



Department for Business, Innovation & Skills

Introduction of a Land Registry service delivery company: Consultation response form

This consultation response form is available electronically on the consultation page:
www.gov.uk/government/consultations/land-registry-new-service-delivery-company

Alternatively, this form can be submitted by email or by letter to:

Kirun Patel
Shareholder Executive
Department of Business, Innovation and Skills
1 Victoria Street
London
SW1H 0ET
Email: bis.lr.consultation@bis.gsi.gov.uk

This closing date for this consultation is **20 March 2014**.

The Department may, in accordance with the Code of Practice on Access to Government Information, make available, on public request, individual responses.

Name: Chris Dobson

Organisation (if applicable): Capita Plc

Address: 71 Victoria Street, London SW1H 0XA

Please tick the box from the list below that best describes you as a respondent.
This allows views to be presented by group type.

	Business representative organisation/trade body
	Central government
	Charity or social enterprise
	Individual
X	Large business (over 250 staff)
	Legal representative
	Local Government
	Medium business (50 to 250 staff)
	Micro business (up to 9 staff)
	Small business (10 to 49 staff)
	Trade union or staff association
	Other (please describe)

Question 1

Do you agree that by creating a more delivery-focused organisation at arms length from Government, Land Registry will be able to carry out its operations more efficiently and effectively for its customers?

☒ Yes

☐ No

☐ Not sure

Comments:

In our experience, creating carefully designed distance between delivery organisations and government brings advantages, including providing more freedom to operate services in ways that allow for greater efficiency and effectiveness. Advantages arise from clearer operational focus on service delivery, more freedom to recruit and retain the right people and more flexibility in working with partners and contractors. There are also benefits in enabling government and operations to have a clear management focus and clear accountabilities for delivering against their respective responsibilities.

Question 2

Do you agree that the OCLR should retain exclusive responsibility for the functions set out in paragraph 49?

☒ Yes

☐ No

☐ Not sure

Comments:

We recognise that Land Registry has a critical role in underpinning key parts of the UK economy and legal system and so it is right that HMG retains responsibility for the activities you have set out in order to protect the public interest. We think that this is helpful in avoiding the potential for conflicts to arise in the delivery company.

Question 3

Are there additional functions that should be retained in the OCLR? Please explain what and why.

Comments:

No. We think you have identified the right functions to retain in the OCLR – in our view the areas you have set out are necessary and sufficient to protect the public interest and avoid conflicts.

In our experience it will be important to agree in more detail which functions are retained and to agree roles and responsibilities, e.g. the OCLR's role in setting prices and determining constraints around the Delivery Company's commercial activities, and we would be happy to discuss this further and in more detail with you.

Question 4

What are your views in respect of the proposals for shared functions set out in paragraphs 50-51?

Comments:

We think the approach you have set out is sensible. We would certainly argue that it is important to avoid unnecessary duplication as this creates inefficiency and an inferior customer experience. Provided roles and responsibilities are clearly defined, the model proposed will work well.

Question 5

What are your views on the proposed approach to service delivery company functions in paragraph 52?

Comments:

The approach you have set out looks very sensible to us and we think it will work well.

Question 6

Do you agree that the overall design provides the right checks and balances to protect the integrity of the Register and safeguard the provision of indemnities and state title guarantee? If not, please state your reasons why not.

☒ Yes

☐ No

☐ Not sure

Comments:

We think that administrative functions should be performed by whoever is best placed to deliver them efficiently and effectively and that giving some distance from HMG is helpful, as discussed above. However, we agree that the functions you have proposed should be retained, given the importance of this responsibility to the economic and legal systems.

Question 7

Would you be comfortable with non-civil servants processing land registration information provided they do so within the framework set out by the OCLR through the service contract? If not, please explain your reasons why not.

☒ Yes

☐ No

☐ Not sure

Comments:

We believe that administrative functions such as this should be performed by whoever is best able to deliver them efficiently and effectively. There are many good examples of non-civil servants performing comparable roles across government and the wider public sector with policy oversight retained by

Departments. Examples of public services we have provided which include the handing of personal or critical data include:

- Criminal Records Bureau,
- Revenue collection services e.g. Council Tax, Congestion Charge,
- BBC Television Licensing.

There are also many examples of comparable activity being conducted wholly by the private sector with minimal government involvement, such as:

- Share registrations, which are also important to the economic and legal systems. In this area, Capita Share Registrars is one of a small number of wholly private sector businesses that fulfil the role.
- Pensions administration, where private sector organisations like Capita are responsible for maintaining registers of scheme members and their accrued rights or contributions and managing the flows of payments in and out.

Question 8

Are there any situations, other than those set out in this consultation, in which you would want to see an escalation process to the OCLR? Please explain what and why.

Comments:

No.

Question 9

Do you agree with the proposed approach for handling complaints, as set out in paragraph 56? If not, please explain your reasons why not.

☒ Yes

☐ No

☐ Not sure

Comments:

We expect that the delivery company should be the designated recipient of complaints.

We understand that full transparency of complaints will be needed so that OCLR can duly audit the service delivery company's achievement in addressing and handling complaints and, when unresolved, act as the escalation body to determine the process for any onward resolution and arbitration.

Question 10

Do you agree with the escalation process set out for objections in paragraph 56? If not, please state your reasons why not.

☒ Yes

☐ No

☐ Not sure

Comments:

We think that having an escalation route to an independent reviewer is sensible and in line with good practice.

Question 11

Do you think the Rule Committee should include a representative from the service delivery company? Please explain why or why not.

☒ Yes

☐ No

☐ Not sure

Comments:

We suggest that a representative should attend with an advisory but not executive remit. It is likely that some rules and rule changes could have substantial impact on operations (e.g. costs, service quality) and we think that the Rule Committee may want to bear these factors in mind when it makes decisions. It would also be helpful for the delivery company to hear directly the Rule Committee's discussions and decisions so that it can make sure it implements their wishes effectively.

We would also propose that it would be helpful for the Delivery Company to have an important role in proactive horizon scanning, with an agreed means of proposing business improvement and development opportunities that merit consideration. This could also provide a means of escalating any concerns or uncertainties over the changing nature of the property market, for example due to policy or economic changes. We think this will allow it to provide additional value to OCLR and government, as well as providing a mechanism to resolve certain risks to its operations. The Rule Committee may be a suitable forum for escalation of such issues.

Question 12

The Data Protection Act will protect personal data that is provided to the service delivery company. Would you like to see any protections beyond this, and if so please explain what and why?

☒ Yes

☐ No

☐ Not sure

Comments:

We recognise the importance of data protection and envisage the Delivery Company being obliged to comply with prevailing legislative requirements.

Additional or specific requirements should be set out in the delivery company's contract with the OCLR, giving an opportunity for the OCLR to be more specific on the agreed approach to management of personal data and means of protection within the overarching provisions of the Act.

Question 13

What are your views on the proposed system for safeguarding customer service issues and the continued role of the Independent Complaints Reviewer?

Comments:

We are comfortable with and supportive of the approach you have set out. Whilst the delivery company should attract few complaints and look to resolve them quickly, we envisage ultimate recourse to an independent reviewer as being necessary to maintain and improve public confidence in the accountability and performance integrity of the service delivery organisation.

Question 14

Do you think there is a difference between the opportunities and risks depending on whether operational control over the service delivery company is entrusted to Government or a private sector company? If yes, what?

☒ Yes

☐ No

☐ Not sure

Comments:

We understand that the main **risks** identified in the Land Registry 2013/14 Management Plan relate to:

- registration fraud,
- failure of our computing facilities and the integrity of the register,
- failure of stakeholders to support new services or to migrate to new products channels and services, and
- inability to have in place the right people and skills to deliver business objectives.

Opportunities identified for the Land Registry involve playing a greater role in the property sector to:

- apply private sector capabilities and digital technologies to unlock efficiency in the public sector and the land and property market,
- maximise the re-use of data for the benefit of the wider economy,
- increase and extend assurance and compliance provided to the market.

We believe that **operational control** of the proposed service company does have some impact on risks and opportunities.

- Management of operational risks such as the failure of IT platforms and loss of data integrity would be improved through access to private sector management expertise, including management of third party contracts.

- Private sector control is likely to introduce some additional commercial risks. However, these risks can be managed through contractual provisions and, more significantly, through aligning incentives of public and private parties through a joint venture arrangement.
- Retaining operational control within Government increases the risk that the desired transformation of services and productivity benefits will not be achieved. In our experience the maximum benefit of private sector capabilities in terms of operational efficiencies, speed of decision-making and organisational cultural change is made when the private partner has operational control of delivery, with the Government retaining control of policy, regulation and overall Land Registry objectives
- Entrusting operational control to the private partner will significantly increase the likelihood that opportunities will be effectively exploited. The greatest chance of success will be where the traditional skills and competencies held by the existing HM Land Registry team can be augmented by establishing a new structure which can flexibly access relevant private sector skills and resources to:
 - plan and deliver the transformation, deploying new technology and accelerating customer channel shift,
 - embed new skills and operating culture, and providing new opportunities for staff impacted by change,
 - develop new services for making data more accessible to third parties and/or offering new data services to customers.
- If a partner is afforded sufficient operational control, it is more straightforward to link appropriate and commensurate commercial risk and reward with the achievement of key criteria for delivering transformation. This will support the alignment of incentives and help ensure that everyone pulls in the same direction.

Our overall view is that entrusting a private partner with operational control brings a number of major advantages that will maximise the opportunities for the Land Registry (and more than outweigh any negatives).

Question 15

Do you think there is a difference between the opportunities or risks depending on whether the service delivery company is owned by the Government or a private sector company or both? If yes, please explain your reasons.

☒ Yes

☐ No

☐ Not sure

Comments:

We believe that the **ownership** of the proposed service company does have an impact on opportunities and risks.

- A Joint Venture will provide the lowest risk approach to deliver transformation. This is because this model offers important freedom to operate and innovate at a sensible distance from the centre of government, real shared financial incentives and flexible access to the skills and capabilities needed and the best chance of a creating genuinely collaborative and outcome-focussed relationship.
- Our experience from joint ventures we have recently set up with the public sector, such as Entrust (with Staffordshire County Council) and Axelos (with the Cabinet Office) is that a well constructed governance structure and development strong senior management relationships enable a highly flexible approach which maximises operational agility, aligns organisational incentives and provides improved commercial value for both parties.
- A joint venture is the best route of managing transformation risks and opportunities. Aligned incentives and true joint working enables a more agile approach, accessing capabilities quickly and in overcoming unforeseen problems that inevitably occur in change programmes of this nature
- Additionally, the joint venture approach offers an opportunity to conduct a quicker transaction (3-5 months) than a more traditional contractual relationship with the private sector on either an outsource or advisory basis whilst still upholding necessary safeguards for managing public money.

Question 16

What do you think are the constraints and dependencies for Land Registry's successful delivery of the business strategy?

Comments:

Key constraints and dependencies include:

- delivery of platforms and rapid development of new software applications with third-party IT suppliers,
- engagement with stakeholders and customers (e.g. mortgage lenders and conveyancing industry representatives) to enable successful implementation of new services and delivery of organisational culture change,
- construction of a commercial framework that aligns incentives and encourages true partnership working,
- incorporating into the governance of the arrangement between OCLR and service delivery company sufficient regard for managing and accommodating any legislative change,
- management of volume risk and control of pricing, which we assume will be retained by the OCLR.

Question 17

Do you have any other comments on the proposals contained in this consultation?

Comments:

We agree that it is important that the Land Registry continues to make data freely available to support customers, businesses and others who are involved in the UK housing market. We assume that control of pricing for core services will remain with the OCLR. It is also important that the service delivery company is incentivised to invest in the development of new services with opportunity of a fair commercial return, and also ensuring that the UK taxpayer receives fair value for the commercial exploitation of Land Registry data. Again, a joint venture arrangement with appropriate governance may provide the best mechanism for achieving the right balance in this area.

Question 18

Do you have any other comments that might aid the consultation process as a whole? Please use this space for any general comments you may have. Comments on the layout of this consultation would also be welcome.

Comments

None

Thank you for your views on this consultation. We do not intend to acknowledge receipt of individual responses unless you tick the box below.

Please acknowledge this reply ☒

At BIS we carry out our research on many different topics and consultations. As your views are valuable to us, would it be okay if we were to contact you again from time to time either for research or to send through consultation documents?

☒ Yes ☐ No

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Any enquiries regarding this publication should be sent to:

Department for Business, Innovation and Skills
1 Victoria Street
London SW1H 0ET
Tel: 020 7215 5000

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