

Title: Land Registration Fee Order 2013 IA No: BIS LR005 Lead department or agency: HM Land Registry Other departments or agencies: Department for Business, Innovation and Skills	Impact Assessment (IA)
	Date: 05/11/2013
	Stage: Final Proposal
	Source of intervention: Domestic
	Type of measure: Secondary legislation
Contact for enquiries: Ian Watson	
Summary: Intervention and Options	
RPC Opinion: N/A	

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
- £99.8 m	- £15.6 m	- £6.9 m	No	N/A
What is the problem under consideration? Why is government intervention necessary? HM Land Registry is a trading fund, which means that it is required to set fees to cover costs and provide a 6.3% return on capital employed for the Treasury. A new fee order is required to reduce fees because increasing volumes of applications received are increasing income at a time when operational efficiencies are reducing overheads.				

What are the policy objectives and the intended effects? <ol style="list-style-type: none"> 1. Need to reduce fee income to meet requirements of Managing Public Money 2. Pass on increased efficiency by Land Registry 3. Reduce fees for electronically lodged registration applications 4. Promote home ownership, particularly for first time buyers, inasmuch as the Land Registry is able. 5. Address fee issues raised internally and by customers 6. Update and clarify wherever possible

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base) Fee orders have to be made by statutory instrument, and Land Registry must reduce fees if a surplus is projected. Therefore there is no alternative to regulation. Within these parameters Land Registry has some leeway in which fees to reduce, but we believe our proposals best meet the policy objectives set out above.
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Will the policy be reviewed? It will be reviewed If applicable, set review date: Mar 2015					
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	Large 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: _____ Michael Fallon _____ Date: _____ 12/12/2013 _____

Summary: Analysis & Evidence

Description: Intended option

FULL ECONOMIC ASSESSMENT

Price Base Year 2013	PV Base Year 2013	Time Period Years 2	Net Benefit (Present Value (PV)) (£m)		
			Low: N/A	High: N/A	Best Estimate: £64.42 million

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	1		
High			
Best Estimate		£450,000	£0

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

Transition costs (Land Registry): Implementation (£60,000)
 Transition costs (Customers): Conveyancers (£320,000), Legal Software Suppliers (£70,000)
 Annual costs: none.

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

Transition costs (Business Gateway Customers) – costs for small number of BG customers not known.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	1	£46.0m	£90.4 million
High		£59.0m	£116.0 million
Best Estimate		£0	£51.0m

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

Lower fees will mean an overall saving of £51m p.a. for customers. Companies, Corporate Bodies and Industrial and Provident Societies make up 16% of registered owners, so business benefits have been calculated accordingly (£8.2m at current prices, £6.9m at 2009 prices).

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

Key assumptions/sensitivities/risks
rate (%)

Discount 3.5%

Benefits

Year 1 – £51 million

Year 2 – £49.3 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 m	Benefits: £6.87 m	Net: £6.87 m	No	N/A

Evidence Base

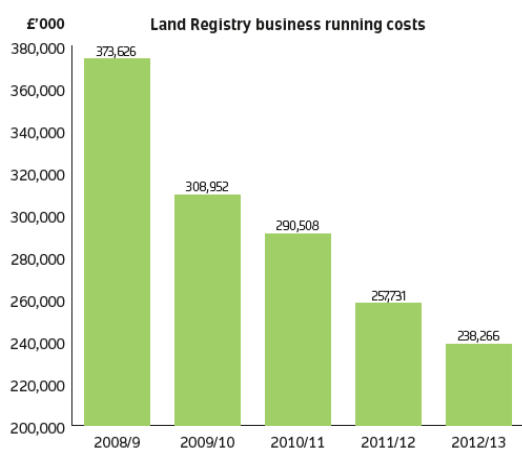
Contents

1 The policy issue and rationale for Government intervention

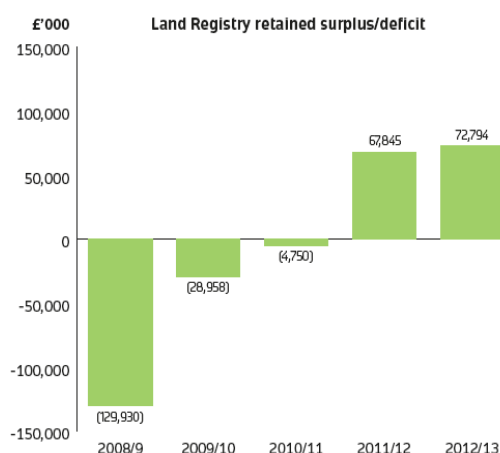
Land Registry is a government trading fund, and as such is expected to set fees to recover costs, together with a 6.3% return on capital employed for the Treasury. We cannot knowingly plan to generate a surplus.

A new fee order is required because increasing volumes of applications received¹ are increasing income, at a time when operational efficiencies are reducing overheads.

Land Registry's operating costs continue to fall. In 2012/13 they fell by 7%.



Note: charts exclude 2011/12 IBNR provision.



Note: charts exclude 2011/12 IBNR provision.

This needs to be by government intervention, because fees are prescribed by the statutory authority of the Land Registration Act 2002. An alteration of fees needs to take place by order of the Secretary of State under s102 of this Act.

2 Policy objectives and intended effects

The policy objectives are:

1. Need to reduce fee income to meet requirements of Managing Public Money
2. Pass on increased efficiency by Land Registry
3. Reduce fees for electronically lodged registration service applications (in line with our information service fees) to accord with the government Digital by Default agenda
4. Promote home ownership, particularly for first time buyers, inasmuch as the Land Registry is able.
5. Address fee issues raised internally and by customers
6. Update and clarify fees wherever possible

The intention is produce a new fee order to align income with expenditure, and to use the money saved to promote electronic lodgement and home ownership.

¹ 970,000 applications were received in April – June 2013, compared with 920,000 in the same quarter in 2012, a rise of 5.4%. Figures exclude bulk applications, for example a company reorganisation resulting in the transfer of a mortgage portfolio.

3 Policy options considered, including alternatives to regulation

There is no viable alternative to regulation, because any changes to the Fee Order must be by statutory instrument.

Do nothing is also not an option, because the Land Registry must set fees to recover no more than costs and Return on Capital Employed.

3.1 Option 1

We propose the following changes to the Fee Order to best meet the policy objectives in section 2 above.

- 50% reduction in fees for electronically submitted applications
- Uniform fee for official copies of documents
- Reduction of fees for applications between £50,001 and £100,000 to help first time buyers.

3.1.1 Reduction for electronically lodged applications

Land Registry has two methods of electronic lodgement for fee bearing applications:

- Electronic Documents – since 2002 we have enabled customers to submit a limited range of applications via Land Registry Portal. The vast majority of these are applications to discharge a mortgage and thus fee exempt.
- Electronic Document Registration Service (e-DRS) – this was launched in December 2012. It allows customers to scan documents and submit them for registration through the Land Registry Portal or Business Gateway.

Departments are encouraged by government to adopt a “Digital by Default” service and one of the suggested methods is to offer incentives such as lower fees.² Other departments have found increases in e-take up when customers are incentivised by lower fees.³

Research has found that perceived benefits of using a new system is one of the key factors encouraging uptake. This was not necessarily monetary, but the study’s authors found that there was resistance to change when customers think the benefits as being one sided, that is, where lower running costs are not being passed on to customers.⁴

However we accept that fees are just one side of the equation. The Bitner study found that issues around ease of use are also very important. Therefore we are lowering fees in tandem with other improvements to make e-lodgement easier for customers.

There are processing savings to us in receiving applications electronically, and further process improvements in the pipeline which should reduce costs further. We wish to reflect this in the fee proposals.

For the foreseeable future the majority of electronically submitted applications will be dealings against the whole of a registered title. Therefore as a first phase we will be limiting the discount for electronic lodgement to these applications.

² Government Digital Strategy (Cabinet Office, Nov 2012) Action point 8.

³ Following introduction by Companies House of lower fees for lodgement of Annual Returns in February 2005, electronic lodgement has increased from 48% to 94%.

⁴ Bitner and others, “Implementing Successful Self-Service Technologies” (Academy of Management Executives) vol 16.4 (Nov 2002) pp 96-109.

3.1.2 Reduced Scale 1 fees for applications between £50,001 and £100,000

Scale 1 fees are payable on applications for value. These include first registrations, transfers for value and new leases.

The Land Registry’s ability to help the housing market by our fees is limited, because our fees make up only a small percentage of the total costs of conveyancing. Legal costs for a £90,000 first time buyer purchase average about £900, of which the registration fee is £120⁵.

Mindful of our policy objective to do what we can to promote home ownership, we propose changes to Scale 1 fees to merge the bottom two fee bands and to reduce fees for the £80,001 to £100,000 fee band:

Fee Band	Current Fee	Proposed Fee
£0 - 50,000	£40	£40
£50,001 - £80,000	£70	
£80,001 - £100,000	£120	£80
£100,001 - £200,000	£190	£190
£200,001 - £500,000	£270	£270
£500,001 - £1 million	£540	£540
Over £1 million	£910	£910

The proposed reduction of £40 for applications between £80,001 and £100,000 would represent a saving of about 4.4% of total legal costs. If the customer’s solicitor uses electronic lodgement and pays the proposed lower fee, then the fee savings could be as high as £80 or 8.9% of legal costs.

Overall a minimum 14.3% of purchasers would pay less under the proposals, with the number benefiting as high as a third in some areas⁶. The average price paid by first time buyers in four of the ten government regions falls within or close to this price range.

There is evidence that the proposals will help first time buyers in the more expensive areas too, particularly those using some government schemes. 61%⁷ of shared ownership purchasers and 44%⁸ of Right to Buy purchasers in London and South East should benefit.

⁵ This is based on a median of 87 conveyancing quotes for purchase only at www.moneysupermarket.com on 22 August 2013. Between them these firms represent about 5% of transactions received by Land Registry. Other first time buyer costs are Home Essentials (£4,600), Mortgage Arrangement Fee (£1,500 – Telegraph 9.4.13 “Mortgage fees climb to new high”) and Survey (£500). Buyers of properties above £125,000 will also have stamp duty land tax to pay.

⁶ Potentially everyone could save on scale 1 fees if they submitted their applications electronically.

⁷ This is based on a survey of 835 shared ownership properties advertised for sale at www.shareto-buy.com on 12 August 2013. 134 of the 184 properties in the Brighton area and 301 of the 530 properties in the London area fell within the range of £50,001 to £100,000.

⁸ In 2012/13 there were 822 RTB sales in London of which 310 fell within the £50,001 to £100,000 price range. For the south-east region 351 of the 666 sales fell in that price range.

Property Sales by Fee Band – July 2013

This table records the number of properties where a price paid entry was made (*this is not always the case*). This includes both residential and non-residential properties. The report was by title number, which means the table includes some former counties. Those shaded have an above average number of purchasers who will save money.

County	Govt Region	£0-50K	£50-80K	£80-100K	£100-200K	£200-500K	£500K-1M	1M+	Total	Percent gaining
Humberside	Yorks	122	238	171	503	112	8	10	1164	35.14%
South Yorkshire	Yorks	179	328	249	705	245	16	5	1727	33.41%
Cleveland	North-East	90	163	83	320	99	3		758	32.45%
Durham	North-East	182	189	113	340	112	8	4	948	31.86%
Notts	East Midlands	82	266	213	687	279	21	14	1562	30.67%
Manchester	North-West	138	487	367	1237	512	36	19	2796	30.54%
Tyneside	North-East	181	250	213	670	226	14	9	1563	29.62%
Merseyside	North-West	318	259	190	562	179	20	1	1529	29.37%
Lancs	North-West	326	450	348	1184	380	44	14	2746	29.06%
Northumberland	North-East	63	77	57	197	101	14	3	512	26.17%
West Yorkshire	Yorks	262	421	367	1435	504	34	23	3046	25.87%
West Midlands	West Midlands	100	252	312	1063	385	37	35	2184	25.82%
Staffs	West Midlands	105	218	185	734	303	18	7	1570	25.67%
Wales	Wales	447	583	550	2045	848	60	55	4588	24.69%
Derbys	East Midlands	83	181	186	723	287	31	9	1500	24.47%
Cumbria	North-West	102	100	81	358	175	18	15	849	21.32%
West Midlands	West Midlands	66	47	63	250	96	5	3	530	20.75%
Lincs	East Midlands	67	93	132	661	208	14	1	1176	19.13%
Cheshire	North-West	76	158	157	724	470	57	35	1677	18.78%
Portsmouth	South-East	7	9	12	63	29	1	2	123	17.07%
Northants	East Midlands	26	64	108	574	240	24	13	1049	16.40%
Shropshire	West Midlands	40	50	60	359	164	13	5	691	15.92%
Leics	East Midlands	36	89	143	833	335	25	18	1479	15.69%
Isle of Wight	South-East	12	14	26	119	74	10	2	257	15.56%
East Yorkshire	Yorks	16	26	14	138	65	2	2	263	15.21%
Warks	West Midlands	29	45	102	550	428	52	12	1218	12.07%
Suffolk	East	30	64	69	620	421	35	10	1249	10.65%
Norfolk	East	88	68	90	849	433	42	8	1578	10.01%
Yorks N	Yorks	69	55	83	663	504	53	11	1438	9.60%
Devon	South-West	95	108	94	1009	770	89	16	2181	9.26%
Somerset	South-West	50	54	66	615	476	45	14	1320	9.09%
Camb	East	32	45	84	639	565	45	13	1423	9.07%
Hereford/Worcs	West Midlands	59	48	54	558	382	42	5	1148	8.89%
Bristol	South-West	22	21	14	213	137	19	5	431	8.12%
Glos	South-West	34	45	58	611	489	82	23	1342	7.68%
Cornwall	South-West	60	30	39	410	342	43	9	933	7.40%
Kent	South-East	92	89	117	1304	1185	175	36	2998	6.87%
Wilts	South-West	26	27	46	504	407	47	14	1071	6.82%
Essex	East	99	77	120	1155	1347	115	25	2938	6.71%
East Sussex	South-East	55	41	37	468	602	75	13	1291	6.04%
West Sussex	South-East	44	32	43	407	636	88	28	1278	5.87%
Dorset	South-West	49	40	34	519	710	74	16	1442	5.13%
Hampshire	South-East	69	71	72	1140	1291	161	37	2841	5.03%
Beds	East	64	24	26	536	356	20	4	1030	4.85%
Avon	South-West	18	18	22	414	343	29	10	854	4.68%
Bucks	South-East	42	28	24	374	600	145	43	1256	4.14%
Herts	East	34	20	33	464	1020	191	59	1821	2.91%
London	London	301	114	148	1610	5363	1604	922	10062	2.60%
Berks	South-East	25	16	16	347	788	116	29	1337	2.39%
Oxon	South-East	18	11	13	232	584	109	40	1007	2.38%
Surrey	South-East	162	22	27	348	1549	471	144	2723	1.80%
Others	Others	8	8	14	180	428	51	10	699	3.15%
al		4800	6233	5945	33223	28584	4551	1860	85196	14.29%

Table – Analysis of Price Paid by First Time Buyers⁹

Govt Region	Average FTB Price (2013 Q2)	Percent under £125K (2013)	Percent £125-250K (2013)
North East	£92,178	78%	21%
North West	£103,991	69%	30%
Yorkshire and the Humber	£100,672	72%	27%
East Midlands	£116,462	69%	30%
West Midlands	£121,264	61%	38%
East of England	£136,727	41%	56%
London	£278,760	3%	60%
South East	£159,401 / £198,588	15%	75%
South West	£151,897	29%	68%
Wales	£108,509	70%	29%

There are two figures for the South East region, as Nationwide splits it into Outer Metropolitan and Outer South East. For example in Kent, only Ashford, Canterbury, Dover, Shepway, Swale and Thanet are counted as Outer South East. The remaining seven authorities are Outer Metropolitan.

3.1.3 Uniform fee for official copies of documents (OC2 applications)

About 61 per cent of all titles have a deed referred to as “copy filed” in the register.¹⁰ Deeds are filed rather than set out if they are lengthy or have complicated map references. Customers may order official copies of these documents, and in addition customers may order copies of leases, where they are available. Since 2003 customers can also order copies of any other document relating to an application that is not referred to in the register. These are ordered using a paper form OC2 or electronically using Land Registry’s Portal or Business Gateway.

Currently our fees depend on whether the document is a lease and whether it is referred to in the register.

Current OC2 fees

Document Type	Electronic Fee	Paper Fee
Documents referred to in the register (per set)	£5	£11
Documents not referred to in the register (per doc)	£5	£11
Leases	£11	£23

We propose to simplify this by having one fee per document, irrespective of type of document. This would be £3 for documents applied for electronically and £7 for those applied for on paper. We estimate this will result in a fee reduction for customers of £4 million per annum (see table below).

Any applicant ordering one document will pay less, so over 83% of applicants will benefit. Anyone ordering two or more documents referred to in the register (other than leases) will pay more, but orders for large numbers of documents are rare.¹¹

Those who order leases or deeds not referred to in the register will all benefit. Small groups of customers such as managing agents, journalists or historical researchers may benefit.

⁹ Nationwide First Time Buyer Index. Shelter (“A Home of Their Own”, June 2013) have lower estimates for the first time buyer average; “2013 sees First Time Buyers flying onto the Ladder” (Halifax, July 2013).

¹⁰ 14.5 million of 23.9 million registers (July 2013).

¹¹ The number may grow if the number of “filed” deeds referred to on registers were to increase significantly. In 2012/13 we made a total of 300,000 new filed deed entries, but many will be the only filed deed on a particular title. We understand that many of our customers find this method clearer than setting out the contents on the register.

Effect of fee proposals on OC2 fee income

Docs Referred to in the register No. of documents ordered (Jul 13)	% of applications	Cumulative Total	Effect on Fee Income ¹²
1	83.19%	83.19%	-£1.53m
2	11.92%	95.11%	+£0.09m
3	2.44%	97.56%	+£0.10m
4	1.01%	98.57%	+£0.07m
5	0.46%	99.03%	+£0.05m
6	0.28%	99.31%	+£0.04m
7	0.17%	99.47%	+£0.02m
8	0.12%	99.59%	+£0.01m
9	0.08%	99.68%	+£0.01m
10+	0.32%	100.00%	+£0.04m
Overall effect on Fee Income			-£1.1m
Other OC2 applications			
Effect on fee income for customers ordering documents not referred to in the register			-£2.8m
Effect on fee income for customers ordering lease documents			-£0.1m
Total effect on Fee Income			-£4.0m

4 Expected level of business impact

4.1 Compliance costs for business and voluntary sector

4.1.1 Conveyancers

Conveyancers form the vast majority of Land Registry's direct customers. Land Registry fees are normally passed onto their customers as disbursements. 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. Most reported some compliance activity, including changing information given internally or to customers, and updating IT and case management systems. 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 **£320,000¹³**.

4.1.2 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.

¹² As 95% of applications are made electronically we have only compared electronic fees here.

¹³ Median pay for legal professionals is £22.73 per hour (Annual Survey of Hours and Earnings 2012) to be multiplied by Land Registry's 6,000 active registered Portal users (key account holders) with an uplift of 17.8% to cover non wage labour costs (employer National insurance contributions, pension contributions etc). Similar figures were included in the Impact Assessment for the Land Registration Fee Order 2012.

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 **£70,000**.¹⁴

4.1.3 Legal publishers

Land Registry fees are referred to in a number of publications 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.

4.1.4 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 two channels and also for the 25 or so 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.

4.1.5 Business and Voluntary Sector

Like private individuals, businesses also make registration and information service applications to Land Registry, either directly or through their conveyancers. About 13% of registered properties are owned by UK companies, 2% by other UK Corporate bodies (which may include Charities) and 1% by Industrial and Provident Societies (for example, housing associations, and clubs). There will be other business properties owned by individuals, but we have no way of knowing how many fall into this category.

They stand to benefit from the overall reduced fees, the same way as any other customer. Therefore we expect them to save an estimated present value **£8.2 million (16% of total fee reduction)**. If they do their own conveyancing, there may be a few minor compliance costs in checking the fee, but there are leaflets and a fee calculator on our website to assist them.

4.1.6 HM Land Registry

Based on previous project costs, the estimated cost for preparing and implementing this fee order is **£60,000**.

4.2 One in Two out

Fee orders are exempt from One in Two out provisions.

4.3 Micro-businesses and Start-ups

It is expected that the new fee order will be brought into force before the end of the moratorium on new regulations for small businesses on 31 March 2014. However because

¹⁴ The Legal Software Suppliers Association has 19 members. We understand that the programming changes associated with a new fee order can take about a month of a software developer's time. The average hourly wage of software professionals is £19.17 (Annual Survey on Hours and Earnings 2012). Figure is based on 163 hours of developer time multiplied by the 19 firms with the 17.8% non wage labour cost uplift.

fee orders are exempt from one in two out, they are also outside the scope of the moratorium¹⁵.

5 Specific impact tests

5.1 Statutory Equality duties

5.1.1 Age

The average property wealth of younger people is less, which suggests that they are more likely to buy cheaper houses, including those in the £50,001 to £100,000 range where we are proposing to reduce fees.

Those buying under shared ownership, where we have identified fee savings, are overwhelmingly young.¹⁶

Age of household reference person	Property owners	Average property value	Average mortgage debt
20-29	50%	£147,000	£97,000
30-39	73%	£190,000	£88,000
40-49	81%	£219,000	£62,000
50-59	83%	£230,000	£34,000
60-69	78%	£238,000	£10,000
70-79	73%	£207,000	£2,000
80+	65%	£180,000	£1,000

Source: National Centre for Social Research "Asset Accumulation Across the life course" (Sept 2007), Tables 4.2, A1 and A2. Figures are for 2005, but there has been little change in property prices between then and now (Land Registry's House Price Index stood at 251.8 in April 2005 and 263.6 in July 2013)

5.1.2 Gender

The level of home ownership and property wealth is slightly higher among men than women.¹⁷ Women are more likely to be in social or private rented housing, which means they are also more likely to benefit in likely fee reductions for shared ownership and right to buy purchases.¹⁸

Table: Owner occupation by gender

	Men	Women	Total
Owned outright	32%	31%	32%
Owned with mortgage	42%	30%	37%
Rented	26%	39%	31%

¹⁵ [Better Regulation Framework Manual](#) (July 2013), Section 1.11.2.

¹⁶ Source: General Lifestyle Survey 2009, table 4; and [Understanding demographic, spatial and economic impacts on future affordable housing demand](#), table 2-13 Age of new entrants to shared ownership. 2.7% of household reference persons in the under 25 age group are shared owners, 1.7% in the 25-29 age group, and 0.6% for those between 30 and 44. No other age group has a proportion higher than 0.1%

¹⁷ Source: HM Revenue and Customs [Table 13.2](#) "Identified Personal Wealth" (2005). The figure for men is £165,000, while for women it is £157,000.

¹⁸ Joseph Rowntree Trust "[Movement of households in shared-ownership housing in the UK](#)" (Alison Wallace, November 2008).

Source: General Lifestyle Survey 2009, table 4.10

5.1.3 Ethnicity

5.1.3.1 Impact of Scale 1 Proposals

There are 91 English districts where the average price for a flat or terraced house falls within the range £50,001 to £100,000 in our latest price report, where the fees will be reduced under our proposals. 76 of the 91 have an above average white population, compared with 17 for Asian, 6 for black and 13 for mixed race. This is no doubt attributable to the fact only one district (Medway) is in London and the south east.¹⁹

However to balance this, there is evidence that white people are more likely to buy bigger properties, and thus less likely to benefit from the proposed fee reductions.

Housing Type	White	Non-white
Detached house	24.2%	12.7%
Bungalow	10.6%	0.6%
Semi-detached house	30.8%	23.9%
Med/large terraced house	18.7%	35.1%
Small terraced house	8.0%	10.7%
Purpose built flat – high rise	0.4%	1.2%
Purpose built flat – low rise	5.4%	13.3%
Converted flat	1.9%	2.5%

Source: *English Housing Survey Stock Report 2009*, table F2.11

Some ethnic groups are more likely to purchase on shared-ownership schemes, with the incidence is higher among the Other White, Mixed, Chinese and Caribbean groups.

Research conducted by the Joseph Rowntree Trust found that 29% of purchasers under the Homebuy schemes were from ethnic minorities, which is considerably higher than the population as a whole.²⁰

5.1.3.2 Legal Profession

About 50% of ethnic minority solicitors work for small firms (1-4 partners) compared with 28% of white European solicitors²¹, however the difference is not so marked when it comes to firms involved in residential property²². BAME solicitors might be disproportionately

¹⁹ The authorities are: Allerdale, Amber Valley, Babergh, Barnsley, Barrow-In-Furness, Bassetlaw, Blaby, Blackburn With Darwen, Blackpool, Bolsover, Bolton, Boston, Breckland, Burnley, Bury, Cannock Chase, Carlisle, Chesterfield, Chorley, City Of Kingston Upon Hull, City Of Nottingham, City Of Peterborough, Copeland, Corby, County Durham, Coventry, Darlington, Daventry, Doncaster, Dudley, East Northamptonshire, East Riding Of Yorkshire, East Staffordshire, Erewash, Fenland, Forest Of Dean, Gedling, Great Yarmouth, Halton, Hambleton, Hartlepool, Hinckley And Bosworth, Hyndburn, Ipswich, Kettering, Kirklees, Knowsley, Liverpool, Luton, Mansfield, Medway, Melton, Mid Suffolk, Middlesbrough, Newcastle-Under-Lyme, North East Derbyshire, North Kesteven, North Lincolnshire, North Tyneside, Northampton, Northumberland, Nuneaton And Bedworth, Oadby And Wigston, Oldham, Pendle, Preston, Redditch, Richmondshire, Rochdale, Rossendale, Rotherham, Rugby, Sandwell, Sedgemoor, Selby, South Ribble, South Tyneside, St Helens, Staffordshire Moorlands, Stockton-On-Tees, Stoke-On-Trent, Sunderland, Tameside, Tamworth, Wakefield, Waveney, Wellingborough, Wigan, Wirral, Wolverhampton, Wrekin

²⁰ Source: *General Lifestyle Survey 2007-9 (combined)*, tables 3.15 and 4.11. *Shared Owners statistics are table 2-47 Ethnicity of 8,806 new entrants to shared ownership of Understanding demographic, spatial and economic impacts on future affordable housing demand.*

²¹ Law Society – “*Trends in the Solicitors’ Profession*” (2009), Table 2.16.

²² Pleasance & others “*A Time of Change: Solicitors’ Firms in England and Wales*” (MoJ/Law Society, 2012), *Anonymised raw data*. For the 583 firms where income and staff data are available, the proportion of BAME

affected, if the effect of lower electronic fees were to take business from small firms. However as stated in section 5.2 below, we do not believe this will necessarily be the case.

5.1.4 Disability

We are not aware of any disability impacts arising from the fee proposals.

The types of houses containing a disabled or long-term ill person are similar to the general population at large.²³ They are, however, more likely to move into social housing but less likely to enter shared ownership arrangements.²⁴

Land Registry's web interfaces were designed for inclusion so it should be possible for many disabled people to lodge applications electronically and benefit from the lower fees.

5.1.5 Religion or belief

We are not aware of any significant impacts.

5.1.6 Sexual orientation

We are not aware of any significant impacts.

5.1.7 Pregnancy or Maternity

We are not aware of any significant impacts.

5.1.8 Gender Reassignment

We are not aware of any significant impacts.

5.2 Competition

Uptake of electronic lodgement has so far been higher among large firms.

Table – Customers using electronic lodgement in July 2013²⁵

Rank (by applications sent to HMLR)	Percent using electronic lodgement
1 – 500	42.9%
501 – 1,000	34.8%
1,001 – 1,500	27.7%
1,501 – 2,000	25.1%
2,001 – 2,500	22.5%
2,501 – 3,000	14.8%
3,001 – 4,000	10.7%

We do not believe there are barriers to small firms lodging applications electronically. The only requirements are a scanner and an internet connection. While we are aware of a few firms that have bought scanners to be able to submit applications via e-DRS, we understand

staff is 11.1%. However BAME staff make up 16.7% of the 104 firms with 10 staff or less, where more than 20% of their income is derived from Residential Property. Overall 2,000 firms were interviewed.

²³ Source: English Housing Survey Stock Report 2009, table F2.7.

²⁴ 17.5% (social housing), 4% (shared ownership) Clarke, *op cit.*, pages 30 and 32.

²⁵ This is based on the monthly [transaction data](#) report for July 2013 and a separate report on electronic lodgement. This does not mean that a customer necessarily uses e-lodgement a lot. Of the ten largest firms by numbers of dealings lodged, three use e-DRS only lightly.

that the majority of even the smallest businesses have a scanner²⁶. Nearly all firms have access to Broadband, and slow broadband areas should not be an issue, because Portal does not time out for slow response.²⁷

5.3 Small firms

The effects on competition are discussed in the above paragraph.

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 4.1.1 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.

5.4 Environmental

There are few impacts. While there are lower fees for electronically lodged applications, the current method of lodgement in e-DRS will require the customer to print out the document for signature and then scan.

5.5 Health and wellbeing

No impacts have been identified.

5.6 Human rights

No impacts have been identified.

5.7 Justice system

We think it unlikely that the proposals will impact on the justice system. They may impact slightly on the users of courts, in the registration costs of 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.²⁸

Application fees for entries relating to charging orders will be the same or lower than at present if electronic lodgement is used. So no adverse impacts are likely.

5.7.1 Legal Aid Agency

The Legal Aid Agency was one of the early adopters of electronic lodgement. They submit the majority of their applications capable of electronic lodgement this way. We estimate they will save about £40,000 a year in reduced fees for electronic lodgement.²⁹

5.8 Rural

No significant impacts have been identified.

5.9 Sustainable development

No impacts have been identified.

²⁶ [March 2013 survey](#) by Enterprise Nation found 58% of small businesses had a scanner, and 62% a digital camera. 73% of the firms surveyed were single person businesses.

²⁷ Even in 2009, OECD found 87% of UK businesses had access to Broadband.

²⁸ [MoJ Court Statistics](#).

²⁹ For the first 5 months of 2013/14 they have lodged 859 applications where a fee is likely to have been paid (e-DRS and e-RX1). Figure is based on £20 saving per application, extrapolated to a whole year.

6 Appendix 1 – Fee Order proposals

Changed fees are shown in **bold**.

6.1 Information Service Fees

Application	2012 Fee Order	Proposed 2013 Fee Order
Official copy or inspection (applied for electronically)		
Register or plan – per register or plan	£3	£3
Document(s) referred to in the register – any or all	£5 per set	£3 per document
Document not referred to in the register – per document	£5	£3
Lease – per lease	£11	£3
Official copy or inspection (otherwise applied for)		
Register or plan – per register or plan	£7	£7
Document(s) referred to in the register – any or all	£11 per set	£7 per document
Document not referred to in the register – per document	£11	£7
Lease – per lease	£23	£7
Searches		
Official search of the register – applied for electronically	£3	£3
Official search of the register – otherwise applied for	£7	£7
Official search by mortgagee in respect of home rights – applied for electronically	£3	£3
Official search by mortgagee in respect of home rights – otherwise applied for	£7	£7
Search of the Index Map – 0 to 5 titles revealed	£4	£4
– every 10 titles or part of ten after	£2	£2
Search of the Index of Relating Franchises & Manors – electronic	£3	£3
otherwise	£7	£7
Search of the Index of Proprietors' Names – per name	£11	£11

6.2 Registration service fees

Only the main registration service applications are shown here.

Value	2012 Fee Order	2013 Proposed Fee Order	
		Paper	Electronic
Scale 1 (compulsory first registrations and transfers for value)			
£0 – 50,000	£40	£40	£20
£50,001 - £80,000	£70	£40	£20

£80,001 - £100,000	£120	£80	£40
£100,001 - £200,000	£190	£190	£95
£200,001 - £500,000	£270	£270	£135
£500,001 - £1,000,000	£540	£540	£270
Over £1,000,000	£910	£910	£455
Scale 1 (reduced on voluntary first registrations)			
£0 – 50,000	£30	£30	n/a
£50,001 - £80,000	£50	£30	n/a
£80,001 - £100,000	£90	£60	n/a
£100,001 - £200,000	£140	£140	n/a
£200,001 - £500,000	£200	£200	n/a
£500,001 - £1,000,000	£400	£400	n/a
Over £1,000,000	£680	£680	n/a
Scale 2			
£0 - £100,000	£40	£40	£20
£100,001 - £200,000	£60	£60	£30
£200,001 - £500,000	£80	£80	£40
£500,001 - £1,000,000	£120	£120	£60
Over £1,000,000	£250	£250	£125
Fixed Fee Applications (selected)			
Caution against first regn	£40	£40	£n/a
Restrictions or notices			
1-3 titles	£40	£40	£20
each subsequent title	£20	£20	£10
Non-standard restriction	£90	£90	£45
Upgrade of title	£40	£40	£20

6.3 Large scale application fees

No changes to article 6 fees are proposed.

7 Appendix 2 – 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.