

Title: Land Registration Fee Order 2021	Impact Assessment (IA)
IA No:	
RPC Reference No:	
Lead department or agency: HM Land Registry	
Other departments or agencies:	
	Date: 23/08/2021
	Stage: Final
	Source of intervention: Domestic
	Type of measure: Secondary Legislation
	Contact for enquiries: diane.mccarthy@landregistry.gov.uk
Summary: Intervention and Options	RPC Opinion: Not applicable

Cost of Preferred (or more likely) Option (in 2021 prices)			
Total Net Present Social Value	Business Net Present Value	Net cost to business per year	Business Impact Target Status
-£2.1m	-£20.5m	£4.4m	Non qualifying provision

What is the problem under consideration? Why is government intervention necessary?
 As a condition of its 2020 Comprehensive Spending Review settlement, HM Land Registry are required to increase fees as soon as practicable so that income covers full RDEL funding. Fees can only be changed by means of a statutory instrument, thus no alternative to government intervention. This would be the first change of fees in eight years and the first increase since 2009. The latest two orders (2012 & 2013) reduced the majority of fees and introduced a 50% discount for certain applications lodged online, respectively.

What are the policy objectives and the intended effects?
 The main objective is to raise scale fees by £30m pa, as agreed with HM Treasury and is based on our central forecast modelling to reflect changes in both macroeconomic factors and internal planning decisions. This will fund current operations, and our continued investment in improving the conveyancing process through automation. We have also been mindful of wider public policy, in particular Managing Public Money.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)
 We have considered a range of options for implementing this fee increase with the focus on speed of implementation, alignment to wider government policy and overall impact. Options 1 and 2 have been shortlisted as they target the services most affected by the increase in costs.:
 Option 0 – no change, dismissed as would not meet Treasury requirement for HMLR to break even.
 Option 1 (preferred option) – Across the board increase weighted to new titles and paper dealings of whole. Produces the lowest average fee increase for the typical home buyer (via electronic dealing). Best matches Managing Public Money and cost to serve.
 Option 2 - no increase for scale up to £200,000, with increases for more expensive properties. This would favour purchasers of lower priced properties such as first time buyers.
 Option 3 – across the board 14% increase in scale fees. Produces lowest increases for new builds.
 A longer-term review of our fees structure is planned; Option 1 meets the immediate requirements of HMT.

Will the policy be reviewed? It will be reviewed. If applicable, set review date: 2023

Does implementation go beyond minimum EU requirements?	N/A			
Is this measure likely to impact on trade and investment?	N/A			
Are any of these organisations in scope?	Micro 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: _____ Callanan _____ Date: _____ 26 October 2021

Summary: Analysis & Evidence Policy Option 1 (Recommended)

Description: Across the board increase weighted to new titles and paper dealings of whole

FULL ECONOMIC ASSESSMENT

Price Base Year 2021	PV Base Year 2021	Time Period Years 5	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate: -£2.3m

COSTS (£m)	Total Transition (Constant Price)		Average Annual (excl. Transition) (Constant	Total Cost (Present Value)
Low	Optional		Optional	Optional
High	Optional		Optional	Optional
Best Estimate	£1.8m	1	£30.3m	£143.4m

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

Transition: Conveyancers (familiarisation, system changes): £1.43m, Forms publishers: £0.05m. HM Land Registry £0.33m

Transfer costs from customers paying higher fees – Private Individuals (£25.6m), Companies (£4.1m), Charities/Housing Associations (£0.5m), Local & National Government (£0.2m)

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

BENEFITS (£m)	Total Transition (Constant Price)		Average Annual (excl. Transition) (Constant	Total Benefit (Present Value)
Low	Optional		Optional	Optional
High	Optional		Optional	Optional
Best Estimate	£0.0m		£30.2m	£141.1m

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

Transfer benefits from the additional fee income for HM Land Registry (£30.2m)

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

Key assumptions/sensitivities/risks **Discount rate (%)** 3.5

We have taken the high end of our estimates for the business transition costs in accordance with the business impact target guidance. The actual figure is likely to be lower than this. A five-year appraisal period has been chosen as we will be reviewing of our fees and charging structure which limits the length of time this change will have an impact. We would also expect to update our fees within this five-year period.

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			Score for Business Impact Target (qualifying provisions only) £m:
Costs: £4.9m	Benefits: £0.0m	Net: £4.9m	
			N/A

Summary: Analysis & Evidence Policy Option 2

Description: No increase in scale fees for properties under £200K, higher fees for more expensive properties.

FULL ECONOMIC ASSESSMENT

Price Base Year 2021	PV Base Year 2021	Time Period Years 5	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate: -£1.8m

COSTS (£m)	Total Transition (Constant Price)		Average Annual (excl. Transition) (Constant	Total Cost (Present Value)
Low	Optional		Optional	Optional
High	Optional		Optional	Optional
Best Estimate	£1.8m	1	£30.6m	£144.8m

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

Transition: Conveyancers (familiarisation, system changes): £1.43m, Forms publishers: £0.05m. HM Land Registry £0.33m

Transfer costs from customers paying higher fees – Private Individuals (£24.9m), Companies (£4.9m), Charities/Housing Associations (£0.5m), Local & National Government (£0.4m)

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

BENEFITS (£m)	Total Transition (Constant Price)		Average Annual (excl. Transition) (Constant	Total Benefit (Present Value)
Low	Optional		Optional	Optional
High	Optional		Optional	Optional
Best Estimate	£0.0m		£30.6m	£143m

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

Transfer benefits from the additional fee income for HM Land Registry (£30.6m)

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

Reducing the number of lower value transactions that will pay additional fees, will have a marginal beneficial effect on affordability for first time buyers and buyers on government housing schemes.

Key assumptions/sensitivities/risks **Discount rate (%)** 3.5

We have taken the high end of our estimates for the business transition costs in accordance with the business impact target guidance. The actual figure is likely to be lower than this. A five-year appraisal period has been chosen as we will be reviewing of our fees and charging structure which limits the length of time this change will have an impact. We would also expect to update our fees within this five-year period.

BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:			Score for Business Impact Target (qualifying provisions only) £m:
Costs: £5.7m	Benefits: £0.0m	Net: £5.7m	
			N/A

Summary: Analysis & Evidence Policy Option 3

Description: Across the Board increase of 14 per cent to Scale Fees

FULL ECONOMIC ASSESSMENT

Price Base Year 2021	PV Base Year 2021	Time Period Years 5	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate: -£1.8m

COSTS (£m)	Total Transition (Constant Price)		Average Annual (excl. Transition) (Constant	Total Cost (Present Value)
Low	Optional		Optional	Low
High	Optional		Optional	High
Best Estimate	£1.8m	1	£30.2m	£142.9m

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

Transition: Conveyancers (familiarisation, system changes): £1.43m, Forms publishers: £0.05m. HM Land Registry £0.33m

Transfer costs: customers paying higher fees – Private Individuals (£25.85m), Companies (£3.75m), Charities/Housing Assns (£0.4m), Local & National Government (£0.2m)

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

BENEFITS (£m)	Total Transition (Constant Price)		Average Annual (excl. Transition) (Constant	Total Benefit (Present Value)
Low	Optional		Optional	Optional
High	Optional		Optional	Optional
Best Estimate	£0.0m		£30.2m	£141.1m

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

Transfer benefit: Additional fee income for HM Land Registry (£30.2m)

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

None

Key assumptions/sensitivities/risks Discount rate (%) 3.5

We have taken the high end of our estimates for the business transition costs in accordance with the business impact target guidance. The actual figure is likely to be lower than this.

A five-year appraisal period has been chosen as we will be reviewing our fees and charging structure which limits the length of time this change will have an impact. We would also expect to update our fees within this five-year period.

BUSINESS ASSESSMENT (Option 3)

Direct impact on business (Equivalent Annual) £m:			Score for Business Impact Target (qualifying provisions only) £m:
Costs: £4.5m	Benefits: £0.0m	Net: £4.5m	

1. Background

HM Land Registry (HMLR) exists to register ownership, interests, mortgages and other secured loans against land and property in England and Wales. HMLR's primary role is to provide a reliable record of information about the ownership of and interests affecting land and property; land and property owners with a title which is guaranteed by the state; and the financial sector with the capability to secure lending against property.

HM Land Registry safeguards land and property ownership worth in excess of £7 trillion, including around £1 trillion of mortgages. The Land Register contains more than 25 million titles showing evidence of ownership for more than 85 percent of the land mass of England and Wales.

Providing a Land Registry service reduces asymmetric information issues in the property market. In England and Wales, it brings the following benefits:

- Quicker and cheaper conveyancing – there is more work involved in unregistered conveyancing which costs more
- Greater protection from adverse possession by a squatter
- Greater information to help market decisions, economic planning, fraud prevention etc.

The proposals under consideration relate to the fees for these statutory services which are prescribed by a Fee Order made under Section 102 of the Land Registration Act 2002.

The proposals do not include fees for our other functions such as Land Charges (including Bankruptcy) and Agricultural Credits services, which are subject to separate fee legislation. Neither do they consider commercial charging arrangements, which do not require a fee order, nor the fees related to Local Land Charges, which are the subject of a separate statutory process.

The proposals extend to England and Wales.

2. Land Registry fees in wider context

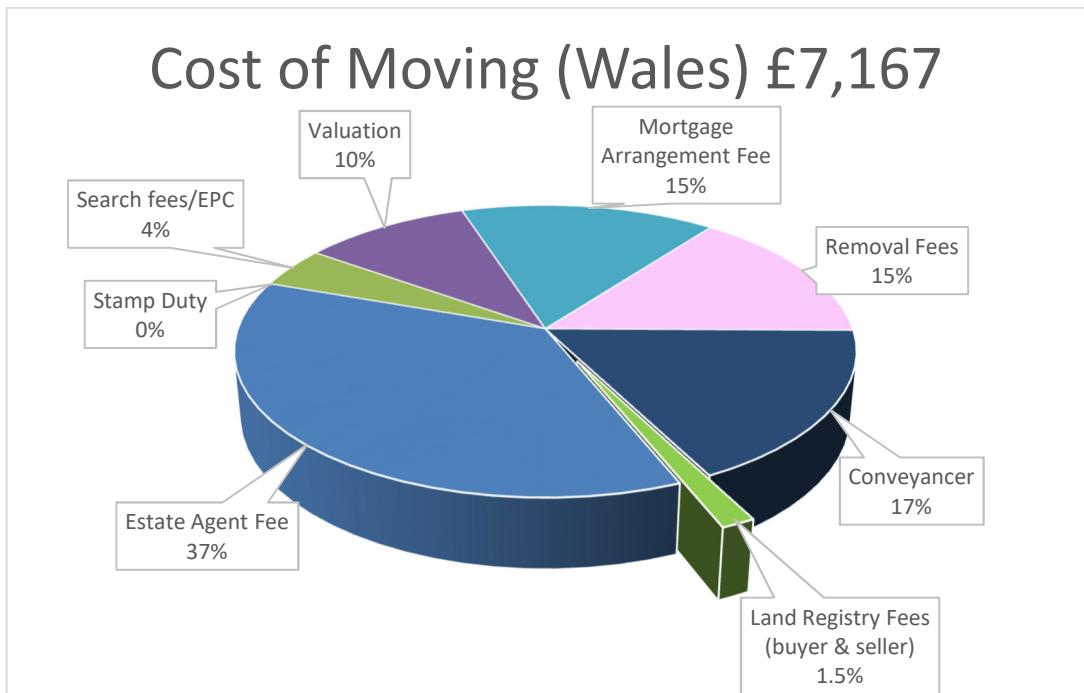
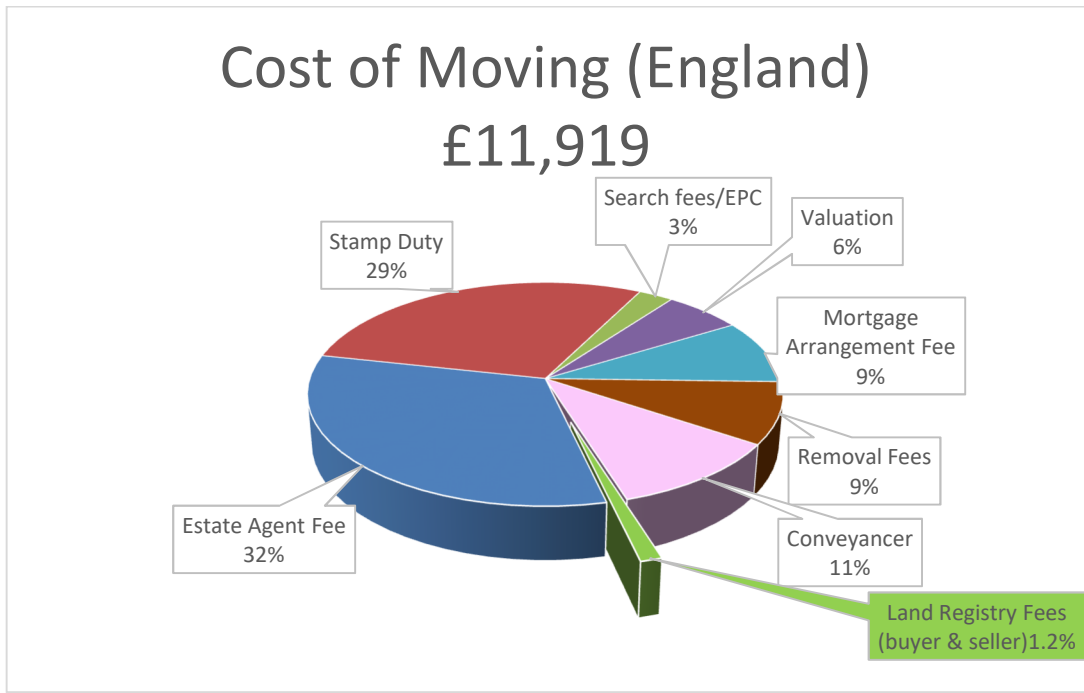
HMLR fees form only a very small proportion of the cost of moving. Our fees only make up £148 (1.2 percent)¹ of the total cost for someone moving in England between average priced properties of £269,150, and £108 (1.5 percent) in Wales. It is not usually argued that our fees are a deterrent to moving house.

Under recommended Option 1 the proportion of the cost of moving attributable to HM Land Registry will be unchanged in Wales but rise to 1.4 percent in England.

The pie chart below highlights the costs of buying and, where relevant, selling freehold houses in England. The conveyancer costs of leasehold properties are significantly higher.

¹ This is made up of official copy register and plan (£6), official search (£3), 2 bankruptcy searches (£4) and registration fee of £135. This assumes electronic lodgement where possible (as most are now), and in the case of bankruptcy searches, that there are 2 registered proprietors. The average property price is from the [House Price Index Report for December 2020](#), the latest available at the time of going to print.

Chart 1: Cost of moving for Average Priced Home in England and Wales 2020²



² This is based on buying and selling an average priced house of £269,150 (Dec 20). Cost broken down in England to (a) Estate Agent £3,822; (b) SDLT £3,458 (after end of stamp duty holiday); (c) Conveyancer £1,282; (d) Mortgage fees £1,099; (e) Removals £1,065; (f) Valuer £725; (g) Searches/EPC £320; (h) Land Registry and Land Charges Fees £148.

For Wales on buying and selling an average priced house of £184,195 (Dec 20) the figures are (a) Estate Agent £2,616; (b) LTTT £0; (c) Conveyancer £1,234; (d) Mortgage fees £1,099; (e) Removals £1,065; (f) Valuer £725; (g) Searches/EPC £320; (h) Land Registry and Land Charges Fees £108.

Expressed as an annual cost, the cost of land registration is even less at £15 a year. On average owner occupiers only move every 23 years and re-mortgage every 4 years.³

First time buyers pay slightly lower fees for a typical purchase. However, because they pay less in other fees, our fees represent a higher percentage – 3.5 per cent in England⁴ and 2.6 per cent in Wales.

The average home buyer in Wales will not pay any more in fees under preferred Option 1. Because the average purchase price for all buyers and first-time buyers in England exceeds £200,000, our fees will rise. As a result, the proportion of the cost of moving represented by our fees will rise from 1.2 per cent to 1.4 per cent for the average buyer in England, and from 3.5 per cent to 4.1 per cent for the average first-time buyer in England.

The average re-mortgage is £135,000 where the HM Land Registry fee for registration and pre-completion searches is £39.⁵ This will remain unchanged under recommended option 1.

3. Current Fee Structure

The main points of our current fee order as regards scale fees are set out below. We charge Scale 1 on applications for value and first registrations. Scale 1 fees are reduced by 25 per cent for voluntary first registration applications. Scale 2 fees are paid on transfers not for value and remortgages. For applications against the whole of a title, customers pay 50 per cent less for electronic submission. New title applications include first registrations, transfers of part and new leases. Voluntary applications for first registrations attract a 25 per cent discount to encourage completion of the register. Most purchases under Government schemes to encourage home ownership involve the creation of new titles.

Table 1: Current Scale Fees

Value/Price Paid	New Titles	Voluntary First Registration	Transfer for Value		Transfer not for Value Charge (Mortgage)	
			Paper	Electronic	Paper	Electronic
Type	All	All	Paper	Electronic	Paper	Electronic
Fee Scale	Scale 1	Sc1 Reduced	Scale 1	Scale 1	Scale 2	Scale 2
£0-80K	£40	£30	£40	£20	£40	£20
£80-100K	£80	£60	£80	£40	£40	£20
£100-200K	£190	£140	£190	£95	£60	£30
£200-500K	£270	£200	£270	£135	£80	£40
£500K-£1M	£540	£400	£540	£270	£120	£60
Over £1M	£910	£680	£910	£455	£250	£125

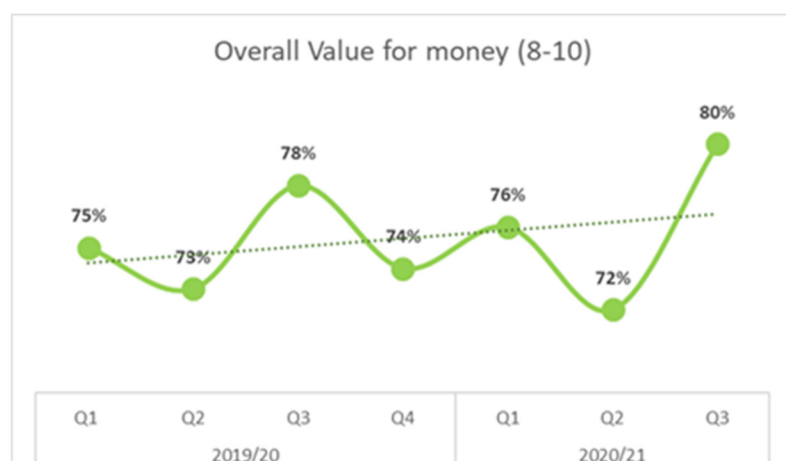
Our customers generally think our fees offer value for money, but it is not high on their list of priorities (see section 9.2.1 below). It should be borne in mind that conveyancers are passing through fees from us to their clients.

³ People move on average every 23 years and remortgage every 4 years - "How often do we move house in Britain" (Zoopla/Hometrack 20.9.2017); "January Remortgage Frequency highest in 8 years" (Mortgage Strategy 3.3.2017). In the 2011 census only 0.6m (4.1 per cent) of the 14.5m owner occupied households in England and Wales had moved in the previous year. Total cost over ownership of property is therefore £148 + (5 x £39) = £343, average per year is £343 ÷ 23.

⁴ This is based on buying an average priced FTB house at £210,727 (Source: Nationwide). Cost broken down in England to (a) Estate Agent £0; (b) SDLT £0; (c) Conveyancer £712; (d) Mortgage fees £1,099; (e) Removals £1,065; (f) Valuer £725; (g) Searches/EPC £260; (h) LR Fees £142. The average FTB in Wales pays £136,714 for their property, so HMLRs will only total £102.

⁵ "Remortgages on the Rise in January" (CML, Jan 2018 data table). The £39 fee is made up of the electronic scale fee (£30) 2 x official copies, 1 x official search.

Table 2: Value for Money Responses in Customer Surveys



4. Problem Under Consideration

HM Land Registry is a non-ministerial department within central government. HMLR ceased to be a trading fund in April 2020, which meant we returned our cash reserves (£483.5m) to the national reserve. Previously HMLR had budgeted to use these cash reserves to fund the Local Land Charges programme, increases to employer's superannuation costs and short-term deficits resulting from housing market volatility rather than annual income. Land Registry requires an estimate of revenue requirements to seek funds to cover its Resource Departmental Expenditure Limit (RDEL) HM Treasury expects RDEL to be funded out of fee income. Our financial modelling anticipates that expenditure will exceed income as we recover from the pandemic and increase our investment both in the Local Land Charges and our transformation programmes. We have received sanction from the Treasury that if cumulative income meets our RDEL costs, annual under and over recovery is acceptable across a three-year spending review period.

We therefore require an additional £30m per year in funding.

5. Rationale for Intervention

Under section 102 of the Land Registration Act 2002, our fees need to be set by means of a fee order (which is a statutory instrument). This means the other voluntary options in Better Regulation guidance are not open to us.

6. Policy Objectives

6.1 Fee income to meet RDEL

First and foremost, we need to have a fee order that delivers the income required to fund our operations and our future transformation programmes. While this will involve the first increase in fees since 2009 (the fee orders of 2012 and 2013 reduced fees), and we will review our approach to fees again when transformation benefits are realised.

6.2 Public Policy

The Treasury Booklet "[Managing Public Money](#)" contains the public policy for fee setting. The basic principle is that fees should recover the cost of providing a particular service. Our scale fees inherently contain an element of cross-subsidisation because the cost to process an application is broadly the same regardless of the value of the transaction, although there are potentially higher costs involved in providing the state guarantee of title for higher value properties. However, paragraph 6.4.5 of [Managing Public Money](#) permits this, because since 2018 our fees have been classified as taxes.⁶

We must also have regard for wider public policy. The most relevant public policy objective here is encouraging home ownership. In the 2017 White Paper "Fixing the Broken Housing Market", the

⁶ ONS on the advice of [Eurostat 2018](#).

Government accepts there are long term problems with the way that the housing market works. They identify increasing affordability for first time buyers as one of their aims. Our option 1 has been influenced by this objective.

7. Options Considered

7.1 Option 0 – No change

Given the requirement for a fee increase as part of our Spending Review settlement, this is not an option.

7.2 Option 1 – Across the board increase weighted to new titles and paper dealings of whole (Recommended)

We developed this option to meet concerns about the uneven effects of Option 2. For example, had we gone with Option 2, home buyers living in expensive parts of the country would have faced bigger fee increases in percentage terms (as well as actual terms) than elsewhere.

Unlike Option 3, which is a uniform 14% across the board increase, we have achieved the same income by increasing new title and paper dealing of whole application fees by 21%, while reducing the increase for electronically lodged dealings of whole applications to 10%.

This is more in line with Managing Public Money principles because the highest increases are for new title applications, which cost us considerably more to process.

7.3 Option 2 – Fee Increase Limited to Properties Worth Over £200K

Under this proposal there would be no increase for properties worth less than £200,000. However, this means higher priced properties will pay more. The increase would be significantly more for properties worth over £500,000 – a figure exceeded by the average London property price.

This option would favour those buying cheaper properties, particularly those purchasing under Government Schemes to encourage home ownership, who already benefit from considerable support.

7.4 Option 3 – Across the Board Increase in Scale Fees

Under this proposal we would spread the £30m additional income evenly over all scale fees, by an across the board increase of about 14 per cent. There would be no change to fixed fees or fee free applications.

The advantages of this option would be no group of customers would be disadvantaged over another, but it does little to move towards the Managing Public Money principle of cost to serve as regards new title applications.

Table 3: Summary of Scale Fees under the Options

Value/Price Paid	Type	Fee Scale	Option	£0-80K	£80-100K	£100-200K	£200-500K	£500K-£1M	Over £1M
New Titles	<i>All</i>	<i>Scale 1 (£)</i>	0	40	80	190	270	540	910
			1	45	95	230	330	655	1,105
			2	40	80	190	310	650	1,210
			3	45	91	216	307	614	1,035
Voluntary First Registration	<i>All</i>	<i>Sc1 Reduced (£)</i>	0	30	60	140	200	400	680
			1	30	70	170	250	495	830
			2	30	60	140	230	485	905
			3	33	68	162	230	460	776
Transfer for Value of Whole of Title	<i>Paper</i>	<i>Scale 1 (£)</i>	0	40	80	190	270	540	910
			1	45	95	230	330	655	1,105
			2	40	80	190	310	650	1,210
			3	45	91	216	307	614	1,035
	<i>Electronic</i>	<i>Scale 1 (£)</i>	0	20	40	95	135	270	455
			1	20	40	100	150	295	500
			2	20	40	95	155	325	605
			3	22	45	108	153	307	517
Transfer not for Value of Whole of Title	<i>Paper</i>	<i>Scale 2 (£)</i>	0	40	40	60	80	120	250
Charges/Mortgages			1	45	45	70	100	145	305
			2	40	40	60	100	160	340
			3	45	45	68	91	136	284
	<i>Electronic</i>	<i>Scale 2 (£)</i>	0	20	20	30	40	60	125
			1	20	20	30	45	65	140
			2	20	20	30	50	80	170
			3	22	22	34	45	68	142

7.4 Options not Proceeded with

We have been looking at a number of options to restructure the fee order. In essence it is nearly 100 years old and contains a number of complexities which cause confusion to both customers and our staff. This leads to additional costs in the form of requisitions for fees. We still intend to do this, but it will not meet the immediate requirement from HMT to raise fees.

8. Impacts of Options 1 and 2

8.1 Methodology – The “Shopping Basket” Survey

To work out the impacts on different customers in more detail, we have obtained in internal report of all applications completed on 4 September 2019, a date chosen at random. When we register a new buyer, we allocate one of about 25 proprietor categories. To simplify this, we have amalgamated them into 4 categories – Private Individuals, Companies and Corporations, Charities and Housing Associations and Local and National Government. The Mixed category is where a property has joint proprietors from more than one category.

Because it is a snapshot in time, we need to make adjustments to match the latest forecasts, both in volumes of new titles and dealings, and in total fee income.

8.2 High level impacts

HMLR fees amount for a small percentage of the total average cost of moving home (1.2 per cent in England).

On an average priced property of £269,150, under Option 1, the total HMLR fee (including the cost of searches) would increase by £15 (if lodged online) from £148⁷ to £163 against the current total cost of moving of £11,919 (in England). This includes estate agent fees (32 per cent), stamp duty (29 per cent), conveyancer fees (11 per cent) and other costs (27 per cent).

Option 2 creates many more uneven effects. It produces the highest increases for business and charities. Recommended Option 1 produces more even effects and allows us to move more in the direction of cost to serve as required by the public policy of Managing Public Money.

The average fee figures are the unadjusted figures of the fees paid for the actual application on 4 September 2019 and what it would have been charged under options 1 to 3. While the increase is uniform for option 3, options 1 and 2 would involve some transfers between different categories of customer depending on the sorts of applications they submit.

Table 4: Effects of Fee Options on Scale Fee applications in “Shopping Basket” (unadjusted)

	Number in “basket”	Option 0	Option 1	Option 2	Option 3	Change Op 1	Change Op 2	Change Op 3
New Titles								
Charity/Housing Assn	25	£235.40	£285.78	£275.80	£267.92	+ 21.4%	+ 17.2%	+ 13.8%
Companies	224	£173.65	£208.76	£200.88	£197.07	+ 20.2%	+ 15.7%	+ 13.5%
Local & National Govt	10	£168.00	£201.50	£213.00	£191.10	+ 19.9%	+ 26.8%	+ 13.8%
Mixed	2	£270.00	£330.00	£310.00	£307.00	+ 22.2%	+ 14.8%	+ 13.7%
Private Individual	1,040	£208.50	£252.96	£237.30	£237.23	+ 21.3%	+ 13.8%	+ 13.8%
Total	1,296							
Dealings of Whole								
Charity/Housing Assn	16	£204.69	£226.56	£250.63	£232.44	+ 10.7%	+ 22.4%	+ 13.6%
Companies	503	£109.81	£120.28	£130.02	£124.34	+ 9.5%	+ 18.4%	+ 13.2%
Local & National Govt	11	£281.82	£308.64	£358.64	£320.18	+ 9.5%	+ 27.3%	+ 13.6%
Mixed	24	£112.29	£122.71	£134.38	£127.33	+ 9.3%	+ 19.7%	+ 13.4%
Private Individual	5,064	£89.65	£97.46	£100.47	£101.52	+ 8.7%	+ 12.1%	+ 13.2%
Total	5,618							

Source: HMLR database

We have used the shopping basket to calculate the additional fees payable for scale fee applications by each customer category. The business net present value has been derived from the companies and charities figures. While this gives the proportions of fees paid by each category, because it is only a one-day snapshot it did require adjustment to the raw income figures to match the annual forecast income⁸.

Table 5: Scale Fee Income from Each Category of Customer (adjusted – see footnote)

	Income (adjusted)				Change		
	Option 0	Option 1	Option 2	Option 3	Option 1	Option 2	Option 3
Charity/Housing Association	£2.8 m	£3.3 m	£3.4 m	£3.2 m	+ 17.9%	+ 18.9%	+ 13.7%

⁷ See footnote 1

⁸ The numbers in the Shopping Basket were significantly lower than forecast and so required adjustment to match the forecast income, so the impacts on customer categories could be properly assessed. The stages are set out below. The raw data income is the income from the Shopping Basket multiplied by 252 working days in a year. Adjustment 1 is to make the volume of applications in the Shopping Basket match the forecast numbers per day (new titles 1,937, dealings 6,789). The income figure then was too high, probably reflective of the applications received that day, and so adjustment 2 was made.

One significant effect of adjustment 2 is that private individuals will have a smaller increase in fees under Option 1.

	Option 0	Option 1	Option 2	Option 3
Shopping Basket – Raw Data	£197.1m	£222.7m	£223.5m	£223.5m
Adjustment 1 – volumes (new titles +49 per cent, dealings of whole +21 per cent)	£257.2m	£292.2m	£291.8m	£291.8m
Adjustment 2 – income to match forecast (about - 12 per cent)	£225.6m	£255.8m	£256.2m	£255.8m

Companies	£27.6 m	£31.6 m	£32.4 m	£31.3 m	+ 14.3%	+ 17.3%	+ 13.3%
Local Auth	£1.4 m	£1.6 m	£1.8 m	£1.6 m	+ 13.5%	+ 27.2%	+ 13.6%
Mixed	£0.9 m	£1.0 m	£1.1 m	£1.0 m	+ 11.7%	+ 18.8%	+ 13.4%
Private Individuals	£192.9 m	£218.4 m	£217.7 m	£218.7 m	+ 13.2%	+ 12.8%	+ 13.4%
Total (adjusted)	£225.6 m	£255.8m	£256.2 m	£255.8 m			

When transposing these figures to the summary sheets at the head of this document the increase in fees for the “Mixed” category has been apportioned 50/50 between private individuals and companies, because most of the mixed category are joint proprietors where one is a private individual and the other is a company.

8.3 Regional Impacts

Option 2 with the higher fees for properties over £200,000 would have meant proportionally higher fees for high property price areas in London and the south of England. The other two options, including the recommended Option 1, spread the impact more evenly.

The table below shows property sales recorded with us divided by “residential” and “other”. Commercial sales will appear in the “other” category, but it does contain some purchases by private individuals too⁹.

Table 6: Property Sales by Government Region (April – December 2020)

Region	Number	Under £80K	£80-100K	£100-200K	£200-500K	£500K-£1M	Over £1M	Percent >£200K
Residential	323,758	4.0%	3.8%	29.6%	49.0%	11.2%	2.4%	62.6%
East	37,002	0.5%	0.9%	17.7%	65.1%	13.9%	1.9%	80.9%
East Midlands	28,643	2.5%	4.0%	44.3%	45.3%	3.6%	0.2%	49.2%
London	32,814	0.0%	0.2%	2.6%	48.6%	35.9%	12.8%	97.3%
North East	15,039	18.7%	10.1%	44.6%	24.6%	1.8%	0.2%	26.6%
North West	42,227	8.8%	7.8%	44.9%	34.6%	3.5%	0.3%	38.5%
South East	53,284	0.5%	0.7%	11.5%	65.0%	18.7%	3.6%	87.3%
South West	36,926	1.0%	1.4%	23.8%	62.6%	9.9%	1.3%	73.8%
Wales	15,366	7.8%	8.3%	48.2%	33.3%	2.3%	0.1%	35.7%
West Midlands	30,194	3.2%	3.9%	42.5%	45.2%	4.8%	0.4%	50.4%
Yorks/Humber	32,263	8.0%	8.0%	46.7%	33.8%	3.2%	0.3%	37.3%
Other	54,409	19.4%	7.2%	28.0%	29.8%	8.7%	6.8%	45.4%
East	4,893	8.0%	3.0%	27.9%	43.7%	9.8%	7.6%	61.1%
East Midlands	4,454	11.5%	9.0%	44.3%	25.9%	5.5%	3.7%	35.2%
London	7,262	9.0%	0.7%	6.5%	46.9%	21.2%	15.7%	83.9%
North East	3,905	54.3%	10.0%	20.5%	8.4%	2.0%	4.8%	15.2%
North West	9,010	31.9%	13.7%	32.0%	15.5%	3.6%	3.2%	22.3%
South East	6,616	6.9%	1.7%	22.0%	47.0%	11.6%	10.8%	69.4%
South West	4,805	7.8%	3.9%	29.0%	38.9%	12.4%	8.1%	59.4%
Wales	2,707	28.9%	10.0%	31.1%	23.1%	4.8%	2.2%	30.0%
West Midlands	5,158	12.8%	9.1%	44.0%	24.2%	6.0%	3.9%	34.1%
Yorks/Humber	5,599	31.1%	11.4%	31.7%	17.2%	4.8%	3.8%	25.8%
All Properties	378,167	6.2%	4.3%	29.4%	46.3%	10.8%	3.0%	60.1%

Sources: HM Land Registry Property Sales Data; ONS Postcode lookup

⁹ For a fuller explanation of the “other” category, see “[Explanations of Column Headers in PPD](#)”.

8.4 First Time Buyers and Government Housing Schemes

8.4.1 First Time Buyers

We do not collect data on the number of first-time buyers. Statistics from the Nationwide Building Society show the average price paid by first time buyers is about 20-30 per cent less than the market as a whole. As such the impacts are likely to be similar to the regional ones mentioned in section 8.3 above.

Table 7: Average Price Paid by All Buyers and First Time Buyers (2020 Q4)

Region	All	FTB
North	£137,531	£107,099
Yorks & Hside	£172,326	£124,580
North West	£176,925	£133,831
East Mids	£200,951	£160,744
West Mids	£207,603	£164,850
East Anglia	£242,804	£188,138
Outer S East	£296,291	£229,511
Outer Met	£377,677	£291,083
London	£486,562	£420,618
South West	£264,512	£207,756
Wales	£169,846	£136,714

Source: [Nationwide Building Society](#)

8.4.2 Help to Buy

The current Help to Buy scheme in England is targeted at first time buyers. It allows a new home buyer until 2023 to get an equity loan of 20 per cent of the property value up to a regional maximum ranging from £186,100 (North East) to £600,000 (London). Of the 44,000 sales in the year ending 30 September 2020, all of them would pay more under options 1 and 3 and 81 per cent would pay more under option 2. The maxima of the new scheme will mean fewer properties will fall in the higher fee bands. Recommended option 1 is the least favourable to such buyers.

Table 8: Help to Buy Equity Loan Sales Oct 2019 – Sept 2020

Purchase Price	Number	Percentage	Option 0	Option 1	Option 2	Option 3
£0-125,000*	648	1.5%	£190	£230	£190	£216
£125,001-150,000	1,558	3.6%	£190	£230	£190	£216
£150,001-200,000	6,270	14.3%	£190	£230	£190	£216
£200,001-250,000	8,051	18.4%	£270	£330	£310	£307
£250,001-350,000	13,590	31.0%	£270	£330	£310	£307
£350,001-500,000	10,361	23.6%	£270	£330	£310	£307
£500,001-600,000	3,350	7.6%	£270	£330	£310	£307
Total	43,828					

Source: [Ministry of Housing, Communities and Local Government](#)

* This cuts across 3 of our fee bands. £100-125K assumed in figures

8.4.3 Shared Ownership

Shared ownership is social home sales, where the person helped buys a percentage of the value of the house or flat and rents the remainder from a housing association. Owners can buy more shares in the property through a process called “Staircasing”. Our fees are charged on the price of the initial share purchased. For house sales there will also be a fee to pay on the final staircasing sale. So far, this financial year we have registered about 7,500 such sales, and 96 per cent of them pay less than £200,000. Volumes are skewed to high price areas such as London.

Recommended Option 1, as well as option 3 entail higher fees across the board. Most would have not paid more under option 2 because only 4% of such sales are for over £200,000. In all options because of

the way our fee structure aligns with the other policies, the less well-off (who are disproportionately also disabled and of BAME origin and of lower socioeconomic background) experience minimal change because of the staircasing process.

Table 9: Shared Ownership Sales April 2020 – January 2021

Fee Bands	Number Apr 20 – Jan 21	Percent
Up to 50K	820	10.8%
£50K - £80K	1646	21.7%
£80K - £100K	1526	20.1%
£100K - £200K	3270	43.1%
£200K - £500K	309	4.1%
£500K - £1M	6	0.1%
Over £1M	3	0.0%
Total	7580	

Source: Internal Data Report

8.4.4 Right to Buy

Right to buy was first introduced in 1980. It allows a council tenant to buy their house or flat at a discount. The Land Registry fee is charged on the discounted price. So far, this financial year we have registered 10,000 Right to Buy sales, 94 per cent of which were for less than £200,000. Therefore, most buyers would not pay more under Option 2, but all would pay more under Option 3 and recommended Option 1.

Table 10: Right to Buy Sales April 2020 – January 2021

Fee Bands	Number Apr 20 - Jan 21	Percent
Up to 50K	3554	35.6%
£50K - £80K	3112	31.1%
£80K - £100K	1035	10.4%
£100K - £200K	1679	16.8%
£200K - £500K	607	6.1%
£500K - £1M	9	0.1%
Total	9996	

Source: Internal data report

8.4.5 First Homes

First Homes¹⁰ is a new scheme, currently being piloted in Bolsover, Derbyshire, but is due to come into force in the currency of the new fee order. It is expected up to 25% of affordable housing will be First Homes. Eligible buyers can buy a new build property at least a 30% discount on the list price – with the discounted value being up to £420,000 in London or £250,000 outside London, on condition that subsequent purchasers get the same percentage discount on the market value. Like Right to Buy, our fees would be on the discounted value.

All buyers will pay more under recommended Option 1, as they would too under Option 3. Under Option 2, most buyers in London would have paid more, but many in the rest of the country would have seen no increase. Option 1 has an immaterial impact on the equalities assessment for first time buyers because it aligns with wider government policies to still support first time buyers.

8.6 Transition Costs

We expect transition costs to be similar for both Options 1 and 2.

¹⁰ For more information see Gov.UK [“First Homes”](#)

Table 11: Summary of transition costs

Category	Item	Option 1
Conveyancers	Familiarisation	£1,100,000
Conveyancers	IT System update	£325,000
Legal Software Cos	IT System update	£50,000
HMLR	Non sunk project costs	£330,000
	Total (year 1)	£2,035,000

8.6.1 Conveyancers - Familiarisation

We have estimated there are 36,000 potential conveyancers who might read new or revised guidance. Our website traffic data suggests the figure may be considerably lower, but in the absence of more detailed data we have followed the Business Impact Target guidance here that the upper bound figure should be used.

Our current online fee guidance is 4,979 words long with a Fleisch Reading Ease score of 52.7. The assumed reading speed is therefore 75 wpm.

We therefore estimate the following familiarisation costs:

Options 1-2 £1,100,000¹¹

8.6.2 Conveyancers - Other costs

There would be other costs associated with the new Fee Order.

In a survey¹² that followed introduction of the 2009 Fee Order:

- 84 per cent said they needed to make changes to internal information
- 69 per cent said they had to change the information given to clients
- 52 per cent needed to update Case Management Systems
- 43 per cent needed to update IT systems
- 20 per cent 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

Costs were mostly related to staff time with 2 hours as the average of very wide responses.

With an average of 2 hours per conveyancing firm, the associated total for the 6,000 active conveyancing firms would be £325,000¹³.

Many conveyancers use case management systems, but we understand that the required updates will be included in the annual maintenance charge made by software suppliers. This is covered below.

In an earlier survey, 15 per cent of conveyancers said they would have to update their websites to reflect the new fees. We have been unable to identify the costs involved but consider they will be minimal in most cases.

¹¹ Based on [ASHE 2020](#) costs for Conveyancers of £27.19 (including other staff cost uplift of 18.0% - [Eurostat 2019](#)). Calculation is words divided by reading speed x 36,000 x £27.19.

¹² Land Registry contacted 156 customers across different sectors of the market, of which 47 replies were received. Questionnaires sent and received by sector were: Solicitors (71, received 21), other Conveyancers (58-14), Local Authorities (16-4), Lenders (4-4), Utilities (1-1), Other including law stationers (6-3).

¹³ Based on ASHE 2020 costs for Conveyancers of £27.19 (including other staff cost uplift of 18.0 per cent).

8.6.3 Legal software suppliers and legal publishers

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. Although the changes may appear simple, some development effort may be required which can take about a month. On this basis, the total transition cost across legal software suppliers will be about **£50,000**¹⁴.

A number of publications refer to our fees¹⁵, the publishers periodically update them to reflect recent changes in all areas of practice. We have no information about the costs involved and it would be disproportionate to try to collect the information.

8.6.4 HMLR

Expenditure up to this point is treated as a “sunk cost” and are not included in the Impact Assessment costings under Treasury Green Book guidance. However, as we have made the decision to go ahead, the sunk project costs are an estimated £330,000 which can be contained within HMLR’s annual budgeting cycle.¹⁶ This is made up of full staff costs for Project, IT, Operations and Legal.

9. Assumptions, Risks and Sensitivities

9.1 Assumptions

The fee proposals are modelled on our central fee income forecasts. This is based on the number of applications by category and value we expect to receive. This is set out in the table below.

Table 12: Estimates of Casework Intakes

Value bands	New Titles		Vol FR	Dealings of Whole (Transfer/Charge)			
	All	All	All	Electronic	Electronic	Paper	Paper
	Scale 1	Scale 2	Sc 1 disc	Scale 1	Scale 2	Scale 1	Scale 2
£0-80K	178,653	21,161	13,589	98,049	315,294	1,930	15,056
£80-100K	13,270	748	1,255	40,162	54,432	790	2,121
£100-200K	69,557	1,102	3,726	259,252	213,847	5,102	8,232
£200-500K	134,905	1,386	7,059	363,946	175,009	7,162	6,852
£500K-£1M	29,005	671	2,598	77,466	25,132	1,525	1,040
£1M+	8,141	231	1,108	23,497	14,090	462	563
TOTAL	433,532	25,299	29,335	862,372	797,805	16,971	33,864

9.2 Customer Behaviour

9.2.1 Price Elasticity

The main determinants in the responsiveness of a market to price changes are

- Availability of substitutes
- Perceived necessity
- Proportion of total expenditure

In most cases there is no substitute to land registration and registration is necessary. Our fees are only a very small part of the cost of moving. Therefore, we do not think price elasticity will apply here. Table 9 below shows a 30% fee increase in 2009 did not result in changes to volumes.

¹⁴ Based on ASHE 2020 costs for Conveyancers of £27.19 (including other staff cost uplift of 18.0 per cent).

¹⁵ Examples include the Costs and Fees Service, Ruoff and Roper Registered Conveyancing, Halsbury’s Statutory Instruments.

¹⁶ Business Change Proposal, costs Aug 2018 to May 2019.

We have not done direct customer research on price elasticity, but a number of survey comments have touched on the issue. The issue is clouded somewhat by the fact that our direct customers (conveyancers) only pass on the fees paid by their clients as disbursements, and our customer surveys usually deal with conveyancers. The comments we receive suggest that increased price would not be a problem, indeed many customers would welcome this if it reduced the current waiting times to complete complex applications.

“I think, to be fair, cost is towards the bottom of (the priority list) you know. The quality of service, availability to actually talk to people, turnaround time are all much more important to us than how much it actually costs. ”

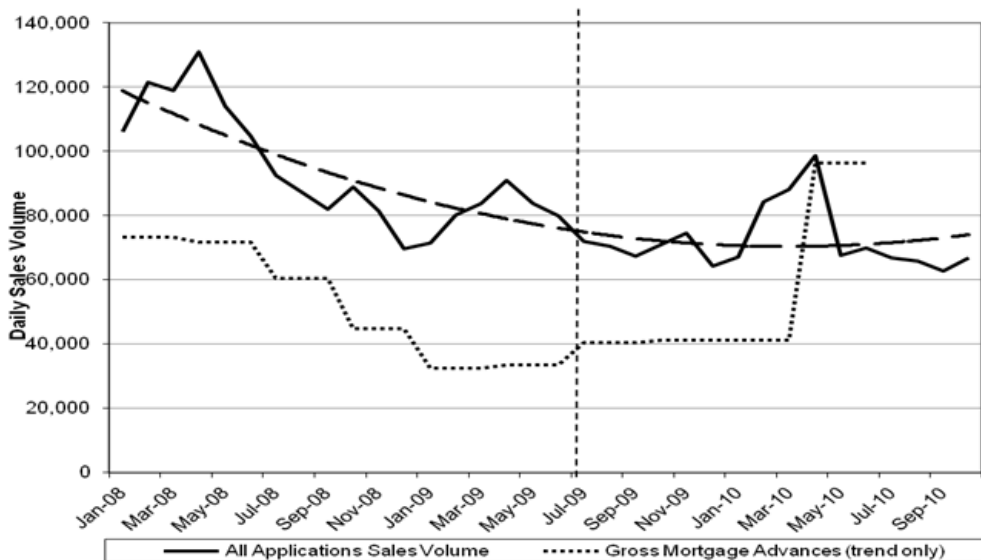
“In most of our transactions, the amount of Land Registry fee we pay is a drop in the ocean compared with the other disbursements. ”

“I can’t ever remember anybody challenging (the HMLR fee), and asking what that is. Apart from when we’ve had the transactions where we’ve had to ask them for the market value, and then they’ve said, ‘Well, why do you need to know that?’”

Customer Comments 2017

For Voluntary First Registrations, there is the substitute of not registering the land at all but to wait until there is a land transaction which triggers compulsory registration, but this did not happen in 2009 (other than a few applications being brought forward).

Chart 2: Sales volumes compared with wider market activity 2008 to 2010



9.2.2 Fee income

Our fee income and expenditure are dependent on three market variables: Volumes, types of applications, variances in house prices; and our internal running costs.

In general, our volumes of work and fee income shadow each other, and they are loosely related (with a time lag) to the UK GDP figure. This makes forecasting difficult because an under- or over-estimate may have significant effect, particularly if (as is the case) there are many properties clustered around the scale thresholds.

The Bank of England is forecasting post pandemic GDP growth of 1.75 per cent a year in 2023¹⁷, so in the normal scheme of things we would not expect a large increase in volumes and prices.

9.3 Sensitivity Analysis

Like other parts of the economic cycle, the housing market is cyclical and prone to rises and falls in volumes and, to a lesser extent, prices.

Central forecasts are inherently uncertain, particularly in periods of heightened economic uncertainty such as this. Our central revenue forecast for all registration services has a built-in tolerance of +/- 5 per cent for each of the underlying components (upper and lower forecast range in the table below). We have also modelled a further margin of error of +/- 5 per cent (max/min acceptable margin of error in the table below), resulting in a range of +/- £32m from the central forecast in 2021/22 financial year.

The increase in revenue generated by the fee proposals is based on assumptions relating to house prices growth so we have modelled the impact of changes in house prices on the total revenue from all registration services. A 5 per cent growth rate above the central forecast would increase income by £6.3m in 2021/22 and no growth would reduce it by £6.1m.

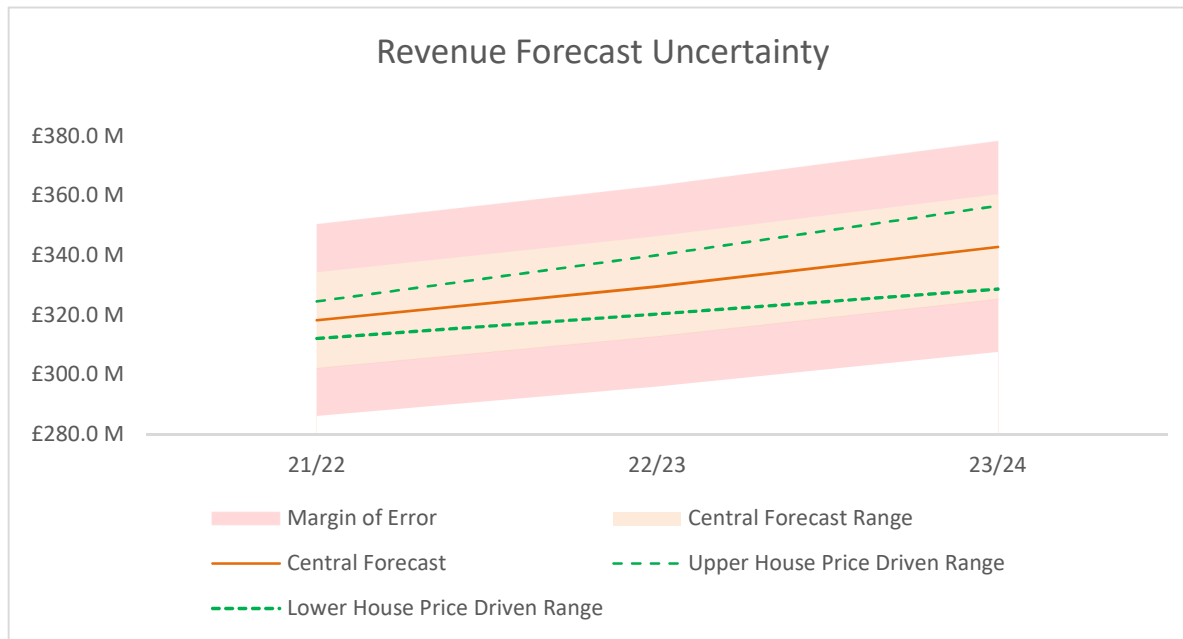
This means that there may be annual variability in income relative to HMLR's cost base but, overtime, the revenue from fees should be set at a level which covers HMLR's RDEL allocation in line with HMT expectations

Table 13: Revenue Forecast range (all registration services applications)

	21/22	22/23	23/24
Max Acceptable Margin of Error	£ 350.5 M	£ 363.3 M	£ 378.3 M
Upper Forecast Range	£ 334.3 M	£ 346.4 M	£ 360.6 M
Central Forecast	£ 318.2 M	£ 329.5 M	£ 342.8 M
Lower Forecast Range	£ 302.1 M	£ 312.7 M	£ 325.2 M
Min Acceptable Margin of Error	£ 286.0 M	£ 295.9 M	£ 307.6 M
Upper House Price Driven Range	£ 324.5 M	£ 340.1 M	£ 356.7 M
Lower House Price Driven Range	£ 312.1 M	£ 320.3 M	£ 328.7 M

¹⁷ [Monetary Policy Report November 2020](#), page 11

Chart 3: Revenue Forecast range (all registration services applications)



Notes:

The shaded areas are driven by primarily volume variance to forecast as well as some much less material variance in valuation movement.

The dashed lines represent plausible uncertainty in House Price Index (HPI) movement over the forecast period - with the upper range representing a 5 per cent growth rate a year for all housing types, and the lower range representing flat 0 per cent growth over the 3 years.

10. Equality Impact Assessment

Much of the considerations here relate to people as homebuyers.

While some of the protected characteristics are favoured by Option 2, it is important to stress that they are not disadvantaged by recommended Option 1 or the alternative Option 3 with their more uniform fee increases. In addition, Options 1 and 3 are more compliant with public policy in the form of Managing Public Money. Therefore, we do not believe any relevant equality issues arise.

10.1 Age

Younger people tend to own cheaper properties and require a mortgage (see table below). Option 2 with the higher fees for more expensive properties is likely to favour them therefore.

Table 14: Property Tenure by Age of Household Reference Person

Age	Total	Owned Outright	Owned with Mortgage	Social Rented	Private Rented
Age 24 and under	840,515	3.3%	9.3%	26.9%	60.5%
Age 25 to 34	3,323,061	4.3%	35.9%	18.0%	41.8%
Age 35 to 49	6,919,183	9.8%	53.9%	17.2%	19.1%
Age 50 to 64	6,185,697	36.8%	38.0%	15.5%	9.7%
Age 65 to 74	2,949,346	66.3%	10.2%	17.2%	6.3%
Age 75 to 84	2,234,355	69.2%	5.9%	19.0%	6.0%
Age 85 and over	913,887	64.1%	4.4%	23.4%	8.1%
Total	23,366,044	30.8%	33.5%	17.6%	18.0%

Source: Nomis (2011 Census)

10.2 Gender

The level of home ownership and property wealth is virtually the same for men and women. What is noteworthy is the significantly lower levels of property wealth for divorced and separated people.

The fee proposals are unlikely to affect any gender group disproportionately.

Table 15: Owner occupation and Property Wealth by Gender

Gender and Marital Status	Do not own property	Less than £50,000	£50,000 but < £125,000	£125,000 but < £250,000	£250,000 but < £375,000	£375,000 but < £500,000	£500,000 or more
Men (percent by category)							
Married	14	7	17	31	16	7	8
Cohabiting	32	19	19	19	6	2	2
Single	30	13	20	21	8	3	5
Widowed	31	2	18	26	15	4	3
Divorced	45	8	19	16	7	2	3
Separated	47	13	15	13	7	2	3
All men	28	12	19	23	10	4	5
Women (percent by category)							
Married	14	7	16	31	17	6	8
Cohabiting	32	19	20	17	6	3	2
Single	32	12	20	21	8	3	5
Widowed	32	1	16	30	14	4	4
Divorced	41	5	17	25	8	2	2
Separated	45	4	17	19	8	3	3
All women	29	10	19	23	10	4	5
All Persons	28	11	19	23	10	4	5

ONS: "[Wealth in Great Britain 2010-12](#)" Table 3.13

10.3 Ethnicity

We do not record the ethnicity of home buyers, so it is difficult to get detailed data. However, the table below does suggest that ethnic minority purchasers tend to buy cheaper properties, and so will not be so affected by the higher fees for properties over £200,000 in Option 2. On the other hand, option 2 would mean all ethnic groups in London would pay more than the other options. The table matches the postcode of the residential property sold with ONS data for the Middle Layer Super Output Area it belongs to. There are 7,201 MSOAs in England and Wales with an average population of about 8,000.

Table 16: Property Sales by Ethnicity of Area in England and Wales (April – December 2020)

Percentage White British	Percentage non-white British	Under £80K	£80-100K	£100-200K	£200-500K	£500K-£1M	Over £1M	Proportion >£200K	Sales
London									
		0.0%	0.2%	2.6%	48.6%	35.9%	12.8%	97.3%	32,814
0-10%	90-100%	0.0%	0.0%	4.4%	77.8%	17.8%	0.0%	95.6%	45
10-20%	80-90%	0.0%	0.0%	5.6%	76.5%	17.9%	0.0%	94.4%	340
20-30%	70-80%	0.0%	0.5%	4.0%	67.1%	27.8%	0.6%	95.6%	1,080
30-40%	60-70%	0.0%	0.2%	4.1%	62.0%	32.5%	1.2%	95.7%	2,357
40-50%	50-60%	0.0%	0.2%	3.0%	55.1%	34.0%	7.7%	96.8%	3,381
50-60%	40-50%	0.1%	0.1%	2.2%	43.7%	38.0%	15.9%	97.6%	5,534
60-70%	30-40%	0.0%	0.1%	2.2%	41.2%	38.0%	18.4%	97.6%	7,353
70-80%	20-30%	0.0%	0.1%	1.8%	39.6%	38.8%	19.7%	98.1%	6,669
80-90%	10-20%	0.0%	0.3%	3.3%	56.1%	33.2%	7.2%	96.4%	4,982
90-100%	0-10%	0.0%	0.3%	0.9%	65.7%	32.2%	0.9%	98.8%	1,073
Not London									
		4.4%	4.2%	32.7%	49.1%	8.4%	1.2%	58.7%	290,944
0-10%	90-100%	23.1%	9.0%	53.0%	14.5%	0.4%	0.0%	15.0%	234
10-20%	80-90%	21.3%	9.8%	52.8%	15.9%	0.2%	0.0%	16.1%	540

20-30%	70-80%	18.1%	11.4%	38.4%	30.8%	1.3%	0.0%	32.1%	536
30-40%	60-70%	22.7%	11.9%	42.1%	22.4%	0.9%	0.0%	23.3%	875
40-50%	50-60%	18.1%	9.2%	42.8%	27.4%	2.5%	0.0%	29.9%	1,405
50-60%	40-50%	13.8%	9.5%	41.3%	33.8%	1.5%	0.1%	35.4%	2,130
60-70%	30-40%	6.0%	6.1%	42.7%	41.3%	3.4%	0.6%	45.2%	3,643
70-80%	20-30%	6.3%	4.3%	34.5%	46.8%	7.0%	1.1%	54.9%	11,315
80-90%	10-20%	3.0%	3.4%	27.6%	51.7%	11.9%	2.4%	66.0%	37,212
90-100%	0-10%	4.2%	4.2%	33.0%	49.4%	8.1%	1.1%	58.6%	233,054
Total		4.0%	3.8%	29.7%	49.0%	11.2%	2.4%	62.6%	324,011

Sources: HM Land Registry Sales Data; Nomis (2011 Census)

10.4 Disability

Households that contain someone with a disability that limits activities a lot, are less likely to be owner occupiers. In the 2011 Census 57 per cent of such households were owner occupiers compared with 66% of the population at large. Paradoxically households with a disabled member that are owner occupiers are more likely to own outright (as opposed to owned with a mortgage), because of the older age profile of such households.

There is some evidence which suggests working age disabled people are more likely to live in cheaper properties, via social housing sales recorded by CORE. The 5.4 per cent of cases where the buyers had a disabled person in the household (see table 17) were much more likely to be living in the low value properties.

Given a slightly greater prevalence of cheaper properties, disabled people are likely to be slightly favoured by option 2.

Table17: Value of former social housing properties sold in 2016/17

Value	Disabled member of household?	
	NO	YES
Under £90K	3.7%	7.9%
£90-130K	9.3%	22.3%
£130-190K	30.4%	37.8%
£190-270K	27.9%	21.4%
Over £270K	28.8%	10.6%
Total sales	7,813	444

Source: CORE data (Continuous Recording) 2016/17

10.5 Religion or belief

We are aware of one religious based property transaction, that is Islamic Mortgages. This represents a very small part of UK mortgage market at about £500m (0.3 per cent) in 2013. Such mortgages are available to non-Muslims also. Like all other properties whether or not such transactions pay more under option 2 depends on whether the sale is for more than £200,000.

10.6 Sexual orientation

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

10.7 Pregnancy or maternity

We are not aware of any pregnancy or maternity impacts arising from the fee proposals.

10.8 Gender reassignment

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

11. Economic impacts

11.1 Competition and small firms

Competition and small firm issues are only engaged if the fee order created advantages for one group of commercial customers over another. We do not believe our proposals do this at all. Whilst the fee is charged to the businesses, we expect that they pass the full amount on to their customers.

11.2 World Bank Doing Business report

Our fees have a small effect on the UK's score in the World Bank's annual survey. One of the criteria is "registering property". In this they ask countries to work out the complexity, legal costs and time taken of buying a commercial property which is already registered in the main business city (i.e. London for the UK) which costs 50 times the average annual wage (in 2018 this was £1.46m). It is assumed the company buyer does not need a mortgage.

All options will have a small negative effect, Option 2 slightly more so than the others. Thus, the fee proposals should not affect our international standing significantly, because our fees represent such a small proportion of the total costs. Overall the UK is 7th in the world in the Doing Business Survey, but only 47th when it comes to registering property. The reasons for this are largely unrelated to HM Land Registry.¹⁸

12. Environmental impacts

There are no significant environmental impacts associated with our fee proposals.

13. Social impacts

13.1 Health and Wellbeing

We are not aware of any impacts under this heading.

13.2 Human Rights

We are not aware of any impacts under this heading.

13.3 Justice System

Some of our applications are to put into effect orders of the court, or legal administrative orders such as legal aid charges. In 2019/20 we registered 146 statutory charges (scale 2 fees), most of which would have been for less than £200,000. Therefore, recommend option would favour such charges.

13.4 Rural Proofing

Because rural properties tend to be more expensive, option 2 will favour urban areas (with the exception of London). The table below shows the rural/urban classification of the ONS output area corresponding to the postcode of the residential sale.

Table 18: Property Sales by Rural/Urban Classification in England and Wales (April – Dec 2020)

Category	No. Sales	£0-80K	£80-100K	£100-200K	£200-500K	£500K-£1M	Over £1M	Percent >£200K
A1 Urban Major Conurbation	60,742	6%	6%	39%	38%	8%	2%	49%
A1L Urban Major Conurbation London	28,044	0%	0%	3%	50%	36%	11%	97%
B1 Urban Minor Conurbation	10,745	7%	9%	53%	29%	2%	0%	31%
C1 Urban City and Town	154,578	4%	4%	32%	52%	7%	1%	60%
D2 Rural Town and Fringe	37,747	4%	3%	29%	55%	8%	1%	64%
E1 Rural Village	21,031	1%	2%	18%	58%	18%	3%	79%
F1 Rural Hamlet and Isolated Dwellings	10,871	1%	1%	14%	55%	24%	5%	85%
Grand Total	323,758	4%	4%	30%	49%	11%	2%	63%

¹⁸ World Bank: "Doing Business 2018"

Sources: HMLR Property Sales Data; ONS Postcode Lookup