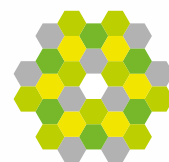


HM Land Registry



Annual Report and Accounts 2014/15



HM Land Registry Annual Report and Accounts 2014/15



Report presented to Parliament pursuant to Section 101 of the Land Registration Act 2002. Accounts presented to Parliament pursuant to Section 4(6)(a) of the Government Trading Funds Act 1973 as amended by the Government Trading Act 1990 Schedule 1, paragraph (6A), (b).

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Statement by the Chair

Two major themes of the last 12 months have been consolidation and development – consolidation by focusing on our core business as the positive housing market fed through to sustained high volumes of activity and development by continuing to build the foundations of a more digital operating model.

It has been a year of achievements, with a significant fee reduction, the passing of enabling legislation for Local Land Charges and the development of award-winning initiatives. It has also been a year in which we have been able to add critical resources at both executive and operational levels to strengthen the organisation to build the capacity and capability needed to drive it forward in the future.

In July 2014, after many months of deliberation, the Government announced it would be making no decision on changing our commercial model. Remaining as a trading fund removed some of the uncertainty and reinforced our intention to focus on the core components of the Business Strategy – efficiency, data, assurance and capability.

The welcome recovery in the housing market meant workload increased, particularly in the more complex areas of our work. I am pleased to report that we have met this increase with the same level of resource and without compromising performance quality as demonstrated by our key performance indicator performance.

We have continued to build up our digital capability, receiving increasing volumes of transactions electronically, migrating our website to GOV.UK and developing new services to maximise the use of our data for the benefit both of our customers and of the wider economy. In this we have been greatly helped by our close association with the Government Digital Service, a relationship that remains critical to the success of our future plans.

In terms of achievements, our increased effectiveness enabled us to return £117 million to customers in the form of lower fees, a reduction of some 29 per cent. These new fee arrangements incentivised customers to use our online services, and it is significant that we now have almost all information requests and more than half of registrations delivered electronically.

A key milestone was the passage of the Infrastructure Bill which gained Royal Assent in February, which will allow us to develop a single digital Local Land Charges (LLC) service. The implementation of the LLC project will support wider Government priorities to facilitate land and property conveyancing and to make public data more easily accessible for the benefit of the wider economy.



Mark Boyle

Our digital initiatives continued to win external recognition, notably the Property Alert service which won the Innovation in Business category at the Real IT Awards. We also received a number of other award nominations in a variety of areas ranging from service improvement for our Online Owner Verification service to our apprenticeship scheme.

We have announced the appointment of Graham Farrant as Chief Executive and Chief Land Registrar with effect from 1 June, replacing Ed Lester who stepped down earlier this year.

I would like to thank Ed for his contribution over the last couple of years with Land Registry, during which time we have successfully coped with the increased volume of activity and laid the foundations for our digital future.


Graham was previously Chief Executive of Thurrock Council and also for the London Borough of Barking and Dagenham. He will bring to the organisation the skills, knowledge and experience to lead us through the next stages of our transformation, and I am delighted to welcome him to the team.

The interregnum before Graham's arrival has been very successfully overseen by John Peaden, Director of Operations, who took on the role of Interim Chief Executive and Chief Land Registrar and ensured a close focus on productivity and efficiency while at the same time emphasising communication and team-working across the organisation.

We have also strengthened the executive team, appointing Catherine Vaughan as the new permanent Finance Director at the start of January. Since then she has made significant contributions in many areas of our work, especially LLC, where her background at PwC and Brighton & Hove City Council is particularly relevant.

Lastly we have welcomed 80 new apprentices to our Telford, Leicester and Nottingham offices. They have made an immediate positive impact and we intend to build on this success in the future.

I would like to record the Board's appreciation for the support and continued efforts of the executive team who, together with our staff across Land Registry, have ensured the successful delivery of our public task to underpin the property and conveyancing markets while at the same time building the foundations of a more digital organisation for the future. The Board and I look forward to this future with confidence.

A handwritten signature in black ink, appearing to read 'Mark Boyle', with a stylized, cursive script.

Mark Boyle
Chair
Land Registry Board

Foreword by the Chief Executive and Chief Land Registrar

Almost my first task as Chief Executive and Chief Land Registrar is to sign off this report and accounts. But it is a great pleasure to do so as they tell the story of a challenging but successful year during which my new colleagues excelled themselves.

Indeed this was possibly the most successful year in Land Registry's history. There have been years where we have launched more new products and services and registered more landmark buildings. But what made this a standout year was the way we handled a significant upturn in the property market.

Our registration workload has increased for the fifth successive year, an indicator that rising economic confidence continues to be reflected in the land and property market. Registration volumes have increased by 23 per cent over the previous two years and are typified by registrations of leases, and transfers of part of registered titles, which are predominantly 'new build'. These application categories were 10 per cent higher than in 2013/14.

We have responded to that challenge with all-time record levels of productivity, measured by the units of work processed per person per day, and the average cost of producing each of those units has fallen. The vast majority of information requests are now processed digitally, without the need for manual intervention, and the benefits arising from electronic delivery of our substantive casework have contributed to our performance.

In March 2014 we introduced a new Fee Order which halved the scale fees for registrations affecting the whole of registered titles, a strategic decision that reduced our revenue by £117m, passing those efficiency savings direct to our end customers through reduced fees.

We receive approximately 17,000 of these applications per day, more than 80 per cent electronically, reducing many of the overheads associated with paper transactions. By September 2014, one million had been received through e-DRS (the electronic Document Registration Service). In November 2014, we implemented a Virtual Post Room, a front-end scanning service that captures all residual paper applications, enabling all core business processes to operate in a paperless environment.

I am proud to announce two registration landmarks: extending the coverage of the registered land mass of England and Wales to 85 per cent and completing the registration of our 24-millionth title. To put that in perspective, land registration has existed for 153 years and by March 2005 only 48 per cent coverage had



Graham Farrant

been achieved. This demonstrates the success of the extension of additional triggers to induce compulsory registration, and of the pace of change over the past 10 years. Just before the year end, an additional percentage point was reached, taking us up to 86 per cent of the land mass.

We know that we must build on these achievements, responding to customer demand for systems that are even easier to use by continuing to deliver change that reduces costs and increases transaction efficiency.

Throughout the year, we have worked in close collaboration with the Government Digital Service (GDS), to build the foundations of our transformational Digital by Default services.

Authorised lenders are now able to remove their redeemed mortgages from the register over a secure network, a fully-automated system that we call e-discharges. This process is now used to remove more than 4,000 mortgages per day from the register, quickly and simply.

The first of our transactional beta services will be a natural extension of this; a secure system that enables business-to-business registration of new charges. 'Agile' development methodology enables us to work closely with users to iterate end-to-end processes that customers will choose ahead of alternative channels.

We will continue with this collaborative approach which involves prototyping and refining our systems further. We expect e-charges to be the forerunner to the development of other bundled electronic transactions, such as transfers.

System availability is an obvious challenge for any organisation that aspires to put its services online. I am pleased to report an average external e-services availability of 99.9 per cent, well ahead of our target of 96 per cent.

We are also acutely aware of the rich vein of data held within the register of title. We have actively supported the Government's agenda to maximise the reuse of that data for the benefit of the wider economy, and we will continue to do so. The second strand of the beta work we are doing with GDS is a citizen-facing information service, potentially integrating elements of the Land Register with other information associated with land and property.

We have continued to provide a first-class service on time-sensitive information requests and applications that protect the priority of forthcoming applications; those services that are on the critical path of the pre-completion conveyancing process. We received an average daily intake of more than 60,000 applications, and 98 per cent of results were delivered within two working days.

We acknowledge, however, that, although 80 per cent of all registrations were completed within 10 working days (inclusive of those with defects), some complex applications took significantly longer.

In response, we are modernising our workforce, have employed 80 apprentices, are in the process of employing 60 more, and we have embarked upon the first operational recruitment in more than eight years. This, in conjunction with digital efficiencies, will reduce complex registration completion times.

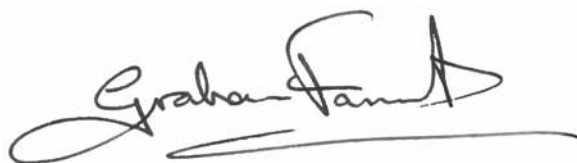
Our parent department, Business, Innovation & Skills, led a public consultation on the possibility of a commercial model for Land Registry. Although our status remained unchanged the perceived uncertainty will have contributed to relatively low staff engagement results. With a new and settled Executive Team we are working hard to articulate a vision that will help to improve staff satisfaction, which is key to making rapid change work.

Parliament has shown confidence in Land Registry by granting Royal Assent for the legislative wider powers we need to become statutory provider of Local Land Charges search results; we have seen the property market recover to close to pre-crash levels

of activity and coped with most of that workload with very significantly fewer staff; we are benefiting from digital enhancements; and we are committed to digital transformation.

These are some of the highlights of a successful year, but we know we have further challenges ahead of us. As well as continuing to pursue productivity improvement, we also need to look for efficiencies in other areas and maintain the pace of change to a digital service.

My board colleagues and I are confident that we will seize the opportunity to lead that transformational change, demonstrating to government, and to business and wider society, that we are capable of leading transformational change. We will do this by building on the success of what is already available online, and without compromising the integrity of the register that underpins the trust that property professionals and citizens have in our services and the status of the property industry in England and Wales.



Graham Farrant

Chief Executive and Chief Land Registrar
17 June 2015

Who we are and what we do

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

Under the provisions of The Transfer of Functions (Her Majesty's Land Registry, the Meteorological Office and Ordnance Survey) Order 2011, certain statutory functions relating to Land Registry that had previously been vested in the Lord Chancellor were transferred to the Secretary of State for Business, Innovation and Skills.

This report deals with our Land Charges and Agricultural Credits departments separately from our main business but the accounts are given for Land Registry as a whole.

Our principal function is to keep a register of title to freehold and leasehold land and charges throughout England and Wales and to record dealings with land once it is registered. On behalf of the Crown we guarantee title to registered estates and interests in land.

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

Under the provisions of The Infrastructure Act 2015, Land Registry is the sole registering authority for Local Land Charges. Land Registry will deliver a single digital service for Local Land Charges and will have wider powers than those contained in the Land Registration Act 2002 to develop new services to benefit the wider property market.

The head of Land Registry is the Chief Land Registrar, appointed under statute by the Secretary of State for Business, Innovation and Skills. The Chief Land Registrar is also Land Registry's Chief Executive and Accounting Officer. The Chief Executive is responsible for the effective and efficient day-to-day management of Land Registry, subject to financial and legislative parameters. Full details of the roles and responsibilities of the Secretary of State and the Chief Land Registrar are set out in our *Framework Document 2012*.

We serve a population of more than 57 million and facilitate one of the most active property and mortgage markets in the world. More than 86 per cent of the land mass of England and Wales is registered, adding up to more than 13.2 million hectares. More than 24 million titles are recorded in the Land Register.

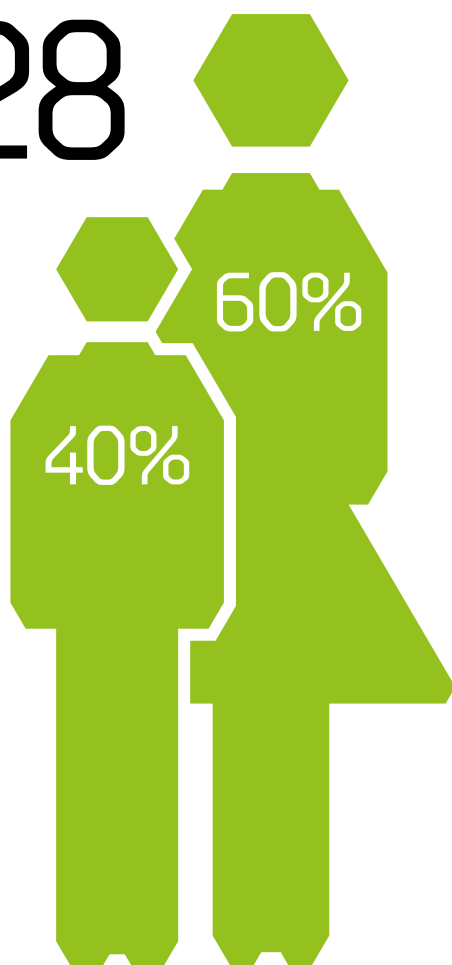
We operate through a number of offices located throughout England and Wales. Our Head Office and Croydon Office share Trafalgar House in Croydon. Our Information Systems Directorate, our Plymouth Office and our Land Charges and Agricultural Credits departments share Seaton Court in Plymouth.

Our year in figures

Number of employees

4,428

including
80
apprentices



Customer satisfaction score

94%



Awards for free Property
Alert service

2



Number of applications

Total 27,411,908

Electronic 25,005,663

Dealing applications lodged electronically in March



83.9%



Registered titles

24.1 million



Productivity rise since 2012/13

24.5%



Income

£

£297.1 m

Operating costs

£

£249.5 m

Dividend including
special dividend

£

£119.1 m

Surplus before
dividends

£

£36.6 m



Photo by Paul Heartfield

Our free Property Alert service won in the Innovation category at the Civil Service Awards. Head of Data Strategy Lynne Nicholson, Director of Legal Services Alasdair Lewis, PR Manager Jessica Prasad and Product Manager Tracey Salvin are pictured with the then Minister for the Cabinet Office Francis Maude (far left) and Daniella Goldman, Director of Public Policy & Government Relations at category sponsor Huawei Technologies (far right)



New digital services were developed in collaboration with the Government Digital Service

Our year in focus

The scene was set for the year by the Government's announcement that it would make no change to our commercial model. This meant we could concentrate on implementing the five-year Business Strategy which has been guiding our development since 2013. A new change programme called LR Connect was created to deliver the strategy and fulfil our aim of becoming a fully digital organisation.

Chief Executive and Chief Land Registrar Ed Lester subsequently decided to step down in favour of a successor who could see Land Registry through the next stages of the strategy. Graham Farrant joined us to take on that task on 1 June. During the preceding months Operations Director – and lifelong Land Registry employee – John Peaden stepped up as interim Chief Executive and Chief Land Registrar.

While LR Connect focused on the future there was no distraction from the business of today. Quite the contrary – 2014/15 was the busiest year in our history. Property sales climbed to their highest level since the 2008 property slump, pushing up the number of registrations by 7 per cent to around 18,500 a day. There was a rise in the proportion of more complex registrations such as newly built apartment blocks; registrations of leases increased by 11.6 per cent.

We responded to these record intakes with record productivity. Our staff worked harder and more efficiently than ever, responding positively to the need for overtime and, for part-timers, the chance to increase their hours. Work such as first registrations and the processing of official copies and searches of the index map (SIMs) was centralised, allowing greater specialisation within those teams, while our customer teams continued to serve their rosters of conveyancers and solicitors.

By the end of the year we had processed 12.22 units of work per person per day against our key performance indicator of 12, a 1.5 per cent improvement on 2013/14 and almost 25 per cent higher than 2012/13.

At the same time our electronic services delivered applications to us and results to our customers quickly, accurately and cost efficiently. Ninety-eight per cent of information services applications, including the ordering of official copies and SIMs, arrived via our electronic Business e-services. We handle around 63,000 such applications each day, with more than 98 per cent processed in 48 hours and only 9 per cent requiring any level of manual intervention.

We also now receive almost three-quarters of substantive applications electronically and easily beat our target of increasing the number of dealings with the whole of a registered title lodged electronically to 65 per cent by March, achieving almost 84 per cent.

In the autumn our electronic Document Registration Service (e-DRS) received its millionth application from one of its 3,000 customers. Our automated Business Gateway service for customers with compatible case management systems also thrived, attracting 25 new customers and earning £15.2 million in revenue. The continued popularity of our online MapSearch service drastically reduced the number of applications for SIMs.

We still receive many applications by post but we now turn them into electronic documents. Our new Virtual Post Room (VPR) delivers all paper applications to our Coventry Office where they are scanned for distribution around the organisation, allowing us to be more flexible and efficient in how we handle them.

One factor in our Business e-services' success was the 50 per cent fee reduction we introduced in March for certain electronic transactions, saving our customers £117 million in total. The fee order was one way we could pass the financial benefits of our efficiency programme to our customers. Our healthy cash balances mean we've again paid a special dividend to the Treasury and we continue to review our approach to fee-setting.

In January we welcomed our first Digital Services Director, Jon Parry, to oversee our drive to become digital by default. We worked in 'agile' teams with the Government Digital Service (GDS) on a range of initiatives which could transform the way property information is displayed and viewed. Projects dedicated to the creation of individual property web pages and the design of an accessible digital view of property registers were given the green light by passing GDS' standard assessment. Both projects had reached the 'private Beta' stage of development by the end of the year. We also made good progress on the development of a digital charge. Our website meanwhile 'migrated' to the pages of the central GOV.UK website, again in partnership with GDS.

Recruitment played its part in coping with our increasing workload. New people arrived in numbers for the first time since 2007, when we began the office closures and redundancies that more than halved our workforce to 4,500 people. We would have needed to take action even if our workload had remained static as increasing numbers of our loyal and experienced workforce are reaching retirement age. During the year three colleagues celebrated reaching 50 years with Land Registry, a mark of how long-serving so many of our people are.



Eighty young people, including Valentina Biuso, Ryan Topping and Chantel Hughes, joined Land Registry in the autumn under our pilot apprenticeship scheme

The first new arrivals were our 80 apprentices under a pilot of our first ever apprenticeship programme. The 16 to 24-year-olds brought their enthusiasm, skills and fresh insight to our Telford, Leicester and Nottingham offices and were soon getting to grips with casework as they worked towards a BTEC diploma in business administration. Both the recruitment process and the programme itself have been shortlisted for awards.

Another boost came from the Registration Officers who joined the centralised official copies team at our Durham Office. As with the apprentices, the length of time since we last recruited meant we had to devise new induction processes which we then refined with experience as each fresh group of recruits arrived. The next groups will be 120 Registration Executives and 15 lawyers due to arrive early in the new financial year.

Despite all our efforts to keep pace with the rising housing market, our average speed of service increased from seven days in April to 10.5 days in March. The more complex the casework, the longer the wait might be. Nevertheless at least 80 per cent of registrations continued to be completed within 12 days and as the year drew on we reduced our stocks of work significantly.

Lengthening registration times was one of two major reasons for a decline in our customer satisfaction rate (the proportion of customers rating our services as good, very good or excellent) from 96 per cent to 94 per cent. Some customers' unhappiness with the new website was the other major factor and we are working to address their concerns.

During the year we reached two registration landmarks: the 24-millionth title in the register and 85 per cent coverage of England and Wales. By the end of the year the latter had risen to 86 per cent.

Among our most complex registration projects were the Crossrail tunnels and stations in London. We also registered the estates of Trinity College and St Catherine's College in Cambridge.

Our recruitment programme was supported by a restructuring of our Human Resources (HR) service to better match the needs of the organisation. HR had a busy year establishing the framework for the apprenticeship scheme, reviewing our performance management processes, delivering a lower sickness absence target of 6.6 days (which we beat with 6.3 days) and supporting the recruitment of a new permanent Finance Director, Catherine Vaughan. The team also managed the payment of pay arrears to staff following a tribunal decision on automatic progression.

We were disappointed that our staff engagement score rose only slightly to 49 per cent. This was despite other indicators such as performance, turnover and sickness absence suggesting that staff are engaged with the work they do, with their colleagues and with their customers.

Renewed efforts will be made in the coming year to reconnect staff with the senior management, a task that should be more easily accomplished thanks to the recent permanent appointments at the top. A variety of initiatives are being devised to develop a fresh and healthy dialogue.

Another first for HR and Land Registry was the transfer into the organisation of 10 people from information technology (IT) company Steria under the Transfer of Undertakings (Protection of Employment) or TUPE regulations. They made the move when our outsourced DITI (Distributed IT Infrastructure) contract was taken in house in June 2014 with significant financial savings.



Barry Wilson of Croydon Office, one of three colleagues to celebrate reaching 50 years with Land Registry, receives his long service certificate from Chief Executive and Chief Land Registrar Ed Lester

A second multi-million pound saving was made when we upgraded our IT mainframe. Our mainframe computer system is at the heart of all our legacy IT services, including the computerised Land Register, and is a vital part of our infrastructure for the next few years. We concluded very satisfactory deals with our IT partner IBM for the mainframe and the supporting software.

Stored in our systems is the data which we make available for free to developers, businesses and the public with the aim of generating social and economic growth. We continued to work with our partners in the Public Data Group, including with Ordnance Survey on our joint GeoVation Housing Challenge. We joined the Open Data Institute and ran internal data challenges to raise awareness of the subject among our staff.

Chargeable data sets including Commercial & Corporate Ownership and Online Owner Verification (OOV) contributed to earnings of more than £4.6 million from our commercial services over the year, along with data-based products such as Polygons. OOV was shortlisted in the Service Improvement category of the Real IT Awards.

Data is central to what is perhaps our most significant single initiative of the year – our programme to create a central, digital Local Land Charges register. This will replace the records held by local authorities across England and Wales, offering improved access, faster turnaround times and standardised fees.

Our engagement team made contact with every council involved to find out how they hold their data and how we can best work with them as the project progresses. We also talked extensively to all the other interested parties, including the property search industry and conveyancers, with our team of expert advocates providing comment and support.

At the close of the year Royal Assent was given to the Infrastructure Act, passing into law the enabling legislation for the programme and the wider powers that allow us to carry out this and future projects. A huge amount of work remains to be done but the timetable foresees the first data being fed through in 2017 and the register being complete by 2023.

Supporting the legislation's passage through Parliament demanded a great deal of resource and effort, not least from our Legal Services team. Our lawyers were also kept busy by our first cases in the Court of Appeal for five years. We 'lost' the first case but in doing so established a vital point of law on whether the criminalisation of squatting affected claims of adverse possession based on continuous occupation. The decision in the second case, concerning indemnity, also went against us and we are considering its implications.

We remained proactive in the fight against fraud. Our free Property Alert service, which gives owners early warning of suspicious activity in their registers, attracted 17,000 subscriptions and won two awards: in the Innovation in Business category of the Real IT Awards and the new Innovation category of the Civil Service Awards. Companies were offered additional protection via the form RQ(Co) initiative, another free service helping protect them against the fraudulent sale or mortgage of their property.

We were again active on the international stage, with Legal Services Director Alasdair Lewis in his second year as President of the European Land Registry Association, acting Director of Strategy Paul Dowse elected a member of the United Nations Economic Commission for Europe's Committee on Housing and Land Management and Head of International Relations Julie Barry elected a vice-chair of the Bureau of the Working Party on Land Administration. The International Unit carried out scoping missions and supported projects in Rwanda, Malawi and the Palestinian Occupied Territories among other locations and hosted many study visits.

Contracts were exchanged for the sale of part of our former Nottingham Office site for new housing as we continued to rationalise our estate, including sharing surplus space with other government departments.

Teams from Land Registry – and specifically our Hull Office – again dominated the Charity for Civil Servants' annual Walking Challenge. Hull hosted our annual sports day and the Land Registry Challenge, a weekend of country walking, visited Cheshire.

Voluntary work and charity fundraising once again demonstrated the community spirit of our staff, with the "exceptional commitment" of Charity for Civil Servants volunteer Carole Waterworth recognised by a national award.



Finance Director's report

Revenue

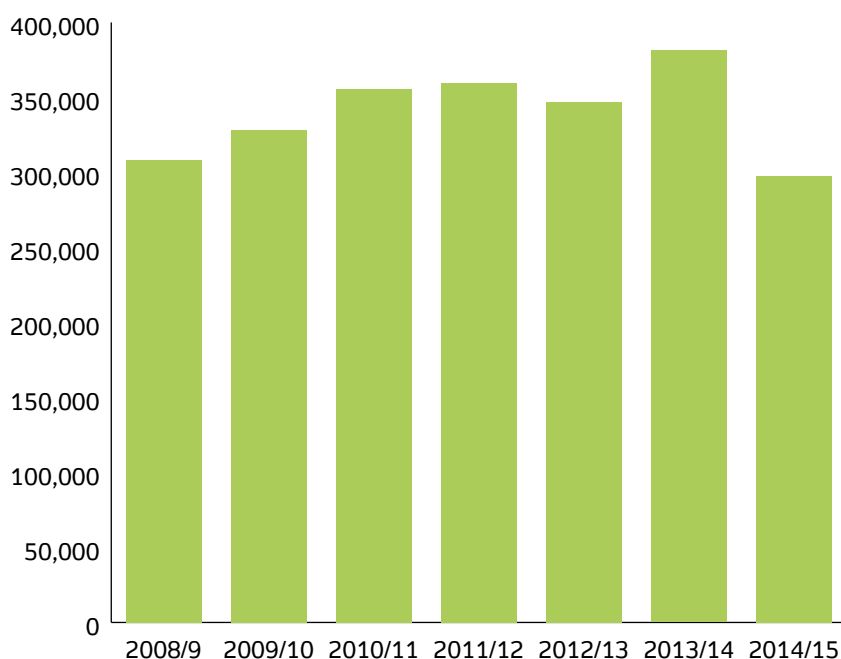
Our total revenue was £297.1m (2013/14: £381.3m), down 22 per cent or £84.2m year on year. Transaction volumes were 11.6m units (2013/14: 11.7m units) and were down 1 per cent on the prior year (this includes more volatile bulk register updates). Volumes are calculated using a system of weighting that enables different products and service types to be directly compared and aggregated. On 17 March 2014 the Land Registration Fee Order 2013 came into effect, the main purpose of which was to introduce a 50 per cent price reduction for certain applications to incentivise the electronic delivery of substantive registrations. This was the principal cause of the reduction in revenue and it is estimated that our 2014/15 revenues would have been £117m higher under the provisions of the previous fee order.



Catherine Vaughan

Land Registry income since 2008 housing market decline

£'000



Operating costs

Operating costs of £249.5m (2013/14: £239.9m) include salary costs of £165.2m (2013/14: £154.1m). Salary costs rose by £11.1m, although full-time permanent equivalent headcount fell to 3,964 from 4,020 over the year. The increase was mainly due to back payment of progression payments to staff which was required following an employment tribunal ruling that such payments were contractual.

Operating costs are reduced by a £2.8m credit following the reduction to the Indemnity Fund and are increased by the £11.5m increase in the IBNR provision (see below). There were finance lease charges of £0.9m (2013/14: £0.9m) and amortisation and depreciation costs of £6.6m (2013/14: £7.8m). Costs were offset by investment income of £1.9m (2013/14: £1.6m).

Overall total costs are £260.5m (2013/14: £246.2m). This is an increase of 5.8 per cent. The increase reflects development activity on Local Land Charges and the additional salary costs noted above. These one-off costs aside, the underlying trend reflects a drive for efficiency, being 33.2 per cent cumulative from 2008/9 on the cost of service ignoring inflation (41 per cent after accounting for inflation). The surplus before dividend for the year is £37m (2013/14: £135.1m).

This reduced surplus largely reflects the impact on revenues of the Land Registration Fee Order 2013. Our return on capital employed was 8.5 per cent (2013/14: 30.7 per cent) against a requirement of 4.6 per cent.

Indemnity Fund

Schedule 8 to the Land Registration Act 2002 requires us to indemnify third parties against loss caused by mistakes in the register, mistakes in search results and loss of documents. Most of our indemnity claims arise as a result of mistakes in the register, and some of these mistakes are the result of forgery of documents such as charges. We provide for these claims under our Indemnity Fund, both for known claims and for the liability for claims incurred but not reported (IBNR). External review and valuation of these provisions is conducted annually by Lane Clark & Peacock LLP, our actuaries.

Indemnity Fund payments

Indemnity payments were £8.4m in total (2013/14: £11.2m) but there were payments arising from fraud and forgery of £5.2m excluding related costs (2013/14: £6.4m excluding related costs). We recovered £0.1m under our rights of recourse. Controls relating to fraud prevention and our counter-fraud measures continue to be improved to protect customers against registration fraud.

Indemnity Fund provision for current claims

This year the value of the Indemnity Fund provision for current claims has fallen to £8.4m (2013/14: £11.2m). The impact of this reduced provision was a release of £2.8m to our operating surplus. Further information, including sensitivity analyses, can be found in note 17.2 in the accounts.

Indemnity Fund IBNR provision

This year the value of the Indemnity Fund IBNR provision has increased to £65.2m (2013/14: £53.7m). The impact of this increased provision was a charge of £11.5m to our operating costs. Further information, including sensitivity analyses that reflect the estimated nature of the IBNR liability and susceptibility of the provision to fluctuation, can be found in note 17.2 in the accounts.

Dividends

A dividend of £19.1m (2013/14: £26.7m) is based on a 4.6 per cent return on capital employed (2013/14: 5.9 per cent). In addition, a £100m exceptional dividend was paid, leaving a deficit of £82.5m for the year, reducing the aggregate total of retained reserves in the income and expenditure account to £267.3m.

Statement of financial position

The statement of financial position remains robust, enabling the planned payment of a second exceptional dividend of £100m. As a consequence, net assets fell to £360.3m (2013/14: £444.4m). Net cash outflow was £66.9m (2013/14: £7.9m) and includes the cash payment of the exceptional dividend, the £6.7m balance of the 2013/14 dividend and £15m of the £19.1m 2014/15 dividend. The closing cash balance was £397.8m (2013/14: £464.6m).

Non-current assets

The estate was externally valued by the Valuation Office. The overall movement was a fall in value of £3.6m and the value of our estate in the accounts, following the disposal of Drakes Hill Court in Plymouth, is now £72.9m excluding assets held for sale.

Our total capital spend, primarily information and communications technology (ICT) equipment, was £3.2m.

Treasury Management

Management of liquid assets is governed by the Land Registry Trading Fund Order 1993, the Additional Assets Order 1996, the Extension and Amendment Order 2003 and the *Framework Document 2012*. Non-operating cash balances are maintained in interest-bearing accounts at the Government Banking Service and the National Loans Fund with the balance held with a UK commercial bank.

Performance

We achieved six of our seven KPI targets (see pages 30 and 31).

Future activities: Business Strategy and Business Plan

Our future activities are driven by the Business Strategy, which was approved by ministers in December 2012. This strategy, which is incorporated within our overall Business Plan 2013/18, includes our objectives and a vision that sets out an ambition to achieve significant change including:

- increased productivity and reductions in our running costs
- 99 per cent of information services and 60 per cent of registration services to be lodged electronically by 2017/18
- digitising Local Land Charges data in 326 local authorities in England – broadening our role and make conveyancing easier and cheaper.

We will use the opportunities arising from the new Government and changes in the senior management team to review and refresh our Business Strategy in 2015/16.

Targets for the year are published on the Corporate reports section of our website: www.gov.uk/government/organisations/land-registry. The targets have been reviewed by both the Land Registry Board and the Shareholder Executive.

Main trends affecting future activities

The main trend affecting future activities is the level of housing market activity. This is reviewed constantly using a range of indicators from internal and external sources. Our assumption for the 2015/16 year is that activity will be 11.8m units including bulk register updates of 0.9m units. This is higher than the activity for 2014/15 (11.6m units including 0.7m bulk register updates). The revenue forecast is built on this volume to retain a surplus before dividend of £28.7m.

Directorships and significant interests

There are no significant interests to be disclosed.

Key relationships

We maintain close relationships with our suppliers through our procurement and contract management processes. Our key suppliers include TNT, Carillion and IBM. The performance of these key suppliers is closely monitored to ensure the contracted service is being delivered effectively, improvement opportunities are sought and we continue to receive good value for money.

Our key suppliers are monitored in line with the relevant strategic risk and we are taking further steps to enhance our open book contract management activity.

Significant use continues to be made of cross-government contracts, in line with the Cabinet Office's procurement policy.

Pensions

Details of how pension costs and liabilities are treated in the accounts can be found in notes 1.8 and 4.4 in the accounts and in the Remuneration report.

Payments

We comply with the Late Payment of Commercial Debt (Interest) Act 1998 and the Better Payment Practice Code. During the year we paid 93.1 per cent of undisputed invoices received from suppliers within five working days (2013/14: 95.4 per cent).

Principal risks and uncertainties

We face challenges and risks to the achievement of our strategic and business objectives. Key current strategic risks relate to our Business Strategy and the capability and capacity required to deliver our ambitious programme of business change.

Strategic risks are monitored by the Land Registry Board and managed by the Executive Board. Directorate risk is managed by each director. Programme and project risk is managed within parameters set for the relevant boards. Information risk is managed in line with CESG (the national technical authority for information assurance) guidance. Risk is escalated where the risk appetite is exceeded and an adverse impact on targets, reputation or operations could arise.

Auditors

The accounts have been audited by the Comptroller and Auditor General (C&AG). The cost in respect of services relating to the statutory audit for 2014/15 was £65,000 (2013/14: £65,000).

Catherine Vaughan

Finance Director

17 June 2015



Strategic report

a) Strategy

Our current Business Strategy was endorsed by the minister in December 2012. The objectives are outlined within the Governance statement in this annual report and accounts. Further details are set out in the Finance Director's report.

For 2014/15 our key performance indicators were announced before Parliament on 8 May 2014.

There were no published targets on the Business Strategy itself, in order to avoid pre-empting future decisions should the minister have decided on an alternative operating model. Progress towards the strategy was achieved through further planning and work on the LR Connect programme, development of the wider powers and Local Land Charges legislation and its business case, and operational improvements such as the development of the Virtual Post Room service which turns paper applications into electronic documents.

b) Significant changes

During 2014/15 we supported the development of legislation to enable wider powers for the provision of land registration services and to empower us to develop a centralised, digital Local Land Charges register. The Bill was given Royal Assent on 12 February 2015.

The development of the Local Land Charges register and the transfer of data from local authorities will require significant investment. A business case has been presented to HM Treasury setting out the significant investment and the short-term funding impact on our reserves. All costs will be recouped from fees over the planned implementation period. The response is currently awaited.

We continued with the delivery of our five-year (2013-18) Business Strategy through the LR Connect portfolio of projects. Among other things we have delivered the first stage of some of our digital service projects, recruited our first ever apprentices, upgraded our mainframe and implemented a Virtual Post Room. We have also begun the next tranche of projects which will deliver increased efficiency through cost or headcount reduction and will also enable future transformational work.

On 23 January 2014 the Government launched a consultation about the creation of a service delivery company for land registration services with an Office of the Chief Land Registrar being retained in government. On 14 July 2014 the Government published the results of the consultation. This stated: "Given the importance

of the Land Registry to the effective operation of the UK property market, we have concluded that further consideration would be valuable. Therefore, at this time, no decision has been taken to change Land Registry's model."

c) Sustainability report

This report sets out our performance for 2014/15 and also demonstrates our performance against the Greening Government Commitments (GGC). This is the final year of reporting against the current GGC. This information also demonstrates commitment to sustainability by accreditation to ISO 14001.

Reporting is delivered via:

- this report
- data input on ePIMS (electronic Property Information Mapping Service)
- overall sustainability reporting to government, through the Department for Business, Innovation and Skills
- reporting as required by the GGC.

Summary of performance

This year is the final year of the current GGC targets and we have achieved all the principal targets by the required date of the end of March 2015. The following reductions have been achieved against the 2009/10 baseline.

Key performance against targets

	Achieved	Target	Target achieved
Carbon	41% reduction	25% reduction	Yes
Waste	54% reduction	25% reduction	Yes
Water	33% reduction	25% reduction	Yes

In addition the following requirements within the GGC were delivered.

- We have continued to report on the number of offices meeting best practice of water consumption of 4m³ per person (see below).
- We met the requirement to cut carbon emissions from central government offices by 10 per cent in 2010/11 and reported this through the Ministry of Justice at the appropriate time.
- We met the requirement to cut paper use by 10 per cent in 2011/12 and reported this in the appropriate year. Current paper consumption is reported below in line with GGC reporting requirements.
- Closed loop paper procurement forms part of our paper purchasing process.
- Our supplier Steria delivered the requirement to ensure ICT equipment is reused or responsibly recycled. A new contract is due to be let to deliver this requirement.
- We improved and published data on supply chain impacts. Data regarding carbon, water and waste are reported. The sustainable procurement champion, together with the appropriate contract managers, is engaging with our major impact suppliers to determine other supply chain impacts. Once determined, these too will be published.
- We have embedded the Government Buying Standards (GBS) in all procurement contracts. The adoption of GBS, where relevant, is embedded in our standard model documentation, which is used when preparing new invitations to tender.

The milestone on domestic flights which was set at a 20 per cent reduction over the set baseline year of 2009/10 has not been met. The baseline data available at the time was not as accurate as information currently available due to the system of recording. However this is now much improved.

Performance data against GGC

Area		Performance	
		Actual	2015 25% reduction target
Energy: greenhouse gas emissions, all areas within scope	Carbon emissions (tonnes)	8,656	10,745 ¹
	Expenditure (£)	2,982,397	
Waste	Consumption (tonnes)	907	1,484 ¹
	Expenditure (£)	279,405	
Water	Consumption (m ³)	38,153	42,911
	Expenditure (£)	188,777	

1. Target was reset in line with GGC baseline.

Future strategy

The next level of sustainability targets was not due to be known until after the General Election and any subsequent announcement of targets. It is considered that these targets will continue to drive central government to be more sustainable and ensure the requirements of the Climate Change Act 2008 of a reduction of 34 per cent by 2020 in greenhouse gas emissions are met.

Our building condition surveys and forward maintenance plans help ensure refurbishment and replacement works are as sustainable as possible.

Reporting for this financial year is in line with the GGC requirements as set out in Treasury guidance.

Carbon

Greenhouse gas emissions	2014/15	2013/14	2012/13
Non-financial indicators (tCO₂e)			
Total gross emissions for scopes 1 and 2	8,048	8,404	10,447
Electricity: green/renewable	2,306	2,780	2,265
Total net emissions for scopes 1 and 2 (ie having removed renewable elements)	6,839	5,624	8,182
Gross emissions scope 3 travel ¹	608	724	893
Total gross reported emissions	8,656	9,128	11,340
Non-financial indicators (mWh)			
Electricity: purchased (grid, combined heat and power, and non-renewable)	12,902	12,200	15,943
Electricity: renewable	–	–	–
Gas	6,989	8,355	11,567
Other energy sources	–	–	–
Total energy	19,892	20,555	27,510
Financial indicators (£'000)			
Expenditure on energy	1,684	1,810	2,043
Expenditure on accredited offsets (eg Government Carbon Offsetting Fund)	–	–	–
Expenditure on official business travel	1,142	1,240	1,127

1. Gross emissions scope 3 includes all available business travel.

Note: Data includes other government departments in occupation of our estate but excludes data relating to non-government tenants.

The following information shows a reduction in carbon emissions against the GGC target of 25 per cent by March 2015.

Note: Ordnance Survey and the NHS, who use Land Registry data centre services, report their carbon consumption directly to government. This equates to 2,287,090kWh, resulting in the removal of 1,219 tonnes of carbon.

Note: Throughout this report our consumption data includes government tenants sharing our estate but excludes data relating to non-government tenants.

	Year-on-year greenhouse gas emissions (GHG) target (tCO ₂ e)	Forecast GHG (including Initiatives)	Forecast percentage reduction	Actual GHG (tCO ₂ e)	Actual percentage reduction cumulative
2009/10 (baseline)	14,326.6	14,326.6	–	14,326.6	–
2010/11	13,610.3	14,326.6	–	13,099.0	- 9%
2011/12	12,893.9	14,326.6	–	11,211.0	- 22%
2012/13	12,177.6	14,326.6	–	11,340.0	- 21%
2013/14	11,461.3	14,326.6	- 8%	9,128.0	- 36%
2014/15	10,745.0	13,176.6	- 9%	8,656	- 41%

Government requires reporting of carbon to be described as Greenhouse Gas Emissions (GHG). We use the word carbon for ease of understanding.

Waste

		2014/15	2013/14	2012/13
Non-financial indicators (tonnes)				
Hazardous waste		–	–	–
Non-hazardous waste	Landfill waste	105	101	379
	Reused/recycled waste	802	858	1,042
	Energy from waste	–	–	–
	Total waste arising	907	959	1,421
Financial indicators (£'000)				
Hazardous waste		–	–	–
Non-hazardous waste	Landfill waste	–	144	197
	Reused/recycled waste	180	146	218
	Incinerated waste	99	–	–
	Total waste costs	279	290	415

The table and graph overleaf show the trend for waste arisings against the GGC reduction target of 25 per cent by March 2015. A 54 per cent reduction has been achieved. Of the waste arisings, 698 tonnes is paper sent for processing through the closed loop paper recycling provision within government. This paper equates to 70 per cent of our total waste arising.

Waste management is delivered through two routes. Paper waste is managed through the stationery supply contract with Banner who are responsible within government for the closed loop paper recycling process. All other waste management is delivered through the facilities management contract with Carillion.

Approximately 88 per cent of the waste is recycled. Although there is no current government target for recycling it is generally accepted that a target of 75 per cent should be the benchmark.

We are working with the waste contractors to ensure additional reporting requirements are available in the next financial year on incinerated waste and on hazardous waste.

	Year-on-year waste target (tonnes)	Forecast waste (including Initiatives)	Forecast percentage reduction	Actual waste (tonnes)	Actual percentage reduction cumulative
2009/10 (baseline)	1,979.0	1,979	–	1,979	–
2010/11	1,880.1	1,979	–	1,443	- 27%
2011/12	1,781.1	1,979	–	1,689	- 15%
2012/13	1,682.2	1,979	–	1,421	- 28%
2013/14	1,583.2	1,679	- 15%	959	- 51%
2014/15	1,484.3	1,679	- 15%	907	- 54%

Water

	2014/15	2013/14	2012/13
Non-financial indicators (cubic metres)			
Consumption			
Supplied	38,153	36,037	31,230
Abstracted	–	–	–
Total consumption	38,153	36,037	31,230
Financial indicators (£'000)			
Total supply costs	188	228	236

The following information shows the reduction in water consumption against the GGC target of 25 per cent by March 2015. A 33 per cent reduction has been achieved.

There is a second strand to water management and this relates to meeting best practice of less than 4m³ per person per annum. There are five offices achieving this.

	Year-on-year water target (m3)	Forecast water (including Initiatives)	Forecast percentage reduction	Actual water (m3)	Actual percentage reduction cumulative
2009/10 (baseline)	57,214.0	57,214	–	57,214	–
2010/11	54,353.3	57,214	–	54,644	- 4%
2011/12	51,492.6	57,214	–	37,413	- 35%
2012/13	48,631.9	57,214	–	31,230	- 45%
2013/14	45,771.2	56,984	–	36,037	- 37%
2014/15	42,910.5	56,984	–	38,153	- 33%

Paper usage

We are moving towards digital delivery of services and have as a result reduced our paper consumption. A4-equivalent paper consumption fell by 31 per cent in 2014/15.

Climate change adaptation

Our Climate Change Adaptation Plan is kept under continuous review and will be updated with information from the forthcoming building condition surveys, which include advice for improvement of climate change resilience. Climate change impacts are considered during the delivery of building works and projects.

Biodiversity and natural environment

Biodiversity improvements are made through the facilities management contract with Carillion. In particular improvements have been made by a number of grounds maintenance initiatives. Changes to the planting processes have allowed the contractor to deliver species which encourage wider biodiversity in terms of encouraging bees and butterflies. Bug-friendly habitats have been created and work to ensure the stability of the trees on the estate has been undertaken.

Sustainable procurement against GGC

Continued effort by the Corporate Procurement Team, working with their business stakeholders and key suppliers, has enabled the team to maintain Level 3 (Practice) across all categories in the Sustainable Procurement Flexible Framework maturity model. Adoption of the Cabinet Office's Government Buying Standards for all appropriate purchases is embedded as 'business as usual' in our procurement processes.

Regular discussions are held with our major suppliers to identify and make progress on opportunities for making social and environmental improvements, and we have continued to work on sustainability issues. We have continued our work in assisting a local charity seeking to integrate socially excluded young people into the wider community, and participated with some of our major suppliers in charitable fundraising events.

Environmental Management System

The Environmental Management System (EMS) is accredited to ISO 14001 and has been in place since January 2001. The scope of the EMS covers the office and non-office (data centres) estate. During this financial year the EMS has been subject to internal audits at all properties and external audit by DNV at seven properties. The audits resulted in continued certification to ISO 14001. The external audits have this year been amalgamated with the OHS 18001 Health and Safety audits as there are significant synergies resulting in corresponding efficiencies.

Governance

Environmental performance is subject to audit as part of the ongoing internal audits of the EMS. The audits check compliance at all properties and significant areas of impact on sustainability performance such as Greening Government ICT, Sustainable Procurement and facilities management delivery and management. The internal audit programme is audited as part of the external certification audits to ensure corrective actions are completed.

Information on electricity and gas consumption is taken directly from the invoices received from suppliers.

All utilities meters are read monthly by the facilities management contractor and the information is supplied to the Sustainability Manager. Water consumption is taken from this information and other readings are used to check the validity of invoices on a periodic basis.

The data is gathered and reported in line with the requirements of the GGC and entered on to ePIMS monthly as required.

Compliance with environmental legislation is managed through the Sustainability Governance Framework. This is managed through the Sustainability Manager by our Senior Facilities Business Partners and Carillion.

d) Responsible business

We are committed to performing as a responsible business, and to providing encouragement and support to our people to enable them to contribute to that aim.

We work closely with Business in the Community to identify opportunities to promote and embed responsible business behaviour into our organisation. With the support of Business in the Community, and through their own endeavours, Land Registry people have continued to participate in volunteering activities in the community, and we continue to encourage and support them to do so with the assistance of our volunteering policy and supportive managers. In 2014/15, 150 members of staff undertook volunteering across a range of activities.

For example, working alongside volunteers from other organisations in the area, members of staff from our Plymouth Office have continued to be very active in the community, volunteering as job coaches with the Shekinah Mission as part of their Ready for Work programme designed to help people get back into the world of work. The programme provides advice and training on employability, focusing on essential work skills such as team working and active listening, helping build self-confidence for subsequent work placements. Our volunteers get an opportunity to develop and practise skills they can then bring back into the workplace.

Charitable fundraising has continued to be a prominent part of our commitment to responsible business, with many events taking place across our offices to raise money for a number of national and local charities. These have included taking part in fun runs and other sporting events, cake sales and collecting for food banks, as well as supporting national events such as Red Nose Day, Children in Need and Movember.

Continuing our success from previous years, teams from our Hull office came first and second overall in the Charity for Civil Servants' annual Walking Challenge, helping raise essential funds for the charity. Associated with the theme of staff wellbeing, every one of our offices has a dedicated Health and Wellbeing Committee, developing initiatives and supporting activities to promote the healthy lifestyles and the physical and emotional wellbeing of our people.

In addition to community-based activities, we continue to act as a responsible business in other ways, such as actively ensuring we pay our suppliers' invoices promptly to assist with their cash flow and business planning. Sustainability and environmental management continue to play a prominent part in our approach to responsible business performance. We have shared ideas and expertise in responsible business with colleagues from other government departments, particularly in the environmental and sustainability fields.

e) Income and business performance

Income

We derive income from our statutory services and from commercial services as follows.

Section 102 of the Land Registration Act 2002 states that fees may be prescribed for 'dealings' with Land Registry. This covers fees in respect of our statutory services, which are those applications to Land Registry in respect of land registration, such as applications to register a transfer or charge of a property or to obtain an official copy of the register.

Authority for the level of fees on applications to Land Registry stems from a fee order made by the Secretary of State for Business, Innovation and Skills under section 102. Orders are made with the advice and assistance of the Land Registration Rule Committee (an advisory non-departmental public body representing stakeholder and legal interests) and the consent of HM Treasury. Once the order has been made, it is laid before Parliament. Current fees were established under the Land Registration Fee Order 2013.

The fee order covers applications for: registering title to land for the first time ('first registrations'); dispositive first leases; transfers of part of registered land; applications affecting a registered title ('dealings'); and a range of services relating to inspection, copies and searches of the register.

Land charges and agricultural credits

Under the Land Charges Act 1972, we maintain registers of land charges, pending actions, writs and orders affecting land and other encumbrances registered against the names of owners of property, which are not registered under the Land Registration Acts. Under Section 16 of the Act, the Secretary of State for Business, Innovation and Skills has the authority to set fees by means of statutory instrument with the consent of HM Treasury. The current fees are specified in the Land Charges Fees Rules 1990 as amended by the Land Charges Fees (Amendment) Rules 1994.

In addition, under the Agricultural Credits Act 1928 we maintain a register of agricultural charges made under Part II of the Act. Under Section 9 of the Act, the Secretary of State for Business, Innovation and Skills has the authority to set fees by means of statutory instrument with the consent of HM Treasury. The current fees are specified in the Agricultural Credits Fees Order 1985.

Commercial income

Borne out of the Wider Markets initiative established by HM Treasury in 1998, section 105 of the Land Registration Act 2002, as originally drafted, gave the Chief Land Registrar authority to "provide, or arrange provision of, consultancy or advisory services about the registration of land in England and Wales or elsewhere". Section 35 of the Infrastructure Act 2015 broadens these powers to enable Land Registry to provide (a) consultancy and advisory services about land and other property in England and Wales or elsewhere and (b) information services and services relating to documents or registers, relating to land or other property in England and Wales.

We have long recognised that the data we hold can provide and drive significant economic benefits in the wider economy through its reuse. In 2004 we established our Commercial Services function under the authority of section 105, for the purposes of identifying ways of giving more effective access to the data and also of adding value by creating specific services.

In July 2011 we moved to the Department for Business, Innovation and Skills (BIS) and became a founding member of the Public Data Group (PDG) alongside Companies House, the Met Office and Ordnance Survey. One of the main aims of the group is to support the Government's Transparency Agenda, the principles of which were embedded into our five-year Business Strategy approved by ministers in December 2012.

The focus of the commercial activity has subsequently shifted from the development of new commercial services and revenue raising to providing better access to data through the publication of data sets. In 2012/13 the number of commercial services (and subsequent revenue) reached a plateau but five open data sets were released.

The current commercial portfolio, which generated income of £4.6m this year, is offered to a variety of markets under a mixed pricing model. The portfolio stands at 17 products which include a range of data cleansing, spatial and data verification services.

We comply with our duty not to cross-subsidise our commercial services with fee income in respect of our statutory services. Development costs for new products may, from time to time, be funded from cash returns but these costs are recovered from future revenues. In line with Managing Public Money Annex 6.2 Charging for Information, the charges for most of our commercial services are on a 'cost plus' basis, but some reflect a

market rate. Data publication pricing is based on the three principles of open data (free), cost recovery and trial access.

Business performance

Our purpose is to enable the release of economic value in land and property and related data markets.

Our vision is to be recognised as a world leader in digital delivery of land registration services and in the management and re-use of land and property data.

Our four strategic objectives – efficiency, data, assurance and capability – are identified above each of the relevant targets on which we report below.

On 8 May 2014 our seven business-as-usual key performance indicator targets were announced in the written ministerial statement for 2014/15. Our performance is summarised below.

Key performance indicator/objective		Performance
Efficiency		
<i>We will unlock efficiency in the public sector and land and property market</i>		
E1	Unit cost to be £19.68 based on a planned volume of 11.65 million units	Met 19.29
E2	Achieve at least 12 units processed, per person, per day, on a whole agency basis	Met 12.2
Data		
<i>We will maximise the reuse of our data for the benefit of the wider economy</i>		
D1	Average external e-service availability at 99.6 per cent or higher during published service hours	Met 99.93%
D2	Increase the number of dealings (with the whole of a registered title) lodged electronically to achieve 65 per cent monthly performance by March 2015	Met 83.93%
Assurance		
<i>We will increase and extend the assurance and compliance provided to the market</i>		
A1	The percentage of customers who rate our overall service as good, very good or excellent to achieve 96 per cent	Not met 94%
A2	Substantive registrations to pass at least 98 per cent of defined quality checks	Met 98.2%
Capability		
<i>We will grow and maximise the benefit of our organisational capability</i>		
C1	Maintain a consistent index score calculated from a basket of four measures designed to measure motivation and performance of our workforce	Met 9.8

Note: The indicator measures organisational health indicators such as development days, sickness and fairness in distribution of performance marks across protected characteristic groups. The pass score is less than 11.

Commentary

We achieved six of seven challenging targets. This has been verified by Internal Audit.

Overall we have made considerable achievements in a year of rising workloads and some uncertainty about our future in the early months.

Diversity

We made good progress against our two four-year equality objectives. Among the highlights for the external objective were ensuring our digital services included diversity-assisted options and met the Government's commitments under its digital inclusion strategy. Highlights for the internal objective included the delivery of unconscious bias training to all line managers.

Internal equality objective

To drive a culture of inclusion and respect within our organisation and positively seek to improve engagement of staff who share protected characteristics.

External equality objective

To equip our staff to identify, anticipate and satisfy our customers' diverse needs by delivering products, services and channels at a cost we can both afford.

We monitor our progress in delivering against these objectives through how well we clear the detailed actions via the Diversity Committee. We report externally through the annual Equality Information Report which can be found on the Equality and diversity page of our website: www.gov.uk/government/organisations/land-registry.

Graham Farrant

Chief Executive and Chief Land Registrar
17 June 2015



Catrina Holme
Non-Executive Director



John Peadar
Interim Chief Executive and Chief Land Registrar



Gerard Connell
Non-Executive Director



Tim Franklin
Non-Executive Director and Senior Independent Director



Catherine Vaughan
Finance Director



Leo Geddes
Non-Executive Director, Shareholder Executive representative

Directors' report

a) Pension liabilities

Details of the treatment of pension liabilities are available in note 1.8 to the accounts and in the Remuneration report.

b) Details of directors and Board members

Land Registry Board

The remit of the Land Registry Board (LRB) is primarily supervisory. The LRB is responsible for governance and public accountability, sets the Land Registry strategy and assists the Chief Executive and Chief Land Registrar in his ultimate responsibility as Accounting Officer for the governance and performance of Land Registry.

The LRB terms of reference were approved in summer 2012 and are published on our website.

The LRB meets formally 10 times per year, with additional meetings as and when required. During the year the LRB held 11 meetings. The Chair, the Chief Executive and Chief Land Registrar and the Finance Director also hold quarterly shareholder meetings with the Shareholder Executive.

Graham Farrant joined Land Registry on 1 June 2015.

Membership

Mark Boyle (Chair)	Non-Executive Chair
Tim Franklin	Non-Executive Director and Senior Independent Director
Catrina Holme	Non-Executive Director
Gerard Connell	Non-Executive Director
Leo Geddes	Non-Executive Director (from 22 July 2014)
Kirsty Pearce	Non-Executive Director (to 13 July 2014)
Ed Lester	Chief Executive and Chief Land Registrar (to 18 March 2015)
John Peaden	Director of Operations and (from 19 March 2015) Interim Chief Executive and Chief Land Registrar
Camilla Black	Finance Director (to 9 May 2014)
Stephen Park	Finance Director (from 28 April 2014 to 16 January 2015)
Catherine Vaughan	Finance Director (from 5 January 2015)
Mike Westcott-Rudd	Company Secretary



Mark Boyle
Non-Executive Chair

Executive Board

The Executive Board (EXB) is chaired by the Chief Executive and Chief Land Registrar and its members are Land Registry's executive directors. The EXB is responsible for the delivery of Land Registry's Annual Management Plan and for the day-to-day operational management of the business. The Board meets on a monthly basis and met on 12 occasions throughout the course of the year.

The departure of Ed Lester was covered by John Peaden. The Finance Director post was filled on a permanent basis following two interim Finance Directors.

Membership

Ed Lester (Chair)	Chief Executive and Chief Land Registrar (to 18 March 2015)
John Peaden	Director of Operations and (from 19 March 2015) Interim Chief Executive and Chief Land Registrar
Maggie Telfer	Acting Director of Operations (from 19 March 2015)
Alasdair Lewis	Director of Legal Services and Deputy Chief Land Registrar
Stephen Park	Finance Director (from 28 April 2014 to 16 January 2015)
Camilla Black	Finance Director (to 9 May 2014)
Catherine Vaughan	Finance Director (from 5 January 2015)
Caroline Anderson	Director of Human Resources
Rowland Coombs	Director of Information Systems
Jon Parry	Interim Director of Digital Services (from 5 January 2015)
Eddie Davies	Acting Director of Commercial and Customer Strategy (to 5 September 2014)
Paul Dowse	Acting Strategy Director
Mike Westcott-Rudd	Company Secretary



Alasdair Lewis
Director of Legal Services and Deputy Chief Land Registrar



Caroline Anderson
Director of Human Resources



Rowland Coombs
Director of Information Systems



Maggie Telfer
Acting Director of Operations



Jon Parry
Interim Director of Digital Services



Mike Westcott-Rudd
Company Secretary



Paul Dowse
Acting Strategy Director

Audit Committee

The committee supports the LRB and the Accounting Officer by seeking assurance on the risk management framework, the control framework, governance and compliance with policies, procedures and external standards and statutory requirements.

Membership

Tim Franklin (Chair)	Non-Executive Director
Gerard Connell	Non-Executive Director
Derrick Palmer	Non-executive member

Attendees

Camilla Black	Finance Director (to 9 May 2014)
Stephen Park	Finance Director (from 12 May 2014 to 16 January 2015)
Catherine Vaughan	Finance Director (from 5 January 2015)
Grahame Hughes	Head of Internal Audit
Representative of the National Audit Office	National Audit Office
Ed Lester	Chief Executive and Chief Land Registrar (to 18 March 2015)

Remuneration and Nomination Committee

The committee agrees pay strategy and authorises the annual pay review for Land Registry Senior Civil Service staff and agrees a strategy for succession to the LRB and EXB.

Membership

Catrina Holme	Non-Executive Director
Gerard Connell	Non-Executive Director
Ed Lester	Chief Executive and Chief Land Registrar (to 18 March 2015)
John Peaden	Interim Chief Executive and Chief Land Registrar (from 19 March 2015)

c) Sickness absence data and information losses

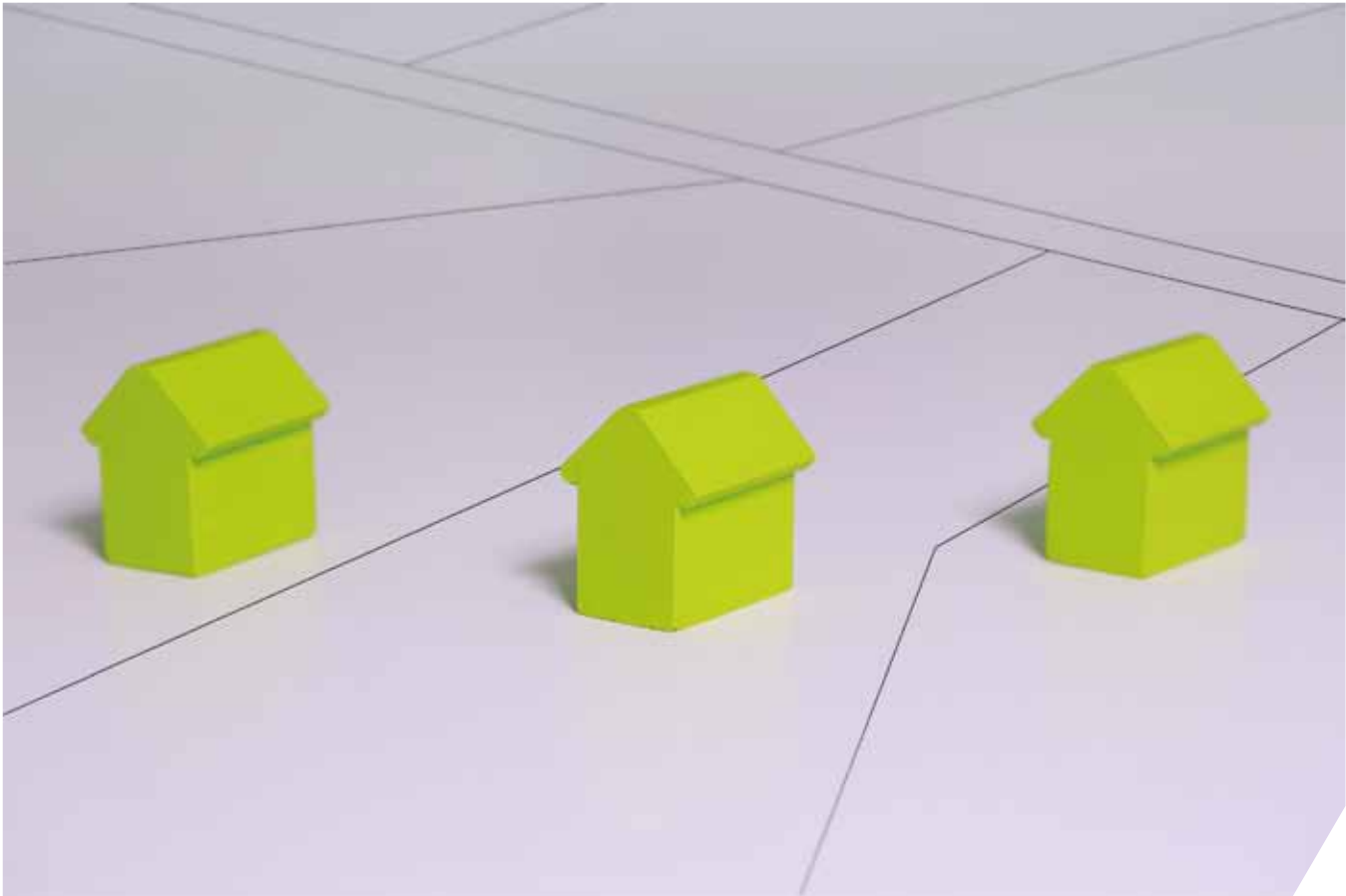
Sickness absence data is detailed in the Information round-up (see page 37). Personal data-related incidents are covered within the Governance statement (page 41).

d) Information to auditors

So far as the directors are aware there is no relevant audit information of which the auditor is unaware, and the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Graham Farrant

Chief Executive and Chief Land Registrar
17 June 2015



Information round-up

People

	2014/15	2013/14
Number of employees (including fixed-term appointments) on 31 March	4,428	4,462
Full-time equivalents on 31 March	3,968	3,999
Average sickness days per employee	6.3	6.2
Average number of training days per employee	5.2	4.3
Training days per apprentice (October-March)	35.7	N/A
Training spend as percentage of salary bill	2.7%	2.6%
Female employees	60%	61%
Employees working part-time	37%	37%
Employees from ethnic minorities	4%	4%
Employees who report they have a disability	8%	7%

Resourcing

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

In 2014/15 12 employees were recruited into the Civil Service to permanent specialist posts and one into the Senior Civil Service; 11 transferred permanently to Land Registry and 18 joined on loan from other government departments; 10 employees were transferred to Land Registry under TUPE Regulations as a result of the review of our IT infrastructure contracts. In addition, 29 employees were recruited during the year on fixed-term contracts.

Resourcing activity has addressed a number of requirements.

- Key senior appointments to ensure we have a stable leadership team in place.
- Enhancing specific competence areas, particularly in programme management and procurement/commercial skills.
- Addressing front-line needs to maintain service delivery standards at a time when our workforce is ageing.
- Reducing levels of resource in skill areas that have served the organisation well in the past but are no longer required.

A permanent Finance Director was appointed and took up her role in January 2015. The programme and project management function was reorganised and skill gaps addressed with new permanent appointments and augmentation for a defined period. Temporary administrative grade appointments have been made to address a short-term need to resource a diminishing category of work.

An apprenticeship scheme has been introduced providing the opportunity for young people to gain a qualification in Business Administration and learn the technical skills that could lead to future permanent employment with Land Registry, so creating the basis of a sustainable future workforce. The first intake was 80 apprentices. The Public Service People Managers' Association (PPMA) has shortlisted our recruitment campaign for an award.

Off-payroll contractors have been utilised to meet short-term needs in specialist areas. Information regarding compliance and disclosures is included in the Remuneration report on page 59. At 31 March 2015 we were engaging 27 contractors.

A number of voluntary exits have enabled us to release people with skills that are no longer required and refresh small specialist areas of the workforce.

Employees: average full-time equivalent in year**Health and wellbeing**

The health and wellbeing of our staff is important to us. This year we have continued to deliver initiatives that have built on the foundations of our health, wellbeing and attendance strategies. In recognition of the changes that Land Registry is currently undergoing, there has been a focus on promoting mental health awareness to effectively support our staff.

In 2014/15 we:

- participated in the Charity for Civil Servants' annual Walking Challenge for the third year running. We were again in the top three participating departments and fielded both the winning and second-placed teams
- achieved a sickness absence level of 6.3 average working days lost
- promoted and participated in the Time to Change, Time to Talk mental health day events
- delivered a range of forums providing line managers with guidance and advice on how to support staff dealing with mental health issues, bereavement and serious illness, and substance misuse.

Staff wellbeing is promoted through a combination of the following key activities.

- Health screening and 'know your numbers' sessions allowing staff to monitor blood pressure, body mass index and cholesterol.
- Promotion of and participation in a cycle-to-work scheme.
- Offering an employee and management support service to help staff and managers deal with emotional, health and social issues.
- Provision of an occupational health service, with an associated health and wellbeing website and provision of monthly promotional material.
- Departmental health campaigns and publication of a comprehensive range of health and wellbeing information through the intranet, including a health and wellbeing calendar and regular blogs.

Capability

We place a strong emphasis on developing the skills of our people. We have focused on the four priority areas identified by the Civil Service Capability Plan – change leadership, commercial, digital, project management – to facilitate change, build leadership capability and develop the knowledge, skills and behaviours required to create a flexible, effective and efficient organisation.

In 2014/15 we have taken positive steps towards creating a coaching approach to transfer knowledge more effectively and use that shared knowledge to build skills and capability. We are preparing for the challenges ahead by building a picture of the capability required to support the development of agile teams and new digital services and by continuing management development and leadership team building. Our apprenticeship scheme has also been shortlisted for the PPMA's Youth Talent Award which recognises excellence in people development.

We have been working to increase our staff's understanding of how learning occurs, both formally and informally, with the result that a greater breadth of learning activity is being recognised and valued.

Employee involvement

We continue to engage regularly both informally and formally with staff and their representatives.

Our staff have an open invitation to email the Executive Board, with the questions and answers published on our intranet.

We have continued to work with management teams in the development and expansion of regular structured team meetings. The aim is to create an environment where performance is discussed openly, supported by meaningful data, and ideas for improvements to working practices are welcomed.

Managers are also encouraged to use these meetings to talk to their staff about wider organisational issues and change and to discuss staff concerns about these. The approach to communications on the future of Land Registry has included the launch of the LR Connect fortnightly newsletter, direct updates from senior managers, discussions with staff, and information including questions and answers published on the intranet.

We meet regularly with our unions. Twice a year the Chief Executive and members of his team formally meet representatives at the departmental Whitley Council meetings. There are structures in place for local Whitley

meetings, and we also consult them on specific issues. Mutual areas of concern are discussed and, although not always resolved, views are taken where possible before changes are finalised and implemented. We have engaged with the unions in some more innovative ways around the approach to our current change programmes as well as talking about issues raised by staff to their representatives.

It has been a year that has presented challenges for the organisation and therefore, while it was disappointing, it was perhaps understandable that the Civil Service People Survey results showed our engagement scores had fallen in the area of leadership and managing change. We are committed to improving this and have appointed an Executive Board lead to be responsible for a key performance indicator on engagement. A range of approaches and actions will help us focus on how we can work together as an organisation to create an environment where staff and managers feel valued and connected.

Constructive discussion with unions at both departmental and local level, in addition to encouraging staff involvement on other committees (including health and wellbeing, social and sports, diversity and charity), and directors' visits with Q&A sessions, are all essential in ensuring our employees' views are heard and understood.

Diversity

We made good progress against our four-year strategic equality objectives (see page 31), which run up to 31 March 2016..

A major activity this year has been the delivery of unconscious bias training to all line managers, focused on ensuring they identify and understand any bias when dealing with people issues, especially in terms of recruitment and managing performance.

Our Diversity Working Group, which combines staff network groups for minority ethnic, disabled and lesbian, gay, bisexual and transgender (LGBT) employees, has continued to be proactive in identifying and raising diversity-related issues which affect employees and customers. It was shortlisted for the Employers Network for Equality and Inclusion's Employee Network of the Year award.

Network group members have:

- helped our digital developers think about our diverse customers when designing new services
- participated in workshops reviewing new digital products to ensure they meet the Government's commitments under its digital inclusion strategy
- assisted with our new reverse mentoring programme for new diversity Board champions for LGBT/religion, disability and ethnicity
- promoted Black History Month, Disability History Month and LGBT History Month.

Understanding the demographic profile of our employees is an important aspect of our diversity work, ensuring we remove any barriers to inclusion, and our declaration project has formed a key activity on our internal equality objective. Over the past 12 months we have seen a slight increase in employees' declaration rates for sexual orientation and religion. We undertake data analysis across all HR activity and published our third Equality Information Report in September (www.gov.uk/government/organisations/land-registry>Corporate information>Equality and diversity).

Diversity monitoring helps us to identify positive action programmes and we have continued to deliver our Pathways course aimed at junior minority ethnic, disabled and LGBT staff with the objective of increasing diversity within middle management grades.

Work on our external equality objective has focused on ensuring we deliver the best service to our diverse customers. This has included a review of the way we handle customer complaints relating to equality, along with revisions to our staff guidance for dealing with customers with particular needs, and diversity awareness workshops for front-line staff who work in our customer contact and citizen centres.

Health and safety

We have continued to develop our health and safety guidance, processes and policies with assistance from Carillion. We have reviewed and revised our display screen equipment assessment software in response to the increased level of online working brought by changes in the way that work is processed. We have also continued to be vigilant in monitoring staff who are driving for work to ensure their safety, health and wellbeing is protected while working out of the office.

The total number of accidents reported by Land Registry staff at work was 104, down from 112 in the previous year. There have been two accidents reported to the Health and Safety Executive under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations, a reduction of two from 2013/14. The three-year Accident Reduction Strategy has continued during the year with the aim of continuing to reduce the levels of reported accidents on Land Registry premises.

We were extremely pleased to achieve certification to OHSAS 18001, the British Standard for health and safety management. The certification audit took place in June 2014 and our continuing certification to the standard was confirmed again by external audit in January 2015. This is seen as a significant step forward in the development of our health and safety management system and provides continuing assurance that we are aligned with this widely recognised model of best practice.

Personal data-related incidents

There were no personal data-related incidents reported to the Information Commissioner's Office.

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

Category	Nature of incident	Total
I	Loss of inadequately protected electronic equipment, devices or paper documents from secured government premises	3
II	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured government premises	6
III	Insecure disposal of inadequately protected electronic equipment, devices or paper documents	0
IV	Unauthorised disclosure	7
V	Other	3
Total		19

Incidents are scoped by the Corporate Legal and Assurance Team and reported to the Information Management Committee (IMC). Recommendations endorsed by the IMC are then implemented.

Public Sector Information Holder

We fulfil our role as a Public Sector Information Holder by adhering to the Data Protection and Freedom of Information Acts. We take the protection of our information seriously and mandate annual Responsible for Information learning for our staff. We have also promoted a clear understanding of the new Government Security Classification Policy. Our Senior Information Risk Owner (SIRO) oversees an information risk management process, which is measured through external accreditation (ISO 27001) and independently challenged self assessment (using the Information Assurance Maturity Model – IAMM).

Land registration

We registered 281,992 hectares for the first time, taking the total registered area to 13,274,602 hectares or 86.1 per cent of England and Wales. This is despite the testing market conditions and the law of diminishing returns for first registrations.

Land Charges and Agricultural Credits

The Land Charges Department

The Land Charges Department operates under the authority of the Land Charges Act 1972.

The department maintains registers of Land Charges, pending actions, writs and orders affecting land and other encumbrances registered against the names of owners of property, which are not registered under the Land Registration Acts. The department also maintains the Index of Proprietors Names (IOPN). This index can be searched against only on production of the appropriate authority and is used to establish whether any property assets are held against individuals or companies.

Some elements of customer accounts are also managed in the Land Charges Department.

The Agricultural Credits Department

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 of the farmer.

See Appendix C for the volumes and workloads of both departments.

Legislation

Local Land Charges and Wider Powers

The Infrastructure Act received Royal Assent on 12 February 2015. Its provisions allow Land Registry to become the sole registering authority for Local Land Charges and provider of Local Land Charges official search results and give us wider powers to provide information, document and register services relating to land and other property.

Rule Committee

The Rule Committee was constituted under the Land Registration Act 2002 to provide advice and assistance originally to the Lord Chancellor but now, since the transfer of ministerial responsibility for Land Registry to the Department for Business, Innovation and Skills, to the Secretary of State in making land registration rules and fee orders under the Act.

The committee was not called on to give advice and assistance to the Secretary of State during this period as no land registration rules or fee orders were made by the Secretary of State.

The Infrastructure Act 2015, which was passed on 12 February 2015, amends the Land Registration Act 2002 so that the power of the Lord Chancellor to nominate the consumer affairs member of the committee is transferred to the Secretary of State. The relevant provision came into force two months after the passing of the Act.

Open and full information

We embrace the Government's transparency and open data agendas while appropriately protecting information. Our Data Programme is committed to the release of data sets – for free, under licence and via data sharing agreements – with the aim of boosting the wider economy. We also recognise the need to take a balanced view on the threats posed to our information and data sets to utilise the most cost-effective hosting and storage solutions. To this end we have conducted a thorough classification of data sets, assessing the business impacts relating to their confidentiality, integrity and availability.

We received 371 Freedom of Information requests, of which 368 were answered within 20 working days.

Service standards

Details of the service that customers can expect from us can be found on our website: www.gov.uk/government/organisations/land-registry/about/about-our-services

Welsh language service

Information about our Welsh language service can be found on our website: www.gov.uk/government/organisations/land-registry/about/welsh-language-scheme

Complaints

We recorded 4,262 complaints in 2014/15 compared with 4,576 in 2013/14.

Although there was a slight fall in the number of complaints recorded, we captured more customer comments and feedback than ever before.

Analysis of a sample of feedback showed that overall the proportion of upheld complaints increased to 41 per cent from 26 per cent in 2013/14. This is partly due to more consistent recording of complaint outcomes but also to an increase in feedback about our speed of service on registration applications, which is the most common area of complaint and arises from a significant increase in our intakes of work over the last two years. Other common issues leading to complaints were issues with application results and entries made in the register and how we deal with applications that are not in order.

A review of our customer feedback procedure, including enhancements to our Customer Relationship Management tool during the year, has led to improved insight into the outcome of complaints, whether they were resolved at 'first line' or needed escalation and the resources we used. It also provided more opportunities to learn from and act on customer concerns and improve our overall service. There were a number of examples of this in the course of the year, including:

- improving our website following its move to GOV.UK, including the ease of navigation and accessibility of information and providing forms and guidance material in additional formats
- taking a number of measures to improve our operational flexibility and speed of service, including recruiting new staff, existing staff taking the opportunity to increase their hours, centralised handling of some types of application and more flexibility and coordination in the distribution of our work
- posting online video guidance on our GOV.UK pages and YouTube page to assist the public in finding the answer to common queries and in completing commonly used forms.

International Unit

Our International Unit has two core functions: international relations and business development.

It ensures our interests are properly represented on global land policy-making bodies, the importance of land registration is promoted to others and our relations with overseas bodies are well managed, appropriate and in keeping with our obligations.

To this end we make senior staff available to hold positions with organisations including the United Nations Economic Commission for Europe (UNECE) Committee for Housing and Land Management, the UNECE Working Party on Land Administration, the EuroGeographics Management Board and the European Land Information Service. We are also members of the Permanent Committee on Cadastre, the European Law Institute and the Centre for Land Registration Studies.

Director of Legal Services Alasdair Lewis was re-elected as President of the European Land Registry Association.

In support of British foreign policy we assist with the development of land administration abroad. We participated in a UNECE mission to Uzbekistan in June and finalised our report following a mission to Moldova.

In December we hosted the ELRA General Assembly in London, which was attended by 80 notaries and other legal professionals from across Europe.

The unit is also responsible for Land Registry's overseas commercial consultancy work, participation in aid-funded projects and incoming study visits, with a particular focus on supporting British overseas development goals.

Deployments to Malawi and the Occupied Palestinian Territories, and several to Rwanda, were funded by the Department for International Development's Investment Facility for the Utilisation of UK Specialist Expertise (iFUSE). A study visit by representatives from Tanzania's Ministry of Land was also funded by iFUSE, Tanzania being the Government's G8 partner for the Millennium Development Goals.

We have also assisted the Rwanda Natural Resources Authority with the development of their systems and processes.

In the last year we have hosted educational study visits for representatives from many jurisdictions including Botswana, China, Malaysia, South Korea and Tanzania. We also took part in two UKTI-sponsored trade missions to firstly Nairobi in Kenya and Addis Ababa in Ethiopia and secondly to Kigali in Rwanda.

Estate

The 14 office buildings we occupied at the end of the year totalled 72,008 square metres. Our total spend on property (including rent, business rates and service charges) and facilities management (including utilities, post and reprographics) was approximately £25.9m. Our spend on contracted-out services with Carillion was £11.7m.

Drakes Hill Court, Plymouth, has been sold for £1.45m, reducing the overall estate by 7,613 sqm. Conditional contracts have been exchanged for the sale of 25 acres at Chalfont Drive, the former Nottingham Office site. The sale is pending a decision on planning permission, with completion anticipated in 2015.

We continue to share surplus space in our properties with other government departments and this year has seen further co-locations including with HM Revenue & Customs at our Gloucester Office and the Valuation Office Agency and Crown Prosecution Service at Hull.

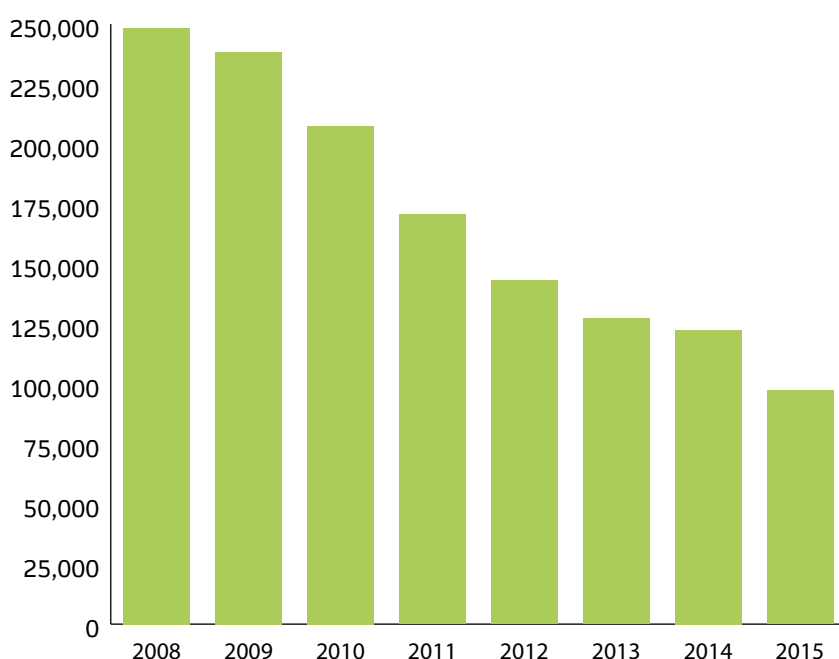
Our tenants now occupy 20,915 sqm (21.5 per cent) of the whole estate. This has enabled a further reduction in our estate occupancy per full-time employee, which has fallen from 14.05 sqm to 13.67 sqm. The operational estate is currently 75 per cent occupied.

The value of our estate is now £72.9m excluding assets held for sale valued at £12.2m.

The chart below summarises the progress made in reducing the size of the estate since 2008. It reflects our overall response to the economic downturn and our commitment to demonstrating consistent improvements in the effectiveness and efficiency of our estate under the Government's Efficiency and Reform Agenda.

The chart includes our data centres, properties held for sale and property leased to other government departments and other tenants.

Whole estate size 2008-15 (m²)



Indemnity Fund

In 2014/15 we paid £8.4 million for 968 claims, compared with £11.2m for 1,034 claims in 2013/14. The largest claim paid this year was for a forged transfer of whole, settled for £0.8m. That particular claim involved complex facts, and settlement was reached reducing the initial claim considerably to reflect the uncertainties of the case. Fraud (usually by way of forgery) remains the single most significant cause of indemnity payments and this reflects the general trend over the past decade or so.

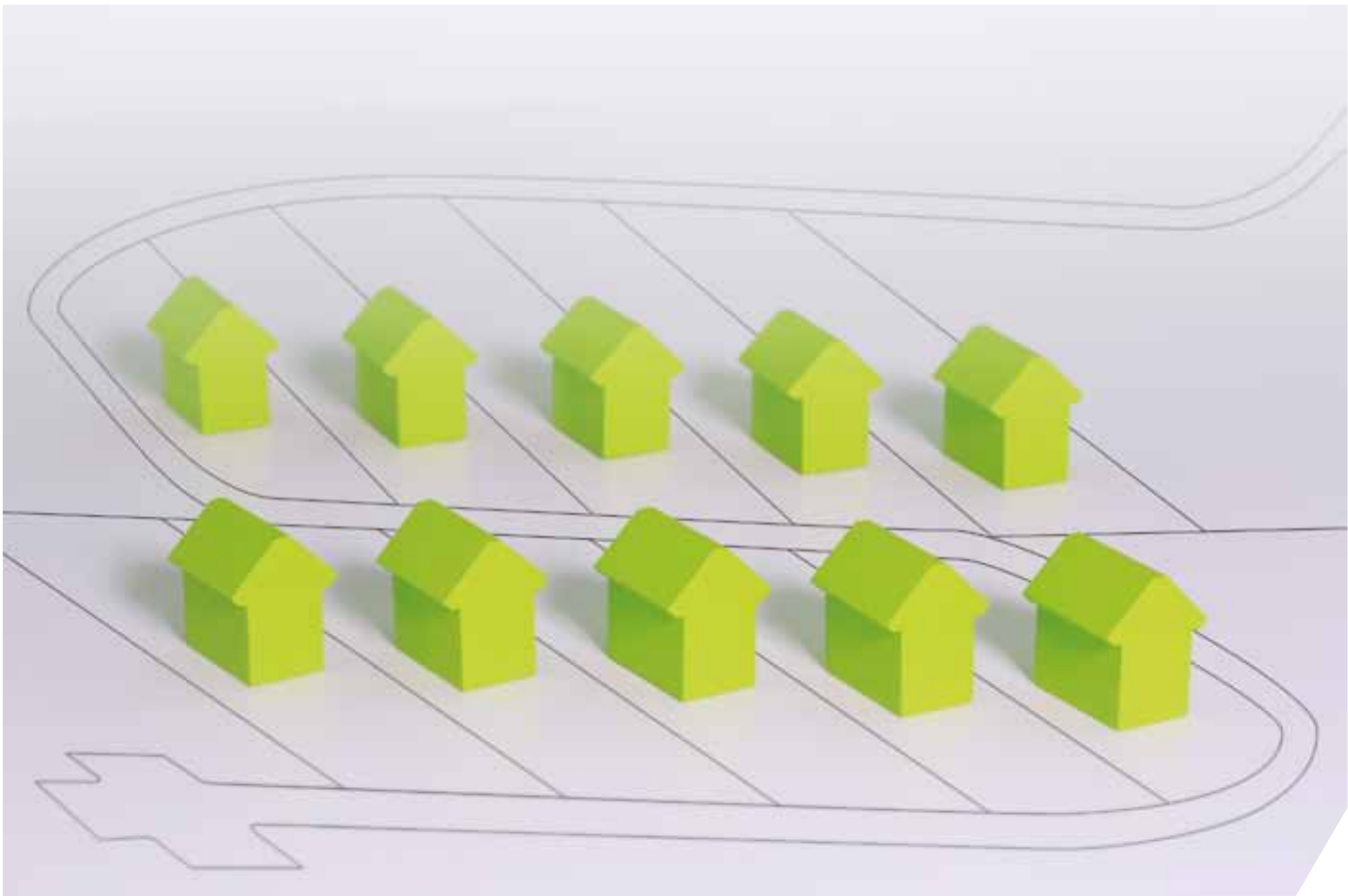
The original maximum value of the substantive claims paid was £10m but these were settled for £6.5m, saving £3.4m. During the year a further 456 claims valued at £18.8m were settled for no value. Of these 53 were for fraud and were valued at £5.9m. During the year 1,136 new claims were received totalling £23m, including 64 fraud claims valued at £9.3m.

We recovered £0.1m under our statutory rights of recourse, compared with £2.2 million last year. This disparity can be explained by the fact that this last year (unlike the previous two) we have not had any large, single claim which has been capable of giving rise to a right or recovery. Rights of recovery are usually very dependent upon the particular facts of the case, and how they interrelate with the law surrounding professional duties. It is not always easy to predict the timing of these recoveries or, indeed, what evidence might be uncovered by the process of disclosure in any given case. Further information on the provisions for current unpaid claims and potential unknown future claims can be found in note 17.2 of the financial statements.

Nature of claim	Number of claims	Substantive loss (£)	Costs (£)	Percentage of total
Extent of registered titles	138	739,859	374,477	13.3
Errors in/omissions from register entries	81	396,589	333,805	8.7
Sundry plans errors	9	38,197	14,478	0.6
Fraud and forgery	54	5,248,622	666,051	70.6
Official inspections of title plans	9	4,212	7,039	0.1
Bankruptcy errors	0	0	0	0
Official searches	3	5,000	4,596	0.1
Official copies	1	0	192	0
Errors in searches of the index map (SIMs)	15	31,697	29,009	0.7
Errors in filed extracts	204	270	37,550	0.5
Lost documents/administrative errors	454	76,476	374,849	5.4
Land Charges errors	0	0	0	0
Total	968	6,540,922	1,842,046	100
Gross payment	£8,382,968			
Less sums recovered under our statutory right of recourse	£126,237			
Net indemnity	£8,256,731			

Security incidents

Physical security is overseen by the Physical and Personnel Security Committee. There were 70 recorded incidents during the year, including two significant (Class 1) incidents.



Accounts

Governance statement

Scope of responsibility

As Accounting Officer of Land Registry I have responsibility, with the Land Registry Board (LRB), for maintaining corporate governance that supports the achievement of Land Registry's aims, objectives and targets, while safeguarding public funds and Land Registry's assets.

My duties as Accounting Officer are set out in *Managing Public Money*. I am accountable for performance and stewardship through the LRB to the Secretary of State for Business, Innovation and Skills with day-to-day responsibility delegated to the Minister of State for Business and Enterprise.

The main duties relating to maintaining the register of title to freehold and leasehold land and charges are defined in the Land Registration Act 2002 (see *Who we are and what we do*).

During the year Land Registry supported the development of the Infrastructure Bill for which Royal Assent was given on 12 February 2015. Measures are included within the Act allowing Land Registry to provide a single digital Local Land Charges service. The Act has also granted Wider Powers allowing us to build on the property services we already provide.

Purpose of the governance framework

The governance framework is designed to give assurance that Land Registry carries out its duties in a manner that meets the appropriate standards of effective internal control and risk management. It is based on processes designed to identify and prioritise the opportunities and risks to the achievement of Land Registry's strategy, the strategic objectives and the targets. It is designed to evaluate the likelihood of those opportunities and risks being realised (and the impact should they be realised) and to manage them efficiently, effectively and economically.

It is also designed to align with the strategic aims of the Department for Business, Innovation and Skills (BIS) and our statutory duties as set out in the *Framework Document 2012*. The framework complies with the code published by HM Treasury and the Cabinet Office, *Corporate governance in central government departments: Code of good practice 2011*. The framework described has been in place throughout 2014/15 and up to the date of approval of the accounts.

Key elements of the framework

Land Registry is a non-ministerial government department, a trading fund and an executive agency. As a trading fund, sponsorship is overseen by the Shareholder Executive.

On 20 May it was announced that responsibility for the Shareholder Executive will transfer from BIS to the Chancellor of the Exchequer. The Shareholder Executive will retain its current operating model whereby it acts directly for departmental secretaries of state and permanent secretaries in its governance and corporate finance activities. Land Registry's access to the minister will thus continue to be facilitated by the Shareholder Executive.

The Land Registry Business Strategy sets out five-year objectives identified in 12 specific targets and was presented to the minister at BIS in October 2012. It gives authority to the actual and the planned strategic initiatives and the general direction of the business. It was developed in 2012/13, following transfer of sponsorship from the Lord Chancellor to the Secretary of State for BIS, with input from the Shareholder Executive. It examined the financial position, the need for increased digital working and the need to replace ageing information systems in order to service the land registration market more effectively and at a reduced cost to the customer while maximising the use of our data. The Business Strategy was endorsed in December 2012.

The governance framework includes:

- *Framework Document 2012*
- LRB terms of reference and minutes
- Audit Committee terms of reference and minutes
- Remuneration and Nomination Committee terms of reference and minutes
- other minutes and communication points
- ministerial endorsement of the objectives behind the Business Strategy
- information on the Business Strategy and related portfolio strands
- delegations of budget
- delegations of authorities designed to reflect the external framework set by the Cabinet Office controls and Shareholder Executive revised during 2014/15 in July, August, February and March
- director-led sub-committees of the EXB.

Land Registry Board

The LRB recognises the importance of leadership to create an environment where performance and risk are managed effectively.

The LRB consists of Non-Executive Chair Mark Boyle, four other non-executive directors and myself as Chief Executive and Chief Land Registrar, plus the Finance Director, the Director of Operations and the Company Secretary. The Board structure ensures a balance between executive and non-executive director membership. Non-executive membership includes a representative from the Shareholder Executive. The role of the LRB is to provide guidance, strategic oversight and expertise.

The non-executive members are independent of management. There were no examples of company appointments or consultancy arrangements held by them that could give rise to a potential conflict of interest with their responsibilities as members of the Board.

In line with Cabinet Office guidance the LRB is tasked with advising on, and supervising, five main areas.

- Strategic clarity.
- Commercial sense.
- Talented people.
- Results focus.
- Management information.

Table of board and committee attendance 2014/15

	Title	Period	Board		Committee	
			Land Registry Board	Executive Board	Audit	Remuneration and Nomination
Non-executive						
Mark Boyle	Non-Executive Chair		11/11	–	–	
Tim Franklin	Non-Executive Director	From 9 July 2012	11/11	–	4/4	–
Catrina Holme	Non-Executive Director	From 9 July 2012	9/11	–	–	2/2
Kirsty Pearce	Non-Executive Director	From 1 Nov 2012	2/3	–	–	–
Leo Geddes	Non-Executive Director	From 22 July 2014	7/8	–	–	–
Gerard Connell	Non-Executive Director	From 1 Sept 2013	10/11	–	4/4	1/2
Derrick Palmer	Non-executive member (Audit Committee)	From March 2013	–	–	4/4	–
Executive						
Ed Lester	Chief Executive and Chief Land Registrar		10/11	10/11	4/4	2/2
Alasdair Lewis	Director of Legal Services		–	10/12	–	–
John Peaden	Director of Operations		11/11	11/12	–	–
Maggie Telfer	Acting Director of Operations	From 19 March 2015	1/1	1/1	–	–
Camilla Black	Finance Director (interim)	From 27 August 2013 to 9 May 2014	1/1	1/1	–	–
Stephen Park	Finance Director (interim)	From 28 April 2014 to 16 January 2015	7/7	7/8	3/3	–
Catherine Vaughan	Finance Director	From 5 January 2015	2/3	3/3	1/1	–
Mike Westcott-Rudd	Company Secretary		10/11	10/12	1/4	–
Eddie Davies	Director of Commercial & Customer Strategy (acting)	From 1 January 2013 to 5 Sept 2014	–	2/5	–	–
Jon Parry	Director of Digital Services (interim)	From 5 January 2015	–	3/3	–	–
Paul Dowse	Director of Strategy (acting)		–	10/12	–	–
Rowland Coombs	Director of Information Systems		–	10/12	–	–
Jon Cocking	Deputy Director of HR	Attended for Director of HR	–	–	–	1/1
Caroline Anderson	Director of HR		–	12/12	–	1/1
Nicky Heathcote	Head of the Chief Executive's Office		–	12/12	–	–
Grahame Hughes	Head of Internal Audit		–	–	4/4	–
External Audit	National Audit Office		–	–	4/4	–

Board effectiveness

The Chair and the non-executives have played a full part in the LRB's business through their attendance and contributions at LRB meetings and its supporting committees as summarised above. The LRB played an active and robust part in supporting and challenging development and implementation of the Business Strategy.

In addition the LRB conducted an independent review of board effectiveness implementing recommendations including appointment of a senior independent director.

Ministerial decision – operating model

At the beginning of the financial year 2014/15 the response to the consultation undertaken in 2013/14 proposing alternative operating models was awaited from the Government. On 14 July the *Government response: Introduction of a Land Registry service delivery company* was published. This announced that no decision had been taken to change the operating model.

Local Land Charges – strategy delivery

The Business Strategy was taken forward through measures which included the development of powers to undertake Local Land Charges (LLC), through the Infrastructure Bill. Successful completion of the legislative stage was announced on 12 February 2015. During the year the outline business case was developed to obtain appropriate external clearance for the implementation phase.

The business case set out the implications of funding LLC development on Land Registry reserves and sought approval for the financial case (and other green book cases). It sought permission for investment to develop LLC through the use of reserves. It was steered and approved by the Land Registry Board before application for authority from the Treasury via the Shareholder Executive at BIS. The outcome of the review is awaited, following the election.

LR Connect – strategy delivery

Other objectives within the strategy were governed through the LR Connect Programme Board which oversaw programmes designed to increase the provision of digital services, to enable our services for e-delivery, to develop our people and capability and to modernise our IT foundations. This is being kept under review.

The LR Connect Programme is led by a Director from the EXB (HR) and has established terms of reference within the governance framework.

Information about the quality of data used by the LRB

The LRB is provided with a balanced scorecard of performance information. The underlying information is provided by established supporting systems operated with appropriate controls.

Financial performance is monitored and reported using monthly reports based on our financial system. There is a procedure for setting annual budgets and reviewing financial performance and full-year forecasts. Quarterly forecast reviews are in operation giving the LRB appropriate oversight and assurance.

Committees of the LRB

Audit Committee

The committee supports the LRB and the Accounting Officer by seeking assurances through information and reports over:

- the strategic process for risk management, control and governance and this governance statement
- the accounting policies, the accounts and the annual report of the organisation, including levels of error identified, and management's letter of representation to the external auditors
- the risk-based planned activity and results of both Internal Audit and External Audit
- the adequacy of management response to issues identified by audit activity, including External Audit's management letter
- assurances relating to corporate governance requirements for the organisation
- anti-fraud policies, whistleblowing processes and the arrangements for special investigations.

The Audit Committee also periodically reviews its own effectiveness and reports the results of that review to the Board. The last review was undertaken in March 2015.

The Audit Committee considered the Annual Report and Accounts and submitted an annual report to the Board.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee met twice during 2014/15, led by Non-Executive Director Catrina Holme.

Executive Board

The EXB assists me in my responsibilities for operational management and direction, development of strategy, management of strategic risk, performance against published targets, statutory duties, decisions and development of Land Registry's investment portfolio planning.

The EXB maintains close oversight of the operational and financial performance and position of Land Registry. The EXB has also maintained close oversight of the progress of the business, through the weekly review meetings and the formal monthly boards. Since 2015 EXB has increased the regularity of formal boards to every two weeks.

The difficulties in obtaining permanent recruitment at executive team level highlighted the need for more focused delegation of functional responsibilities and delegation letters were introduced from the start of 2015.

Further work in Finance is being undertaken to enhance financial management and budget holder support in connection with both business as usual and change activity. This includes refreshing the process of delegating budget and spending authorities, and increasing finance business partner capability and capacity.

The Diversity Steering Group reports to me and helps to ensure good progress against equality targets and objectives as well as ensuring compliance with the Equality Act.

The Corporate Responsibility Committee provides me with assurance that Land Registry's wider community responsibilities are appropriately fulfilled.

Commercial Governance Committee

The Commercial Governance Committee was formed in 2014 to provide an additional layer of internal governance for expenditure on external goods and services over £50,000. The committee supports Land Registry's delegations of authority, providing assurance to the Finance Director and Chief Executive for all spending falling within their expenditure limits. It ensures that all expenditure and the proposed procurement route will deliver the best value for money and is compliant with public procurement legislation and Cabinet Office regulations.

Further resource and work has been applied to strengthen the systems of control and resources applied to procurement and contract management and control within the Finance Directorate.

Auditors

The Comptroller and Auditor General, who has been appointed under statute and reports to Parliament, has audited the accounts (see the Finance Director's report).

Risk

Land Registry follows Cabinet Office risk appetite principles. The LRB and the EXB consider strategic risks. The Company Secretary is the EXB's risk champion. EXB is asked to consider and record the appetite for each strategic risk and reviews these regularly. Risk appetite was evaluated during a review of the main strategic risks. Each month the strategic risks are reported on and reviewed at the EXB; in addition a more thorough risk review is completed each quarter. Lead indicators are monitored to provide early warning of changes in strategic risk.

The overall risk environment has developed compared with the previous year, with significant emphasis on the risks around delivery of the benefits within the Business Strategy, with an increased focus on change-related risk.

New risks were identified around IT legacy infrastructure, effectiveness and governance of the senior leadership (given the difficulties in securing a permanent Finance Director and the announced departure of the then Chief Executive) and risks to reputational damage or damage to relationships with critical stakeholders. Highest priority risks (red) related to Local Land Charges, due to the legislative uncertainty, and People and Capability, given the gaps identified in terms of resource and capability required to deliver the Business Strategy. The Local Land Charges risk reduced to amber when the Infrastructure Bill received Royal Assent. Risks are managed with appropriate countermeasures including regular review monitoring and stakeholder engagement, the development of recruitment strategies and workforce planning for the planned digital services.

The introduction of our Virtual Post Room service to enhance e-working has presented new challenges in terms of risk, representing a potential single point of failure of all postroom services. As a result new business continuity plans are being developed and tested.

The evaluation of second-tier risks at directorate level identified that the key risks were around People and Capability followed by risks to realising benefits from the Business Strategy.

As Accounting Officer I maintain oversight of strategic risks managed by the executive team and seek assurances on directorate risk management to afford the opportunity for escalation. Risk management systems are designed to be proportionate and effective in relation to relevant risks. The risk management strategy in place ensures at all levels of the organisation that risks are effectively mitigated. A revised system of risk management is being developed and the function was strengthened by recruitment of a full-time Risk

Manager. This will also help to ensure the maintenance of a dynamic relationship between the risk manager business stakeholders.

The new Risk Manager has established an independent Risk Committee for the Local Land Charges Programme and will establish a similar body for the LR Connect Programme.

Through delegation to executive directors I am assured by the work of the Information Management Committee, the Register Protection Committee, the People Committee and the Health and Safety Committee. Management of the financial risks, information risk, risk to the Land Register, fraud risk and health and safety and statutory duties are managed by these committees with escalation to me as appropriate, at the discretion of the relevant director for each committee.

Information risk

Information risk is managed through the Information Management Committee led by the Senior Information Risk Owner (SIRO). The SIRO is assured by information risk returns carried out by our Information Asset Owners (IAOs) and fully documented asset descriptions. Our IS Risk Management Process and Policy have been independently audited and validated through CMMI, ISO 20000 and ISO 2700 internal audits. I am assured by accreditation in respect of GSI/PSN Code of Connection and IAMM where our scores have improved including among external suppliers where 74 per cent of suppliers are achieving level 3 maturity.

Protecting information

All staff are required to complete the appropriate levels of the Responsible for Information (RFI) module on Civil Service Learning (CSL). In 2014/15 we have augmented this RFI learning with additional in-house material to improve awareness of leak prevention. Contractors are also now obliged to sign a non-disclosure agreement.

Data losses

There were no personal data-related incidents reported to the Information Commissioner's Office.

There were three incidents of information being leaked from the organisation, including the leaked minutes of the March 2014 Land Registry Board, information about our planned use of data leaked to *The Guardian* but not published and information about our approach to off-payroll contractors published in *Computer Weekly's* web pages. A thorough investigation was undertaken into the leaks and as a result controls around access permissions to folders and applications were enhanced and contractual terms in off-payroll contracts strengthened.

HMRC employer tax compliance review

In February 2015, HMRC notified us that Land Registry had been selected for a review of its PAYE and National Insurance Contribution records and systems to make sure that we are meeting our tax obligations as an employer. Our selection resulted from matters arising from Land Registry's 2013/14 PAYE Settlement Agreement (PSA) with HMRC regarding the treatment of certain expenses paid to staff.

The compliance review, which is in its information gathering phase, will focus on our payroll, expenses and benefits and will report later in 2015/16. The review may identify areas where we may be non-compliant or where compliance may be improved, and this may in turn have financial consequences including the possibility of recovery of underpaid tax and/or penalties. At this stage, it is not possible to quantify the likelihood or amount of any liabilities arising from this review..

Response to the financial sanction for off payroll contractors

In 2014/15 the Treasury imposed a sanction of £1,030,176 on Land Registry. Following a review of tax arrangements of public sector appointees there is a requirement to limit any off-payroll contract of our most senior staff to no more than six months. Land Registry exceeded this limit for a contract with an interim Finance Director as a result of difficulties in securing a replacement to ensure continuity in this key role. Details of this contract are noted in the Remuneration report.

Following the sanction, the successor interim Finance Director was asked to confirm our compliance with the recommendations of the review and related guidance in respect of the contracts of our most senior staff to provide assurance that all contractors engaged by Land Registry were complying with appropriate tax and National Insurance Contribution regulations. I am assured that all of our most senior staff are now on payroll and we comply with the review in this regard.

A review of off-payroll contractors was conducted in August 2014. Where assurances on compliance with appropriate tax and National Insurance Contribution regulations were not provided by a contractor, the contractual relationship was terminated. A second assurance exercise was conducted in February 2015 with similar action taken for those not providing the necessary assurances. The outcome of these exercises is reported in the Annual Report.

I am assured by the Finance Director and the HR Director that Land Registry now has in place robust processes for ongoing monitoring of all off-payroll contractors and for seeking the relevant tax and National Insurance Contribution assurances on a rolling basis.

Litigation

During the year Land Registry lost a tribunal case in relation to automatic pay progression (based on length of service). The decision was announced on 14 July 2014. Land Registry became contractually liable to make progression payments to qualifying staff from April 2011 up to and including the current financial year. Payments for this liability had a significant impact on financial performance as described in the Finance Director's report. As a result, new governance arrangements were put in place between the Treasury Solicitor and the Corporate Legal and Assurance Services Directorate and the HR and Organisation Development Directorate.

Land Registry also lost a tribunal case and employment appeal tribunal in relation to withholding corporate performance awards where a small number of claimants (who were covered under the Equality Act) had been issued with a formal warning under the attendance management procedure. Our approach to the awarding of the corporate performance award in relation to absence management was criticised in the judgment. Land Registry is currently considering its response.

The implications of the Court of Appeal's decision in the case of *Swift 1st Limited v Chief Land Registrar* have been considered very carefully. The case will have an impact upon indemnity payments and Land Registry has ensured that it has made appropriate indemnity provision using advice from our external advisers, information on which can be found on page 90.

Assurance Forum

The Assurance Forum enhanced the quality of our assurance planning through the regular communication between the senior responsible managers from all directorates. It also provided assurance to the Audit Committee and to the executive team on the veracity of the assurance sources identified in each of the directorate's assurance maps.

Governance and effectiveness including other sources of assurance

Our Greening Government Commitments targets were exceeded and I am assured by the reaccreditation to ISO 14001.

Other sources of assurance included the Review of Financial Management, using the CIPFA Financial Management Model. This review acknowledged control and strength in transaction processing and financial reporting, but has resulted in recommendations to improve accountabilities for budget management and strengthen financial strategy formulation and the medium-term financial planning.

As part of the disaggregation of DITI (Distributed IT Infrastructure), Land Registry sought assurance through an independent evaluation of the Steria contract using independent advice from contracted accountants.

There were no significant issues identified during that open book review but there were gaps identified in the skills and resource applied to financial contract management. The commercial function has therefore been strengthened with appropriate skilled resource.

Budget management

At the start of the year, internal budget delegation letters were issued. Late in the year the external framework of delegated authority, primarily Cabinet Office controls, was reviewed and delegations of authority letters issued in quarter four. In quarter four the Finance Director evaluated the internal delegation framework and sought additional assurance from Internal Audit. This led to revision of internal delegation controls. These recommendations will be taken forward in 2015/16.

Procurement/contract management assurance

I am assured by the Chief Procurement Officer, at least annually, that procurement activities are conducted in line with Cabinet Office and Treasury guidance and that senior managers have complied with these and Land Registry-specific procurement guidelines.

On data and accuracy of position in terms of KPIs

I am informed on the accuracy of the organisation's performance against published targets by the audit report on key performance indicators (KPIs) which evaluates the underlying systems and methods for reporting. I am content that the system to provide performance information is robust and provides appropriate timely information to ensure effective management of performance. A key contribution to this conclusion is from the evaluation provided to me by Internal Audit on the effectiveness of KPI systems.

As Accounting Officer I am provided by each of my EXB directors with assurance as to the effectiveness of risk management and related controls designed to manage risk and ensure the effective delivery of performance and stewardship of assets covering the period 1 April 2014 to 31 March 2015 with an assurance at mid year.

The role of internal audit

The role of internal audit is to provide an audit and assurance support service to management, examining and reporting on Land Registry's systems of control and risk management across all functions. Internal Audit supports the work of the Audit Committee which examines risk and control and advises me as Accounting Officer.

Our internal auditors operate to the Public Sector Internal Audit Standards and submit regular reports to the Audit Committee which include an independent opinion by the Head of Internal Audit on the adequacy and effectiveness of our systems of internal control together with recommendations for improvement.

In line with these standards the effectiveness of internal audit should be reviewed and a review is planned for July 2015. Further work will be completed in 2015 to enhance compliance including the quality assurance improvement programme.

The opinion of the Head of Internal Audit is that "based on the work of Internal Audit undertaken in 2014/15, I am able to provide reasonable assurance that the Land Registry framework of risk, control and governance has enabled the achievement of its objectives, and that key risks are generally being effectively managed". I am also informed on the effectiveness of control by written assurances provided by Ed Lester and John Peaden.

Graham Farrant

Accounting Officer

Chief Executive and Chief Land Registrar

17 June 2015

Statement of Accounting Officer's responsibilities

Under Section 4(6) of the Government Trading Funds Act 1973 the Treasury has directed Land Registry to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction referred to in note 1.1 on page 75. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Land Registry and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

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

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

The Treasury has appointed the Chief Executive of Land Registry as the Accounting Officer for the trading fund. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding Land Registry's assets, are set out in the Accounting Officers' Memorandum issued by the Treasury and published in Managing Public Money.



Remuneration report

Policy for senior civil servants

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

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

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

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

The salary of the Chief Executive and Chief Land Registrar is set by the Department for Business, Innovation and Skills. The Land Registry Remuneration Committee, acting on the authority of the Land Registry Board, considers pay recommendations provided by line managers and decides the distribution of performance pay in the annual pay review for Land Registry senior civil servants, in accordance with Cabinet Office guidance.

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

During the year the members of the Remuneration Committee were: Catrina Holme (Chair), Gerard Connell and Ed Lester (up to 18 March 2015). The committee's last meeting was 10 March 2015.

Policy for other civil servants

Pay for Land Registry employees who are not in SCS grades is determined each year following negotiation and consultation between Land Registry and the unions, and is subject to approval by the Secretary of State, taking into account guidance issued by HM Treasury.

The Cabinet Office pay freeze in 2010 directed that departments could not pay annual progression unless it was contractual. Land Registry took legal advice from the Treasury Solicitor and independent Counsel, and both advised that progression in Land Registry was not contractual. Therefore Land Registry was unable to pay progression payments. A claim was subsequently brought by PCS to an employment tribunal in 2014, which ruled in 2014 that progression in Land Registry was indeed contractual. Following this decision, all resulting back pay was paid during the financial year and Pay proposals in respect of 2014/15 had to be resubmitted to the Secretary of State for approval and were not paid until after 31 March 2015.

Service contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition.

The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

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

Land Registry Board Chair

Chair Mark Boyle's appointment was extended until 22 April 2016.

Chief Executive and Chief Land Registrar

Ed Lester resigned from his appointment as Chief Executive and Chief Land Registrar with effect from 18 March 2015, having taken up the appointment on 13 May 2013. John Peaden was appointed Interim Chief Executive and Chief Land Registrar from 19 March 2015 until Graham Farrant takes up his appointment on 1 June, initially for a period of three years.

Finance Director

Camilla Black was appointed as Interim Finance Director from 27 August 2013 on a short-term basis through an executive interim agency. Her contract ended on 9 May 2014.

Stephen Park was appointed as interim Finance Director from 28 April 2014 through an executive interim agency. He was transferred to a payroll contract from 1 June 2014 and his contract ended with Land Registry on 16 January 2015.

Catherine Vaughan was appointed as permanent Finance Director on 5 January 2015.

Interim Director of Digital Services

Jon Parry began his appointment as Interim Director of Digital Services on 5 January 2015.

Non-executive directors

The appointments of Tim Franklin and Catrina Holme from 8 July 2012 were initially for three years and were extended by two years.

The appointment of Leo Geddes from 22 July 2014 is for a period that will not normally exceed three years. He represents the interests of the Shareholder Executive and does not receive any remuneration from Land Registry. Leo replaced Kirsty Pearce, whose appointment as representative of the Shareholder Executive came to an end on 13 July 2014.

The appointment of Gerard Connell from 1 September 2013 is for a period that will not normally exceed three years.

Off-payroll disclosure

Off-payroll engagements as of 31 March 2015, for more than £220 per day and that last for longer than six months

	2014/15	2013/14
Existing engagements as of 31 March 2015	8	5
Of which existing:		
– for less than one year at time of reporting	7	5
– for between one and two years at time of reporting	1	–
– for between two and three years at time of reporting	–	–
– for between three and four years at time of reporting	–	–
– for four or more years at time of reporting	–	–
Off-payroll engagements, or those that reached six months in duration, between 1 April 2014 and 31 March 2015, for more than £220 per day and that last for longer than six months		
New engagements, or those that reached six months in duration, between 1 April 2014 and 31 March 2015	29	5
– of which include contractual clauses giving the department the right to request assurance in relation to income tax and National Insurance obligations	26 ¹	5
– for which assurance has been requested	23 ²	5
Of which:		
– assurance has been received	16	–
– assurance has not been received	7	5 ³
– have been terminated as a result of assurance not being received	7	–
Off-payroll engagements of board members and/or senior officials with significant financial responsibility between 1 April 2014 and 31 March 2015		
Off-payroll engagements of board members and/or senior officials with significant financial responsibility during the financial year	2 ⁴	2
Individuals who have been deemed “board members, and/or, senior officials with significant financial responsibility” during the financial year. This figure should include both off-payroll and on-payroll engagements	12	13

¹ Three contractors’ direct contracts with Land Registry omitted the required disclosure clause. Procedures have been strengthened to ensure this does not occur again.

² Three contractors’ contracts had terminated prior to the first biannual exercise to seek assurances.

³ Assurances for all five contractors were received after the date of signing of the 2013/14 Annual Report and Accounts.

⁴ Camilla Black’s engagement as interim Finance Director ended on 9 May 2014. Stephen Park’s off payroll arrangement as interim Finance Director ended on 31 May 2014 after which he was employed directly by Land Registry on a fixed term basis for the period 1 June 2014 to 16 January 2015.

Salary and performance pay – executive directors¹

	2014/15				2013/14			
	Salary	Performance pay	Benefits in kind	Pension benefits	Salary	Performance pay	Benefits in kind	Pension benefits
	£'000	£'000	To nearest £100	£	£'000	£'000	To nearest £100	£
Ed Lester ² Chief Executive and Chief Land Registrar	130 – 135	15 – 20	–	50,000	125 – 130	–	–	50,000
Annual equivalent	(135 – 140)	–	–	–	(135 – 140)	–	–	–
John Peadar ³ Interim Chief Executive and Chief Land Registrar	0 – 5	–	100	–	–	–	–	–
Annual equivalent	(100 – 105)	–	–	–	–	–	–	–
John Peadar ⁴ Director of Operations	85 – 90	10 – 15	–	22,000	90 – 95	10 – 15	–	76,000
Annual equivalent	(90 – 95)	–	–	–	–	–	–	–
Alasdair Lewis Director of Legal Services and Deputy Chief Land Registrar	95 – 100	0 – 5	–	20,000	95 – 100	10 – 15	–	8,000
Catherine Vaughan ⁵ Finance Director	30 – 35	–	–	11,000	–	–	–	–
Annual equivalent	(120 – 125)	–	–	–	–	–	–	–
Stephen Park ⁶ Interim Finance Director	20 – 25	–	–	–	–	–	–	–
Stephen Park ⁷ Interim Finance Director	120 – 125	–	–	–	–	–	–	–
Annual equivalent	(195 – 200)	–	–	–	–	–	–	–
Camilla Black ⁸ Interim Finance Director	25 – 30	–	–	–	150 – 155	–	–	–
Maggie Telfer ⁹ Acting Director of Operations	0 – 5	–	–	14,000	–	–	–	–
Annual equivalent	(80 – 85)	–	–	–	–	–	–	–
Caroline Anderson Director of Human Resources	85 – 90	0 – 5	–	33,000	25 – 30	–	–	10,000
Annual equivalent	–	–	–	–	(90 – 95)	–	–	–
Rowland Coombs Director of Information Systems	75 – 80	10 – 15	–	22,000	70 – 75	0 – 5	–	47,000
Paul Dowse ¹⁰ Acting Director of Strategy	80 – 85	0 – 5	300	49,000	–	–	–	–
Jon Parry ¹¹ Interim Director of Digital Services	55 – 60	–	–	–	–	–	–	–
Annual equivalent	(235 – 240)	–	–	–	–	–	–	–
Eddie Davies ¹² Acting Commercial & Customer Strategy Director	30 – 35	0 – 5	300	17,000	65 – 70	0 – 5	300	88,000
Annual equivalent	(75 – 80)	–	–	–	–	–	–	–

1. Audited
2. Ed Lester left Land Registry with a leaving date of 18 March 2015; his reported salary range includes untaken annual leave.
3. John Peaden was appointed as interim Chief Executive and Chief Land Registrar from 19 March 2015.
4. John Peaden stood down temporarily as Director of Operations from 18 March 2015.
5. Catherine Vaughan was appointed as Finance Director from 5 January 2015.
6. Stephen Park was appointed as interim Finance Director on 28 April 2014. From 28 April to 31 May 2014 he was paid through an executive agency. Under the terms during this period an executive interim agency received £24,940 in respect of standard services, of which the agency retained £3,366.90. Land Registry also paid the agency VAT of £4,988, which Land Registry was not able to recover.
7. Stephen Park was transferred onto payroll from 1 June 2014 and a transfer fee of £17,760 was paid to an executive agency. Land Registry also paid the agency VAT of £3,552, which Land Registry was not able to recover. Stephen Park left Land Registry with a leaving date of 16 January 2015.
8. Camilla Black left Land Registry on 9 May 2014. Under the terms of this appointment an executive interim agency received £30,160 in respect of standard services, of which the agency retained £4,071.60. Land Registry also paid the agency VAT of £6,032, which Land Registry was not able to recover.
9. Maggie Telfer was appointed as acting Director of Operations from 19 March 2015.
10. Paul Dowse was appointed as acting Director of Strategy from 1 April 2014.
11. Jon Parry was appointed as interim Director of Digital Services from 5 January 2015.
12. Eddie Davies stood down as acting Director of Commercial & Customer Strategy on 5 September 2014.
13. None of the directors paid into a stakeholder pension.

Salary – non-executive directors¹

	2014/15 £'000	2013/14 £'000
Mark Boyle Non-Executive Chair	60 – 65	60 – 65
Tim Franklin Non-Executive Director	20 – 25	20 – 25
Annual equivalent	–	–
Catrina Holme Non-Executive Director	20 – 25	20 – 25
Annual equivalent	–	–
Leo Geddes ² Non-Executive Director	–	–
Gerard Connell Non-Executive Director	20 – 25	10 – 15
Annual equivalent	–	(20 – 25)

1. Audited.

2. Leo Geddes is a full-time employee of the Department for Business, Innovation and Skills; he receives no additional remuneration from Land Registry in relation to his role as a non-executive director.

Salary

‘Salary’ includes gross salary, reserved rights to London weighting or London allowances, recruitment and retention allowances and any other allowance to the extent that it is subject to UK taxation. The table on page 60 is based on accrued payments made by Land Registry and thus recorded in these accounts.

Benefits in kind

The monetary value of benefits in kind covers any benefits provided by Land Registry and treated by HM Revenue & Customs as a taxable emolument.

Performance awards

Performance awards are based on performance levels attained and are made as part of the appraisal process. Performance awards relate to the performance in the year in which they were paid to the individual. The performance awards reported in 2014/15 related to the performance in 2013/14 and the comparative performance awards reported for 2013/14 related to the performance in 2012/13.

Pension benefits¹

	Real increase in pension and lump sum at 60		Total accrued at March 2015		Cash equivalent transfer value (CETV) at 31 March		Real increase in CETV after adjustment for inflation and changes in investment factors
	Pension £'000	Lump sum £'000	Pension £'000	Lump sum £'000	2015 £'000	2014 ² £'000	£'000
Ed Lester ³ Chief Executive and Chief Land Registrar	2.5 – 5.0	–	5 – 10	–	107	51	43
John Peadar ⁴ Interim Chief Executive and Chief Land Registrar	0.0 – 2.5	2.5 – 5.0	40 – 45	130 – 135	940	877	20
Alasdair Lewis Director of Legal Services & Deputy Chief Land Registrar	0.0 – 2.5	2.5 – 5.0	35 – 40	110 – 115	761	708	17
Catherine Vaughan ⁵ Finance Director	0.0 – 2.5	–	0 – 5	–	6	–	4
Caroline Anderson Director of Human Resources	0.0 – 2.5	–	0 – 5	–	35	8	19
Maggie Telfer ⁶ Acting Director of Operations	0.0 – 2.5	0.0 – 2.5	25 – 30	80 – 85	459	428	9
Rowland Coombs Director of Information Systems	0.0 – 2.5	2.5 – 5.0	30 – 35	100 – 105	696	645	19
Paul Dowse Acting Director of Strategy	0.0 – 2.5	5.0 – 7.5	25 – 30	85 – 90	425	375	30
Jon Parry ⁷ Interim Director of Digital Services	–	–	–	–	–	–	–
Eddie Davies Acting Commercial & Customer Strategy Director	0.0 – 2.5	2.5 – 5.0	20 – 25	70 – 75	372	344	9

1. Audited.
2. The actuarial factors used to calculate CETVs were changed in 2013/14. The CETVs at 31/3/14 and 31/3/15 have both been calculated using the new factors, for consistency. The CETV at 31/3/14 therefore differs from the corresponding figure in last year's report, which was calculated using the previous factors.
3. Ed Lester until 18 March 2015.
4. John Peadar interim Chief Executive and Chief Land Registrar from 19 March 2015, previously Director of Operations.
5. Catherine Vaughan from 5 January 2015.
6. Maggie Telfer from 19 March 2015.
7. Jon Parry is not in a Land Registry pension scheme.
8. No director paid into a stakeholder pension.

Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a final salary scheme (classic, premium, or classic plus); or a whole career scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 1.5 per cent and 6.85 per cent of pensionable earnings for classic and 3.5 per cent and 8.85 per cent for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3 per cent of their pensionable earnings in that scheme year and the accrued pension is up-rated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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 an approved stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute but where they do make contributions, the employer will match these up to a limit of 3 per cent of pensionable salary (in addition to the employer's basic contribution). Land Registry also contributes a further 0.8 per cent of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

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

Further details about the Civil Service pension arrangements can be found at www.civilservicepensionscheme.org.uk

New Career Average pension arrangements will be introduced from 1 April 2015 and the majority of classic, premium, classic plus and nuvos members will join the scheme.

Further details of this new scheme are available at

www.civilservicepensionscheme.org.uk/members/the-new-pension-scheme-alpha

Cash equivalent transfer values

A cash equivalent transfer value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The CETV figures include the value of any pension benefit in another scheme or arrangement that the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefit at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax, which may be due when pension benefits are taken.

Real increase in CETV

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

Reporting of Civil Service and other compensation schemes – exit packages¹

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2015	2014	2015	2014	2015	2014
£0–£10,000	–	–	2	–	2	–
£10,001–£25,000	–	–	10	2	10	2
£25,001–£50,000	–	–	27	15	27	15
£50,001–£100,000	–	–	25	2	25	2
£100,001–£150,000	–	–	4	2	4	2
£150,001–£200,000	–	–	1	–	1	–
>£200,000	–	–	–	–	–	–
Total number of exit packages	–	–	69	21	69	21
Total cost	–	–	£3,621,025	£1,004,362	£3,621,025	£1,004,362

1. Audited

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

There were no ex-gratia payments in 2014/15 (2013/14: none).

Compensation for loss of office

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

Pay multiples

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. Total remuneration includes salary, non-consolidated performance-related payments and benefits in kind, as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

	2014/15	2013/14
Band of highest paid director's total remuneration (£'000)	150 – 155	135 – 140
Median total (£)	28,359	27,394
Remuneration ratio	5.4	5.0

In 2014/15 no employees received remuneration in excess of the highest paid permanent director. Remuneration ranged from £150,000 – £155,000 to £15,000 – £20,000, (2013/14: £135,000 – £140,000 to £15,000 – £20,000).

The median salary increased partly due to pay progression where applicable following the Employment Tribunal decision. The Chief Executive's remuneration increased due to the award of a performance bonus for the year 2013/14.

Use of the remuneration of an interim director appointed in January 2015 on a short-term basis to provide expertise in a key role during a period of significant change would distort the remuneration ratio over the longer term, and therefore has not been shown above.

Graham Farrant

Chief Executive and Chief Land Registrar
17 June 2015



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 HM Land Registry for the year ended 31 March 2015 under the Government Trading Funds Act 1973. The financial statements comprise: the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Reserves; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Chief Land Registrar and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Land Registrar as Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Government Trading Funds Act 1973. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to HM Land Registry's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by HM Land Registry; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

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

Opinion on Regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament

and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view of the state of HM Land Registry's affairs as at 31 March 2015 and of its retained loss for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Trading Funds Act 1973 and HM Treasury directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Trading Funds Act 1973; and
- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP
18 June 2015



Financial statements

Statement of comprehensive income for the year ended 31 March 2015

		2015	2014
	Notes	£'000	£'000
Income – continuing operations	2	297,080	381,278
Cost of service	2	(236,571)	(227,871)
Gross surplus		60,509	153,407
Administrative expenses	2	(12,968)	(12,053)
Operating surplus		47,541	141,354
(Loss)/Profit on disposal of non-current assets		(10)	66
Investment income – interest receivable	5	1,881	1,622
Finance costs	6	(899)	(953)
Amortisation and depreciation of e-service systems	8.1, 9.1	(3,530)	(5,357)
Restructure and reorganisation costs	3.2	(5,347)	(1,630)
Development costs	3.3	(3,028)	–
Surplus for the financial year		36,608	135,102
Dividend payable	7	(19,114)	(26,654)
Special dividend	7	(100,000)	(100,000)
Retained (loss)/surplus for the financial year		(82,506)	8,448
(Loss)/Gain on revaluation of property, plant and equipment		(1,074)	1,373
Comprehensive (loss)/surplus for the financial year		(83,580)	9,821

The notes on pages 73 to 97 are an integral part of these accounts.

Statement of financial position as at 31 March 2015

		2015	2014
	Notes	£'000	£'000
Non-current assets			
Property, plant and equipment	8	80,262	87,334
Intangible assets	9	7,590	11,194
Other receivables	11.2	1,357	1,771
Total non-current assets		89,209	100,299
Current assets			
Inventories	10	2,489	1,615
Trade and other receivables	11.1	7,818	9,616
Cash and cash equivalents	12	397,752	464,639
Total current assets		408,059	475,870
Non-current assets classified as held for sale	8.3	12,150	12,950
Total assets		509,418	589,119
Current liabilities			
Trade and other payables	13.1	48,173	46,393
Obligations under finance leases	13.1, 15.1	621	1,376
Short-term provisions	17.1	10,218	10,015
		59,012	57,784
Indemnity Fund	17.2	73,600	64,900
Total current liabilities		132,612	122,684
Non-current assets plus net current assets		376,806	466,435
Non-current liabilities			
Obligations under finance leases	13.2, 15.1	5,215	6,548
Long-term provisions	17.1	11,265	15,466
Total non-current liabilities		16,480	22,014
Net assets		360,326	444,421
Capital and reserves			
Public Dividend Capital		61,545	61,545
Revaluation reserve		31,474	32,680
Income and expenditure account		267,307	350,196
		360,326	444,421

The notes on pages 73 to 97 are an integral part of these accounts

Graham Farrant
Chief Executive and Chief Land Registrar
17 June 2015

Statement of changes in reserves for the year ended 31 March 2015

	Public Dividend Capital	Revaluation reserve	I&E reserve	Total reserves
	£'000	£'000	£'000	£'000
Balance at 31 March 2013	61,545	32,494	341,470	435,509
Changes in reserves 2013/14				
Revaluation reserve				
Transfer to retained earnings	–	(278)	278	–
Revaluation of non-current assets	–	(909)	–	(909)
Comprehensive surplus	–	1,373	8,448	9,821
Balance at 31 March 2014	61,545	32,680	350,196	444,421
Changes in reserves 2014/15				
Revaluation reserve				
Transfer to retained earnings	–	(132)	271	139
Revaluation of non-current assets	–	–	(654)	(654)
Comprehensive deficit	–	(1,074)	(82,506)	(83,580)
Balance at 31 March 2015	61,545	31,474	267,307	360,326

The notes on pages 73 to 97 are an integral part of these accounts

Cash flow statement for the year ended 31 March 2015

		2015	2014
	Notes	£'000	£'000
Net cash inflow from operating activities	20.1	57,932	139,599
Investing activities			
Purchase of tangible assets		(1,976)	(1,725)
Purchase of intangible assets		(467)	(77)
Proceeds on disposal of tangible assets		1,450	1,755
Interest received		1,656	1,139
Net cash inflow from investing activities		663	1,092
Financing activities			
Dividends paid		(121,654)	(145,960)
Repayments of capital element of obligations under finance leases		(2,929)	(1,722)
Interest elements of obligations under finance leases		(899)	(953)
Net cash outflow from financing activities		(125,482)	(148,635)
Net decrease in cash and cash equivalents	20.2	(66,887)	(7,944)
Cash and cash equivalents at beginning of year	20.2	464,639	472,583
Cash and cash equivalents at end of year	12	397,752	464,639

The notes on pages 73 to 97 are an integral part of these accounts

Notes to the financial statements

1 Statement of accounting policies

1.1 Basis of preparation

These financial statements have been prepared in accordance with the Government Financial Reporting Manual (FReM) 2014/15 and comply with the Accounts Direction given by the Treasury in accordance with section 4 (6) (a) of the Government Trading Funds Act 1973. The accounting policies contained in the FReM follow International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy that has been judged to be the most appropriate to the particular circumstances of Land Registry for the purposes of giving a true and fair view has been selected. Land Registry's accounting policies have been applied consistently in dealing with items considered material in relation to the financial statements.

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

There is one IFRS in issue but not yet effective, for the accounting period under review, IFRS 13 Fair Value - Measurement, which has been prepared to provide consistent guidance on fair value measurement. It is subject to further review by HM Treasury before adoption, but is not expected to have a material impact on the financial statements.

1.2 Accounting convention

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

1.3 Estimation techniques

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are

Note 17.2 - estimated provision for indemnity claims.

Note 8 - impairment of non-current assets.

Note 17.1 - early retirement and severance provisions.

Note 13 - deferred income - fees received in advance.

1.4 Fee income

Income from fees and charges is recognised in the financial statements of the financial year in which the service is delivered. Income is recognised net of any refunds for transactions that are not completed or on transactions where erroneous information is provided by customers.

Certain services require receipt of payment upon application resulting in payments being received for services not yet delivered within the financial year being reported. These amounts are reported as 'fees received in advance' and disclosed within current liabilities. Fees are recognised once the register has been fully updated following receipt of an application.

1.5 Operating segments

Land Registry's operating segments are organised around the services it provides and are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The three main business segments are Registration of Title, Land Charges and Agricultural Credits and Commercial Income. This is based on the group's internal organisation and management structure, and is the primary way in which the CODM is provided with financial information. The CODM of Land Registry is Graham Farrant.

Local Land Charges

Following the passing of the Infrastructure Act 2015, Land Registry has been given responsibility for registering local land charges. In preparing for the provision of this service, related expenditure is being expensed as incurred as it does not meet the criteria for capitalisation. It is recorded in the accounts under 'Development Costs'.

1.6 Insurance

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

1.7 Employee benefits

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

1.8 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 on a reasonable and consistent basis. Land Registry has therefore accounted for contributions and payments to the PCSPS scheme under IAS 19 as if it were a defined contribution scheme. Liability for the payment of future benefits is a charge on the PCSPS.

1.9 Property, plant and equipment

Freehold and leasehold land and buildings are professionally valued every three years. In the intervening years the Valuation Office Agency provides a 'desktop' valuation. A desktop valuation was carried out in January 2015.

Land Registry is required by the FReM to disclose other non-current assets in the statement of financial position at fair value. For short life non-property assets historical cost is used as an approximation to the fair value of the asset. Freehold land and buildings and leasehold buildings are included at revaluation less accumulated depreciation and impairment losses. All other tangible non-current assets are included at historical cost less accumulated depreciation and impairment losses.

Assets in the course of construction are not depreciated. For other assets the depreciation charge is calculated so as to allocate the cost or revalued amount, less the estimated residual value, of non-current assets systematically over their remaining useful lives using the straight-line method.

Other property, plant and equipment includes IT and office equipment and machinery. Land Registry capitalises expenditure over £1,000 for an individual asset. Where appropriate, individual assets falling below the minimum value for capitalisation are grouped. It is Land Registry's policy not to capitalise expenditure on fixtures and fittings, principally office furniture, as they are not considered material.

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

The following asset depreciation rates are used.

Freehold land	nil
Freehold buildings	2 per cent
Leasehold buildings	period of the lease
Telecommunications equipment	20 per cent
Office equipment	20 per cent
Computers:	mainframe 20 per cent
	PCs 33 ¹ / ₃ per cent
Structured cabling	10 per cent
Plant and heavy machinery	10 per cent

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

1.10 Impairment of non-current assets

Impairment reviews are undertaken at each year end and if there are indications that the asset has suffered an impairment loss a charge is reflected in the statement of comprehensive income in the year in which it occurs. If the asset is carried at a revalued amount, the impairment loss is treated as a revaluation decrease, to the extent of the revaluation reserve that relates to the asset, with any excess in the statement of comprehensive income. If any such indication exists the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use the estimated future cash flows are discounted to their present value using the applicable government discount rate of 3.5 per cent.

1.11 Intangible assets

Software licences

Separately acquired intangible assets are shown at historical cost. The costs incurred to acquire and bring these assets to use are capitalised. These include contractors' charges, materials, directly attributable labour and directly attributable overhead costs.

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

Mainframe	20 per cent
PCs	33 ¹ / ₃ per cent

Software development costs

In accordance with IAS 38, expenditure incurred on developing new IT infrastructure (covering third party costs and the direct costs of in-house staff effort) can be capitalised. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by Land Registry are recognised as intangible assets when the following criteria are met.

- It is technically feasible to complete the software product so that it will be available for use.
- Management intends to complete the software product and use or sell it.
- There is an ability to use or sell the software product.
- It can be demonstrated how the software product will generate probable future economic benefit.
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available.
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

All research expenditure is written off as incurred.

Land Registry portal, E-security and Business Gateway

Land Registry has developed three systems, all of which are now in use, to deliver e-services. The costs of developing the IT systems (Land Registry portal, E-security and Business Gateway) have been capitalised as intangible assets on the statement of financial position. These assets are now being amortised on a straight line basis, at a rate of 12.5 per cent over the expected useful lives of the systems, which have been determined with reference to the useful lives of other similar assets in use in Land Registry. Where significant enhancements to these systems are made, the costs incurred are treated as a separate component and may be capitalised (subject to meeting the criteria for capitalisation within IAS 38). These components are amortised over their useful life.

1.12 Inventories

Work-in-progress is stated at the lower of cost and net realisable value. Cost includes internal costs of staff and directly attributable overheads in preparing the Land Registry certificate for the customer. Net realisable value is based on the fee that is charged to the customer less further costs expected to be incurred in completing the services.

1.13 Trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for irrecoverable amounts. These impairment provisions are recorded in administrative expenses within the statement of comprehensive income. The carrying amount of trade receivables is deemed to be an approximation of fair value.

If collection of amounts receivable is expected in one year or less they are classified as current assets.

1.14 Cash and cash equivalents

Cash represents cash-in-hand, cash held with the Government Banking Service, cash on deposit with the National Loans Fund and in commercial bank accounts. The commercial bank and GBS deposits are immediately available funds. National Loans Fund deposits are short term investments of six months or less and cannot be repaid until maturity of the loan.

1.15 Trade payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not they are presented as non-current liabilities. Trade payables are stated at their nominal value. The carrying amount of trade payables is deemed to be an approximation of fair value.

1.16 Embedded derivatives

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

1.17 Provisions

Land Registry provides for legal and constructive obligations that are of uncertain timing or amount at the statement of financial position date, on the basis of management's best estimate of the expenditure required to settle the obligation at the statement of financial position date. If the effect of discounting is material, provisions are discounted to the expected present value of their future cash flows using a risk free discount rate. Where appropriate this is supported by independent professional advice. Provisions are charged to the statement of comprehensive income and recorded as liabilities in the statement of financial position. (Further details, including sensitivities, are given in Note 17.)

1.18 Indemnity Fund

Schedule 8 to the Land Registration Act 2002 requires Land Registry to indemnify third parties against loss caused by mistakes in the register, mistakes in search results and loss of documents by the Registry. Most of Land Registry's indemnity claims arise as a result of mistakes in the register, and some of these mistakes are the result of forgery of documents such as charges. Indeed fraud/forgery usually accounts for the largest share of indemnity payments, and this year is no exception. Under Schedule 8 to the Act, Land Registry has statutory rights to recover these payments from third parties, where it is the case that third parties are at fault, either wholly or partly, for the loss.

As at the current accounting date, future claim payments are uncertain in timing and amount. The Indemnity Fund is established on the basis of the best estimate of the expenditure required to settle the obligation. The Indemnity Fund is determined after considering actuarial estimates of the cost of claims reported but not settled, as well as claims incurred but not reported. The estimated cost of claims includes expenses incurred in settling these claims.

The carrying amount of the Indemnity Fund is derived from critical judgements, estimates and assumptions based upon historical experience and other factors which are considered to be relevant. These estimates and underlying assumptions are reviewed on a quarterly basis by the Land Registry, supported by its actuaries Lane, Clark & Peacock LLP.

After the accounting date, a further review of claims received by Land Registry (up to the date the Accounting Officer approves the Annual Report and Accounts) is made to see if the indemnity fund is still appropriately valued. Provided in these accounts are the likely settlement values of current and future claims against the Indemnity Fund. Further details of the Indemnity Fund is shown in note 17.2 of this report.

1.19 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 (see note 19.1).

1.20 Finance leases

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

1.21 Operating leases

An operating lease is a lease other than a finance lease. Payments made under operating leases, net of any incentives received from the lessor, (including contracts with fixed escalation clauses), are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

1.22 Payments to Public Private Partnership (PPP) suppliers

An agreement between Sorpa Steria and Land Registry for the provision of computer equipment and IT infrastructure necessary for the provision of services to our customers, together with their maintenance ended on 22 July 2014 at which point the service was transferred to an in-house IT managed service team. Payments under the contract to 22 July 2014 are allocated between payments for the assets and payments for maintenance based on the relative values of the services provided.

From 22 July 2014, any outstanding leases were transferred directly to Land Registry and continue to be treated under the guidance of IAS 17 Leases. IAS 17 requires that property, plant and equipment, where Land Registry retains substantially all the risks and rewards of ownership of those assets, are classified as finance leases. Finance leases are capitalised at the commencement of the lease at lower of the fair value of the leased property and the present value of minimum lease payments.

Each lease payment is allocated between liability and finance charges. The rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period. The equipment acquired under the finance lease

with Steria is depreciated over the shorter of the useful life of the asset and the lease term.

1.23 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 non-current assets. Where output tax is charged or input tax is recoverable the amounts are stated net of VAT.

1.24 Taxation

As a trading fund, Land Registry is not liable for Corporation Tax.

1.25 Interest income

Interest income represents interest receivable on the short-term bank deposits and is recognised in the statement of comprehensive income on an accruals basis.

1.26 Treasury dividend

Land Registry is required to pay the Treasury an annual dividend being 4.6 per cent of the average capital employed during the financial year. Land Registry considers it sufficient to calculate this figure using an annual average. There is no material impact of calculating this figure using an alternative method e.g. monthly average.

1.27 Prior period re-statements

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

There have been no prior period re-statements in 2014/15.

2 Business segments

International Financial Reporting Standard 8 (IFRS 8) – Operating Segment Reporting, requires analysis of income and expenditure by principle business activities.

There are three separate areas for statutory services carried out by Land Registry: registration of title; registration of land charges; and registration of mortgages made under the Agricultural Credits Act 1928. For operational purposes, Land Registry combines delivery of these latter two services and this is reflected in this segmental analysis.

Land Registry also provides a range of commercial services which is shown separately as a business segment.

Detailed in the table below is the income from statutory fees and commercial charges, the cost of service and the net surplus for each of the business segments. The cost of service and administrative expenses are allocated if separately identifiable with the service or otherwise apportioned in proportion to the income generated by each segment.

	Statutory		Non-statutory	2015	Statutory		Non-statutory	2014
	Registration of title	Land charges and agricultural credits	Commercial income	Total	Registration of title	Land charges and agricultural credits	Commercial income	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income	286,696	5,749	4,635	297,080	371,777	5,585	3,916	381,278
Cost of service	(228,716)	(5,253)	(2,602)	(236,571)	(219,047)	(5,083)	(3,741)	(227,871)
Administrative expenses	(12,376)	(260)	(332)	(12,968)	(11,505)	(279)	(269)	(12,053)
Operating surplus (deficit)	45,604	236	1,701	47,541	141,225	223	(94)	141,354

A more detailed analysis of the income for each segment can be found in Note 2.1.

The surplus for the year on commercial income of £1.7m is higher than expected. Revenues were higher than planned as a consequence of postponing the decommissioning of certain services and an unexpected increase in demand for services that we had considered to be in decline. In addition, the costs of our services were lower than planned as a result of delay in development of planned new services and a reduction in staffing. Land Registry operates a sustainable pricing model for commercial services over the longer term and so the higher than expected surplus for 2014/15 will be used to fund planned developments, albeit later than previously timetabled.

2.1 Income

Land Registry's income for 2014/15 derived from fees and charges, analysed by business segment and service type, was as follows:

Revenue Analysis

	Statutory		Non-statutory		Statutory		Non-statutory	
	Registration of title	Land charges and agricultural credits	Commercial income	Total	Registration of title	Land charges and agricultural credits	Commercial income	Total
				2015				2014
Income: Fees	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Enquiry Services Fees	17,349	–	–	17,349	16,101	–	–	16,101
Dealings Fees	165,456	–	–	165,456	249,868	–	–	249,868
First Registration Fees	15,398	–	–	15,398	17,343	–	–	17,343
Transfer of Parts Fees	23,593	–	–	23,593	21,310	–	–	21,310
First Lease (DFL) Fees	20,174	–	–	20,174	19,902	–	–	19,902
Land Charges Fees	–	5,749	–	5,749	–	5,585	–	5,585
Fee Refunds	(2,057)	–	–	(2,057)	(3,072)	–	–	(3,072)
Office Copy Fees	38,363	–	–	38,363	41,140	–	–	41,140
Searches Fees	6,928	–	–	6,928	6,751	–	–	6,751
Index Maps (SIM) Fees	1,484	–	–	1,484	2,422	–	–	2,422
Other Fees	8	–	–	8	12	–	–	12
Statutory Fees	286,696	5,749	–	292,445	371,777	5,585	–	377,362
Commercial Income								
Non-spatial Data	–	–	156	156	–	–	181	181
Spatial Data	–	–	958	958	–	–	597	597
Consultancy Services	–	–	1,996	1,996	–	–	1,864	1,864
Financial Market Services	–	–	289	289	–	–	258	258
Commercial Services Income	–	–	949	949	–	–	906	906
Data Services	–	–	152	152	–	–	–	–
Flood Risk Indicator	–	–	135	135	–	–	110	110
Commercial Income	–	–	4,635	4,635	–	–	3,916	3,916
Total Income	286,696	5,749	4,635	297,080	371,777	5,585	3,916	381,278

This information is provided for the purpose of analysing Land Registry's fees and charges and not for IFRS 8 segmental analysis purposes. Detailed analysis of charges by service is not currently possible as expenditure is not recorded on this specific basis at present. In 2015/16, Land Registry will be developing a new fee strategy in discussion with HM Treasury. As part of this work, appropriate cost capture mechanisms will be developed.

In respect of commercial income, as a Public Sector Information Holder, Land Registry complies with the cost allocation and charging requirements set out in HM Treasury and Office of Public Sector Information guidance.

3 Operating surplus

3.1 Operating surplus is stated after charging

	2015	2014
	£'000	£'000
Staff costs (see note 4.1)	165,235	154,099
Provision for indemnity costs	8,700	(2,900)
IT infrastructure costs (see note 22)	2,616	9,544
Hire of machinery	5,448	4,815
Auditor's remuneration – audit fee	65	65
Depreciation of tangible non-current assets – owned	5,042	4,471
Depreciation of tangible non-current assets – leased	1,082	2,089
Amortisation of intangible assets	514	1,280
Impairment in value of non-current assets	1,125	648
Charge for operating leases – buildings	1,321	1,395
Miscellaneous income	(2,265)	(2,087)

3.2 Restructure and reorganisation costs

	2015				2014			
	Early retirement	Early severance	ATP	Total	Early retirement	Early severance	ATP	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Costs incurred in year	157	1,348	982	2,487	71	–	712	783
Costs provided/ (released) in year	588	2,272	–	2,860	874	(27)	–	847
	745	3,620	982	5,347	945	(27)	712	1,630
Profit on disposal	–	–	–	–	–	–	(56)	(56)
	745	3,620	982	5,347	945	(27)	656	1,574

The profit on disposal relates to the sale of Brickdale House, Stevenage as part of the Accelerated Transformation Programme (ATP).

3.3 Local Land Charges development costs

	2015	2014
	£'000	£'000
Costs incurred in year	3,028	–
	3,028	–

The Infrastructure Act 2015 passed to Land Registry the responsibility for maintaining a register of Local Land Charges and we are in the process of developing this statutory service as a new business segment. Costs related to the development of this service are recorded separately and shown in the table. Amounts for 2013/14 were included within operating costs in the accounts of that year as there was no statutory authority for the new service at that time.

4 Employee information

4.1 Staff costs

	2015			2014		
	Permanent staff	Others	Total	Permanent staff	Others	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Salaries	128,319	4,116	132,435	121,510	1,506	123,016
Social security costs	9,802	36	9,838	9,080	21	9,101
Other pension costs	22,886	76	22,962	21,932	50	21,982
Total staff costs	161,007	4,228	165,235	152,522	1,577	154,099

4.2 Staff numbers

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

	2015			2014		
	Permanent staff	Others	Total	Permanent staff	Others	Total
Senior management	7	1	8	7	1	8
Operational	3,369	9	3,378	3,425	1	3,426
Administration	234	18	252	231	8	239
IT	354	41	395	357	12	369
	3,964	69	4,033	4,020	22	4,042

4.3 The salary and pension entitlements of the Chief Executive and the directors of Land Registry are included in the Remuneration report on pages 57 to 65.

4.4 Pensions

Pension benefits are provided for the majority of staff through the PCSPS. For 2014/15 employer contributions of £22.9 million (2013/14: £21.9 million) were payable to PCSPS at one of four rates in the range 16.7 per cent to 24.3 per cent of pensionable pay, based on salary bands. The scheme's actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2014/15 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Land Registry employer contributions to partnership stakeholder pensions for 2014/15 were £49,316 (2013/14: £32,599). Land Registry also contributed a further £3,208 (2013/14: £2,109) to cover the cost of centrally provided risk benefit cover (death in service and ill-health retirement). Any contributions due to the partnership pension providers at the statement of financial position date or contributions prepaid at that date were not material. Three individuals retired early during the year on ill-health grounds. The total additional accrued pension liabilities in the year amounted to £23,558 (2013/14: £9,743).

Further information relating to pension arrangements

can be found in the Remuneration report on pages 57 to 65 and note 1.8 on page 74.

5 Investment income

	2015	2014
	£'000	£'000
Interest on bank deposits	1,881	1,622

6 Finance costs

	2015	2014
	£'000	£'000
Interest on obligations under finance leases	899	953

7 Dividend payable

	2015	2014
	£'000	£'000
Dividend payable	19,114	26,654
Special dividend	100,000	100,000
	119,114	126,654

In February 2015 a special dividend was paid to HM Treasury.
In March 2015 an interim payment of £15 million was made in respect of the ordinary dividend.
See note 1.26 on page 77 for the accounting policy relating to dividend payments.

8 Property, plant and equipment

8.1 Cost or valuation

	Property			Plant and equipment			
	Freehold		Leasehold	Assets under construction	IT related assets	Other plant and equipment	Total
	Land	Buildings	Buildings				
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2014	13,962	55,373	28,503	656	73,061	4,934	176,489
Additions	–	–	–	–	2,317	344	2,661
Assets brought into use	–	139	–	(172)	17	–	(16)
Revaluation in year	(151)	832	(2,405)	–	(468)	–	(2,192)
Reclassification of assets	–	–	–	(484)	59	–	(425)
Impairment	–	(2)	(455)	–	–	–	(457)
Disposals	–	–	–	–	(9,472)	(866)	(10,338)
At 31 March 2015	13,811	56,342	25,643	–	65,514	4,412	165,722

Accumulated depreciation and impairment

At 1 April 2014	–	14,232	7,109	–	64,036	3,778	89,155
Provided during the year	–	1,518	1,287	–	4,465	199	7,469
Current cost revaluation	–	(515)	(731)	–	–	–	(1,246)
Reclassification of assets	–	–	–	–	59	–	59
Disposals	–	–	–	–	(9,118)	(859)	(9,977)
At 31 March 2015	–	15,235	7,665	–	59,442	3,118	85,460
Carrying amount at 31 March 2015	13,811	41,107	17,978	–	6,072	1,294	80,262

8.2 Cost or valuation

	Property			Plant and equipment		Other plant and equipment	Total
	Freehold		Leasehold	Assets under construction	IT related assets		
	Land	Buildings	Buildings				
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2013	13,962	54,999	27,648	155	72,897	5,268	174,929
Additions	–	–	–	664	1,338	40	2,042
Assets brought into use	–	–	–	(163)	133	–	(30)
Revaluation in year	–	791	582	–	–	–	1,373
Reclassification of assets	–	(416)	417	–	2,243	–	2,244
Impairment	–	–	(144)	–	–	–	(144)
Disposals	–	(1)	–	–	(3,550)	(374)	(3,925)
At 31 March 2014	13,962	55,373	28,503	656	73,061	4,934	176,489

Accumulated depreciation and impairment

At 1 April 2013	–	13,326	6,308	–	60,007	3,899	83,540
Provided during the year	–	1,526	1,298	–	5,146	228	8,198
Current cost revaluation	–	(529)	(587)	–	–	–	(1,116)
Reclassification of assets	–	(90)	90	–	2,243	–	2,243
Disposals	–	(1)	–	–	(3,360)	(349)	(3,710)
At 31 March 2014	–	14,232	7,109	–	64,036	3,778	89,155
Carrying amount at 31 March 2014	13,962	41,141	21,394	656	9,025	1,156	87,334

See note 1.9 on page 74 for details of the property, plant and equipment accounting policy.

See note 1.10 on page 74 for details of the impairment accounting policy.

The net amount of finance leases at the end of the year was £1.2 million (2013/14: £3.77 million). In the year £0.3 million of depreciation, £2.1 million downward revaluation and an impairment charge of £0.3m was charged to these finance lease assets.

£0.1 million of depreciation has been charged to amortisation and depreciation of e-service systems

8.3 Non-current assets classified as held for sale

Chalfont Drive, Nottingham was transferred to assets held for sale in 2012/13 and in 2014/15 has been revalued at fair value less costs to sell for the sum of £12.2 million.

9 Intangible assets

9.1 Cost

	E-security £'000	Portal £'000	Business Gateway £'000	Software licences £'000	Total £'000
At 1 April 2014	9,691	15,967	1,766	42,858	70,282
Additions	–	–	–	509	509
Assets brought into use	–	–	–	16	16
Reclassification	–	–	–	(59)	(59)
Revaluation	–	–	–	(186)	(186)
Disposals	–	–	–	(1,018)	(1,018)
At 31 March 2015	9,691	15,967	1,766	42,120	69,544
Amortisation					
At 1 April 2014	6,057	9,980	1,104	41,947	59,088
Charge for the year	1,211	1,996	222	514	3,943
Reclassification	–	–	–	(59)	(59)
Disposals	–	–	–	(1,018)	(1,018)
At 31 March 2015	7,268	11,976	1,326	41,384	61,954
Carrying amount at 31 March 2015	2,423	3,991	440	736	7,590

9.2 Cost

	£'000	£'000	£'000	£'000	£'000
At 1 April 2013	9,691	15,967	1,766	52,002	79,426
Additions	–	–	–	46	46
Assets brought into use	–	–	–	31	31
Reclassification	–	–	–	(2,243)	(2,243)
Disposals	–	–	–	(6,978)	(6,978)
At 31 March 2014	9,691	15,967	1,766	42,858	70,282
Amortisation					
At 1 April 2013	4,442	7,319	544	49,858	62,163
Charge for the year	969	1,597	177	1,280	4,023
Change to asset life	646	1,064	383	–	2,093
Reclassification	–	–	–	(2,243)	(2,243)
Disposals	–	–	–	(6,948)	(6,948)
At 31 March 2013	6,057	9,980	1,104	41,947	59,088
Carrying amount at 31 March 2014	3,634	5,987	662	911	11,194

See note 1.11 on page 74 for details of the intangible assets accounting policy.

£3.4 million of amortisation has been charged to amortisation and depreciation of e-service systems.

10 Inventories

	2015	2014
	£'000	£'000
Work-in-progress	2,489	1,615
	2,489	1,615

11 Trade and other receivables

11.1 Current

	2015	2014
	£'000	£'000
Trade receivables	2,238	2,250
Other receivables	1,994	2,702
Prepayments and accrued income	3,586	4,664
	7,818	9,616

The average credit period taken on provision of services is two days. No interest is charged on the receivables. An allowance has been made for estimated irrecoverable amounts from the provision of services and this allowance has been determined by reference to past default experience.

11.2 Non-current

	2015	2014
	£'000	£'000
Other receivables	375	453
Prepayments	982	1,318
	1,357	1,771

The carrying amount of trade and other receivables is deemed to be an approximation of their fair value. Included within prepayments is £585.6k relating to scanning equipment for the Virtual Post Room.

12 Cash at bank and in hand

	2015	2014
	£'000	£'000
Government Banking Service	36,539	6,828
Commercial banks and cash-in-hand	30,817	36,930
National Loans Fund	330,396	420,881
	397,752	464,639

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

13 Trade and other payables

13.1 Current

	2015 £'000	2014 £'000
Trade payables	2,801	1,476
Taxation and social security	2,598	2,596
Other payables	2,512	2,433
Accruals	23,203	21,292
Net obligations under finance leases – Buildings	146	357
Net obligations under finance leases – Computer Equipment	475	1,019
Deferred income – fees received in advance	12,945	11,942
Dividend payable	4,114	6,654
	48,794	47,769

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

13.2 Non-current

	2015 £'000	2014 £'000
Net obligations under finance leases – Buildings	5,089	5,236
Net obligations under finance leases – Computer Equipment	126	1,312
	5,215	6,548

14 Intra-government balances

14.1 Receivables

	Current		Non-current	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Balances with				
Other central government bodies	1,858	2,741	–	–
Local authorities	683	44	–	–
Public corporations	–	102	–	–
Intra-government balances	2,541	2,887	–	–
Balances with bodies external to government	5,277	6,729	1,357	1,771
Total receivables	7,818	9,616	1,357	1,771

14.2 Payables

	Current		Non-current	
	2015	2014	2015	2014
Balances with	£'000	£'000	£'000	£'000
Other central government bodies	10,244	13,952	–	–
Local authorities	95	47	–	–
Public corporations and trading funds	31	1,338	–	–
Intra-government balances	10,370	15,337	–	–
Balances with bodies external to government	38,424	32,432	5,215	6,548
Total payables	48,794	47,769	5,215	6,548

15 Obligations under leases

15.1 Finance leases

	Minimum lease payments		Present value of minimum lease payments	
	2015	2014	2015	2014
Amounts payable under finance leases	£'000	£'000	£'000	£'000
Within one year	1,322	2,228	621	1,376
In the second to fifth years inclusive	3,511	4,771	933	2,024
After five years	7,614	8,460	4,282	4,524
	12,447	15,459	5,836	7,924
Less: future finance charges	(6,611)	(7,535)		
Present value of lease obligations	5,836	7,924		
Less: amount due for settlement within 12 months (shown under current liabilities)			(621)	(1,376)
Amount due for settlement after 12 months			5,215	6,548

15.2 Operating leases

	2015	2014
	£'000	£'000
Minimum lease payments under operating leases recognised in the year	1,444	1,750
Income from tenants	(123)	(355)
	1,321	1,395

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

	2015	2014
	£'000	£'000
Within one year	405	–
In the second to fifth years inclusive	–	540
After five years	1,021	904
Income due from tenants	(65)	(123)
	1,361	1,321

Operating lease payments represent rentals payable

by Land Registry for land and buildings, including the Nottingham and Peterborough local offices.

16 Loans

Land Registry had no loans during the financial year ending 31 March 2015.

17 Provisions for liabilities and charges

17.1 Early release schemes and other

	Early retirement	Early severance	Progression pay buy out	Other	Total	Early retirement	Early severance	Progression pay buy out	Other	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2014	22,789	726	–	1,966	25,481	28,347	444	–	2,334	31,125
Revaluation of provision	588	2,272	845	125	3,830	874	726	–	608	2,208
Provision utilised in the year	(5,372)	(726)	–	(1,160)	(7,258)	(6,432)	(417)	–	(663)	(7,512)
Provision written back unused	–	–	–	(570)	(570)	–	(27)	–	(313)	(340)
At 31 March 2015	18,005	2,272	845	361	21,483	22,789	726	–	1,966	25,481
Included in current liabilities					10,218					10,015
Included in non-current liabilities					11,265					15,466
					21,483					25,481

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 £5.5 million in 2014/15, of which £5.4 million had been provided for within the ERP provision in the 2014/15 accounts. The total pension liability up to normal retiring age in respect of each employee is charged to the statement of comprehensive income in the year in which the employee takes early retirement and a provision for future pension payments is created. Pension and related benefit payments to the retired employee until normal retiring age are then charged annually against the provision.

The early severance provision was set up to provide for the cost of those members of staff leaving Land Registry under the terms of a formal early departure programme in place at the year end. Additions in this year relate to

members of staff who entered into a firm commitment to take up the offer of early severance in 2014/15. Total payments in the year amounted to £2.3 million in 2014/15, of which £0.7 million had been provided for within the ERP provision in the 2014/15 accounts.

International Accounting Standard 37 Provisions, contingent liabilities and contingent assets requires that: "Where the time value of money is material, the amount of a provision should be the present value of the expenditures expected to be required to settle the obligation". The discount factor applied to the early retirement provision over ten years is 1.3 per cent. The impact of unwinding of the discount in 2014/15 was £0.5 million (2013/14: £1.1 million).

In the 2013 Spending Round, the Government set out requirements for all Departments to put in place plans to end automatic time-served progression pay in the civil service by 2015/16. Land Registry agreed its plans with HM Treasury in March 2015. The proposal has been accepted by the recognised trade unions, with the removal of automatic time-served progression pay with effect from 31 May 2015. The provision is based on the latest available estimate of cost.

17.2 Indemnity Fund

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. Land Registry provides for these claims under its Indemnity Fund, both for known claims and claims incurred but not reported (IBNR).

	Outstanding provision	IBNR provision	2015 Total	Outstanding provision	IBNR provision	2014 Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April	11,200	53,700	64,900	22,100	45,700	67,800
Provided in the year	8,130	–	8,130	9,398	–	9,398
Provisions utilised in the year	(8,130)	–	(8,130)	(9,398)	–	(9,398)
Claims revaluation	(2,800)	–	(2,800)	(10,900)	–	(10,900)
IBNR revaluation	–	11,500	11,500	–	8,000	8,000
At 31 March	8,400	65,200	73,600	11,200	53,700	64,900

Following the actuarial review by Lane Clark & Peacock LLP, the fund in respect of reported but not settled claims (Outstanding provision) has decreased in 2014/15 by £2.8m (2013/14: £10.9m decrease). The provision for claims incurred but not reported (IBNR provision) has increased in 2014/15 by £11.5m (2013/14: £8.0m increase).

The Outstanding provision for claims received but not yet settled is an estimate and as it involves projecting future payments, the final amounts paid on these claims is uncertain. The main uncertainties are

- The proportion of outstanding claims that will ultimately be paid.
- The value of the payments made.
- The effect of any legal judgements.

The presence of large outstanding claims can add significantly to this uncertainty.

The IBNR provision is greater and inherently more uncertain than the Outstanding provision. Unlike the Outstanding provision, which is based on existing claims information, the IBNR provision covers potential claims that may be made as a result of errors that have already been introduced into the register as a result of day-to-day update activity (either through fraud and forgery or administrative error). The main uncertainties within the IBNR provision are

- The number of unreported errors currently within the register is unknown.
- At what point in the future these errors will be discovered and claims made.
- How much the cost of the corresponding claims will be.

Claims can take many years to be reported and subsequently settled.

In estimating the IBNR provision, the actuaries project the number and timing of future claim reports and average claim sizes, using assumptions about claims settlement patterns, the expected effects of any known legal judgements and claims inflation. The resulting projected future claims cash flows are then discounted to a net present value at the accounting date using Treasury prescribed discount rates.

The assumptions used in the projections are based on analysis of historical claims data, allowance for recent trends and consideration of the potential effects of underlying factors such as the volume of Land Registry activity and numbers of registered titles. We provide input to the actuaries on these assumptions, based on the knowledge of the legal team that handles the claims.

Uncertainty in the provisions - sensitivity analysis

The value of the Indemnity Fund provisions are subject to future uncertain final settlement value, both for known claims and claims incurred but not reported (IBNR). The uncertainty in value of outstanding claims could lead to a variation in the proposed provision. A range of scenarios have been considered in respect of the assumptions on

- The number of claims that will be received.
- The average claim size.
- The percentage of claim values paid on settlement (small and large).
- The proportion of claims that are 'large' (Outstanding and IBNR).
- The rate of inflation and expected discount rates.

These scenarios have been considered in isolation and combination as shown in the tables below.

On the basis of this analysis work

- It is reasonably foreseeable that the value of liabilities could be about £0.5m (Outstanding provision) or £5m (IBNR provision) greater than expected.
- It is unlikely, but possible, that the value of the liabilities could be about £2m (Outstanding provision) or £12m (IBNR provision) greater than expected.

By their nature, these figures are not precise, and they can only illustrate the magnitude of uncertainty involved.

We have also considered extreme scenarios, where the value of liabilities is as much as £4m (Outstanding provision) or £40m (IBNR provision) greater than expected. The long-term open-ended nature of statutory indemnity means that these figures do not represent the maximum possible liability. However, we believe the likelihood of such scenarios to be small.

The degree of uncertainty at future accounting dates may be different from that illustrated here. This could be for a number of reasons, for example because the profile of claims has changed or because the outlook on future claim trends has changed.

The sensitivity analysis focuses on adverse outcomes but it is also possible that the value of the liabilities could be less than expected, potentially significantly.

At future accounting dates, it should be expected that

- The outstanding provision will fluctuate depending on the volume of claims reported at the time, especially large claims.
- All else being equal The IBNR provision will increase over time because of inflationary forces.
- Both the Outstanding provision and the IBNR provision will be particularly sensitive to the number and value of fraud and forgery claims as these are the most financially significant category of claims.

Sensitivity Analysis

	Outstanding provision	Percentage movement increase
	£m	%
Provided in these accounts (See note 17.2 - reasonably foreseeable value)	8.4	

Impact of scenarios:

Adverse but foreseeable scenarios

(1) Large claims assumed payment percentage increased from 60% to 70%	8.4	0.4
(2) Attritional claims paid (+3%)	8.8	4.8
(3) Treasury prescribed real discount rate (-0.5%pa)	8.5	1.0
(4) Large claims assumed payment percentage increased from 60% to 100%	8.5	1.4

Possible but unlikely scenarios

(2) & (3)	8.9	5.8
(2) & (3) & (4)	9.0	7.2
(5) Expected future paid increased by 20%	10.1	19.6
(6) A claim currently valued at £100k increased to £2m and settles at this value	10.3	22.9

Extreme scenarios

(3) & (4) & (5) & (6)	12.2	45.1
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	IBNR provision	Percentage movement increase
	£m	%
Provided in these accounts (See note 17.2 - reasonably foreseeable value)	65.2	

Impact of scenarios:**Adverse but foreseeable scenarios**

(1) Increase in projected number of attritional IBNR claims (+10%)	68.8	5.5
(2) Increase in assumed attritional average claim size (+10%)	68.8	5.5
(3) Increase in assumed large average claim size (from 680k to 780k)	68.9	5.7
(4) Increase in projected number of large claims (from 6.5 to 7.5 per incident year)	69.1	6.0
(5) Increase in assumed future claims inflation (+1%)	70.7	8.5
(6) Prescribed real discount rate on cash flows beyond 10 years reduced by 1% pa	68.9	5.7
(7) Increase in number of unreported cases (20 to 30)	65.9	1.1
(8) Increase in average reopened claims size (£80k to £180k)	66.5	2.1

Possible but unlikely scenarios

(9) Increase in assumed large average claim size (from £680k to £980k)	76.4	17.2
(1) & (2)	72.7	11.6
(1) & (5)	74.6	14.5
(7) & (8)	67.2	3.1

Extreme scenarios

(1) & (2) & (4) & (5) & (6) & (7) & (8) & (9)	106	62.7
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18 Capital commitments

	2015 £'000	2014 £'000
Capital expenditure		
Contracted for but not provided in these accounts.	779	588

19 Contingent liabilities

19.1 Indemnity

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. Land Registry provides for these claims under its Indemnity Fund, both for known claims and claims incurred but not reported (IBNR) (see Note 17.2) based on the assumed likelihood that claims will be successful.

As at 31 March 2015, the value of pending indemnity claims made to Land Registry is shown below. Included in this total is an amount of £8.4m provided in the Indemnity Fund provision. (see Note 17.2)

	2015	2014
	£'000	£'000
In relation to entries in the register	3,828	6,166
Fraud and forgery	13,410	20,468
	17,238	26,634

19.2 Other

The former Land Registry offices at Chalfont Drive, Nottingham include a former regional war room and seat of government (the bunker) located in the southern area of the site. Land Registry has a variety of responsibilities for the land and building as a consequence of its listed status, and also historical contaminants contained within the site. Land Registry will need to carry out remediation and environmental cleaning work to the building to ensure that it is safe and compliant and meets current health and safety requirements, whilst preserving specific fixtures and fittings within the building that are of significant historic importance. At the current time, it has not been possible to quantify the value of this work in these financial statements.

As noted on page 53 HMRC is currently conducting an employer tax compliance review. The review may identify areas where we are non-compliant, which may have financial consequences, including the possibility of recovery of underpaid tax and/or penalties. At this stage, it is not possible to quantify the likelihood or amount of any liabilities arising from this review.

20 Notes to the cash flow statement

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

	2015	2014
	£'000	£'000
Operating surplus	47,541	141,354
Restructure and reorganisation costs	(5,347)	(2,180)
LLC development costs	(3,028)	–
Depreciation of property, plant and equipment	6,123	6,560
Amortisation of intangible assets	514	1,280
Impairment in value of non-current assets	1,125	648
Decrease in provisions	(3,999)	(5,291)
Increase in inventories	(874)	(161)
Decrease /(increase) in receivables	2,039	(2,441)
Increase in payables	5,138	2,730
Increase/(decrease) in Indemnity Fund	8,700	(2,900)
Net cash inflow from operating activities	57,932	139,599

20.2 Reconciliation of net cash flow to movement in net cash

	2015	2014
	£'000	£'000
Net cash at start of period	464,639	472,583
Decrease in cash in the period	(66,887)	(7,944)
Net cash at end of period	397,752	464,639

21 Related party disclosures

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

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

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

22 Public-private partnership

A contract with Sopra Steria to provide a IT desktop managed service to Land Registry for a period of five years ended on 22 July 2014, at which point this service transferred to an in house IT managed service team. The IT Desktop equipment was leased through Sopra Steria and at the end of the contract these leases with CHG-Meridian Computer Leasing UK Limited transferred from Sopra Steria to Land Registry at their remaining lease value. The total liability outstanding of these leases as at 31 March 2015 is £0.6m

23 Corporate financial targets

	2015		2014	
	Actual	Target	Actual	Target
	%	%	%	%
Percentage return on average capital employed	8.5	4.6	30.7	5.9

24 Financial instruments

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

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

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

25 Losses and special payments

25.1 Special payments

	2015		2014	
	Number of Cases	Value of Payment £'000	Number of Cases	Value of Payment £'000
Number of special payments less than £300,000	97	5	282	11
Number of special payments over £300,000	1	1,030	–	–
Total	98	1,035	282	11

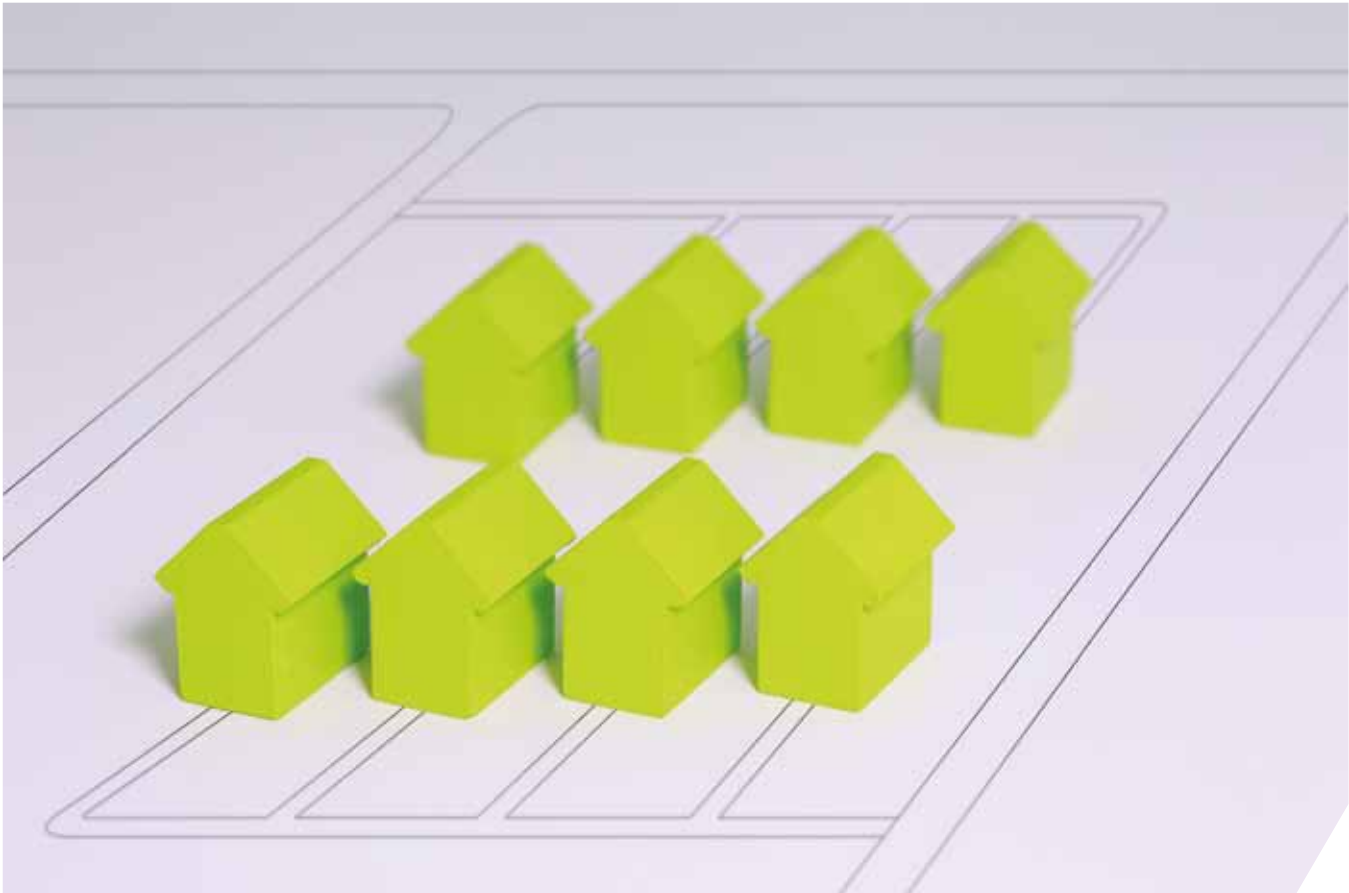
In 2013/14, Land Registry engaged an interim Finance Director for a period in excess of the six months permitted under the requirements of the Review of the Tax Arrangements of Public Sector Appointees. A consequential sanction of £1.03m was imposed by HM Treasury in respect of this non-compliance.

26 Events after the reporting period

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

Non-adjusting event after the reporting period

The new Chief Executive, Graham Farrant started on 1 June 2015.



Appendix A – Volumes and workloads 2014/15 and 2013/14

The table below sets out the transactional activities for the year, along with comparatives for the previous year. In this financial year we serviced more than 27 million applications, fulfilling the requirements of the 2002 Land Registration Act. These form the core of our activities and the revenues associated with them. The table also details our progress towards electronic delivery, in relation to the various types of application that we receive. Excluding bulk register updates (BRUs), the proportion of applications received electronically rose from 83.7 per cent to 91.2 per cent.

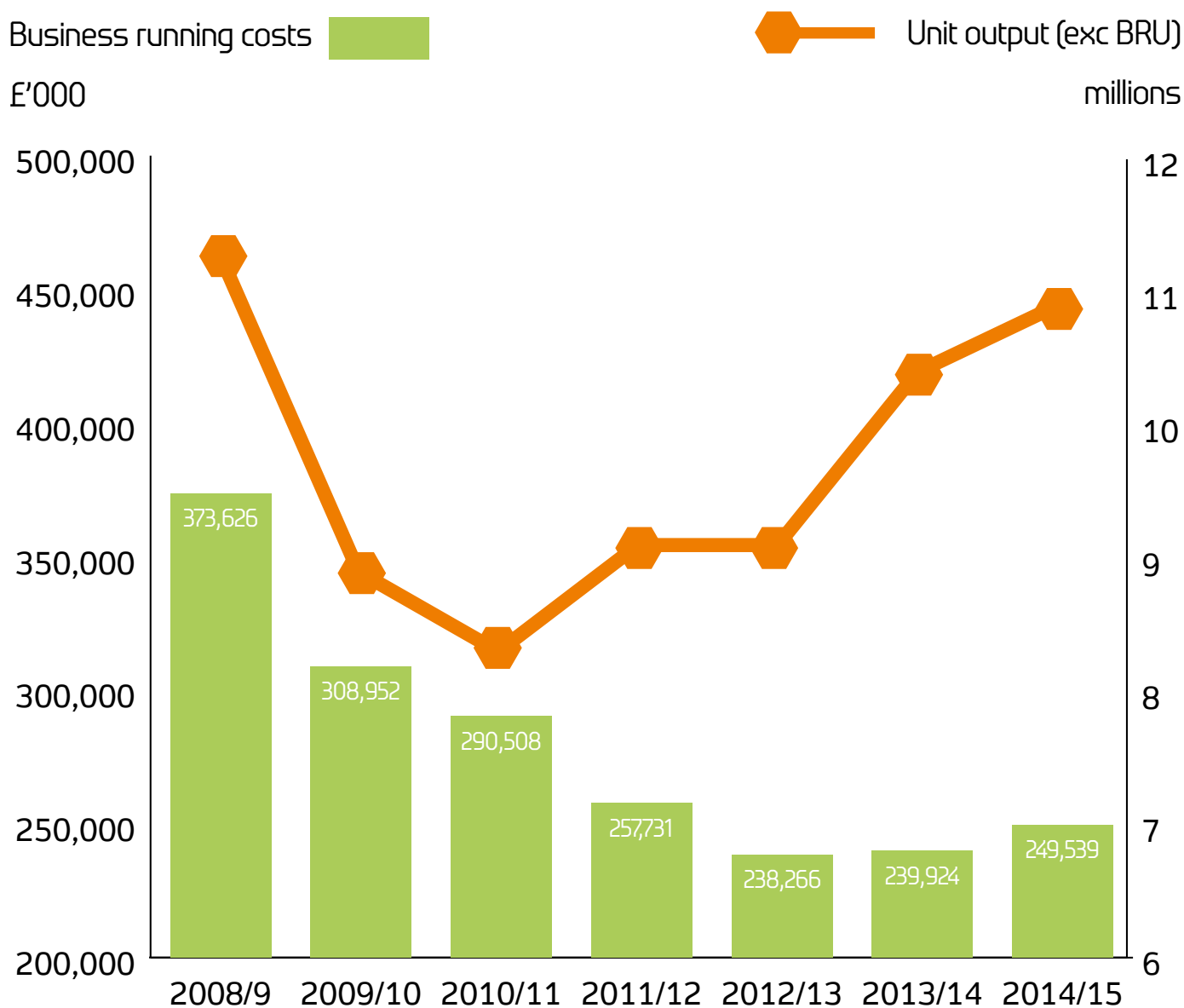
Bulk register updates are groups of applications lodged at Land Registry affecting a large volume of registered titles, such as a bank changing the address for service on all of its registered charges. The levels of receipt of such applications are volatile in their nature and are therefore separated from other application types in order to avoid distortion of the data.

Application intake by type and method of receipt

	2014/15			2013/14		
	Total applications received	Applications received through online services	% of applications received through online services	Total applications received	Applications received through online services	% of applications received through online services
Total applications	28,569,636	25,005,653	87.5	28,402,115	21,972,387	77.4
Bulk register updates (BRUs)	1,157,728	–	–	2,147,373	–	–
Total applications exc. BRUs	27,411,908	25,005,653	91.2	26,254,742	21,972,387	83.7
Substantive applications exc. BRUs	4,724,245	3,431,087	72.6	4,446,473	1,710,139	38.5
Preliminary services applications	15,890,630	15,580,001	98.0	15,323,632	14,801,517	96.6
Enquiry services applications	6,797,033	5,994,565	88.2	6,484,637	5,460,731	84.2
	27,411,908	25,005,653	91.2	26,254,742	21,972,387	83.7
Substantive applications exc. BRUs						
First registrations	120,298	–	–	135,103	–	–
Dispositional first leases	207,087	100,234	48.4	187,351	2,700	1.4
Transfers of part of registered land	158,076	84,779	53.6	145,573	1,295	0.9
Dealings of whole with registered land	4,238,784	3,246,074	76.6	3,978,446	1,706,144	42.9
	4,724,245	3,431,087	72.6	4,446,473	1,710,139	38.5
Preliminary services applications						
Official copies	12,644,809	12,493,672	98.8	11,500,285	11,289,225	98.2
Official searches	2,240,834	2,196,134	98.0	2,175,187	2,115,818	97.3
Official searches of the index map	1,004,987	890,195	88.6	1,648,160	1,396,474	84.7
	15,890,630	15,580,001	98.0	15,323,632	14,801,517	96.6
Enquiry services applications						
Register views	4,873,717	4,873,717	100.0	4,498,132	4,498,132	100.0
Title plan views	884,241	884,241	100.0	822,996	822,996	100.0
Document views	76,520	76,520	100.0	63,624	63,624	100.0
Correspondence	283,428	160,087	56.5	284,942	75,979	26.7
Telephone enquiries	679,127	–	–	814,943	–	–
	6,797,033	5,994,565	88.2	6,484,637	5,460,731	84.2

Appendix B – Response to the economic climate

Our business running costs fell to a plateau in 2012/13 and 2013/14. The 2014/15 figure largely reflects a shift of more routine change costs which were previously excluded from business running costs into business running costs. The rapid decline in costs from 2008/9 to 2012/13 reflects the significant restructuring through the Accelerated Transformation Programme in response to the housing market downturn and, more recently, our efficiency targets, which we achieved.



Note: The initial IBNR provision of £45.9m is excluded from 2011/12 business running costs, in the above chart, but for subsequent years the movement in the provision is included.

Our retained surplus/deficit over the seven-year period since the housing market crash reflects recovery of the deficit followed by the impact of the two special dividend payments of £100m in 2013/14 and 2014/15 then the impact of the reduced fee order on 2014/15 which had the effect of reducing revenue by £117m.

Retained surplus/(deficit)

£'000



Note: The initial IBNR provision of £45.9m is excluded from 2011/12 retained surplus, in the above chart, but for subsequent years the movement in the provision is included.

A special dividend of £100m was paid in each year 2013/14 and 2014/15 and these are excluded from the graph.

Income statements: seven years to 2014/15

	(Re-stated) 2008/9 £'000	(Re-stated) 2009/10 £'000	(Re-stated) 2010/11 £'000	(Re-stated) 2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000	Seven year £'000
Fee income continuing operations	308,050	328,414	355,364	359,338	347,157	381,278	297,080	2,376,681
Cost of service	(354,634)	(292,020)	(275,675)	(289,909)	(227,751)	(227,871)	(236,571)	(1,904,431)
Gross surplus/(deficit)	(46,584)	36,394	79,689	69,429	119,406	153,407	60,509	472,250
Administrative expenses	(18,992)	(16,932)	(14,833)	(13,722)	(10,515)	(12,053)	(12,968)	(100,015)
Operating surplus/(deficit)	(65,576)	19,462	64,856	55,707	108,891	141,354	47,541	372,235
Profit/(loss) on disposals of non-current assets	(14)	4,037	39,114	5,170	3,913	66	(10)	52,276
Investment income – interest receivable	12,315	549	580	1,170	1,468	1,622	1,881	19,585
Finance costs	(7,830)	(784)	(870)	(878)	(936)	(953)	(899)	(13,150)
Amortisation and depreciation of e-service systems	–	(2,334)	(6,577)	(4,448)	(4,053)	(5,357)	(3,530)	(26,299)
Restructure reorganisation costs	(50,253)	(34,609)	(87,847)	(21,000)	(10,529)	(1,630)	(5,347)	(211,215)
Development costs	–	–	–	–	–	–	(3,028)	(3,028)
Surplus/(deficit) for the financial year	(111,358)	(13,679)	9,256	35,721	98,754	135,102	36,608	190,404
Dividend payable	(18,572)	(15,279)	(14,006)	(13,776)	(25,960)	(126,654)	(119,114)	(333,361)
Retained surplus/(deficit) for the year	(129,930)	(28,958)	(4,750)	21,945	72,794	8,448	(82,506)	(142,957)
Gain/(loss) on revaluation of property, plant and equipment	–	(1,100)	1,316	(1,608)	3,363	1,373	(1,074)	2,270
Comprehensive surplus/(deficit) for the financial year	(129,930)	(30,058)	(3,434)	20,337	76,157	9,821	(83,580)	(140,687)
Full-time equivalent staff (average for the financial year)	7,350	6,525	5,322	4,588	4,325	4,042	4,033	

NOTES

2008/9: re-stated for International Financial Reporting Standards.

2009/10: re-stated for development expenditure, incorrectly classified as an asset then charged to income and expenditure account; £0.8m charged back to cost of service, and the amortisation was reduced by £0.2m.

2010/11: total e-conveyancing write-down during the year was £10.9m, consisting of £6.4m development cost not in use and £4.5m assets already in use; disclosed in cost of service.

2010/11: re-stated in 2011/12 with two adjustments: (i) write off of government grant reserve £4.4m and £0.5m to the income and expenditure account; (ii) commercial income was previously offset to expenditure re-stated as commercial income with corresponding increase in costs £4.9m.

2011/12: re-stated in 2012/13 with prior year adjustments for change in policy to recognise incurred but not reported indemnity claims.

2013/14: special dividend of £100m included in dividend per new Business Strategy.

2014/15: special dividend of £100m included in dividend per new Business Strategy.

Appendix C – Land Charges and Agricultural Credits volumes and workloads

Land Charges

Type of application	Number of applications or names in 2014/15	Percentage variation compared with 2013/14
New registrations, rectifications and renewals	53,577	- 18.6%
Cancellations	10,172	- 3.2%
Official searches		
– Full searches	176,028	- 3.5%
– Searches limited to insolvency	1,374,763	+ 2.7%
Office copies	26,575	- 11%
Total	1,641,115	+0.9%

Agricultural Credits

	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10	2008/9	2007/8
New registrations	796	772	645	840	737	917	1,159	1,267
Cancellations and rectifications	810	943	1,006	1,086	1,153	737	917	808
Searches	2,551	2,552	3,686	2,689	2,688	3,405	4,120	4,269
Total	4,157	4,267	5,337	4,615	4,578	5,059	6,196	6,344

Appendix D – Treasury Minute

HM Land Registry Trading Fund

HM Treasury Minute dated 24 April 2012

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 in accordance with section 1(6) (a) of the 1973 Act) and in the discharge of his functions 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 and 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. The Trading Fund for HM 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 of Business, Innovation and Skills, 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 HM Land Registry to achieve, over the period from 1 April 2012 to 31 March 2017, a return, averaged over the period as a whole, of at least 3.5 per cent real¹ in accordance with Managing Public Money. This will take the form of an operating surplus on ordinary activities post exceptional items and interest (payable and receivable), but before 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 15 December 2003.
 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.
- ¹ 3.5 per cent real will be calculated annually as 3.5 per cent plus the latest inflation estimate for that year, provided by ONS. By way of a worked example, for the fiscal year 2012/13 the financial target will be 6.29 per cent. This has been calculated as (1+3.5 per cent)* (1+ 2.7 per cent), where 2.7 per cent is the ONS 2012/13 inflation estimate (National Accounts figures from the ONS, http://www.hm-treasury.gov.uk/data_gdp_fig.htm, 22 December 2011).

HM Treasury
24 April 2012



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