

Title: Land Registration Fee Order 2012 IA No: BIS0354 Lead department or agency: HM Land Registry Other departments or agencies:	Impact Assessment (IA)
	Date: 29/03/2012
	Stage: Final
	Source of intervention: Domestic
	Type of measure: Secondary legislation
	Contact for enquiries: Heather Foster
Summary: Intervention and Options	RPC Opinion: GREEN

Cost of Preferred (or more likely) Option				
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, One-Out?	Measure qualifies as
£-0.46 m	£9.98 m	£-5.08m	No	N/A

What is the problem under consideration? Why is government intervention necessary?
 There is a projected over-recovery of fee income following reductions to Land Registry's cost base, which is partially offset by an increase in the rate of Return on Capital Employed from 3.5% to 3.5% real, as required in HM Treasury Minute dated 24th April 2012.

What are the policy objectives and the intended effects?
 To match fee income and expected operating costs.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)
 The leading policy option is to apply a fixed decrease across all fees within the existing fee structure, accepting that there are practical constraints in applying this approach.
 Options to apply the decreases only to some services or to move to a new fee structure have not been pursued.

Will the policy be reviewed? Yes If applicable, set review date: April 2013					
Does implementation go beyond minimum EU requirements?			N/A		
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.		Micro Yes	< 20 Yes	Small Yes	Medium Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)				Traded: 0	Non-traded: 0

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister: _____ Norman Lamb _____ Date _____ 19 July 2012 _____

Summary: Analysis & Evidence

Description: Intended option

FULL ECONOMIC ASSESSMENT

Price Base Year 2011	PV Base Year 2011	Time Period Years 2	Net Benefit (Present Value (PV)) (£m)		
			Low: N/A	High: N/A	Best Estimate: -0.46

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual Transition) (Constant Price)	Total Cost (Present Value)
Low	1		
High			
Best Estimate		0.46	33

Description and scale of key monetised costs by 'main affected groups'

Transition costs (Land Registry): Implementation (£60,000)

Transition costs (Customers -Business): Familiarisation (£350,000), Implementation (£50,000)

Annual costs (Land Registry): loss of revenue as a result of the reduction in fees (£33m)

Other key non-monetised costs by 'main affected groups'

One-off costs (legal publishers) – publication update

One –off costs (National Land Information Service hub and channel update): electronic table changes

One-off costs (Business Gateway customers): updating of individual casework management systems

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	1		
High			
Best Estimate		0	33

Description and scale of key monetised benefits by 'main affected groups'

Having made efficiency savings, Land Registry will be able to pass these onto users of our services.

These amount to £33 million annually. Companies, Corporate Bodies and Industrial and Provident Societies make up 16% of registered owners, so business benefits have been calculated accordingly.

Other key non-monetised benefits by 'main affected groups'

Key assumptions/sensitivities/risks rate (%)

Discount

3.5%

Benefits

Year 1 – £33 million

Year 2 – £31.88 million (Year 1 x 0.9662) See Treasury Green Book

BUSINESS ASSESSMENT

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies
Costs: 0.2	Benefits: 5.28	Net: 5.08	No	N/A

Evidence Base

Contents

1	Introduction	3
2	Problems under consideration	4
3	Rationale for intervention	4
4	Policy objectives.....	4
5	Options.....	5
6	Risks	6
7	Compliance costs and benefits	6
8	Affected groups.....	9
9	Implications for “One-in, one-out”.....	11
10	Specific impact tests	12
11	Appendix 1 – Fee Order 2012.....	13
12	Appendix 2 – Process for estimating fee income	16
13	Appendix 3 – Post Implementation Plan	18

1 Introduction

Land registration fees are to be reduced in 2012 while retaining the existing fee structure. The reductions are necessary because efficiency measures in Land Registry’s Accelerated Transformation Programme have reduced operating costs since the last fee order in 2009 and, despite continuing low levels of intake and an increase in the rate of Return on Capital Employed, there is currently an excess of fee income. Treasury rules mean that it is not permitted to knowingly generate an operating surplus and therefore fee reductions have to be made. Land Registry do not intend to consult on the proposed fee order.

The power to set fees is contained in section 102 of the Land Registration Act 2002. Under this section the Secretary of State can prescribe fees to be paid in respect of dealings with Land Registry. There is also power for the Registrar to charge for consultancy and advisory services, contained in section 105 of the Act, but such fees are not part of the Fee Order.

There is no pre-determined formula for Land Registry when setting fees¹, therefore an impact assessment is necessary. The decision to undertake one on this occasion follows experience in 2009 when we interpreted the guidelines differently and Ministers requested additional information regarding implementation costs.

¹ Impact Assessment Guidance August 2011

2 Problems under consideration

2.1 Fee income

Fee reductions are necessary to match Land Registry's future income to the lower operating costs achieved by the Accelerated Transformation Programme. The reductions would have been greater except that the rate of Return on Capital Employed was increased from 3.5 per cent to 6.29 per cent in April 2012.

3 Rationale for intervention

As a public body Land Registry has to comply with Treasury requirements when setting fees. Since they are prescribed by the statutory authority of the Land Registration Act 2002, they can only be altered by Government intervention; that is by order of the Secretary of State.²

Fee orders are generally out of scope for the current Red Tape Challenge.

The measure is out of scope for both OIOO and the micro-business and start-up exemption, because it relates to fees and charges with no expansion or reduction in the level of regulatory activity.

3.1 Impact on Small Businesses

Land Registry gained evidence on the impact of fee changes on small businesses through the post Fee Order 2009 research carried out in 2009/10.³ The conclusion at that time was that the cost of implementing fee changes is not disproportionate, even for small businesses. Further work has not been undertaken at this time as (a) there seems no reason to doubt that the conclusions remain representative and (b) to do so would cause delay to a fee reduction which will be of benefit to all our customers, including land-owning small businesses. Also, it would not be possible to avoid or mitigate transition costs for micro-businesses and still apply the fee reduction to all our customers, which is a requirement of Treasury rules.

4 Policy objectives

The proposed fee reductions are solely to bring fee income in line with operating costs and the new rate of Return on Capital Employed.

A key objective was to ensure that all fees were reduced, because all fees were increased in 2009. We also wished to round information service fees to the nearest £1 and registration services to the nearest £10. The effect of these objectives is that the reduction in some information service fees is proportionally greater to ensure rounded fees. Detailed figures are set out in 7.3 Benefits below. A summary of how these calculations are arrived at is in Appendix 2, 12 Process for estimating fee income.

² Section 102, Land Registration Act 2002

³ See 7.1.2 below. 50% of the responses were from small businesses.

5 Options

5.1 Intended option

The intended option is to reduce all the information service fees by £1 and most registration service fees by £10.

While our aim is to reduce information and registration service fees by a similar amount as far as possible, fees also need to be rounded for ease of presentation and use; to the nearest £1 for information services and to the nearest £10 for registration services. This has the effect of achieving most of the required income reduction from information service fees and registration service fees for low-value properties. It makes it impossible to apply a fixed percentage reduction to all registration service fees because that would lead to insufficient income being generated. The intended option represents a practical approach while maintaining ease of use and complying with Treasury guidance. Land Registry do not plan to consult publicly on this intended option but have gained the approval of the Rule Committee, which includes representatives of the legal profession, mortgage lenders and surveyors together with a person appointed for their experience in consumer affairs.⁴

More detail on the new fees is set out in Appendix 1.

The opportunity has also been taken to make a few minor changes of substance:

- Definition of voluntary application changed to exclude registration of mines and minerals apart from the surface. This will have the effect of increasing the fee for applications worth more than £50,000.
- Fee for alteration of the register changed from a scale fee under Scale 2 to a fixed fee under Schedule 3, as in the majority of cases, the nature of the application is fairly routine and therefore a fee based on the value of the property does not seem appropriate. This means the fee for alteration of the register for higher value properties will be reduced considerably. This affects fewer than 100 applications annually.
- Introduction of a lower fee for electronic applications for historical copies of the register, as there are plans to introduce this service.⁵

5.2 Options considered but not pursued

5.2.1 Greater reduction for registration service fees

Consideration was given to freezing information service fees at their current level and applying a fixed percentage reduction to all registration service fees. This would minimise the costs of

⁴ A member of the Rule Committee, although supportive of the proposals, made the point that the costs of implementation fell on the legal profession even though, as intermediaries, they would not benefit from the reduced fees themselves. Whilst many conveyancing/solicitors firms are small businesses, we do not feel there is a disproportionate impact on small businesses (see 3.1 above).

⁵ The financial impact of the additional proposed changes has been assessed as very small or negligible. Therefore these changes have not been monetised. They have been considered as follows: Alterations - Fee change is that it moves from Scale 2 to Schedule 3. The impact of the change is very small, affecting fewer than 50 transactions (based on 2010/11 data); Voluntary First Registration of mines and minerals - This change will result in an increase in fees, as the pricing better reflects the true cost of processing these applications to the business (the current 25% discount is removed). The number of applications expected is around 600 in 2012; Electronic historical copies of the register - No precise data available as the service has not been introduced yet. However, we have assumed that the increase in take up of the new service will counteract the lower electronic fee. No impacts have been identified either for the customer groups discussed in section 8 or the specific areas discussed in section 10 for these three changes.

reprogramming and system testing, and reduce the amount of familiarisation required by customers and staff. The option was not pursued because:

- It would distort the income balance between information and registration services which may attract public criticism.
- There is a general aim in the Public Data Group to make Government data more accessible.
- Information service fees were increased in the 2006 fee order whereas there was no change in the fees for registration services.

5.2.2 Fixed fees

Land Registry is preparing to consult on replacing scale fees with fixed fees per transaction. We did not pursue this now because the consultation and implementation work would mean a significant delay in making the fee reductions.

6 Risks

6.1 Customer relationships

Conveyancers and others will have to update their systems and become familiar with the new fees in order to advise and bill their clients correctly. The compliance costs are estimated in section 7. Understandably, they may be concerned by the necessity of doing this when the reductions are small and will have little influence on decisions by those buying or selling property.

6.2 Increased impacts when moving to a new fee structure in 2014

Reductions to scale fees in the 2012 fee order will increase the size of some impacts when moving to a cost-based fixed fee structure, particularly at the lower end of the property market. The associated fee order is planned for introduction in 2014, but consultation on it is expected to take place shortly after the time that the 2012 fee order comes into force.

7 Compliance costs and benefits

The following main groups have been identified as incurring compliance costs

- Land Registry
- Conveyancers
- Legal software suppliers
- Legal publishers
- National Land Information Service and Business Gateway users

Most of the costs and benefits relate to staff time. Total employment costs have been used, and they include pensions, National Insurance, and allowances, as well as basic salaries.⁶

⁶ Treasury Green Book, paragraph 5.14.

7.1 Transition costs

We have used a two year appraisal period which is the expected life of the proposed fee order as we are currently working on a restructure of the our fees which we intend to bring in as a new fee order in 2014 (see paragraph 5.2.2 above regarding the consultation for this). We require a fee order in 2012 to start handing back savings made as part of the Accelerated Transformation Programme and reduce forecast surpluses for the next two years.

7.1.1 Land Registry

Based on previous project costs, the estimated cost for preparing and implementing this fee order is **£60,000**. We will be recording actual implementation costs to assist future fee orders.

7.1.2 Conveyancers

Conveyancers are normally not directly affected by the levels of Land Registry fees, although they will be if they have already agreed a level of disbursements with their client. However they will have compliance costs in adjusting to the new level of fees.

Land Registry conducted a survey in January 2010 following introduction of the 2009 fee order. 156 customers were contacted; of those 47 were willing to take part and 35 of them were conveyancers.

As a result of the 2009 fee order:

- 84% said they needed to make changes to internal information
- 69% said they had to change the information given to clients
- 52% needed to update Case Management Systems
- 43% needed to update IT systems
- 20% said they needed to revisit their budgets as a result of a fee order being introduced midway through the financial year. Examples given included being unable to go back to customers when fees already agreed
- 85% said the 12 weeks' notice given by the Registry was sufficient

Costs were mostly related to staff time with 2 hours appearing to be about the average of very wide responses. This indicates that the total transition cost for conveyancers will be about **£350,000**.⁷

7.1.3 Legal software suppliers

Changes to fee amounts within an existing structure mean that suppliers of case management systems have to change data stored in fee tables and alert their subscribers by email.

The changes may appear simple but development effort is often required as well which can take about a month. On this basis, the total transition cost for legal software suppliers will be about **£50,000**.⁸

⁷ Median pay for legal professionals is £29.16 per hour (Annual Survey of Hours and Earnings 2011) to be multiplied by Land Registry's 6,000 active registered Portal users (key account holders).

⁸ The Legal Software Suppliers Association has 19 members. Based on information from stakeholders on the impact of previous changes in fees, the programming changes associated with a new fee order can take about a month of a

7.1.4 Legal publishers

Land Registry fees are referred to in a number of publications⁹ which are periodically updated to reflect recent changes in all areas of practice. We have not obtained information about the costs of these changes as we feel they would be minimal and, furthermore, the resource required to determine more detailed information on these costs would be disproportionate in terms of the financial impact involved.

7.1.5 National Land Information Service and Business Gateway users

There would be small compliance costs to NLIS for updating systems and the electronic tables within the NLIS hub and its three channels and also for the 25 Business Gateway customers, who will need to update their own individual casework management systems. As this will only involve electronically changing fees not the fee structure, these costs will be minimal and we have therefore not monetised them. Again, we feel that spending resource on determining more precise information on these costs would be disproportionate in terms of the financial impact involved.

7.2 Annual costs

There will also be annual costs to Land Registry of £33m¹⁰ due to loss of revenue as a result of the reduction in fees.

7.3 Benefits

There are benefits for everyone making property transactions in the reduced costs being passed onto them in lower fees. Nearly every application to change the register will be reduced by £10, and every information service application will be reduced by £1.

With an across the board flat fee reduction, it follows that the percentage savings will not be constant. Lower value transactions and those attracting a fixed fee will benefit more.

There are no efficiency savings for customers, associated with the fee reductions.

Having made efficiency savings, Land Registry will be able to pass these onto users of our services. These amount to £33 million annually (see table below).

The table shows our main categories of applications and the effect of the 2012 Fee Order on income from each category.

software developer's time. The average hourly wage of software professionals is £19.79 (Annual Survey on Hours and Earnings 2011). The £50,000 figure is arrived at as follows: £19.79 (average hourly wage) x 19 members x 19 working days in a month x 7 hours per day.

⁹ Examples include the *Costs and Fees Service, Ruoff and Roper Registered Conveyancing, Halsbury's Statutory Instruments*.

¹⁰ The basis for this figure is discussed in chapter 7.3.

Table 1 – Forecast annual income from 2012 Fee Order¹¹

Service	Estimated Volume ¹² ('000)	Estimated Income (£ million)		Difference	Percent
		2009 Order	2012 Order		
Registration Services					
First registrations	121	£18.9m	£17.7m	- £1.2 m	- 6%
New leases out of regd title	129	£18.6m	£16.6m	- £2.0 m	- 11%
Transfers of part	105	£17.2m	£16.2m	- £1.0 m	- 6%
Dealings – transfers	595	£139.3m	£133.6m	- £5.7 m	- 4%
Dealings – others	2,955	£52.5m	£44.2m	- £8.3 m	- 16%
Information Services					
Official searches	1,781	£7.8m	£6.0m	- £1.8 m	- 23%
Official copies	8,354	£37.7m	£29.3m	- £8.4 m	- 22%
Searches of the index map	1,456	£2.5m	£2.0m	- £0.5 m	- 20%
On line enquiry services	5,280	£16.3m	£12.3m	- £4.0 m	- 25%
Total		£310.9m	£277.9m	- £33.0 m	- 11%

8 Affected groups

The intended fee reductions will cause no adverse impacts for any group. All groups will benefit but the extent will be proportionately less at the higher end of the property market. This is because all fees have to be reduced and, when rounded for ease of use, the required level of income can only be achieved by limiting the reductions to £10 in each of the scale fee bands. This is shown in appendix 1 and the effects of this are covered below in relation to home movers as a group.

8.1 Businesses and other corporations

Table 2 – Breakdown of Registered proprietors by category (Land Registry – Register of Title, August 2011)

Category	Percent
Private Individuals	81%
Companies and corporations	16%
Local authority	3%

Estimating that the benefits of the £33 million reduction in fees are spread across all customers, we would expect businesses to benefit by £5.28 million and local authorities by £1 million.

8.2 Home movers

A buyer of an average priced £160,000 property (Land Registry House Price Index – March 2012) can expect to pay about £7,700 in moving costs, of which Land Registry fees are currently £218 or 2.8 per cent of the total cost.

¹¹ For more detail on the process for estimating fee income, see Appendix 2.

¹² The figures are forecast work volumes for 2012/13 based on historical information from our operational systems on the type of applications we receive and the expectation that the property market will not significantly change during the year.

Table 3 – Costs of moving for an average priced home

Item	Amount	Details
Estate Agent	£2,600	Office of Fair Trading Market Study (Feb 2010)
Stamp Duty Land Tax	£1,600	1% on properties £125,000 - £250,000
Legal Fees	£1,100	"Cut the Cost of Moving Home" (Which 2011)
Mortgage Arrangement Fee	£1,100	Uswitch.com quoted in Independent (6.5.11)
Removals	£650	"Cut the Cost of Moving Home" (Which 2011)
Survey	£500	"Cut the Cost of Moving Home" (Which 2011)
Land Registry Fee	£218	Registration and information service fees (2009 Fee Order)
Energy Performance Certificate	£50	"Cut the Cost of Moving Home" (Which 2011)

Under the Fee Order 2012 the Land Registry fees will fall to £204 or 2.6 per cent of the total cost. Past changes in fees have had no discernable effect on the property market and none is expected this time.

The percentage savings for home-moving transactions overall is greater for middle- and lower-value properties, as is demonstrated by the chart below, which shows the breakdown of residential property sales by value and government region (Land Registry Property Price Index 2010-11)

Table 4 – Fee income from transfers for value

Region Name	Number of Residential Sales by price band (£) 2010/11								Fee Income			
	under 50K	50 - 80K	80 - 100K	100 - 200K	200 - 500K	500 - 1M	1M +	Total	Current	2012 Fee Order estimate	Difference	Percent change
North	1686	5518	4269	14601	5743	320	31	32168	£6,328,158	£5,491,790	-£836,368	-13%
North West	2721	9469	8343	30648	12475	908	123	64687	£13,248,312	£11,566,450	-£1,681,862	-13%
Yorks & Humber	1674	7294	6895	27154	10826	718	64	54625	£11,353,430	£9,933,180	-£1,420,250	-13%
Wales	1173	3895	3952	15593	6280	184	6	31083	£6,365,058	£5,556,900	-£808,158	-13%
West Midlands	847	4717	6127	28970	13657	976	82	55376	£12,332,436	£10,892,660	-£1,439,776	-12%
East Midlands	851	5251	6370	29078	11256	626	38	53470	£11,492,790	£10,102,570	-£1,390,220	-12%
East Anglia	211	1346	2046	17648	11049	887	103	33290	£8,122,780	£7,257,240	-£865,540	-11%
South West	202	1753	2871	36909	30850	2681	317	75583	£19,518,888	£17,553,730	-£1,965,158	-10%
South East	624	2797	4220	62831	81434	11695	2287	165888	£47,361,778	£43,048,690	-£4,313,088	-9%
Greater London	55	319	641	17300	55862	12422	4812	91411	£31,934,676	£29,557,990	-£2,376,686	-7%
	10044	42359	45734	280732	239432	31417	7863	657581	£168,058,306	£150,961,200	-£17,097,106	-10%

8.3 First time buyers

The average price paid by a first time buyer is £140,000¹³ and Land Registry fees amount to £204 or 2.4 per cent of the cost of moving (this rises to 5.2 per cent if Home Essentials, such as furniture and white goods are omitted).

Table 5 – Current cost of moving for first-time buyer

Item	Amount	Details
Home Essentials	£4,600	Office of Fair Trading Market Study (Feb 2010)
Stamp Duty Land Tax	£1,400	HMRC website ¹⁴
Mortgage Arrangement Fee	£1,100	Uswitch.com quoted in Independent (6.5.11)
Legal Fees	£700	findaproerty.com
Survey	£500	"Cut the Cost of Moving Home" (Which 2011)
Land Registry Fee	£204	Registration and information service fees

¹³ Source: Nationwide Building Society First-time Buyer House Price Index, 2011 Quarter 2 (UK average £139,218)

¹⁴ Until April 2013 an average priced first time buyer property in a disadvantaged area will not pay SDLT. This applies to 1,624 of the 8,499 council wards in England and Wales (19%).

Under the Fee Order 2012 the Land Registry fees will fall to £193 or 2.3 per cent of the total cost (or 5.0 per cent excluding the Home Essentials category).

Shared owner first time buyers buy a percentage of the value of the property and pay rent on the rest until they have purchased all the equity. They pay Land Registry fees based on the initial consideration. Purchasers of houses have two fees to pay – one to register the shared ownership lease and another to transfer the freehold when they buy the final share.

88 per cent of purchasers of shared ownership houses will pay 15-20% less in fees than at present.¹⁵

Table 6 – Fees for purchasers of shared ownership houses (lease and purchase of freehold) (See note 13)

Initial Price	Number	Total Fee 2009	Total Fee 2012
Under £50,000	35%	£100	£80
£50,001 – £80,000	53%	£130	£110
£80,001 – £100,000	9%	£180	£160
£100,001 – £200,000	3%	£250	£230

Shared ownership purchasers buy an initial percentage, and then further slices of the equity in a process known as “staircasing”. In the case of a house, when the householder buys the final share, the housing association will transfer the freehold to them and the lease will merge. These figures assume that the final staircasing payment will be under £50,000.

8.4 People remortgaging their property

Over 60% of mortgages do not attract a fee (based on applications received by Land Registry in 2010-11) because they are submitted with transfers and the fee is abated. However this still leaves over 400,000 remortgage customers who will save under the new Fee Order, with the majority paying 25% less.

Table 7 – Fees for remortgaging a property (Land Registry, Register of Title, 2010-11)

Value	Numbers 2010-11	Percent	Current	Fee Order 2012
£0 – 100,000	247,000	23.7%	£50	£40
£100,001 - £200,000	107,000	10.2%	£70	£60
£200,001 - £500,000	46,000	4.4%	£90	£80
£500,001 - £1 million	8,000	0.8%	£130	£120
Over £1 million	5,000	0.1%	£260	£250
Abated fee	633,000	60.5%	£0	£0

9 Implications for “One-in, one-out”

Under the Government’s One-in, One-out rule,¹⁶ any new direct regulatory cost to business and civil society organisations must be at least matched by cuts to the cost of existing regulations.

Changes to fees are generally out of scope unless there is an expansion or reduction of regulatory regimes. This is not the case with the new fee proposals.

The additional proposed changes mentioned in 5.1 above similarly do not constitute either an expansion or reduction in the level of regulatory activity, and so the fee order as a whole remains out of scope.

¹⁵ This is based on 92 new houses advertised on the website www.shareto-buy.com on 27 March 2012.

¹⁶ “One-in one-out methodology” (July 2011), section 16(x).

10 Specific impact tests

10.1 Statutory Equality duties

No adverse impacts have been identified.

10.2 Competition

No impacts have been identified.

10.3 Small firms

Any change in fees has a compliance cost and small firms may find it more difficult to absorb this. However half of the respondents in the survey referred to in section 7 were small businesses, and in general a new fee order was not considered to be very burdensome. Many saw it more like business as usual.

10.4 Environmental

No impacts have been identified. It is possible that the widening of the differential between paper and electronic applications may encourage more paperless applications for information services.

10.5 Health and wellbeing

No impacts have been identified.

10.6 Human rights

No impacts have been identified.

10.7 Justice system

We think it unlikely that the proposals will impact on the justice system.

The users of courts will pay lower fees for registering repossessions and court orders. The numbers potentially affected are high; in 2010 there were 93,619 charging orders made by county courts, while 23,622 properties were repossessed by lenders.¹⁷

10.7.1 Legal Services Commission

The Legal Services Commission runs the legal aid scheme in England and Wales. As part of this it seeks to recover payments by having charges registered on property owned by assisted persons. The total value of those secured on land is £100 million.¹⁸ Based on the applications received in the financial year to date, we estimate the Legal Services Commission will pay **£30,000** less in fees per year. This is included in the overall savings estimate.

10.8 Rural

No significant impacts have been identified.

10.9 Sustainable development

No impacts have been identified.

¹⁷ [MoJ Court Statistics](#).

¹⁸ Legal Services Commission Annual Report 2008/9, page 69

11 Appendix 1 – Fee Order 2012

11.1 Information Service Fees

Application	2009 Fee Order	2012 Fee Order
Official copy or inspection (applied for electronically)		
Register or plan – per register or plan	£4	£3
Document(s) referred to in the register – any or all	£6	£5
Document not referred to in the register – per document	£6	£5
Lease – per lease	£12	£11
Official copy or inspection (otherwise applied for)		
Register or plan – per register or plan	£8	£7
Document(s) referred to in the register – any or all	£8	£7
Document not referred to in the register – per document	£12	£11
Lease – per lease	£24	£23
Searches		
Official search of the register – applied for electronically	£4	£3
Official search of the register – otherwise applied for	£8	£7
Official search by mortgagee in respect of home rights – applied for electronically	£4	£3
Official search by mortgagee in respect of home rights – otherwise applied for	£8	£7
Search of the Index Map – 0 to 5 titles revealed	£5	£4
– every 10 titles or part of ten after	£3	£2
Search of the Index of Relating Franchises & Manors – electronic	£4	£3
– otherwise	£8	£7
Search of the Index of Proprietors' Names – per name	£12	£11

11.2 Registration service fees

Only the main registration service applications are shown here.

Value	2009 Fee Order	2012 Fee Order
Scale 1 (compulsory first registrations and transfers for value)		
£0 – 50,000	£50	£40
£50,001 - £80,000	£80	£70
£80,001 - £100,000	£130	£120
£100,001 - £200,000	£200	£190
£200,001 - £500,000	£280	£270
£500,001 - £1,000,000	£550	£540
Over £1,000,000	£920	£910
Scale 1 (reduced on voluntary first registrations)		
£0 – 50,000	£40	£30
£50,001 - £80,000	£60	£50
£80,001 - £100,000	£100	£90
£100,001 - £200,000	£150	£140
£200,001 - £500,000	£210	£200
£500,001 - £1,000,000	£410	£400
Over £1,000,000	£690	£680
Scale 2		
£0 - £100,000	£50	£40
£100,001 - £200,000	£70	£60
£200,001 - £500,000	£90	£80
£500,001 - £1,000,000	£130	£120
Over £1,000,000	£260	£250
Fixed Fee Applications		
Caution against first regn	£50	£40
Restrictions or notices		
1-3 titles	£50	£40
each subsequent title	£25	£20
Non-standard restriction	£100	£90
Upgrade of title	£50	£40

11.3 Large scale application fees

Under Article 6 of the current fee order, applications attracting a scale fee which include more than 20 registered titles (or land units if the land is unregistered) pay fees in a different way. They either pay the scale fee or a fee per title/unit, whichever is the greater. The unit fee is currently £12 per title for up to 500 titles and £6 per title/unit thereafter. Under the 2012 Fee Order this will fall to £10 and £5 respectively.

The maximum fee paid for voluntary first registration applications will fall under the new fee order from £40,000 to £30,000.

The number of applications incurring reduced fees in accordance with article 6 is difficult to predict but, based on Land Registry's 2011/12 figures, is very small, amounting to 0.3% of total applications. The financial impact of this change has therefore not been included in the total benefits.

12 Appendix 2 – Process for estimating fee income

We have estimated the costs for running the business in 2012/13, including return on capital employed. We forecast workload by application, by using the profile of applications completed between April and November 2011 and extrapolating forward for a full year. Then, using the current 2009 Fee Order, we determine the fee income. Using the fee assessment data captured, we calculate the fee income again based on the proposed 2012 fee order which represents an average of 10% reduction in fees across the whole fee order. The tables below show the extrapolated data comparing current 2009 Fee Order and draft 2012 Fee Order for both registration services and information services.

Registration Services

Fee Band	2009 Fee Order																	
	Scale 1 Applications ('000s)	Scale Fee	Income (£m)	Scale 1 Reduced Fee Applications ('000s)	Scale Fee	Income (£m)	Scale 2 Applications ('000s)	Scale Fee	Income (£m)	Fixed fee applications ('000s)	Scale Fee	Income (£m)	Reduced Fixed fee applications ('000s)	Scale Fee	Income (£m)	No fee applications ('000s)	Total applications ('000's)	Total Income (£m)
Up to £50,000	274	50	13.7	23	40	0.9	282	50	14.1								579	28.7
£50,001 to £80,000	71	80	5.6	1	60	0.1	65	50	3.3								137	9.0
£80,001 to £100,000	60	130	7.8	2	100	0.2	51	50	2.6								113	10.6
£100,001 to £200,000	305	200	61.0	6	150	1.0	126	70	8.8								437	70.8
£200,001 to £500,000	245	280	68.5	7	210	1.4	55	90	4.9								306	74.8
£500,001 to £1,000,000	40	550	21.8	2	410	0.8	9	130	1.2								51	23.8
Over £1,000,000	19	920	17.7	0	690	0.3	6	260	1.5								25	19.5
Non value related										185	50	9.2	4	25	0.1	2,066	2,255	9.3
TOTAL	1,013		196.1	42		4.7	595		36.4	185		9.2	4		0.1	2,066	3,905	246.5

Fee Band	Proposed 2012 Fee Order																	
	Scale 1 Applications ('000s)	Scale Fee	Income (£m)	Scale 1 Reduced Fee Applications ('000s)	Scale Fee	Income (£m)	Scale 2 Applications ('000s)	Scale Fee	Income (£m)	Fixed fee applications ('000s)	Scale Fee	Income (£m)	Reduced Fixed fee applications ('000s)	Scale Fee	Income (£m)	No fee applications ('000s)	Total applications ('000's)	Total Income (£m)
Up to £50,000	274	40	10.9	23	30	0.7	282	40	11.3								579	22.9
£50,001 to £80,000	71	70	4.9	1	50	0.0	65	40	2.6								137	7.6
£80,001 to £100,000	60	120	7.2	2	90	0.2	51	40	2.1								113	9.4
£100,001 to £200,000	305	190	58.1	6	140	0.9	126	60	7.5								437	66.5
£200,001 to £500,000	245	270	66.1	7	200	1.3	55	80	4.4								306	71.8
£500,001 to £1,000,000	40	540	21.4	2	400	0.8	9	120	1.1								51	23.3
Over £1,000,000	19	910	17.5	0	680	0.3	6	250	1.5								25	19.2
Non value related										185	40	7.4	4	20	0.1	2,066	2,255	7.5
TOTAL	1,013		186.1	42		4.3	595		30.5	185		7.4	4		0.1	2,066	3,905	228.3

Registration Services Fee reduction **-18.2**

Information Services

2009 Fee Order

Method of Lodgement	Official Searches ('000s)		Income (£m)		Official Copies - register and/or filed plan ('000s)		Income (£m)		Official Copies - documents ('000s)		Income (£m)		Official Copies - historical editions of register ('000s)		Income (£m)		Total Official Copies ('000s)	Total Official Copy Income (£m)	Searches of the Index Map ('000s)		Income (£m) ¹
	Fee				Fee		Fee		Fee		Fee		Fee		Fee				Fee		
Local Office (Post & Personal)	112	8	0.9	265	8	2.1	50	12	0.6	20	10	0.2	335	2.9	497	5	0.9				
Telephone Services	57	8	0.5	88	8	0.7	36	12	0.4				125	1.1	53	5	0.1				
NLIS & Connect Direct	90	4	0.4	427	4	1.7	18	6	0.1				446	1.8	211	5	0.4				
Portal	1,317	4	5.3	6,071	4	24.3	950	6	5.7				7,021	30.0	694	5	1.2				
Business Gateway	205	4	0.8	369	4	1.5	58	6	0.3				427	1.8							
Find a Property																					
Customer Contact Centres																					
TOTAL	1,781		7.8	7,221		30.3	1,113		7.2	20		0.2	8,354	37.7	1,456		2.5				

Method of Lodgement	On line enquiries - Register Views ('000s)		Income (£m)		On line enquiries - Plan Views ('000s)		Income (£m)		On line enquiries - Document Views ('000s)		Income (£m)		Other On line enquiries ('000s)	Total On line enquiry services ('000s)	Total On line enquiry service Income (£m)	Total Information Services Income (£m)
	Fee				Fee		Fee		Fee		Income (£m)					
Local Office (Post & Personal)													468	468	4.7	
Telephone Services														0	1.7	
NLIS & Connect Direct	5	4	0.0	2	4	0.0	0						197	205	2.6	
Portal	2,726	4	10.9	288	4	1.2	63	6	0.4					3,077	48.9	
Business Gateway	0	4	0.0	0	4	0.0	0	6	0.0					0	2.6	
Find a Property	693	4	2.8	268	4	1.1	0							961	3.8	
Customer Contact Centres													570	570	0.0	
TOTAL	3,425		13.7	558		2.2	63		0.4	1,235		5,280	16.3		64.3	

Proposed 2012 Fee Order

Method of Lodgement	Official Searches ('000s)		Income (£m)		Official Copies - register and/or filed plan ('000s)		Income (£m)		Official Copies - documents ('000s)		Income (£m)		Official Copies - historical editions of register ('000s)		Income (£m)		Total Official Copies ('000s)	Total Official Copy Income (£m)	Searches of the Index Map ('000s)		Income (£m) ¹
	Fee				Fee		Fee		Fee		Fee		Fee		Fee				Fee		
Local Office (Post & Personal)	112	7	0.8	265	7	1.9	50	11	0.5	20	9	0.2	335	2.6	497	4	0.7				
Telephone Services	57	7	0.4	88	7	0.6	36	11	0.4				125	1.0	53	4	0.1				
NLIS & Connect Direct	90	3	0.3	427	3	1.3	18	5	0.1				446	1.4	211	4	0.3				
Portal	1,317	3	4.0	6,071	3	18.2	950	5	4.8				7,021	23.0	694	4	1.0				
Business Gateway	205	3	0.6	369	3	1.1	58	5	0.3				427	1.4							
Find a Property																					
Customer Contact Centres																					
TOTAL	1,781		6.0	7,221		23.1	1,113		6.1	20		0.2	8,354	29.3	1,456		2.0				

Method of Lodgement	On line enquiries - Register Views ('000s)		Income (£m)		On line enquiries - Plan Views ('000s)		Income (£m)		On line enquiries - Document Views ('000s)		Income (£m)		Other On line enquiries ('000s)	Total On line enquiry services ('000s)	Total On line enquiry service Income (£m)	Total Information Services Income (£m)
	Fee				Fee		Fee		Fee		Income (£m)					
Local Office (Post & Personal)													468	468	4.1	
Telephone Services														0	1.5	
NLIS & Connect Direct	5	3	0.0	2	3	0.0	0						197	205	2.0	
Portal	2,726	3	8.2	288	3	0.9	63	5	0.3					3,077	37.1	
Business Gateway	0	3	0.0	0	3	0.0	0	5	0.0					0	2.0	
Find a Property	693	3	2.1	268	3	0.8	0							961	2.9	
Customer Contact Centres													570	570	0.0	
TOTAL	3,425		10.3	558		1.7	63		0.3	1,235		5,280	12.3		49.6	

Information Services Fee reduction -14.8

Registration Services Fee reduction -18.2

TOTAL Fee Reduction -33.0

¹ The fee for Searches of the Index Map is charged for the first five registered titles disclosed and at a reduced rate for every ten titles thereafter.

13 Appendix 3 – Post Implementation Plan

Land Registry constantly monitors numbers of transactions and fee income, to ensure that revenue and expenditure are in balance as far as possible. If projected income is significantly higher or lower than forecast expenditure, then a new fee order will be necessary.

We also plan to consult a representative cross-section of our customers for their views on the way it was implemented; either as part of the consultation on the proposed fee changes in 2014 or in a survey similar to that undertaken following the 2009 Fee Order.