll develop more customer-centric ways of working. We promote and deliver our services through a variety of channels – our offices, our websites, our publications and our events. More and more staff are getting out from behind their desks to sell, market and publicise our services. But we never forget that our core business is land registration, nor undervalue our irreplaceable skills and knowledge in that field.

For 2007/8, we are preparing ourselves to handle more work than in 2006/7. Should intakes be exceptionally high, we will stretch our operational capacity through overtime and by switching resources from less time-critical tasks. The amount of work we have been handling has led us to recruit 200 staff to replace some of the staff we have lost through natural wastage, and we would not rule out further recruitment if market conditions justify it. Should intakes abate, however, we will respond by switching our resources into less time-sensitive, but nonetheless important, work such as encouraging voluntary registration and enhancing still further the quality of our data.

Our services

Register development

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 making buying and selling property easier for everyone concerned.

At present 40 per cent of the land area of England and Wales is unregistered because many homes and estates have, for example, not been sold, mortgaged or remortgaged since compulsory registration was introduced in their area. Land Registry's register development teams, based in each of our local offices, have taken on the challenge of encouraging unregistered landowners to register voluntarily.

The local knowledge and contacts of the teams, a marketing and PR campaign promoting the benefits of registration, and the encouragement of a 25 per cent discount for voluntary registration all helped us meet our 2006/7 target to register another 700,000 hectares of land, roughly equivalent to 5 per cent of England and Wales. We've worked closely with professionals in a position to influence the decisions of landowners, such as solicitors, chartered surveyors and valuers.

Some of the new registrations were the property of high-profile

estates, landowners and government agencies. Others, such as Durham Cathedral (pictured), Valle Crucis Abbey (pictured) and Caerleon Amphitheatre, were historic buildings whose conservation will be enhanced by the security of registration.

Our media campaign has meant that register development managers have been speaking directly to newspaper, TV and radio reporters, often for the first time. Media training has helped them prepare for the experience. On occasion they have done several interviews in succession, switching between media throughout the day.

Register Development Manager Harry Charlton (left) with Jon Williams, land agent for Durham Cathedral



Register Development Managers Gerald Dyer (right) and Kevin Barry (left) with Project Manager Rob Morgan (centre) at Valle Crucis Abbey



Andy Pikesley, Register Development Manager, Durham (Boldon) Office
At BBC Radio Cumbria I sat at a desk to the side of presenter Gordon Swindlehurst and was asked to put the headphones on. There was no opportunity to discuss the interview as Gordon was already broadcasting live.

He had our press release in front of him and began by asking me questions about what Land Registry does and the campaign in Cumbria. It was all quite fast and frenetic and after 90 seconds it was over.

At the *Cumberland News*, a paper well read by the farming community, I was met by farming editor Anna Burdett. This interview was much longer, perhaps 10 minutes, with Anna scribbling down her notes in shorthand and allowing me to get over my key messages. These included statistics about unregistered land in Cumbria, state-guaranteed title and better protection against squatters.

By the time I met the Border TV crew on the shore of Lake Windermere I was more experienced. We arrived late so it was a case of drive up, straighten tie and up in front of the camera. The interview was done in one take – best of all, I did not need my brief at all.



Prescribed clauses leases

June 2006 saw the introduction of prescribed clauses leases. A standard set of clauses must now appear at the beginning of certain registrable leases.

Customers were encouraged to provide us with feedback on the clauses during a period of voluntary use from 9 January to 19 June, when the clauses became compulsory.

An extensive publicity and education campaign and a dedicated helpline provided information and support to customers. Champions were appointed at each Land Registry office and dedicated staff underwent a comprehensive training programme to be able to assist with queries.

An action pack containing guidance notes, as well as the introduction of Practice Guide 64, specifically focusing on the

subject, contributed to the successful implementation of the new system.

Chain Matrix™

Land Registry's prototype Chain Matrix service was successfully launched to customers on 29 March, meeting the e-conveyancing key performance indicator for 2006/7.

E-conveyancing is one of our most ambitious projects to date and the launch of the prototype is an exciting step along the way.

Chain Matrix is an online service that allows property professionals and homebuyers and sellers to keep track of the progress of their property chains on screen. Around 900 potential users will have access to the prototype, with numbers expected to rise during the six-month trial period ending on 29 September 2007.

The users include solicitors and estate agents who, along with support staff, completed their Chain Matrix training on 22 March 2007, as Land Registry's team of instructors went on the road visiting the three trial areas of Portsmouth, Fareham and Bristol.

The e-conveyancing team will now concentrate on supporting customers and gathering feedback on the overall customer experience of Chain Matrix.

The formal evaluation process includes an interim report midway through the prototype period and a final report at the end of the exercise. Both will provide valuable feedback for planning future services.

Helen Reynolds, Chain Matrix New Business Executive

I have always been interested in Land Registry's e-conveyancing programme and joined the Chain Matrix New Business Team in July 2006.

My role began with intensive sales and marketing training and expansion of my knowledge of e-conveyancing and Chain Matrix. By utilising my training and tailoring my approach depending on individual customer needs, and their existing product knowledge, I succeeded in getting many participants involved in the Chain Matrix prototype, which was very rewarding.



I really felt that I contributed to Land Registry's successes when e-conveyancing met its key performance indicator for Chain Matrix in March. I am now looking forward to supporting customers throughout the prototype period and getting their feedback to ensure the successful development of e-conveyancing in the future.

Commercial services

Land Registry has a unique set of skills and data that an ever-widening range of customers is willing to pay for. A Commercial Services Team was set up to answer those business needs.

The growing team is based in Birkenhead, Coventry and London and at the end of March 2007 numbered 32. The sales it is generating increased from £0.6 million in the 12 months to March 2006 to £1.8 million in the same period to March 2007.

There are three main areas of commercial business:

- data services (including property price information)
- consultancy and advice services
- developing property-related registers on behalf of other organisations.

Among the new services is Property Watch, under which Land Registry charges, to monitor the ownership of particular properties or a portfolio of properties. It appeals to developers planning major construction projects, local authorities, mortgage companies, estate agents and others.

Developing commercial services brings a number of benefits to both our customers and ourselves. The benefits to Land Registry include the ability for us to use the profits to fund future investment needs and improve service quality, as well as developing new skills in our staff. In respect of our customers, Land

Registry is using its skills and resources to benefit the wider community.

Paul Heywood, Account Manager, Coventry Office
I had the opportunity to join the Commercial Services Team in December 2005.

I was attracted to the job because it gives me an appreciation of wider commercial markets. It enables me to get out and see customers on a regular basis and gain knowledge of what they do and how it fits with our business.

At first we responded to customer requests on an ad hoc basis but now we have a market research team that goes out to the various market sectors to look at specific requests and find out how they're using our data. The team then brings back information to see what products we can develop.

We have a range of clients operating in different market sectors. Property Watch and Data Matching, for example, are popular with estate agents and credit management companies.

The benefit of commercial services to us at Land Registry is that it provides extra revenue while also meeting customer needs in a more flexible way.



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 that is not registered under the Land Registration Acts.

The Agricultural Credits Department 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.

This year the combined total of applications dealt with by the Land Charges and Agricultural Credits Departments was 5,222,236, which represents an increase of 0.7 per cent over the total for 2005/6. This was due in the main to an increase in the number of insolvency registration applications received.

The proportion of search and official copy applications made by telephone, direct access and fax increased to 83 per cent of the total number of applications received during this year, compared with 76 per cent in 2005/6, with 84 per cent of official copy applications being delivered in this way. Sixty-two per cent of land charge 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 20 per cent compared with 30 per cent in the previous year.

Our organisation
Our services
Our customers
Our people
Our technology
Our future

The Agricultural Credits Department

Year	New registrations	Cancellations and rectifications	Searches
2004/5	1,134	1,118	3,779
2005/6	1,021	928	3,769
2006/7	1,250	860	4,356

The Land Charges Department

Type of application	Number of names	Percentage variation compared with 2005/6
New registrations, rectifications and renewals	175,750	15.7
Cancellations	30,120	-6.2
Official searches		
1 Full searches	706,483	-5.1
2 Searches limited to insolvency	4,214,705	1.3
Total searches	4,921,188	0.3
Official copies	88,712	-3.3
Total	5,215,770	0.7

Our customers

Land Registry's customer base is expanding as new services are introduced to a wider market. The core of our customers remains the solicitors, conveyancers and lenders who use our registration services on a regular basis. Other commercial interests and organisations are being drawn in by the development of e-conveyancing and our new commercial services, while increasing numbers of the general public are coming into direct contact with Land Registry through our websites and campaigns.

We're changing the way we interact with our customers by developing a segmentation approach that allows us to meet their needs better. In doing so we are building on a proud track record of customer service. Our 2006 customer survey tells us that almost 99 per cent of our customers are satisfied with Land Registry, while our complaints scrutineer, the Independent Complaints Reviewer, praised our proactive response to customers' concerns.

As we've developed new services we've also developed new ways of communicating with our customers. Focus groups and opinion polls keep us informed about their responses to what we offer and what we propose to offer.

All formal written consultation exercises conducted by Land Registry adhere to the criteria set out in the Cabinet Office's *Code of Practice on Consultation*.

We offer training to customers through seminars at our local offices and through the Qualification in Land Registration Law and Practice. Early in 2006 our register development teams embarked on a programme of visits to regional countryside events to promote voluntary registration. And in May 2006, at the BBC Good Homes Show in Birmingham we took our messages directly to a broad cross-section of the general public.

Norfolk Archaeological Trust
Norfolk Archaeological Trust owns Caistor St Edmund Roman Town, a 48-hectare area of open land just south of Norwich. Thought to have been an Iceni market town in Queen Boudicca's time, its origins can be traced back to the Iron Age. It is one of only three Roman regional capitals in England that has not been built over.

Julia Daber of Cozens Hardy & Jewson, the solicitors who act for Norfolk Archaeological Trust, is advising all her clients to register their land.

"Land Registry is currently running a campaign to encourage people and organisations to identify and register what they own," she

said. "Land Registry was extremely helpful with the registration process. I received one-to-one help with my application and the registration team was on hand to give guidance when I needed it.

"I found the process straightforward and stress-free. I have recommended land registration to my contacts due to the outstanding service.

"Ownership of the land becomes guaranteed by the state, consolidating complex legal information and helping to protect it from encroachment. In the case of Caistor Roman Town its boundaries are now secured for all future generations."

Customer segmentation

We've held national user panels for some years but have always mixed a wide range of customers together. The aim has been to verify our view of our performance and services and, at the same time, to 'run' our new ideas across our customer base and gain valuable feedback in advance of their release.

This year the aim has remained the same but we have started to segment customers, so that similar and like-minded customers are gathered together and can give us a much more focused view. This initiative has been really useful and successful. For example, groups of lenders, large conveyancing firms and high street solicitors have differing views and interests and we've been better able to extract those views and react to them.

We intend to develop this further in 2007 by moving to more qualitative methods of customer research – moving away from our annual one-size-fits-all survey. It's all part of our drive to become more reactive to what customers need us to deliver.

Open and full information

A comprehensive range of practical information about our services and procedures is available from all our customer information centres (CICs). All publications and land registration forms are available to download free of charge from our website (www.landregistry.gov.uk) as are all the official



Caistor St Edmund

forms needed to lodge land registration applications. The website also includes a page devoted to answering frequently asked questions.

During 2006, Land Registry identified 78 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, or by telephone, fax, email and post. Professional customers with credit accounts can access our services electronically through Land Registry Direct and through Telephone Services, both of 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-speaking voice.

The general public can access our information electronically by using Land Register Online. This service allows anyone with access to the internet to view and print copies of register entries and pay by credit card. It provides access to any deed

referred to on the register as well as to the register and title plan.

All CICs are audited for accessibility and have access for wheelchair users. Staff in these centres are trained in providing quality customer service for disabled customers and those with special needs. We maintain a list of members of staff who can use British Sign Language with customers. We provide a textphone facility on a freephone number and welcome calls made through Typetalk. Both of these services are for deaf or hard-of-hearing customers.

We are able to provide documents and guidance in a range of formats including, on request, Braille, large print and audio cassette. This is made possible by a service level agreement with HM Revenue & Customs. Customer service managers at each of our offices have been provided with an information pack containing practical guidance on the needs of disabled customers.

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. We can supply information leaflets on our complaints procedure and about the information we hold and how to obtain it in Chinese, Gujarati, Hindi, Punjabi and Urdu and other languages on request.

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.cofrestrfatir.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.

Every register template produced at our Wales Office is printed in bilingual format. All headings and standard information on registers of titles in Wales appear in Welsh and English. 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. When people feel they have cause for complaint we like to hear from them and we provide a variety of methods to make it as easy as possible to contact us. Our website enables customers to complain to us online and it also contains contact details to make it straightforward for people to complain in person, over the phone or in writing (including fax and email). There is also a freephone number for customers who wish to telephone the Customer Service Manager for Land Registry.

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 or through our customer magazine, *Landnet*. Information about improvements is also published in the short report to our annual customer satisfaction survey.

In 2006/7, we received 2,589 complaints (4 per cent more than in 2005/6) of which 88 per cent were responded to within our five-day target (compared with 91 per cent in 2005/6).

Independent Complaints Reviewer

The Independent Complaints

How do our customers feel we respond to complaints?

Aspect of service	Very satisfied/ satisfied		Dissatisfied		Very dissatisfied	
	2006	(2005)	2006	(2005)	2006	(2005)
Speed of response	92.8%	(96.2%)	6.3%	(3.1%)	0.8%	(0.6%)
Courtesy and helpfulness	96.8%	(98.2%)	2.3%	(1.5%)	1.0%	(0.3%)
Keeping you informed	91.1%	(95.3%)	8.3%	(4.0%)	0.7%	(0.7%)
Quality of investigation	90.8%	(95.4%)	8.0%	(3.4%)	1.1%	(1.2%)
Outcome	88.6%	(94.6%)	8.5%	(3.5%)	2.9%	(1.8%)
Overall service	93.2%	(96.4%)	5.3%	(2.7%)	1.4%	(0.9%)

(Source: Land Registry customer satisfaction surveys 2005 and 2006)

Reviewer (ICR), Ms Jodi Berg, conducts impartial investigations of complaints from customers who are dissatisfied with the service they have received from us and who have not been satisfied by our internal complaints procedure.

The number of referrals leading to formal investigations by the ICR remains at a low level, and of those few complaints rising to investigation level only a handful have been upheld.

The constructive criticism that these complaints contain is considered and actioned by the ICR Evaluation & Study Team, which was specifically set up to consider recommendations made by the ICR. Information about its meetings and the actions taken on the ICR decisions are accessible to all Land Registry staff on our intranet site.

Further details are set out in the ICR's annual report, which can be obtained from the ICR's office

at New Premier House, 150 Southampton Row, London WC1B 5AL (telephone 020 7278 6251), or online at www.icrev.org.uk

Only one formal response was made during the year. This was Land Registry's short response to the ICR's annual report, endorsing that report, which praised Land Registry for its proactive response to complaints.

Indemnity Fund

In 2006/7, we paid £5,253,416.51 for 873 claims compared with £14,116,042.17 in 2005/6 for 997 claims.

The largest payment was for a total of £550,000 (including costs), which resulted from the registration of a forged transfer of land. The register was rectified by order of the court to reinstate the defrauded owner as proprietor of the property. The reinstated proprietor and the proprietor against whom the register was rectified claimed

indemnity for losses arising from the registration of the transfer and the rectification of the register. They also had claims against solicitors who had acted on the transaction. The claims were settled at mediation, with Land Registry and the solicitors' insurers each paying half of the agreed compensation (a total of £1.1million).

We recovered £654,715.36 under our statutory rights of recourse, compared with £178,809 last year.

Rules review

We have completed an internal review of the Land Registration Rules 2003 that came into force in October 2003. We intend to carry out a public consultation in 2007/8 to confirm that our perceptions are in line with those of our customers.

Enhancing our product for our customers

It is clear that customer perception of the quality of Land Registry's product is good, as shown by customer survey feedback and our consistently

good accuracy rates. We are always keen to put in place additional measures to continually improve the quality of the data we hold, as Land Registry moves forward, not only with registration processes, but also with new commercial services.

A Quality of the Product Review was carried out during 2006 using a large volume of data gathered from a variety of sources. An action plan from the review highlights where we can invest in our current systems and

Indemnity claims for 2006/7

Nature of claim	Number of claims	Substantive loss	Costs	Percentage of total
Extent of registered titles	331	£1,207,312.23	£652,088.67	35.39
Errors in/omissions from register entries	152	£530,203.50	£143,185.43	12.82
Sundry plans errors	45	£172,246.99	£58,758.08	4.40
Fraud and forgery	24	£2,001,137.11	£122,359.23	40.42
Official inspections of title plans	16	£52,454.99	£62,653.89	2.19
Bankruptcy errors	0	£0	£0	0
Official searches	8	£4,280.36	£5,033.89	0.18
Official copies	9	£110.00	£1,230.72	0.03
Errors in searches of the index map	19	£3,392.42	£15,152.53	0.35
Errors in filed extracts	18	£1,062.00	£8,125.95	0.17
Lost documents/administrative errors	249	£113,781.73	£98,040.29	4.03
Land Charges errors	2	£806.50	£0	0.02
Total	873	£4,086,787.83	£1,166,628.68	100
Gross payment			£5,253,416.51	
Less sums recovered under Land Registry's statutory right of recourse			£654,715.36	
Net indemnity			£4,598,701.15	

also develop new ones to help improve and maintain quality. Examining and redefining processes and methods of communication also help to improve the quality of the end product for our customers.

Many of the actions in the plan relate directly to the development of Land Registry people such as team leader workshops, survey mapping champions, transition planning from training paths, geographic information training and so on. This is because Land Registry recognises that quality improvements can only be made when put in the hands of those who do the work, and therefore can do something about it.

Land Registry will be able to use information gathered from these many initiatives to assess the improvements made in quality, while maintaining our very high standards of customer service and exceeding our KPIs.

Monica Skelton, Team Leader, Durham (Baldon) Office

As a team leader I am responsible for the development of team members and the quality of our products, as well as meeting KPIs. To this end during 2006/7 I have improved the auditing process within my team in relation to areas such as customer correspondence, quality of casework and speed of service.

I value the importance of developing my staff and myself. Increasing our abilities and confidence will in turn have a positive effect on the quality of the work we produce.

I have recently assigned a more senior 'buddy' to each team member, which has improved the technical knowledge within my team.

I attended team leader workshops where we devised a model highlighting the qualities (attitudes and behaviours) that a team leader needs to be successful. We also held some problem-solving exercises. I've carried forward the resulting best practice into my team – all enhancing the service we provide to our customers.



Educating and training our customers

Land Registry's Education & Training Group (ETG) has continued to work with local offices to deliver free face-to-face training for customers across England and Wales on key land registration topics. These generic training events are designed to reduce the number of enquiries that customers need to make in their day-to-day work and assist them to deliver applications that are right first time.

ETG has also created and delivered customer training for the e-conveyancing Chain Matrix prototype users to give them confidence in the way that the service works and to help maximise the number of transactions that are entered into the system. This is vital for effective evaluation of the service.

ETG has also reviewed and enhanced its working practices in readiness for the challenges ahead. The group acquired additional software tools to facilitate the preparation and delivery of online customer training efficiently and cost-effectively. The online tour of Chain Matrix was created using this software and can be viewed on the education and training pages of Land Registry's website.

Working closely with the Law Society's accreditation team, ETG has created Land Registry's first online training package for

customers on the topic of easements and has acquired Law Society accreditation of its distance learning material as well as its face-to-face activity. It is also authorised to provide accredited training by the Bar Council, the Institute of Legal Executives and the Council of Licensed Conveyancers.

Working with customer representatives, ETG has gained valuable insights into the specific training needs of various customer groups such as trainee solicitors, volume conveyancers and family lawyers, as well as those undertaking specific activities such as the sale and/or purchase of houses in new developments.

Using that knowledge, ETG has built the first elements of a portfolio of additional face-to-face and online training materials to meet the needs of a variety of customer groups. These materials or events will shortly be offered to customers in addition to the existing free programme either at competitive cost, as an expansion of Land Registry's normal activities, or without charge, as an extension of the free events that benefit us all.

Linda Chamberlain, Head of Education & Training Group

Working over the last 18 months with a focus group comprising representatives from the 30 or so legal practice course providers, ETG has developed an online training package for use as part of the legal practice course during the academic year 2007/8.

This package provides an opportunity for students to work in their own time through several modules that explain the way Land Registry operates, the basics of interpreting register entries, how title plans are created, used and interpreted and how Land Registry website resources and online land registration services can be used to good effect. The material will take a student about six hours to complete. Having been designed and created specifically for the providers to use it should be possible for it to be integrated into the wider course materials.

The aim is to equip students with a sound grounding in basic land registration practice and an awareness of how to work effectively with Land Registry from the outset. This should facilitate a more consistent understanding of basic Land Registry procedures for new recruits to law firms and provide ETG with a platform to create future

materials that build on new practitioners' knowledge as their expertise develops.

This project enabled both ETG and legal practice course providers to appreciate the unique and valuable land registration experience that Land Registry possesses, which can be shared for mutual benefit in addition to the technical guidance that Land Registry already publishes. It also demonstrated that ETG could work in collaboration with others to deliver tailored materials within a timetable and at an affordable price.



Our people

Land Registry's workforce of around 8,600 people is increasingly diverse while built on a bedrock of long-serving employees. Our long history means we have traditions that unite the organisation while our office structure allows local identities to flourish. Flexible working hours, innovative HR practices and a growing variety of roles all make our organisation an attractive prospect for new and existing staff.

Training and development are top priorities, with a comprehensive IT skills programme, courses such as the Qualification in Land Registration Law and Practice and development schemes such as the Future Leaders Development Programme. External bodies have also recognised our support for staff acquiring specialist qualifications. The Association of Chartered Certified Accountants awarded Land Registry its Platinum Approved Employer for Trainee Development status.

Our organisation-wide health campaigns show we're concerned about much more than getting the work done. And we're always trying to improve communication in all directions, through directors' visits, newsletters, DVDs and the intranet, so that staff understand why decisions are being made.

Diversity and equal opportunities

In December 2006 we published our Disability Equality Scheme and are now working with our Lesbian, Gay, Bisexual & Transgender (LGBT) Focus Group to publish our Single Equality Scheme. This covers all strands of diversity and exceeds our statutory duty to publish a Gender Equality Scheme by 30 April 2007.

Work is continuing to set up a Black & Minority Ethnic Focus Group in addition to our Disability and LGBT Focus Groups.

Having joined the Stonewall Diversity Champions' Programme and made an application for Stonewall's Workplace Equality Index to benchmark our performance, their feedback shows that we have produced an overall improvement in our performance of 14 per cent from last year.

Our first official response to the Civil Service 10-Point Plan on diversity has recently been lodged and we continue to monitor our progress to reach all targets.

Land Registry's 10-Point Plan outlines our commitments on 10 key areas that are intended to achieve broad and deep cultural change across the Civil Service. The plan was developed following a review of equality and diversity in employment in the Civil Service by the Chief Diversity Adviser to the Civil Service. The aim of the plan is to improve the delivery of services for everyone in society through achieving a truly diverse Civil Service workforce at all levels, including our most senior.

We are currently working to complete our second Disability Standard commissioned by the Employers Forum on Disability. This will benchmark us against other organisations and our own performance from 2005 onwards.

Our recruitment statement is set out in Appendix 6.

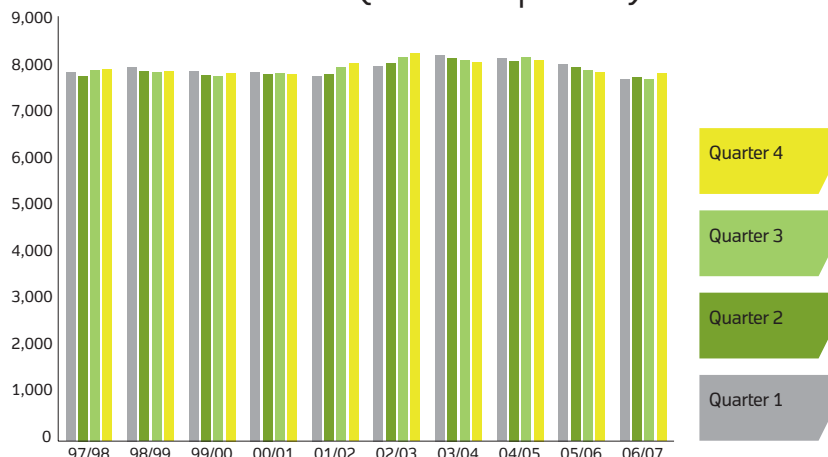
Provision of childcare

Baroness Ashton of Upholland, then Land Registry's minister at the then Department for Constitutional Affairs, opened the Leicester Office nursery in October 2006. To commemorate the event the minister unveiled a plaque and met the children during a tour of the office.

"Suitable childcare is a great benefit to parents who need to balance their working lives and domestic commitments," said Baroness Ashton. "It is a vital route to a family's economic prosperity, enabling parents to work, pursue a career, learn or train, whilst remaining confident that their children are being cared for in a safe and stimulating environment."

A review of Land Registry's childcare provision has been completed and is now subject to consultation. A new policy will be implemented by April 2008.

Staff numbers since 1997 (full-time equivalent)



Qualification in Land Registration Law and Practice

The Qualification in Land Registration Law and Practice is run in partnership with The College of Law and has become an established career development course for both Land Registry staff and external students.

The qualification has two levels: 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.

Having started in September 2000, the seventh annual intake in 2006 included external students from organisations ranging from solicitors to local authorities. The 2006 intake took the enrolment total for both courses to more than 2,500 and we continue to see a year-on-year increase in the number of external students.

The 2006 intake has 175 internal and 75 external students enrolled at certificate level. The diploma has a total of 155 internal and 51 external students enrolled over the two-year course.

Rose Braithwaite, Head Office

"I did the qualification because I wanted to find out more about what a caseworker's day-to-day working life is like. Working in a specialist group like Finance, you don't really get to see much of Land Registry's work that you're supporting. It's a great way to meet people and I enjoyed the work, though it was difficult to find the time. The research and reading were really interesting."

Sally Turner, Telford Office

"It's not as onerous as some people might feel time wise. Land Registry is quite generous in terms of study leave. It makes it easier when you are studying something you do day-to-day. It gives you confidence in what you are doing. I've now signed up for a four-year law degree, 50 per cent funded through Land Registry."

Julie Wright, Durham (Boldon) Office

"Taking the diploma has been excellent for me. It has been tough but I have really enjoyed it. Without this course I wouldn't have had much of an idea about jobs I am not involved in. I cover general enquiries and my studying has made my work so much easier. I can do my job much more confidently because of it. It was a good challenge."

Sheila Bryan, Team Manager in the Mortgage Service Centre

"Most of us had no legal qualifications so it was deemed appropriate as a foundation course for us. When we are registering a charge we need to know the logistics of it."

"The course has given us an in-depth knowledge of what is required to deliver our services to our customers."



Christine Bissett of Test Valley Borough Council's legal department took the diploma course when she returned to practising law after a long break from work.

"I was rusty to say the least. I wasn't doing conveyancing when the 2002 Act came in so I had to re-learn everything I had ever known. I found the course absolutely, totally relevant to the work that I do. I had dealt with registered land before but things had changed. That's where it was so helpful for me."

TechRICS

This year has seen seven members of staff successfully sit their Assessment of Technical Competence to become technical members of the Royal Institution of Chartered Surveyors (TechRICS). Five took the level 4 Spatial Data Management NVQ and two were volunteers using a combination of the LRQ diploma, previous experience and structured training. A further 20 who are undertaking the NVQ will follow their lead by December 2007.

The first-year candidates and their assessors were the trailblazers and the course has developed to its present format based on their endeavour and determination.

RICS has also updated the routes to technical membership with a new points system. The LRQ diploma is now recognised as a significant achievement towards the total points required. Staff who also demonstrate mapping competences can undertake 12 months of structured training to obtain the remaining points.

Developing our leaders and managers

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).

A number of the participants have gained both personal and professional achievements through taking part. A key challenge for the CAM participants is the biannual design and delivery of leadership forums, which explore 'real life' business issues for Land Registry in addition to considering leadership theory and practice.

In September 2007 the original participants will be entering the third and final year of their participation on CAM. Over the three-year cycle the involvement of these participants has included the taking of MBA courses to broaden their knowledge and undertaking secondments to gain practical experience of different parts of the organisation.

The second-year intake of students has added interesting dimensions and new ideas, which we hope will be repeated with the third-year intake in September 2007. The selection process for Future Leaders has been refined so that it provides useful development information for applicants whether or not they eventually make it onto the programme.

The LAM is proving to be very popular in local offices. Each individual undertakes a valuable 360-degree feedback exercise to inform their development needs for the year ahead. 2007 will see some of the LAM participants

undertake a personal development programme with the Prince's Trust. Others have used the flexibility of the programme to participate in local projects and some have 'tested the water' to see what it would be like to work in other parts of the business, such as Head Office.

Over the last couple of years, our local management trainers have been successfully implementing the Institute of Leadership & Management (ILM) level 4 diploma for relevant staff such as district team leaders. In 2006/7, 219 candidates were registered. The programme has been managed through our accredited centre at Durham (Boldon) Office and we will be considering the principle of accreditation for other learning and development programmes in the future. The ILM has been complemented effectively by the introduction of the district team leader workshops. These workshops have added a valuable operational perspective to the knowledge base provided by the ILM studies.

Nicky Heathcote, CAM, Telford Office

I joined Land Registry in 1988 as a caseworker and remain based in my local office, more recently becoming the Childcare Liaison Officer. I entered the CAM programme in October 2006, as I wanted to meet new challenges and see the bigger picture. My feet have not touched the ground since!

In the past six months I have shadowed Land Registry's Business Change Manager and the Head of Marketing & Communication, completed a national childcare review, participated in a leadership forum looking into web-based services and undertaken a secondment to Strategy Group as Business Planning Coordinator.

I've gained a tremendous insight into Land Registry's strategic objectives and transformation, as detailed in the Organisational Blueprint. Observing senior managers' decision-making at first hand has enabled me to stretch my strategic thinking and apply it to areas such as the childcare review.

The leadership forum opened up the unfamiliar world of commercial services and data sales to me. It was fascinating learning about new technology and how this could lead to new services. The forum gave me the

opportunity to put forward my own ideas that may benefit our business in the future.

The learning curve in my present post has been particularly steep. My tasks have ranged from drafting the 2007/8 Corporate Business Plan to jointly preparing a presentation and paper for the Chief Executive to deliver to a Working Party for Land Administration conference in Munich. I am part of the team producing this new-style annual report, which I hope you are enjoying reading!



Nicky Heathcote

Mina Demaris, ILM and LAM, Plymouth Office

I am currently doing a second year on the LAM. I have found the scheme to be both challenging and beneficial towards my development. To get the most from the programme, my personal action plan has been pivotal when seeking development opportunities and Future Leaders has definitely given me a greater appreciation and understanding of my future needs.

I have been involved in working on Land Registry's diversity strategy, formulating an action plan in line with recent legislation. I have completed the introduction on the ILM course and attended additional workshops focused on specific areas for development, implementing these skills in my daily job.

I've attended networking events, which have been useful for benchmarking and learning from others, taken up training opportunities specific to my needs and gained a wider experience of Land Registry. To get the most out of Future Leaders you have to be prepared to step out of your comfort zone. It's been a challenging programme in many respects but the positives have far outweighed any negatives.

Internal training

During the year, Land Registry material used to train staff who process casework has been enhanced by providing worked examples to supplement training material relating to key areas of land registration practice. The integration and navigation of those materials within our internal online practice guidance has also improved.

Aspect	Trainee days
Induction	809
Vocational (land registration)	32,479
Management	8,882
External	4,150
Total	46,320

The total spend on all training represented 7.2 per cent of the salary bill.

Health and safety

Land Registry recognises that, with changes in working methods, we need to review and update the 'tools' available for our staff to function effectively and safely.

We commissioned consultants to undertake a groundbreaking, in-depth health and safety study of display screen equipment, including a review of the computer hardware, software, environment and psychosocial aspects. The outcome was more than 50 recommendations that, when implemented, will place Land Registry at the forefront of display screen equipment working standards. All the recommendations have been accepted and 2007/8 will see a programme of implementation of these recommendations.

Continuing with our aim of improvement for staff working with display screen equipment, an online system of training and assessment was trialled and subsequently introduced to all offices. This targets assistance from assessors where it is most required and supplies a wealth of information relating to the health and well-being of our staff that was not available under the previous paper-based system. To enhance standards all our in-house assessors are required to hold an Institution of Occupational Safety and Health certificate in display-screen risk assessment.

The annual programme of health and safety audits has

been completed, with all offices audited receiving at least a 'substantial' assessment for compliance.

It is pleasing to record a considerable reduction in our accident incident rate from 7.67 in 2005/6 to 5.76 for 2006/7.

Our technology

Land Registry has a strong track record in technological innovation and practice. Our new services are largely electronic, whether provided to our credit account holders or to the wider public through our websites.

E-conveyancing, which will make the conveyancing process fully electronic, took a major step forward over the past year with the launch of the online Chain Matrix prototype on 29 March 2007.

We will make further strides with our e-conveyancing programme in 2007/8 by evaluating the reaction of conveyancers, lenders, estate agents and the public to Chain Matrix. Less visibly, but no less significantly, we will be starting to put in place a robust system for attaching electronic signatures to documents, which will pave the way for electronic lodgement of applications to which deeds are attached, such as mortgages and property transfers.

We will also be analysing responses to our first consultation on the draft secondary legislation that is necessary before e-conveyancing can be introduced.

As our intakes of work have risen, internal processing of casework has risen significantly. Our new production server has increased our internal computing capability. This has proved invaluable in delivering the necessary service reliability and performance to cope with the increase of business from our customers.

We have carried out a successful trial of new database technology, which will maximise our ability to use our geographic data for internal and commercial analysis, while protecting and enhancing its integrity.

Following on from this, a new strategy for a spatial information infrastructure has been endorsed. Our implementation of this architecture continues to make significant progress.

Increasing numbers of visitors are being attracted to Land Register Online by new features such as Aerial Land Locator, which identifies property titles using maps and aerial photos. Services delivered through our e-channels now generate around 15 per cent of our total income.

Access to information on Land Registry's website will be significantly improved with the creation of a new gateway known as a portal. This will give us greater flexibility in delivering services, allowing us to serve different groups of visitors in the way that best suits them.

The content and applications on www.landregistry.gov.uk will be moved to the new portal platform, but the website address and the links to Land Register Online and Land Registry Direct will remain the same.

We're also deploying the latest technology within the organisation, most recently with the introduction of the HR Portal, an online HR, time management and payroll system.

Online services to customers

Aerial Land Locator

Our Land Register Online website allows anyone to search for registered properties in England and Wales that can be identified by an address.

If Land Registry can match the details customers provide with our records, and the property is registered, they should (for a fee) be able to download copies of the title register, title plan and all or most of the documents referred to in the register. If they have the property's individual title number then they can get to this information even quicker.

But now customers can also use Land Register Online to find out about a property or piece of land for which they have no address or title number.

Aerial Land Locator supplements the existing search mechanisms within the site by pinpointing parcels of land using maps and aerial imagery.

The images provided by Getmapping, in association with Multimap, show detail down to street level, with cars and trees clearly identifiable. Getmapping is one of the best aerial image providers in the

country, continuously updating its data by re-flying over England and Wales. Any changes are made seamlessly to its database.

New data is filtering online at a rate of several thousand square kilometres each month, ensuring ongoing improvements to the new search facility.



David Brown, Principal Solicitor at Abbey Law
I find the range of online services provided by Land Registry extremely useful and beneficial, providing certainty and speed. The methods of completion of applications in this respect are extremely user friendly.

It is vital to be able to see the register immediately and in its most up-to-date form. The ability to view this online enables immediate decisions to be made and advice given to clients who otherwise would have had to await the receipt of the official copy entries through telephone or postal application.

One can envisage situations where the arrival of the paper copy is really too late for a particular transaction or a particular decision. The modern world demands speed of delivery and quite naturally is impatient in cases where the delivery of information is delayed as a result of the manual process.

The e-lodgement service for the first time gives a practitioner the ability to lodge an application online at the touch of a button, which gives immediacy and certainty.

In addition, and not least, there is the practical advantage of not relying upon any third party for that lodgement, whether by way of

post, document exchange or other method of physical delivery.

The speed and certainty provided by these services is second to none.



Data management

The quality of our geographic data – title plans, vector index map and addresses – is of fundamental importance to our services. We have recognised the need for a comprehensive data management environment that will allow us to manage this key asset in a much more proactive fashion.

Key among developments in this area is the implementation of a Quality Improvement Flowline (QIF). This will facilitate the cleansing of an area to approved standards. Land Registry vector indexing, which shows the extent of land registered, will be compared with the current Ordnance Survey (OS) map and Land Registry title plans. QIF will involve the use of new IT systems and established manual processes to compare the three data sets. If necessary, the vector indexing and address data will be manually corrected.

QIF will be piloted at three offices in autumn 2007. The development activity will be accompanied by a comprehensive communication exercise across the whole organisation.

We have also recruited a new senior geographic data manager, who is responsible for creating and implementing a data management strategy for the organisation.

Helen Clarke, front-line caseworker on the QIF project

Although daunted by the sheer magnitude of the project, I relished the opportunity to become involved. I held no illusions as to the difficulties that would arise, but did ask myself about the reality of realistically transferring the vector index map geographic data onto the latest OS detail, how seriously my opinions would be taken and whether the Board would give complete backing for such a huge undertaking. Just thinking about it was quite exhausting, but the answer to all three questions has been, quite amazingly, yes!

Front-end users have been involved directly with the developers. I've made the journey from Telford to Plymouth a number of times to sit with project members and developers to discuss at great length and with intricate details at every stage, screen view and click of a mouse.

To see the system brought to life from the words that have been discussed is really quite amazing. I feel proud to have played such an integral part in the initial thought process and feel confident about the system that is being developed. It is streamlined and user friendly and will make it possible to systematically bring our

vector index map onto current OS detail.

To be a part of one of the largest Land Registry projects has been a fantastic opportunity and has filled me with confidence and satisfaction. It has been a steep learning curve and a huge challenge, but has been enjoyable as I've met and worked with some great people.



Positional accuracy improvement

The national Positional Accuracy Improvement (PAI) programme is an OS initiative developed to capture rural map data to a greater absolute accuracy (the position of features in relation to the OS National Grid). It has resulted in the delivery of an improved and more consistent accuracy standard of mapping data for rural areas.

Land Registry worked closely with our external suppliers to create a new IT system and devised a manual process to move our index polygon data to agree with this new underlying map detail. Major enhancements to this system were introduced in 2006 to ensure the completion of the Land Registry PAI programme by the end of summer 2007, more than six months ahead of the original target date.

Completion of Land Registry's PAI programme will allow us to make further improvements to our data management processes.

The National Land Information Service

The National Land Information Service (NLIS) is a commercial service with three channels offering online searches and enquiries to solicitors and licensed conveyancers throughout England and Wales. The channels are competing 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.

NLIS channels generate a fee income in excess of £650,000 per month.

The European Land Information Service

Land Registry has continued to play a leading role in the development of the European Land Information Service (EULIS), an exciting new service for Europe. We were among the first group of land registration authorities to go live with the service when it was officially launched in November 2006 at the annual conference of the European Mortgage Federation in Brussels.

As a result, the national land information services of England and Wales, Lithuania, the Netherlands, Norway and Sweden are now linked together online, through the EULIS portal. A further 10 countries are set to join over the next year or so.

The aim of EULIS is to provide easy world-wide access to European electronic land and property information in order to promote and underpin a single European property market.

Our shared vision for the future is that ultimately:

- customers will have ready access to information about individual properties throughout Europe
- customers will also have ready access to all necessary reference information on the land and property registration services provided, and the associated legal environment, in each European country
- all European land and property registration services will be readily accessible through a single portal.

The service has been driven by the need to break down barriers to a single European market for mortgage lending, which at present takes place almost entirely within national borders.

The main market for EULIS is organisations such as banks, conveyancers, estate agents, property developers, tax authorities and the police.

Users simply log on as usual to their existing national land registration information provider in order to get access to the EULIS portal.

This facility opens up a new market for land information, as customers of the connected services will now be able to access land information from equivalent services in other countries.

i-expenses

A new electronic system has been introduced for processing travel

and subsistence claims for staff. We have simplified the rules, established clear accountabilities and reduced administration costs. Payments are now made on average 10 days faster and at a saving of £11.17 per transaction. Regular travellers have welcomed this new system.

"This system is excellent, so user friendly and easy to navigate. I did my expenses in half the time it took me on the old forms, which is why I have time to thank you all!"

"The new process and system is very easy to use, this includes the documentation that is on the HR intranet site."

"It was particularly satisfying having a joint effort by Finance Group and HR as I see this as the key factor in this success."

Our future

In the autumn we published our organisational Blueprint. This gave staff a comprehensive overview of the changes we foresee over the next 10 years, the thinking behind them and the way we intend to introduce and manage them. At the same time we announced a review of our estate with proposals to close two offices and merge five pairs of neighbouring offices.

We will continue in 2007/8 with a range of initiatives intended to help us run our business even better in the future. Our Business Information System is now established, and we will gladly provide this as a service to other organisations. Our Internal Audit Team already provides an internal audit service to another government organisation and we are keen to support the Government's shared services agenda where we can.

We foresee an exciting future for our organisation and our staff, driven by the increasing number of services we offer and customers we serve. Our income and performance will always be influenced by the state of the property market and we have to be prepared for an end to the current long-running boom – but equally prepared for it to continue.

Land Registry Annual Report and Accounts 2006/7

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Accounts 2006/7

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 Land Registry for the year ended 31 March 2007 under the Government Trading Funds Act 1973. These comprise the income and expenditure account, the balance sheet, the cash flow statement and statement of total recognised gains and losses 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 Land Registry, Chief Executive/Accounting Officer and Auditor

Land Registry and the Chief Executive as Accounting Officer are responsible for preparing the Annual Report, which includes the remuneration report, and the financial statements in accordance with the Government Trading Funds Act 1973 and the Treasury directions made thereunder and for ensuring the regularity of financial transactions. These responsibilities are set out in the statement of trading fund's and Chief Executive's/Accounting Officer's responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the remuneration report to be audited have been properly prepared in accordance with the Government Trading Funds Act 1973 and the Treasury directions made thereunder. I report to you whether, in my opinion, certain information given in the Annual Report, which comprises the foreword by the Chief Executive, the management commentary, the remuneration report and the appendices, is consistent with the financial statements. I also report whether, 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 that govern them.

In addition, I report to you if Land Registry has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by the Treasury regarding remuneration and other transactions is not disclosed.

I review whether the statement on internal control reflects Land Registry's compliance with the Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of Land Registry's corporate governance

procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the remuneration report to be audited. It also includes an assessment of the significant estimates and judgements made by Land Registry and the Chief Executive/Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to Land Registry's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations that I considered necessary in order to provide me with sufficient evidence to give

reasonable assurance that the financial statements and the part of the remuneration report to be audited are free from material misstatement, whether caused by fraud or error, and that 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 that govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the remuneration report to be audited.

Opinions

Audit opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the Government Trading Fund Act 1973 and directions made thereunder by the Treasury, of the state of Land Registry's affairs as at 31 March 2007 and of its surplus for the year then ended
- the financial statements and the part of the remuneration report to be audited have been properly prepared in accordance with the Government Trading Fund Act 1973 and the Treasury directions made thereunder
- information given within the Annual Report, which comprises the foreword by the Chief Executive, the management commentary,

the remuneration report and the appendices, is consistent with the financial statements.

Audit 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 that govern them.

I have no observations to make on these financial statements.

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

12 July 2007

The maintenance and integrity of Land Registry's website is the responsibility of the Accounting Officer; the work carried out by the auditors does not involve consideration of these matters and accordingly the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

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 a statement of accounts for each financial year in the form and on the basis set out in the accounts direction referred to in note 1.1 on page 69. The accounts are prepared on an accruals basis and must give a true and fair view of the trading fund's state of affairs at the year-end and of its income and expenditure, total recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the trading fund is required 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 have been followed, and disclose and explain any material departures in the financial statements
- prepare the financial statements on the going-concern basis, unless it is inappropriate to presume that the trading fund will continue in operation.

Officer, including responsibility for the propriety and regularity of the public finances and for the keeping of proper records, are set out in the Accounting Officers' Memorandum issued by the Treasury and published in *Government Accounting*.

The Treasury has appointed the Chief Executive of Land Registry as the Accounting Officer for the trading fund. His relevant responsibilities as Accounting

Statement on internal control 2006/7

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 Secretary of State for Justice and Lord Chancellor, while safeguarding the public funds and the departmental assets for which I am personally responsible, in accordance with the responsibilities assigned to me in *Government Accounting*.

I report on Land Registry's performance and on any future issues to the Secretary of State for Justice and Lord Chancellor at six-monthly intervals. Each written report is followed by a meeting between myself, the Secretary of State for Justice and Lord Chancellor, Ministry of Justice officials and, other commitments permitting, the Parliamentary Under-Secretary of State with day-to-day responsibility for Land Registry.

The performance monitoring process includes an assessment of any concern about the achievement of Land Registry's 10-year Strategic 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 Parliamentary Under-Secretary of State 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 since the year ended 31 March 2002 and up to the date of approval of this 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.

The risk management policy is regularly reviewed and updated. This sets out Land Registry's attitude to risk and closely follows the Office of Government Commerce's guidance on risk management. Risk management guidance notes support the policy and are available to all staff electronically on Land Registry's intranet.

During 2006/7, representatives from all offices received refresher/awareness training on risk management and the Land Registry Board has reviewed all strategic risks.

As part of the business planning process, a series of 'functional strategies' has been developed within the overarching 10-year Strategic Plan. The Corporate Governance Functional Strategy incorporates action points related to the improvement of Land Registry's business continuity, audit, risk and security.

Significant risks to the organisation are considered by the Land Registry Board, which includes two non-executive directors. Responsibility for overseeing and directing risk management within Land Registry has been delegated to the Business Risk Board, thereby fulfilling the overall management role specified in the BS7799 Part 2: 2002 Standard.

4 The risk and control framework

The key elements of Land Registry's risk management strategy are described below.

- Area managers, heads of group, programme managers and information asset owners (designated risk register owners), with the aid of their senior staff, identify and assess, in terms of likelihood and impact, barriers to achieving business objectives and use

the resulting information to compile, maintain and update risk registers, which are recorded on the Land Registry risk reporting system.

- Risk owners are assigned to each risk and are responsible for identifying, recording, reviewing and monitoring control and contingency arrangements. They report periodically on the effectiveness of their risk management arrangements.
- The adopted project methodology (PRINCE 2) requires all project sponsors and managers to identify risks and include risk management in their plans.
- Regular progress reports on key projects are provided to project boards. Programme managers are responsible for identifying, managing and reporting on significant risks to Land Registry's strategic objectives arising from their programmes.
- The Business Risk Board meets at six-weekly intervals throughout the year. Chaired by the Finance Director (Land Registry's Risk Management 'Champion'), it considers the effectiveness of risk management arrangements across the organisation, obtaining reports from the Business Risk Coordinator, Business Continuity Manager, Internal Audit and others concerned with risk and control matters. The Board also appraises the status of strategic risks. Any issues of

concern are drawn to the attention of the Land Registry Board.

- As part of its function, the Audit Committee monitors risk management arrangements through reports from the Chair of the Business Risk Board and from Internal Audit.
- The Land Registry Board identifies strategic risks and follows the same processes for developing and maintaining a strategic risk register.
- Business continuity risks are mitigated by comprehensive continuity plans, including an annual programme of exercises designed to test arrangements at each Land Registry office.
- Risks to the integrity, confidentiality and availability of Land Registry's information are controlled by following the best practices set out in BS7799, the British Standard for Information Security. Currently, Land Registry has BS7799 Part 2: 2002 accreditation.
- During 2006/7, an audit was conducted to test the effectiveness of the process for obtaining, receiving and reviewing information produced to support the signing of the annual statement on internal control. As a result of that audit, work has started (and will continue during 2007/8) to build upon and improve the internal control assurance processes.

5 Review of effectiveness

As Accounting Officer I have responsibility for reviewing the effectiveness of the system of internal control. My ongoing review of the effectiveness of the system of internal control is informed by the work of the internal auditors and 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 am advised on the implications of the results of my ongoing review of the effectiveness of the system of internal control by the Land Registry Board, the Audit Committee and Business Risk Board and plans to address weaknesses and ensure continuous improvement of the system are in place.

The key elements of the system of internal control are set out in section 4 above and contribute to my review of the system's effectiveness. The following also inform my review:

- **The Land Registry Board**, chaired by myself, concentrates on the strategic direction of Land Registry to ensure delivery of the 10-year Strategic Plan. It is a requirement that each proposal to the Board includes a risk assessment. At the end of each meeting, the Board considers the risk implications of any decision it has made. The Board reviews the strategic risk

register and ensures that the arrangements in place to mitigate risks are effective. It receives regular updates on the work of the Business Risk Board from the Finance Director as well as reports on the various elements of the business to ensure internal control is maintained.

- **The Audit Committee** reports to the Land Registry Board. It comprises a Chair and Deputy Chair (both filled by non-executive directors), the IS Director and an area manager. Another non-executive, independent member has been appointed as member to add to the committee's financial skills. The Finance Director and myself are attendees. The committee operates to the principles and practices set out in the Treasury's Audit Committee Handbook. The Audit Committee advises the Land Registry Board on the effectiveness of the organisation's risk management, control, governance and financial management and reporting arrangements. It considers reports from the Business Risk Board and Internal Audit, and also the management letter from the external auditors. Any concerns are reported to the Land Registry Board for action.
- **The Business Risk Board**, chaired by the Finance Director, reports to both the Land Registry Board and the Audit Committee. It considers

regular reports on the completion of the risk register and issues arising from the monitoring and the effectiveness of the risk management process. At each meeting, the Board reviews all strategic risks with a high or medium score for both 'likelihood' and 'impact'.

- **The Business Continuity Manager** is the custodian of the risk reporting system. The Business Continuity Group provides support to users of the risk reporting system and is responsible for monitoring the register and escalating risks to director level in accordance with set criteria. Formal reports are delivered to the Business Risk Board.
- **Internal Audit** operates to government internal audit standards established by the Treasury. It submits regular reports, which include the Head of Internal Audit's annual opinion on the adequacy and effectiveness of Land Registry's risk management, control and governance arrangements, together with recommendations for improvement. Internal Audit adopts a risk-based approach in much of its work. In particular, the annual audit planning process takes account of the risks and associated controls identified in risk registers. Individual Internal Audit reports are circulated to the Land Registry Board and the Audit Committee.

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

Peter Collis
Chief Land Registrar and Chief Executive

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 following considerations.

- 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.

Two senior civil service (SCS) pay committees, acting on the authority of the Land Registry Board, consider the pay recommendations provided by line managers and decide the

distribution of bonuses 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 bonuses are dependent on performance, which is assessed through an annual appraisal system for senior civil servants, more details of which can be found at www.civilservice.gov.uk

During the year the members of the pay committee dealing with SCS pay band 1 were Mike Cutt (Chair), Ted Beardsall, Andy Howarth and Joe Timothy. For the pay committee dealing with SCS pay band 2 the members were Mike Cutt (Chair) and David Rigney.

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 2006/7, 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 bonus 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.

All the directors covered by this report hold appointments that are open-ended until they reach the normal retiring age of 60. 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.

Salary and pension entitlements

Salary

'Salary' includes gross salary; performance pay or bonuses; overtime; London allowances; 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 overleaf is based on payments made by Land Registry and thus recorded in these accounts.

	Salary, including performance pay		Real increase in pension and lump sum at 60		Total accrued at 31 March 2007		Cash equivalent transfer value (CETV) at 31 March		Real increase in CETV after adjustment for inflation and changes in investment factors
			Pension	Lump sum	Pension	Lump sum			
	2007 £'000	2006 £'000	£'000	£'000	£'000	£'000	2006 £'000	2007 £'000	
Land Registry Board									
Peter Collis Chief Land Registrar and Chief Executive	150–155	145–150	0–2.5	2.5–5	50–55	160–165	1,007	1,067	25
Ted Beardsall Deputy Chief Executive and Business Development Director	125–130	115–120	0–2.5	0–2.5	55–60	170–175	1,338	1,334	6
Andy Howarth Director of Operations	120–125	110–115	0–2.5	2.5–5	50–55	155–160	1,144	1,224	27
Joe Timothy Director of Legal Services	120–125	115–120	0–2.5	0–2.5	35–40	115–120	760	799	11
Linda Daniels Director of Human Resources	95–100	85–90	–	–	40–45	120–125	902	930	–
Heather Foster Finance Director	90–95	85–90	0–2.5	0–2.5	25–30	80–85	503	527	7
John Wright Director of Information Systems	90–95	50–55	0–2.5	–	0–5	–	11	30	15
Mike Cutt Non-Executive Director	15–20	15–20	–	–	–	–	–	–	–
David Rigney Non-Executive Director	15–20	15–20	–	–	–	–	–	–	–

All executive directors sit on the Executive Board

Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 October 2002, civil servants may be in one of three statutory-based 'final salary' defined benefit schemes (classic, premium and classic plus). The schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium and classic plus are increased annually in line with changes in the Retail Prices Index. New entrants after 1 October 2002 may choose between membership of premium or joining a good

quality 'money purchase' stakeholder arrangement 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.

For 2006/7 Land Registry paid employer's contributions of £35.6 million (2005/6: £33.6 million) at one of four rates in the range 17.1 per cent to 25.5 per cent (2005/6: 16.2 per cent to 24.6 per cent) of pensionable pay, based on salary bands. The scheme actuary reviews employer contributions every

four years following a full scheme valuation. The contribution rates reflect benefits as they accrue, not costs as they are actually incurred, and reflect past experience of the scheme.

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 2006/7 this contribution was £49,819 (2005/6: £35,649). The employee does not have to contribute but where they do make contributions, Land Registry 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 £3,903 in 2006/7 (2005/6: £2,981), to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

Ten individuals retired early during the year on ill-health grounds. The total additional accrued pension liabilities in the year amounted to £17,574.

Further details about the Civil Service pension arrangements can be found at 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.

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.

Income and expenditure account for the year ended 31 March 2007

	Notes	2007 £'000	2006 £'000
Fee income – continuing operations	2	474,525	395,432
Cost of service	2	<u>(358,139)</u>	<u>(344,489)</u>
Gross surplus		116,386	50,943
Administrative expenses	2	<u>(20,069)</u>	<u>(20,194)</u>
Operating surplus	3	96,317	30,749
Profit on disposal of fixed assets		89	91
Interest receivable		11,604	9,160
Interest payable and similar charges	5	<u>(32)</u>	<u>(31)</u>
Surplus for the financial year		107,978	39,969
Dividend payable	6	<u>(16,548)</u>	<u>(14,229)</u>
Retained surplus for the financial year	21	<u><u>91,430</u></u>	<u><u>25,740</u></u>

The notes on pages 69 to 86 are an integral part of these accounts.

Statement of total recognised gains and losses for the year ended 31 March 2007

	Notes	2007 £'000	2006 £'000
Surplus for the financial year		107,978	39,969
Unrealised surplus on revaluation on Government Grant Reserve	19	242	111
Unrealised surplus on revaluation	20	10,683	13,647
Realised gains transferred to income and expenditure	20	0	(1,115)
Transfer to retained earnings	21	(6,687)	0
Total recognised gains and losses for the financial year		<u>112,216</u>	<u>52,612</u>

The notes on pages 69 to 86 are an integral part of these accounts.

Reconciliation of movements in government funds for the year ended 31 March 2007

	Notes	2007 £'000	2006 £'000
Surplus for the financial year		107,978	39,969
Dividend payable	6	(16,548)	(14,229)
		91,430	25,740
Surplus on revaluation	20	3,996	12,532
Transfer to retained earnings	21	6,687	0
Revaluation of non-property assets	21	32	0
Decrease in Indemnity Fund	17	(100)	(6,966)
Decrease in Government Grant Reserve	19	(2,350)	(830)
Net increase in government funds		99,695	30,476
Opening government funds		414,680	384,204
Closing government funds		<u>514,375</u>	<u>414,680</u>

The notes on pages 69 to 86 are an integral part of these accounts.

Balance sheet as at 31 March 2007

		2007		2006	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	7		245,227		228,081
Intangible assets					
Research and development	8		26,127		8,133
Current assets					
Stocks	9	2,401		2,011	
Debtors	10	25,428		20,464	
Cash at bank and in hand	11, 24.2	306,793		232,664	
		<u>334,622</u>		<u>255,139</u>	
Creditors – amounts falling due within one year	12.1	<u>(76,513)</u>		<u>(61,880)</u>	
Net current assets			<u>258,109</u>		<u>193,259</u>
Total assets less current liabilities			<u>529,463</u>		<u>429,473</u>
Creditors – amounts falling due after more than one year	12.2		(12,531)		(13,254)
Provisions for liabilities and charges	16		<u>(2,557)</u>		<u>(1,539)</u>
Net assets			<u>514,375</u>		<u>414,680</u>
Indemnity Fund	17		15,158		15,258
Capital and reserves					
Public Dividend Capital	18		61,545		61,545
Government Grant Reserve	19		9,350		11,700
Revaluation Reserve	20		75,402		71,406
Income and expenditure account	21		<u>352,920</u>		<u>254,771</u>
			<u>514,375</u>		<u>414,680</u>

The notes on pages 69 to 86 are an integral part of these accounts.

Cash flow statement for the year ended 31 March 2007

	Notes	2007 £'000	2006 £'000
Net cash inflow from operating activities	24.1	128,860	44,481
Returns on investments and servicing of finance			
Interest received		11,118	9,210
Interest element of finance lease payments	5	(32)	(31)
		<u>11,086</u>	<u>9,179</u>
Capital expenditure			
Purchase of tangible fixed assets		(33,994)	(40,855)
Research and development		(17,026)	0
Sale of tangible fixed assets		<u>177</u>	<u>1,408</u>
Net cash outflow from capital expenditure		<u>(50,843)</u>	<u>(39,447)</u>
Dividend paid on Public Dividend Capital		(14,229)	(12,793)
Net cash inflow before financing		<u>74,874</u>	<u>1,420</u>
Financing			
Capital element of finance lease payments		(745)	(505)
Increase in cash	24.2	<u><u>74,129</u></u>	<u><u>915</u></u>

The notes on pages 69 to 86 are an integral part of these accounts.

Notes to the accounts

1 Statement of accounting policies

1.1 Basis of accounting

These accounts have been prepared in accordance with the Financial Reporting Manual 2006/7 (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 UK generally accepted accounting practice for companies (UK GAAP) to the extent that it is meaningful and appropriate to the public sector. 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 accounts.

1.2 Accounting convention

These accounts have been prepared under the historic cost convention modified to account for the revaluation of tangible fixed assets.

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 accounts 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 creditors.

1.4 Insurance

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

1.5 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 2003. You can find details

in the resource accounts of the Cabinet Office under Civil Superannuation (www.civilservice-pensions.gov.uk).

Further pension details can be found in the remuneration report on pages 61 to 63.

1.6 Tangible fixed assets

Freehold and long leasehold land and buildings are professionally valued every three years. In the intervening years, the Valuation Office Agency provides a 'desktop' valuation. A 'desktop' valuation has been provided this year.

Land Registry is required by FReM to disclose other fixed assets in the balance sheet at modified historic cost. For short-life non-property assets, historic cost is used as an approximation to the current cost of the asset.

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

All other tangible fixed assets are included at historic cost less accumulated depreciation.

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 tangible fixed 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 land and 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 $\frac{1}{3}$ per cent
Motor vehicles	33 $\frac{1}{3}$ per cent
Structured cabling	10 per cent
Plant and heavy machinery	10 per cent

1.7 Impairment of fixed assets

Impairment reviews are undertaken if there are indications that the carrying values may not be recoverable. The applicable government discount rate is 3.5 per cent.

1.8 Research and development

Land Registry is currently developing e-conveyancing, 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 is being capitalised as an intangible asset on the balance sheet. Expenditure is separately identified by a series of projects held within an e-conveyancing programme structure. All programme costs, including directly attributable staff costs, eligible under the Statement of Standard Accounting Practice 13 to be defined as development expenditure, are being capitalised. They will be amortised against future e-conveyancing income streams.

1.9 Work-in-progress

Work-in-progress is stated at the lower of cost (direct materials and salaries plus attributable overheads on normal level of activity) and net realisable value, which is based on the fee, less further costs expected to be incurred on completion of the case.

Due to the immaterial value of stationery stock a change in accounting policy was agreed, whereby it would be treated as an expense in year. As the amount is immaterial the prior period has not been restated.

1.10 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 and expenditure account.

1.11 Indemnity Fund

The Indemnity Fund was established in 1994. In 2003/4 Land Registry commissioned Lane, Clark & Peacock to carry out an actuarial review. Its report recommended that Land Registry increased the fund to £13.724 million as at 31 March 2004. In the subsequent years there have been annual updates, prior to the next actuarial review, which will be undertaken by Lane, Clark & Peacock, commencing in September 2007. Claims that are proved and covered by the fund will, in the first instance, be charged against the fund.

1.12 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.

1.13 Operating leases

Rental costs under operating leases are charged to the income and expenditure account as incurred.

1.14 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 creditors with the corresponding asset values recorded in fixed assets and depreciated over the shorter of their estimated useful lives or their lease terms. The applicable government discount rate is 3.5 per cent. Lease payments are apportioned between the finance element, which is charged to the income and expenditure account as interest, and the capital element, which reduces the outstanding obligation for future instalments.

1.15 Capital government grants

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

1.16 Payments to Private Finance Initiative (PFI) suppliers

PFI transactions have been accounted for in accordance with Technical Note No 1 (Revised) on *How to account for PFI transactions*. As the balance of the risks and rewards of ownership of the PFI property are borne by the PFI operator, the PFI payments are recorded as an operating cost.

1.17 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.

1.18 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.

1.19 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.

2 Segmental reporting

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 Statement of Standard Accounting Practice 25.

There are two separate statutory services carried out by Land Registry: registration of title, and land charges including agricultural credits. Detailed in the table below is the fee income, total cost of service and surplus for each of these services.

	Registration of title		Land charges and agricultural credits		Total	Total
	2007 £'000	2006 £'000	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Fee income	464,748	386,192	9,777	9,240	474,525	395,432
Cost of service	(355,108)	(341,632)	(3,031)	(2,857)	(358,139)	(344,489)
Administrative expenses	(19,893)	(20,029)	(176)	(165)	(20,069)	(20,194)
Operating surplus	<u>89,747</u>	<u>24,531</u>	<u>6,570</u>	<u>6,218</u>	<u>96,317</u>	<u>30,749</u>

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 27).

The Land Charges and Agricultural Credits departments' net assets represent approximately 2 per cent of Land Registry's total net assets. It is therefore inappropriate to notate this information separately.

3 Operating surplus

	2007 £'000	2006 £'000
Operating surplus is stated after charging		
Staff costs (see note 4 and remuneration report)	244,063	238,147
Provisions for indemnity costs (see note 17)	(100)	1,424
IT infrastructure costs (see note 26)	19,937	17,360
Hire of machinery	6,534	5,541
Auditor's remuneration – audit fee	69	68
Depreciation current year – owned assets (see note 7)	20,025	17,546
Depreciation current year – leased assets (see note 7)	1,256	1,110
Impairment in value of fixed assets (see note 7)	2,487	5,193
Impairment in value of assets under construction	2,753	0
Early retirement costs (see note 16)	1,380	681
Charge for operating leases – buildings	4,018	4,479
Other operating income	(3,904)	(2,499)

4 Employee information

4.1 Staff costs

	2007 Permanent staff £'000	Others £'000	Total £'000	2006 Total £'000
Salaries	195,790	2,802	198,592	193,193
Social security costs	14,678	27	14,705	13,591
Other pension costs	35,654	0	35,654	33,605
Total staff costs	<u>246,122</u>	<u>2,829</u>	<u>248,951</u>	<u>240,389</u>
Capitalised staff costs	(4,585)	(303)	(4,888)	(2,242)
Total net staff costs	<u>241,537</u>	<u>2,526</u>	<u>244,063</u>	<u>238,147</u>

The amounts disclosed as salaries include directors' remuneration.

The capitalised staff costs relate to the research and development of e-conveyancing (see note 1.8).

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 by Land Registry during the year was made up as follows.

	2007 Permanent staff	Others	Total	2006 Total
Senior management	7	0	7	15
Operational	7,644	94	7,738	7,740
Administration	314	35	349	324
IT	476	23	499	467
	<u>8,441</u>	<u>152</u>	<u>8,593</u>	<u>8,546</u>

4.3 Chief Executive and directors' salary and pension entitlements

The salary and pension entitlements of the Chief Executive and the directors of Land Registry are included in the remuneration report on pages 61 to 63.

4.4 Pensions

Pension benefits are provided for the majority of staff through the PCSPS. For 2006/7 employer contributions of £35.6 million (2005/6: £33.6 million) were payable to PCSPS at one of four rates in the range 17.1 per cent and 25.5 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 2006/7 Land Registry made a contribution of £49,819 (2005/6: £35,649).

Further details of the pension schemes can be found in the remuneration report on pages 61 to 63.

5 Interest payable and similar charges

	2007 £'000	2006 £'000
Finance charges	<u>32</u>	<u>31</u>

Rental reviews have been recognised as part of the capital value reducing their interest payable.

6 Dividend payable

	2007 £'000	2006 £'000
Dividend payable	<u>16,548</u>	<u>14,229</u>

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.

7 Tangible fixed assets

	Land and buildings				Computer, telecoms and office equipment	Furniture, fixtures and fittings and motor vehicles	Total
	Freehold £'000	Long lease £'000	Short lease £'000	Assets under construction £'000			
Cost or valuation							
At beginning of year	134,705	41,826	2,372	10,740	69,215	31,506	290,364
Additions	0	0	283	17,424	11,870	3,060	32,637
Assets brought into use	2,668	9	0	(9,006)	5,329	1,000	0
Revaluation in year*	9,285	670	777	0	0	0	10,732
Revaluation	0	0	0	0	415	(383)	32
Transfers	0	0	0	0	8,549	(785)	7,764
Impairment	(2,484)	0	(3)	0	0	0	(2,487)
Disposals	0	0	0	0	(6,085)	(1,431)	(7,516)
At end of year	<u>144,174</u>	<u>42,505</u>	<u>3,429</u>	<u>19,158</u>	<u>89,293</u>	<u>32,967</u>	<u>331,526</u>
Depreciation							
At beginning of year	4,762	1,082	349	0	37,090	19,000	62,283
Provided during the year**	2,045	854	402	0	15,278	4,091	22,670
Transfers	0	0	0	0	8,342	(578)	7,764
Backlog depreciation	195	16	80	0	0	0	291
Disposals	0	0	0	0	(5,360)	(1,349)	(6,709)
At end of year	<u>7,002</u>	<u>1,952</u>	<u>831</u>	<u>0</u>	<u>55,350</u>	<u>21,164</u>	<u>86,299</u>
Net book value as at 31 March 2007	<u>137,172</u>	<u>40,553</u>	<u>2,598</u>	<u>19,158</u>	<u>33,943</u>	<u>11,803</u>	<u>245,227</u>
Net book value as at 31 March 2006	<u>129,943</u>	<u>40,744</u>	<u>2,023</u>	<u>10,740</u>	<u>32,125</u>	<u>12,506</u>	<u>228,081</u>

* £0.242 million (2005/6: £0.314 million) allocated to assets funded by government grant (see note 19).

** £1.389 million (2005/6: £1.238 million) allocated to assets funded by government grant (see note 19).

The accounting policies state that Land Registry's policy is to professionally value freehold and long leasehold land and buildings every three years. A full valuation was conducted as at 1 January 2005. 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 existing use with open market value for surplus or sublet properties. There was an excess of £10.9 million of open market value over existing use value for the freehold property as at 1 January 2005.

The net amount of finance leases at the end of the year was £13.8 million (2005/6: £14.1 million). In the year £0.55 million (2005/6: £0.70 million) of depreciation related to these assets.

Where property value falls below original values, the deficits (temporary and permanent) are charged to the income and expenditure account as impairment.

Freehold land amounted to £41.13 million (2005/6: £38.87 million).

8 Research and development – e-conveyancing

	2007 £'000	2006 £'000
Capitalised e-conveyancing costs	<u>26,127</u>	<u>8,133</u>

The cost of developing e-conveyancing is being capitalised as an intangible asset on the balance sheet and will be amortised against future e-conveyancing income streams. Additions in the year amounted to £17.994 million. Please see accounting policies on page 71.

9 Stocks

Stocks comprise:	2007 £'000	2006 £'000
Stationery stocks	0	12
Work-in-progress	<u>2,401</u>	<u>1,999</u>
	<u>2,401</u>	<u>2,011</u>

10 Debtors

10.1 Debtors due within one year

	2007 £'000	2006 £'000
Trade debtors	12,782	9,537
Other debtors	3,058	3,033
Prepayments and accrued income	6,878	6,390
	<u>22,718</u>	<u>18,960</u>

10.2 Debtors due after more than one year

	2007 £'000	2006 £'000
Other debtors	826	692
Prepayments	1,884	812
	<u>2,710</u>	<u>1,504</u>
Total debtors	<u>25,428</u>	<u>20,464</u>

11 Cash at bank and in hand

	2007 £'000	2006 £'000
Office of HM Paymaster General	284,934	213,067
Commercial banks and cash-in-hand	21,859	19,597
Total	<u>306,793</u>	<u>232,664</u>

Land Registry holds customer deposits as part of the credit account payment facility. At the year-end, there were 103 accounts (2005/6: 105) for which a total of £2.08 million (2005/6: £2.09 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 24.2).

12 Creditors

12.1 Amounts falling due within one year

	2007 £'000	2006 £'000
Fees received in advance	13,238	9,361
Taxation and social security	4,786	4,607
Trade creditors	6,339	4,103
Other creditors	4,356	3,726
Accruals	30,328	24,915
Net obligations under finance leases	918	939
Dividend payable	16,548	14,229
	<u>76,513</u>	<u>61,880</u>

12.2 Amounts falling due after more than one year

	2007 £'000	2006 £'000
Finance lease obligations	<u>12,531</u>	<u>13,254</u>

The comparatives have been restated to reflect the moving of the early retirement provision values from creditors to provisions in note 16.

13 Intra-government balances

13.1 Debtors

	Amounts falling due within one year		Amounts falling due after more than one year	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Balances with:				
Other central government bodies	3,429	3,150		
Local authorities	1,135	17		
NHS bodies	0	13		
Public corporations and trading funds	70	14		
Intra-government balances	<u>4,634</u>	<u>3,194</u>		
Balances with bodies external to government	18,084	15,766	2,710	1,504
Total debtors	<u>22,718</u>	<u>18,960</u>	<u>2,710</u>	<u>1,504</u>

13.2 Creditors

	Amounts falling due within one year		Amounts falling due after more than one year	
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Balances with:				
Other central government bodies	24,584	32		
Local authorities	284	4		
NHS bodies	0	0		
Public corporations and trading funds	0	16		
Intra-government balances	24,868	52		
Balances with bodies external to government	51,645	61,828	12,531	13,254
Total creditors	76,513	61,880	12,531	13,254

14 Lease commitments

14.1 Operating leases

Annual commitments in respect of land and buildings operating leases which expire within:	2007 £'000	2006 £'000
One year	461	50
Two to five years	1,013	1,873
More than five years	2,544	2,556
	<u>4,018</u>	<u>4,479</u>

14.2 Finance leases

Payments due within:	2007 £'000	2006 £'000
One year	918	939
Two to five years	3,561	3,571
More than five years	8,970	9,683
	<u>13,449</u>	<u>14,193</u>

15 Loans

Land Registry had no loans during the financial year ending 31 March 2007.

16 Provisions for liabilities and charges

	2007 Early retirement £'000	Property £'000	Total £'000	2006 Total £'000
At 1 April	1,539	0	1,539	2,308
Additions during the year	1,380	984	2,364	681
Utilised in year	(1,346)	0	(1,346)	(1,450)
At 31 March	1,573	984	2,557	1,539

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 £1.35 million in 2006/7, of which £1.35 million had been provided for within the ERP provision in the 2005/6 accounts. The total pension liability up to normal retiring age in respect of each employee is charged to the income and expenditure account 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.

As a result of Croydon Office's impending move to Trafalgar House, there is an obligation on Land Registry to undertake dilapidations work on the existing office, Sunley House. The value of this work has been provided for in these accounts.

17 Indemnity Fund

	2007 £'000	2006 £'000
At 1 April	15,258	22,224
Additions during the year	4,286	6,637
Utilised in year	(4,386)	(13,603)
At 31 March	15,158	15,258

18 Public Dividend Capital

	2007 £'000	2006 £'000
Issued pursuant to the Government Trading Funds Act 1973 as amended by the Government Trading Act 1990	<u>61,545</u>	<u>61,545</u>

19 Government Grant Reserve

In 2002/3, Land Registry was awarded £15 million from the Capital Modernisation Fund to develop new computer facilities. Of this amount, £0.719 million worth of asset was disposed of in 2006/7 (2005/6: £0.722 million was used in the construction of assets) and has been debited to the Government Grant Reserve.

	2007 £'000	2006 £'000
At 1 April	11,700	12,530
Capital Modernisation Fund	0	722
Revaluation (see note 7)	(242)	(111)
Depreciation (see note 7)	(1,389)	(1,238)
Disposals (see note 7)	(719)	0
Impairment (see note 7)	0	(203)
At 31 March	<u>9,350</u>	<u>11,700</u>

20 Revaluation reserve

	2007 £'000	2006 £'000
Unrealised:		
At 1 April	71,406	58,874
Revaluation surplus (see note 7)	10,683	13,010
Transfer to retained earnings	(6,687)	0
Realised gains	0	(1,115)
Transfer to impairment	0	637
At 31 March	<u>75,402</u>	<u>71,406</u>

A one-off transfer has been made from the revaluation reserve to the retained income account to reflect historic balances incorrectly carried forward following the move from cash to resource accounting, and to adjust for the use of historic cost as an estimation for current cost on non-property assets.

21 Income and expenditure account

	2007 £'000	2006 £'000
At 1 April	254,771	229,031
Retained surplus for year	91,430	25,740
Revaluation adjustment	32	0
Transfer from revaluation reserve	6,687	0
At 31 March	<u>352,920</u>	<u>254,771</u>

The revaluation adjustment relates to a change in the accounting estimate for non-property assets resulting in a transfer directly to retained reserves.

22 Capital commitments

	2007 £'000	2006 £'000
Capital expenditure:		
Contracted for but not provided in these accounts	<u>722</u>	<u>10,679</u>

Contracted expenditure relates to agreements for the provision of software licences.

23 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.

	2007 £'000	2006 £'000
In relation to entries in the Register	4,566	7,315
Fraud and forgery	<u>2,807</u>	<u>3,081</u>

24 Notes to the cash flow statement

24.1 Reconciliation of operating surplus to net cash inflow from operating activities

	2007 £'000	2006 £'000
Operating surplus	96,317	30,749
Depreciation charges	21,281	18,656
Impairment in value of fixed assets	2,487	5,193
Increase/(decrease) in provisions	1,018	(768)
Increase in stocks	(390)	(299)
(Increase)/decrease in debtors	(2,395)	216
Increase/(decrease) in creditors	10,642	(2,300)
Decrease in Indemnity Fund	(100)	(6,966)
Net cash inflow from operating activities	128,860	44,481

24.2 Reconciliation of net cash flow to movement in net cash

	2007 £'000		2006 £'000	
	Land Registry funds	Customer deposits	Land Registry funds	Customer deposits
Net cash at start of period	232,664	2,090	231,749	1,687
Increase/(decrease) in cash in the period	74,129	(8)	915	403
Net cash at end of period	306,793	2,082	232,664	2,090

25 Related party disclosures

In accordance with guidance issued on 21 March 1997 by the Treasury, to comply with Financial Reporting Standard No 8 – *related party disclosures*, 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.

26 Public-private partnership

A contract was awarded in July 1999 to Compaq Services (now Hewlett Packard) for up to a 10-year period under a public-private partnership. Hewlett Packard 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 National Audit Office has examined the public-private partnership contract and submission by Land Registry and confirmed that it should be treated as off balance sheet. This complies with the criteria set out in the *Treasury Taskforce Private Finance – Technical Note (Revised)* issued in July 1999 and amendment to Financial Reporting Standard No 5 – *Reporting the substance of transactions: Private Finance Initiative and similar contracts*.

Hewlett Packard 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. As the contract is service-based, there is a zero capital value. 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 Hewlett Packard on Land Registry's behalf. The value of Land Registry's equipment at the start of the contract was £2.78 million.

The contract expires in July 2009 and future requirements are being considered in advance of a re-tendering exercise.

For 2006/7 £19.94 million (2005/6 £17.36 million) was charged to the income and expenditure account under the Hewlett Packard contract. The future payments committed under the contract are detailed below.

	£'000
2007/8	22,168
2008/9–2009/10	<u>28,148</u>
	<u>50,316</u>

27 Corporate financial targets

	2007		2006	
	Actual	Target	Actual	Target
Return on average capital employed	23.2%	3.5%	10%	3.5%

28 Financial instruments

Financial Reporting Standard No 13 – *Derivatives and other financial instruments* 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 at the Bank of England.

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


29 Post balance sheet events

There have been no post balance sheet events.

These accounts were authorised for issue by the Chief Executive on 18 July 2007.

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 Department for Constitutional Affairs] 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 2004 to 31 March 2009 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.



Land Registry Annual Report and Accounts 2006/7

Our organisation

Our services

Our customers

Our people

Our technology

Our future

Appendices

Appendix 1

Key performance targets and results since 2001

Key ministerial targets		Targets, outturns and achievements						Targets for 2007/8
		2001/2	2002/3	2003/4	2004/5	2005/6	2006/7	
Financial								
Percentage return on average capital employed	Target Outturn	6 17.6	6 25.0	6 11.5	3.5 7.8	3.5 10.0	3.5 23.2	3.5 –
Efficiency								
Cost per unit in real terms	Target Outturn	£23.95 £21.33	£23.10 £19.06	£22.17 £20.47	£21.43 £20.07	£21.75 £19.46	£21.17 £18.30	£20.61 –
Cost per unit in cash terms	Target Outturn	£29.95 £26.67	£29.67 £24.48	£29.07 £27.06	£28.79 £26.97	£29.78 £26.64	£29.89 £25.84	£29.88 –
Throughput/speed								
Percentage of official copies and official searches processed in three working days	Target Outturn	100 100	– 100	– –	– –	– –	– –	– –
Percentage of official copy and official search applications handled in two working days	Target Outturn	98 100	98 100	98 100	98 99	98 98	98 98	98 –
Percentage of all registrations processed in 25 working days	Target Outturn	80 79.1	– 84.6	– –	– –	– –	– –	– –
Percentage of all registrations processed in 20 working days	Target Outturn	– –	75 86.1	80 88.6	80 89	– –	– –	– –
Percentage of all registrations processed in 18 working days	Target Outturn	– –	– –	– –	– –	80 89.7	80 88.6	80 –
Accuracy								
Percentage of registrations handled free of error at every Land Registry office	Target Outturn	98.5 98.73	98.5 98.74	98.5 98.79	98.5 98.70	98.5 98.80	98.5 98.80	98.5 –
Percentage of customers responding to the annual survey who perceive the accuracy of registrations to be excellent or good	Target Outturn	Better than 90 97.43	Better than 94 97.53	– –	– –	– –	– –	– –
Overall satisfaction								
Percentage of customers who, overall, are very satisfied/satisfied with the full range of services provided by Land Registry	Target Outturn	– –	Better than 94 98.7	Better than 94 98.3	Better than 95 98.4	Better than 95 99	Better than 95 98.6	Better than 95
Other								
Percentage of titles in the Land Register capable of electronic delivery	Target Outturn	97 97.93	– –	– –	– –	– –	– –	– –
Number of scanned pages of filed documents (millions)	Target Outturn	28 39.7	40 61.4	– –	– –	– –	– –	– –
Percentage of electronic delivery of Land Registry's services	Target Outturn	40 40	60 60	– –	– –	– –	– –	– –
Number of scanned Land Charges registration writs and orders in bankruptcy (millions)	Target Outturn	7 7.1	7 13.4	– –	– –	– –	– –	– –
Percentage take-up of electronic services	Target Outturn	– –	50 50.33	– –	– –	– –	– –	– –
Draft Rules under the Land Registration Act 2002 ready for consultation	Target Outturn	– –	July 2002 Achieved	– –	– –	– –	– –	– –
Carry out a major public consultation on the possible system for e-conveyancing and prepare a final report for ministers	Target Outturn	– –	February 2003 Achieved	– –	– –	– –	– –	– –
Make available a pilot service for e-discharges	Target Outturn	– –	– –	– Achieved	– –	– –	– –	– –

Appendix 1

Key performance targets and results since 2001^(cont'd)

Key ministerial targets		Targets, outturns and achievements						Targets for 2007/8
		2001/2	2002/3	2003/4	2004/5	2005/6	2006/7	
Make all key Land Registry information services available over the internet	Target Outturn	– –	– –	– Achieved	– –	– –	– –	
Implement the first phase of the Land Registration Act 2002	Target Outturn	– –	– –	– Achieved	– –	– –	– –	
Report to ministers on proposals for the implementation of e-conveyancing	Target Outturn	– –	– –	– Achieved	– –	– –	– –	
Enable printing of authenticated results of official searches and searches in a customer's office	Target Outturn	– –	– –	– –	– Achieved	– –	– –	
Carry out a consultation on a standard form of lease	Target Outturn	– –	– –	– –	– Achieved	– –	– –	
Start the pilot for processing e-lodgement of forms	Target Outturn	– –	– –	– –	– Achieved	– –	– –	
Make Land Registry data available to the EULIS demonstrator	Target Outturn	– –	– –	– –	– Achieved	– –	– –	
Make scanned deeds referred to on the register available electronically via Land Register Online	Target Outturn	– –	– –	– –	– –	– Achieved	– –	
Register for the first time an additional 5 per cent of the area of freehold land in England and Wales	Target Outturn	– –	– –	– –	– –	– Achieved	– –	
Provide a further data centre for business continuity purposes	Target Outturn	– –	– –	– –	– –	– Achieved	– –	
Complete electronic document authentication prototyping	Target Outturn	– –	– –	– –	– –	– Achieved	– –	
Introduce imagery-based access to Land Register Online	Target Outturn	– –	– –	– –	– –	– –	– Achieved	
Add a further 700,000 hectares of land to the total area of registered freehold land in England and Wales	Target Outturn	– –	– –	– –	– –	– –	– Achieved	
Introduce a prototype Chain Matrix service to provide transparency to residential conveyancing chains	Target Outturn	– –	– –	– –	– –	– –	– Achieved	
Establish a Land Registry Portal as a first step in implementing a single integrated customer interface for all online Land Registry information and services	Target Outturn	– –	– –	– –	– –	– –	– Achieved	
Provide a sustainable and scaleable e-security infrastructure solution, providing role-based access, identity management and future e-signature functionality, for Land Registry's external and business customer base	Target Outturn	– –	– –	– –	– –	– –	– –	2007/8
Add a further 550,000 hectares of land to the total area of registered freehold land in England and Wales	Target Outturn	– –	– –	– –	– –	– –	– –	2007/8
Complete a review of responses to the consultation paper on the Land Registration (Network Access) Rules and the Land Registration (Electronic Communications) Order and report to ministers	Target Outturn	– –	– –	– –	– –	– –	– –	2007/8
Move Land Registry corporate website to the new portal and establish the portal for the use of one or more of the following customer segments: citizens, conveyancers, lenders, estate agents	Target Outturn	– –	– –	– –	– –	– –	– –	2007/8

Appendix 2

Summary of intakes 2005/6 and 2006/7

Summary of intakes	2005/6 (255 working days)	2006/7 (252 working days)	Variance %
Applications			
First registrations	309,609	304,391	-1.7%
Dispositional first leases	199,673	228,940	14.7%
Transfers of part of registered land	186,533	191,767	2.8%
Dealings of whole with registered land	4,633,621	4,913,128	6.0%
Preliminary services (OS, OC, CI, SIM, PIC)	13,397,544	14,660,341	9.4%
Corres (excl. PIC, Form 313 and Register views)	449,024	465,816	3.7%
Telephone and enquiry services	5,154,711	4,381,623	-15.0%
Register views (LR Direct, NLIS and LR Online)	6,811,888	7,804,664	14.6%
Title plan views (LR Direct, NLIS and LR Online)	988,355	1,214,251	22.9%
Document views (LR Direct and NLIS)	105,189	283,510	169.5%
Total applications	32,236,147	34,448,431	6.9%
Preliminary services			
Official copies			
By post	2,268,805	1,873,888	-17.4%
By e-services	2,822,286	4,388,927	55.5%
By phone	1,061,646	788,366	-25.7%
Total official copies (less CIs)	6,152,737	7,051,181	14.6%
Official searches			
By post	555,261	446,665	-19.6%
By e-services	2,288,805	2,889,530	26.2%
By phone	922,799	707,831	-23.3%
Total official searches (OS1 + OS2 - MH3)	3,766,865	4,044,026	7.4%
Official searches of the index map			
By post	1,792,247	1,829,315	2.1%
By e-services	703,122	877,268	24.8%
By phone	758,113	595,835	-21.4%
Total official searches of the index map	3,253,482	3,302,418	1.5%
Certificate of inspection of title plan (CI)	15,569	16,162	3.8%
Matrimonial homes searches (Form MH3)	208,971	242,379	16.0%
Register views (LR Direct, NLIS and LR Online)	6,811,888	7,804,664	14.6%
Title plan views (LR Direct, NLIS and LR Online)	988,355	1,214,251	22.9%
Document views (LR Direct and NLIS)	105,189	283,510	169.5%
Personal searches of the register (PIC)	3,453	4,175	20.9%
Total preliminary services	21,306,509	23,962,766	12.5%
Other services			
Form 313	5,987	15,186	153.6%
Property price bespoke reports	462	177	-61.7%
Total other services	6,449	15,363	138.2%

Appendix 3

Statement of service standards

Setting our standards

Customer feedback helps us to make sure our service meets your needs. Our standards are set and reviewed every year by the Secretary of State for Justice and Lord Chancellor to make sure that we improve our level of service and performance.

We:

- carry out a customer satisfaction survey every year
- invite customers who come into our offices to fill in a satisfaction questionnaire
- hold regular meetings with representative groups and customers
- pay attention to comments, suggestions and complaints.

If you would like to make any comments or suggestions about our service, please contact the customer service manager at any of our offices.

We also encourage our staff to put forward their ideas for improving our service.

Providing value for money

We review our fees each year and only charge what we need to recover our overhead costs, such as capital expenditure or new equipment, buildings and so on, to provide a return on our net assets.

Where do we publish our service targets?

We display our main service targets, and details of our performance against these targets, in the customer

information centre at every office. We also publish them on our website, in customer newsletters and in this document.

Our service standards

Accuracy

We aim to deal with all applications without making any mistakes. If we do make a mistake, we will try to put it right as soon as possible. However, the state guarantee of title means that, in appropriate circumstances, we may pay compensation for the mistake rather than alter the register. We consider each case on its merits.

Speed of service

We aim to deal with all searches and requests for official copies within three working days.

We aim to deal with all applications for registration within five weeks. If we cannot do this we will write to tell you why there is a delay and what we are doing about it.

Correspondence

We aim to reply to correspondence within five working days. This applies to letters, faxes and emails. If we cannot do this we will write to explain why and tell you when you can expect a reply.

This standard does not apply to requests for information under the Data Protection Act, which we will respond to within 40 days, or the Freedom of Information Act, which we will respond to within 20 working days.

Personal callers

We aim to see visitors with an appointment straight away and visitors without an appointment within 10 minutes of their arrival. You may visit us between 8.30am and 6pm Monday to Friday, except public holidays.

With effect from 1 April 2007, customers are asked to make an appointment, giving at least 24 hours' notice, if they wish to visit between 5pm and 6pm.

Telephone enquiries

We will answer telephone calls quickly and helpfully. We aim to answer 80 per cent of calls to general enquiries within 20 seconds and all calls within 30 seconds. We will try to answer your question straight away. However, if we cannot do this we will contact you within five working days with a reply, or tell you when you can expect one.

Land surveys

Sometimes we need to survey land before we can complete an application to register or deal with land. If so, we will tell the person who sent in the application as well as the owner or occupier of the property. All our surveyors carry proof of their identity.

What happens when I contact you?

All our offices, including our Head Office, have a customer information centre and provide a general enquiry phone service.

Our office in Wales also offers a Welsh-speaking service.

Our staff are committed to meeting your needs and will:

- give you their name
- be helpful and treat you in a polite and professional way
- give you advice on how to fill in forms either personally or by giving you an information leaflet
- arrange for you to discuss any problems with the local customer service manager
- make arrangements for urgent or complicated registrations.

We cannot give you legal advice. If you need legal advice you should see a solicitor or contact your local Citizens Advice Bureau.

If you want to make an application or enquiry in person, you can visit any customer information centre. You can call in to see us any time during our opening hours. Our opening hours are 8.30am to 6pm Monday to Friday except public holidays. With effect from 1 April 2007, customers are asked to make an appointment, giving at least 24 hours' notice, if they wish to visit between 5pm and 6pm. No appointments are necessary at any other time of day.

All our offices have wheelchair access and our staff receive training in communicating with people who have a hearing impairment.

We will do our best to help.

Please tell us if you would like:

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

Customers who have a hearing impairment

Textphone and Minicom users can contact us on freephone 0800 015 3552. Or you can visit our customer service page on our website at www.landregistry.gov.uk/customerservice

What if I have a complaint?

We appreciate that mistakes can be annoying but sometimes things do go wrong. You can complain in person, by phone or in writing (including fax, email and through our website). Please let us know if you would like someone to help you make your complaint.

All our staff follow a standard procedure so you can be sure that we will investigate your complaint fully and fairly.

We will acknowledge your complaint on the day we receive it and aim to give you a full reply within five working days. If we cannot do this, we will write to let you know why there has been a delay and what we are doing about it.

If you need to complain

If you are not satisfied with our service, or think we have made a mistake, please tell the staff at the office concerned and they will do their best to put things right.

Customer service managers

If you are still not happy, the best person to contact is the local customer service manager. If you are not sure which office you need, you can contact the customer service manager at any office.

Customer Service Manager for Land Registry

We hope to put right complaints at local office level. However, if you are not satisfied with the response you get, or the way we handled your complaint, you can contact our Customer Service Manager for Land Registry at:

Land Registry, Head Office
Lincoln's Inn Fields
London WC2A 3PH
Tel: 0800 015 8002
Fax: 020 7166 4362
Email: customer.service@landregistry.gsi.gov.uk

You can get more information on our website at www.landregistry.gov.uk

Independent Complaints Reviewer (ICR)

If you have contacted our Customer Service Manager for Land Registry and you are still not satisfied with our response, you can get in touch with the ICR at:

New Premier House (Second Floor)
150 Southampton Row
London WC1B 5AL
Tel: 020 7278 6251
Fax: 020 7278 9675
Email: enquiries@icr.gsi.gov.uk

The ICR will usually only investigate complaints that have been through our internal complaints procedure. You should contact the ICR within six months of us completing our investigation into your complaint.

You can get more information and guidance on the ICR's website at www.icrev.demon.co.uk

Other options

- You can ask your Member of Parliament (MP) to contact us on your behalf.
- If you are not satisfied with the outcome of your complaint, or the way it has been handled, you can ask an MP to refer your complaint to the Parliamentary Ombudsman. The Ombudsman will accept a referral from any MP but you should approach your own MP first.

For more information about the Ombudsman, please contact:

The Parliamentary & Health Service Ombudsman
Millbank Tower
Millbank
London SW1P 4QP
Helpline: 0845 015 4033
Fax: 020 7217 4160

Email: phso.enquiries@ombudsman.org.uk

The Parliamentary Ombudsman's website is at www.ombudsman.org.uk

Appendix 4

Key performance indicators for 2007/8

To ensure that our customers continue to receive an excellent land registration service, the following have been set by the Secretary of State for Justice and Lord Chancellor.

	Target 2006/7	Target 2007/8
Customer service		
<i>Speed</i>		
Percentage of official copy and search applications processed within two working days	98	98
Percentage of all registrations processed within 18 working days	80	80
<i>Accuracy</i>		
Percentage of registrations processed free from any error	98.5	98.5
<i>Overall satisfaction¹</i>		
Percentage of customers who, overall, are very satisfied/satisfied with the full range of services provided by Land Registry ¹	Better than 95	Better than 95
Financial		
Percentage return on average capital employed	3.5	3.5
Efficiency		
Cost per unit in cash terms ² (real terms) ³	£29.89 (£21.17)	£29.88 (£20.61)
Strategic development areas		
<i>Customer service</i>		
Provide a sustainable and scaleable e-security infrastructure solution, providing role-based access, identity management and future e-signature functionality, for Land Registry's external and business customer base	n/a	
<i>Land registration</i>		
Increase in total area of registered freehold land in England and Wales	700,000 hectares	550,000 hectares
<i>Electronic service delivery</i>		
Complete a review of responses to the consultation paper on the Land Registration (Network Access) Rules and the Land Registration (Electronic Communications) Order and report to ministers	n/a	
<i>Other business development</i>		
Move Land Registry corporate website to the new portal and establish the portal for the use of one or more of the following customer segments: citizens, conveyancers, lenders, estate agents	n/a	

¹ Results from quarterly satisfaction survey year to date from quarters 1, 2 and 3.

² Based on the GDP deflator issued by the Treasury on 21 March 2007 (base year 1992/3).

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

Appendix 5

Key performance targets and wider business performance explained

Key performance target	Explanation														
Customer service Speed Percentage of official copy and official search applications processed within two working days Percentage of all registrations processed within 18 working days	Official copies and official searches of the Land Register are time-sensitive applications made at the start of the conveyancing process. Measurement is an average of monthly 'snapshots'. Registrations are defined as all substantive applications for registration received, including those subsequently delayed through incomplete/incorrect lodgement. Measurement is an average of monthly 'snapshots'.														
Accuracy Percentage of registrations processed free from any error	Measurement is by continuous monthly recording of errors returned by customers for correction, as a percentage of all registrations processed.														
Overall satisfaction Percentage of customers who, overall, are very satisfied/satisfied with the full range of services provided by Land Registry	Measurement is by continuous quarterly monitoring through customer questionnaires and through the annual customer satisfaction survey.														
Financial Percentage return on average capital employed	The operating surplus for the year as shown in the income and expenditure account (after taking into account the profit or loss on disposal of capital assets) expressed as a percentage of the average of net assets for the current and previous year. It is payable as a dividend to the Consolidated Fund of up to 3.5 per cent.														
Efficiency Cost per unit	A unit is a comparative measurement of the relative cost of the effort required to process any category of application handled by Land Registry. An application lodged against the whole of a registered title (dealing) is set at a unit value of 1. All other application categories are measured against this standard and weighted accordingly.														
	<table> <tr> <th>Category of work</th><th>Unit weighting</th></tr> <tr> <td>First registrations</td><td>3.30</td></tr> <tr> <td>Dispositional first leases</td><td>5.30</td></tr> <tr> <td>Transfers of part</td><td>4.90</td></tr> <tr> <td>Dealings of whole</td><td>1.00</td></tr> <tr> <td>Official copies</td><td>0.25</td></tr> <tr> <td>Official searches</td><td>0.10</td></tr> </table>	Category of work	Unit weighting	First registrations	3.30	Dispositional first leases	5.30	Transfers of part	4.90	Dealings of whole	1.00	Official copies	0.25	Official searches	0.10
Category of work	Unit weighting														
First registrations	3.30														
Dispositional first leases	5.30														
Transfers of part	4.90														
Dealings of whole	1.00														
Official copies	0.25														
Official searches	0.10														

Cost per unit (real and cash terms)

For management purposes, the annual real terms cost per unit (CPU) milestone is converted to a cash basis using prevailing Gross Domestic Product (GDP) deflators issued by HM Treasury.

The cash CPU is the total operating costs, on an accruals basis (excluding the cost of accepted indemnity claims, commonhold, e-conveyancing and index map vectorisation costs) divided by the units of work processed.

Regular monitoring against the annual 'real terms' CPU milestone is achieved by dividing the CPU in cash terms by the prevailing GDP deflator.

Strategic development areas

Customer service

Introduce imagery-based access to Land Register Online (2006/7)

To remove the current obstacle of there being no online alternative to a textual search to enable customers to enquire of the registered status of land, identified by means of a map, either in isolation or in conjunction with text-base searching.

Provide a sustainable and scaleable e-security infrastructure solution, providing role-based access, identity management and future e-signature functionality, for Land Registry's external and business customer base (2007/8)

This is required to enable the further development of the Land Registry Portal and the development of new e-conveyancing services.

Land registration

Add a further 700,000 hectares of land to the total area of registered freehold land in England and Wales (2006/7)

These are annual milestone targets towards a comprehensive land register. They are expressed in area rather than percentage terms as this can be more visibly measured than a percentage target and allow for more transparent targets to be set for each of our 24 offices.

Add a further 550,000 hectares of land to the total area of registered freehold land in England and Wales (2007/8)

Electronic service delivery

Introduce a prototype Chain Matrix service to provide transparency to residential conveyancing chains (2006/7)

Proof of concept for a major feature of our proposed e-conveyancing service.

Complete a review of responses to the consultation paper on the Land Registration (Network Access) Rules and the Land Registration (Electronic Communications) Order and report to ministers (2007/8)

This will enable Land Registry to frame the secondary legislation required for the development of e-conveyancing.

Other business

Establish a Land Registry Portal as a first step in implementing a single integrated customer interface for all online Land Registry information and services (2006/7)

The first stage in providing the infrastructure to enable integrated online services to Land Registry customers and set the foundations for the full transactional e-conveyancing service.

Move Land Registry's corporate website to the new portal and establish the portal for the use of one or more of the following customer segments: citizens, conveyancers, lenders, estate agents (2007/8)

This is a step towards the creation of a single Land Registry website (the portal) through which eventually all Land Registry services will be accessed.

Wider business performance

Explanation

Customer service

Speed

Percentage of customers who are very satisfied/satisfied with the speed of service of official copies and official search applications

Measurement is by continuous quarterly monitoring through customer questionnaires and through the annual customer satisfaction survey.

Percentage of customers who are very satisfied/satisfied with the speed of service of registrations

Measurement is by continuous quarterly monitoring through customer questionnaires and through the annual customer satisfaction survey.

Average number of days taken to process:
first registrations
dispositional first leases
transfers of part
dealings of whole
official copies
official searches

Applications are electronically recorded on receipt and on completion. If an application is incorrectly lodged, the number of working days' delay incurred in resolving the issue is included in the recorded processing time.

First registrations, requiring a full examination of title, and dispositional first leases take the longest time to process in Land Registry. Transfers of part can be very complex, involving detailed consideration of easements. Official copies and official searches are now virtually all processed electronically.

Percentage of general correspondence (letters, faxes and emails) responded to within five working days

Does not include correspondence with MPs, correspondence relating to current official applications, complex and contentious casework or where the Data Protection Act 1998 or Freedom of Information Act 2000 are referred to.

Accuracy

Percentage of customers who are very satisfied/satisfied with the accuracy of registrations

Measurement is by continuous quarterly monitoring through customer questionnaires and through the annual customer satisfaction survey.

Overall satisfaction

Percentage of customers who, overall, are very satisfied with the full range of services provided by Land Registry

This measure is to ensure that levels of very satisfied customers are maintained. It is taken from our annual customer satisfaction survey and our quarterly customer questionnaires.

Financial

Percentage cumulative reduction in fees since becoming a trading fund

Reflects the cumulative reduction in fees since Land Registry became a trading fund in 1993.

Strategic

Number of registered titles (millions)

This figure represents the current size of the Land Register for England and Wales. We estimate a complete Land Register to be around 23 million titles.

Percentage (area) of freehold land in England and Wales registered

A process has now been developed that will allow the measurement of registered land within England and Wales to be recorded.

Number of registrations:
first registrations
discharges
mortgages
transfers of value
leases

These are key elements of the land registration process.

Average number of training days per person

Measurement is an average of continuous monthly recording by local management trainers.

Appendix 6 Recruitment statement

The following information outlines Land Registry's work in the field of recruitment during 2006/7.

Land Registry recruitment activity has increased in specific areas this year, with particular emphasis on the move towards electronic conveyancing, which has given rise to a variety of posts supporting the IT infrastructure and building the basis of future commercial services.

The resultant growth in these business areas, and the underlying need for Land Registry expertise, has provided career development opportunities for staff in operational functions.

In addition, with record business intakes during the year, a major national recruitment campaign was undertaken to recruit a total of 200 registration executives across Land Registry offices.

The demographic profile of senior managers has benefited from recruitment completed in 2005. However, there has been ongoing recruitment to fill the vacancies created following retirement.

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

The following appointments were made during 2006/7:

Grade	Numbers appointed
Senior Registration Administrator (SRA)	12
Senior Registration Executive (SRE)	2
Registration Executive 1 (RE1)	6
Registration Executive 2 (RE2)	222
Registration Officer (RO)	2
Registration Assistant (RA)	3
Total	247

Land Registry's continued commitment to diversity and quality 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
Senior Registration Administrator (SRA)	5	7	0	0
Senior Registration Executive (SRE)	2	0	0	0
Registration Executive 1 (RE1)	5	1	1	0
Registration Executive 2 (RE2)	101	121	12	5
Registration Officer (RO)	0	2	0	0
Registration Assistant (RA)	2	1	1	0
Total	115	132	14¹	5

¹ This figure exceeds the Civil Service target for 2006/7.

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.

Appendix 7

Contact details for Land Registry offices

Head Office

Lincoln's Inn Fields
London
WC2A 3PH
Tel: 020 7917 8888

Durham (Boldon) Office

Boldon House
Wheatlands Way
Pity Me
Durham
DH1 5GJ
Tel: 0191 301 2345

Lancashire Office

Wrea Brook Court
Lytham Road
Warton
Lancashire
PR4 1TE
Tel: 01772 836700

Birkenhead (Old Market) Office

Old Market House
Hamilton Street
Birkenhead
Merseyside
CH41 5FL
Tel: 0151 473 1110

Durham (Southfield) Office

Southfield House
Southfield Way
Durham
DH1 5TR
Tel: 0191 301 3500

Leicester Office

Westbridge Place
Leicester
LE3 5DR
Tel: 0116 265 4000

Birkenhead (Rosebrae) Office

Rosebrae Court
Woodside Ferry Approach
Birkenhead
Merseyside
CH41 6DU
Tel: 0151 472 6666

Gloucester Office

Twyver House
Bruton Way
Gloucester
GL1 1DQ
Tel: 01452 511111

Lytham Office

Birkenhead House
East Beach
Lytham St Annes
Lancashire
FY8 5AB
Tel: 01253 849849

Coventry Office

Leigh Court
Torrington Avenue
Tile Hill
Coventry
CV4 9XZ
Tel: 024 7686 0860

Harrow Office

Lyon House
Lyon Road
Harrow
Middlesex
HA1 2EU
Tel: 020 8235 1181

Nottingham (East) Office

Robins Wood Road
Nottingham
NG8 3RQ
Tel: 0115 906 5353

Croydon Office

Trafalgar House
1 Bedford Park
Croydon
CR0 2AQ
Tel: 020 8781 9103

Kingston upon Hull Office

Earle House
Colonial Street
Hull
HU2 8JN
Tel: 01482 223244

Nottingham (West) Office

Chalfont Drive
Nottingham
NG8 3RN
Tel: 0115 935 1166

Our organisation
Our services
Our customers
Our people
Our technology
Our future

Peterborough Office

Touthill Close
City Road
Peterborough
PE1 1XN
Tel: 01733 288288

Telford Office

Parkside Court
Hall Park Way
Telford
TF3 4LR
Tel: 01952 290355

Land Charges and Agricultural Credits Departments

Plumer House
Tailyour Road
Crownhill
Plymouth
PL6 5HY
Tel: 01752 636666

Plymouth Office

Plumer House
Tailyour Road
Crownhill
Plymouth
PL6 5HY
Tel: 01752 636000

Tunbridge Wells Office

Forest Court
Forest Road
Hawkenbury
Tunbridge Wells
Kent
TN2 5AQ
Tel: 01892 510015

Land Registry Information Systems

Seaton Court
2 William Prance Road
Plymouth
PL6 5WS
Tel: 01752 640000

Portsmouth Office

St Andrew's Court
St Michael's Road
Portsmouth
Hampshire
PO1 2JH
Tel: 023 9276 8888

Wales Office

Tŷ Cwm Tawe
Phoenix Way
Llansamlet
Swansea
SA7 9FQ
Tel: 01792 355000

Land Registry Telephone Services

Land Registry Telephone Services is a quick and convenient alternative to postal applications, but is only available to customers with a Land Registry credit account.

Stevenage Office

Brickdale House
Swingate
Stevenage
Hertfordshire
SG1 1XG
Tel: 01438 788889

Weymouth Office

Melcombe Court
1 Cumberland Drive
Weymouth
Dorset
DT4 9TT
Tel: 01305 363636

By calling **0870 908 8063*** customers can apply for a range of Land Registry and Land Charges searches and official copies.

A Welsh language telephone service is available on **0870 908 8069.**

Swansea Office

Tŷ Bryn Glas
High Street
Swansea
SA1 1PW
Tel: 01792 458877

York Office

James House
James Street
York
YO10 3YZ
Tel: 01904 450000

Further information can be obtained from the customer service manager at any Land Registry office.

*Please note that calls may be recorded.

Appendix 8

Glossary of terms

Accident incident rate

A recognised statistic used by the Health & Safety Executive and National Statistics for recording accidents.

Application

Any request for the various Land Registry services. This includes pre- and post-completion services (see below).

Business unit

Each of the 24 local offices, Information Systems Group and Land Charges Department (both based in Plymouth) and Land Registry Head Office in London operate as separate autonomous business units. Each has responsibility for remaining within centrally allocated staff and non-staff budgets.

Caseworker

An assigned member of staff who considers a lodged application under the Land Registration Act 2002 and Land Registration Rules 2003, and proceeds accordingly.

Category 1 supplier

A supplier of goods or services to Land Registry where the loss or failure of provision of any one criterion or combined effect of several criteria would prevent the organisation from meeting its KPIs or wider government performance measures.

Chain Matrix

An electronic notice board, available online, used by conveyancers, that shows the key stages reached in each

property sale or purchase within the chains of transaction that are commonly found in England and Wales. It also provides an element of control and coordination at key stages in the process and allows each party to indicate willingness to proceed to exchange.

Chargee (or mortgagee)

The lender of money secured by a charge or mortgage.

Chargor (or mortgagor)

A property owner who borrows money on a mortgage and charges the property as security for the loan.

Combined operations

Multi-skilled staff processing new title casework from receipt to despatch in one operation.

Day list

An index of all applications pending in Land Registry. It regulates the priorities between applications affecting the same title number.

Dealing

An application affecting a registered title (other than a pre-completion service), usually taken to mean a dealing with the whole of the title.

Dispositional first lease

The first registration of a leasehold estate created out of a registered title.

E-charges

In the same way that a mortgage can be automatically removed from the register by way of an

e-discharge, a mortgage can be automatically added to the register when a new account is added to a lender's computer.

E-discharges

A means by which mortgage entries may be cancelled by a mortgagee via a machine-to-machine transaction without any intervention by Land Registry staff.

Electronic certificate

An official document held in electronic format. The Electronic Communications Act 2000 provides a legal infrastructure for e-business. The Act stops short of amending or overriding existing legislation that requires hand-written signatures, but Section 8 empowers the Secretary of State for Justice and Lord Chancellor to change legislation by Statutory Instrument to authorise or facilitate electronic communications and storage of documents, instead of other forms of communication or storage.

Electronic register updates

A system that will automatically process electronically lodged applications to change the register.

E-lodgement

An electronic system that Land Registry Direct users can use to lodge certain types of application to change the register.

First registration

The registration of title to unregistered land.

Future Leaders

Land Registry's programme to identify and develop staff who have the potential and commitment to rise to more senior management levels. The scheme was launched in April 2005 as a replacement for the former FOCUS accelerated development scheme.

Land Register Online

Public access via the web to Land Registry information with payment by credit card.

Land Registry Direct

An online service for Land Registry credit account holders, providing them with speedy electronic access to a range of Land Registry information.

New title casework

Applications that require the issue of a new title number – first registrations, dispositional first leases and transfers of part.

Official copy

Official copy of deeds and documents in Land Registry, including the register and title plan.

Official search of part

A search of part of a registered title that also secures priority.

Official search of whole

A search of the whole of a registered title that also secures priority for the impending transactions.

Organisational Blueprint

A document setting out our current view of the future of

Land Registry. It contains a number of changes to Land Registry that will affect the staff employed and where they work, as well as Land Registry's customers and how they are served.

Polygon

An electronically created multi-sided figure representing the registered extent of a given title on the vectorised index map.

Portal

Single website infrastructure to enable the provision of integrated online services to Land Registry customers.

Post-completion application

An application for registration lodged after the completion of the sale or mortgage.

Pre-completion application

An application seeking information or priority for a transaction prior to the completion of the sale or mortgage. Applications, which comprise searches of the index map, official searches of part and whole and official copies, may be lodged in person, by post, fax, telephone and through Land Registry Direct.

Real-time priority

Real-time priority brings a change to Land Registry's rules concerning the priorities of official searches and post-completion applications. It extends the time during the working day available to practitioners to lodge these applications by giving them

priority from the moment they are entered on the day list (see above).

Search of the index map (SIM)

A search of Land Registry's public index maps to ascertain whether or not a property is registered and, if so, its title number.

Single handling

Multi-skilled staff processing applications online, in one operation.

Title

The evidence of a person's right to property.

Title plan

A plan prepared for individual titles showing the extent of the registered title.

Transfer of part (TP)

A transfer or charge of part of a registered title.

Tranche

Land Registry has adopted a tranche approach for the delivery of e-conveyancing. A tranche is a body of work within the e-conveyancing programme that delivers a clearly defined business benefit (set of business services) to both Land Registry and our customers.

Unit

A comparative measurement of the relative cost of the effort required to process any category of work handled by Land Registry.

Unregistered land

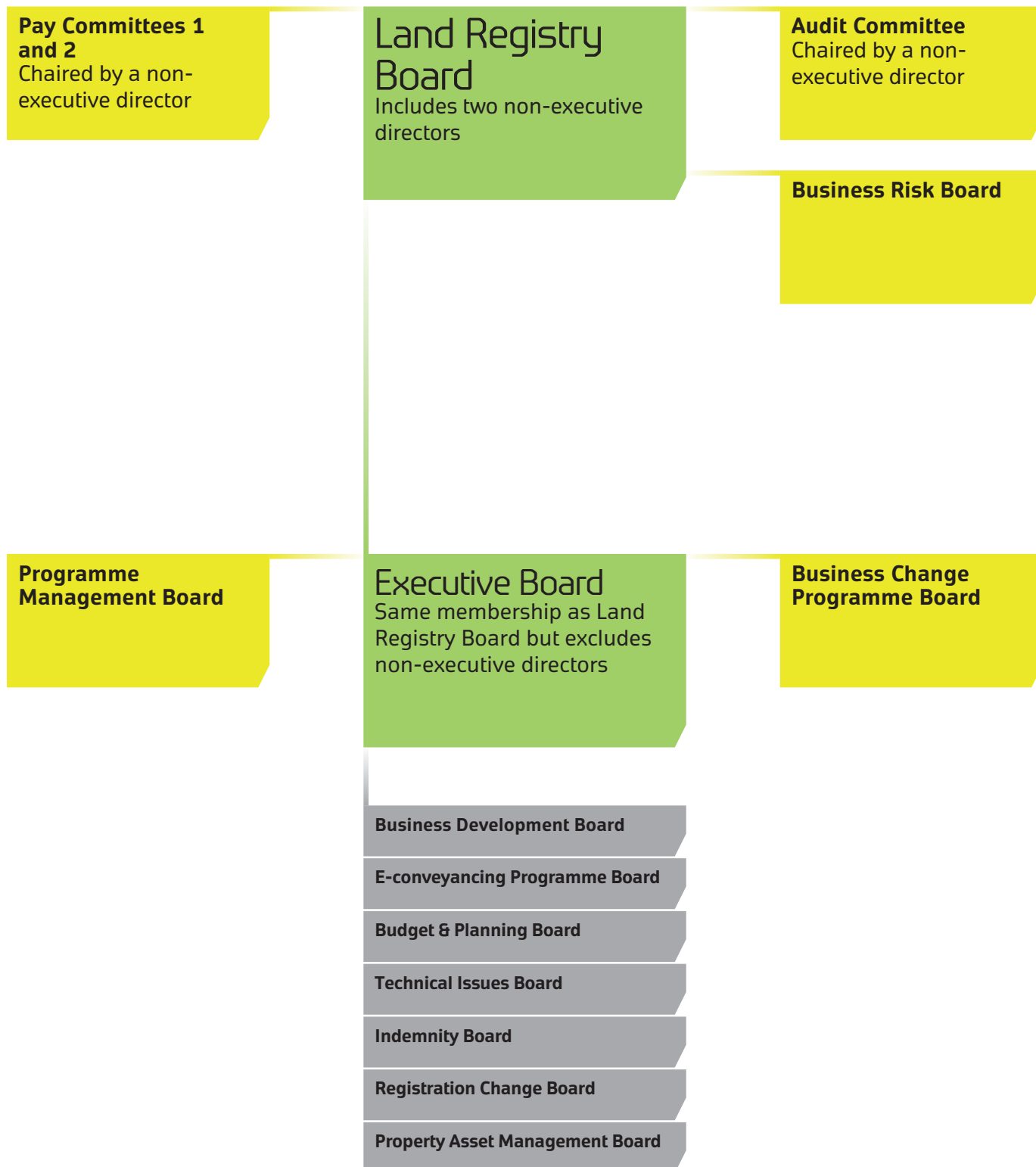
Land where the title is not yet registered at Land Registry. Interests in the unregistered land can be classified as legal interests, family interests, commercial interests and residual interests.

Vector index map

Polygons have been created for every registration existing on the paper index map of England and Wales (more than 17 million). The polygons are linked to the Computerised Property Description Database and Land Registry Property Gazetteer, thus creating a vector index map that can be accessed by all users of Land Registry's mapping system and external customers via Land Registry Direct and the National Land Information Service. The project to convert the index map was completed in February 2004.

Appendix 9

Land Registry corporate governance structure 2006/7



Overall purpose of each main board

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.

Executive Board delivers the annual business plan and is responsible for day-to-day management of Land Registry.

Overall purpose of each sub-board

Pay committees administer Senior Civil Service annual pay reviews.

Audit Committee provides assurance to the Board that Land Registry's activities are being undertaken in accordance with proper standards of public accountability.

Business Risk Board ensures that key business risks are identified and managed.

Business Change Programme Board develops the Blueprint for Land Registry's future and keeps this under review. Ensures that activities are being undertaken that are required in order for the Blueprint to be achieved.

E-conveyancing Programme Board develops the information systems and other systems to deliver e-conveyancing, ensuring that it meets the needs of external customers. Provides clear description of outputs from the system that will enable the implementation of

e-conveyancing within Land Registry to be managed outside the programme.

Business Development Board develops non-statutory services (excluding e-business and the International Unit), overseeing the development of these new services and, once up and running, transferring the responsibility to operational management.

Registration Change Board manages the programme of projects and reviews aimed at improving the delivery of statutory and non-statutory services handed over to operational management. Provides continuous improvement.

Budget & Planning Board sets the annual budget, agrees the process for mid-year variations in budget and ensures that the budgeting and planning processes work well together.

Technical Issues Board considers detailed/complex issues that require clarification of existing practice guidance.

Programme Management Board sets project and programme methodology and monitors to ensure that Land Registry is operating within those guidelines. Obtains information on timescales to ensure the resource is planned to meet the project/programme needs.

Indemnity Board reviews trends in errors and indemnity claims.

Property Asset Management Board provides assurance that property acquisition, disposal, investment and utilisation decisions are aligned to Land Registry's business strategy and objectives.

Appendix 10

Land Registry's risk management policy

Purposes

To practise effective and transparent risk management by developing sound practice and procedures enabling informed choices and world-class risk management, thus protecting stakeholders' interest in the business.

Scope

This policy applies to all Land Registry personnel in all locations since the management of risk is the responsibility of everyone. Individuals must look at not only the risk of things going wrong but also the impact of missing opportunities.

Policy

Land Registry will:

- follow Office of Government Commerce best practice
- align risk management activity to corporate functional strategies
- encourage fully evaluated risk taking, the grasping of new opportunities and the use of innovative approaches to improve processes and achieve corporate objectives
- identify, consider and manage risks associated with proposed actions and decisions to ensure exposure remains within acceptable parameters
- use risk analysis as part of strategic, business and investment planning, considering risks in isolation and in clusters
- cost-effectively treat, tolerate, transfer, terminate or take advantage of risk, as

appropriate to the size of the risk

- register all risks, showing ownership and the actions that are in place to manage the risks
- have a defined process for setting tolerance and for the escalation reporting of risks
- provide training on risk management to members of staff supported by guidance material
- encourage a blame-free culture that promotes the spread of best practice and lessons learned
- provide information on the reliability of Land Registry's systems of internal control, which will be crucial in providing the necessary assurance of Land Registry's professional experience and competence
- enable independent assessment of the above
- deliver this policy through the process and procedures published on the intranet.

Enforcement

The Business Risk Board has direct responsibility for maintaining the policy and providing assurance that it is being adhered to. Any deviations from the policy must be reported by the Business Risk Board.

Review

The Business Risk Board will review the policy annually.

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