

HM Land
Registry
Annual Report
and Accounts
2016/17

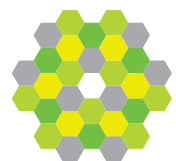


**Starting our
transformation**

HM Land
Registry
Annual Report
and Accounts
2016/17

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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Cover: US Embassy building in Nine Elms, London. Registered to the United States of America by HM Land Registry in January 2010. Carl Court/Getty Images

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Who we are and what we do

We register ownership, interests, and mortgages and other secured loans against land and property in England and Wales.

Our ambition

HM Land Registry is committed to becoming the world's leading land registry for speed, simplicity and an open approach to data, and aiming to achieve comprehensive registration by 2030.

Our mission

Your land and property rights: guaranteed and protected.

Our primary role

Provide a reliable record of information about the ownership of and interests affecting land and property.

Provide land and property owners with a title which is guaranteed by the state.

Provide the financial sector with the capability to secure lending against property.

Our values underpin everything we do

We give
assurance

We have
integrity

We drive
innovation

We are
professional

Our statutory duties

HM Land Registry was established in 1862. We are a non-ministerial government department, an executive agency (since 1990) and a trading fund (since 1993) that makes no call on funds voted by Parliament. By statute we are required to ensure that our income from fees covers all of our expenditure under normal operating conditions.

The head of HM Land Registry is the Chief Land Registrar, appointed under statute by the Secretary of State for Business, Energy and Industrial Strategy (BEIS, formerly known as BIS – Business, Innovation and Skills) who has Parliamentary responsibility for HM Land Registry and for the legislation under which we operate. The Secretary of State's day-to-day lead for HM Land Registry issues on his ministerial team is currently the Parliamentary Under Secretary of State. The Department for Business, Innovation and Skills (BIS) and the Department of Energy and Climate Change (DECC) merged in July 2016 to form the Department for Business, Energy and Industrial Strategy (BEIS).

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.

The Infrastructure Act 2015 enabled HM Land Registry to undertake new services that would further improve the conveyancing process or benefit the wider property sector. The first step we are taking is to create a digitised local land charges register that will improve access to data, standardise fees and improve turnaround times for property professionals and citizens.

Our services

Register change services – every plot of registered land is given a unique register title with a corresponding title number and plan. Properties are sold, homes and office buildings are re-mortgaged, people get married or property is transferred when owners pass away, buildings are split into several flats and new developments completed. Making changes to the register and creating new titles can be complex and highly technical so this is where our expert caseworkers focus their knowledge and experience.

Register query services – we hold one of the largest transactional property databases which we allow anyone to view for a small fee but our guaranteed and official searches provide even greater protection and assurance to property professionals and citizens. These services are almost entirely automated so customers can get results instantly, making conveyancing quicker.

Other services – our Land Charges service protects interests in unregistered land and we maintain the bankruptcy index for England and Wales. We also offer commercial services to organisations who want to use our data. For example, lenders can validate mortgages by confirming their priority and status on the Land Register.

Applications for services
31.8 million
Total income
£311.4m



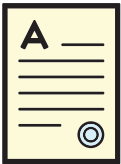
94.8%
received through
electronic channels



Register change services

Update
existing title

£155.5m



Intake volume
5.0m

Leasehold creation
from existing title

£30.6m



Intake volume
0.2m

Splitting
freehold titles

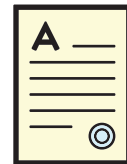
£32.1m



Intake volume
0.2m

New title
creation

£8.3m



Intake volume
0.1m



Register query services

Views of
the register



£19.1m

Intake volume
6.4m

MapSearch
(PDF)



Intake volume
1.1m

Official
copies of
the register



£44.0m

Intake volume
14.6m

Guaranteed search
of the index map

£1.1m

Intake volume
0.8m



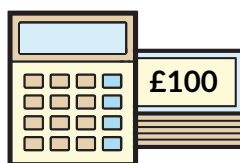
Official
searches of
the register



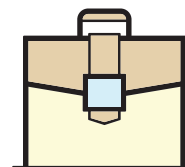
£2.4m

Intake volume
2.4m

Other services



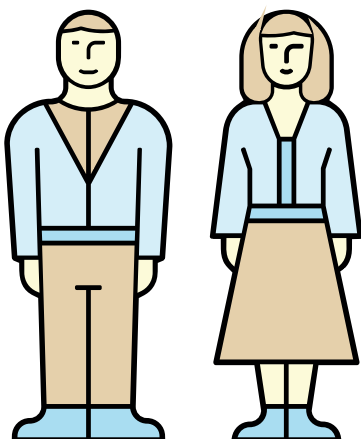
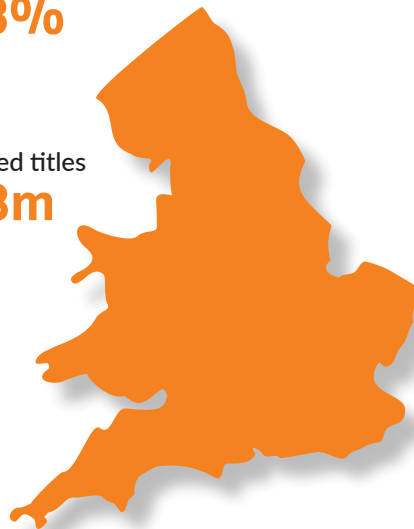
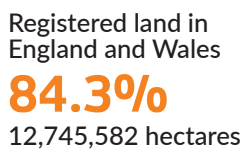
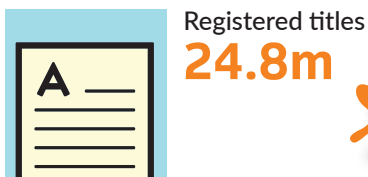
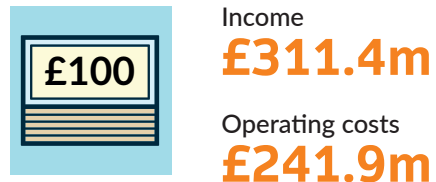
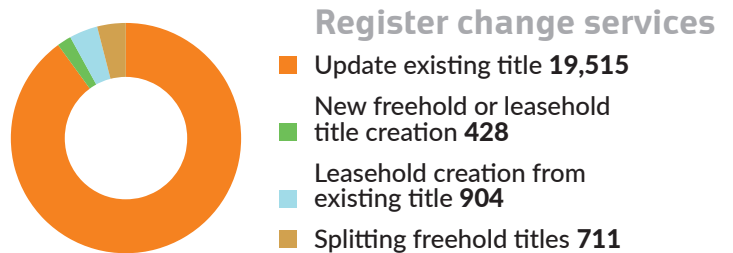
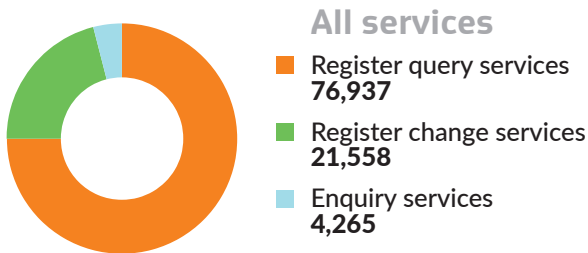
Land Charges
£6.3m



Commercial services
£5.6m

Annual service revenues and volumes 2016/17

Daily average workload



Employees **4,862**

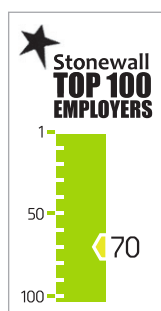
Permanent full-time equivalent **4,148**

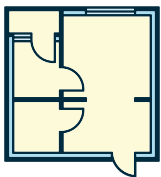
Female **60%**

Male **40%**

Part-time **35%**

Apprentices **277**





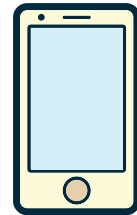
Customers

Meeting the changing needs of our customers to make conveyancing simpler, faster and cheaper.



Transformation

Delivering benefits through strong governance, planning and implementation.



Digital

Digitising our services and the register, modernising our IT and maximising the re-use of our data.



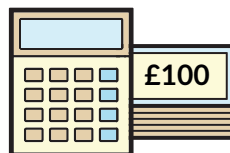
Estate

Right sizing our estate and embedding smart working to create modern efficient work environments.



Financial

Ensuring value for money and a robust financial plan.



People

Empowering our people, developing capability, building capacity and modernising the organisation.



An aerial night photograph of a city, likely London, showing a dense grid of buildings and streets illuminated by warm yellow and orange lights. A prominent red ring, possibly the London Eye, is visible on the right side of the image. The sky is a deep blue with some light clouds. In the top left corner, there is an orange triangle pointing right.

Foreword



Ultimately our goal is for HM Land Registry to be globally viewed as one of the very best. This is why we are starting a transformation that will see HM Land Registry becoming almost fully digitised with a modernised culture that recognises the contribution of all our colleagues.

Digitisation will allow us to provide our customers – citizens, firms, government, lawyers and conveyancers, and financial institutions – with information and data which are renowned for their accuracy and usefulness. HM Land Registry's strategy is to make its part in developing, buying and selling land and property, and collateralising mortgages and loans to provide finance, almost totally frictionless.

This will not distract us from our central mission. HM Land Registry will always ensure that property rights and financial rights over property are guaranteed and protected. We will continue to provide an unlimited state-backed guarantee for free through our indemnity scheme. Our property price data will continue to be the basis of the country's most trusted source of valuation insight. But the transformation programme will reinforce our mission by making its delivery more effective, far quicker and much simpler.

Our Annual Report describes how the transformation will unfold. Digital is pivotal but culture is what will make it succeed. Our frontline colleagues are experts. We will help build on their expertise using cutting-edge science, like artificial intelligence, so that our colleagues become the most digitally skilled land registration experts in the world.

Our transformation will also enhance HM Land Registry's role as one of the UK's most important geospatial agencies. Our land and property intelligence, and therefore the nation's, will be radically improved. The register will become increasingly digital, 3D, comprehensive and significantly richer in data than the register today. The platform we are building will be essential visiting for everyone interested in land and property intelligence.

HM Land Registry's reputation for accuracy, integrity and professionalism, and our dedicated expert colleagues, are our most cherished assets. We are starting our transformation but not forgetting our history. It is a huge privilege for me to chair an organisation so important to the country and to its customers.

A handwritten signature in black ink that reads "Michael Mire". The signature is written in a cursive, flowing style.

Our goal is for HM
Land Registry to be
globally viewed as
one of the very best.



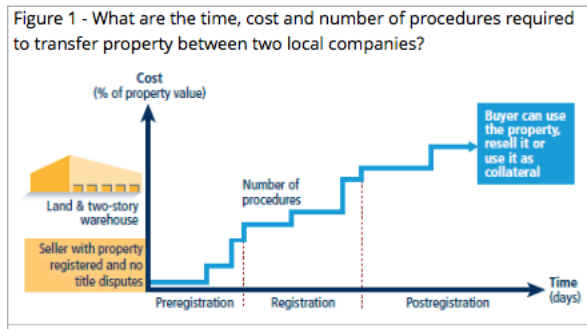
Overview: Interview with Graham Farrant, Chief Executive and Chief Land Registrar



What will you be focusing on in 2017?

Central to our plans for 2017 will be engaging our people on our priorities so that they fully understand what we are asking of them before starting our transformation.

The Government has set an ambition for HM Land Registry to become the world's leading land registry for speed, simplicity and open approach to data and aim to achieve comprehensive registration by 2030.



The graphic shows how the World Bank ranks land registration and we know that becoming a world leader will be challenging.

This is why our strategy is to become a truly digital service provider with our data made available to the benefit of citizens, customers, entrepreneurs and government partners. Together with comprehensive registration, our strategy will be transformative.

Alongside the key role we already play in the property market our transformation will help us to support the UK in developing a vibrant and innovative digital economy. Our plans will not only involve the digitisation of our existing services but we will explore how, through new digital technology, we can help to potentially release even more value from the Land Register.

To do this we will work creatively with key players and innovators across the market to help us create a truly digital register through our "Digital Street" pilot which we intend to launch in summer 2017.

The Government will also examine how we and Ordnance Survey can work more closely together to provide more effective digital land and property intelligence and strengthen the UK's leadership in geospatial.

A modernised HM Land Registry will aid data sharing across government for the purposes of supporting development, financial stability, tax collection, law enforcement and the protection of national security.

How are you preparing for transformation?

To prepare ourselves for transformation we will continue to strengthen our executive and non-executive board member portfolios to ensure we have the right mix of experience in the private and public sectors; combining experience at HM Land Registry with fresh insight and ideas from outside the organisation. We will also ensure our teams are fully resourced and capable of modernising the organisation and our services.

Our long history has always given us a strong sense of purpose but we now have a renewed clarity of direction for our future.

But while we seek to push the boundaries as we innovate in digital and data services we will never lose our focus on our customers or our core statutory priorities. 'Your land and property rights: guaranteed and protected' summarises our promise of assurance to the market and our overriding priority is to ensure the integrity of the register as we receive and process many millions of applications each year.

Our values will continue to underpin everything we do and our transformation will reinforce the key elements of assurance provided to land and property owners and the integrity of the register, which will always be paramount to our future success.

How would you describe 2016?

As a year that began with challenges for HM Land Registry but ended with real clarity over our future.

At the beginning we were seeing ever increasing volumes of work, undergoing a public consultation

Our new ambition, mission and values reflect our core commitment to the integrity of the Land Register.



on a potential privatisation and during the summer there was further global uncertainty over Brexit.

The decision set out in the Autumn Statement for HM Land Registry to focus on becoming a data-driven registration business in the public sector was not an endorsement of the status quo. Rather, it gave us fresh impetus to modernise and develop our digital and data services and location intelligence to support the property market and the economy.

This was then further reinforced in the Housing White Paper "Fixing our broken housing market" in February 2017 which committed us to become the world's best land registry for speed, simplicity and openness of data, and to aiming to achieve comprehensive registration by 2030.

These statements marked a milestone in our long history, presenting us with an unparalleled opportunity to rethink and reshape the way we work and what we do to aspire to be the very best land registry in the world.

They also provided the momentum to conduct a strategic review of our business which has helped us to develop a clear view of how we will transform to become the world's leading land registry for speed, simplicity and an open approach to data.

Talk us through the performance for the year

As a headline we only achieved or exceeded six of our eleven performance indicators but this does not tell the full story.

Despite speculation of a market downturn, we continued to see an increase in service requests across most application types. Our operational colleagues were kept incredibly busy and ensured that the property market continued to function by processing applications as quickly as they could and by prioritising time-critical applications as they arose.

Our refusal to compromise on quality, maintaining the integrity of the register, even in the face of the highest volumes since the market crash in 2008/09, has meant delays in dealing with more complex types of applications that require more effort by our people and more input from our customers.

To meet this challenge we took on nearly 600 new colleagues, our biggest intake of new people in many years, introduced more flexible ways of working and made changes to our casework systems to increase efficiency.

For our customers we have made improvements to our services such as to the Application Enquiry service we launched last March which enables solicitors and conveyancers to see the progress on their specific cases online.

As the year progressed we reduced case handling times and I am crystal clear that this will continue into the next financial year until we are meeting our speed of service targets as a matter of routine. I believe those efforts have been recognised by our customers as we were still able to meet our customer satisfaction key performance indicator (KPI) despite such a challenging backdrop. Our aspiration for next year is to achieve all of our KPIs.

What about progress in making the register more digital?

In terms of our digital performance we met our KPIs to ensure our online services were available to customers whenever they needed to access them. However it hasn't just been about maintaining our services as they are. Over the past 12 months we have made further advances, including:

- operating a pilot version of our digital mortgage service with borrowers, who gave good feedback. We will be using the Government's Verify service to provide security of identity;



98%

Best in customer service

For the last five years we have exceeded our customer satisfaction targets with an average of 95% rating our overall service as good, very good or excellent.

We ensure that our services are delivered to the highest standards of quality with 98% of register updates passing rigorous quality checks.

- trialling our Find Property Information service, which allows members of the public to view a title summary;
- winning recognition for our common technology platform through its short-listing for the UK IT Industry Innovation Award. The platform will be a launch pad for a range of services that will benefit a variety of customers and the UK economy as a whole; and
- giving a live demonstration of the first alpha version of the new register service to our stakeholders during our Local Land Charges conference in November.

How have your colleagues reacted to these challenges?

Reflecting on our people, despite the increased pressure and uncertainty, we only narrowly missed the ambitious two-year target we set ourselves to increase colleague engagement scores by a massive 15%. In fact our year end internal pulse survey showed we were exceeding this target, achieving the highest engagement scores for the organisation since recording began in 2009.

This huge and sustained effort by a loyal and experienced workforce has been given fresh impetus by our new recruits and the apprentices we are introducing to the world of work to build the next generation of expert colleagues.

What has surprised you about your colleagues?

Our first tranche of 80 apprentices 'graduated' in the autumn after two years of training and the great majority have stayed on with us as registration executives.

We have made sustained efforts to widen the pool of potential applicants for our jobs, reflecting the importance we put on the diversity of our workforce. This was recognised by our placing at

70 in Stonewall's Top 100 Employers for lesbian, gay, bisexual and transgender staff and our award for Network Group of the Year in the Employers Network for Equality & Inclusion Awards 2016.

Many of our new recruits have joined their existing colleagues to become actively involved in the social, sport and charity events that make HM Land Registry such a special place to work. Our people collected almost £72,500 this year for good causes by holding sponsored and fundraising events large and small.

Perhaps nothing illustrates their generosity of spirit better than the campaign for colleague Hannah Miller, who suffered a life-changing spinal injury and needed a major refurbishment of her home. Colleagues across the organisation, many of who had never met Hannah, threw themselves into fundraising to collect the necessary money.

It is that collective effort which, despite the significant challenges and uncertainty outside of our control, has underpinned a solid performance from HM Land Registry but also set the foundations to start our transformation.

Do you have a final message?

To our people, thank you. You have achieved a tremendous amount against a very challenging backdrop. But I am going to be relying on you all to do even more – 2017 is going to be a year of exciting changes for us but I will need all your support to turn our ambitions into reality.

To our many stakeholders, I would ask you to join, support and partner with us as we explore how through digital technology we can work together to make conveyancing quicker, cheaper and simpler for everyone – a digital proposition which actually expresses the essence of why our system of land registration was created more than 150 years ago.



An aerial photograph of a rural farmstead. In the foreground, a large, rectangular field of dark brown, plowed soil is visible, showing distinct vertical furrows. To the left of this field, there is a cluster of buildings, including a large, dark-roofed house with several white rectangular openings on its roof, and several smaller outbuildings. A dirt road or driveway runs through the farmstead. The background consists of green fields and a line of trees. The overall scene is captured from a high angle, looking down on the farm.







We're committed to becoming the world's best land registry for speed, simplicity and openness of data.



Performance report



What our customers ask

<p>What's available close to home?</p> <p>How big is the garden?</p> <p>How big is the office car park?</p> 	<p>How much can I borrow?</p> <p>What's the property worth?</p> 	<p>Is the land registered?</p> <p>Who owns the property?</p> <p>Is there an outstanding mortgage?</p> 	<p>Is my customer's offer protected?</p> <p>Has the seller's conveyancer searched the register?</p> 	<p>Has my loan been registered?</p> <p>Has the sale of the property been completed?</p> 	<p>Are my details up to date?</p> <p>How can I stop myself being a victim of property fraud?</p> 
1. Looking for a property	2. Arranging a mortgage	3. Before the exchange	4. Exchange of contract	5. Completion	6. Living/working in the property

How HM Land Registry helps at every stage

Property search	Land charges search	Official copy	Official search of the register	Register new property	Property Alert
Flood risk	House price index	Search of the index map		Transfer of title	Update the register
Price paid	Bankruptcy search	Document view			Discharge of mortgage

Since 1862 we have provided confidence to the property market of England and Wales by safeguarding ownership and interests in land and property currently worth more than £4 trillion. Not only do we protect ownership through an unlimited state guarantee but we also underpin the financial sector. Registration of mortgages and loans enables financial institutions to provide secure personal and commercial lending against property, which supports economic growth and prosperity.

Our involvement goes well beyond simply registering the final transaction. We provide much of the information that influences the decisions of property buyers and sellers and financial institutions.

We also offer a range of services that help smooth the path towards a deal being completed. These range from our official search which protects transactions while the transfer is completed through to our commercial services which help lenders verify their mortgage portfolio.

Solicitors and conveyancers come to us on behalf of their clients to search our records to find out as much as possible about the property. Our data, available directly from us or via third-party innovators, helps enable proptech entrepreneurs

to create new products, buyers and lenders to make more informed decisions and facilitates transparency to combat fraud and corruption.

We offer a range of services that help smooth the path towards a deal being completed.



Our digital transformation

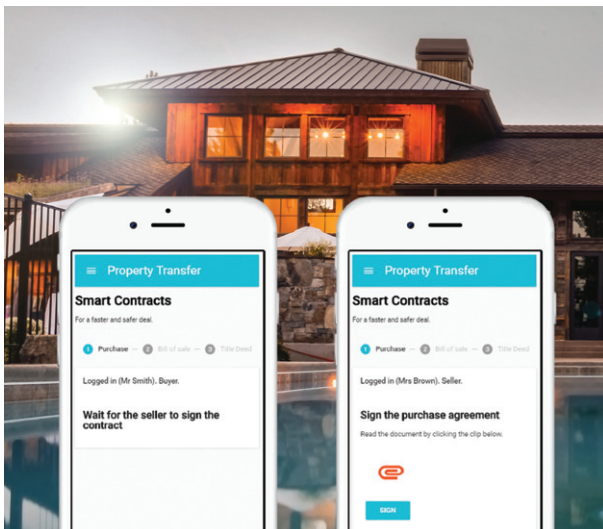


John Abbott Director of Digital, Data and Technology

Digital transformation is at the heart of the changes we want to make. By putting the user at the centre of our approach we will continue to deliver an increasingly broad range of digital services which will make the conveyancing process simpler, faster and cheaper.

Our focus for next year (and beyond) will be to digitise the majority of HM Land Registry services. We have already made significant progress over the last year in preparing for the future and introducing new and improved services which will make both conveyancers' and citizens' lives easier.

Not only will we be digitising our existing services but we will also be testing the future of digital conveyancing through our "Digital Street" pilot which will allow us to safely explore the use of new technologies such as Blockchain and Artificial Intelligence.



Preparing for a digital future

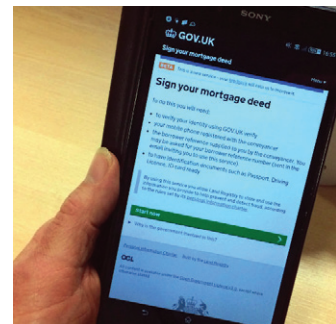
Our common technology platform was short-listed for a UK IT Industry award in 2016. The platform enables our technology teams to improve our IT infrastructure quickly, easily and reliably as part of a future strategy to replace our current IT systems over the next five years. It will underpin all of our new digital services and makes best use of cloud and open source technologies.

For our customers, government partners and the

wider public, it will mean easier access to our services and data, including the 24.8 million property titles in the Land Register. For anyone involved in buying and selling property, it will mean a faster, smoother conveyancing system thanks to the new digital land registration services the platform will provide.

Developing new services

In June 2016 we began operating a pilot version of our digital mortgage service. As it does not yet create a legal deed, borrowers still need to sign a paper deed, but the pilot service has allowed us to check that what we have built will work in the real world. The feedback from borrowers who have tested the service has been positive, and we have made improvements based on this feedback. We are now using the GOV.UK Verify service to provide us with an appropriate level of ID assurance before the borrower digitally signs their mortgage deed. The service is still in private beta but we intend to open it up to more users in 2017.



This will be one of the first of a new breed of digital services which enable customers and citizens to update the register digitally. The first truly digital mortgage can be created, signed and registered without the need for any paperwork or emailing and without the need for our colleagues to be involved in the process.

We developed our Find Property Information service over 2016/17 so citizen customers can access a title summary which provides information from the full register in a simpler, clearer format. We have

MapSearch is the blueprint for how we develop and deploy new digital services in the future.



adopted a user-centred design approach which has helped build simplicity into the service from the start. We've conducted more than 100 user research sessions taking feedback and improving the service to make it more user-friendly.

Enhancing existing services

Our award-winning MapSearch service gives our customers self-service access to an online mapping tool for free, allowing them to quickly establish whether land and property in England or Wales is registered. Through MapSearch customers have saved themselves well in excess of one million searches of the index map since the service was launched, saving themselves time and money.



MapSearch online

Since its launch in 2014, the service has gone from strength to strength, winning the Civil Service Digital Award in 2015 and we've continued to enhance and improve it.

MapSearch passed the milestone of 10 million searches in October 2016. We want the success of MapSearch to be our blueprint for how we develop and deploy new digital services in the future.

Our free Application Enquiry service allows customers to check the progress of any application and find a

wealth of information via the Business e-services portal – our online transactional channel for our professional customers.

This new service has now been live for a year and the number of calls and emails we receive has fallen as a result, meaning our caseworkers can focus on offering a faster service overall.

This year we added a number of new features that customers asked for, such as sending email notifications when a customer's application results are ready for download. We've also added information about mortgages that have been repaid, and the ability to contact us directly from the service. Customer feedback is that the service is simple and easy to use.

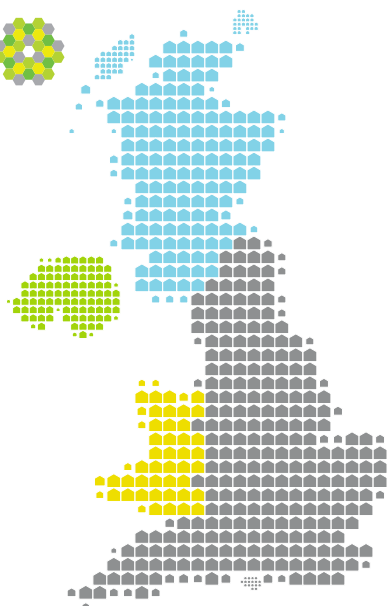
Ensuring our services are meeting our customers' needs and getting their feedback will be central to the new digital services we will deliver in the future.

HM Land Registry data becomes a national statistic

The first UK House Price Index (HPI) was launched on 14 June 2016. Published by HM Land Registry in conjunction with the Office for National Statistics, Registers of Scotland and Land & Property Services Northern Ireland, the index replaced the previous indices separately published by those organisations.

The single UK HPI ends the confusion previously caused by multiple government indices and the new methodology now includes more information in calculations such as cash sales new dwellings and type of buyer (first-time buyer or existing owner) to provide full coverage of the housing market. Each month users can make use of detailed reports, downloadable data and an interactive search tool.

HM Land
Registry



UK HPI

- England
- Wales
- Scotland
- Northern Ireland

This new, combined
house price index
gives a more
accurate picture than
ever before.

David Brown
Chief Executive of estate agency
Marsh & Parsons

Smart working in HM Land Registry



John Peaden
Director of Operations

As Director of Operations I support more than 3,500 expert caseworkers who process applications and answer enquiries on land registration matters every day.

On an average day HM Land Registry processes around 120,000 different transactions covering a range of services and enquiries. Servicing these is not only critical to our business but more importantly they are vital to the smooth functioning of the property and financial services markets.

Therefore, for us, finding ways to be more efficient not only improves our productivity but makes the whole conveyancing process in England and Wales quicker, cheaper and simpler, which was the original intention of creating HM Land Registry all those years ago.

While our digital transformation will be key to this we also want to ensure that we can maximise the output of our expert people and improve the experience for our customers.

Talk us through some of the highlights and challenges of the year...

The biggest challenge was dealing with volumes that continued to rise. We received over a million more applications than the year before. Quite often the more straightforward applications are the most time critical which, in the past, meant having to divert expert caseworkers from complex applications to handle more straightforward applications.

The highlights for me were how we responded to those challenges.

Our new starters included a new role created specifically to deal with the more straightforward applications, allowing our experienced caseworkers to concentrate on the more complex work such as registering major new developments or infrastructure projects.

Several rounds of recruitment have brought more than 500 new people into operations, from a wide variety of backgrounds. Those that joined on temporary contracts had their term extended as soon as their contribution to speed and efficiency of our casework processes became clear.

Our pioneering apprentices were described as

“professional, innovative, enthusiastic and positive” at their graduation ceremony which marked the completion of our first two-year apprenticeship programme in our Leicester, Nottingham and Telford offices. We now have 261 apprentices in operations and more to come with a rolling annual programme of apprentice recruitment across all of our locations. Many of our first tranches of apprentices have secured permanent jobs at the end of their apprenticeship and are the pool from which the next generation of land registration experts will be selected and developed.

We took a significant step forward in the way we map our casework by developing and introducing ‘geo-referencing’ software.

The software provides a way for scanned or paper deed plans to be intelligently overlaid onto our digital mapping system so that title boundaries can then be electronically traced. This has eliminated the need to print off plans and plot boundaries using traditional mapping methods, significantly reducing the time taken to complete the mapping or remapping of a registered title.

Some jobs that could have previously taken many hours of laborious manual plotting can now be done in less than 30 minutes, such is the power of new technology. Twenty caseworkers were involved in the trial phase; they thoroughly tested the software and identified enhanced features and functionality. All of our caseworkers agreed that the new system was more efficient and much easier to use than the previous process, and are using it to benefit our customers.

Our people submitted more than 1,300 ideas for technical and system improvements through a new staff suggestion scheme, 10% of which have either been implemented, or are in the process.

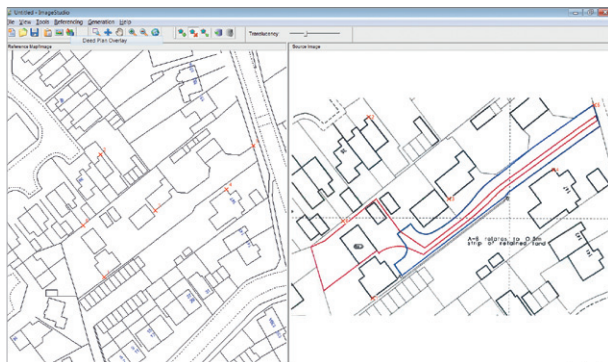
Servicing transactions is vital to the smooth functioning of the property market.

How do you think operations will change in the future?

For me one of the central elements of how operations will improve is through digital transformation, which is why it is a key element of our future direction.

Completely new interfaces and channels for both our online customer services and our case-working systems will replace paper applications, capturing and validating data directly. Our professional caseworkers will become experts in digital land registration as the tools and systems they use are transformed by technology. The Land Register will be a transparent source of accessible data with uses that may not yet have been conceived even by proptech firms.

Our digital services will be designed and developed by actively involving end users, to ensure that take-up of these new services will be driven by a great customer experience. MapSearch and Property Alert, our award-winning digital services, were delivered with customers at the heart.



'Geo-referencing' software

Alongside that I see continuous improvement teams and modern ways of working embedded across the operations function of the future. We have already had some successes from continuous improvement practices but I believe we can become more efficient by working even smarter.

What will you be focusing on for 2017?

A key commitment in the Housing White Paper is for us to aim to achieve "comprehensive registration" by 2030. Roughly 16% of the land mass of England and Wales remains unregistered, and we have a prioritised programme of work that will seek to reduce this as much as possible, and unify conveyancing processes. The creation of a new registered title is much more complex and time consuming than amending an existing one – we will therefore need to ensure we have experienced and technically-proficient caseworker teams prepared to register new titles as applications come in. Supporting public sector land owners will be our initial focus. Some of that land may include prime building sites for new homes.

We will also continue to support major infrastructure and development projects by creating bespoke and dedicated service teams to work across varied stakeholder groups to support the registration of some of the largest and most complex property projects in the UK.

Our next stage of transformation will start by focusing on new services that digitise the greatest volumes of our work so that we can be more resilient to market fluctuations but also enhancing our existing online services to improve the experience for our customers and create ongoing efficiencies.

We are testing the concept of routing complex, commercial and infrastructure work to dedicated teams. Other teams are investigating how best to improve the processes associated with applications for new build properties submitted by developers. We already recognise the advantages of early collaboration with developers, as the speedy resolution of any site issues can cause delays further down the line. The members of these test teams have a high level of technical knowledge to match the complex nature of the work.

We are also extending these trials by making two of our locations 'Model Offices'. We'll use these offices to test, evaluate, and roll out best practices as 'standard operating procedures' so that all of HM Land Registry, and ultimately our customers, benefit from efficiency, practice and policy improvements. The Model Offices will be very 'agile' in approach; if new ideas fail, they will quickly move on and try something else. Our people have loads of great ideas and by empowering them to identify, test and shape how we process our work we will not only improve our productivity, but also to help promote a culture of positive disruption and innovation.

Digital transformation is a key element of our future direction.

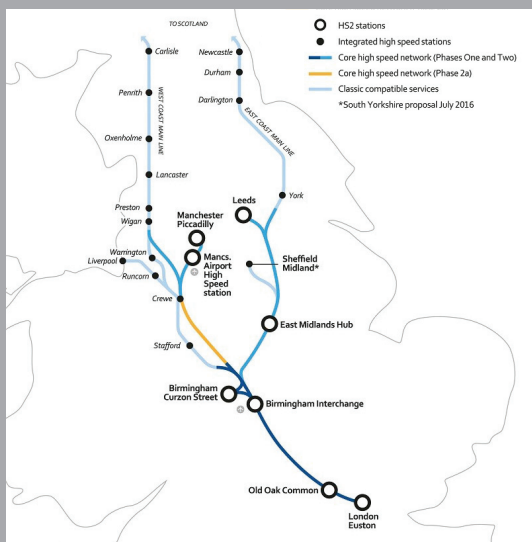
Colindale Gardens is a mixed use development in the heart of north west London which will create 2,900 new homes plus cafés, restaurants and retail facilities including nine acres of landscaped garden on the former site of the Metropolitan Police Training School. HM Land Registry is working with the developers to register all the homes and commercial properties well in advance of project launch.



Sherford will be a new town in Devon which will have 5,500 new homes and over 80,000 m2 of employment and retail space. It will include four schools and a variety of community facilities such a town hall, youth centre, theatre and a community park. As well as registering the residential properties, we will separately register communal facilities, making their ownership clear.



Building on relationships developed during registration of **High Speed 1** and **Crossrail** we are currently working closely with Land Referencers for **High Speed 2**, helping identify ownership and property details for the almost 200 miles of route, connections and depots. It is anticipated a four-year registration programme of upwards of 20,000 interests will commence in late autumn 2017.



We are working closely with a range of stakeholders on the National Grid's sale of the majority stake of its **UK Gas Distribution** business. This involves the transfer of over 10,000 properties and the first registration of sites acquired over more than 200 years by the UK gas industry.



Monty Rakusen/Cultura/Getty Images

Our values in action

We give assurance

We guarantee our services and provide confidence to the property market

“Cyber-attacks are becoming part of our everyday lives and the recent high profile incidents of organisations being attacked through out of date computer systems, rendering critical services such as the NHS crippled, demonstrates why we have to continually work to keep our systems protected to stay one step ahead of increasingly sophisticated hackers and cyber criminals.

“HM Land Registry’s technology platforms are subject to over 860 changes each month so keeping our systems secure alongside that level of change is no simple task. Over the past year we have further improved our critical security processes and during the weekend of the large scale attacks our own security teams were able to quickly confirm that all of our systems had already been inoculated to prevent them being infected with the worldwide ransomware programme known as WannaCry.

“In addition we were also able to quickly verify that all our data was successfully backed up and had been tested to confirm it could be recovered so that, even in the worst case, our data wouldn’t be lost.”

Andrew Radmore
Head of IS Assurance

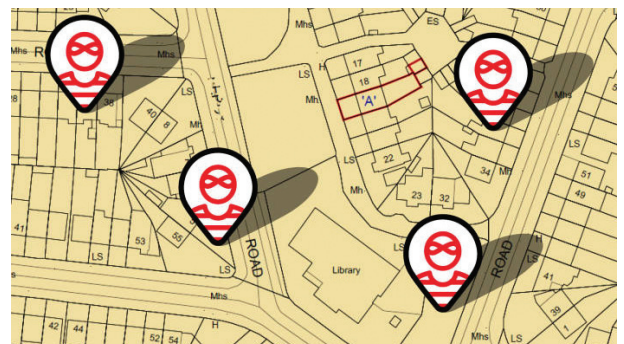


We have integrity

We value honesty, trust and doing the right thing in the right way

We are committed to combating fraud. Our multi award-winning Property Alert online service offers a free and easy way for owners to monitor activity on their property. Last year we increased the number of subscribers from around 37,000 to nearly 70,000 including a spike in January following a high profile fraud case involving a mother and daughter who attempted to illegally obtain a £3 million Kensington house. Their efforts to transfer the property were thwarted thanks to our counter-fraud measures.

We have encouraged take up of our Property Alert service by promoting it both to our business customers as well as directly to citizens. We have also worked with the media to raise awareness of the issue of property fraud and our advice to reduce the risk of becoming a victim. This has resulted in regional and national coverage, including a front page feature in the *Financial Times* and even a slot on the BBC’s *One Show*.



We drive innovation

We are forward thinking, embrace change and are continually improving our processes

“It was very clear that our digital mortgage trial participants were leading very busy lives and most people much preferred the speed and convenience of doing things online, as opposed to paper.

“People described the various challenges that they’d had in their paper mortgage process. One man told me how his mortgage documents got lost in the post twice, while another told me of the issues he’d had in finding a witness for his signature. Both of these issues are things that wouldn’t happen with our new digital service.”

Shaun Ewings
Product Manager, Digital Mortgage



We are professional

We value and grow our knowledge and professional expertise

Our drive to aim to achieve comprehensive land registration by 2030 will draw on all our experience in the complex task of registering land and property for the first time. Nothing better illustrates the tenacity and resourcefulness of our first registration experts than the inland waterways project, which was finally completed after 11 years of meticulous casework.

Our team at our Birkenhead Office registered almost 2,000 miles of canals, tow-paths, wharves, weirs, locks and lock houses, docks, dams and reservoirs, mills and boatyards, underground tunnels and feeders for the British Waterways Board initially and then its successor the Canal & River Trust. Each application was based on deeds, documents and statutory declarations representing a pictorial potted history of 100 years-plus of transactions for that particular stretch of canal. This demonstrates our unique geospatial capability.





The law firm inside HM Land Registry



Alasdair Lewis
Director of Legal Services

Land registration law is highly complex and technical, routinely throwing up difficult and sometimes novel legal issues. In many ways our legal function is like a specialised law firm inside HM Land Registry providing caseworkers with access to a unique pool of land registration and land law expertise and advice.

We have a sizeable in-house legal team that employs more than 100 lawyers spread across our offices, all experts in property and registration law, who supplement the skills of our experienced caseworkers and provide legal advice whenever it is needed. Five new lawyers started with HM Land Registry during the course of last year and a further nine joined us in April 2017.

During the last year, our lawyers dealt with nearly 100,000 legal queries raised by our caseworkers, a 13% increase on the year before

The “state guarantee” provided by the Land Registration Act 2002 ensures that anyone who suffers loss as a result of a mistake in the register will be compensated by HM Land Registry.

Every indemnity claim is carefully considered. Last year our lawyers rejected more than 400 claims because they were found to be spurious or ill-founded. In other cases our lawyers were able to

argue sizable reductions in the amounts originally claimed. In total they saved more than £11.3m.

Many of our largest indemnity claims result from the registration of fraudulent applications and fraud continues to be one of our biggest risks.

During the last year alone our counter-fraud measures stopped 50 fraudulent applications from being registered. However we can never be complacent as the fraud risk continually evolves and so does our ongoing Counter-Fraud Strategy. Of course we continue to develop the capabilities of our systems and our experts who can detect and eliminate fraud before it can even happen. The wording of one of our core values describes it best: We give assurance!

Alongside the delivery of HM Land Registry’s core business and protecting the integrity of the register our lawyers have also been actively involved in the evolution and reform of land registration law for the future.

In February we consulted on proposed changes to the Land Registration Rules 2003 to allow us to introduce digital transactions that are electronically signed, a critical legal step to enable our digital transformation plans to become a reality.

≡ Q FINANCIAL TIMES

HOME WORLD UK COMPANIES MARKETS OPINION WORK & CAREERS LIFE & ARTS

UK Property

Help! My house has been hijacked

Fake tenants adopt a property owner’s identity and sell the property

Alasdair Lewis, director of legal services at the Land Registry, says: “Property is a high-value asset and therefore an attractive target for fraudsters. Your property, even your family home, can be sold and mortgaged to raise money without you even knowing. Fixing the mess can be distressing, time-consuming and costly.”

Fraud continues to be one of our biggest risks.

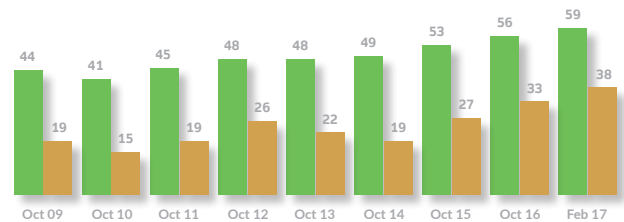
An aerial photograph of a town, likely in the Pacific Northwest, showing a mix of residential and commercial buildings, streets, and green spaces. A river flows through the left side of the image. The text 'Our experts - HM Land Registry's people' is overlaid in white on the top left, with a green triangle pointing to the right.

Our experts – HM Land Registry's people



Caroline Anderson Director of Human Resources and Organisation & Employee Development

■ Engagement index score
■ Leadership and managing change



As our Chair says in his statement, our people have always been one of HM Land Registry's most valuable assets. Land registration work is varied and complex requiring experience, training, technical knowledge and judgement. Its delivery is supported by high level professional expertise across all parts of the organisation to ensure we meet our statutory duties and help our customers as effectively and efficiently as possible.

HM Land Registry has a longstanding and loyal workforce whose passion and pride in their work is key to our ability to deliver, something we both value and rely on and is reflected in our values. We have much to be proud of, with a history and heritage which is reflected in our people, who not only value our customers but are committed to giving an excellent service, as evidenced by our customer satisfaction scores. Protecting that commitment is key to the success of our organisation.

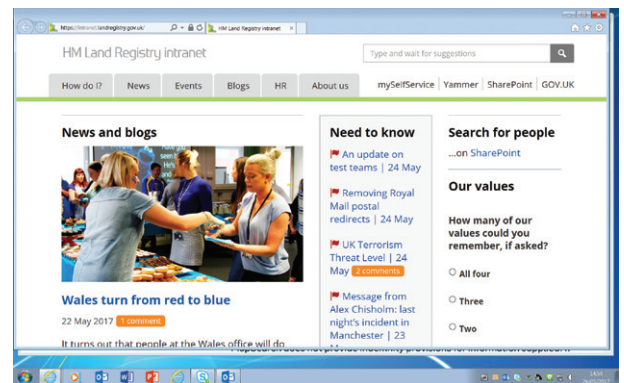
However the delivery of our transformation programme will need not only inspiring leadership but also a well-managed and engaged workforce. In addition it will also require investment to build capacity and capability and the modernisation of the organisation to ensure we have right structures and capabilities to deliver, supported by modern work policies and practice and a culture that promotes excellence, drives high performance and rewards achievement. This process has commenced with a review of directorate portfolios, recruitment at all levels and across all functions and investment in skills and training. We are now well positioned to take forward this exciting programme of work.

Empowering our people

After the upheaval of the past 10 years, colleague engagement has been a challenge for HM Land Registry. There has been significant investment over the last year in communication, engagement and providing an employee voice. Colleague engagement is now steadily improving and at a rate faster than any other part of government.

A programme of monthly Chief Executive and director visits as well as non-executive visits is supported by regular and open interactive digital

communications with weekly blogs and bulletins which allow colleagues to post comments and debate issues directly with the Chief Executive and his fellow board members, creating a forum for digital dialogue with readership and engagement levels well above industry benchmarks. Our new intranet, as shown below, which launched at the end of the year gives us the platform to take this approach even further.

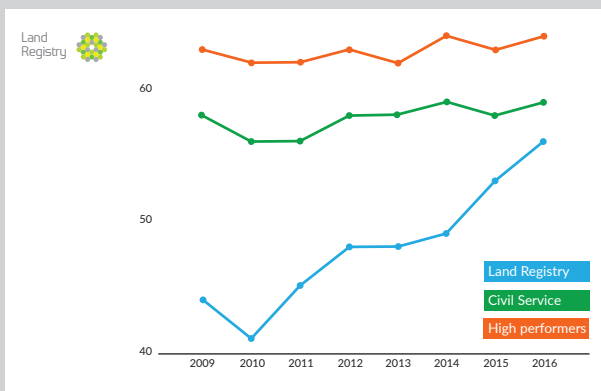


Engagement champions in every office promote these opportunities and keep senior staff in touch with colleague opinion. The group developed the corporate engagement action plan presenting it for Executive Board sign-off, ensuring it was focused on the things that really matter. This has contributed to our engagement score increasing to 59% in our February internal survey, the highest in the organisation's history.

Approval in the leadership and managing change category increased to 38% from a starting position of 19% in 2014 which would have beaten our target for the year and was another record high for the organisation. However, our scores still have room for improvement as survey results shown on page 32 demonstrate.

Our People Strategy will therefore be refreshed to align it with our new ambition and sets out our plans to modernise our organisation with a programme of work which will build capacity, develop capability, modernise and reshape our organisation and empower our people.

Employee engagement is shaped by experience at work, as measured by nine themes in the survey shown below.



Civil Service People Survey - Engagement scores

We place a strong emphasis on developing the skills of our people. During 2016/17 an average of 5.9 internal training days was provided to all employees, including technical/casework-based and Information Systems training as well as in soft skill and personal development including over 2,600 days of leadership and management training. Investment in the training of newly appointed line managers, accounted for 100 training days in the last quarter of the year. In addition £564k was spent on external training upskilling across a range of work areas and disciplines.

Our ambition is to create the most digitally proficient workforce of any land registry in the world and become a beacon for digital skills in the UK.

Building capacity and capability

We have already started to build capacity through recruitment and the establishment of a new senior leadership structure. We recruited 587 new colleagues in 2016/17, a net gain of 276 people with applicants from across a range of backgrounds.

Our recruitment has been focused on:

- addressing front-line needs to meet and maintain service delivery standards and to address future workforce sustainability;
- enhancing specific capability areas, particularly in commercial, digital transformation and agile development skills; and
- delivering key programmes of work including new digital services and the Local Land Charges Programme.

Reshaping and modernising the organisation

We have continued to expand our apprenticeship programme in our Operations Directorate and delivered new apprenticeships in Information Systems, Human Resources and Finance. Since 2014 we have recruited 388 apprentices from a diverse range of backgrounds.

Almost 70% of the first cohort who completed their apprenticeship last year were offered permanent





"In 2016 HM Land Registry celebrated an important milestone as our first trainee solicitor, Carol Gurajena, was enrolled as a solicitor at the Law Society.

"This process began in 2013 when HM Land Registry was accredited by the Solicitors Regulation Authority as a recognised provider for trainee solicitors. Carol, who worked in Registration and Legal Services Group, one of our head office legal teams, became our first trainee. This followed our successful challenge, on equality grounds, to gain recognition of her qualifications which were stated to be time expired. This challenge opens the door to others in a similar position to Carol across England and Wales, particularly parents who have spent time out of work bringing up children.

"The training gave Carol the opportunity to work within other HM Land Registry groups, including Indemnity and Litigation Group and Corporate Legal and Assurance Services as well as an external secondment to the Government Legal Department. Carol says the placements have enabled her to take a more holistic approach to her work with a good understanding of the common challenges facing government departments.

"This level of training represents a sizeable investment in one person; however we are already seeing the benefits. Carol has joined our team of qualified lawyers and is putting into practice the expertise she gained in training. We intend to extend this successful pilot by providing the opportunity for two further trainee solicitors in 2017/18."

Mike Westcott Rudd, Board Legal Adviser



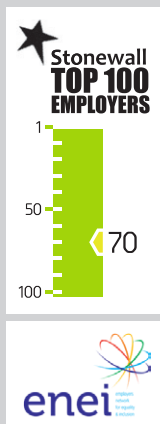
roles in HM Land Registry. We also hosted graduate placements from the Civil Service Fast-stream programme in Finance and Commercial Services and Cyber Security plus we have recently launched a pilot trailblazer apprenticeship for paralegals developed with the Chartered Institute of Legal Executives (CILEx) which establishes a career path from the core Operations function to our legal profession.

A better place to work

We are passionate about providing and promoting an inclusive culture and were immensely proud to be placed among Stonewall's Top 100 Employers for the second successive year. Our LGBT & Allies Network was also recognised as the Employee Network Group of the Year in the Employers Network for Equality & Inclusion Awards 2016.

We are committed to maintaining and promoting the health and wellbeing of our people. Through the sponsorship of LR Leisure and with a range of health and wellbeing, leisure and charity committees in each office, colleagues are involved in a wide range of activities, which promote not only health and wellbeing but also colleague engagement, social interaction and corporate social responsibility as well as being fun!

This year the Executive Board agreed an attendance, health and wellbeing framework and associated delivery plan. The framework provides an integrated approach to health and wellbeing with a focus on culture, prevention, intervention, and post absence return to work, recognising priority areas of mental wellbeing, musculoskeletal issues, and general wellbeing.



Why sustainability matters

4kodiak/E+/Getty Images

With more than 150 years of history and a core purpose that is intrinsically linked to the land in England and Wales we care about the environment and our communities.

We are committed to performing as a responsible business, contributing to wider community activities and delivering our environmental targets.

Beating our environmental targets

We are exceeding and well on course to meet all of the Greening Government Commitments (GGC) draft targets for 2020:

- Paper consumption – 56% reduction*
- Carbon – 49% reduction*
- Waste generated – 47% reduction*
- Water consumption – 39% reduction*

*against 2009/10 baseline

save@work

Twelve of our fourteen offices took part in the European save@work initiative with SevernWye Energy Agency. Behavioural change was at the heart of the programme and all our offices, even the two offices not participating in the actual competition, set up a team of people to take develop an action plan and set about implementing it.

The overall result was a reduction in gas and electricity consumption of 5% and 2% respectively for the 12 offices in the competition. Telford, Weymouth and Birkenhead offices excelled by achieving a reduction in gas and electricity consumption of 18.3%, 15.3% and 7.1% respectively.

An innovative approach from Fylde Office saw the introduction of a milk club. Purchasing milk in cartons from a local farm has resulted in the near elimination of plastic milk bottles from the office.

“I have worked on a number of energy saving initiatives during my seven years at Severn Wye and never have I had a project with such a committed, organised and game-on group of people than I have with HM Land Registry.”

Severn Wye Agency on the save@work campaign



Freeing up land for redevelopment

We have been disposing of parts of our estate to make way for new houses and even schools to better support the local community.

- The northern part of our former Chalfont Drive site in Nottingham was sold to developer Bellway Homes and many new homes have already been constructed. The southern part of the site is expected to be transferred to the Homes & Communities Agency imminently, also for the development of new homes.
- Our former childcare nursery site at Leicester is also to be transferred to the Homes & Communities Agency.
- Our surplus property Old Market House in Birkenhead has been marketed for sale and is now under offer and due to be sold for alternative use.
- We relocated our Coventry Office allowing a new school to use the vacated site with previous HM Land Registry facilities already benefiting the local community. Surplus furniture was donated to the school and charities.



Volunteering and charity in the community

Over the last year a total of 775 days was spent volunteering by 293 colleagues which included a scheme supporting homeless people, sports coaching and environmental initiatives.

Toni Cray of our Peterborough Office won our Lucy Mason Award for volunteering. By supporting victims of crime Toni has turned her own experience of a serious crime which deeply affected her family into something positive to benefit others. She also helps with training police liaison officers by sharing her own experience and providing insight into the feelings of someone who has had the support of a liaison officer. Toni also facilitates meetings between victims and the perpetrators to enable the victims to overcome the impact crime has had upon them.



Charitable fundraising plays a key role in our commitment as a socially responsible business.

Local office charity committees have undertaken a variety of events including sponsored head shaves, cake sales, cycle rides and quizzes which have collectively raised almost £72,500. Along with local causes, our offices also supported national charities, raising more than £4,400 for World Cancer Day, and sponsoring guide dogs.

Birkenhead Office held a special collection to help some local children to remain in their family home following the death of both of their parents from cancer within two weeks of each other.





Performance analysis: Director of Finance's report



Catherine Vaughan
Director of Finance

Our Finance function has continued to improve the quality of information and analysis provided to support effective decision making.

During 2016/17 we also developed our Medium Term Financial Strategy, underpinned by a new financial modelling tool to support long-term planning.

We invested heavily in our finance business partnering function, and reviewed our forecasting skills.

An independent assessment of our financial management capability conducted by CIPFA (Chartered Institute of Public Finance and Accountancy) endorsed the significant progress made. Our plans for 2017/18 include the replacement of our legacy Finance and HR systems and to improve the financial and commercial skills of key colleagues across the organisation.

Financial summary

	2016/17 £m	2015/16 £m	Variance %
Income	311.4	295.4	5
Operating costs	241.9	254.2	-5
Surplus before dividend	64.6	34.6	87
Capital expenditure	10.6	5.6	91
Net assets	422.2	373.6	13
Cash	489.9	443.9	10
Retained surplus	45.7	21.1	117
Dividend	18.9	13.6	39
Return on capital employed (%)	15.1	8.6	76



Revenue

Changes in the property market, including the volume, type and value of the work received, have a strong direct impact on HM Land Registry's financial position. The incoming workload generates revenue and drives the cost of processing applications.

Total revenue, which is comprised of statutory and non-statutory revenue, was £311.4m. This represents a 5% increase compared with 2015/16 and was generated from a combination of increased volumes of registration service applications leading to higher revenue and deferred income adjustments.

A number of datasets were made available for free or as a paid for service to meet demand for property-related information and support economic growth. We plan to expand that offer further, with an open approach to data to support our ambition.

We deferred £8.2m income in 2015/16 as a result of backlogs rising. There was no significant movement in backlog levels over the course of 2016/17 which has meant that we have recognised the majority of our revenue received in year.

Transformation

The revenue from statutory services needs to be sufficient to sustain our investment in transformation as well as delivering our day-to-day operations and managing the risk associated with unpredictable volumes of work. Therefore we continue to review our forecasting expertise and confidence levels in a range of potential outcomes as we scenario plan for the future.

The ongoing digitisation of services will further increase the organisation's resilience to market fluctuations and support the mitigation of fraud risk.

We have significant ongoing investment planned and financed within our Medium Term Financial Strategy including a new, simplified fee order during 2018 to support this digital transformation and to invest in our underlying IT infrastructure.

This includes replacing our legacy Finance and Human Resources systems with an integrated Enterprise Resource Planning system during 2017/8.

We hold strong cash-backed reserves to mitigate against the risk of an unexpected downturn in the economy. We also set aside in-year revenue and cost risk provisions.

Operating costs

We reduced our operating costs in 2016/17 despite a higher workload than the previous year, driving efficiency particularly through effective procurement, rolling out new technology to support smarter working and better use of our buildings.

Operating costs were £241.9m (2015/16: £254.2m), a reduction of 5%. Of this reduction, £10.9m relates to movement in the indemnity provision: in 2016/17, the indemnity provision increased by only £0.3m compared to an increase in 2015/16 of £11.2m.

Impairment and depreciation costs also reduced from £11.7m in 2015/16 to £3.8m in 2016/17, a movement of £7.9m. Salary costs increased by £11.3m from £168.1m in 2015/16 to £179.4m in 2016/17 reflecting our increased workload.

As we look ahead to the coming year we will renew our focus on the use of continuous improvement techniques across our offices. We will generate efficiencies both internally and also for our customers by making processes more automated and, where appropriate, standardised.



Capital structure

The amount of Public Dividend Capital remains unchanged at £61.5m. A dividend payment of £18.9m will be made to HM Treasury which results in a retained surplus of £45.7m.

We continue to plan for major investment in our Local Land Charges programme, forward funded through our accumulated reserves, which is estimated to drive at least £88m of benefit to the national economy by 2026/27 and £183m by 2035/36.

The programme will transition the services from the relevant 326 English local authorities to HM Land Registry. It will deliver a new national digital service with 100% of the searches from a spatially enabled digital register. It will reduce turnaround times from an average of eight days to instant online access and will reduce the costs of providing the service.

Indemnity Fund payments

The state-backed guarantee of title underpins the conveyancing system. It enables financial institutions to provide secure personal and commercial lending against property, which supports economic growth.

We therefore carefully control the risk of error or fraud in the register in order to effectively manage the liability associated with indemnity claims. A comprehensive review of current and potential indemnity liability is undertaken annually and an appropriate financial provision made within the budget and accounts.

In 2016/17 we paid £6.9m for 995 claims, compared with £8m for 1,003 claims in 2015/16. The largest claim paid this year was for a forged charge, settled for £702,290 (see note 16.2 in the accounts and Appendix E).

This year the value of the outstanding claims provision decreased to £8.0m (2015/16:£10.5m). The impact of this decrease provision was a reduction of £2.5m to our operating costs (2015/16: £2.1m charge). Further information, including sensitivity analyses, can be found in note 16.2 in the accounts.

The value of the Indemnity Fund Incurred But Not Reported (IBNR) provision has increased to £77.1m (2015/16: £74.3m). The impact of this increased provision was a charge of £2.8m to our operating costs (2015/16: £9.1m). 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 16.2 in the accounts.

Indemnity claims paid £'000

2012/13	2013/14	2014/15	2015/16	2016/17	Total for five years
11,896	11,205	8,383	8,021	6,958	46,462

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.

Non-current assets

The value of our estate is now £58.1m including assets held for sale of £6.9m. We have continued to reduce the size of our estate and tenants now occupy 24% of it.

We have three properties meeting the definition of investment property (the second floor

of Weymouth Office, Old Market House in Birkenhead and the Earle House extension in Hull, which are let on a commercial basis).

Our total spend on property (including rent, business rates and service charges) and facilities management (including utilities, post and reprographics) was £20.2m. Our expenditure on contracted-out services with facilities management provider Carillion was £9m.

We are working in collaboration with the Government Property Unit in the Cabinet Office to align our estate strategy with government strategy including the strategic and mini hubs and One Public Estate programmes.

The northern part of our former Chalfont Drive site in Nottingham was sold to developer Bellway Homes and many new homes have already been constructed. The southern part of the site is expected to be transferred to the Homes & Communities Agency imminently, also for the development of new homes. Our former childcare nursery site at Leicester is also



Nottingham development plans

to be transferred to the Homes & Communities Agency. Our surplus property Old Market House in Birkenhead has been marketed for sale and is now under offer and due to be sold for alternative use.

Total capital spend, primarily on IT, software and capitalisation of Local Land Charges development costs, was £10.6m (£2.6m tangible and £8m intangible).

Performance against targets

Performance is as reported on page 44.

Future activities

Our strategy is as reported on page 7.

Main trends affecting future activities

The main trend affecting future activities is the level and nature of housing market activity. This is reviewed constantly using a range of indicators from internal and external sources but is inherently unpredictable. Our planning for 2017/18 has been undertaken on the basis that activity will be broadly similar to the pattern seen in 2016/17 with 31 million applications (output) including 0.5m bulk registrations.

Directorships and significant interests

Directorships and significant interests are covered in the corporate governance report on page 63.

Key relationships

We maintain close relationships with our key suppliers through our procurement and contract management processes. The performance of these 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.

During the year certain business critical services migrated to new suppliers following competitive re-procurements; these included our document scanning service and wide area network provision. While some difficulties occurred with the transition of the document scanning service, these were dealt with by a combined team from our operations and commercial groups who worked with the supplier to overcome the initial problems.

Other significant contracts awarded through the year include a replacement Enterprise Resource Planning system for Finance and Human Resources, a planning and delivery partner for the Local Land Charges programme and external capacity and capability to support the building of the Local Land Charges register.

Our key suppliers for the year included TNT, Carillion, Xerox, IBM, Cap Gemini, PA Consulting and Kainos.

Significant use continues to be made of cross-government contracts in line with the Cabinet Office's procurement policy. Where these are not considered to be suitable, opportunities are advertised through OJEU (Official Journal of the European Union).

HM Revenue & Customs

Following a tax compliance audit by HM Revenue & Customs (HMRC), a provision of £1.2m was provided in 2015/16. During 2016/17 £0.5m was paid to HMRC in full settlement of outstanding tax and £0.7m was written back to expenditure.

Payments

We comply with the Late Payment of Commercial Debt (Interest) Act 1998 and the Better Payment Practice Code. During the year we paid 92.1% of undisputed invoices received from suppliers within five working days (2015/16: 92.5%).

Auditors

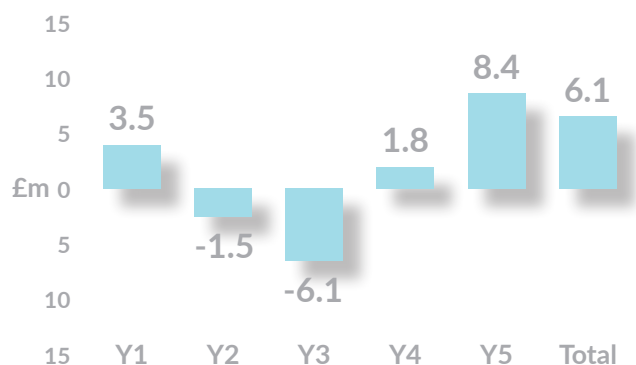
The accounts have been audited by the Comptroller and Auditor General (C&AG). The cost in respect of services relating to the statutory audit for 2016/17 was £65,000 (2015/16: £65,000).

Future expenditure trends

The chart below shows the indicative surpluses and deficits in our core planning scenario in our Medium Term Financial Strategy after returning a dividend to HM Treasury of 3.5% of the average capital employed during the year plus inflation. It shows a modest overall surplus over the planning period consistent with the expectations of a Trading Fund and the requirements of Managing Public Money. It excludes the investment in Local Land Charges (LLC) which is being forward funded from accumulated reserves.

Revenue is assumed to grow only at a modest rate

Retained earnings for the year (excluding LLC)



over the five-year planning period although there are a wide range of potential scenarios that have been tested. The five-year cost profile reflects the current plans and assumptions, which are better understood in the first three years of the plan than in the latter two. This will involve the Finance function undertaking a regular annual review, adapting to new information, learning from experience and responding to emerging Government policy.

The investment in our digital transformation is reflected in both revenue and capital expenditure. Core business costs are expected to reduce as the benefits of the digital programme are realised, though these are offset in the short term by one-off costs and the amortisation of the capital investment.

Catherine Vaughan
Director of Finance 11 July 2017

The level and nature of housing market activity is reviewed constantly using a range of indicators.





Our new ambition,
mission and values
reflect our core
commitment to the
integrity of the Land
Register.



Our performance

A photograph of a construction site at dusk. In the foreground, there are several large, dark cylindrical storage tanks with orange horizontal bands. In the background, two tall lattice cranes stand against a blue and cloudy sky. A small airplane is visible in the distance. The overall scene is silhouetted against the twilight sky.

In 2016/17 we set ourselves 11 performance targets.

Seven of these were key performance indicators (KPI), which, in addition to being approved by the Board to HM Land Registry were also endorsed by the then Minister of State (Minister for Small Business, Industry and Enterprise) for the Department for Business, Innovation and Skills.

The remaining four targets were classified as internal performance indicators (PI), which supplemented the KPIs and help to manage the organisation.

Customers

Indicator	KPI	PI	2015/16 Achievement	2016/17 Achievement
The percentage of customers who rate our overall service as good, very good or excellent to achieve 90%	■		94%	90.3%
By the end of March 2017, to have reduced the backlog, including cases in standover, to seven days' worth of intake				11.8 days' worth
By March 2017 we will be completing 70% of dealing applications within five days		■		79%
By March 2017 we will be completing 60% of new titles within 25 days				23%

Quality

Indicator	KPI	PI	2015/16 Achievement	2016/17 Achievement
Substantive registrations to pass at least 98% of defined quality checks	■		98.06%	98.3%
Achieve 98% of speed of service standards relating to Independent Complaints Reviewer reports and recommendations, and meet complaint accuracy standards in 98% of cases		■		Accuracy 98.4%
				Apology letter missed on five reports

Efficiency

Indicator	KPI	PI	2015/16 Achievement	2016/17 Achievement
Unit cost to be no more than £20.42	■		£19.49	£19.34
Achieve at least 12.3 (12.15 restated) units processed per full-time equivalent per day	■		12.09	11.62 (11.48 restated)
A 5% reduction in running costs compared with the budget for 2014/15	■		Met	

Innovation

Indicator	KPI	PI	2015/16 Achievement	2016/17 Achievement
We will develop and release a LLC alpha product, for use by a subset of the selected pilot local authorities, by 31 March 2017	■			✓
Average external e-services availability at 99.6% or higher during published service hours	■		99.96%	99.89%
We will establish two public beta services operating on the GOV.UK website by the end of March 2016	■		Not achieved	
We will release a further four datasets by 31 March 2016 including price paid information on commercially owned properties	■		Not achieved	

Colleagues

Indicator	KPI	PI	2015/16 Achievement	2016/17 Achievement
Achieve an overall colleague engagement score of no less than 57%	■			56%*
Achieve an improvement in the engagement score for leadership and managing change over two years of 15% compared with 2014/15 baseline	■		Two-year target	14%*
Attraction and appointment rates for candidates applying for roles within HM Land Registry to be representative of the minority ethnic profile of the local labour population where the recruitment takes place		■		Attraction rate 1.8%
				Appointment rate -7.6%
Maintain a consistent index score calculated from a basket of four measures designed to measure motivation and performance of our workforce	■		Met	
Capability Milestone 1 - In 2015/16 to achieve an overall increase in the engagement score of 2%, with a 4% improvement in leadership and managing change in the Civil Service Survey and a 4% improvement in response to senior managers taking action on results from the survey			3% 6% 12%	
Capability Milestone 2 - At 31 March 2016 75% or more of the apprentice intake are still on the scheme			93%	
Capability Milestone 3 - By the end of March 2016 we will have refreshed the workforce through a new starter rate of 4%			7.4%	

Note: Figures for 2015/16 are taken from the Annual Report and Accounts 2015/16 in which more detail is provided.

* The formal KPIs were missed but the targets were exceeded in the February internal pulse survey.

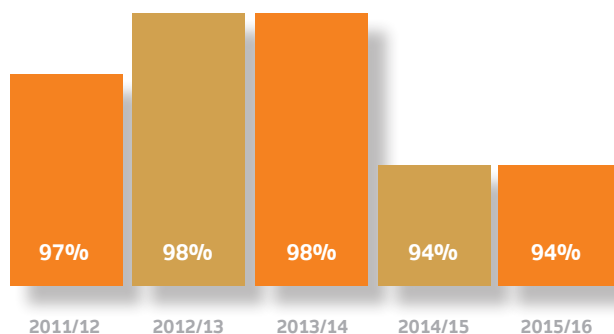
Customers

KPI – The percentage of customers who rate our overall service as good, very good or excellent to achieve 90%

As trading fund that derives its income from fees we have a responsibility to provide a service that represents value for money and meets the needs of our customers and their professional expectations.

To measure satisfaction we commissioned IPSOS to undertake four quarterly surveys of 300 representative customers on our behalf to independently measure satisfaction, the average of which is used to calculate the final result.

Result for 2016/17 – 90.3%



Looking ahead

Our performance on our main customer KPI was lower than in previous years. We will be developing and starting to implement a new customer strategy in 2017/18 to provide greater consistency of service and improve our customers' experience when contacting us to keep pace with increasing customer expectations.

PI – By the end of March 2017, to have reduced the backlog, including cases awaiting a reply from customers, to seven days' worth of intake

The speed of service we provide to our customers is a product of the volume of work we receive, the level of operational resource available and the efficiency with which we process that work. The combination of these three factors results in a backlog of work at any given time, which at the start of the year stood at around 13 days' worth of intake in total numbers of applications.

While this measure is a useful internal metric it is less understandable to our customers as a measure of the service they receive. Our plans to reduce the backlog of work were therefore underpinned by rigorous service standards, which were:

- by March 2017 we will be completing 70% of applications relating to existing titles within five days; and
- by March 2017 we will be completing 60% of new titles within 25 days.

Result for 2016/17

By the end of the year we:

- had reduced the backlog to 11.8 days' worth of intake;
- were completing 79.4% of dealings within five days; and
- were completing 23% of new title applications within 25 days.

This is a mixed result for us. Straightforward transactions (updates to an existing title) represent by far the greatest volume of our work and exceeding our target meant that the majority of applications received a very good service. However, due to the increased intake volumes, we were unable to meet our speed of service targets for the more complex applications to create new titles, which take more resource and are handled by our more experienced caseworkers.

This target was a stretch target for HM Land Registry and was the first time that we have expressed our ambition for our speed of service in this way. Our first year driving towards this target has given us significant learning which will enable us to drive closer to our ultimate service targets over the next year, and then give us an opportunity to improve these targets even further in future years.

Looking ahead

We are raising the standard through an ambition to complete all existing title applications within five days and all new title applications within 25 days where it is possible to do so. We believe this is a more meaningful measure to our customers and aligns with feedback received through our customer satisfaction surveys.

Quality

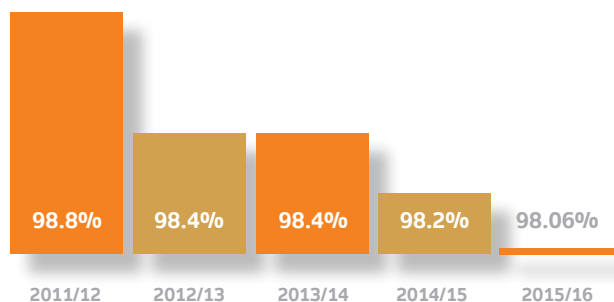
KPI – Substantive registrations to pass at least 98% of defined quality checks

The integrity of the register is paramount. As the definitive record of property ownership in England and Wales ensuring the register is accurate and of the right quality is vitally important.

To measure the quality of our registration work, our Register Integrity and Assurance Group take a monthly 5% representative sample from the work we have completed and undertake a number of quality checks to make sure the registration has been completed accurately.

Result for 2016/17

We achieved 98.3%, the best for three years.



Looking ahead

As we digitise and automate more of our services we will build in additional validation checks that will mitigate the opportunities for errors to be made and further enhance the integrity and accuracy of the register.

PI – Achieve 98% of speed of service standards relating to Independent Complaints Reviewer reports and recommendations, and meet complaint accuracy standards in 98% of cases

We strive to resolve all customer complaints as quickly and efficiently as we can and have clear guidance and escalation procedures for our people to follow. However, customers do have the opportunity to refer complaints to our Independent Complaints Reviewer (ICR) and a small number of these referrals occur every year.

To make sure any systemic issues are identified and dealt with we introduced this target for the first time. The speed of service element of the target is measured through:

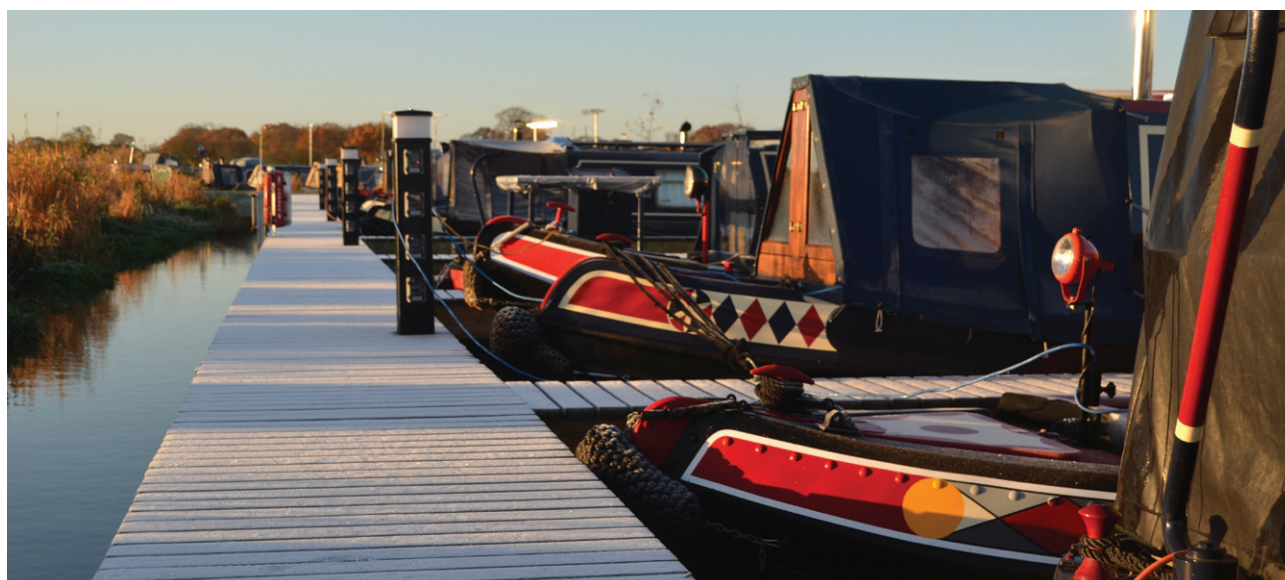
- provision of apologies and any other specific redress to customers recommended by the ICR within two weeks of receipt of the ICR's final report;
- agree action plans for the implementation of systemic recommendations by the ICR within four weeks of the date of the next ICREST (Independent Complaints Reviewer Evaluation and Study Team) meeting following receipt of the ICR's final report; and
- complete agreed actions arising from systemic recommendations within 10 weeks or, if the action or change needed cannot be delivered within that timeframe, to agree and schedule the date it can be delivered within that same period.

Result for 2016/17

We achieved the accuracy standards in 98.3% of cases, exceeding the target. All of the action plans were agreed within four weeks and the resulting actions completed within ten weeks. However, there were five occasions where the initial letter was not issued within two weeks, missing this deadline by a day or two.

Looking ahead

We have already strengthened the initial stages of the process will continue to monitor this target internally and implement any systemic recommendations identified and agreed with the ICR.



Efficiency

KPI – Unit cost to be no more than £20.42

We receive over 30 million applications a year that vary hugely in nature and complexity, ranging from a simple request for a copy of a document we hold to an intricate registration where we determine legal ownership based on complex documentary evidence, often dating back decades.

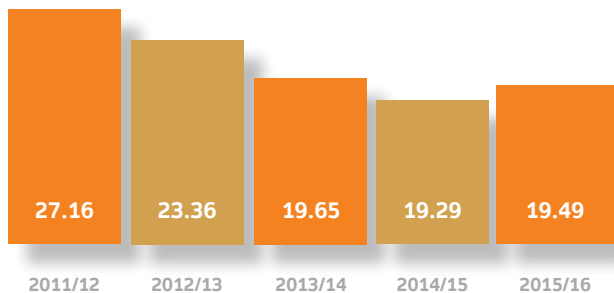
To help with our budgeting and workforce planning, we allocate a notional unit value to each type of application we process based on the relative complexity and effort involved in the work needed to complete the application. A unit cost is then derived that we use to help measure and drive our efficiency.

Result for 2016/17

We achieved a unit cost of £19.34, beating our target by 6%. Efficiencies in unit cost were primarily driven through IT and procurement savings, enhancements to case-working systems and the recruitment of entry level grades to tackle the more straightforward work (once trained) enabling our more experience caseworkers to deal with more complex applications.

The following chart shows performance for the past five years.

This year costs relating to investment projects were included in the calculation to provide a more comprehensive measure. However, this means a direct comparison of this year's result is not possible with the chart below. To provide a degree of context, had the same methodology as in previous years been used the target for this year would have been £22.51.



Looking ahead

We are very conscious that expressing targets in per unit terms is not completely transparent to our customers and stakeholders. We intend to replace this measure with a cost per type of application measure that will be able to show increased efficiency in our registration work over time in a more transparent way.

KPI – Achieve at least 12.3 units processed per full-time equivalent per day

As mentioned above, we allocate a notional unit value to each type of application we process based on the relative complexity and effort involved to complete the work. Alongside the cost per unit score this allows us to measure the productivity per each full-time equivalent (FTE). We do this by dividing the number of units of work produced by the number of FTEs used to process the work, giving a figure that represents the productivity of the workforce.

Aligned to change in the calculation of the cost per unit KPI referred to above, early in the year it was identified that the additional costs included had the effect of adding additional FTEs to the target – making it more difficult to achieve than intended. To provide a direct comparison, from that point we tracked 12.15 units as a target in addition to 12.3 units.

Result for 2016/17

We achieved 11.62 and 11.46 units per FTE per day against the 12.3 and 12.15 targets respectively. We fell short of this target due to recruiting in significant numbers and then taking too long for new staff to become fully productive with additional training taking experienced caseworkers away from registration work. However, while this may have meant we were not able to meet our KPI this year, it is a critical investment in our future and now that we have new people trained and tackling appropriate levels of casework we can become even more productive next year.

Looking ahead

In addition to digitising and automating services we are introducing a programme of continuous improvement across our offices that will drive out efficiencies, create and share best practice across teams and locations and improve performance across the organisation.

Innovation

KPI – Average external e-services availability at 99.6% or higher during published service hours

The availability of our e-services is of critical importance to our business. Most of the applications our customers submitted were lodged via our e-service channels.

This target is calculated by measuring the availability against advertised service hours for five of our online channels. These are:

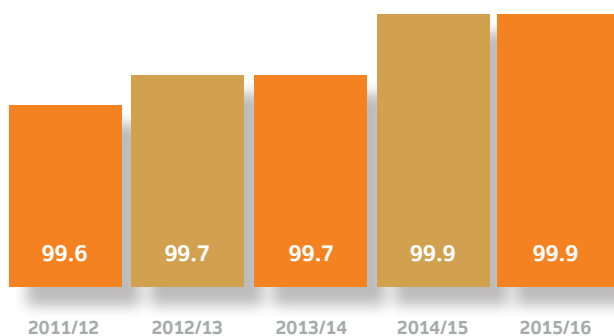
PI – We will develop and release a Local Land Charges alpha product, for use by a subset of the selected pilot local authorities, by 31 March 2017

We are delivering our ambitious programme to transform the Local Land Charges (LLC) service currently delivered by 326 English local authorities. In doing so, we will significantly improve the customers' experience of the LLC process, by making it better, quicker and cheaper. This will include:

- a new national digital service with 100% of the searches from a spatially enabled digital register will be established;

System	Description	Published daily service hours	Annual hours	Max downtime hours
Business e-services	Portal for professional customers to access our full range of e-services	16.5	6,023	24
Business Gateway	A seamless interface into customers' case management systems	16.5	6,023	24
Inspire	A service that provides access to HM Land Registry index map polygons	—	8,760	35
Find a property	Service aimed at citizens that provides access to copies of the register	18	6,570	26
Corporate website	HM Land Registry information hosted on GOV.UK	24	8,760	35
Total			36,136	144

Result for 2016/17 – 99.9%



Looking ahead

We are planning to invest heavily in new digital services, modernising our IT infrastructure and enhancing our cyber security defences while maintaining the excellent availability seen this year.

- a reduction in committed turnaround times from a current committed average of eight days to instant online access; and
- a reduced price for a LLC official search.

Result for 2016/17

At the heart of the new service is our LLC Register Service. We passed our Government Digital Service (GDS) alpha assessment in January 2017. The build of our LLC Register Service was, and continues to be, informed by a significant amount of user research across local authorities.

Looking ahead

Our GDS alpha assessment has informed the next stage of the programme and has shaped the remainder of our LLC Register Service build. Subject to approval of our Programme Business Case we plan to incrementally migrate each of the 326 English local authorities to our new register over the next few years. We plan to have the service being used by 50% of local authorities by the end of 2020.

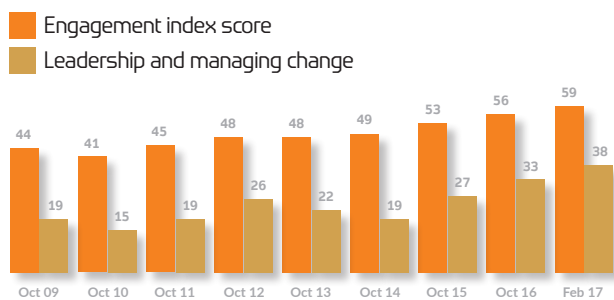
Colleagues

KPI – To achieve an overall staff engagement score of no less than 57%

Our success depends upon our people. We will have an ambitious strategy to deliver that will require engaged and committed colleagues. After a prolonged period of uncertainty following two consultations on the future of HM Land Registry in quick succession we have worked hard to engage our people in the debate and provide clarity where certainty cannot exist.

Result for 2016/17

The result for the KPI is taken from the annual Civil Service People Survey undertaken in October each year. We achieved a result of 56% against the target of 57%, an improvement of 3% over the previous year. Of course we are disappointed that we did not hit the target by the time of the October Civil Service survey but nonetheless, a 7% increase over only two years is a significant improvement. The results of our February internal pulse survey show that we have enhanced colleague engagement by 59% and put us in a good starting position for the next Civil Service survey.



Looking ahead

We will continue to drive increased engagement and seek to galvanise our people around our new direction with a longer term aim to be in the top quartile of the Civil Service.

KPI – To achieve an improvement in the engagement score for leadership and managing change over two years of 15% compared with 2014/15 baseline

With an ambitious transformation ahead of us, our ability to lead and manage change will be key to our success. We are investing in developing our leaders, our change management approach, supporting tools and capability.

Result for 2016/17

The result for this KPI is also taken from the Civil Service People Survey where we achieved a score of 33% - an improvement of 14% in two years, just 1% short of the stretching 15% target. Again, in the last internal pulse survey we achieved a result of 38% which is 4% ahead of the target and a record high for the organisation.

Just as with the overall engagement score the movement over the last two years has been significant, and the February internal survey result puts us in a really strong position for next year.

The baseline for this measure was set in 2014/15 where we achieved a score of 19%, rising to 25% in 2015/16.

Looking ahead

We plan to further enhance our leadership and change management capacity and capability through a combination of new executive level recruitment and additional temporary capacity procured from partners as and when needed to support new initiatives.

PI – Attraction and appointment rates for candidates applying for roles within HM Land Registry to be representative of the minority ethnic profile of the local labour population where the recruitment takes place

Prior to 2014 we had not recruited in significant numbers since 2007 and typical length of service is was in excess of 20 years. This resulted in our workforce no longer being representative of the local population where our offices are based. This PI was developed to bring a focus to help address the situation.

Result for 2016/17

We have a two-year diversity target which covers both the attraction and appointment of minority ethnic staff. In our first year we successfully delivered 1.8% above the attraction target, but did not see enough of those applications turn into appointments thereby missing the appointment target by 7.6%.

Looking forward

This PI will continue to be a focus. With recruitment planned to take place in the coming year we are looking to build upon the successes we have had in attracting diverse applicants to HM Land Registry and will be looking to turn that attraction into appointments.



Sustainability performance

We manage the delivery of land registration in an environmentally responsible way. We utilise our Environmental Management System to ensure we are continually improving and working towards the required targets set as part of the Greening Government Commitments (GGC) and the Greening Government ICT requirements.

This report is delivered in line with the 2016/17 guidelines supplied by HM Treasury.

We continue to be accredited to the environmental ISO14001 standard which independently ratifies our performance across the full range of sustainability activities within the organisation.

Current performance against the 2009/10 sustainability baseline data is as follows against the GGC targets.

In addition the following requirement within the GGC continues to be delivered.

- Continue to pursue public procurement practices that are sustainable, so that the government buys more sustainable and efficient products with the aim of achieving the best overall value for money for society.

Departments will report on the systems they have in place and the action taken to support this commitment, including:

- to embed compliance with the Government Buying Standards in departmental and centralised procurement contracts, within the context of government's overarching priorities of value for money and streamlining procurement processes; and
- to understand and reduce supply chain impacts.

Area	Achieved	Proposed draft target for 2020	On target?
Carbon	49% reduction	40% reduction	Yes
Waste arising	47% reduction	Reduce the amount of waste generated by at least 25%	Yes
	98% recycled	Recycle or compost at least 70% of waste	Yes
	2% to landfill	Landfill less than 10% of waste	Yes
Water consumption	39% reduction	25% reduction (self-imposed)	Yes
Paper consumption	56% reduction	Reduce our paper use by 50% from 2009/10 baseline	Yes

Performance data against draft GGC targets

Area		Performance	
		Actual	2020 reduction target
Energy: greenhouse gas emissions, all areas within scope	Carbon emissions (tonnes)	7,328	7,328
	Expenditure (£)	1,485	
Waste	Consumption (tonnes)	1,105	1,484
	Expenditure (£)	129	
Water	Consumption (m3)	34,967	38,346
	Expenditure (£)	152	



Sustainability governance

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

Overall delivery of additional requirements of GGC

The targets continue to drive central Government to be more sustainable and ensure the requirements of the Climate Change Act (2008) of a reduction of 31% by 2020 in greenhouse gas emissions is delivered.

Climate change adaptation

Climate change impacts are considered during the delivery of building works and projects. We utilise information delivered in building condition surveys and forward maintenance plans as part of our sustainability reduction strategy while carrying out major refurbishments, relocations or when delivering significant building plant replacement. The climate change adaptation plan is under continuous review.

Biodiversity and the natural environment

Improvements continue to be introduced where financially viable through Carillion. Improvements continue to be made by a number of initiatives with grounds maintenance, with an emphasis on habitat creation when replanting activity occurs.



zoedebala/E+/Getty Images

Carbon

Gross emissions have reduced by 49% over the baseline.

Consumption of both electricity and gas has reduced over the last year and this is a reflection of the efforts put in through the save@work programme. The reductions are all the more impressive given the additional staff recruited and the extension of hours throughout the year.

The cost of the Carbon Reduction Commitment to the organisation was £157,170.

Our overall reduction in carbon emissions since 2009/10 is 49%. See Appendix D for historic trend data.

Greenhouse gas emission	2016/17	2015/16	2014/15	2013/14	2012/13
Non-financial indicators (tCO₂e)					
Total gross emissions for scopes 1 and 2	6,818	7,835	8,048	8,404	10,447
Electricity: green/renewable	1,710	1,195	2,306	2,780	2,265
Total net emissions for scopes 1 and 2 (ie having removed renewable elements)	5,108	6,640	5,742	5,624	8,182
Gross emissions scope 3 travel ¹	510	557	608	724	893
Total gross reported emissions	7,328	8,392	8,656	9,128	11,340
Non-financial indicators (mWh)					
Electricity: purchased (grid, combined heat and power, and non-renewable)	12,808	12,956	12,902	12,200	15,943
Electricity: renewable	—	—	—	—	—
Gas	5,774	7,325	6,989	8,355	11,567
Other energy sources	—	—	—	—	—
Total energy	18,582	20,281	19,891	20,555	27,510
Financial indicators (£'000)					
Expenditure on energy	1,485	1,641	1,684	1,810	2,043
Expenditure on accredited offsets (eg Government Carbon Offsetting fund)	—	—	—	—	—
Expenditure on official business travel	1,231	1,222	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.

Note: Ordnance Survey and the NHS who use HM Land Registry data centre services report their carbon consumption directly to government. This equates to 2,730,431KWh resulting in the removal of 1,227 tonnes of carbon.

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

The greenhouse gas draft target set for all BEIS agencies and public bodies is to reduce emissions by 40% by March 2020 over the baseline data for 2009/10.

Waste

The waste target set is to reduce the amount of waste generated by at least 25% from a 2009/10 baseline, and strive to reduce it further, recycle or compost at least 70% of waste, and landfill less than 10% of waste.

In partnership with our waste providers through our Carillion contract we are working towards zero to landfill. We are currently meeting all of the targets with performance as follows: the amount of waste generated reduced by 47%, the amount of waste recycled, diverted or composted is at 98.5% and landfill is at 1.5% of waste.

Waste	2016/17	2015/16	2014/15	2013/14	2012/13
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Non-financial indicators (tonnes)

Hazardous waste		3	1.6	—	—	—
Non-Hazardous waste	Landfill waste	13	31.9	105	101	379
	Reused/recycled waste	1,028	972.0	802	858	1,042
	Energy from waste	5	6.6	—	—	—
	Total waste arising	1,049	1,012.1	907	959	1,421

Financial indicators (£'000)

Hazardous waste		—	—	—	—
Non-Hazardous waste	Landfill waste	4	180	144	197
	Reused/recycled waste	208	99	146	218
	Incinerated waste	—	—	—	—
	Total waste costs	129	212	279	290



Waste management is delivered through two routes. Paper waste is managed through a confidential waste disposal contract outside of the facilities management contract with Carillion. All other waste management is delivered through the facilities management contract.

Of the waste arising 801 tonnes is paper sent for recycling. Paper equates to 69% of our total waste arising.

Our overall reduction in waste production since 2009/10 is 47%. See Appendix X for historic trend data.

Water consumption

The water target is to continue to further reduce water consumption from a 2009/10 baseline. This allows departments to set their own internal targets for water reduction and report on their progress against these. Additionally departments will continue to report on office water use (m3 per full-time equivalent).

A 39% reduction in water consumption has been achieved against a target of 25%. Consumption per full-time equivalent, including colleagues on HM Land Registry sites from other government departments, is 6.7m3.

Water consumption	2016/17	2015/16	2014/15	2013/14	2012/13
Non-financial indicators (cubic metres)					
Consumption					
Supplied	34,967	36,395	38,153	36,037	31,230
Abstracted	-	-	-	-	-
Total consumption	34,967	36,395	38,153	36,037	31,230
Financial indicators (£'000)					
Total supply costs	152	173	188	228	236

Paper usage

The GGC reduction target to reduce our paper use by 50% from an HM Land Registry baseline year of 2011/12 shows a current improvement of 56% over A4 equivalent paper use. Our digital services programme and our move to on-request printing are having a significant impact.

– Procurement & Commercial Group undertaking an exercise to obtain sustainability information on suppliers.

Work is also being done to implement the use of Contract Sustainability Action Plans.

So far these have been introduced to the Scanning, Processing & Electronic Data Services and Ordnance Survey contracts and are reviewed and updated at supplier meetings.

Sustainable procurement against GGC

The Corporate Procurement Team continue to work to maintain and, we hope, improve on Level 3 (Practice) across all categories in the Sustainable Procurement Flexible Framework maturity model. By working with our business stakeholders and key suppliers, the Cabinet Office's Government Buying Standards are now embedded into our procurement processes.

Key suppliers are to identify and progress opportunities for making social and environmental improvements. We have continued to work on sustainability issues as highlighted by:

– Enterprise, our vehicle hire provider, working closely with us to help identify which category of vehicle will provide the best value for money while at the same time reducing our carbon footprint; and



Performance on other matters

Land registration

We registered the freehold title to 210,786 hectares for the first time, taking the total registered area to 12,745,582 hectares or 84.27% of England and Wales. We adopted a more refined means of measurement during the year, so can now exclude any new registrations that do not relate to the freehold surface.

Public Sector Information Holder

We fulfil our role as a Public Sector Information Holder, which we take very seriously, through adherence to the Data Protection and Freedom of Information Acts. We mandate annual Responsible for Information learning for our people and augment it by promoting good practice in the areas of email security, password protection and the use of cloud collaboration tools. Our Senior Information Risk Owner (SIRO) oversees an information risk management process, which is measured through external accreditation (ISO27001) and independently challenged self-assessment (using the Information Assurance Maturity Model – IAMM). We also undertake regular internally and externally assessed Cyber Defence Capability Assessment Tool assessments (CDCAT) as part of the Critical National Infrastructure.

Open and full information

We received 422 Freedom of Information requests, of which 417 were answered within 20 working days.

Other information

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 to the Secretary of State for Business, Energy and Industrial Strategy, in making land registration rules and fee orders under the Act. During the past year the Rule Committee was reclassified from an Advisory Non Departmental Public Body to an Expert Committee.

The Rule Committee was involved in the following activities in the past year.

- In December 2016 the Law Society nominated Warren Gordon as its representative on the Rule Committee in accordance with s.127(2)(d) Land Registration Act 2002. Mr Gordon replaced Jonathan Smithers who resigned from the Rule Committee on completion of his term as President of the Law Society.
- The Rule 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.
- In February 2017 the Rule Committee was asked to consider the consultation on proposals to amend the Land Registration Rules 2003. This was in preparation for the Rule Committee carrying out its role of giving advice and assistance to the Secretary of State through a detailed consideration of the draft amendments to the rules once the consultation closed in April 2017.
- There were no expenses claimed by members of the Rule Committee in the current financial year.

Modern slavery

HM Land Registry is committed to ensuring there is no modern slavery or human trafficking in its supply chains or in any part of the organisation.

We have taken the following steps to ensure that neither slavery nor human trafficking (together referred to as 'modern slavery') have taken place in our organisation or supply chains.

- Recruited and employed colleagues and procured and engaged suppliers and advisers in each case in accordance with robust policies and procedures which seek to minimise the risk of modern slavery occurring in HM Land Registry.
- Maintained robust policies and procedures to require HM Land Registry employees to raise concerns about any issue at the earliest possible stage, which would include any concerns relating to modern slavery occurring in our organisation or supply chains.

Business Impact Target

The Government set itself a target to reduce regulatory burdens on business by £10 billion (Business Impact Target) over the life of the last Parliament. When the target was set, it was anticipated that this Parliament would end in 2020.

In common with all parts of government, HM Land Registry has undertaken impact assessments on all its policy changes since May 2015 to the end of this financial year. HM Land Registry's policy changes have resulted in time savings for conveyancers and we estimate that, so far, HM Land Registry has contributed to reducing this target by at least £500,000.

Policy and stakeholders

We ensure our interests are properly represented domestically and globally and the importance of land registration and its benefits are promoted to others. Our Policy & Stakeholder hub sits as part of the Chief Land Registrar's Office, giving us a presence across government and counterpart organisations overseas.

The main focus for the hub during the year was leading the cross-government Strategic Review of HM Land Registry where it worked with colleagues from across the organisation and other government departments on policies aiming to complete the Land Register and increase transparency in the housing market.

Following 2015's inaugural stakeholder event, this year's event held in November 2016 at the Royal Society in London was attended by an increased number of stakeholders from a wide range of organisations. We had the pleasure of welcoming the then Minister with responsibility for HM Land Registry, Margot James MP.

HM Land Registry representatives hold positions on various international forums, including Nicky Heathcote on the United Nations Economic Commission for Europe (UNECE) Committee for Housing and Land Management, Howard Bushell on the UNECE Working Party on Land Administration and Andrew Trigg on the EuroGeographics Management Board. Alasdair Lewis continued as President of

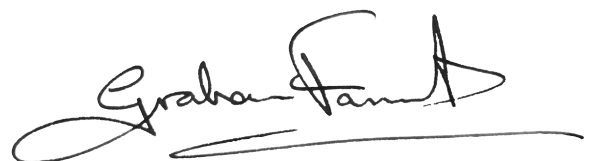
the European Land Registry Association. Having served four years, his term ends on 11 May 2017.

HM Land Registry is part of a coalition of international professional bodies and land experts developing International Land Measurement Standards (ILMS). Launched in June 2016, ILMS seeks to improve land reporting efficiency and economic development by offering principled standards in the public interest, focusing on key land information to strengthen land rights, tenure security, investment, government revenue and economic development.

In support of British foreign policy we assist with the development of land administration overseas. This year we participated in a UNECE mission to Kazakhstan, a Department for International Development-funded mission to Zambia and a mission to India under the Foreign and Commonwealth Office Prosperity Fund.

In the last year we have hosted educational study visits for representatives from many jurisdictions including Botswana, China, Malawi, Serbia and Zambia. We also welcomed our new Minister, Lord Prior of Brampton, and the then Minister of State for Housing Gavin Barwell to our Croydon office in March.

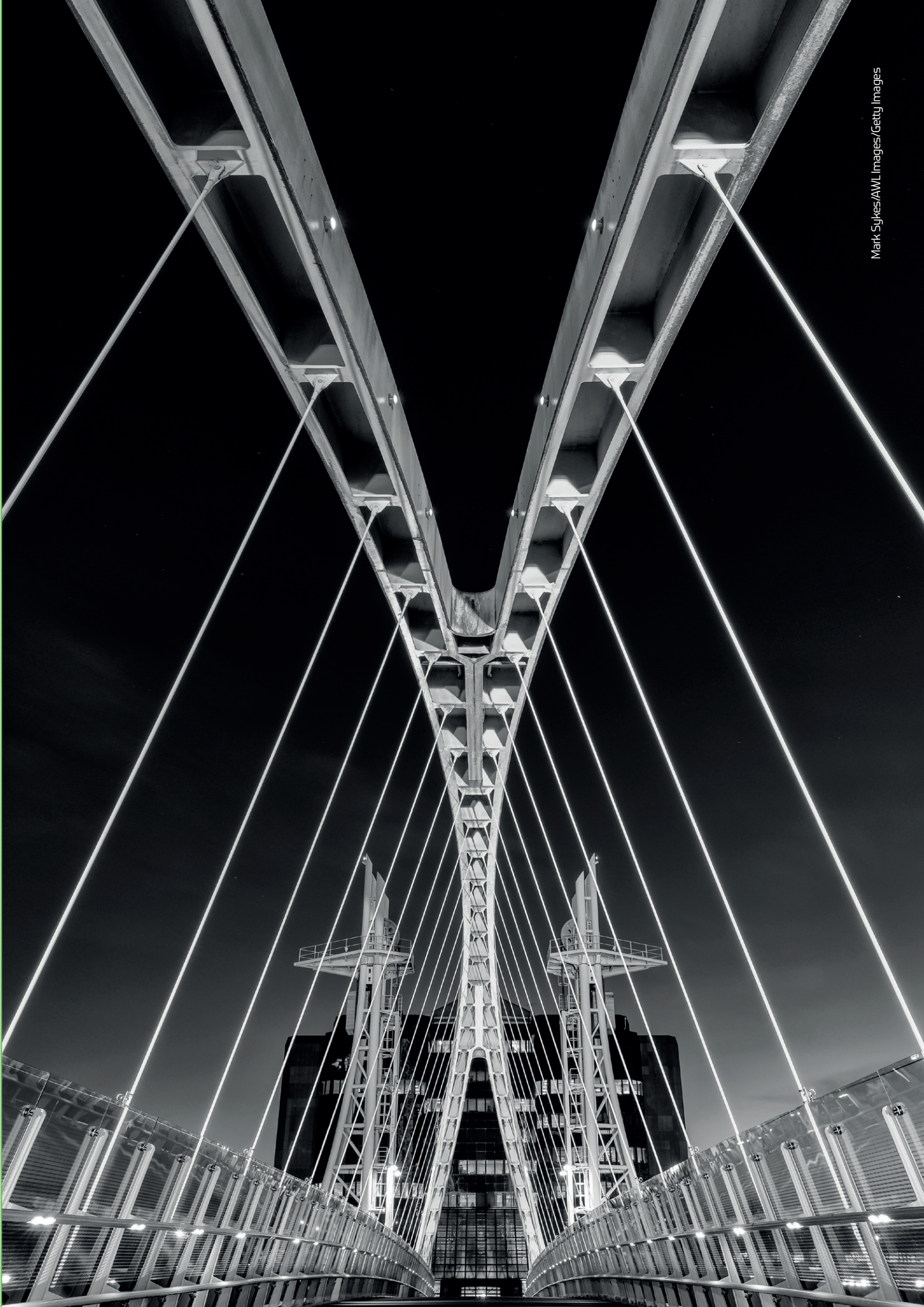
We responded to 13 written and oral Parliamentary Questions about HM Land Registry and supported other departments with responses to their questions.



Graham Farrant

Chief Executive and Chief Land Registrar

11 July 2017



Accountability report

Corporate governance report

Directors' report

Details of directors and boards

Board to HM Land Registry

The remit of the Board to HM Land Registry (LRB) is to support, advise, challenge and provide guidance. The LRB ensures good governance and public accountability, endorses the HM 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 HM Land Registry.

The LRB terms of reference which were first approved in 2012 were revised during 2015/16.

The LRB meets formally approximately 10 times per year, with additional meetings as and when required. It met 11 times in 2016/17.

The Chair, the Chief Executive and Chief Land Registrar and the Director of Finance and Business Services also held quarterly meetings with UK Government Investments (UKGI).

LRB membership

Michael Mire (Chair)	Non-Executive Chair (from 8 August 2016)
Tim Franklin	Non-Executive Member and Senior Independent Director (Interim Chair from 1 April 2016)
Catrina Holme	Non-Executive Member
Gerard Connell	Non-Executive Member
Leo Geddes	Non-Executive Member (to 30 September 2016)
Graham Farrant	Chief Executive and Chief Land Registrar
Claire Wren	Non-Executive Member (from 16 January 2017)
John Peaden	Director of Operations
Catherine Vaughan	Director of Finance and Business Services

Note: Mike Westcott Rudd attends as Board Legal Adviser.



The Board to HM Land Registry (from left to right): Mike Westcott Rudd, Catherine Vaughan, Michael Mire, Graham Farrant, Catrina Holme, John Peaden, Tim Franklin, Claire Wren and Gerard Connell

Executive Board

The Executive Board (EXB) is chaired by the Chief Executive and Chief Land Registrar and its members are HM Land Registry's executive directors. The EXB is responsible for the delivery of HM Land Registry's Annual Management Plan and for the day-to-day operational management of the organisation. The EXB meets on a monthly basis and met on 10 occasions throughout the course of the year.

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.

Remuneration and Nomination Committee

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

Register of interests

A register of interests is maintained at HM Land Registry Head Office. See note 20 to the accounts for related party disclosures.

Executive Board membership

Graham Farrant (Chair)	Chief Executive and Chief Land Registrar
Craig Lester	Assistant Chief Executive (to 31 October 2016)
John Peaden	Director of Operations
Alasdair Lewis	Director of Legal Services and Deputy Chief Land Registrar
Catherine Vaughan	Director of Finance and Business Services
Caroline Anderson	Director of Human Resources and Organisation & Employee Development
John Abbott	Director of Digital Services
Mike Westcott Rudd	Board Legal Adviser

Attendees

Nicky Heathcote	Head of the Chief Land Registrar's Office
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Audit Committee membership

Tim Franklin (Chair)	Non-Executive Member
Gerard Connell	Non-Executive Member
Derrick Palmer	Independent member of the Audit Committee

Attendees

Graham Farrant	Chief Executive and Chief Land Registrar
Catherine Vaughan	Director of Finance and Business Services
Grahame Hughes	Head of Internal Audit
Representative of the National Audit Office	National Audit Office
Representative(s) of UKGI	UKGI

Remuneration and Nomination Committee membership

Catrina Holme	Non-Executive Member
Gerard Connell	Non-Executive Member
Caroline Anderson	Director of Human Resources and Organisation & Employee Development
Graham Farrant	Chief Executive and Chief Land Registrar



The Executive Board: Mike Westcott Rudd, Alasdair Lewis, Caroline Anderson, Graham Farrant, Catherine Vaughan, John Abbott and John Peaden

Personal data-related incidents

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

Conflicts of interest

There are no conflicts of interest reported.

Other accountabilities

Health and safety

We have continued to develop the comprehensive health and safety management system we have in place to ensure compliance with legislative and regulatory requirements, monitor the adequacy of health and safety policies and promote continual improvement and awareness in this area.

There has been a focus on workplace risk assessments this year, with a complete review undertaken and assessments relaunched. A new online driving training package has been rolled out across the organisation and all staff have attended briefing sessions providing advice on actions to take in the event of an armed assault on one of our properties or other public spaces.

The total number of accidents reported by HM Land Registry staff at work was 117 with three accidents reported to the Health and Safety Executive under the Reporting of Injuries Diseases and Dangerous Occurrences Regulations.

We have retained our certification to OHSAS18001, the British Standard for health and safety management. This has been maintained following six-monthly audits by external assessors and provides assurance that we remain aligned with recognised best practice.

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 2,464 complaints in 2016/17 compared with 2,088 in 2015/16.

The increase in the complaints recorded can mainly be attributed to greater consistency in the recording of customer feedback. Also an increase in feedback about:

- our speed of service on some types of application, the overall workload position and keeping customers informed about what we are doing to reduce processing times; and
- the transition to a new commercial provider for our scanning, processing and electronic delivery services, particularly concerning delay and quality issues.

The overall proportion of upheld complaints was 40%. Customer feedback about delays in our processing of some registration applications was the most common area of upheld complaint, comprising 27% of the upheld total.

We developed and introduced new electronic tools and processes for complaint recording, reporting and analysis to further improve the consistency and quality of feedback recording and give improved insight. The roll-out of an updated staff training package on complaints handling and recording continued during the first quarter of 2016/17 to increase our people's awareness of the importance of effective complaint handling and recording.

Use of our Customer Relationship Management tool has facilitated further opportunities to learn from and act on customer feedback and improve our overall service. Examples of this included enhancements to our:

- online guidance and information on GOV.UK to further improve the ease of navigation and clarity of information on certain types of application and fees;
- guidance and processes to provide a better service to customers in resolving their enquiries/complaints about our scanning, processing and electronic delivery services. Also ensuring their feedback was acted upon by the commercial provider concerned;
- online information on average completion times with the aim of being more transparent about our processing times across all types of application. Also the launch of a new tool for customers to query progress and request prioritisation of urgent applications online, without the need for them to call us; and
- Business e-services, to further improve its usability and accessibility and increase the number of application results, notifications and documentation delivered electronically. Also improving the way we notify customers their applications results are available.

Security incidents

Physical security is overseen by the Physical and Personnel Security Panel. There were 55 recorded incidents during the year, including one significant (Class 1) incident.

Statement of Accounting Officer's responsibilities

Under Section 4(6) of the Government Trading Funds Act 1973 HM Treasury has directed HM 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. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of HM Land Registry and of its income and expenditure, changes in reserves 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 HM 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 accounts; and
- prepare the accounts on a going concern basis when appropriate to do so.

HM Treasury has appointed the Chief Executive of HM 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 HM Land Registry's assets, are set out in the Accounting Officers' Memorandum issued by HM Treasury and published in *Managing Public Money*.

So far as I am 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.

As Accounting Officer I confirm that the annual report and accounts as a whole is a fair, balanced and understandable account of HM Land Registry's operational and financial performance and I take personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.

Governance statement

Scope of responsibility

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

HM Land Registry is a non-ministerial government department, a trading fund and an executive agency. Ministerial oversight is provided by the Department for Business, Energy and Industrial Strategy (BEIS). My duties as Accounting Officer are set out in *Managing Public Money*. I am accountable for performance and stewardship, guided by the LRB, to the Secretary for State for BEIS with day-to-day responsibility delegated to the Parliamentary Under Secretary of State.

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 and those relating to Land Charges and Agricultural Credits are defined in the Land Charges Act 1975 and the Agricultural Credits Act 1928 (see the Performance report overview).

The Infrastructure Act 2015 widened the scope of HM Land Registry's powers, enabling us to build on the property services we already provide. The legislation also provides that HM Land Registry will become the registering authority for the statutory Local Land Charges register in place of individual local authorities and will hold those records on a single digital register.

Purpose of the governance framework

The governance framework is designed to give assurance that HM Land Registry carries out its duties in a manner that fulfils 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 delivery of HM Land Registry's strategy, the strategic objectives and performance targets. The governance statement is designed to help the organisation achieve its objectives.

It is also designed to align with the strategic aims of BEIS and our statutory duties as set out in our *Framework Document 2012*, which is currently being revised. This framework has been in place throughout 2016/17 and up to the date of approval of the accounts. The new *Framework Document* will comply with the new *Partnerships between departments and arm's-length bodies: Code of Practice 2017*.

Key elements of the governance framework

The governance framework includes:

- HM Treasury letter appointing the Accounting Officer;
- *Framework Document 2012* (currently being reviewed);
- LRB terms of reference and minutes;
- Audit Committee terms of reference and minutes;
- Remuneration and Nomination Committee terms of reference and minutes;
- other committee minutes and communication points;
- ministerial endorsement of the direction of travel articulated in the Business Strategy;
- delegations of budget;

- non-financial delegation letters to members of the Executive Board (EXB);
- delegations of financial authorities designed to reflect the external framework set and revised by the Cabinet Office, BEIS and UK Government Investments (UKGI); and
- EXB-member led committees of the EXB.

The Business Strategy 2013-2018 set out five-year objectives. That strategy is currently in the process of being replaced in the light of the Government's commitments about HM Land Registry in the Chancellor's Autumn Statement and the Housing White Paper *Fixing our broken housing market*.

The new strategy currently being developed is designed to challenge HM Land Registry to contribute effectively to improving the conveyancing process and the availability of housing alongside other government policy initiatives. Those objectives have been set in addition to the normal drivers to improve all aspects of business performance and set out an ambition to become the world's leading land registry for speed, simplicity and openness of data. HM Land Registry is also aiming to achieve comprehensive registration by 2030.

HM Land Registry set itself seven key performance indicators for 2016/17 and has met its targets in most areas, including the quality of its processing of substantive applications, its unit cost, the availability of its external services and its customer satisfaction ratings. HM Land Registry has narrowly missed its key performance targets for the number of units processed per person per day set for the financial year 2016/17, which has contributed to increased delays in achieving the speed of service targets and the backlogs

of work to be processed. Those backlogs have increased due to a variety of factors including a higher than forecast proportion of more time-consuming and complex applications. HM Land Registry is continuing to make steady progress to address this and to take measures to reduce backlogs even further. It is also delivering efficiency gains across the organisation.

HM Land Registry has just missed its targets for staff engagement and staff perception of the leadership within the organisation as measured against the annual Civil Service staff satisfaction survey undertaken every autumn. That survey was carried out in the context of the expected privatisation of the organisation. Now that the public sector status has been announced, more optimism exists as more recent internal surveys demonstrate. We have continued to make excellent progress in this respect and had exceeded the target by the year end, but not in the official Civil Service survey. We continue to challenge ourselves to meet that target in the Civil Service survey next financial year.

The Board to HM Land Registry

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

The LRB consists of a Non-Executive Chair, four other non-executive members, including a representative from UKGI and three EXB members, being myself as Chief Executive and Chief Land Registrar, the Director of Finance and Business Services and the Director of Operations. The LRB Legal Adviser also attends the meetings. The LRB structure ensures a balance between executive and non-executive membership. During the year, the Senior Independent Director acted as Chair in interregnum to cover the gap between the departure of the existing Chair (Mark Boyle)

and the arrival of the new Chair (Michael Mire).

The LRB's main role is to support, advise, constructively challenge and provide guidance to the Chief Executive and the EXB. It should also ensure that HM Land Registry is working within a framework of prudent and effective governance arrangements and controls which enable risk to be appropriately assessed and managed. As part of that function, the LRB should endorse the key activities that HM Land Registry will need to undertake to meet the strategic objectives (set out in the Annual Plan published on GOV.UK), support the Chief Executive in ensuring the necessary financial and human resources are in place for it to meet these objectives, and regularly review performance in relation to agreed targets and delivery of the approved Annual Plan. The LRB should also endorse HM Land Registry's vision and values and ensure its obligations to BEIS, as its sponsor department, and all its stakeholders (including customers, employees and other government departments) are understood and met.

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 LRB.

The Board to HM Land Registry purpose

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.

During 2016/17 the LRB endorsed:

- changes to the way in which it operates in order to make better use of expertise to support strategic decisions;
- a medium-term financial strategy and the formal change programmes including the Local Land Charges Programme;
- the ICT Strategy and the proposals for a new Customer Strategy;
- progress against the Transformation Programme;
- the approach to the major strategic issues affecting the delivery and content of the Business Strategy;
- the controls for cyber security and the safety of HM Land Registry data;
- exploring the potential for closer working links between HM Land Registry and Ordnance Survey; and
- how key performance indicators are presented and how HM Land Registry's progress against them is measured.

Committees of the LRB

Audit Committee

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

- the strategic framework and 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;
- counter-fraud policies, whistleblowing processes and the arrangements for special investigations; and
- ongoing compliance with the International Standards for the Professional Practice of Internal Auditing and the Public Sector Internal Audit Standards (PSIAS).

The Audit Committee also periodically reviews its own effectiveness and reports the results of that review to the LRB.

Membership of the Audit Committee comprises non-executive members Tim Franklin (Chair), Gerard Connell and Derrick Palmer (Independent Member of the Audit Committee). The Director of Finance and Business Services, Catherine Vaughan, the Board Legal Adviser and I attend these meetings. The Head of Internal Audit is also present.

Remuneration and Nomination Committee

Membership of the Remuneration Committee comprises myself and non-executives Catrina Holme (Chair) and Gerard Connell, advised by Director of Human Resources and Organisation & Employee Development Caroline Anderson. Its purpose is to ensure that remuneration and nomination arrangements, including senior pay strategy, support HM Land Registry's aims and enable the recruitment, retention and performance of the executive team. It has met three times during this financial year.

Executive Board

The EXB assists me to lead and manage HM Land Registry to ensure the delivery of the objectives and business targets, the successful implementation of an approved Business Strategy, annual plans and compliance with the *Framework Document*. Through the mechanism of individual letters of delegation, members of the Executive Board handle the day-to-day running of HM Land Registry, including:

- monitoring KPIs and overall budget;
- managing risks to the organisation;
- taking financial decisions;
- managing and controlling the trading fund;
- dealing with customer issues; and
- escalating important issues to the LRB for review.

I continue to use a Leadership Group, drawn from the first-tier managers below executive board level, to help formulate and take forward some of the ideas and detail for policy and strategy around land registration and its associated activities and to support the change programmes. I have also held meetings with the Strategic Leadership Network, which comprised of almost 100 middle and senior managers, four times this year to enable their participation in strategic decisions

and better communication of strategic initiatives throughout the organisation.

Transformation Board

The Transformation Board has been introduced, is working effectively and is monitored on a regular basis.

During the year the Transformation Board has prioritised resource allocation to critical change. It has used a maturing governance and decision framework for understanding business priority with improved control, more integrated financial monitoring through enhanced links with Finance teams and better governance over change activities. Use of a clear prioritisation model helps the Transformation Board to review the priorities against the organisation's strategic aims alongside an expanded Portfolio Report which now tracks both business impacts and people implications. An Assurance Strategy has been implemented to oversee how the Transformation Board approaches its work and each of the portfolio risk registers is reviewed on a monthly basis following dialogue with each project and programme manager that is encapsulated in a monthly report.

The work undertaken provides better tracking of the projects' implementation and of benefits realisation. These include the financial savings in the Coventry Office relocation, where surplus office equipment was sold or donated to charitable causes. Quarterly Leadership Group presentations by project senior responsible owners allow the Transformation Board and other senior leaders to see the breadth and progress of all programmes and projects. It also highlights interdependencies and opportunities between projects. A recent successfully delivered project has seen a new intranet launched which is much more interactive, easily searchable and user focused than its predecessor.

Commercial Governance Panel

The Commercial Governance Panel provides an additional layer of internal governance for expenditure on external goods and services over £100,000. The panel supports HM Land Registry's delegations of authority, providing assurance to the Director of Finance and Business Services and Accounting Officer for all spending falling within their expenditure limits, overseeing significant contract awards and contract extensions and other changes. It ensures all expenditure and the proposed procurement route will deliver the best value for money and is compliant with public procurement legislation and Cabinet Office controls.

This body now performs a valuable role in bringing clarity to the procurement pipeline through the use of an annual procurement plan. Its scrutiny of spending proposals has led to a more disciplined and strategic approach to commercial decision-making. Frivolous spending has been eliminated and 'value for money' has been reprioritised to favour cost over excessive quality. During 2016/17 this was achieved by challenging proposed commercial arrangements. In some cases contracts offering best value have been extended to lock benefits in for longer periods. In other cases competition has been encouraged in areas that had traditionally been single-sourced.

Committee structures revised

The committees of the EXB are supported by a range of panels which are chaired by senior managers. An annual review of internal governance undertaken in November 2016 confirmed the effective working of the Commercial Governance and Data panels. The Data Panel was introduced in the last financial year to cover matters such as licensing aspects of the Information Management Committee work. The Data Panel also plays a vital role in proactively supporting the

staged release of our data to meet Open Data and other government data objectives to defined quality standards and in overseeing changes to the way that data is published or supplied.

The implementation of recommendations from that internal governance review led to the introduction of two new panels as well as the creation of a new Local Land Charges Design Authority and enhanced decision-making by ensuring that minutes from both the Information Management Committee and the Register Protection Committee are routinely copied to the EXB. We are currently reviewing how best to extend the remit of the Design Authority to support the wider transformation programme.

The new Assurance Panel will provide independent oversight of the quality of the work we do to create and update our registers and also enhance oversight of our directorate risk monitoring processes and the breadth of governance matters covered by this statement. A new Cyber Panel will draw together experts across various parts of the organisation to provide holistic oversight of our work to understand the strategic cyber risk and proactively manage the cyber threats to the availability and integrity of our registers and the personal data about staff and customers that we also hold. Both of these panels are incorporated into the revised Governance Framework.

Statement on strategy update

Progress against the strategic targets is detailed in the *Performance report*, including the five milestones contributing to the strategy this year. In addition to these milestones the Local Land Charges Programme Outline Business Case was developed as described below.

Last year I revised the vision and values for HM Land Registry to provide a better strategic context for our operations and support staffing. All staff have now been

appropriately briefed through a range of mechanisms, including a major communication programme called *Delivering our Business Strategy*, which sought to engage every member of staff in seven interactive web-based modules and a face-to-face group session chaired by a senior manager to help them all to understand the principles behind the strategy.

Attendance schedule for LRB, Audit Committee and Remuneration Committee

	Title	Period (appointment relates to whole of the reporting year unless otherwise specified)	Board		Committee	
			LRB	Audit	Remuneration	
Non-executive						
Gerard Connell	Non-Executive Member		10/11	3/4	3/3	
Tim Franklin	Non-Executive Member (and Senior Independent Director)	Interim Chair from 1.4.16 to 7.8.16	11/11	4/4	3/3	
Leo Geddes ¹	Non-Executive Member UK Government Investments	Appointment ended 30.9.16	5/5	–	–	
Catrina Holme	Non-Executive Member		9/11	–	3/3	
Michael Mire	Non-Executive Chair	From 8.8.16	6/7	–	–	
Derrick Palmer	Non-Executive Member (Audit Committee)		–	4/4	–	
Claire Wren ¹	Non-Executive Member UK Government Investments	From 16.1.17	1/2	–	–	
Executive						
Graham Farrant	Chief Executive and Chief Land Registrar		11/11	4/4	3/3	
Craig Lester ²	Assistant Chief Executive	Appointment ended 31.10.16	3/4	–	–	
John Peadar	Director of Operations		10/11	4/4	–	
Catherine Vaughan	Director of Finance and Business Services		10/11	4/4	–	
Caroline Anderson	Director of Human Resources and Organisation & Employee Development		–	–	3/3	
Mike Westcott Rudd ³	Board Legal Adviser		10/11	4/4	–	

1. UK Government Investments was represented at all LRB meetings.

2. Craig Lester attended as an observer.

3. Mike Westcott Rudd attends as Legal Adviser to the Board.

Statement on ministerial decision

In the Spending Review and Autumn Statement 2015, the Government announced its intention to “consult on options to move operations of the Land Registry to the private sector from 2017”, which commitment was repeated in the Budget in March 2016. The consultation

commenced on 24 March 2016 and closed on 26 May 2016. The Government’s response to the consultation is still to be published but the following statement was made in the Autumn Statement 2016.

“Following consultation the government has decided that HM Land Registry should focus on becoming a more digital data-driven registration business, and to do this will remain in the public sector. Modernisation will maximise the value of

HM Land Registry to the economy, and should be completed without the need for significant exchequer investment.”

Since that announcement, HM Land Registry has undertaken a strategic review of its plans to ensure we continue to play our part in delivering the Government agenda. On 7 February 2017, the Department for Communities and Local Government published the Housing White Paper, which sets out in detail the Government’s housing agenda and commits HM

Land Registry to aiming to achieve a comprehensive register by 2030. In addition, the Government is looking at actions to improve the visibility of information relating to arrangements used to exercise control over land. As part of that, the Government will investigate ways in which the Land Register can better reflect all interests in land with the ultimate aim of providing “a clear line of sight” across a piece of land setting out ownership, control and interests.

Local Land Charges – statement on governance

The Infrastructure Act 2015 provides the basis on which HM Land Registry can become the registering authority and hold the statutory Local Land Charges register in place of the 326 English local authorities. I am satisfied that the governance and risk management arrangements for the programme are appropriate and proportionate. I base this conclusion on the Infrastructure and Project Authority’s (IPA) (formerly the Major Project Authority) reports which gave the programme an amber Delivery Confidence Assessment rating in November 2016 and made 11 recommendations to assist HM Land Registry with preparing for actual delivery. HM Land Registry is addressing those recommendations and reviewing progress against them monthly. I also receive progress reports and assurances from the programme senior responsible owner. This involves monthly reporting to the LLC Programme Board and complete review of all risks, including the associated strategic risk, on a quarterly basis.

Information about quality of data

The Performance Panel of senior managers established in the last financial year enhances the scrutiny of organisational performance and leads developments to better use the available performance data. Performance is now reported to the EXB monthly with the additional intelligence gained by

a prior review by the Performance Panel.

Financial performance is monitored and reported using monthly reports based on our financial system. During the year I introduced monthly “snapshot figures” reports which provide early sight of the month-end position in advance of the full monthly financial reports. There is a procedure for setting annual budgets and reviewing financial performance and full-year forecasts. Quarterly forecast reviews are in operation giving the EXB and LRB appropriate oversight and assurance and monthly updates are provided via the Chief Executive’s monthly report to the LRB.

HM Land Registry operates a number of models critical to its core business. These include models to forecast intakes and fee income; an operational forecast model for workload, resources and backlog; models to support standard management and financial reporting. These models are subject to challenge and forecasts and are reported to and reviewed by the EXB and the LRB. During the year we added a new financial model, which was created to input to the Local Land Charges Programme business case.

During the year we used a revised operational modelling and planning tool (for establishment control intended to improve planning for the allocation of resources to workload and better evaluation of resource requirement linked to our forecast intakes and people budgets) but the tool was found not to be as robust as we require it to be. Work has commenced on improving this detailed operational resourcing model to address identified weaknesses we have surfaced through its use.

Whistleblowing – statement of arrangements and results

The sponsoring EXB member is the Director of Legal Services. No

new whistleblowing cases were reported in year. During 2016/17 the whistleblowing process was the subject of an Internal Audit report and the recommendations from that audit have been fully implemented. The audit found that although the whistleblowing policy and procedure is compliant with government policy and best practice, more was required to ensure staff and line managers were aware of the policy and actions have now been taken to ensure this.

Risk

Framework for risk management

HM Land Registry follows HM Treasury Orange Book risk management principles. These principles formed a key element in the establishment of a new risk management framework, strategy and standard which was developed during 2015/16. These significant changes, designed to ensure a controlled and consistent two-way flow of risks between strategic and directorate level, have been implemented in planned stages over the last two years and the last phases of which are now being implemented, with a single risk register established this year for all directorates apart from Information Systems whose risks are currently being added. Attention will then turn to the further integration of details of programme and project risks considerations into the more transparent directorate and strategic risk planning.

The LRB, EXB and Audit Committee all consider strategic risks. The LRB Legal Adviser acts as the EXB’s risk champion. The strategic risks are reviewed quarterly and key changes flagged to the EXB; in addition a more thorough risk review is completed each quarter facilitated by the Risk Manager. Lead indicators are monitored to provide early warning of changes in strategic risk which are then acted upon.

Key strategic and programme risks

Significant improvements have been implemented in the way that we manage our key strategic risks over the last year providing a more holistic overview of the strategic risks better aligned to the lower level directorate and project risks. There are currently 14 strategic risks. There is now significant emphasis on the risks around cyber security, financial planning and legacy systems.

The highest priority this year has been our people risk given the challenges we faced and still face with succession planning and recruitment. The impact of this risk has been proactively managed with the introduction of our People Strategy and Estates Strategy, along with our development of our tactical recruitment plan, leaving us in a much stronger position to fill key vacancies. Stability in the Executive Team has also been maintained through 2016/17.

In addition to the strategic risks, the Transformation Board maintains and reviews a cross-directorate risk register relating to the delivery of HM Land Registry change initiatives. The LLC Programme Board maintains and regularly reviews a similar risk register for the LLC Programme.

Framework for control and risk management

The evaluation of second-tier risks at directorate level identified key risks around backlog of work and people challenges regarding training and development for our new recruits and apprentices. These risks are being carefully monitored and are being fed into our refreshed Business Strategy. A supportive and dynamic relationship is maintained between the Head of Risk Management and business stakeholders.

As Accounting Officer I maintain oversight of strategic risks managed by the EXB 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 ensures that risks are effectively mitigated at all levels of the organisation.

I am also assured by the work of the Information Management Committee, the Register Protection Committee, the People Committee and the Health and Safety Panel, all of which play an integral part in the overall risk management matrix. 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, but informed by their letters of delegation.

I am informed on the effectiveness of operational controls to manage risk, safeguard assets and ensure effective use of resources through a framework of controls which includes reporting at local and organisational level. Performance information is structured to ensure issues requiring management action are reported appropriately.

Information and cyber risk

Information risk is managed through the Information Management Committee led by the Senior Information Risk Owner (SIRO) and Board Legal Adviser. 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, validated and accredited through CMMI, ISO20000 and ISO27001 and the Cabinet Office Cyber Defence Capability Assessment Tool (CDCAT). I am assured by accreditation in respect of Public Service Network Code of Connection and Information Assurance Maturity Model (IAMM) where our scores have improved

including among external suppliers where 74% 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) on an annual basis. In 2016/17 we have augmented this RFI learning with additional in-house material to improve awareness of risks associated with collaborating in the cloud and emails sent to insecure accounts. Contractors are also obliged to sign a non-disclosure agreement.

We have been certified to ISO27001, the international standard for information security management, for almost 14 years. The standard works on a three-yearly recertification cycle and we were recertificated in March 2017.

The standard is comprehensive and includes IT security, physical security, information management, business continuity and risk management.

Data losses

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

Response to HMRC tax compliance review

During the year HMRC concluded its audit of HM Land Registry records to ensure the organisation was meeting its tax obligations as an employer. The relationship with HMRC was proactively managed, with all information and data provided to the auditor in a timely and proactive way. A one-off retrospective tax liability of £555,277.36 was agreed (£544,048 plus interest charges of £11,172).

HMRC's penalties can be reduced based on how an organisation responds to the audit and how it remedies the issues identified. I am able to report that HMRC has agreed the maximum possible

reduction should be applied and while the maximum penalty due is 15% of the tax and National Insurance contributions (NIC), this payment was suspended as proactive changes have been implemented to the suite of existing policies and procedures. The methodology designed by HM Land Registry has been cited by HMRC as best practice. We have summarised this approach and passed it to HMRC and other departments for their use. We have also introduced a monitoring and auditing process for travel and subsistence, including oversight by the People Committee, to ensure ongoing compliance.

Response to Alexander Review and guidance for off-payroll contractors and revised recruitment processes

HM Land Registry continues to monitor the systems and procedures relating to off-payroll contractors to comply with changing requirements to provide assurance that all contractors engaged by HM Land Registry are complying with appropriate tax and NIC regulations. I am assured that all of our most senior staff are now on payroll and we comply with the Alexander Review in this regard.

My HR Directorate have responsibility for off-payroll contractors. They are supported by close oversight in Finance who contact all relevant contractors for assurance at the appropriate trigger points. Scrutiny of the oversight has been delegated to me as Accounting Officer at HM Land Registry.

I am assured by the Director of Finance and Business Services and the Director of HR and Organisation & Employee Development that HM Land Registry now has in place robust processes for ongoing monitoring of all off-payroll contractors and for seeking the relevant tax and NIC assurances on a rolling basis and for adjusting to the new payroll arrangements being brought in on 1 April 2017.

An Internal Audit in April 2017 gave this process substantial assurance. It also concluded that appropriate action had been taken to ensure compliance with BEIS requirements and new tax legislation for the forthcoming year.

Action taken to improve service speeds

As in the previous financial year, HM Land Registry has continued to experience significantly higher levels of intake above the level forecast month by month during 2016/17, despite post-Brexit predictions of reduced activity in the housing market. One consequence of the continuing high levels of intake has been a slower than anticipated reduction in the levels of work not completed within our speed of service targets. The plans for 2016/17 were specifically designed to meet new internal service standards and reduce the backlog to no more than seven working days' worth of intakes by March 2017.

Resource deficiencies in frontline staff have been somewhat eased by the successful recruitment of 300 full-time equivalents in the first half of the year followed by the recruitment of further staff on fixed-term appointments in January 2017. Over the coming months, most of those fixed-term appointees will be retained for a further period beyond their initial contractual term and a further tranche of apprentices will be required in the first quarter of the next financial year. Tranche 2 apprentices with Operations (apprenticeships due to mature in October/November 2017) will also be retained as permanent employees.

Although we are currently employing greater numbers of staff to assist us to deliver our services, we have made use of mechanisms to enable us to flex our staffing requirements in the future through the use of casual and fixed-term appointments and the employment of apprentices.

An integrated approach to 2017/18 business planning and budgeting has allowed for a greater focus on building the 2017/18 establishment figure to meet business needs and a tactical plan for the year ahead is being created. This will help ensure we have the staff we need when we need them without increasing the permanent headcount. In addition, work has been prioritised around the digitisation of our most straightforward transactions to be handled electronically, releasing more casework staff to process the more complex applications.

Despite these measures, we have not been able to meet the targets but continue to strive to make reductions in the backlog and develop plans to manage this going forward.

Litigation (tribunal cases)

There have been no cases in 2016/17.

Sources of assurance

Infrastructure and Project Authority (LLC)

The Local Land Charges Programme is a significant programme subject to review by the Government's IPA. The first draft of the programme business case is under consideration.

In November 2016, the IPA undertook a Gateway 0 Review resulting in an amber Delivery Confidence Assessment (DCA). This built on the 'Assurance of Action' Review undertaken in January 2016 which also gave an Amber DCA, improving on the red/amber assessment given in August 2015 as we move forward with the development of our plans.

Cyber defence

As part of the central government oversight of cyber security matters, the Office of Cyber Security and Information Assurance (OCSIA) was created to support the National Security Council to determine priorities in relation to securing cyberspace. In November 2015 HM Land Registry started working with them as part of a collective government cyber security programme. This led to the first-time review of our cyber security position using the CDCAT in respect of the critical national infrastructure data we hold. That data comprises the Land Register, the Bankruptcy and Land Charges registers and the Agricultural Credits Act registers.

Already benchmarked as in the upper quartile, subsequent external assessment using CDCAT has confirmed that significant progress has been made as a result of the Cyber Security Project due to be completed in June 2017. The newly created Cyber Panel will take responsibility for the holistic oversight of our continuing initiatives to improve against the escalating requirements of this external assessment process, and maintain them as we digitise our services and products. The Cyber Panel will also oversee our plans to improve our understanding of cyber threats within all levels of our procedures, processes and across our work through our permanent and temporary staff, contractors, suppliers and partners so that we can ensure account is taken of the cyber threat landscape across all levels and types of decision-making. This will include investment in tailored cyber training and education programmes in addition to the use of central government guidance, educational resources and networks and internal assessment activities in between our formal external assessments. We have already developed an in-house capability to undertake those assessments.

Central controls

My role as Chief Executive and Chief Land Registrar is to carry out the role of Chief Land Registrar referred to in the Land Registration Act 2002, the Land Charges Act 1972 and the Agricultural Credits Act 1928 and the Local Land Charges Act 1975 as amended by the Infrastructure Act 2015. The Chief Executive is responsible for keeping the registers established for the purposes of those Acts and has all the powers, responsibilities and duties conferred and imposed on the registrar by those Acts and by the rules and other secondary legislation made under them. In carrying out those specific operational functions the Chief Executive is not subject to any ministerial control or direction, although is subject to supervision by the court through the judicial review jurisdiction.

Notwithstanding that contextual framework, HM Land Registry also operates within the delegations framework as defined by the Cabinet Office for arm's-length bodies and the specific delegations authorised by officials at BEIS. There is also a requirement to work with the Government Digital Service to ensure that product releases conform to standards in terms of security, effectiveness and consistency. Before products are released as betas, HM Land Registry must submit products and comply with the conditions specified by the Government Digital Service.

Financial management reporting

I am informed on HM Land Registry performance through the monthly financial reports from my Director of Finance and Business Services which includes analysis of forecast workload intakes and the likely impact on revenues needed to finance the operational activities. During the year my Director of Finance and Business Services has led the response to the CIPFA Financial Management Model report leading to enhancements in the quality of management reporting, enhanced support and ensuring the skills within the directorate are more appropriate to the demands of the organisation. A Direction of Travel review was undertaken by CIPFA in January 2017 which demonstrated that we have made significant progress and are now assessed as being in the top quartile of around 50 organisations assessed by CIPFA.

Procurement assurance

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

In December 2015 HM Land Registry signed a five-year contract with a new supplier to deliver our scanning service. Initially there were significant issues with the supplier's performance and key deliverables were not being met. However we worked with them and supported them so their performance improved over a few months. The contract is now being delivered. Robust contract management steps are in place to closely monitor performance.

Performance reporting

In addition to the monthly financial reports from my Director of Finance and Business Services I receive information on operational performance through a performance hub, which is compiled from wider performance data received and reviewed by the Performance Panel before its submission monthly to the EXB. I also receive update papers and presentations from management teams to me and my EXB.

I regularly visit the operational offices and Head Office groups, as do all the other members of the EXB, and we receive feedback on organisational performance and other issues of concern to our staff from colleagues at all levels of the organisation.

The operational visits provide vital feedback on the backlog position and speed of service outcomes. I also meet with a range of external stakeholders through planned visits, regular meetings and formal stakeholder engagement groups to understand their concerns and operational context.

In reporting performance against the original 2013-18 Business Strategy targets, it is now clear that we will meet the majority of our five-year targets, or have done so already, but the overall efficiency target of 60% improvement will not be met. Our performance is likely to represent a 45% efficiency improvement which is, in itself, a huge efficiency gain.

Internal Audit and opinion

The annual opinion of the Head of Internal Audit is: “Based on the work completed by Internal Audit during 2016/17, I am able to provide reasonable assurance that the HM Land Registry framework of risk, control and governance has enabled the satisfactory achievement of its business objectives, and that key risks are generally being effectively managed”.

Graham Farrant

Accounting Officer

Chief Executive and Chief Land Registrar
11 July 2017

Remuneration and staff report

Policy for senior civil servants

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

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; and
- 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 BEIS. The Remuneration Committee, acting on the authority of the LRB, considers pay recommendations provided by line managers and decides the distribution of performance pay in the annual pay review for HM 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 <https://www.gov.uk/government/publications/senior-civil-service-performance-management>.

Pension liabilities

Details of the treatment of pension liabilities are available in note 1.7 and 4.4 to the accounts and in the Remuneration and staff report.

Policy for other civil servants

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

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.

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk

LRB Chair

Michael Mire was appointed as LRB Chair on 8 August 2016, for a period of three years. Tim Franklin acted as Interim LRB Chair from 1 April 2016 until Michael Mire took up his appointment.

Assistant Chief Executive

Craig Lester's appointment as Assistant Chief Executive ended on 31 October 2016.

Non-executive members

Leo Geddes' appointment ended on 30 September 2016. Claire Wren was appointed on 16 January 2017. She represents the interests of UK Government Investments (UKGI) and does not receive any remuneration from HM Land Registry. In the interim, between appointments, UKGI sent a representative to LRB meetings to ensure their interests were represented.

Off-payroll disclosure

Off-payroll engagements as at 31 March 2017, for more than £220 per day and that last for longer than six months.

	2016/17	2015/16
Existing engagements as of 31 March 2017	13	10
Of which existing:		
– for less than one year at time of reporting	10	6
– for between one and two years at time of reporting	2	3
– for between two and three years at time of reporting	1	1
– 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 2016 and 31 March 2017, 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 2016 and 31 March 2017	12	14
– of which include contractual clauses giving the department the right to request assurance in relation to income tax and National Insurance obligations	12	14
– for which assurance has been requested	12	13
Of which:		
– assurance has been received	12	13
– assurance has not been received ¹	-	-
– have been terminated as a result of assurance not being received	-	-
Off-payroll engagements of board members and/or senior officials with significant financial responsibility between 1 April 2016 and 31 March 2017		
Off-payroll engagements of board members and/or senior officials with significant financial responsibility during the financial year	-	-
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	10	11

Expenditure on consultancy

	2016/17	2015/16
	£'000	£'000
Cost of consultancy	834	512
Total	834	512

Salary and performance pay 2016/17 – executive directors¹

	Salary	Performance pay	Benefits in kind	Pension benefits²	Total
	£'000	£'000	To nearest £100	£	£'000
Graham Farrant Chief Executive and Chief Land Registrar	190 – 195	–	–	–	190 – 195
Craig Lester ³ Assistant Chief Executive	45 – 50	–	–	43,000	90 – 95
Annual equivalent	(90 – 95)	–	–	–	(90 – 95)
John Peaden Director of Operations	95 – 100	10 – 15	–	33,000	140 – 145
Alasdair Lewis Director of Legal Services and Deputy Chief Land Registrar	95 – 100	–	–	21,000	115 – 120
Catherine Vaughan Director of Finance and Business Services	125 – 130	10 – 15	–	49,000	185 – 190
Caroline Anderson Director of Human Resources and Organisation & Employee Development	90 – 95	5 – 10	–	36,000	135 – 140
John Abbott Director of Digital Services	115 – 120	–	–	64,000	180 – 185
Mike Westcott Rudd ⁴ Board Legal Adviser	80 – 85	–	–	11,000	90 – 95

1 Audited.

2 The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

3 Craig Lester's appointment ended on 31 October 2016.

4 Mike Westcott Rudd was appointed as Board Legal Adviser on 1 April 2016.

5 None of the directors paid into a stakeholder pension.

Salary and performance pay 2015/16 – executive directors¹

	Salary	Performance pay	Benefits in kind	Pension benefits ²	Total
	£'000	£'000	To nearest £100	£	£'000
Graham Farrant ³ Chief Executive and Chief Land Registrar	160 – 165 (part year)	–	–	29,000	185 – 190
Annual equivalent	(190 – 195)	–	–	–	(190 – 195)
Craig Lester ⁴ Assistant Chief Executive	20 – 25	–	–	27,000	45 – 50
Annual equivalent	(100 – 105)	–	–	–	(100 – 105)
John Peaden ⁵ Interim Chief Executive and Chief Land Registrar	15 – 20	–	100	–	15 – 20
Annual equivalent	(105 – 110)	–	–	–	(105 – 110)
John Peaden ⁶ Director of Operations	80 – 85	10 – 15	–	72,000	165 – 170
Annual equivalent	(95 – 100)	–	–	–	(95 – 100)
Alasdair Lewis Director of Legal Services and Deputy Chief Land Registrar	95 – 100	0 – 5	–	30,000	125 – 130
Catherine Vaughan Director of Finance and Business Services	120 – 125	–	–	49,000	170 – 175
Annual equivalent	–	–	–	–	–
Maggie Telfer ⁷ Acting Director of Operations	10 – 15	–	–	47,000	60 – 65
Annual equivalent	(85 – 90)	–	–	–	(85 – 90)
Caroline Anderson Director of Human Resources and Organisation & Employee Development	90 – 95	0 – 5	–	36,000	120 – 125
Rowland Coombs Director of Information Systems	75 – 80	10 – 15	–	29,000	115 – 120
Paul Dowse ⁸ Acting Director of Strategy	5 – 10	–	–	30,000	35 – 40
Annual equivalent	(80 – 85)	–	–	–	(80 – 85)
John Abbott ⁹ Director of Digital Services	20 – 25	–	–	–	35 – 40
Annual equivalent	(115 – 120)	–	–	–	(115 – 120)
Jon Parry ¹⁰ Interim Director of Digital Services	180 – 185	–	–	–	180 – 185
Annual equivalent	(240 – 245)	–	–	–	(240 – 245)

- Audited.
- The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.
- Graham Farrant was appointed as Chief Executive and Chief Land Registrar from 1 June 2015.
- Craig Lester was appointed Assistant Chief Executive from 11 January 2016 for a period of 12 months.
- John Peaden stood down as Interim Chief Executive and Chief Land Registrar on 31 May 2015.
- John Peaden resumed his position as Director of Operations from 1 June 2015.
- Maggie Telfer stood down as Acting Director of Operations on 31 May 2015.
- Paul Dowse stood down as Acting Director of Strategy on 30 April 2015.
- John Abbott was appointed Director of Digital Services from 25 January 2016.
- Jon Parry stood down as Interim Director of Digital Services on 24 January 2016.
- None of the directors paid into a stakeholder pension.

Salary – non-executive members¹

	2016/17 £'000	2015/16 £'000
Mark Boyle ² Non-Executive Chair	–	60 – 65
Michael Mire ³ Non-Executive Chair	35 – 40	
Tim Franklin Non-Executive Chair ⁴ Non-Executive Member ⁵	30 – 35	20 – 25
Catrina Holme Non-Executive Member	20 – 25	20 – 25
Leo Geddes ⁶ Non-Executive Member	–	–
Claire Wren ⁷ Non-Executive Member	–	–
Gerard Connell Non-Executive Member	20 – 25	20 – 25

1 Audited.

2 Mark Boyle's appointment as Non-Executive Chair ended on 31 March 2016.

3 Michael Mire was appointed as Non-Executive Chair on 8 August 2016.

4 Tim Franklin acted as Non-Executive Chair from 1 April 2016 until Michael Mire took up his appointment.

5 Tim Franklin resumed his appointment as Non-Executive Member and Senior Independent Director on 8 August 2016.

6 Leo Geddes' appointment ended on 30 September 2016.

7 Claire Wren's appointment started on 16 January 2017. She is a full-time employee of the UKGI; she receives no additional remuneration from HM Land Registry in relation to her role as a Non-Executive Member.

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 tables on pages 80 to 81 are based on accrued payments made by HM Land Registry and thus recorded in these accounts. The monetary value of benefits in kind covers any benefits provided by Land Registry and treated by HM Revenue & Customs as a taxable emolument.

Benefits in kind

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

Performance awards

Awards are based on performance levels attained and are made as part of the performance review process. The awards reported relate to the performance in the year in which they were paid to the individual. Therefore the awards reported in 2016/17 relate to performance in 2015/16 and the comparative awards reported for 2015/16 relate to performance in 2014/15.

Pension benefits¹

	Real increase in pension and lump sum at 60		Total accrued at March 2017		Cash equivalent transfer value (CETV) at 31 March		Real increase in CETV after adjustment for inflation and changes in investment factors
	Pension	Lump sum	Pension	Lump sum	2017	2016	
	£'000	£'000	£'000	£'000	£'000	£'000	
Graham Farrant ² Chief Executive and Chief Land Registrar	–	–	–	–	–	–	–
Craig Lester ³ Assistant Chief Executive	0 – 2.5	2.5 – 5.0	35 – 40	95 – 100	639	606	27
John Peadar Director of Operations	0 – 2.5	5.0 – 7.5	50 – 55	150 – 155	1,161	1,079	33
Alasdair Lewis Director of Legal Services and Deputy Chief Land Registrar	0 – 2.5	2.5 – 5.0	40 – 45	120 – 125	907	847	20
Catherine Vaughan Director of Finance and Business Services	2.5 – 5.0	–	5 – 10	–	60	33	17
Caroline Anderson Director of Human Resources and Organisation & Employee Development	0 – 2.5	–	5 – 10	–	96	66	22
John Abbott Director of Digital Services	2.5 – 5.0	–	5 – 10	–	82	48	24
Mike Westcott Rudd Board Legal Adviser	0 – 2.5	0 – 2.5	30 – 35	90 – 95	696	681	11

1. Audited.
2. Graham Farrant chose not to be covered by the Civil Service pension arrangements during the reporting year.
3. Craig Lester's appointment as Assistant Chief Executive ended on 31 October 2016.
4. No director paid into a stakeholder pension.

Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or Alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined Alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium and classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

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, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) 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 3% and 8.05% of pensionable earnings for classic (and members of alpha who were members of classic immediately before joining alpha) and between 4.6% and 8.05% for members of premium, classic plus, nuvos and all other members of alpha. 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% of their pensionable earnings in that scheme year and the accrued pension is up-rated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. 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. HM Land Registry makes a basic contribution of between 3% and 12.5% up to 30 September 2015 and 8% and 14.75% from 1 October 2015 (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% of pensionable salary (in addition to the employer's basic contribution). HM Land Registry also contributes a further 0.8% of pensionable salary up to 30 September 2015 and 0.5% of pensionable salary from 1 October 2015 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, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earnings in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

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

Cash equivalent transfer values

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

The CETV figures include the value of any pension benefit in another scheme or arrangement 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 benefits 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	
	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16
£0–£10,000	–	–	–	2	–	2
£10,001–£25,000	–	–	–	2	–	2
£25,001–£50,000	–	–	–	1	–	1
£50,001–£100,000	–	–	2	–	2	–
£100,001–£150,000	–	–	–	1	–	1
£150,001–£200,000	–	–	–	–	–	–
>£200,000	–	–	–	–	–	–
Total number of exit packages	–	–	2	6	2	6
Total cost	–	–	£154,035	£186,918	£154,035	£186,918

1. Audited.

There were no ex-gratia payments to directors in 2016/17 (2015/16: 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 HM 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 multiples¹

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. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

	2016/17	2015/16
Band of highest paid director's total remuneration (£'000)	190 – 195	190 – 195
Median total (£)	25,797	29,624
Remuneration ratio	7.5	6.5

1. Audited.

In 2016/17 no employees received remuneration in excess of the highest paid permanent director. Remuneration ranged from £190,000 – £195,000 to £15,000 – £20,000 (2015/16: £190,000 – £195,000 to £15,000 – £20,000).

Use of the remuneration of an interim member of staff appointed in March 2017 on a short-term basis to provide expertise in a key role would distort the remuneration ratio over the longer term, and therefore has not been shown above.

Staff report

	2016/17	2015/16
As at 31 March		
Number of employees (including fixed-term appointments)	4,862	4,486
Permanent full-time equivalents	4,148	4,035
Number of apprentices	277	119
Number of temporary/contract staff	32	18
Average sickness days per employee	6.4	6.3
Average number of training days per employee	5.9	7.1
Training days per apprentice	31.3	30
Training spend as percentage of salary bill	3.9%	2.8%
Female employees	60%	60%
Employees working part-time	35%	36%
Employees from ethnic minorities	4%	5%
Employees who report they have a disability	9%	9%

Staff costs for 2016/17

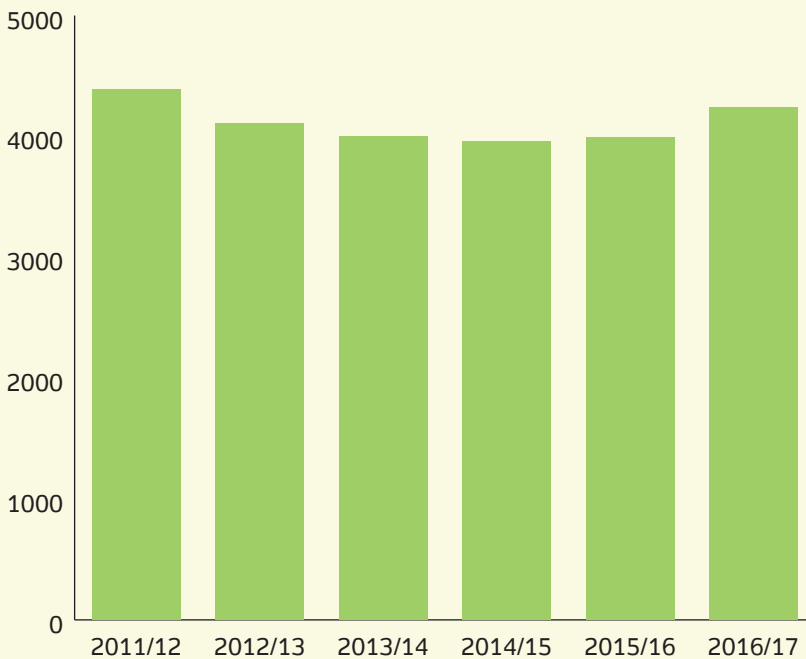
	Permanent staff	Apprentices	Others	Total
	£'000	£'000	£'000	£'000
Salaries	130,386	5,433	4,312	140,131
Social security costs	13,401	109	223	13,733
Other pension costs	24,285	949	387	25,621
Total staff costs	168,072	6,491	4,922	179,485

Gender analysis at 31 March 2017

	Male	Female	Total
Non-executive members	3	2	5
Executive directors	4	2	6
Senior Civil Service – band 2	4	1	5
Senior Civil Service – band 1	6	4	10
Permanent employees (not including SCS)	1,684	2,644	4,328
Apprentices	112	165	277

* Some Senior Civil Service employees are also directors and are included in both categories.

Staff numbers Average full-time equivalent in year



Resourcing

Our recruitment procedures are conducted on the basis of merit following fair and open competition in accordance with the Civil Service Commissioners' Recruitment Principles, and are subject to internal and external monitoring. All our job opportunities are subject to the Guaranteed Interview Scheme which assures that disabled people will progress to the next stage of the selection process if their application meets the minimum criteria. It is our policy to ensure that any tests used do not discriminate against disabled candidates.

See also page 31.

Recruitment

We recruited a total of 584 members of staff.

In support of our core service standards and to supplement our substantive workforce a number of short-term fixed-term appointments were made, allowing our more experienced staff to focus on more complex core registration activities.

Off-payroll contractors have also been used to meet short-term needs in more specialist areas, and information regarding compliance and disclosures are included in the off-payroll disclosure table on page 79.

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

Health and wellbeing

We have continued to deliver initiatives to support employees and the organisation. Highlights for 2016/17 include:

- the availability of an Employee Assistance Programme to provide employees and managers with comprehensive and effective support 24 hours a day;
- cross-HM Land Registry promotion and participation in the Time to Change, Time to Talk mental health day and Mental Health Awareness Week;
- delivery of a range of forums providing line managers with guidance and advice on supporting staff dealing with mental health issues, bereavement and serious illness.

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

- Health screening sessions providing staff with the opportunity to check blood pressure, body mass index and cholesterol.
- Promotion and participation in a cycle to work scheme.
- Provision of an occupational health service, with an associated health and wellbeing website and monthly promotional material on health issues.
- Promotion of key wellness awareness events through departmental health campaigns promoting healthy lifestyle choices.

Capability

See page 32.

Employee involvement

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

Chief Executive and director blogs have been issued during the year on a weekly basis and our staff have been encouraged to respond to these with the aim of creating open and honest dialogue and exchange of views.

Managers are expected to have regular monthly discussions with individual team members to openly discuss employee performance, ideas for improvements to working practices, wider organisational issues and any employee concerns.

We meet regularly with our trade unions. The Chief Executive and members of his team formally meet representatives at the Departmental Whitley Council meetings twice a year. There are structures in place for local Whitley meetings, and unions are consulted on specific issues.

Informal six-weekly dialogue between the Chief Executive and trade union leads has continued

during the year. Day-to-day operation of employment relations is managed through weekly engagement and consultation meetings between senior management and departmental trade union representatives.

During the year we have again seen positive improvements in HM Land Registry's engagement scores in the Civil Service People Survey, and regular internal surveys held during the year have shown that these improvements have been maintained. We continue to be committed to further improvements in engagement and an executive lead has responsibility for an engagement key performance indicator and action plan 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 question and answer sessions, are all essential in ensuring our employees' views are heard and understood.

Parliamentary accountability and audit report

Fees and charges

	2016/17			2015/16		
	Income	Total costs	Surplus	Income	Total costs	Surplus
	£'000	£'000	£'000	£'000	£'000	£'000
Registration of title	299,591	237,240	62,351	284,196	249,120	35,076
Land Charges and Agricultural Credits	6,267	1,429	4,838	6,193	1,516	4,677
Commercial	5,567	3,326	2,241	4,983	3,548	1,435
	311,425	241,995	69,430	295,372	254,184	41,188

Audited.

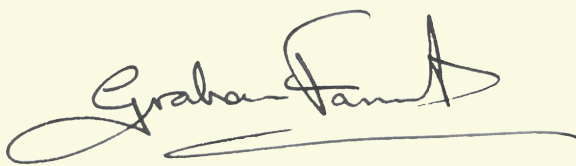
HM Land Registry applied cost allocation and charging requirements as set out in HM Treasury guidance.

However, due to the demand for our services exceeding our expectations the recommended rate of return has been exceeded.

Special payments

	2016/17		2015/16	
	Number of cases	Value of payment	Number of cases	Value of payment
		£'000		£'000
Number of special payments over £300,000	-	-	-	-

Audited.



Graham Farrant
Chief Executive and Chief Land
Registrar
11 July 2017

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 2017 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 and Staff Report and Parliamentary Accountability disclosures 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 and Accounts 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 2017 and of its retained surplus 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 parts of the Remuneration and Staff Report and Parliamentary Accountability disclosures to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Trading Funds Act 1973; and
- the information given in the Performance Report and Accountability 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 parts of the Remuneration and Staff Report and Parliamentary Accountability disclosures 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.

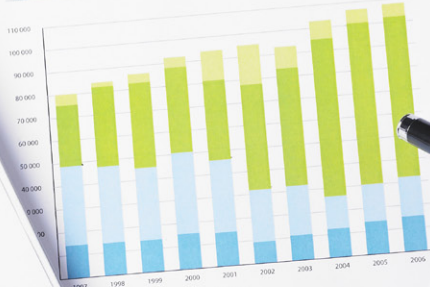
Sir Amyas C E Morse

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

13 July 2017

The image displays a person's hands interacting with various financial documents and a calculator. The primary document is a spreadsheet with columns for years (2007, 2008, 2009) and rows for different financial metrics. A silver calculator is being used to perform calculations. In the background, several other documents are visible, including a bar chart titled 'FIGURE 2 — EU REVENUE 1997-2006' showing revenue growth from 1997 to 2006. Another document shows a pie chart titled 'REVENUES SUPPORTING CORE ACTIVITIES' and a horizontal bar chart titled 'REVENUES SUPPORTING CORE ACTIVITIES (DOLLARS IN MILLIONS)'. A hand is holding a black pen over these documents.

FIGURE 2 — EU REVENUE 1997-2006



Other revenue (including surpluses from the previous years)
 Total own resources
 Total own resources

CONTRIBUTION BY MEMBER STATE AND TOR COLLECTED ON BEHALF OF THE EU, IN 2006

REVENUES SUPPORTING CORE ACTIVITIES
 Following chart provides a breakdown of revenues supporting core activities for the fiscal year ended June 30, 2003.



REVENUES SUPPORTING CORE ACTIVITIES (DOLLARS IN MILLIONS)



The following chart provides a breakdown of revenues supporting core activities for the fiscal year ended June 30, 2003.

Revenues to support UC Davis' core activities of over \$1 billion, including those classified as other revenues, increased by \$115 million from 2003 to 2004.

Financial statements

Statement of comprehensive income for the year ended 31 March 2017

		2016/17	2015/16
	Notes	£'000	£'000
Income – continuing operations	2	311,425	295,372
Cost of service	2	(226,959)	(238,591)
Gross surplus		84,466	56,781
Administrative expenses	2	(15,036)	(15,593)
Operating surplus		69,430	41,188
Loss on disposal of non-current assets		(4)	(431)
Investment income – interest receivable	5	1,336	1,774
Finance costs	6	(682)	(702)
Amortisation and depreciation of e-service systems	8.1, 9.1	(3,427)	(3,469)
Restructure and reorganisation costs	3.2	(425)	(1,458)
Local Land Charges revenue costs	3.3	(1,592)	(2,265)
Surplus for the financial year		64,636	34,637
Dividend payable	7	(18,896)	(13,584)
Retained surplus/(loss) for the financial year		45,740	21,053
Gain/(Loss) on revaluation of property, plant and equipment		2,965	(7,817)
Comprehensive surplus/(loss) for the financial year		48,705	13,236

The notes on pages 99 to 120 are an integral part of these accounts.

Statement of financial position as at 31 March 2017

		2016/17		2015/16	
	Notes	£'000	£'000	£'000	£'000
Non-current assets					
Property, plant and equipment	8	53,593		56,675	
Investment property	8.4	4,920		6,800	
Intangible assets	9	8,607		4,370	
Other receivables	11.2	1,341		1,437	
Total non-current assets			68,461		69,282
Current assets					
Inventories	10	4,049		4,745	
Trade and other receivables	11.1	9,597		12,791	
Cash and cash equivalents	12	489,926		443,871	
Total current assets			503,572		461,407
Non-current assets classified as held for sale	8.3		6,982		-
Total assets			579,015		530,689
Current liabilities					
Trade and other payables	13.1	56,016		51,580	
Obligations under finance leases	13.1, 14.1	194		284	
Short-term provisions	16.1	6,393		8,116	
			62,603		59,980
Indemnity Fund	16.2		85,100		84,800
Total current liabilities			147,703		144,780
Non-current assets plus net current assets			431,312		385,909
Non-current liabilities					
Obligations under finance leases	13.2, 14.1	4,736		4,931	
Long-term provisions	16.1	4,309		7,416	
Total non-current liabilities			9,045		12,347
Net assets			422,267		373,562
Capital and reserves					
Public Dividend Capital			61,545		61,545
Revaluation reserve			19,200		16,268
Income and expenditure account			341,522		295,749
			422,267		373,562

The notes on pages 99 to 120 are an integral part of these accounts.

Graham Farrant
 Chief Executive and Chief Land Registrar
 11 July 2017

Statement of changes in reserves for the year ended 31 March 2017

	Public Dividend Capital	Revaluation reserve	I&E reserve	Total reserves
	£'000	£'000	£'000	£'000
Balance at 31 March 2015	61,545	31,474	267,307	360,326
Changes in reserves 2015/16				
Revaluation reserve				
Transfer to retained earnings	–	(17)	7,389	7,372
Revaluation of non-current assets	–	(7,372)	–	(7,372)
Comprehensive loss	–	(7,817)	21,053	13,236
Balance at 31 March 2016	61,545	16,268	295,749	373,562
Changes in reserves 2016/17				
Revaluation reserve				
Transfer to retained earnings	–	(33)	33	–
Comprehensive surplus	–	2,965	45,740	48,705
Balance at 31 March 2017	61,545	19,200	341,522	422,267

The notes on pages 99 to 120 are an integral part of these accounts.

Cash flow statement for the year ended 31 March 2017

		2016/17	2015/16
	Notes	£'000	£'000
Net cash inflow from operating activities	19.1	71,066	55,673
Investing activities			
Purchase of tangible assets		(2,595)	(4,091)
Purchase of intangible assets		(8,202)	(355)
Proceeds on disposal of tangible assets		–	9,314
Interest received		1,729	1,618
Net cash inflow from investing activities		(9,068)	6,486
Financing activities			
Dividends paid		(14,977)	(14,717)
Repayments of capital element of obligations under finance leases		(284)	(621)
Interest elements of obligations under finance leases		(682)	(702)
Net cash outflow from financing activities		(15,943)	(16,040)
Net increase/(decrease) in cash and cash equivalents	19.2	46,055	46,119
Cash and cash equivalents at beginning of year	19.2	443,871	397,752
Cash and cash equivalents at end of year	12	489,926	443,871

The notes on pages 99 to 120 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) 2016/17 and comply with the Accounts Direction given by HM 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 HM Land Registry for the purposes of giving a true and fair view has been selected. HM 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.

IFRS 9 Financial Instruments and IFRS 15 Revenue from contracts with customers are effective from 2018/19; their application in the public sector context has yet to be interpreted by the FReM. IFRS 16 Leases has been issued but is not effective until periods commencing 1 January 2019. These accounting standards are not expected to have a material impact on HM Land Registry.

1.2 Accounting convention

The financial statements have been prepared under the historical cost convention modified for the revaluation of property, plant and equipment, investment property, 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 8 – impairment of non-current assets;
- Note 9 – impairment of intangibles;
- Note 16.1 – early retirement, early severance and other provisions; and
- Note 16.2 – estimated provision for indemnity claims.

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

HM 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 HM Land Registry is Graham Farrant, Chief Executive and Chief Land Registrar.

Local Land Charges

Following the passing of the Infrastructure Act 2015, HM Land Registry has been given the responsibility for registering Local Land Charges. In preparing for the provision of the service, related expenditure is either being expensed as incurred or capitalised if it meets the criteria for intangible assets under IAS 38.

1.6 Employee benefits

The cost of providing employee benefits is recognised in the period in which HM 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.

1.7 Pensions

HM Land Registry employees are civil servants who are entitled to be members of the Principal Civil Service Pension Scheme (PCSPS) or the Civil Servant and Other Pension Scheme (CSOPS)—known as ‘alpha’. These are unfunded multi-employer defined benefit schemes, but HM Land Registry is unable to identify its share of the underlying assets and liabilities on a reasonable and consistent basis. HM Land Registry has therefore accounted for contributions and payments to these schemes under International Accounting Standards (IAS) 19 as if they were defined contribution schemes. Liability for the payment of future benefits is a charge on the PCSPS or alpha scheme.

1.8 Property, plant and equipment

Freehold and leasehold land and buildings are professionally valued by external, independent property valuers having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. Cushman & Wakefield, RICS registered valuers, carried out a desktop valuation in February 2017.

HM Land Registry is required by the FReM to disclose non-current assets in the statement of financial position at fair value. For assets in use the FReM requires valuation at existing use as an asset’s fair value, rather than market value required by IFRS 13. Details of FReM adaptations which continue to apply for 2016/17 can be found on GOV.UK (search for ‘Financial Reporting Manual 2016/17’).

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. HM 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 HM 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	Estimated useful life
Leasehold buildings	Period of the lease or estimated useful life
Telecommunications equipment	Five years
Office equipment	Five years
Computers: mainframe PCs	Five years Five years*
Structured cabling	Ten years
Plant and heavy machinery	Ten years

*Following a review of HM Land Registry’s asset replacement policy the asset life for desktop PCs has been updated from three years to five years. This is to reflect the increased reliability and therefore life of the assets.

Non-current assets classified as held for sale are carried at fair value less costs to sell and are not depreciated. HM 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.

1.9 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.

1.10 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	Five years
PCs	Five years*

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 HM 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; and
- 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 does 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.

HM Land Registry portal, e-security and Business Gateway

HM Land Registry developed three systems to deliver e-services. The cost of developing the IT systems (HM Land Registry portal, e-security and Business Gateway) have been capitalised as intangible assets on the statement of financial position. These assets have been amortised over eight years, which was the expected useful life of the systems. The life was determined with reference to the useful lives of other similar assets in use in HM Land Registry.

Local Land Charges

HM Land Registry has commenced the building and development of a computerised register to hold the Local Land Charges data currently held by 326 local authorities. Two development costs have been identified, a database to hold the information, and the data itself which needs to be cleansed, digitalised and migrated to this database. Under IAS 38, costs attributable to these two activities are treated as an Intangible asset, and on commencement of the register service these components will be amortised over their useful life.

1.11 Investment property

Investment property is measured at fair value. Any gain or loss on disposal (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings (see note 1.8 for details of valuers).

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 completion of registration 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. The costs associated with work-in-progress are derived from estimates and assumptions based on historical experience and other factors which are considered to be relevant. These estimates and underlying assumptions are reviewed on a regular basis.

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 (GBS), 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 three 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 Provisions

HM 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 16.)

1.17 Indemnity Fund

Schedule 8 to the Land Registration Act 2002 requires HM Land Registry to indemnify third parties against loss caused by mistakes in the register, mistakes in search results and loss of documents by HM Land Registry. Most of HM 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, HM 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 Registry, supported by its independent actuaries Lane, Clark & Peacock LLP.

After the accounting date, a further review of claims received by HM 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 are shown in note 16.2 of this report.

1.18 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 HM Land Registry's statutory responsibility as insurer of titles in England and Wales (see note 18.1).

1.19 Finance leases

Where HM 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.

1.20 VAT

HM Land Registry accounts for VAT on its statutory activities under HM 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.

1.21 Treasury dividend

HM Land Registry is required to pay the Treasury an annual dividend being 3.5% of the average capital employed during the financial year plus the latest inflation estimate for the year, provided by ONS (see note 21). HM 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, eg monthly average.

1.22 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 2016/17.

2 Business segments

International Financial Reporting Standard 8 (IFRS 8) – Operating segments reporting requires analysis of income and expenditure by principal business activities.

There are three separate areas for statutory services carried out by HM Land Registry: registration of title; registration of Land Charges and registration of mortgages

made under the Agricultural Credits Act 1928. For operational purposes, HM Land Registry combines delivery of these latter two services and this is reflected in this segmental analysis.

HM 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 and apportioned on an appropriate basis for the service.

	Statutory		Non-statutory	2016/17	Statutory		Non-statutory	2015/16
	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	299,591	6,267	5,567	311,425	284,196	6,193	4,983	295,372
Cost of service	(222,578)	(1,398)	(2,983)	(226,959)	(233,892)	(1,483)	(3,216)	(238,591)
Administrative expenses	(14,662)	(31)	(343)	(15,036)	(15,228)	(33)	(332)	(15,593)
Operating surplus	62,351	4,838	2,241	69,430	35,076	4,677	1,435	41,188

The surplus for registration of title has increased by £27.2m compared with the prior year. This is due to a combination of higher income due to increased volumes (in line with original budget) and lower levels of deferred income.

The surplus for the year on commercial income of £2.2m is higher than expected.

Revenues were higher than the baseline forecast (£0.8m) due to the continued buoyancy in the housing market and significant income from government infrastructure projects.

Local Land Charges revenue costs are currently shown in Note 3.3. Local Land Charges will become an operating segment once HM Land Registry runs a live service.

3 Operating surplus

3.1 Operating surplus is stated after charging

	2016/17	2015/16
	£'000	£'000
Staff costs (see note 4.1)	179,485	168,173
Provision for indemnity costs (see note 16.2)	300	11,200
IT services	14,460	14,901
Hire of machinery	4,948	5,302
Auditor's remuneration – audit fee	65	65
Depreciation of tangible non-current assets – owned	4,048	4,682
Depreciation of tangible non-current assets – leased	299	547
Amortisation of intangible assets	349	338
Impairment in value of non-current assets	(584)	6,466
Charge for operating leases – buildings	1,021	1,361
Miscellaneous income	(2,708)	(2,842)

3.2 Restructure and reorganisation costs

	2016/17				2015/16			
	Early retirement	Early severance	ATP ¹	Total	Early retirement	Early severance	ATP	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Costs incurred in year	270	154	1	425	282	–	1,176	1,458
	270	154	1	425	282	–	1,176	1,458

1 Accelerated Transformation Programme.

3.3 Local Land Charges

	2016/17	2015/16
	£'000	£'000
Revenue costs incurred in year	1,592	2,265
	1,592	2,265

The Infrastructure Act 2015 passed to HM 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. This will be shown as a separate segment when HM Land Registry runs Local Land Charges as a live service. Revenue costs related to the development of this service are recorded separately and shown in the table above. Capital costs are shown in Note 9 under Assets under development.

4 Employee information

4.1 Staff costs

	2016/17				2015/16			
	Permanent staff	Apprentices	Others	Total	Permanent staff	Apprentices	Others	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Salaries	130,386	5,433	4,312	140,131	124,291	2,118	7,640	134,049
Social security costs	13,401	109	223	13,733	9,337	169	151	9,657
Other pension costs	24,285	949	387	25,621	23,669	424	374	24,467
Total staff costs	168,072	6,491	4,922	179,485	157,297	2,711	8,165	168,173

4.2 Staff numbers

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

	2016/17				2015/16			
	Permanent staff	Apprentices	Others	Total	Permanent staff	Apprentices	Others	Total
Senior management	7	–	–	7	7	–	1	8
Operational	3,239	256	83	3,578	3,310	99	26	3,435
Administration	257	6	12	275	222	–	8	230
IT	385	4	31	420	344	–	18	362
	3,888	266	126	4,280	3,883	99	53	4,035

4.3 The salary and pension entitlements of the Chief Executive and the directors of HM Land Registry are included in the Remuneration and staff report on pages 78 to 89.

4.4 Pensions

The Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS)–known as ‘alpha’ are unfunded multi-employer defined benefit schemes but HM Land Registry is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation.

For 2016/17, employers’ contributions of £25.7m were payable to the PCSPS and CSOPS (2015/16: £24.4m) at one of four rates in the range 20% to 24.5% of pensionable earnings, based on salary bands. The scheme 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 2016/17 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution.

HM Land Registry contributions of £181,344 were paid to one or more of the panel of three appointed stakeholder pension providers (2015/16: £146,842). Employer contributions are age-related and range from 3% to 12.5% of pensionable earnings up to 30 September 2015 and from 8% to 14.75% of pensionable earnings from 1 October 2015. HM Land Registry also match employee contributions up to 3% of pensionable earnings.

In addition, HM Land Registry contributions of £4,358, 0.5% of pensionable pay were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees (2015/16: £3,534).

Any contributions due to the partnership pension providers at the statement of financial position date or contributions pre-paid at that date were not material.

Six individuals retired early during the year on ill-health grounds. The total additional accrued pension liabilities in the year amounted to £13,875 (2015/16: £39,830).

Further information relating to pension arrangements can be found in the Remuneration and staff report on pages 78 to 89 and note 1.7 on page 100.

5 Investment income

	2016/17	2015/16
	£'000	£'000
Interest on bank deposits	1,336	1,774

6 Finance costs

	2016/17	2015/16
	£'000	£'000
Interest on obligations under finance leases	682	702

7 Dividend payable

	2016/17	2015/16
	£'000	£'000
Dividend payable	18,896	13,584

In March 2017 an interim payment of £11.9m was made in respect of the ordinary dividend.

See note 1.21 on page 102 for the accounting policy relating to dividend payments.

8 Property, plant and equipment

8.1 Cost or valuation

	Property Freehold		Leasehold Buildings	Plant and equipment		Other plant and equipment	Total
	Land	Buildings		Assets under construction	IT-related assets		
	£'000	£'000		£'000	£'000		
At 1 April 2016	9,085	48,968	12,172	468	68,444	4,413	143,550
Additions	-	-	-	464	2,200	-	2,664
Assets brought into use	-	-	-	(932)	841	-	(91)
Revaluation in year	170	(1,314)	480	-	-	-	(664)
Reclassification of assets	-	1,930	(50)	-	9	-	1,889
Impairment	-	(34)	(139)	-	-	-	(173)
Disposals	-	-	-	-	(428)	-	(428)
Tfr to asset held for sale	(550)	(1,745)	-	-	-	-	(2,295)
At 31 March 2017	8,705	47,805	12,463	-	71,066	4,413	144,452

Accumulated depreciation and impairment

At 1 April 2016	-	16,208	5,215	-	62,140	3,312	86,875
Provided during the year	-	1,490	713	-	2,896	197	5,296
Current cost revaluation	-	(474)	(475)	-	-	-	(949)
Reclassification of assets	-	-	-	-	5	-	5
Disposals	-	-	-	-	(424)	-	(424)
Tfr to asset held for sale	-	56	-	-	-	-	56
At 31 March 2017	-	17,280	5,453	-	64,617	3,509	90,859
Carrying amount at 31 March 2017	8,705	30,525	7,010	-	6,449	904	53,593

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 2015	13,811	56,342	25,643	–	65,514	4,412	165,722
Additions	–	–	–	770	4,223	22	5,015
Assets brought into use	–	–	–	(302)	302	–	–
Revaluation in year	(3,666)	128	(310)	–	–	–	(3,848)
Reclassification of assets	(335)	(5,665)	(800)	–	(1)	(21)	(6,822)
Impairment	(725)	(1,837)	(2,902)	–	–	–	(5,464)
Disposals	–	–	(9,459)	–	(1,594)	–	(11,053)
At 31 March 2016	9,085	48,968	12,172	468	68,444	4,413	143,550

Accumulated depreciation and impairment

At 1 April 2015	–	15,235	7,665	–	59,442	3,118	85,460
Provided during the year	–	1,497	910	–	3,861	215	6,483
Current cost revaluation	–	(524)	(686)	–	–	–	(1,210)
Reclassification of assets	–	–	–	–	(1)	(21)	(22)
Disposals	–	–	(2,674)	–	(1,162)	–	(3,836)
At 31 March 2016	–	16,208	5,215	–	62,140	3,312	86,874
Carrying amount at 31 March 2016	9,085	32,760	6,957	468	6,304	1,101	56,675

See note 1.8 on page 100 for details of the property, plant and equipment accounting policy.

See note 1.9 on page 100 for details of the impairment accounting policy.

See note 8.4 for details of investment property.

The carrying amount of land and buildings at market value is £38.3m.

The net amount of finance leases at the end of the year was £0.0m (2015/16: £0.1m). In the year an impairment of £0.1m was charged to these finance lease assets.

8.3 Non-current assets classified as held for sale

	2016/17	2015/16
	£'000	£'000
At 1 April	–	–
Transfers from non-current assets (Note 8)	2,351	–
Revaluation Reserve	3,629	–
Reversal of Impairment	1,002	–
At 31 March	6,982	–

Parkside Court, Telford, Leicester Nursery and Chalfont Drive, Nottingham, southern plot, have been transferred from non-current assets to non-current assets classified as held for sale.

Parkside Court, Telford, is expected to be sold, with HM Land Registry relocating its offices to an alternative location in the Telford area. Leicester Nursery and Chalfont Drive, southern plot, are surplus to HM Land Registry requirements and are due to

be transferred to the Homes & Communities Agency for potential housing redevelopment. Under IFRS 8, none of these assets held for sale represents a closure of an operating segment.

8.4 Investment property

	2016/17	2015/16
	£'000	£'000
At 1 April	6,800	–
Reclassification of assets	(1,880)	6,800
At 31 March	4,920	6,800

Investment property comprises a number of properties that are leased to third parties either in part or whole. The leases have different non-cancellable periods with current break option points ranging from six months to eight years. One lease has an annual rent review period, two are five yearly and one has none. Increases are linked to market rent based on comparables. None have an automatic right of renewal. Further information about these leases is included in note 14.2.

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of HM Land Registry's investment properties annually (see note 1.8 for details of valuers).

The fair value of investment properties are all Level 3 on the fair value hierarchy, because they are valued by reference to valuation techniques using inputs that are not based on observable market data.

There were no transfers between Level 2 and Level 3 fair value disclosures during the year.

Each Investment property is measured based upon active market prices adjusted where necessary for any difference in nature, location or condition of each specific property. The active market price is the market rent taking into account any expected or anticipated periods of non-occupancy by a future tenant.

9 Intangible assets

9.1 Cost or valuation

	E-security	Portal	Business Gateway	Assets under development	Software licences	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2016	9,691	15,967	1,766	–	42,647	70,071
Additions	–	–	–	6,834	1,091	7,925
Assets brought into use	–	–	–	–	92	92
Reclassification	–	–	–	–	(9)	9
Disposals	–	–	–	–	(162)	(162)
At 31 March 2017	9,691	15,967	1,766	6,834	43,659	77,917
Amortisation						
At 1 April 2016	8,478	13,971	1,547	–	41,705	65,701
Charge for the year	1,213	1,996	219	–	349	3,777
Reclassification of assets	–	–	–	–	(6)	(6)
Disposals	–	–	–	–	(162)	(162)
At 31 March 2017	9,691	15,967	1,766	–	41,886	69,310
Carrying amount at 31 March 2017	–	–	–	6,834	1,773	8,607

9.2 Cost or valuation

	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2015	9,691	15,967	1,766	–	42,120	69,544
Additions	–	–	–	–	543	543
Reclassification	–	–	–	–	2	2
Disposals	–	–	–	–	(18)	(18)
At 31 March 2016	9,691	15,967	1,766	–	42,647	70,071
Amortisation						
At 1 April 2015	7,268	11,976	1,326	–	41,384	61,954
Charge for the year	1,210	1,995	221	–	336	3,762
Reclassification of assets	–	–	–	–	3	3
Disposals	–	–	–	–	(18)	(18)
At 31 March 2016	8,478	13,971	1,547	–	41,705	65,701
Carrying amount at 31 March 2016	1,213	1,996	219	–	942	4,370

See note 1.10 on page 100 for details of the intangible assets accounting policy.

A total of £3.4m of amortisation has been charged to amortisation and depreciation of e-service systems.

The e-security, portal and Business Gateway assets have all been fully depreciated in year.

Assets under development relate to the capitalisation of Local Land Charges costs.

10 Inventories

	2016/17	2015/16
	£'000	£'000
Work-in-progress	4,049	4,745
	4,049	4,745

11 Trade and other receivables

11.1 Current

	2016/17	2015/16
	£'000	£'000
Trade receivables	2,096	2,263
Other receivables	3,946	6,285
Prepayments and accrued income	3,555	4,243
	9,597	12,791

The average credit period taken on provision of services is three 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

	2016/17	2015/16
	£'000	£'000
Other receivables	281	302
Prepayments	1,060	1,135
	1,341	1,437

The carrying amount of trade and other receivables is deemed to be an approximation of their fair value.

12 Cash at bank and in hand

	2016/17	2015/16
	£'000	£'000
Government Banking Service	63,526	46,764
Commercial banks and cash-in-hand	16,488	16,681
National Loans Fund	409,912	380,426
	489,926	443,871

HM 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 HM 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

	2016/17	2015/16
	£'000	£'000
Trade payables	757	1,701
Taxation and social security	3,462	2,823
Other payables	2,891	2,777
Accruals	19,772	20,115
Net obligations under finance leases – buildings	188	165
Net obligations under finance leases – computer equipment	7	119
Deferred income – fees received in advance	22,234	21,183
Dividend payable	6,899	2,981
	56,210	51,864

Trade and other payables principally comprise amounts outstanding for trade purchases

and ongoing costs. The average credit period taken for trade purchases is five days. The

carrying amount of trade payables is deemed to be an approximation of their fair value.

13.2 Non-current

	2016/17	2015/16
	£'000	£'000
Net obligations under finance leases – buildings	4,736	4,924
Net obligations under finance leases – computer equipment	–	7
	4,736	4,931

14 Obligations under leases

14.1 Finance leases

	Minimum lease payments		Present value of minimum lease payments	
	2016/17 £'000	2015/16 £'000	2016/17 £'000	2015/16 £'000
Amounts payable under finance leases				
Within one year	853	966	194	284
In the second to fifth years inclusive	3,384	3,320	1,037	899
After five years	5,922	6,839	3,699	4,032
	10,159	11,125	4,930	5,215
Less future finance charges	(5,228)	(5,910)		
Present value of lease obligations	4,931	5,215		
Less amount due for settlement within 12 months (shown under current liabilities)			(194)	(284)
Amount due for settlement after 12 months			4,736	4,931

14.2 Operating leases

Leases as lessee

	2016/17	2015/16
	£'000	£'000
Minimum lease payments under operating leases recognised in the year	1,021	1,426
Income from tenants	-	(65)
	1,021	1,361

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

	2016/17	2015/16
	£'000	£'000
Within one year	6	-
In the second to fifth years inclusive	283	-
After five years	1,380	1,021
Income due from tenants	-	-
	1,669	1,021

Operating lease payments represent rentals payable by HM Land Registry for land and buildings, including the Nottingham and Peterborough local offices.

Leases as lessor

HM Land Registry leases out investment properties (see note 8.4).

At 31 March 2017 the future minimum lease payments under non-cancellable leases are

receivable as follows: operating leases, which fall due as follows:

	2016/17	2015/16
	£'000	£'000
Within one year	-	-
In the second to fifth years inclusive	28	18
After five years	353	349
	381	367

During the year investment property rental income of £0.37m was included within miscellaneous income (see note 3.1). This follows the treatment of previous years when the properties were let under memorandum of terms of occupation (MOTO) to other public sector organisations.

The investment properties are now let on commercial terms. As this is not part of HM Land Registry's core business, and the values are immaterial, the rental income continues to be treated as miscellaneous income and netted off expenditure.

15 Loans

HM Land Registry had no loans during the financial year ending 31 March 2017.

16 Provisions for liabilities and charges

16.1 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
	2016/17					2015/16				
At 1 April	13,683	-	-	1,849	15,532	18,005	2,272	845	361	21,483
Revaluation of provision	270	-	-	200	470	228	-	-	1,848	2,076
Provision utilised in the year	(3,966)	-	-	(607)	(4,573)	(4,550)	(2,242)	(831)	(86)	(7,709)
Provision written back unused	-	-	-	(727)	(727)	-	(30)	(14)	(274)	(318)
At 31 March	9,987	-	-	715	10,702	13,683	-	-	1,849	15,532
Included in current liabilities					6,393					8,116
Included in non-current liabilities					4,309					7,416
					10,702					15,532

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).

HM 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 £4m in 2016/17, of which £4m had been provided for within the ERP provision in the 2016/17 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.

IAS 37 Provisions, contingent liabilities and contingent assets requires that: "Where the time value of money is material, the amount of a provision should be the present value of the expenditures expected to be required to settle the obligation". The discount factor applied to the early retirement provision over 10 years is 2%. The impact of unwinding of the discount in 2016/17 was £0.2m (2015/16: £0.2m).

16.2 Indemnity Fund

The Land Registration Act 2002 places a legal liability on HM 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 HM Land Registry. HM Land

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

	Outstanding provision £'000	IBNR provision £'000	2016/17 Total £'000	Outstanding provision £'000	IBNR provision £'000	2015/16 Total £'000
At 1 April	10,500	74,300	84,800	8,400	65,200	73,600
Provided in the year	6,738	–	6,738	8,135	–	8,135
Provisions utilised in the year	(6,738)	–	(6,738)	(8,135)	–	(8,135)
Claims revaluation	(2,500)	–	(2,500)	2,100	–	2,100
IBNR revaluation	–	2,800	2,800	–	9,100	9,100
At 31 March	8,000	77,100	85,100	10,500	74,300	84,800

Following the actuarial review by Lane Clark & Peacock LLP (LCP), the fund in respect of reported but not settled claims (Outstanding provision) has decreased in 2016/17 by £2.5m (2015/16: £2.1m increase). The provision for claims incurred but not reported (IBNR provision) has increased in 2016/17 by £2.8m (2015/16: £9.1m increase).

The reason for the £2.5m decrease in the outstanding claims provision was due to a movement in case estimates.

The main reasons for the £2.8m IBNR provision movement were: a change in the Treasury prescribed discount rates (increase – £2.1m); and changes to underlying projection assumptions including inflation (increase – £0.5m).

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; and
- 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; and
- 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 HM 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); and
- the rate of inflation and expected discount rates.

These scenarios have been considered in isolation and combination as shown in the tables on page 117.

On the basis of this analysis work and in respect of the adverse scenarios:

- it is reasonably foreseeable that the value of liabilities could be about £0.6m (Outstanding provision) or £8m (IBNR provision) greater than expected; and
- it is unlikely, but possible, that the value of the liabilities could be about £1.5m (Outstanding provision) or £16m (IBNR provision) greater than expected.

In respect of the favourable scenarios:

- it is reasonably foreseeable that the value of the liabilities could be about £7m (IBNR) lower 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 £2.5m (Outstanding provision) or £55m (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.

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; and
- 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.

The Indemnity Fund provision of £85.1m is our best estimate. However, the value of the Indemnity Fund provisions are subject to future uncertainty.

Sensitivity analysis

	Outstanding provision	2016/17 Percentage movement increase
	£m	%
Provided in these accounts (see note 16.2 – reasonably foreseeable value)	8	–
Impact of scenarios		
Adverse but foreseeable scenarios		
(1) Large claims assumed payment percentage increased from 60% to 70%	8.4	4.9
(2) Attritional claims paid are 5% greater than expected	8.6	7.8
(3) Treasury prescribed real discount rate reduces further by 0.5% pa	8.1	0.7
Possible but unlikely scenarios		
(2) + (3)	8.7	8.5
(4) Large claims assumed payment increased from 60% to 100%	9.6	19.6
Extreme scenarios		
(2) + (3) + (4)	10.3	28.2

	IBNR provision	Percentage movement increase
	£m	%
Provided in these accounts (see note 16.2 – reasonably foreseeable value)	77.1	–
Impact of scenarios		
Favourable but foreseeable scenarios		
(1) Decrease in projected number of attritional IBNR claims (-10%)	73.2	-5.1
(2) Decrease in assumed attritional average claim size (-10%)	73.2	-5.1
(3) Decrease in assumed large average claim size (from £680k to £580k)	71.6	-7.1
(4) Decrease in projected number of large claims (from 6.5 to 5.5 per incident year)	71.8	-6.9
(5) Decrease in assumed future claims inflation (-1% pa)	70.0	-9.2
(6) Prescribed real discount rate on cashflows beyond 10 years increased by 1% pa	71.8	-6.9
Adverse but foreseeable scenarios		
(1) Increase in projected number of attritional IBNR claims (+10%)	81.0	5.1
(2) Increase in assumed attritional average claim size (+10%)	81.0	5.1
(3) Increase in assumed large average claim size (from 680k to 780k)	82.6	7.1
(4) Increase in projected number of large claims (from 6.5 to 7.5 per incident year)	82.4	6.9
(5) Increase in assumed future claims inflation (+1%)	85.6	11.0
(6) Prescribed real discount rate on cash flows beyond 10 years reduced by a further 1% pa	84.0	9.0
Possible but unlikely scenarios		
(1) + (2)	85.3	10.6
(1) + (5)	89.9	16.6
(7) Increase in assumed large average claim size (from £680k to £980k)	93.5	21.3
Extreme scenarios		
(1) + (2) + (4) + (5) + (6) + (7)	133.9	73.7

17 Capital commitments

	2016/17	2015/16
	£'000	£'000
Capital expenditure	2,670	–
Contracted for but not provided in these accounts	2,670	–

* £2.5m relates to commitments for development of Local Land Charges for HM Land Registry.

18 Contingent liabilities

18.1 Indemnity

The Land Registration Act 2002 places a legal liability on HM 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

HM Land Registry. HM Land Registry provides for these claims under its Indemnity Fund both for known claims and claims incurred but not reported (IBNR) (see note 16.2) based on the assumed likelihood that claims will be successful.

As at 31 March 2016, the value of pending indemnity claims made to HM Land Registry is shown below. Included in this total is an amount of £8m provided in the Indemnity Fund provision (see note 16.2).

Errors or omissions

	2016/17	2015/16
	£'000	£'000
Mistakes	7,290	10,337
Fraud and forgery	9,387	11,769
	16,677	22,106

19 Notes to the cash flow statement

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

	2016/17	2015/16
	£'000	£'000
Operating surplus	69,430	41,188
Restructure and reorganisation costs	(425)	(1,458)
Local Land Charges revenue costs	(1,592)	(2,265)
Depreciation of property, plant and equipment	4,347	5,229
Amortisation of intangible assets	349	338
Impairment in value of non-current assets	(584)	6,466
Decrease in provisions	(4,831)	(5,952)
Decrease in inventories	696	(2,256)
(Increase)/decrease in receivables	2,652	(246)
Increase in payables	724	3,429
Increase in Indemnity Fund	300	11,200
Net cash inflow from operating activities	71,066	55,673

19.2 Reconciliation of net cash flow to movement in net cash

	2016/17	2015/16
	£'000	£'000
Net cash at start of period	443,871	397,752
Increase/(decrease) in cash in the period	46,055	46,119
Net cash at end of period	489,926	443,871

20 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.

HM 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 Service and the Department for Communities and Local Government.

None of the board members, or members of the key management staff or other related parties, have had any influence over any

material transactions undertaken by HM Land Registry, except as mentioned below.

Steve Calder, Local Land Charges Programme Director, joined HM Land Registry on 1 November 2015 from PA Consulting where he was a partner. HM Land Registry currently has a contract with PA Consulting as planning and delivery partner on the Local Land Charges programme. The potential conflict of interest disclosed by the Local Land Charges Programme Director is, and has been from the outset, managed through strict controls within the programme itself and these are also articulated as limitations on the authority delegated within his letter of delegation.

Craig Lester, who joined the LRB as Assistant Chief Executive on 11 January 2016, was a non-executive director at Ordnance Survey prior to taking up his position at HM Land Registry. The contract for the provision of survey and data services with Ordnance Survey began in 2013 and will run until 2023. He was not a director at Ordnance Survey at the onset of this contract and therefore was not in a position to influence contract negotiations. He left HM Land Registry on 31 October 2016.

21 Corporate financial targets

	2016/17		2015/16	
	Actual	Target	Actual	Target
	%	%	%	%
Percentage return on average capital employed	15.1	4.6	8.6	3.6

22 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.

HM 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 HM Land Registry is not exposed to currency risk.

23 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

There are no non-adjusting events after the reporting period.

Appendix A

Volumes and workloads 2016/17 and 2015/16

Application intake by type and method of receipt

	2016/17			2015/16		
	Total applications/ products received	Applications/ products received through online services	% of applications/ products received through online services	Total applications/ products received	Applications/ products received through online services	% of applications/ products received through online services
Total applications/products	31,836,030	29,605,434	93.0	30,372,360	28,224,225	92.9
Bulk register updates (BRUs)	591,774	–	–	352,348	–	–
Total applications excluding BRUs	31,244,256	29,605,434	94.8	30,020,012	28,224,225	94.0
Substantive applications excluding BRUs	4,905,545	4,255,148	86.6	4,721,574	3,926,879	83.2
Preliminary services products	17,794,584	17,633,247	99.1	17,096,106	16,898,741	98.8
Enquiry services applications	8,544,127	7,717,039	90.3	8,202,332	7,398,605	90.2
	31,244,256	29,605,434	94.8	30,020,012	28,224,225	94.0
Substantive applications excluding BRUs						
First registrations	109,030	–	–	111,309	–	–
Dispositional first leases	230,564	199,239	86.4	224,529	175,592	78.2
Transfers of part of registered land	181,295	151,216	83.4	170,108	129,046	75.9
Dealings of whole with registered land	4,384,656	3,904,693	89.1	4,215,628	3,622,241	85.9
	4,905,545	4,255,148	86.7	4,721,574	3,926,879	83.2
Preliminary services products						
Official copies ¹	14,641,653	14,533,418	99.3	13,882,149	13,760,713	99.1
Official searches	2,381,867	2,371,719	99.4	2,424,335	2,409,063	99.4
Official searches of the index map ¹	771,064	726,699	92.3	789,622	728,965	92.3
	17,794,584	17,631,836	98.8	17,096,106	16,898,741	98.8
Enquiry services applications						
Register views	5,413,795	5,413,795	100.0	5,325,027	5,325,027	100.0
Title plan views	951,324	951,324	100.0	957,449	957,449	100.0
Document views	67,415	67,415	100.0	73,125	73,125	100.0
Correspondence	304,556	192,978	63.4	334,762	214,026	63.9
Telephone enquiries	715,510	–	–	682,991	–	–
MapSearch PDF downloads	1,091,527	1,091,527	100.0	828,978	828,978	100.0
	8,544,127	7,717,039	90.3	8,202,332	7,398,605	90.2

For accompanying text see overleaf.

The table above sets out the transactional activities for the year, along with comparatives for the previous year. In this financial year we serviced more than 31 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 we receive. Excluding bulk register updates (BRUs), the proportion of applications received electronically rose from 94% to 94.8%.

Bulk register updates are groups of applications lodged at HM 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.

Note: An official copy application may result in more than one register and/or title plan being supplied. A search of the index map application may give rise to more than one title number being revealed. For this reason the number of registers/title plans or the number of title numbers revealed are used as a metric rather than the number of applications themselves. These are termed products.

Appendix B

Land Charges and Agricultural Credits volumes and workloads 2016/17 and 2015/16

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.

Type of application	Number of applications or names in 2016/17	Percentage variation compared with 2015/16
New registrations, rectifications and renewals	42,572	-20.54
Cancellations	8,671	-14.76
Official searches		
– Full searches	172,098	-2.23
– Searches limited to insolvency	1,511,711	+9.96
Office copies	25,490	-4.08
Total	1,760,542	+7.28

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.

Year	New registrations	Cancellations and rectifications	Searches	Total
2015/16	857	820	2,541	4,218
2016/17	562	675	2,293	3,530

Appendix C

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 $(1+3.5 \text{ per cent}) * (1+ 2.7 \text{ per cent})$, 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](http://www.hm-treasury.gov.uk/data_gdp_fig.htm), 22 December 2011).

HM Treasury
24 April 2012

Appendix D

Sustainability historical data

Carbon data (tonnes)

Year	Year-on-year greenhouse gas (GHG) target	Forecast GHG (including initiatives)	Actual GHG	Actual percentage reduction (cumulative)
2009/10 (baseline)	14,326	14,326	14,326	0%
2010/11	13,610	14,326	13,099	-9%
2011/12	12,893	14,326	11,211	-22%
2012/13	12,177	14,326	11,340	-21%
2013/14	11,461	14,326	9,128	-36%
2014/15	10,745	13,176	8,656	-41%
2015/16	9,885	9,885	8,392	-41%
2016/17	8,596	8,596	7,328	-49%

The greenhouse gas draft target is to reduce emissions by 31% by

March 2020 over the baseline data for 2009/10.

Gross emissions have reduced by 49% over the baseline.

Waste arising (tonnes)

Year	Year-on-year waste target	Forecast waste (including initiatives)	Actual waste	Actual percentage reduction (cumulative)
2009/10 (baseline)	1,979	1,979	1,979	0%
2010/11	1,880	1,979	1,443	-27%
2011/12	1,781	1,979	1,689	-15%
2012/13	1,682	1,979	1,421	-28%
2013/14	1,583	1,979	959	-51%
2014/15	1,484	1,979	907	-54%
2015/16	1,484	1,484	1,106	-44%
2016/17	1,484	1,484	1,048	-47%

The table shows the trend for waste arising against the Greening Government Commitments reduction target of 25% by March 2020. A 47% reduction was achieved. Of the waste arising 698 tonnes is paper sent for processing through the closed loop paper recycling provision within government. This paper equates to 70% of our total waste arising.

Water reduction (cubic metres)

Year	Year-on-year water target	Forecast water (including initiatives)	Actual water	Actual percentage reduction (cumulative)
2009/10 (baseline)	57,214	57,214	57,214	0%
2010/11	54,353	57,214	54,644	-4%
2011/12	51,493	57,214	37,413	-35%
2012/13	48,631	57,214	31,230	-45%
2013/14	45,771	56,984	36,037	-37%
2014/15	42,910	56,984	38,153	-33%
2015/16	45,772	45,772	36,395	-36%
2016/17	42,911	42,911	34,967	-39%

A 39% reduction in water consumption has been achieved against a target of 25%. Consumption per full-time equivalent, including staff on HM Land Registry sites from other government departments, is 6.7m³.

Appendix E

Indemnity Fund

In 2016/17 we paid just under £7m for 995 claims, compared with £8m for 1,003 claims in 2015/16. The largest claim paid this year was £702,290 for a forged discharge of a mortgage. The discharge being lodged meant the property was unmortgaged and the fraudster was then able to transfer the property freely. Fraud (usually by way of forgery or impersonation) 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 just over £11m but these were settled for £4.7m saving £6.35m. During the year a further 419 claims valued at £4.85m were settled for no value. Of these 27 were for fraud and were valued at just over £2m. During the year 1,237 new claims were received totalling

£14.58m, including 49 fraud claims valued at just over £9m.

We recovered £308,388 under our statutory rights of recourse, compared with £231,298 last year. Recourse figures tend to vary considerably from year to year, reflecting the unpredictable interplay of legal and factual elements which determine the viability of achieving any recovery.

Nature of claim	Number of claims	Substantive loss (£)	Costs (£)	Percentage of total
Extent of registered titles	127	424,890	465,374	12.8
Errors in/omissions from register entries	103	280,424	527,504	11.6
Sundry plans errors	4	5,500	3,736	0.1
Fraud and forgery	53	3,881,225	1,060,200	71.0
Official inspections of title plans	7	1,250	4,523	0.1
Bankruptcy errors	0	0	0	0
Official searches	5	0	1,900	0
Official copies	0	0	0	0
Errors in searches of the index map (SIMs)	11	8,210	10,243	0.3
Errors in filed extracts	258	42,508	60,316	1.5
Lost documents/administrative errors	426	64,996	115,080	2.6
Land Charges errors	1	25	0	0
Total	995	4,709,028	2,248,876	100.0
Gross payment			£6,957,904	
Less sums recovered under our statutory right of recourse			£308,388	
Net indemnity			£6,649,516	

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