

HM Land
Registry



Annual Report and Accounts 2017/18

Transformation underway

HC1118

HM Land Registry Annual Report and Accounts 2017/18



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

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Cover: Tate Modern, London. As part of the recent project to transform Tate Modern, which included the construction of the new Blavatnik Building, a number of land transactions were undertaken. HM Land Registry registered various changes in ownership. Photo: Iwan Baan

This page: Andrew Shiels/Shutterstock



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Performance report

HM Land Registry

at a glance

Our ambition

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

Our mission

Your land and property rights: guaranteed and protected.

Our primary role

We register ownership, interests, and mortgages and other secured loans against land and property in England and Wales. In doing so we:

- provide a reliable record of ownership of and interests affecting land and property;
- provide land and property owners with a title which is guaranteed by the state; and
- provide the security for the financial sector to lend with confidence.

Our values underpin everything we do

- We give assurance
- We have integrity
- We drive innovation
- We are professional

Our statutory duties

HM Land Registry was established in 1862. We are a non-ministerial government department, an executive agency (since 1990) and a trading fund (since 1993) that makes no call on funds voted by Parliament.

The Land Registration Act 2002 empowers us to deal with “the business of registration” and is our primary governing statute. Our income from fees covers all of our costs under normal operating conditions.

The head of HM Land Registry is the Chief Land Registrar, appointed under statute by the Secretary of State for Business, Energy and Industrial Strategy (BEIS) who has Parliamentary responsibility for HM Land Registry and for the legislation under which we operate.

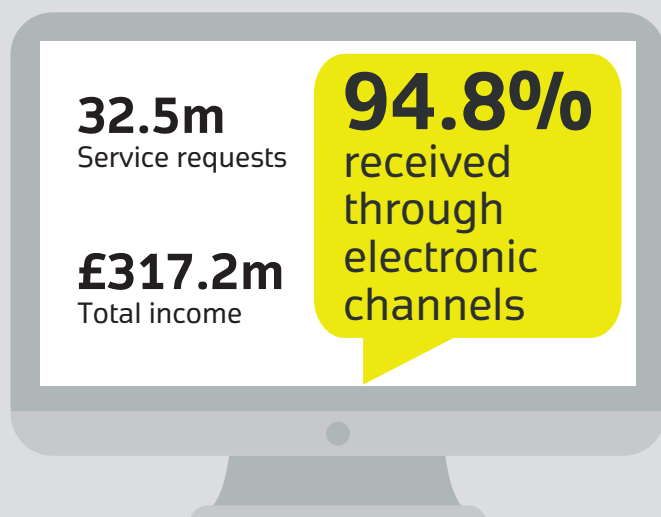
The Infrastructure Act 2015 enabled HM Land Registry to undertake new services that would further improve the conveyancing process or benefit the wider property sector.

Our ambition to become the world's leading land registry for speed, simplicity and an open approach to data was announced by the Government in February 2017, which was followed by the publication of HM Land Registry's Business Strategy for 2017-2022 in November 2017.

Our services

Since 1862 we have provided trust and confidence to owners and buyers in the property market of England and Wales by safeguarding ownership and interests in land and property through our expertise in compiling and maintaining an accurate record of who owns what. This register of property ownership, valued at over £4 trillion, is underwritten by an unlimited guarantee which enables approximately £1 trillion worth of personal and commercial lending to be secured against property. Registration of mortgages and loans underpins the financial sector and supports economic growth and prosperity.

Critically we also provide property information that influences the decisions of property buyers, sellers and legal and financial institutions. Solicitors and conveyancers come to us on behalf of their clients to search our records to find out as much as possible about the property.



Customers who rate our services as good, very good or excellent

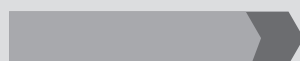
92%



Registered titles

25.2m

Employees
5,216
(4,719 full time equivalent)



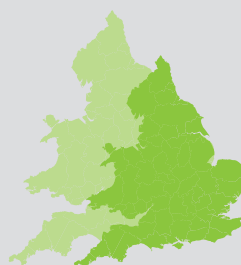
Male Female
39.9% **60.1%**



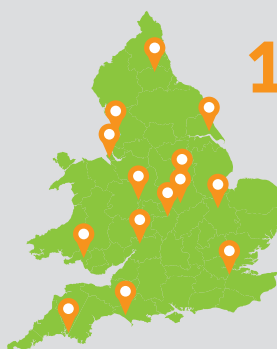
Part-time
32.6%



Apprentices
321



Registered land in England and Wales
85.4%
12,920,340 hectares



14 locations

£88,832
raised for charity



Register change services

When things change the register needs to be accurate. Properties are sold, homes and office buildings are remortgaged, owners get married or property is transferred when owners pass away. When buildings are split into flats, portions of land are sold on and new developments completed, new titles need to be created. Changing the register can be complex so this is where our expert caseworkers focus their technical knowledge and experience.

Register update

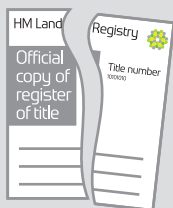
£150.3m



Intake volume
5m

Splitting freehold titles

£34.2m



Intake volume
0.2m

New lease

£29.7m



Intake volume
0.2m

First registration

£17.1m



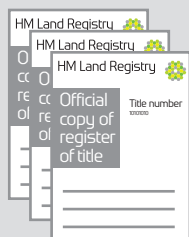
Intake volume
0.1m

Guaranteed queries

Our registration check, official copies and 'search and hold' services provide protection and assurance to property professionals and citizens by protecting transactions while the transfer is completed. These services are largely automated so customers can get their results instantly, making conveyancing faster.

Official copies

£46.4m



Intake volume
15.5m

Search and hold

£7.6m



(Provides details of recent official requests and stops the register from being updated by anyone else for 30 days)

Intake volume
2.5m

Registration check

£1.1m



Intake volume
0.8m

Information services

We hold one of the largest transactional geospatial property databases in Europe and since 1990 our register has been open to the public. Our online services let people check whether a property is registered (without the specific details), check the progress of their request and receive notifications to protect their property against fraud for free. For a small fee anyone can get an instant snapshot of the details for any registered property.

Views of the register

£19.1m



Intake volume
6.4m

MapSearch (PDF)



Intake volume
1.2m

£

Income
£317.2m

£

Operating costs
£257.4m

£

Dividend
£28.7m

£

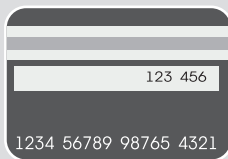
Operating surplus
£59.8m

Other services

Our digital Land Charges service protects certain interests in unregistered land and we maintain the bankruptcy index for England and Wales. Our Agricultural Credits Department is responsible for maintaining a register of short-term loans secured on farming stock and other agricultural assets.

Land Charges and Agricultural Credits

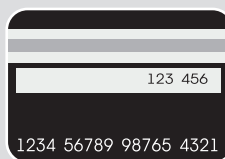
£6.9m



The information in our register is valuable to a wide range of users from property professionals and financial institutions through to tech start-ups and infrastructure specialists. Our data, available directly from us or via tech intermediaries, enables property technology (PropTech) entrepreneurs to create new products, allows buyers and lenders to make more informed decisions and facilitates transparency to combat fraud and corruption.

Commercial services

£5.8m



Our role in the property and financial markets

Looking for a property

Arranging a mortgage

Before the exchange

Exchange of contract

Completion

Living and working in the property

What our customers ask

- what's available close to home?
- how big is the garden?
- how big is the car park?
- how much can I borrow?
- what's the property worth?
- is the land registered?
- who owns the property?
- is there an outstanding mortgage?
- is the offer protected?
- has the seller's conveyancer searched the register?
- has my loan been registered?
- has the sale of the property been completed?
- are my details up to date?
- how can I stop myself being a victim of property fraud?
- I need to remortgage



How we help at every stage

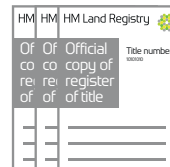
- register view
- price paid data
- land charges search
- house price index
- bankruptcy search
- registration check
- official copy
- document view
- search and hold
- register update
- register create
- Property Alert
- register updates

Our strategy



Brilliant at the basics

Becoming more customer focused and efficient in delivering land registration services; upholding our core values at all times.



A comprehensive register

Creating a more definitive record of property ownership in England and Wales.



World-leading through Digital Street

Our Digital Street research and development project will put us at the forefront of global land registration innovation.



Opening our data

Maximising the use of our data for the benefit of wider society and to drive innovation in the digital economy.



Expert people

Modernising and reshaping the organisation, empowering our people, developing our skills and building our capacity.



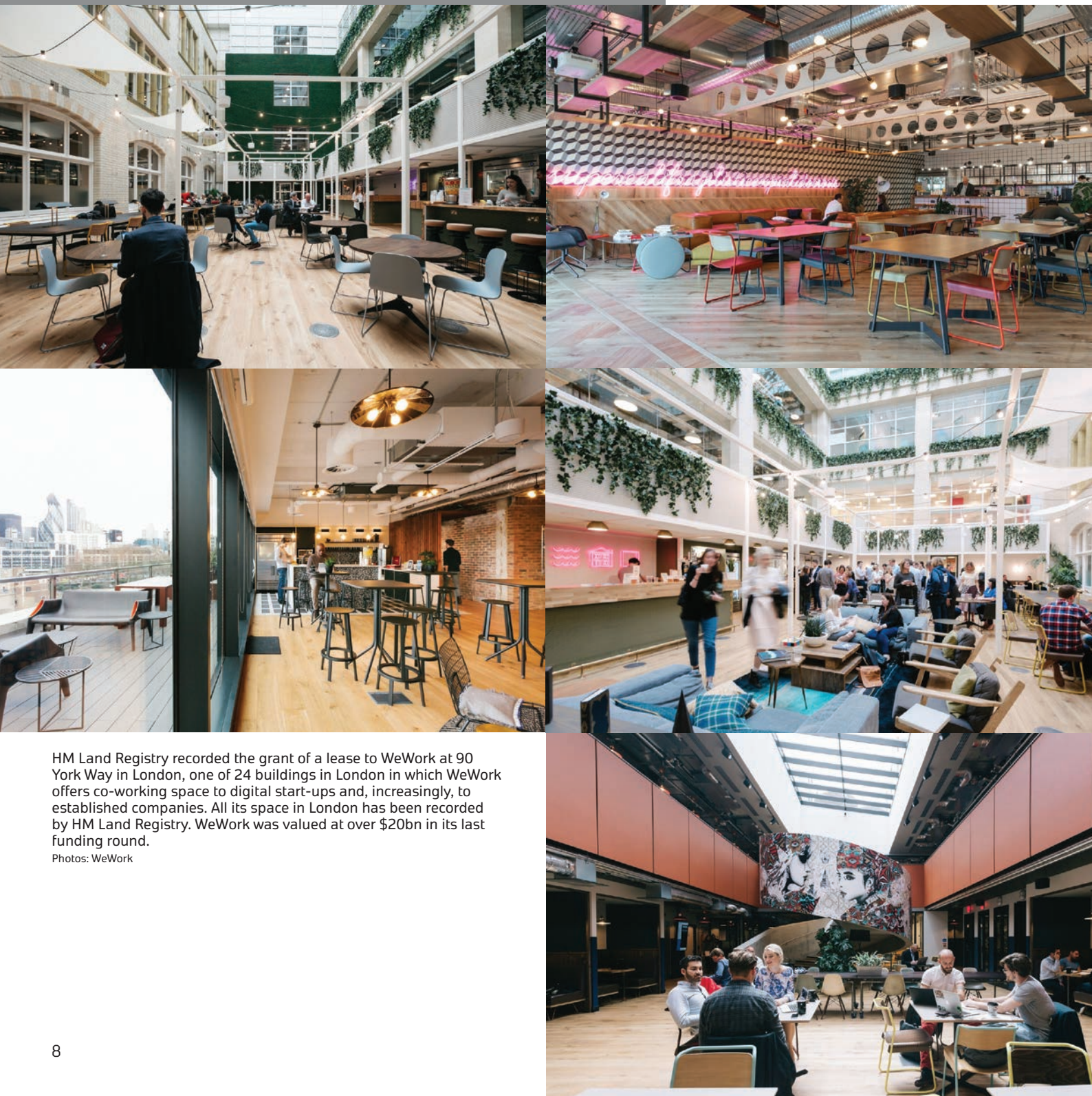
Financially strong

A robust financial plan to ensure our aims are affordable, deliver value for money and can respond to fluctuations in the market.

Foreword

Chair's statement by Michael Mire

“Geospatial intelligence for the nation”



HM Land Registry recorded the grant of a lease to WeWork at 90 York Way in London, one of 24 buildings in London in which WeWork offers co-working space to digital start-ups and, increasingly, to established companies. All its space in London has been recorded by HM Land Registry. WeWork was valued at over \$20bn in its last funding round.

Photos: WeWork



Michael Mire Chair of HM Land Registry

➔ Our strategy, which we published in November, sets out how we will achieve our ambition to become the best land registry in the world for speed, simplicity and an open approach to data.

Transformation is well underway. 'Digital Street' has captured the imagination of lawyers, bankers and companies by defining how blockchain, artificial intelligence and machine learning can revolutionise the property market and make it the most efficient and frictionless anywhere. We have already reshaped the law to enable digital conveyancing and achieved a historic milestone by accepting the first ever digitally signed mortgage in the UK.

The geospatial data in our register underpins Britain's land and property intelligence. That is why HM Land Registry is a founding member of the new Geospatial Commission through which we will maximise the value of our data by linking it with other government and private sector data to create an unrivalled source of geospatial intelligence for the nation.

Our data is already propelling the growing digital economy through a new wave of PropTech entrepreneurs. This year's Geovation challenge winners have raised over £1 million worth of investment through reimagining the use of HM Land Registry's data to create innovative products and services for the property market.

To take us through our transformation we have put together a leadership team including new non-executive board members from FTSE 100 companies, like Aviva and Land Securities, and from technology leaders like Amazon, to sit alongside HM Land Registry's own expertise from across government to create one of the strongest boards in the public sector.

HM Land Registry is not forgetting the here and now. Our Model Office programme and our new executives are surfacing and tackling inefficiencies in the organisation, reducing bureaucracy and promoting diversity. While customer satisfaction is good overall, only a minority of our customers say it is excellent.

Digital is where the future lies but HM Land Registry is a critical component of national infrastructure today. Unless HM Land Registry functions effectively the residential and commercial property market, and financial institutions whose economics are based on mortgages and other collateralised lending, would be severely impaired. Our new board members, and our new management team, are determined that what we do tomorrow is not at the expense of what we need to do today.

I also know that HM Land Registry is completely dependent on our frontline colleagues whose expertise is crucial to our performance. They do amazing things every day, often using inefficient and outdated systems. The way they are coached and led is sometimes old-fashioned.

I read every blog response and recognise how frustrated many colleagues are. We are putting this right through more effective operational management and new casework systems that ensure our people do not feel they are wasting their skills or wasting their time.

But our strategy also involves radical change. HM Land Registry has the opportunity through new technologies to shape the future of the property and financial markets. When citizens, firms and government buy, sell, lease or borrow against property in future they will have a far simpler and quicker experience.

We are determined as well that all the locational intelligence which customers need during property transactions are available in one place. HM Land Registry is going to be a model of how a public service with public service values at its heart can become a world leader in the digital economy.

Our transformation is therefore not blue-sky. It is grounded in the reality of what HM Land Registry needs to do right away for customers and colleagues. You can read about these important programmes in this Annual Report.

Michael Mire

Overview

Interview with Graham Farrant,
Chief Executive and Chief Land Registrar

“Our strategic intent is to make conveyancing simpler, faster and cheaper by becoming the world’s leading land registry for speed, simplicity and an open approach to data”



Media City, Salford: X1's Media City Tower 1 is the first tower built as part of the Media City development that is already home to buildings for BBC and ITV television. This includes one of the largest mixed-use developments in the north-west of England and its silhouette dominates the Salford Quays skyline. The four distinctive towers will comprise a mix of apartments, commercial and retail units, with underground parking alongside an on-site gym and cinema. We quickly developed an effective working relationship with the solicitors to obtain site layout information to enable us to plan for the registration. This enabled us to resolve any issues up front and develop standard register creation processing instructions to enable our most junior colleagues to process the work. As well as being cost effective for HM Land Registry this pre-planning and engagement enabled improved customer service.

Photo: Knight Knox



Graham Farrant Chief Executive and Chief Land Registrar



Has the past year been a successful one for HM Land Registry?

Yes, I would definitely say HM Land Registry has had a successful, and in many ways a milestone, year.

We delivered 10 of our 11 key performance indicators with record results for casework quality, colleague engagement and leadership. The one key performance indicator we missed was our speed target for registering new titles, but we hit our speed targets for all other types of applications and our information services.

We also made significant improvements to our processes for complex cases and reduced our timescales significantly, meaning we only narrowly missed this year's target and are well on course to deliver our target for next year. Our customers have recognised our improvements with a 92% satisfaction rating, all while we are delivering new data products and digital initiatives to support our transformation.

We have continued to invest in the development and progression of our existing expert colleagues, as well as recruiting high calibre people into HM Land Registry. I was honoured to sign and present over 100 long service awards to our loyal and dedicated land registration experts who have spent more than 40 years with us.

We continue to emphasise our purpose, which is why our 2030 target to achieve comprehensive registration is so important. Comprehensive registration of land and property interests in England and Wales was our original purpose back in 1862. It took almost 100 years to register the first million titles but as we turned 155 years old we marked the milestone registration of our 25 millionth title and reached the landmark of 85% of the land mass now being registered.

Can you pick out one highlight from this year?

There have been so many highlights, from the awards we have received through to the first mortgage being digitally signed and the graduation of our apprentices who will be the future of our organisation. However, I

think the main highlight for me was launching our five-year Business Strategy.

Last November at our annual stakeholder event, our Minister, Lord Henley, and I proudly announced our ambitions for HM Land Registry to our stakeholders against the historic backdrop of the Royal Society in London.

Our strategic intent to make conveyancing simpler, faster and cheaper by becoming the world's leading land registry for speed, simplicity and an open approach to data was warmly welcomed by all and our plans for comprehensive registration to support housing development were already well understood.

How did people react to the five-year Business Strategy?

Being able to publish an ambitious strategy that gives genuine clarity about how we will deliver on our mission and our values was incredibly powerful for our colleagues, our customers and our stakeholders.

I regularly meet with our stakeholders and our customers and they have all supported what we are doing, but maybe that is because we consulted extensively with them in developing the new strategy.

For our colleagues we had been openly talking about our strategy as we were developing it, taking account of their experience and knowledge of land registration, so it was no surprise when our first internal survey showed that colleague awareness was at 83% and understanding was at 75%. Our strategy has been downloaded thousands of times but I would like those internal indicators to be even higher so the directors and I will be spending more time talking to our colleagues to make sure they understand every element of our plans.

What are the highlights of the strategy?

We have a very clear remit set out in our strategy and our main focus will be to ensure we are brilliant at the basics of land registration, but we are also leading the industry through new digital services such as Local Land Charges, pioneering research through Digital Street and the release of new datasets. We want to work alongside our partners and stakeholders to move forward on adopting digital technology to change the way people transact with property.

Our profile is definitely growing. Whether it is requests for media interviews, speaking opportunities or invitations for wider collaboration across the property sector, it certainly seems that our aims and ambitions are more widely known and understood than ever before. I have even had stakeholders quoting our ambition back to me as they suggest further changes that we could support across the conveyancing industry.

People are excited to work with us, and for us, because we have a truly exciting agenda they want to be part of.

Do you have the right team to successfully transform HM Land Registry?

This year our focus has been to ensure we have the right people in place, and the capacity to fully deliver our ambitions in line with our strategy.



We have welcomed a new team of executive directors, non-executive board members and deputy directors who bring a wealth of experience from across a varied and impressive portfolio.

However, it has not just been about refreshing the senior management. As part of a strategic workforce plan we have welcomed over 600 new colleagues into the organisation at all levels, including apprentices. We have also invested in the development of our colleagues' skills and empowered them to deliver change by giving them the space and freedom to innovate and operate.

How have you managed the impact of change with colleagues?

All of this has been delivered as part of our new People Strategy, which underpins our Business Strategy. Our people-focused change framework really helps to implement change in a constructive and supportive way with our casework and support teams.

Our dedication to the people outcomes of transformation has been recognised with a Public Services People Managers Association (PPMA) award for Sustainable Transformation and a personal award for our HR Director, Caroline Anderson, who won the prestigious PPMA award for Public Sector HR Director of the Year.

Overall, we have had a great year and we have delivered a lot of change, but we know we still have a long way to go. As a Board we know that none of this would be possible without the dedication and professionalism of our colleagues across every part of our organisation. In casework and support services our colleagues have gone the extra mile to deliver against an ambitious plan for the future.

What are you most looking forward to over the year ahead?

Our primary focus will always be the delivery of core land registration services as that is central to our pivotal role in the property and financial markets. Along with a continued focus on operational excellence we will be seeing our transformation continue as we enhance and expand our digital services, release more data and improve our customer service to make the conveyancing process simpler, faster and cheaper.

We also are keen to start work with the Geospatial Commission. We are one of six initial government bodies working together with the new commission to maximise the value of all UK government data linked to location, and to create jobs and growth in a modern economy. An open approach to data is a key ambition for us so I am excited about what we can achieve together.

I am also really interested to see how the next cohort of PropTech start-ups fare as part of the Geovation programme we run jointly with Ordnance Survey. By providing our support, funding and access to our data HM Land Registry is really helping these new businesses grow and provide interesting and innovative new products into the emerging digital market. Our first round of three start-ups have all received further investment totalling more than £1 million so it will be a good challenge to see what we can do to help our new round of start-ups to live up to their success.

So on the back of a good year and the launch of our new Business Strategy I want to set even higher expectations for the future. We will continue to progress and to change the way we work, alongside stakeholders and partners, to make conveyancing faster, simpler and cheaper and move HM Land Registry towards being the world's leading land registry for speed, simplicity and an open approach to data.



BBC Television Centre, White City, London: The regeneration of the former BBC Television Centre will provide more than 900 homes, offices for the creative industries and a wide range of leisure facilities including a hotel, health club, restaurants and cinema. Our Plymouth Office is registering the leases.

Photo: BBC



“This year our focus has been to ensure we have the right people in place, and the capacity to fully deliver our ambitions in line with our strategy”

Our Non-Executive Board Members



Diana Breeze

Diana is the Group HR Director of Land Securities Group where she is a member of the Executive Committee and attends Investment, Remuneration and Nominations Committee meetings. Prior to this, she was Director of HR (Corporate) at Sainsbury's, after a period in consulting with Accenture, where she specialised in organisational design and development. Diana began her career on the graduate programme of the John Lewis Partnership.

"HM Land Registry has created a very aspirational and ambitious agenda for itself – radically streamlining its processes in the short term, while harnessing the latest new technology to transform them in the medium to long term. That's pretty exciting and will require the workforce to not only learn new skills but to build further upon the deep expertise and embedded customer service ethos that it already has."



Kirsty Cooper

Kirsty is Company Secretary and General Counsel for Aviva, the UK's largest insurer, where she has more than 25 years' experience at Aviva. She established the legal and secretarial function as a global team and her responsibilities include the provision of legal services, company secretarial services, public policy and corporate responsibility. Kirsty is a member of the Board of Trustees of the Royal Opera House and has previously served on the Board of the English National Ballet. In 2016 and 2017 she served as a member of the Dormant Assets Commission, which reported to Government in March 2017.

"HM Land Registry has a rich heritage, but I am impressed with its focus on the future. I have a legal background but want to bring in a customer perspective, appropriate challenge and a long term vision for making the most of this vital organisation."



Doug Gurr

Doug is Amazon UK Country Manager. He joined Amazon in 2011 and was President of Amazon China from 2014 to 2016. Prior to Amazon, Doug was a senior executive and board member at Asda after founding his own tech start-up and working as a Partner at McKinsey & Co. Doug has two degrees in Mathematics from the University of Cambridge, and a Doctorate degree in Computing from the University of Edinburgh. Outside work, Doug is Chairman of the British Heart Foundation and in his spare time has completed 12 Ironman triathlons.

"It is an opportunity to help support a radical digital transformation in the public sector, delivering digital services in a very traditional industry."



Angela Morrison

Angela is the Technology and Supply Chain Director for Debenhams. Angela has executive committee experience at two FTSE 100 companies, as the Chief Information Officer for Sainsbury's and then for Direct Line Group. At Direct Line, Angela led the migration of Direct Line's system from Royal Bank of Scotland (RBS) and the development of their corporate social responsibility strategy. For the last 11 years Angela has sat on the Advisory Board for The Tech Partnership (previously E-skills), working with peers and counterparts in the information technology (IT) service sector to improve IT skills in education and the workplace.

"I want to offer my experience of system-enabled business transformations, as people and process are critical to the success of any new system. It's the opportunity to be part of a significant digital transformation of an organisation that is the backbone of the UK. Literally!"



Chris Morson

Chris has spent much of his executive career in financial services. Most recently he has specialised in digital transformation at scale, as Managing Director of the digital business of RBS/NatWest and then at Virgin Money. Chris is also a Non-Executive Director at the Money Advice Service and the Driver & Vehicle Licensing Agency.

"I wanted the chance to work on transforming HM Land Registry into an organisation that will revolutionise the way individuals and businesses transact in property – to make it so much simpler, faster and better. Plus, it's a great opportunity to make the UK a world leader in this area. What's not to love about that?"



Claire Wren

Claire is a member of UK Government Investments (UKGI) and represents the interests of the Secretary of State for Business, Energy and Industrial Strategy. Prior to joining UKGI she worked at HM Treasury for nine years on a range of issues including industrial strategy, migration, establishment of the Asian Infrastructure Investment Bank and (separately) establishment of the Office for Budget Responsibility. Before joining HM Treasury she worked at a think tank researching the role of Parliament in foreign policy. Outside of work she has been a board member of a housing association for 12 years.

"I am there to help ensure a strong link between HM Land Registry and wider government. This is particularly important as its work is relevant to a range of government interests from effective mortgage markets to housebuilding."

Brilliant at the basics – by design

Chris Pope, Chief Operations Officer

“Our customer satisfaction scores now exceed our target, and the quality of our work is at a record high”





Chris Pope Chief Operations Officer

➔ The operations of HM Land Registry are a demanding balancing act. On the one hand there is the skilled processing of changes to millions of entries in the register which are critical to the smooth functioning of the property market. On the other hand, we need to transform and improve the way we operate.

We began the year with a significant backlog of register create applications. The average age of these applications from receipt by HM Land Registry was 34.4 days.

Despite a year with higher service demand than in recent years, the average age of register create applications is now down to 26.3 days and we have reduced our backlog by more than 50%. But these improvements have not been achieved at the cost of quality or service. Our customer satisfaction scores, which had previously dipped reflecting particular concern around our speed of service, now exceed our target, and the quality of our work is at a record high.

We devoted considerable resources to improving our operational performance supported by the commitment and ideas of our caseworkers with more than 500 apprentices and registration officers arriving during 2017/18, training and further enhancing the skills of our experienced colleagues.

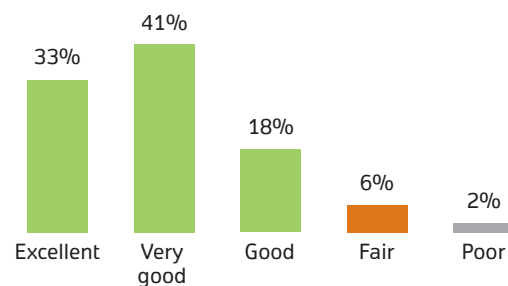
However, missing just one critical target highlights the importance of why we need to make changes. We know that eventually new digital systems will transform our work. But without changing now we risk digitising existing processes rather than becoming brilliant by design.

To be brilliant at the basics we are redesigning and reshaping how we are organised for operational delivery, delivering sustainable benefits in the short term while supporting further digitisation in the future.

Improving our customers' experience

Our changes have not just been about improving the efficiency of our internal operational processes but also improving the experience for our customers. As a result, our customer satisfaction scores have risen to 92% exceeding the target of 90% we set ourselves at the beginning of the year.

Customer satisfaction 2017/18



Design Museum, London: The former home of the Commonwealth Institute stood vacant for over a decade before it was transformed into a building fit for a 21st century museum while retaining some of the key architectural features of the building including the Grade II listed distinctive copper roof. The lease was registered by our Fylde Office.
Photo: Design Museum/Gravity Road

We are finalising our new Customer Strategy and have already started making changes to improve our customers' experience.

We process hundreds of thousands of service requests every month so there is often a need for customers to contact us. Customers used to have to call individual teams at specific offices on over 100 different phone numbers and this became a cause of frustration.

This year we centralised customer service into a Customer Support Centre, split between our Swansea and Durham offices. Teams include experienced land registration experts so they are able to handle most queries efficiently and promptly. They refer queries on to case owners only where necessary so they can focus on applying their skills, expertise and judgement on processing new applications. We will be developing our Support Centre colleagues' customer skills and investing in new technology to ensure we provide the level of service our customers expect and deserve.

While the vast majority of our work involves more straightforward updates such as remortgaging or transferring ownership, some customers' needs are very different from the standard conveyancing process.

Larger-scale home builders and infrastructure providers have registration needs that are complex, require more consideration and need greater expertise than register updates. To support developers we have created expert teams to assist with their land acquisition decision making and estate planning. Examples range from HS2 to the transformation of the former Hendon Police College site into a large-scale residential development.

By standardising the work associated with site acquisition, plot processing instructions and training paths, we have a more fluid system and more consistent outcomes for our customers. We are exploring ways we can further digitise the process and how additional digital services can improve the experience even more.

HS2 – our biggest ever infrastructure project

High Speed 2 (HS2) promises to be the biggest infrastructure registration project in our history. We are making sure that the ownership of new assets is crystal clear. This is a huge undertaking as more than 30,000 interests for property details for nearly 350 miles of route, connections and depots will be delivered over the next ten to twelve years.

An expert team based at our Swansea office will smooth and simplify the conveyancing process for this high-profile national project. Drawing on expert experience gained from similar projects such as High Speed 1 and Crossrail, a core of senior caseworkers and lawyers will be joined by other colleagues as the work increases.

We have laid the groundwork through a series of meetings with the HS2 team and their representatives to discuss the registration process and agree what our approach will be in complex areas such as easements and restrictions.

"We have built a strong relationship with the HS2 team," said Senior Caseworker Kevin Barry. "We have started to receive the first applications, mainly relating to sites around Euston Station in central London, and we will see a significant increase as HS2 acquires the land between London and Birmingham as part of Phase One of the HS2 scheme. Our task is to make delivery of HS2 as seamless as possible."



Getting things right first time

Currently 20% of all applications require further enquiries to seek clarification or request missing information. New and improved digital services will reduce the potential for these mistakes to occur but there will always be areas where errors or wasted work can occur, so we will work with our customers to help them know what, and when, they need to submit so they can get it right, first time, every time.

Reducing the number of application enquiries will reduce the overall cost of conveyancing, enable our colleagues to process applications faster and ensure customers and businesses are getting the best value for money for the professional services they pay for.

We have started sharing data with some of our customers, so they know more about the application enquires we are making with them. We are working with stakeholders in the industry such as membership bodies and regulators to publish customer performance data. This transparency supports our wider ambition for an open approach to data and enables us to work across the industry to improve error rates and information gaps.

Dealing with complaints

We treat customer complaints seriously in HM Land Registry.

We recorded 2,712 complaints in 2017/18 compared with 2,464 in 2016/17. The overall proportion of upheld complaints was 42%.

Our Independent Complaints Reviewer (ICR) provides a free and impartial review and resolution service for any customer dissatisfied with how we have handled their complaint. As well as making recommendations to us about individual customers they also propose actions to improve our practice and procedures to reduce the risk of making the same mistakes again.

Copies of every ICR report are forwarded to a committee of senior colleagues to consider any findings. Where complaints are upheld, the Chief Executive writes directly to the customer to apologise and explain what we will do to put matters right.



Colindale Gardens: More than 3,000 residential and commercial plots form 24 phases of development over the next 10 to 15 years at the Hendon Police College site. Our experts made recommendations to the developer on the creation of multiple parent titles and gave guidance on requirements which have enabled the conveyancing process for subsequent house sales to be simpler, faster and cheaper for all parties. Photo: Redrow



Model Office – where our colleagues make us more efficient

Angie Clarkson, Deputy Director,
Registration Services



Core registration services are undertaken across all 14 of our locations, involving more than 3,500 colleagues. Workload types, volumes of work, colleague numbers, grade and skills mix and team structures vary by location so while historically all locations complete a range of core registration work, no two offices are organised in the same way.

This year we have been investigating how we can work more efficiently, effectively and consistently through our Model Office continuous improvement initiative.

Durham and Plymouth colleagues have been testing and implementing a range of new ways of working including new structures, processes, roles and responsibilities. Ideas come from the frontline who have embraced the 'agile' principles from our digital colleagues; if new ideas fail, they quickly move on and try something else. Successful ideas that increase productivity, drive efficiency, improve effectiveness and support colleague engagement are then rapidly rolled out and adopted across the organisation.

By empowering our experts to identify, test and shape how they work we not only improved our outputs but we are creating a culture of positive disruption and innovation. Next year we will be building on the work to standardise manual processes, redesigning the way work is allocated to colleagues, and looking at the digital tools and systems caseworkers use every day. Working closely with our digital colleagues we are focusing on those processes which are unlikely to be fully automated in the short to medium term, maximising the value of the productivity gains.

Durham Castle and
Cathedral
Photo: Travelight

Durham and Plymouth colleagues improve work allocation

A trial approach to managing the allocation of Register change services was inspired by feedback from caseworkers at Durham Office. The trial tested an initial 'triage' of applications to ensure they are handled by caseworkers with the right skills and experience.

Durham led on process mapping and data gathering to reduce variations and inconsistencies in practice across our teams and offices. Cases were triaged into categories of basic, standard and complex using criteria set by the caseworkers themselves. They then selected work from the appropriate list depending on their skills and experience which caseworkers said really helped build their confidence. The initial trial at Durham delivered a productivity uplift in addition to which feedback from caseworkers said it had really helped build their confidence. We are testing this further at other locations before considering rollout.

A further idea from Plymouth involved rotating from one type of casework to another on a weekly rhythm, giving a predictable time to focus on each type of work. Teams valued being able to focus on a case type for longer, developing their skills, confidence and speed. The idea has been rolled out across all offices which has already resulted in a 14% productivity uplift in the teams who process work in this way.

"I really enjoyed taking part in the trial looking at an initial triage of applications. Categorising work allows people to be more in control of their own development and build their confidence. It wasn't perfect, but the majority of cases I completed under the trial were far more suitable to my current technical ability and confidence, and I felt the referrals I did have to make were the right ones." – Caroline Oram (Executive Registration Officer Training Instructor at Durham Office)



Achieving comprehensive registration

Maggie Telfer, Deputy Director,
Register Completion



➔ Registering all of England and Wales was what we were founded to achieve in 1862 so for us completing the registration of all land and property is actually our core business. Today our register holds 25 million title records covering 85% of the land mass of England and Wales.

Creating a land title for the first time involves our caseworkers working their way through paper deeds to ascertain the history of the property or estate. It is time consuming and often complex work but ultimately it is what we are uniquely here to do.

Our Register Completion team is making progress on our strategic aim to register all land and property in England and Wales by 2030. We want to create a comprehensive register of freehold land where the owner is known, and the extent of their ownership can be geospatially defined.

Our first targets are to complete the registration of publicly held land in areas with the greatest housing need and the registration of all local authority housing stock by 2020.

We have worked with the Ministry of Housing, Communities and Local Government and the Office of Government Property to create a list of all unregistered public land which will be the starting point for the landowners to identify their priorities for registration.

Our Public Sector Engagement Team has been talking to the top 51 local authorities in terms of highest housing need to assess what support they need in the registration process and we have started pilots with four local authorities.

Working with National Grid

The £13.8bn sale of the UK Gas Distribution business to a consortium of infrastructure investors was a huge undertaking for National Grid. The Gas Distribution business comprises around 15% of the UK's energy infrastructure. Our experts worked closely with the solicitors acting on behalf of National Grid handling the registrations of more than 9,000 sites. This has been complex in nature and involved bringing land into the register for the first time. For a registration project of this scale, paper is normally unavoidable but also through our collaborative approach we are aiming to complete the whole process digitally.



Working with Highways England

Registering all strategic road and rail networks by 2030 is among our key targets as we aim to complete the register.

Highways England, which operates, maintains and improves England's motorways and major A roads, has a considerable amount of unregistered land.

We are learning how we can speed up the process of registering over 1,000 miles of sections of land that remain unregistered. Through a pilot programme involving three unregistered roads, including a motorway, we are using 'accelerated registration' to demonstrate the benefits of a data-driven approach and the efficiencies that can be applied to large-scale registrations. Using spatial data and geographic information systems (GIS) in the registration process, Highways England will submit their documentation into a secure cloud platform which our caseworkers can access to view and download.

We are also exploring options to avoid paper records through a bespoke electronic product that meets Highways England's needs, in place of the traditional paper copy register and title plan.



Colleague-led transformation

Interview with Caroline Anderson, Director of Human Resources and Organisation Development

“The organisation will look and feel very different as a result of our transformation programme”





Caroline Anderson Director of Human Resources and Organisation Development
Public Sector HR Director of the Year 2018

➔ How is the transformation of HM Land Registry affecting our people?

Any year in which an organisation publishes its Business Strategy and announces a major transformation is significant in people terms. As we developed and launched our Business Strategy, we also announced a new People Strategy to underpin it. After all, our colleagues are our most valuable asset.

Our People Strategy is a whole organisation strategy which describes the people implications of realising our ambitions, built around four main themes of developing our skills, building and extending our capacity and capability, modernising and reshaping, and empowering our expert people.



While the organisation will look and feel very different as a result of our transformation programme, we will still need to provide core registration services and fulfil our mission of guaranteeing interests in land and property.

Future teams will be paperless using new intuitive digital systems with a greater proportion of colleagues with enhanced digital, IT and data skills embedded across the organisation. The automation of more straightforward work will result in a workforce of highly skilled experts who are digitally enabled and valued for their judgement and complex decision making.

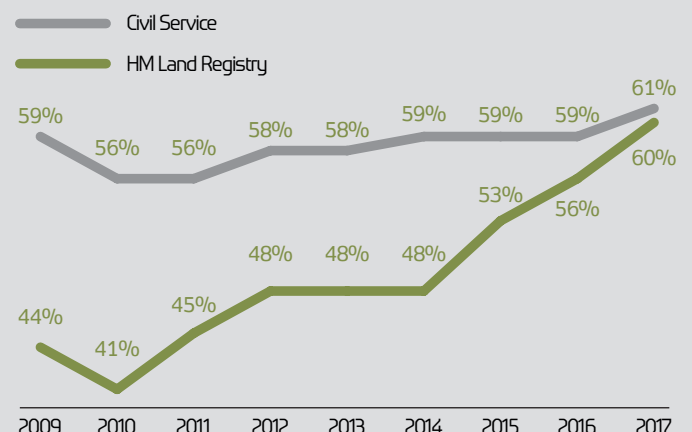
What role do you think colleagues play in fulfilling HM Land Registry ambitions?

Unless we empower colleagues to succeed our aims and ambitions will remain just words. We are committed to instilling a culture which empowers by encouraging innovation and promoting a strong connection to our organisation and its values. Our future success will be dependent on engaged colleagues who want to actively contribute to change programmes, within a modern culture focused on personal responsibility. We want to relax stringent systems of management control and operate with higher trust. This year our changes to time management to support more flexible working are just one small part of that overall approach.

As Angie Clarkson said on page 20, the Model Office project is enabling us to approach change differently through the local change managers and engagement colleagues. We are proactively collaborating with our trade unions who form part of the steering groups in each office. The feedback so far has been positive, but we will continue to monitor the impact of change closely through surveys and face-to-face feedback. Clearly, change affects colleagues differently and the most successful approaches involve working closely with the individuals most directly affected. We want to continue and expand our approach as we look to deliver our Business Strategy.

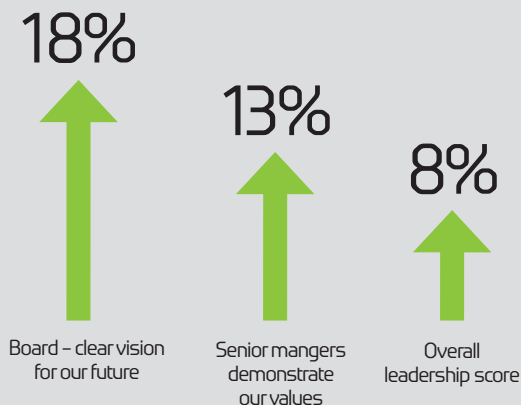
How do you measure success?

Our progress is gauged by our Civil Service People Survey results in November. We saw engagement scores continuing to grow, particularly in the areas of communications, strategic leadership and managing change. Overall our Engagement Index score is now 60%, which is 4% above last year's score and 4% above the average for similar organisations (2,500+ people and operational delivery) and also a record high score for HM Land Registry since the survey began in 2009.



There has also been a positive upward trend around leadership and managing change where the biggest shifts have been in whether colleagues felt the Board has a clear vision for our future (up 18%) and whether senior managers demonstrate our values (up 13%). There is still a lot to do in this area. Our overall leadership score showed an 8% increase on last year and another record for HM Land Registry but not yet at our ambitious targets for the future set out in our Business Strategy.

Our improving leadership scores



We also listen to what our colleagues say in their response to blogs and on sites like Glassdoor. The feedback is sometimes mixed but we need to know what our people feel.

What have you been focusing on this year to prepare you for the future?

Ensuring our organisation is capable of delivering our ambitious transformation programme, safeguarding core service delivery and providing the building blocks for a more sustainable future.

A complete review of the senior management team resulting in 24 new, vacant and replacement posts was delivered in parallel to recruitment right through the organisation. This has included over 500 entry level roles of which over 150 were apprentices as part of a process to rebalance the workforce and build sustainability.

Alex Chisholm, the Permanent Secretary at the Department for Business, Energy and Industrial Strategy, meeting our caseworkers in the Croydon Office in January 2018



Creating entry level routes has had a profound effect on the organisation. Of the total headcount, 14% are now aged under 30 compared with less than 1% in 2014, reenergising pride as long-serving experts revel in the opportunity to pass on their knowledge and skills to a new generation.

We now run eight apprenticeship schemes with a 92% completion and 76% retention rate. Our apprentices make up 6% of the workforce.

Our efforts have not gone unnoticed and we were delighted and honoured to win the Sustainable Transformation category at the PPMA Excellence in People Management Awards 2018.

How are you ensuring that both new and existing colleagues will be ready for a more digital future?

Skills and confidence are equally important to our future success. To get the best out of our people we need inspiring leadership and effective managers. This year we have created a new leadership and development framework which focuses on building and maintaining core skills alongside new capabilities, such as digital, artificial intelligence (AI) and robotics to reflect the changing priorities, services and shape of our organisation.

Our apprentices have quickly integrated with their teams and have helped existing colleagues with the use of technology, challenged existing work processes and embedded new ones, resulting in a positive impact on performance. Several apprentices have joined a reverse mentoring scheme to help improve the IT literacy and confidence of senior managers, including one who reversed mentored our Chief Executive.

How do you see the organisation changing as you transform?

Delivering our Business Strategy will require fundamentally changing the organisation. Our current structures are not aligned to the developing programmes of work so we will need to change in order to maximise the benefits of our transformation programme for colleagues and for our customers.

We also need to continue to modernise our working environment supported by smart working principles and underpinned by enabling technology. Modernisation will ensure that our colleagues have rewarding and meaningful roles, including new opportunities for advancement.

Culturally we are developing a new management style which focuses on people and skills as opposed to process and systems. Supported by coaching, effective change management and an ethos-focused continuous improvement, it will be underpinned by holistic and integrated HR policies, including a new performance framework.

Our organisational design will inform future decisions about how we deliver our People Strategy, including talent management, succession planning, recruitment, career development and reward.

It is tempting to look at our transformation as simply the introduction of new digital systems and services but when you look at the scale of what we are trying to achieve, the changes we are making will have just as much impact, if not more so, for our colleagues as on our customers and the economy.

Creating a digital voice

'Join the conversation' is a buzzphrase in the world of social media. We have made it a reality in a corporate setting by giving everyone in HM Land Registry the opportunity to question senior managers directly, challenge decisions and open up new topics of conversation. The result has been rising scores for colleague engagement and for leadership and managing change.

Our new intranet, launched in April 2017, provides a transparent and public platform for two-way dialogue. We wanted to help colleagues foster a greater understanding of Board decisions, recognise the achievements of others and make the relationship with senior leaders more personal and accountable. Comments are made on all communications from blogs to news stories to guidance on casework practice.

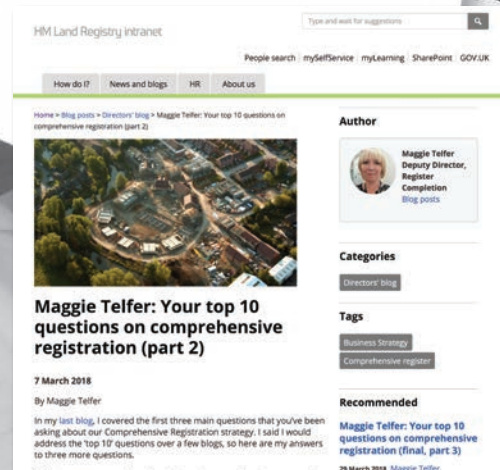
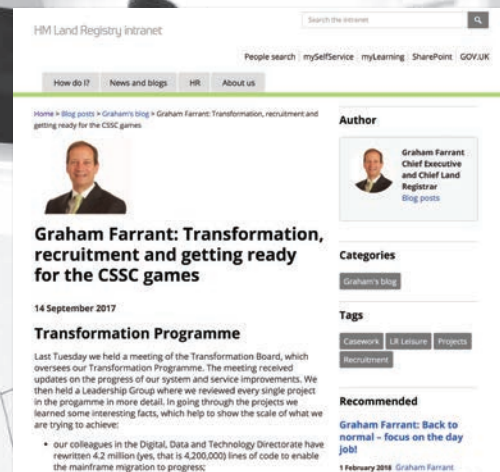
Our Chief Executive writes a weekly blog alongside a second weekly blog by executive directors on rotation. They announce new initiatives and address current issues but also write about themselves and their lives outside of the organisation.

As soon as a blog is published the comments start to flow in and are rapidly assessed and published under the commenter's name by the Internal Communication Team. Provided they do not contradict our values, all comments are published, no matter how critical. The conversations flow as comments are made on earlier comments and the blog author replies to the points raised. More than 8,000 individual comments have been moderated and published in 12 months.

Comment feedback has led to changes to key policies such as performance management and career progression. Where an issue raised requires further discussion, Directors follow up with face-to-face engagement during office visits.

To monitor impact on colleague engagement we conducted organisation-wide Pulse Surveys in between the annual Civil Service People surveys with response rates consistently above 60%. Results continue to show steady progress with the new communications channels and content cited as the main area of improvement in all qualitative feedback.

Our success was recognised by being shortlisted for the Internal Communications Campaign of the Year category in the UK Public Sector Communications Awards 2017.



What is HM Land Registry doing to champion diversity and inclusion?

We continue to recognise and celebrate diversity and to create an inclusive environment where differences of thought and outlook are not only respected but encouraged. To support this, we have developed a Diversity and Inclusion Action Plan (2018-22).

We have Executive Board sponsors for all protected characteristics, and additionally for health and wellbeing and for charity, in recognition of the strong links between diversity and inclusion, health and wellbeing and the valuable charitable work undertaken in the community through our charity committees.

Our plans prioritise the key issues. Our focus is to build an inclusive culture and reputation that attracts, develops and fully engages diverse talent, and increasing representation from currently under-represented groups, particularly ethnic minority and disabled people, and women in management roles.

Getting more women into management roles will become our Diversity and Inclusion key performance indicator for next year and our broader and more inclusive approach has resulted in the creation of two more diversity networks, for 'age', and for 'faith and belief'. We have clearly defined roles, responsibilities and accountability for diversity and inclusion throughout the organisation, and achievement of objectives will be better assessed through a wide range of measures.

A key part of our plan is to ensure we are talking about diversity and inclusion issues openly and freely. Working with colleagues drawn from across the organisation, including our diversity networks, our Internal Communication Team led the introduction of a new regular diversity and inclusion blog, allowing people to talk frankly about their experiences.

Colleagues have bravely shared personal experiences ranging from racism in the 1970s, through to child loss and coming to terms with their own sexuality. The response has been overwhelming, stimulating open discussions with colleagues showing their support and sharing their own experiences openly.

As a direct result of the positive impact, people have gone on to share their stories more widely via our external blog, such as 'Tea and tablets for two' which supported national activity around Mental Health Awareness Week.

You mentioned Mental Health Awareness Week. What else are you doing to support colleagues with mental health issues and wellbeing more broadly?

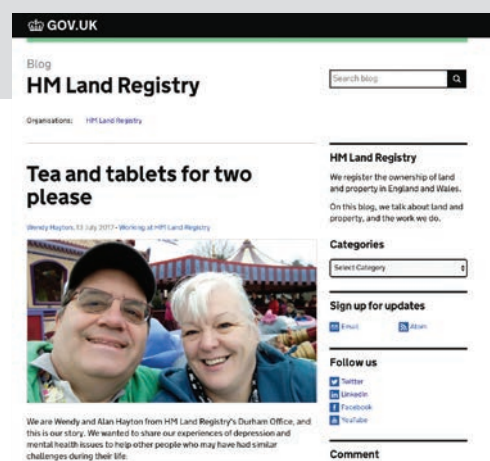
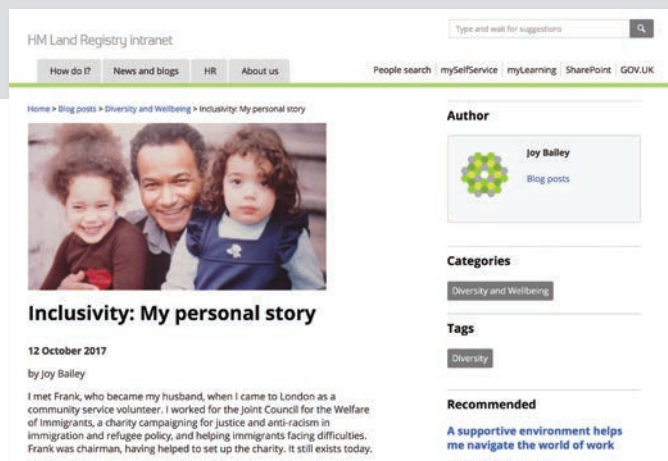
Health and wellbeing groups at local offices have played a big part in supporting colleagues. As well as running awareness campaigns on a wide variety of issues, local groups have devised many more active ways of contributing to the wellbeing of our people; from regular stretching and desk yoga sessions to organised weekly lunchtime walks. These help make sure that colleagues get up, move around and take a break from on-screen work.

Over the last year we have been reviewing and developing a different approach to mental health with our trade unions. Our colleague survey during Mental Health Awareness Week generated more than 5,300 comments and we were pleased that the results showed that most respondents felt able to talk to line managers about their mental health, and that there is good understanding of the support available in the workplace, including our Employee Assistance Programme.

Our Mental Health Action Plan, which has been agreed with our trade unions, aligns with our Attendance, Health and Wellbeing Framework, the Civil Service Strategic Priorities for Health and Wellbeing and Thriving at Work and the Stevenson/Farmer review of mental health and employers.



Health and Wellbeing Champion, John Abbott, together with fellow members of the Executive Board, re-signed the Time to Change pledge this year, committing the organisation to a series of actions that will help reduce the stigma of mental health.





Holy Island, Northumberland: The Holy Island of Lindisfarne is a tidal island with access by a paved causeway, which is covered by the North Sea twice a day, and receives over 650,000 visitors from all over the world every year. The island was a unique and challenging registration for our Swansea Office as many parts of it are in separate ownership including the causeway, and Lindisfarne Monastery, which is separately registered to the Historic Buildings and Monuments Commission for England.

<https://www.lindisfarne.org.uk/>

Photo: Michael Conrad/Shutterstock

Our team of leading property lawyers reshaping the law

Mike Harlow, _____
General Counsel and Deputy Chief Land Registrar

“...the best team of property lawyers in the country – are integral to reliability and integrity”

Lombard Wharf, Battersea, London:
Barratt's Lombard Wharf development won silver for Best Exterior Design at the WhatHouse?Awards 2017. The Thames-side residential building includes a penthouse which encompasses the entire 26th floor and features 360 degree views of London. Several of our offices are involved in registering the leases. Photo: Barratt London



Mike Harlow General Counsel and Deputy Chief Land Registrar

➔ I joined HM Land Registry this year from Historic England. Before that I had 15 years in private practice acting in the commercial property market – a background similar to many in the directorate. I have always known HM Land Registry to be a reliable, expert and impartial institution. Since starting in my role, I have come to see that one of its most important assets – the best team of property lawyers in the country – are integral to that reliability and integrity.

The Legal and Assurance Directorate works in tandem with Operations to deliver our core value to society – accurate and trusted records of who owns what and who has a loan secured against the property.

Every year our lawyers advise on more than 45,000 cases. They manage more than 8,000 disputes themselves and pass around 1,000 cases with substantive issues to an independent tribunal for a decision.

Our risk and assurance teams check the quality of the ownership records and continuously provide recommendations as to how we can minimise errors and fraud and how we can drive improved quality generally.

We maintain the legal framework for registration and ensure it develops to meet the changing needs of the property market and the Government's policy objectives. We support our transformation projects to ensure they deliver productivity alongside continued trust and confidence in our records.

We handle claims for compensation for mistakes or fraud, ensuring we learn the lessons from those cases, feeding information back into revised quality casework processes, or practice notes that are widely used by our partners in the conveyancing industry.

We do all of this by having an extraordinary breadth and depth of expertise across England and Wales' complex, ancient and sometimes peculiar land law.

Our colleagues understand and are committed to the public value that HM Land Registry delivers. They are excited by its potential to contribute more to the property market and thereby to our economic, social and environmental progress.

Reshaping the law

We have already begun reshaping the law to lead the market to new, secure opportunities that make the most of leading-edge technology. Two legal foundation stones of this new era were the focus of our work this year. The first was the Land Registration Amendment Rules 2018 that came into force in April 2018. They enable property transactions to happen using digital documents that are digitally signed. This provides the legal basis for the new digital mortgage service that is now being delivered. In the future they will allow a wider range of digital dealings with land, leading to further automation, making land registration faster and simpler.

The new rules enable the transformation of property dealings. They do not dictate how they will occur. Our role now is to ensure we deliver digital services that are as safe and efficient as the property market needs and deserves.

The second foundation stone was the legal framework for the delivery of local land charges information through our centralised digital instant-access service. The Infrastructure Act 2015 enabled us to engage in this activity and our project lawyers have since been devising the detailed machinery to deliver the service in practice.

This was no simple feat. Each local authority holds a wide variety of local land charges information in differing formats. The local land charges regime is the means by which various regulatory regimes are given effect, such as planning and the protection of our heritage. It is a fundamental part of the due diligence in property transactions. The fruit of this labour will be realised later in 2018 when the first local land charges information becomes available through our centralised and standardised online service.



Our focus for the coming year is on enabling the organisation to achieve its ambitious Business Strategy in way that protects the trust and confidence in property ownership.

To help us become brilliant at the basics we will deliver a new simplified fee order – the authority from government that sets out our cost-recovery charges. We will be consulting on how best the fee structure can be made fairer and make processing applications more straightforward and therefore faster.

We will be participating in cross-disciplinary development of the means of delivering a comprehensive register, digital transactions and secure data releases.

One critical underpinning exercise will be to plan how we will pass the necessary property and land administration law expertise to the next generation. We take our responsibility to maintain expertise in all areas of property rights, however esoteric, very seriously.

Paralegal apprenticeship scheme

Two pilot paralegal apprenticeship schemes are offering caseworker colleagues the opportunity to obtain legal qualifications.

The programmes take two to three years to complete and will result in professional membership of the Chartered Institute of Legal Executives (CILEx) and nationally recognised CILEx qualifications.

Anyone who obtains the CILEx qualification via the Senior Paralegal Apprenticeship will be able to apply for lawyer positions in the future. Developing these professional legal apprenticeships is part of our new People Strategy and is intended to provide a clear career path for everyone from new recruits to highly experienced colleagues right up to lawyer level.

Rob Bradbury of our Nottingham Office joined the paralegal scheme after more than 30 years with HM Land Registry because he wanted to continue learning and developing. "What I have liked most is learning more about why we do things the way we do and the theory behind it," he said.



Fighting fraud together

Combating property fraud is a major challenge for everyone involved in the home-buying process. No single organisation can prevent fraud and we work with a range of partners to identify threats, develop strategies and implement counter-measures.

A key part of our deterrent strategy is our Property Alert service.

A successful media campaign, that included working with the BBC's The One Show and collaborating with police forces to add content about property fraud to their website, helped us to exceed our targeted growth in subscribers by 58%.

Our campaign won the Government Counter Fraud Award for excellence in raising fraud awareness. An additional 70,000 properties are now better protected against fraud.



Defending people's ownership

Delivering transformation of the organisation and innovation in the property market, while maintaining the vital trust and confidence in our register integrity, is not a straightforward task.

Fraudsters and attempted frauds are an ever-present threat. As the way in which we deal with property changes, the means by which frauds may be attempted also change.

Our duty is to safeguard property ownership. We do this through effective fraud deterrents that are constantly under review. Innovative methods of dealing with land and new technologies present both an opportunity and a challenge.

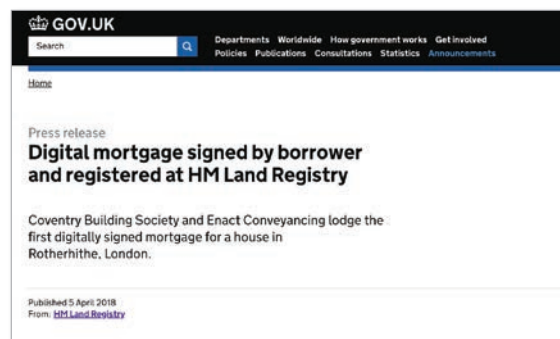
For the new digital mortgages complex layers of assurance and security sit behind the 'Sign your mortgage deed' service. The borrower's identity is confirmed through the GOV.UK Verify service and our safeguards ensure the names on the deed match those in the register. Secure deed matching ensures that the borrower is presented with the correct mortgage deed for their transaction.

The borrower's Verify account means they do not need to create a separate account with us and they can use the same details to access other government services. Conveyancers will still have a role to play in identity verification as they will continue to undertake the identity checks that they currently do as part of their due diligence.

Maintaining confidence

Our state-backed guarantee of title underpins confidence in the conveyancing system. It enables financial institutions to provide secure personal and commercial lending against property. It also provides protection for victims of fraud or unforeseen errors in the register. An indicator of the quality and security of our registers is the compensation we pay for mistakes and frauds. In 2017/18, we paid £5,445,825 for 852 claims, compared with £6,957,904 for 995 claims in 2016/17.

This is, though, a lagging indicator. Some of the claims will relate to mistakes or frauds that were entered in the register several years in the past. While consistent levels of payments are reassuring, it is the risks of mistake and fraud now and in the future, given the changing operating environment and our current and planned processes for managing risk, that provides the focus for our energies.



Digital transformation underway

John Abbott, Director of Digital, Data and Technology

“...we have started to deliver on our vision of a fully digital land registration service”





John Abbott Director of Digital, Data and Technology

➔ It has been a remarkable year for HM Land Registry and it is clear our digital transformation is well underway.

Our digital aspirations span the entire organisation and are key to the delivery of our Business Strategy. From launching new discovery projects and recruiting expert colleagues to registering the first digital mortgage and exploring the possibilities of machine learning and robotic process automation (RPA), we have started to deliver on our vision of a fully digital land registration service.

Our programmes

Our groundbreaking research and development project 'Digital Street' is exploring the art of the possible and the future of property transactions with technologies such as blockchain (a secure distributed ledger) and AI. For more on this see the interview on page 35. This is already informing our Digital Programme. The programme will transform the services we offer our users, making the process of querying or updating the register significantly simpler, faster and cheaper for all.

Working closely with the Government Digital Service (GDS), we are devising projects and designing the technology that will help us become the world's leading land registry for speed, simplicity and an open approach to data. We are working in an agile way to ensure the services we launch are based around the needs of our users while also strengthening the integrity of the register and preventing fraud.

We are already starting to shape the future of property transactions and our position as a digital leader has grown among our stakeholders and customers. Our projects have benefited from broad and enthusiastic support across the industry and among wider stakeholders.

Finally, our Data Programme is focused on making HM Land Registry data more accessible to all in order to increase both the transparency and efficiency of the property market. As well as making more data available over the last year we are also enabling innovation in the market by supporting PropTech start-ups through our Geovation programme, in partnership with Ordnance Survey.

A more digital land registry

All of this work requires teams of expert colleagues to develop the ideas, carry out the user research and produce the software. We have significantly increased our capability and capacity, recruiting new digital expertise and enhancing our existing skills so we have the in-house capacity to achieve our objectives, supplemented where we need to.

At the heart of our digital aspirations is the creation of a digital register that will support the new services we are developing. At present much of the data in the register is unstructured and not machine-readable. Our aim is to transform this existing data into a digital register that supports our plans to create high quality, user-driven digital services that enable transactions to be completed automatically.

The way we are developing our services is gaining attention from digital colleagues across the sector and this is an exciting time for us and the conveyancing industry as a whole.

Digitally enabling our land registration experts

People naturally tend to focus on the new things and our Digital Street project has received a lot of interest and attention. Just as important is the work our colleagues have done behind the scenes to provide modern systems that meet the needs of our land registration experts.

Last year we delivered more than 9,500 changes to our underpinning IT infrastructure systems. Working closely with our operations colleagues we improved their existing systems and services. By removing pain points and making processes more efficient through automation or redesign while ensuring changes did not interrupt operational delivery we continued to support backlog reduction.

'Workflow' is a new digital system that helps us quickly move straightforward register update applications to the right experts in any location. By integrating it with existing casework systems we are maximising the number and type of applications we can manage through it. Workflow now helps approximately 1,200 colleagues handle more than 5,000 applications each day. Only a few years ago vans used to deliver applications across England and Wales to offices to then sort and distribute – now our experts simply click a button and the next case appears before them instantly.

We are exploring how RPA could help us automate routine processes. Much of casework involves validating applications sent to us as PDF documents. We want our experts to use their skills and experience to make judgements rather than administering validation steps. Working closely with Cabinet Office we have completed an RPA trial which showed how we can automate validation. We expect to put RPA into production later in the year, making it easier for customers to submit correct applications and using RPA to automate data entry and validation checks.

New services for our customers

Our customers are seeing our digital transformation become a reality and new services are launching soon with many others in the development pipeline. We are taking an agile approach to delivery, following industry best practice and the GDS Service Manual to guide our delivery. We work closely with users to research and understand their needs in order to ensure we build the right service. This means starting small and advancing through the phases of exploration, prototyping and development and testing known as the 'discovery' 'alpha' and 'beta' phases.

'Sign your mortgage deed'

Our new service digitises the mortgage deed signing process and avoids the need for borrowers to find a witness, apply pen to paper and send their signed deed by post.

Instead they can view the deed created by the conveyancer by logging on at a time that suits them and confirm their identity using the GOV.UK Verify service. A code is sent by text to their mobile phone which they use to confirm they are signing the deed in a single click.

That is exactly what a homeowner in Rotherhithe, south-east London, did when they took out a loan from Coventry Building Society earlier this year. The speed and simplicity of the process disguised a historic moment as their mortgage deed was the first to be digitally signed in England and Wales before being entered into the Land Register. Thanks to changes in the law, delivered by our legal teams, it also represented a vital first step in plans to deliver more digital services.

"We're delighted to have worked with HM Land Registry and Enact Conveyancing on this industry leading initiative to speed up property transactions. Initial feedback has been very positive, with customers finding the process simple, quick and secure." – Peter Frost, Coventry Building Society's Chief Operating Officer.

'Find property information'

This new service makes the information needed by homebuyers more accessible and easier to understand. It allows anyone to download a summary of information about a property, including the address, title number, the owner's name and address, the price paid for the property, whether it is freehold or leasehold, whether there is a mortgage on the property and the lender's contact details. During the year we have continued to iterate and improve the service based on user feedback. In particular we have significantly improved the address searching feature and added the ability to download an electronic copy of the property's title summary and preview search results without signing in.

'I want to protect my property'

We are investigating the potential of a new service that helps members of the public protect their property, or interest in a property, by keeping their contact details up to date. The service will raise awareness of what HM Land Registry does and the potential implications of us being unable to contact them. This will ultimately help to empower our customers and improve their protection against property fraud.

Developer services

Building on the work we did this year setting up expert Developer teams, we have been looking into the specific needs of property developers when they undertake larger schemes. We will continue to develop specific products aimed at making the registration of large developments simpler.

The screenshot shows the GOV.UK 'Find property information' service. At the top, there's a header with the GOV.UK logo and the title 'Find property information'. Below this, a blue banner indicates it's a 'BETA' service. The main section is titled 'Search for property' and prompts the user to 'Enter a postcode, eg SW1A 2AA'. There is a text input field and a green 'Search' button. To the right, a section titled 'Need help with this service?' provides contact information: 'Call HM Land Registry on 0300 006 0411'. At the bottom, a note states: 'This service needs a postcode. If you don't know the postcode, use the Find a Property service instead to search by street address, title number or by using a map.'

Digital Street – creating positive digital disruption

Interview with John Abbott,
Director of Digital, Data and Technology

**“Digital Street is making
the future happen today”**



Tell us about Digital Street, what is it and what are you trying to achieve?

Digital Street is creating a vision of the future – this year we launched our ongoing research and development project exploring how technology can improve and ultimately transform land registration. It allows us to explore and visualise different ideas of how land registration might work in the future and make conveyancing simpler, faster and cheaper.

We want to find out how access to the right data at the right time can help people confidently make decisions about property transactions earlier in order to make buying, renting, selling, financing, building and managing property easier.

We are working with people across the industry, members of the public, data providers, government departments and technology start-ups, and testing cutting-edge technologies such as blockchain, AI and chatbots to see what they could contribute.

These technologies will underpin land registration in the future as well as conveyancing and mortgage lending. We all need to understand the impact they will have and take advantage of it. Digital Street is our way of thinking out loud.

What we are hoping to demonstrate is that services like these, using the type of technologies we are exploring, are the kind of thing we should all be considering. We should be ambitious. We should be bold. Technological change will only continue to accelerate. Research like this helps HM Land Registry to become an organisation that can respond to that change and make best use of it.

So what did you look at in this first year?

We started with users so organised a series of workshops and research sessions with people who are involved in land registration and conveyancing. We talked to conveyancers, estate agents, mortgage lenders, PropTech start-ups, homebuyers and sellers. Among other things, we asked them: “How do you see technology changing your role, or your organisation, over the next 10 years?”

Having understood better the problems and challenges with the existing process, and how access to data might help. We then built a fully digital register for a small group of freehold, leasehold and commercial properties in south-west England. The properties’ title registers, title plans and associated documents were all digitised and linked to other datasets such as coal and flood risk data. We built a 3D interactive demonstration system to show how it could work.

Using data from the digitised properties we held a hackathon to demonstrate the kind of services a digital register could enable by creating three prototype services.

What is a “hackathon”?

It’s where computer software developers and others collaborate intensively over a short time period, two days in this case, to create useable software. It was an ideal way to show how a fully digital register could transform the conveyancing and registration process.

Our experts worked with representatives from partners such as the Coal Authority, Conveyancing Association, Settled and Ordnance Survey to come up with quick solutions, building on the user research we had already done.

We wanted to explore how we can make the processes around buying a home easier by improving access to information, making it faster and easier to get a mortgage and automating much of the contractual process.

At the end we had three working prototypes to show what the future of conveyancing could look like and how this could be enabled by a fully digital register with data that was more accessible and available earlier in the process of purchasing a property. Digital Street is making the future happen today.

What have you got in store for Digital Street next year?

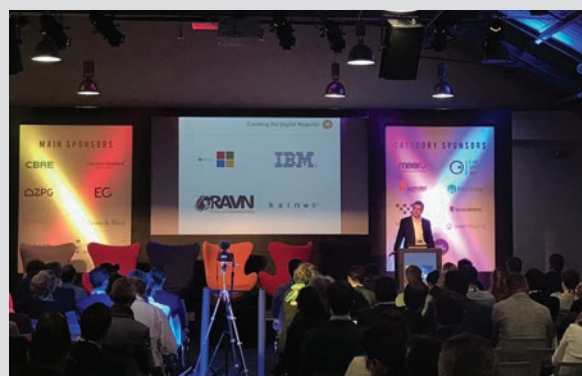
It was incredibly valuable working alongside the industry last year to develop the working prototypes. We gathered great insights during our first year which gave us direction for new areas that we should be exploring in year two.

Our plans for next year are just as ambitious. We want to complete the first fully digital transfer of a property – a digitally signed transfer that automatically updates the register is a global game changer. HM Land Registry will be a world leader in digitising the property market.

Showing that we can successfully and automatically update the register will be a significant proof-point for the Digital Programme and will inform some of the key architectural decisions we’re making over the next year – particularly those around the digital register.

To enable this we will continue Digital Street’s research into smart contracts, digital signatures and blockchain technology.

We will continue to engage with and work alongside key partners from the industry in year two of the project as we know we cannot solve all these problems on our own and want to make sure that the UK is the best place to locate a digital land business.



Prototype 1: Property Assistant

We found that buyers currently find out about issues with a property after they have made an offer, it has been accepted and they had instructed conveyancers.

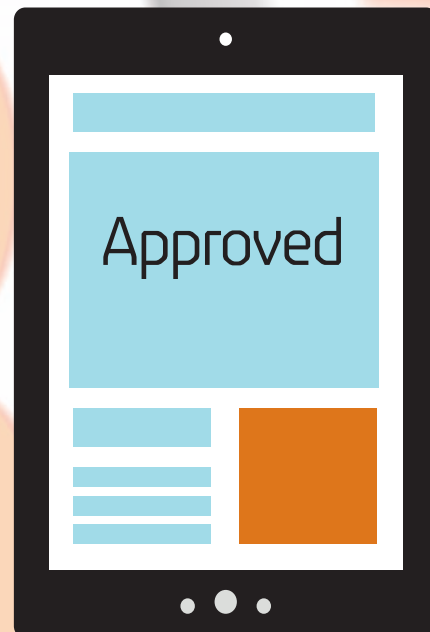
We demonstrated how buyers could make firmer commitments when choosing a property by making more data available earlier. By asking chat-bot questions in plain English machine-learning could interpret the data about the property, giving them quick answers based on information about restrictions on the property, local land charges, ground hazards, street crime rates and local schools.



Prototype 2: Instant Mortgage

Securing approval for a mortgage can be a long and drawn out process. Connecting up the right information from the right sources earlier on can speed up the process for citizens and lenders.

We worked with lenders to demonstrate how an app could check the Land Register and other personal and property data sources to offer the citizen a list of pre-approved mortgage deals from a variety of lenders.



Prototype 3: Property exchanged on an HM Land Registry blockchain

We looked at the transaction process – from drafting and exchanging contracts to transferring funds, often a stressful process for buyers, sellers and conveyancers.

We demonstrated how buyers and sellers could navigate this process using a smartphone app through which the buyer and seller would configure and then sign the contracts digitally. Each step uses smart contracts, is entirely automated and is recorded on a blockchain, in a simple, fast and more secure way.



One map for the nation

Andrew Trigg, Chief Geospatial and Data Officer

“...a culture shift in how we perceive, treat and share our data for the benefit of the whole nation”



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UNITED KINGDOM

Search for a country

Last updated: Nov. 2015

320,376

MILES OF ROAD [KM](#)

100%

COVERAGE: compared to *The World Factbook* known road network length

243,610

SQKM TOTAL AREA

YES

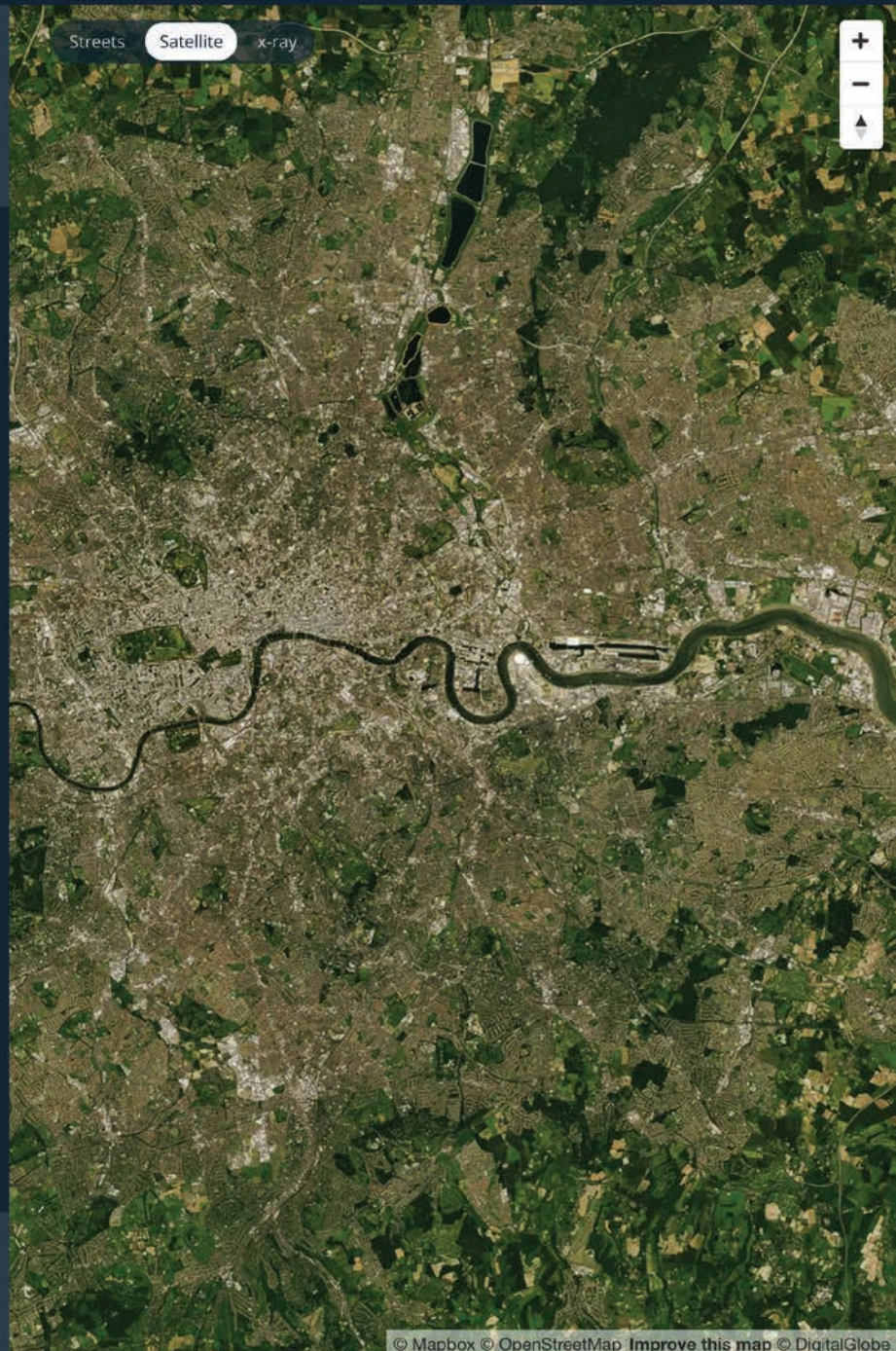
DIRECTIONS

LONDON

CAPITAL & LARGEST CITY

51° 30' N, 0° 05' W

38



© Mapbox © OpenStreetMap Improve this map © DigitalGlobe



Andrew Trigg Chief Geospatial and Data Officer

➔ Our ambition is to be the world's leading land registry for speed, simplicity and an open approach to data.

It is not just about releasing data but we are also looking at data quality, cross-government collaboration and supporting PropTech start-ups. An open approach to data means a culture shift in how we perceive, treat and share our data for the benefit of the whole nation. Data is the essential fuel required by data scientists who use machine learning and AI to gain new insights and improve productivity. It improves transparency and enables both incumbent and start-up businesses to innovate.

Geospatial Commission

This year saw the creation of the Geospatial Commission, a clear signal of the importance of government data in the future of our economy. The commission has been set up to maximise the value of government data linked to location. HM Land Registry is one of six partner organisations which include Ordnance Survey, the British Geological Survey, the Valuation Office Agency, the UK Hydrographic Office and the Coal Authority. These will enable the commission to:

- improve the access to, links between, and quality of the nation's localised intelligence data;
- look at making more geospatial data available for free and without restriction;
- set regulation and policy in relation to geospatial data created by the public sector; and
- provide strategic oversight and direction across Whitehall and public bodies.

This is a big opportunity for the UK economy. HM Land Registry is pleased that its pivotal role in UK geospatial intelligence has been recognised by making HM Land Registry one of only six partner bodies involved in the Geospatial Commission. HM Land Registry has been central to the creation and development of the Geospatial Commission and its priorities.

Releasing valuable datasets

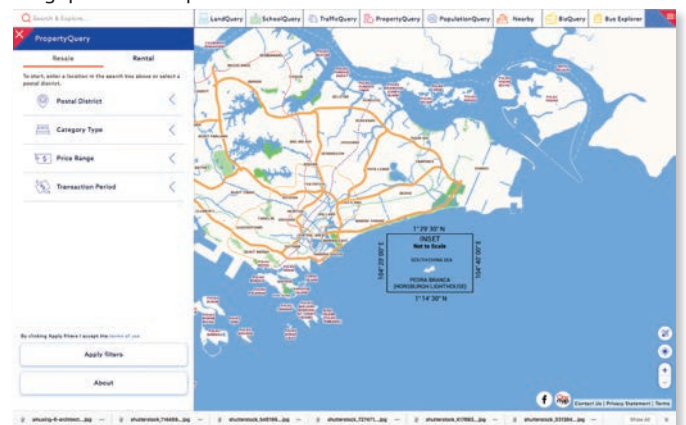
We understand the potential value our information has to the economy. Property information can be combined with other types of data for all kinds of useful information and new services.

Our dedicated data teams are already responsible for managing the quality and release of one of the largest and most valuable geospatial datasets in the world. Our data experts are finalising our data release roadmap which will detail how we will be releasing as much information as we can from our register by 2020, building on the open data we already provide.

This year the value of our data to business and government was underlined again when we published our Commercial and Corporate Ownership and Overseas Companies Ownership datasets to support the Government's drive to improve land and property transparency, and crack down on money laundering and corruption. By making the data available free of charge we removed a financial barrier that hindered its wider use by citizens, entrepreneurs and small to medium-sized enterprises. We had 24 customers in the year leading up to launch, which increased to over 2,400 in the six months since launch.

Data users of all kinds, from private individuals to large corporations and government bodies, have since been poring over the files and coming up with fascinating insights. Local authorities and housing associations are using the data to verify their estates and support housing decision-making, and private-sector organisations benefit from monitoring their property holdings, enabling better long-term strategic planning.

Singapore OneMap





How our data revealed London's secret tunnels

Our Commercial and Corporate Ownership and Overseas Corporate Ownership datasets contain the details for more than 3.4 million property titles owned by commercial and corporate organisations incorporated in the UK. In November we released this data for free, supporting the aims of improving land and property transparency and cracking down on money laundering and corruption.

Activist and writer Guy Shrubsole used it to uncover various tunnels and underground chambers beneath London owned by the Post Office, BT and the Ministry of Defence from both World War II and the Cold War era. Using our INSPIRE Index polygons data he was able to make a digital map of the tunnels on his blog which was reported in the Financial Times and the Daily Mail.



Geovation Programme

Our data is also being applied in a very visible way by the winners of our Geovation Programme. In partnership with Ordnance Survey the programme supports PropTech innovators and entrepreneurs through funding, expert support and access to data. Geovation gives digital start-ups access to data, expertise and £20,000 worth of funding to take their ideas to the next level.

The first cohort to join the programme have secured further investment totalling more than £1 million.

First cohort

- **Orbital Witness** who are delivering data-driven identification of legal risk in property transactions and providing a new perspective for due diligence in real estate through offering historic site analysis with archives of high-resolution satellite imagery;
- **GetRentr**, who use AI to track all UK property licensing regulations and consultations in real time and provides an automated service to ensure property portfolios are always compliant; and
- **AskPorter**, a multi-channel communications platform with an AI digital assistant that serves as a personal assistant for property managers and a property concierge for customers and tenants.

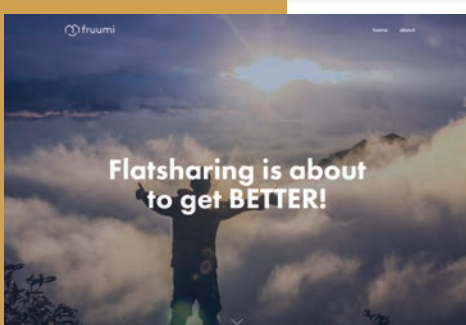
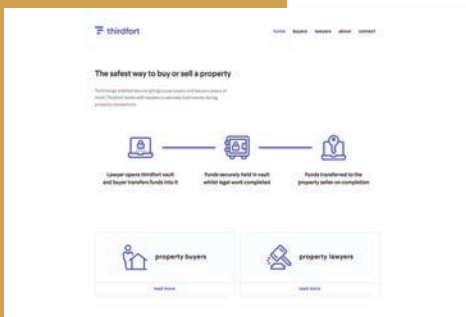
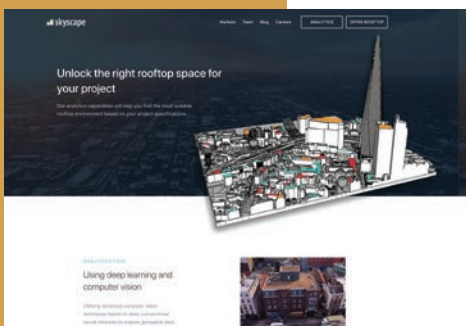
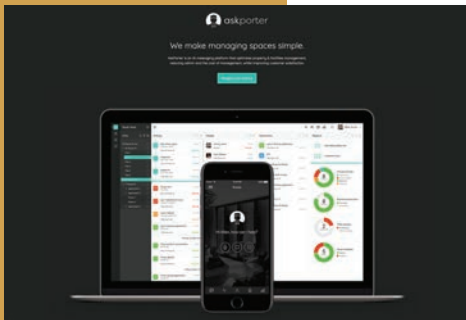
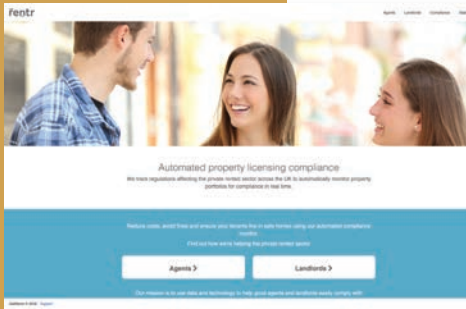
Second cohort

Our second round of start-ups we will be supporting are:

- **Skyscape**, who use AI to analyse rooftops and identify opportunities to maximise space utilisation and address urban challenges, enabling asset managers to efficiently identify opportunities for utilising rooftop space, where value of existing and future stock can be increased (<http://skyscape.global/>);
- **ThirdFort**, a security enhancement tool to help property solicitors more efficiently process property transactions (<https://www.thirdfort.com/>);
- **Fruumi**, a friendly and efficient shared accommodation platform that empowers landlords to let out their property at lower risk and cost (<https://www.fruumi.com/>); and
- **Hipla**, a free platform that helps buyers evidence their buying position, which in turn provides transparency to estate agents and sellers (<https://www.hipla.co.uk/>).

GEOVATION





"Earth observation intelligence start-up company and Geovation winner Orbital Witness is paving the way towards automating legal due diligence processes in real estate, initially by enabling property lawyers and conveyancers to more efficiently review and report on rights and restrictions affecting land and property."

"Orbital Witness aggregates key property, legal and historic information, including data supplied by HM Land Registry, onto an intelligent map, with automated drafting tools, to help highlight legal risk and reduce the time required to gather and assess the information and present findings to a client."

"Orbital Witness' unique approach involves using archives of high-resolution satellite imagery to provide a comprehensive property insight. A client looking to acquire or develop a site can better understand the site's history, such as the past uses and development of the site from an environmental or planning perspective."

"Orbital Witness aims to provide reliable information at a cost-effective price, available at the touch of a button, that lawyers and conveyancers could use to help provide answers to clients and avoid unnecessary delays or transactional costs."

Edmond Boulle, Orbital Witness Co-Founder



Orbital Witness were one of three start-ups that successfully completed our first Geovation Challenge held jointly with Ordnance Survey.

Building a strong foundation for change

Karina Singh, Director of Transformation

“...we are designing, delivering and managing change in the best possible way”



Olympic Park legacy: The 2012 Olympics captured the nation's imagination. Aside from the legacy aim of increasing participation in sport there was also the ambition of rejuvenating the site in Stratford, east London, which became the Queen Elizabeth Olympic Park. Our Leicester Office worked directly with the London Legacy Development Corporation and Taylor Wimpey. The scale of the development is immense with 26 separate housing projects being delivered on the site of the Olympic park. Early engagement with the developers allowed our experts to simplify the sales of individual plots by addressing issues prior to completion which enabled the registration of the plots to be completed more quickly and consistently. Photo: Taylor Wimpey



Karina Singh Director of Transformation

➔ Our planned transformation to become the world's leading land registry for speed, simplicity and an open approach to data is complex. It requires constant oversight and direction to keep it aligned to our ambition and on track to deliver the outcomes and benefits. The Transformation Directorate was created in recognition of this need for an overarching oversight and central leadership.

Our focus has been to align our standards, ways of working and roles with the Cabinet Office Project Delivery profession standards, to give ourselves the assurance that we are designing, delivering and managing change in the best possible way. We are building a strong team, with a good balance between breadth of experience and deep knowledge of land registration.

We reviewed our existing projects and programmes and have brought together over 35 different change activities into seven programmes of change that clearly align with our Business Strategy outcomes.

- **The Digital Programme** will create new services built around the needs of our customers and build modern, intuitive tools for our colleagues to process applications.
- **The Data Programme** will improve the quality of our data and publish it for the benefit of the wider economy.
- **The Customer Programme** will make our customer interactions simpler, faster, consistent and bespoke for those who need additional support.
- **The Local Land Charges Programme** will lay the foundations for a national digital Local Land Charges service.
- **The Fee Order Project** will simplify the structure of our fees.
- **The IT Infrastructure Programme** will improve the resilience and flexibility of our underpinning IT to support our digital future.
- **The Estate Programme** will define and implement the modern ways of working we want in our 14 locations.

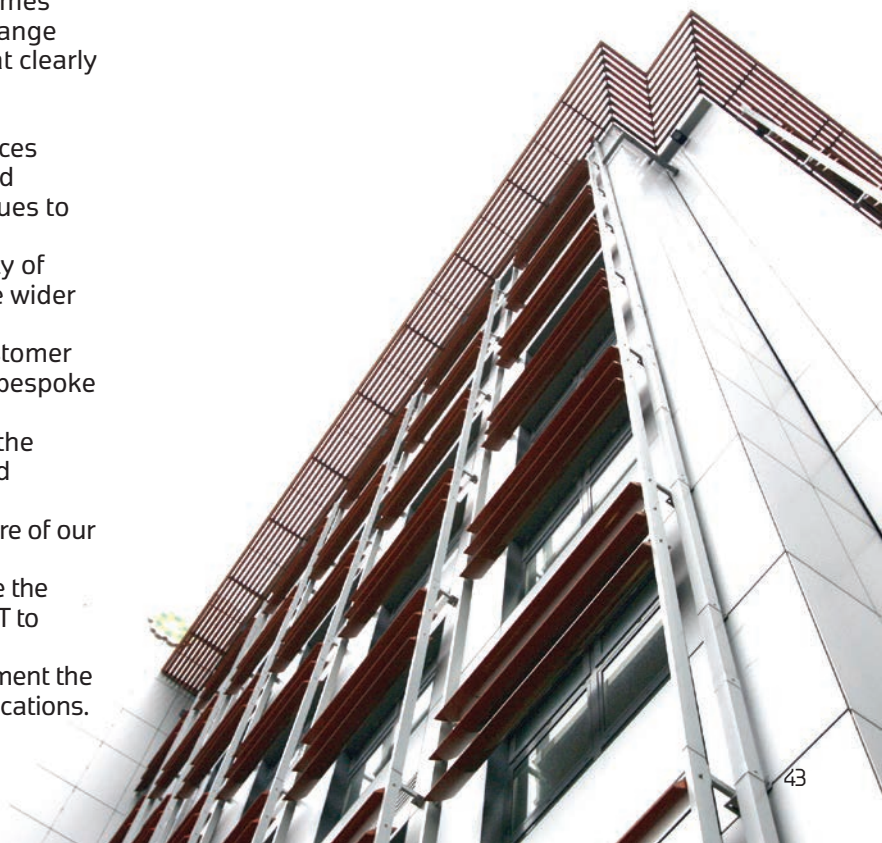
- **The Service Improve Programme** will streamline our internal processes so we can do our work with less effort and more consistently.
- **The Fusion Project** will bring together our HR, finance and procurement systems.

This scale of change is a collective leadership challenge. The executive directors share the accountability as Senior Responsible Owners (SROs) for the programmes to maintain a collective oversight and stake in the delivery of change. To facilitate this, directors meet monthly as a Transformation Board with additional support from policy, technology and communications colleagues to oversee the collective changes.

Local Land Charges Register

A local land charge is an obligation on a piece of land or property and can be anything from a smoke control order to the historical listing of a building. Local land charges searches are therefore normally conducted when buying a property and are essential to mortgage lenders' understanding of the risks to their loans.

A new digital register will hold all the information about local land charges. This information is currently held by 326 local authorities and searches can be inconsistent, priced differently, slower and less digitally accessible than they could be which slows down property transactions. The easy-to-use interface has been designed with customers in mind and we have worked closely with individual local authorities to ensure a smooth transition. IPSOS has also carried out a helpful survey of users. Starting with an initial group of four local authorities in summer 2018, which will expand to 26 by the end of next year, we are ready to begin migrating data into the new register. We estimate that during this phase up to 125,000 homebuyers will benefit from the new service.



Caring for and supporting our communities

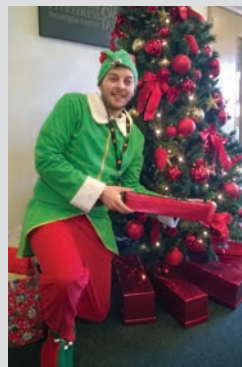
We are committed to performing as a responsible business, contributing to wider community activities, and we provide encouragement and support to our people to enable them to achieve this aim.

Fundraising and volunteering

Supporting charitable causes that benefit local communities has always been part of the social fabric of HM Land Registry. A total of £88,832 has been collected for charities across the organisation as a whole over the year, nearly 25% more than the previous year. A 'head shave' at our Plymouth offices raised the most donations in a single event with £3,394 in aid of St Luke's Hospice, Macmillan and the P&C Cancer Fund. Several of our offices celebrated milestone anniversaries this year, providing further opportunities to support local charities. Events were held at our Hull office (marking 30 years of land registration), Weymouth (40 years), Croydon and Swansea (50 years) and Fylde (60 years).



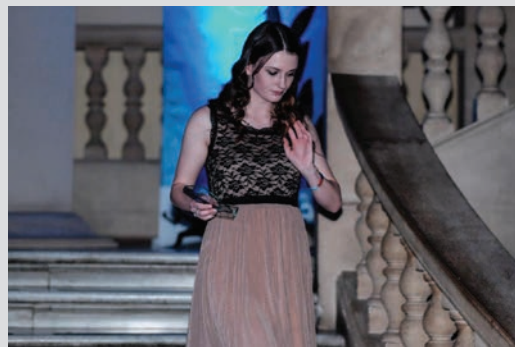
Colleagues ready to run a 'head shave' event at our Plymouth offices



Dewi Palmer, Swansea Office, winner of the Mike Crawshaw Award for Charity at the annual LR Leisure Awards



In addition to charitable fundraising, many colleagues take advantage of the ability to claim up to three days paid special leave for volunteering and more volunteer in their own time.



Zoe Hall, Durham Office, winner of the Lucy Mason Award for Volunteering

Protecting our environment

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

- Paper consumption – 68% reduction*
- Carbon – 49% reduction*
- Waste generated – 47% reduction*
- Water consumption – 28% reduction*

*against 2009/10 baseline

Energy saving – Best in the UK, outstanding in Europe

Our energy-saving initiatives were recognised at an international level. The Telford office was one of several in HM Land Registry to take part in the European Union-funded Save@Work competition aimed at cutting energy use and carbon emissions at public buildings through behaviour change.

Telford's 18% energy saving secured it first place in the UK and fourth place in Europe against competitors from across the continent. The prize included 1,000 euros to spend on a sustainability initiative.

Their success was achieved by introducing simple changes including retrofitting car park lighting with LEDs, awarding cakes to teams for switching off their monitors, turning down the heating and constantly communicating simple 'switch it off' messages.

"We were delighted to represent the Save@Work team from Telford," said Clare Francis of the Telford Office team. "Everyone in the office contributed to the energy savings we achieved – without the support of the colleagues we wouldn't have achieved such a respectable fourth place. It proves we all can make a difference and we aim to continue to support and reward this."



“We actively support the work of our charity committees. Not just because of the clear benefit it provides to others, but because they provide connection and richness to our working lives, which helps reinforce our values.”
Caroline Anderson

Performance analysis

Financial review

Ruth Curry, Acting Director of
Finance and Business Services

➔ The past year has been the first of our transformation plan to deliver the 2017-2022 HM Land Registry Business Strategy. Demonstrating that we are financially strong is a key commitment in that milestone document which is evidenced by a year of solid performance against the backdrop of an unpredictable property market.

Through our Medium Term Financial Strategy we have ensured that our income will fund and therefore sustain our ambitious plans, enabling us to transform and modernise the services we provide and how we provide them, while at the same time continuing to deliver our core statutory duties.

This year we created a new centre of excellence to provide high quality management information. Our performance management group supports the organisation by providing detailed insight into our performance, including tracking delivery against our key performance indicators. We have continued to build our Finance Business Partnering function, ensuring finance is at the heart of decision making within HM Land Registry and that colleagues across the organisation have the financial and commercial skills they need to maximise the use of our resources and deliver value for money.

Getting the basics right within Finance requires good forecasting, accurate reporting, robust data and efficient transaction processing. We are committed to ensuring our colleagues have the tools they need to deliver. Finance is in the implementation phase of a new Enterprise Resource Planning tool which will replace our legacy Finance, Procurement and Human Resources systems. Not only will this new tool bring greater efficiency, but it will also support a modern work environment and culture which is a key component of our People Strategy.

Our investments have not just been focused on ourselves and delivering our internal transformation aims. This year we have also fostered greater innovation in the UK's digital economy by supporting PropTech start-ups as part of our pioneering partnership with Ordnance Survey through Geovation.

Through effective use of our resources, our financial strategy and our robust systems we will continue to ensure that the wide range of plans set out in the Business Strategy to transform and modernise our services are sustainable and affordable. In doing so we remain on course to become "the world's leading land registry for speed, simplicity and an open approach to data".

Financial summary				Variance (15/16 to 17/18)
	2015/16 £m	2016/17 £m	2017/18 £m	%
Income	295.4	311.4	317.2	7.4
Total costs	(260.8)	(246.8)	(263.6)	1.1
(Of which were operating costs)	(254.2)	(241.9)	(257.4)	1.3
Surplus before dividend	34.6	64.6	53.5	54.6
Dividend	(13.6)	(18.9)	(28.7)	111.0
Retained surplus	21.1	45.7	24.8	17.5
Capital expenditure	5.6	10.6	12.8	128.6
Net assets	373.6	422.2	446.4	19.5
Return on capital employed (%)	8.6	15.1	11.1	29.1

Revenue

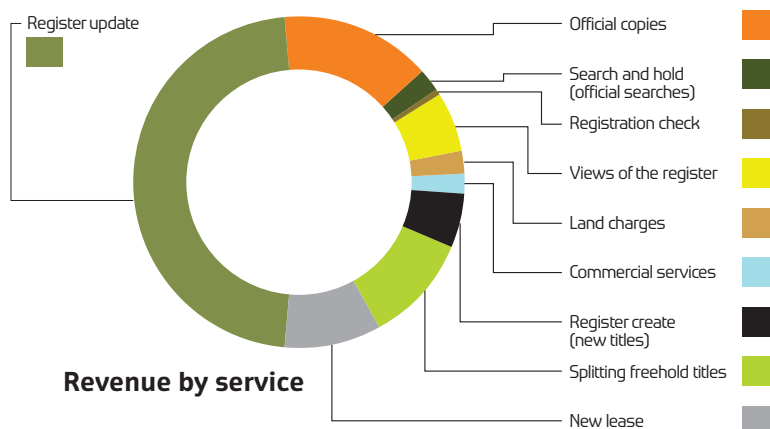
The property market in England and Wales remains active, resulting in a year-on-year increase in overall revenue of 2% to £317.2m in 2017/18.

Alongside ongoing property transactions, a thriving remortgage market meant that, as in previous years, nearly half our revenue was driven by changes to existing register entries (register updates). This single service accounted for £150.3m in 2017/18 which alongside our other register change services meant that creation of new register entries or changes to existing ones accounted for nearly three-quarters of our revenue (register change services – £231.3m – 72.9%).

Our other major service revenue income came from guaranteed query services. These guaranteed searches and checks are critical steps in every property transaction and is where we see our largest volume of service demand. As these services are largely automated they do

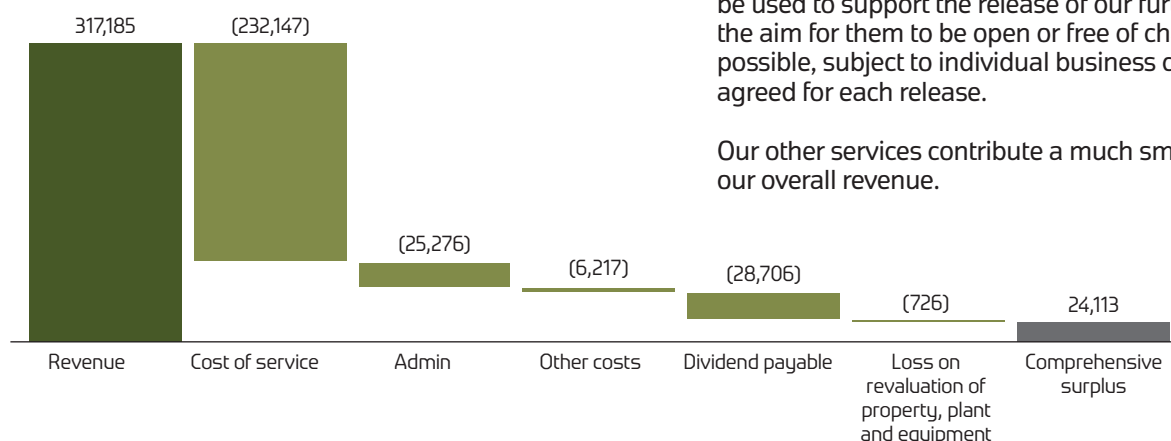


Ruth Curry Acting Director of Finance and Business Services



In addition, we offer free and commercial data services for customers such as technology innovators and data scientists. Income from the commercial release of our data generated £5.8m in 2017/18. Our ambition is to be the world's leading land registry for speed, simplicity and an open approach to data and we intend to release all of our publishable and available data by 2021. Our income will be used to support the release of our further datasets with the aim for them to be open or free of charge whenever possible, subject to individual business cases being agreed for each release.

Our other services contribute a much smaller proportion of our overall revenue.



not carry as high a fee as our Register change services which require input from our expert professionals. In 2017/18 guaranteed query services accounted for 17.4% of our overall revenue.

Information services enable users to go online to get a snapshot of any registered plot of land or property. We charge for some information services, such as register views, as well as offering free online services, including MapSearch and Property Alert. Information services generated 6.0% of total revenue (£19.1m).

Together, these three core registration services generated £304.6m (96%) of £317.2m revenue in 2017/18 (see Note 2 of the Accounts for more details) with an operating cost of £253.9m (which was 98.6% of the total operating cost, £257.4m).

This is why our Business Strategy focuses our transformation on digitising guaranteed query services and the more straightforward register updates. By focusing our efforts on the largest volume of work that generates the most revenue we can both drive down our overall operating costs and make conveyancing simpler, faster and cheaper.

We also have responsibility for providing other land and property services. Land Charges and Agricultural Credits together generated £6.9m.

Operating costs

We operate in an active market where service demand continues to increase year on year but our responsibility to protect the register always remains. In order both to deliver and drive performance alongside our wider transformation aspirations, our operating costs increased by 6% to £257.4m in 2017/18 (2016/17: £241.9m). Having driven efficiency savings in 2016/17, reducing our operating costs by 5% compared with 2015/16, we have maintained a focus this year on securing value for money while at the same time responding to operational requirements.

We recruited more expert colleagues and funded increased overtime to reduce our backlog and improve our speed of service. This resulted in salary costs increasing by £11.0m from £179.5m in 2016/17 to £190.5m in 2017/18, reflecting our increased workload.

Other operating costs included an increase of £5.9m in our indemnity provision, compared with an increase in the provision of £0.3m in 2016/17. This £5.9m growth is made up of a £2.8m increase in the outstanding provision indemnity costs and a £3.1m increase in the incurred but not reported (IBNR) provision. The increase

in IBNR provision was due primarily to changes in the HM Treasury long term discount rate.

Impairment and depreciation costs included within the operating cost increased from £4.1m in 2016/17 to £5.0m in 2017/18, a movement of £0.9m.

Looking at the year ahead we are already seeing encouraging results from our Model Office trials in Durham and Plymouth. As we roll out our continuous improvement programmes more widely, we expect to generate more internal process efficiencies through both standardisation and automation.

Capital structure

The amount of Public Dividend Capital remains unchanged at £61.5m. The Revaluation Reserve has decreased by £1.1m, £0.4m of which has been transferred to retained earnings.

A dividend payment of £28.7m will be made to HM Treasury which results in a retained surplus of £24.8m. In combination with the revaluation transferred to retained earnings, the Income and Expenditure Reserve has therefore increased by £25.2m to £366.7m.

The Local Land Charges Programme will be funded through our accumulated reserves, with fees subsequently generated from the service to be used to reimburse HM Land Registry reserves for the investment made in the programme. Local Land Charges will be implemented in phases, with Phase 1 expected to go live in 2018/19. The 15-month Phase 1 will digitise, standardise and centralise local land charges data and associated services from approximately 26 local authorities.

Indemnity Fund payments

In 2017/18 we paid £5.4m for 852 claims, compared with £6.9m for 995 claims in 2016/17. The largest claim paid this year was for a register entry error where a restrictive covenant entry had been omitted and an indemnity payment was paid for £0.9m (see note 17.2 in the accounts and Appendix E).

This year the value of the outstanding claims provision increased to £10.8m (2016/17: £8.0m). The impact of this increased provision was a charge of £2.8m to our operating costs (2016/17: £2.5m charge).

The value of the Indemnity Fund incurred but not reported (IBNR) provision has increased to £80.2m (2016/17: £77.1m). The impact of this increased provision was a charge of £3.1m to our operating costs (2016/17: £2.8m). Further information on outstanding claims and IBNR provisions, including sensitivity analyses that reflect the estimated nature of the IBNR liability and susceptibility of the provision to fluctuation, can be found in note 17.2 in the accounts. See Appendix E for more information.

Treasury management

Management of liquid assets is governed by the Land Registry Trading Fund Order 1993, the Additional Assets Order 1996, the Extension and Amendment Order 2003 and the *Framework Document 2012*. Non-

operating cash balances are maintained in interest bearing accounts at the Government Banking Service and the National Loans Fund with the balance held with a UK commercial bank.

Estates and facilities management

We have continued to reduce the size of our estate, with all surplus estate now disposed of and tenants occupying 18% of our estate. Our total spend on property (including rent, business rates and service charges) and facilities management (including utilities, post and reprographics) was £17.3m.

We have two properties meeting the definition of investment property – the second floor of Weymouth Office and the Earle House extension in Hull – all of which are let on a commercial basis.

We are committed to demonstrating consistent improvements in the effectiveness and efficiency of our estate in support of the Government's efficiency and reform agenda.

Our facilities management contract with Carillion Services Limited was due to expire at the end of 2017/18. Along with five partner organisations in BEIS, we jointly tendered our facilities management services' requirement. This "clustered" contract was awarded to ISS in December 2017 and was due to go live in April 2018.

Throughout the year, along with Carillion senior management, we closely monitored the performance of Carillion Services Limited. As part of this we developed contingency plans to be used in the event of the supplier being unable to deliver some or all services to the standard required. Due to the liquidation of Carillion on 15 January 2018, the new Total Facilities Management Contract with ISS was mobilised on 5 March 2018, a month earlier than originally planned, following intensive negotiations between both parties. The transition from Carillion to ISS ran very smoothly, reflecting the level of hard work and commitment between HM Land Registry, ISS and Carillion to ensure there was very little impact to service delivery.

The amount payable for services delivered in 2017/18 was £8.5m to Carillion Services Limited and £0.5m to ISS.

Non-current assets

The value of our estate is now £52.7m, including assets held for sale of £2.1m.

Total capital spend, primarily on IT, software and capitalisation of Local Land Charges development costs, was £12.8m of which £4.1m related to tangible assets and £8.7m intangible assets.

Fee order

During 2018/19 we are planning to consult on updated fee structure proposals. The current fee order structure has been in place for more than 30 years and was designed to serve a paper-based registration system. HM Land Registry regularly reviews the level of fees set and, in the past, fees have been lowered as in the

2012 fee order. The current fee order, which came into force in 2014, reduced the number of scale fee bands and introduced a discount for lodging register updates electronically.

The intention of our new proposals would be to simplify our fees, reducing the number of different types of fee payable, and to better align the fees to the cost of delivering the services we offer. Any changes would not be designed to raise additional revenue but to remain neutral overall, with future changes expected to reduce fees as efficiency savings are realised from the Digital Programme.

As part of the consultation proposals' development, a Regulatory Impact Assessment has been undertaken so that we can understand the effect any proposed changes would have on our customers. We have also been in discussion with a number of government stakeholders including BEIS, HM Treasury, the Ministry of Justice and the Ministry of Housing, Communities and Local Government to ensure our proposals would support wider Government aims.

HM Land Registry status

The Office for National Statistics (ONS) is currently undertaking a review of the sector classification of HM Land Registry in accordance with the provisions of the European System of Accounts 2010. HM Land Registry is currently classified as a Public (Non-Financial) Corporation. HM Land Registry has provided detailed information to the ONS to inform its decisions as to whether HM Land Registry's existing status should stand or if HM Land Registry should be reclassified to the Central Government subsector.

Performance against targets

See 'Our performance' on page 50.

Directorships and significant interests

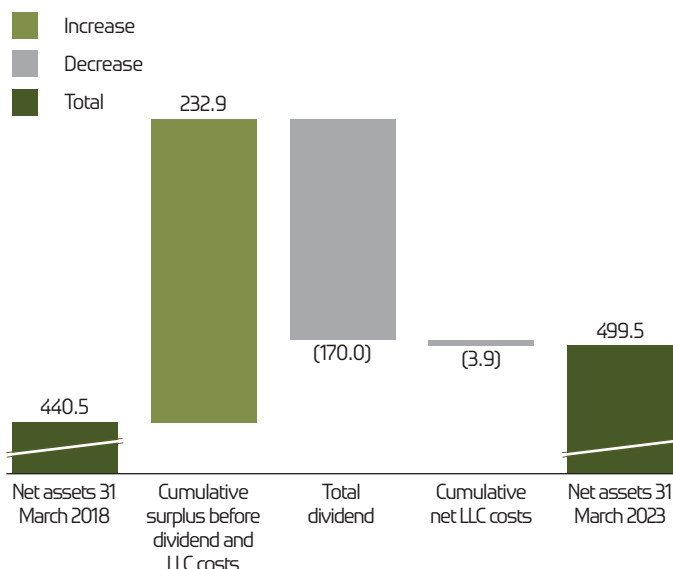
Directorships and significant interests are covered in the corporate governance report.

Future expenditure trends

The graph at top right shows the cumulative surplus before dividend and Local Land Charges (LLC) costs, total dividend and cumulative net LLC costs in our central forecast scenario, as set out in our Medium Term Financial Strategy, between 31 March 2018 and 31 March 2023. Dividends are payable to HM Treasury at a rate of 3.5% of the average capital employed during the year plus inflation. The graph shows that between 2018 and 2023, we have forecasted an increase of net assets of £59.0m, which will be used to invest in our transformation.

Our Market Insight and Forecasting Team regularly reviews housing market trends. However, a potentially fluctuating property market makes it innately difficult to predict the volume and nature of HM Land Registry's workload. Therefore, we continue to model a wide range of potential scenarios, reflecting possible changes in both revenue and cost. Given current economic conditions and the potential sensitivity of our forecasts, we have built in a degree of resilience to provide the flexibility we may need to deliver our transformation even if the market changes.

Net assets forecast 31 March 2018 to 2023



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

Corporate financial targets

	2017/18		2016/17	
	Actual %	Target %	Actual %	Target %
Percentage return on average capital employed	11.1	4.3	15.1	4.6

Auditors

The accounts have been audited by the Comptroller and Auditor General (C&AG). The cost in respect of services relating to the statutory audit for 2017/18 was £65,000 (2016/17: £65,000).

Our performance

In 2017/18 we agreed 11 key performance targets, split across four values

We give assurance

We guarantee our services and provide confidence to the property market.

Customer satisfaction

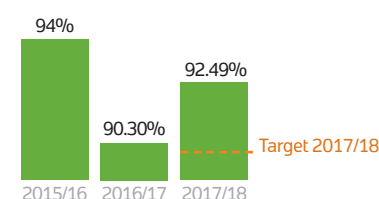


Target:

90%

Performance:

92.49%



The percentage of customers who rate our overall service as good, very good or excellent will achieve at least 90%

Quality

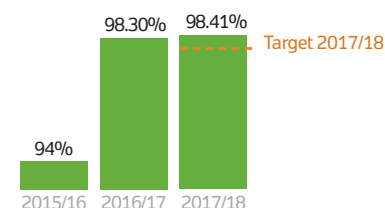


Target:

98%

Performance:

98.41%



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

Comprehensive registration



Target:

Unregistered public estate list

Performance:

Achieved

To create a list of the unregistered public estate in conjunction with the Government Property Unit by end of March 2018

We drive innovation

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

Online service availability

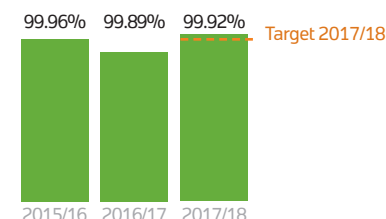


Target:

99.6%

Performance:

99.92%



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

Research and development



Target:

Launch Digital Street and build a proof of concept

Performance:

Achieved

We will build a Digital Street proof of concept by December 2017

Modernisation



Target 1:

Launch 'Model Office' continuous improvement initiative

Target 2:

5% saving on non-staff related third-party spend

Performance:

Achieved

We will modernise the way we do business, driving continuous improvement across our operations

We have integrity

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

Cost per register update



Target:

Average cost per register update not to exceed £27.34

Performance:

Achieved

Target 2017/18 £27.34



Average cost per dealing (register update) application not to exceed £27.34

Speed of service

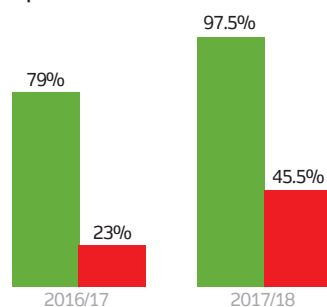


Target:

Complete all register update applications within five days and all register create applications within 25 days

Performance:

Register update **98%** Register create **45%**



By March 2018 we will complete registration of all dealing applications within five days and all new title applications within 25 days respectively, excluding those applications where it is not possible, which will have been assessed and categorised within these timeframes

Reducing application enquiries



Target:

Agree a strategy for reducing application enquiries

Performance:

Achieved

We will agree a strategy for reducing requisition rates and refunds for cancellations by March 2018

We are professional

We value and grow our knowledge and professional expertise.

Colleague engagement

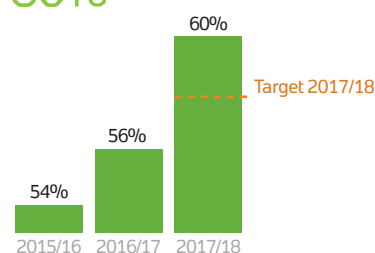


Target:

58%

Performance:

60%



Staff engagement score to be in the top half for the Civil Service for organisations of equivalent size and nature by the 2017 survey

Leadership and managing change

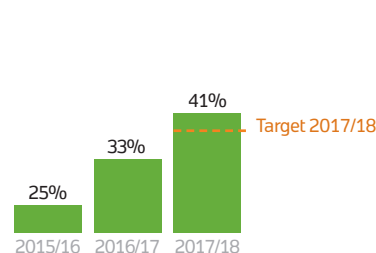


Target:

38%

Performance:

41%



Improvement in the engagement score for leadership and managing change of five percentage points compared with 2016 baseline

Our performance in depth

In 2017/18 we agreed with ministers our 11 key performance targets, split across our four values.

- We give assurance
- We drive innovation
- We have integrity
- We are professional

Our targets are also reflected in our Business Strategy. The five indicators relating to customer satisfaction, quality, speed and online service availability are deemed to be 'core' key performance indicators as they relate to the delivery of core registration services while the remaining indicators are there to reflect our wider ambition to become the world's leading land registry for speed, simplicity and an open approach to data.

We give assurance

As a trading fund service provider, funded entirely from fee income, it is of utmost importance to us to have customer satisfaction and meeting customer needs at the heart of what we do. To help us measure how well we are meeting these goals, we commission IPSOS Mori to undertake four quarterly surveys on our behalf, each of 300 representative customers, to independently measure satisfaction. The average of the four surveys is used to calculate the final result.

Our performance on our main customer key performance indicator (KPI) is higher than last year but there is further to go. We have developed, and in 2018/19 will be implementing, a new Customer Strategy which aims to provide greater quality and consistency of service and better meet customers' individual needs. The Customer Satisfaction Surveys in 2017/18 show some early indications of improved customer perceptions of consistency and accuracy/quality. There is also evidence of improved perceptions of the value we place on our relationships with customers.

The integrity of the register is paramount. As the definitive record of property ownership and interests in England and Wales, ensuring the register is accurate and of the right quality is vitally important. Our Register Integrity and Assurance Group validates accuracy of our registration work in four key areas every month by auditing two samples, each comprising 1% of applications completed over five consecutive working days.

We will develop a new quality KPI for the 2019/20 financial year in line with our Business Strategy core service target – we will have new quality measures that improve the integrity of the register.

Our aim is to create a comprehensive register of freehold land, where the owner is known and the area/extent of their ownership can clearly be defined, by 2030. This will provide greater transparency regarding ownership of land and will aid better data sharing across government for supporting development, including in planning for the right homes in the right place, and to build homes faster. The first milestone was to create a list of the unregistered public estate in conjunction with the Government Property Unit by the end of March 2018.

Through considerable collaboration between the Government Property Unit and the Ministry of Housing, Communities and Local Government this KPI has been achieved. This will help with the process of engagement with local authorities to work towards achieving the next two milestones of registering all local authority housing stock by 2020, and registering all public land in areas of highest housing need (as identified by the Ministry of Housing, Communities and Local Government) by 2020.



We drive innovation

The availability of our e-services is of critical importance to our business. Most of the applications our customers submitted were lodged via our e-service channels. This target is calculated by measuring the availability against advertised service hours for five of our online channels. These are:

System	Description	Published daily service hours	Annual hours	Maximum downtime hours
Business e-services	Portal for professional customers to access our full range of e-services	16.5	6,023	24
Business Gateway	A seamless interface into customers' case management systems	16.5	6,023	24
Inspire	A service that provides access to HM Land Registry index map polygons	24	8,760	35
Find a property	A service aimed at citizens that provides access to copies of the register	24	8,760	35
Corporate website	HM Land Registry information hosted on GOV.UK	24	8,760	35
		Total	38,326	153

We will continue to migrate our external services to new information technology (IT) infrastructure, building on investment made in 2017/18, while continuing to enhance our cyber security defences. We are committing to an enhanced KPI of 99.7% for 2018/19.

The Digital Street proof of concept was identified as part of the digital transformation roadmap in our strategic review. It set out to demonstrate how technology could help transform land registration and conveyancing as we enter the next decade and also understand the capabilities and benefits of a fully digital register.

We achieved our KPI by:

- carrying out user research and bringing together key stakeholders from across the industry for a series of 'design thinking' workshops which explored how we could revolutionise the property buying process;
- creating a 'digital street' by building a fully digital register for a small number of properties;
- running a successful two day hackathon and developing three proof of concepts using digitised HM Land Registry data and other property datasets; and
- creating a three-dimensional interactive demonstration to show the digitised street.

Through research and development we will continue to explore how data and technology could revolutionise land registration and conveyancing. We will work with industry to explore ideas and potential solutions, and learnings from Digital Street will feed into our Digital Programme. For 2018/19 our progress will be monitored through our business plan rather than as a KPI.

Our continuous improvement initiative called Model Office was delivered in two phases – process control

and process improvement. In 2017/18 we developed three tranches of trials which looked to standardise and improve ways of working across the Operations function. As part of this, Team Design and Dealings Flow ensured the same way of working across all non-developer teams in terms of how work is organised. This has resulted in productivity uplifts of 14%, alongside developing our colleagues skills through exposure to different types of casework. Local change managers have supported local leadership teams in establishing a continuous improvement ethos, with specific training also delivered to those leadership teams.

Model Office will continue as a concept in 2018/19 and will support the Service Improvement Programme. In particular it will be the test-bed for process improvement and casework system improvement activity.

Our customers are always at the heart of our decisions so we will minimise the fees we charge to cover the costs of our services and our improvement programme. By targeting cost reductions and productivity improvements, we can demonstrate efficiencies. We did not plan for our staff costs to fall this year as we invest in improvements to our processes and systems, so we have focused on reducing third-party expenditure, excluding the development of the Local Land Charges service, to demonstrate efficiencies. We achieved a cost reduction of 10.4%, against a target reduction of 5%.

We will continue to seek efficiencies in processing our core services and our continued investment in modern technology and digital processes will in turn generate future efficiencies and cost reductions.

We have integrity

This year we introduced a new efficiency measure focusing on our core registration service – register updates. This will enable us to demonstrate the efficiencies made through service improvements and our programme of digitisation. As this measure is based on the full cost of delivering the register update service, including upgrading and transforming this service, in the short term these efficiencies will be offset by increased investment costs. We achieved an average cost per register update of £25.54, against a target of £27.34.

We are committed to reducing the average cost per register update year-on-year in real terms. We will continue our investment in improving registration processes and expanding our digital service offering, the cost of which will be matched by the efficiency savings expected in 2018/19.

The speed of service we provide to our customers is a product of the volume of work we receive, the level of operational resource available and the efficiency with which we process that work. The combination of these three factors results in a backlog of work at any given time, which at the start of the year stood at 77,750 register create (new title) applications. While this measure is a useful internal metric it is less understandable to our customers as a measure of the service they receive. Our plans to reduce the backlog of work were therefore underpinned by a rigorous service standard.

By the end of the year we:

- had processed approximately 4.2 million register update (dealing) applications within the five-day service standard;
- were processing 231,942 register create (new title) applications from 509,763 applications received (45.5 %) within the 25-day service standard;
- had reduced the backlog of register create applications by 45,083 applications; and
- improved the average age of register create applications from 34.3 to 26.3 days.

This is a mixed result for us. While we have improved services to our customers we have not delivered against the performance indicator. We have delivered our target for register update (dealing) applications, which account for the majority of applications received. However, due to the investment necessary to increase operational capacity and develop the technical capability of our caseworkers, we were unable to meet our service standard for register create (new title) applications, which take more resource and are handled by our more experienced caseworkers.

Working towards this target has provided important learning to develop our forecasting and planning model, with caseworker investment delivering an improved service level over the year and providing an opportunity to improve.

Every day more than 5,000 applications need further enquiries because of incomplete or inaccurate information that then needs to be chased and clarified by the submitter, delaying our ability to process quickly. With around 20% of all applications needing further enquiries we have agreed a strategy, with our stakeholders, for reducing the number of application enquiries. Our strategy, which we will implement in 2018/19, encompasses internal actions to improve consistency, accuracy and quality of our data, and external actions aimed at facilitating improvements in the quality of the applications our customers lodge through training and data publication.

We are professional

A key theme of our People Strategy is Empowering our People, giving them the space to operate and innovate and ensuring that their voice is heard. This year's KPI was set not just to focus on the improvement of colleague engagement levels, but to compare our engagement scores against Civil Service organisations of an equivalent size and nature. Our continued commitment meant that scores rose by 4% and 8% for our two indicators which are record scores for HM Land Registry and put us in the top half organisations of an equivalent size and nature.

The result for the Engagement KPI is taken from the annual Civil Service People Survey in October 2017. We achieved a result of 60%, an improvement of 4% from the previous year, which puts us in the top half of the Civil Service for organisations of equivalent size and nature.

As we move through a period of significant change we continue with the aim of being in the top half. Our longer-term goal as we drive increased engagement and seek to galvanise our colleagues around our new direction is to be in the top quartile of the Civil Service.

We continue to invest in developing our leaders, our change management approach, supporting tools and capability to ensure that as we move forward with our ambitious transformation, our ability to lead and manage change is continually improving.

The result for the Leadership and Managing Change KPI is taken from the Civil Service People Survey where we achieved a score of 41%, an in-year improvement of 8% on the 2016 baseline of 33%. Just as with the overall engagement score the movement continues to be positive, where last year we achieved a 14% improvement from the set in 2015/16.

Our target for the coming financial year will be to continue to build on the development of our leaders and change management approach, setting our target to increase the result by seven percentage points compared with the 2016 baseline.

Tranmere tunnels, Merseyside: This World War II air raid shelter consisting of a series of tunnels stretching to a total length of 6,500ft was designed to house up to 6,000 people during enemy bombing raids, including many workers from the Cammell Laird shipyard. It was registered by our Swansea Office for Wirral Borough Council and was a challenging registration from a mapping perspective due to the strata occurring at so many varying levels. Photo: Lewys Jones



Sustainability performance

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

This report is delivered in line with the 2017/18 guidelines supplied by HM Treasury.

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

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

Area	Achieved	Target for 2020	On target/achieved?
Carbon	49% reduction	40% reduction	Yes
Waste arising	47% reduction	Reduce the amount of waste generated by at least 25%	Yes
	95% recycled	Recycle or compost at least 70% of waste	Yes
	3% to landfill	Landfill less than 10% of waste	Yes
Water consumption	28% reduction	25% reduction (self-imposed)	Yes
Paper consumption	68% reduction	Reduce our paper use by 50% from 2009/10 baseline	Yes

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

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

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

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

Area		Performance	
		Actual (£'000)	2020 reduction target
Energy: greenhouse gas emissions, all areas within scope	Carbon emissions (tonnes)	7,361	9,776
	Expenditure (£)	1,788	
Waste	Consumption (tonnes)	1,141	1,484
	Expenditure (£)	147	
Water	Consumption (m ³)	41,130	38,346
	Expenditure (£)	139	

Sustainability governance

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

Overall delivery of additional requirements of GGC

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

Carbon

Gross emissions have reduced by 49% over the baseline.

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

Climate change adaptation

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

Biodiversity and the natural environment

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

The cost of the Carbon Reduction Commitment to the organisation was £166,000.

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

Greenhouse gas emissions	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13
Non-financial indicators (tCO ₂ e)						
Total gross emissions for scopes 1 and 2	5,142	6,818	7,835	8,048	8,404	10,447
Electricity: green/renewable	1,688	1,710	1,195	2,306	2,780	2,265
Total net emissions for scopes 1 and 2 (i.e. having removed renewable elements)	3,454	5,108	6,640	6,839	5,624	8,182
Gross emissions scope 3 travel ¹	528	510	557	608	724	893
Total gross reported emissions	7,361	7,328	8,392	8,656	9,128	11,340
Non-financial (mWh)						
Electricity: purchased (grid, combined heat and power, and non-renewable)	12,478	12,808	12,956	12,902	12,200	15,943
Electricity: renewable	–	–	–	–	–	–
Gas	6,659	5,774	7,325	6,989	8,355	11,567
Other energy sources	–	–	–	–	–	–
Total energy	19,138	18,582	20,281	19,892	20,555	27,510
Financial indicators (£'000)						
Expenditure on energy	1,788	1,485	1,641	1,684	1,810	2,043
Expenditure on accredited offsets (such as the Government Carbon Offsetting Fund)	–	–	–	–	–	–
Expenditure on official business travel	1,193	1,231	1,222	1,142	1,240	1,127

Note: data includes other government departments occupying space in our estate, but excludes data relating to non-government tenants.

Note: Ordnance Survey and the NHS, who use HM Land Registry data centre services, report their carbon consumption directly to government.

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

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

Waste

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

In partnership with our waste providers through our facilities management contract we are working towards zero to landfill. We are currently meeting all of the targets with performance as follows: the amount of waste generated reduced by 47%, the amount of waste recycled, diverted or composted is at 94.7%.

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

Of the waste arising 741 tonnes is paper sent for recycling. Paper equates to 71% of our total waste arising.

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

Waste		2017/18	2016/17	2015/16	2014/15	2013/14	2012/13
Non-financial indicators (tonnes)							
Hazardous waste		6	3	1.6	–	–	–
Non-hazardous waste	Landfill waste	29	13	31.9	105	101	379
	Reused/recycled waste	986	1,028	1,604	802	858	1,042
	Energy from waste	26	5	6.6	–	–	–
Total waste arising		1,047	1,049	1,105	907	959	1,421
Financial indicators (£'000)							
Hazardous waste				–	–	–	–
Non-hazardous waste	Landfill waste			4	180	144	197
	Reused/recycled waste			208	99	146	218
	Incinerated waste			–	–	–	–
Total waste costs		147	129	212	279	290	415

Water consumption

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

A 28% reduction in water consumption has been achieved against a target of 25%. Consumption per

full-time equivalent, including colleagues on HM Land Registry sites from other government departments, is 6m³.

The increased number of colleagues employed across our offices this year, together with the high level of overtime work undertaken, resulted in a rise in our water consumption compared with the previous year.

Water		2017/18	2016/17	2015/16	2014/15	2013/14	2012/13
Non-financial indicators (cubic metres)							
Consumption	Supplied	41,130	34,967	36,395	38,153	36037	31,230
	Abstracted	–	–	–	–	–	–
	Total consumption	41,130	34,967	36,395	38,153	36037	31,230
Financial indicators (£'000)							
Total supply costs		139	152	173	188	228	236

The GGC reduction target to reduce our paper use by 50% from an HM Land Registry baseline year of 2011/12 shows a current improvement of 68% over A4 equivalent paper use. Our digital services programme and our move to on-request printing are having a significant impact.

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

- Enterprise, our vehicle hire provider, working closely with us to help identify which category of vehicle will provide the best value for money while at the same time reducing our carbon footprint; and
- Procurement & Commercial Group undertaking an exercise to obtain sustainability information on suppliers.

Work is also being done to implement the use of contract sustainability action plans.

The Corporate Procurement Team has appointed two sustainability champions from within the team to help add emphasis and focus in achieving our sustainability objectives. As a team we are continually searching for methods to leverage our position and promote benefits that help tackle economic, social, and environmental issues. We continue to maintain and improve on Level 3 (Practice) across all categories in the Sustainable Procurement Flexible Framework maturity model.

Some initiatives we've completed over the last few months include:

- creating a sustainability project management board to help coordinate works;
- revising sustainability action plans to add simplicity and focus on HM Land Registry contract-specific benefits, as opposed to generic business achievements;
- completing a Modern Slavery checklist to ensure all suppliers are meeting Cabinet Office's Government Buying Standards; and
- working with sustainability colleagues to dovetail efforts.

We communicated to all our suppliers a piece of work aimed at achieving BEIS' target that by 2022, £1 in every £3 will be spent with a small or medium-sized enterprise.



Performance on other matters

Land registration

We registered 174,757 hectares, taking the total registered area to 12,920,340 hectares, which equates to 85.4% of England and Wales. This comprises 86.4 % of England and 79.5% of Wales.

Public Sector Information Holder

We fulfil our role as a Public Sector Information Holder, which we take very seriously, through adherence to the Data Protection and Freedom of Information Acts. We are ensuring our data policies are compliant with the General Data Protection Regulations (GDPR) which came into force on 25 May 2018. We mandate annual Responsible for Information learning for our people and augment it by promoting good practice in the areas of email security, password protection and the use of cloud collaboration tools. This year our colleagues undertook a cyber awareness training package designed in house, and we have run a series of tailored cyber awareness events. Our Senior Information Risk Owner (SIRO) oversees an information risk management process, which is measured through external accreditation (ISO27001) and independently challenged self-assessment (using the Information Assurance Maturity Model – IAMM). We have also used the externally assessed Cyber Defence Capability Assessment Tool assessments (CDCAT) as we are part of the Critical National Infrastructure, and we have invited the National Cyber Security Centre to carry out an independent assessment of our cyber defences.

General Data Protection Regulation

The GDPR is a European Union piece of legislation. Its aim is to increase the protection given to individuals over their personal data collected and used by third parties. HM Land Registry has been engaging with stakeholders to ensure that we are ready to meet our obligations from 25 May. Our obligations under our legislation, the Land Registration Act and Rules, will not change. Our registration activities and access to the register and the information contained within it will remain the same. We are amending our personal information notice to ensure that individuals know how HM Land Registry uses the personal data they provide to it. We have appointed a Data Protection Officer to support our activities under the GDPR.

Open and full information

We received 338 Freedom of Information requests, of which 334 were answered within 20 working days.

Other information

Rule Committee

The Rule Committee was constituted under the Land Registration Act 2002 to provide advice and assistance, originally to the Lord Chancellor but now to the Secretary of State for Business, Energy and Industrial Strategy, in making land registration rules and fee orders under the Act.

In the past year, the Rule Committee was involved in giving advice and assistance to the Secretary of State in relation to the drafting of amendments to the Land Registration Rules 2003 in the form of the draft rules which were later approved and came into force on 6 April 2018 as the Land Registration (Amendment) Rules 2018. For this purpose, in May 2017, the Rule Committee convened a meeting with the HM Land Registry lawyers who initially drafted the rules. The meeting was most productive and was followed by email discussions and further deliberation resulting in the final form of the draft rules being approved by the Rule Committee.

In 2017/18 a total sum of £93.40 was paid to the Rule Committee in travel expenses.

Modern slavery

Through robust policies and procedures, we continue to take steps to ensure that neither slavery nor human trafficking (together, referred to as 'modern slavery') take place in our organisation or supply chains. This includes the recruitment of colleagues and in our contracts with suppliers. We also continue to maintain robust policies and procedures to facilitate the raising of any concerns by colleagues including any relating to modern slavery concerns in our supply chains.

Business Impact Target

Under the provisions of the Small Business and Enterprise Act 2015, HM Land Registry is required to publish certain information that will contribute to the Government's annual report on regulatory activity. By 4 July HM Land Registry will publish on our website a list of our changes which do not require a full impact assessment or scrutiny by the Regulatory Policy Committee because the impact of the change on business does not exceed £5m. For the reporting period 8 June 2017 – 20 June 2018 we have introduced changes to assist the conveyancing process. We improved the efficiency of our call handling process and have increased the types of application that can be lodged electronically. For example, in April, the first digital mortgage deed was registered in the Land Register. This service will speed up the mortgage process by enabling borrowers to sign their mortgage deeds online at any time, once they have successfully verified their identity.



Policy and stakeholders

The Chief Land Registrar's Office provides executive support including the Board secretariat and manages the overall HM Land Registry relationships with government and key stakeholders. It ensures our interests are coordinated and represented domestically and globally, upholding the reputation of the organisation.

Lord Henley launched our new Business Strategy at our third annual stakeholder reception in November, on taking up his ministerial responsibility for the organisation. Some 36 key government and industry representatives attended the reception, including representatives from our Land Registry Advisory Council. The advisory council is chaired by our Chief Executive and is an essential sounding board to challenge our day-to-day business activities and policy development. It met four times during the year, bringing together key players in the conveyancing sector.

The Chief Land Registrar's Office works closely with our sponsoring Department for Business, Energy and Industrial Strategy and governance sponsor UK Government Investments. We responded to 11 Parliamentary Questions about HM Land Registry and supported other departments with responses to their questions.

Our policy and stakeholder team co-ordinates HM Land Registry involvement with a range of government policy initiatives, including on housing, transparency, industrial strategy, digital strategy and anti-corruption. HM Land Registry has submitted responses to a number of Government consultations in the last year, either formally or informally, and contributed to the content of further consultations issued by the Government.

HM Land Registry representatives hold positions on various international forums, including the United Nations Economic Commission for Europe (UNECE) Committee for Housing and Land Management, the UNECE Working Party on Land Administration, the EuroGeographics Management Board and the European Land Registry Association.

Using our expertise, HM Land Registry supports policy commitments of the Department for International Development, the Foreign and Commonwealth Office and Ordnance Survey and we are working towards greater collaboration. We have provided support through scoping work and educational study visits and meetings. In the last year we have hosted educational study visits for representatives from many jurisdictions including the United Arab Emirates, Bangladesh, Canada and Kenya.

Supporting the conveyancing industry

In June 2017 the Government announced its commitment to tackling unfair tenant fees, promoting fairness and transparency in the housing market and ensuring more homes are built.

HM Land Registry is supporting this commitment in a variety of ways, including whether we can make conveyancing simpler, faster and cheaper by changing our policy on management company/landlord restrictions.

Many leases require the consent of or a certificate from a landlord or management company prior to the transfer of a leasehold property. Enforcement of this requirement is often managed by the entry of a restriction in the register of the leasehold title, preventing registration of a transfer until consent or a certificate is provided. The restriction does not prevent the transfer taking place, but often leads to delays in registration and increased costs.

In October we held a stakeholder event, which explored:

- the extent of the difficulties experienced with management company/landlord restrictions;
- the advantages and disadvantages the restrictions give landlords and tenants and how they are used; and
- the options for changing our policy relating to these restrictions.

Following the event we have been working with the Law Society and the Conveyancing Association who issued surveys earlier this year to gather the views of their members. This has generated invaluable insight about the practical issues raised by the entry of these restrictions, their impact on individuals, practitioners, landlords and management companies. We are analysing this and will undertake further work before considering next steps.

We have also, as part of our Business Strategy, set ourselves challenging targets for the registration of publicly owned land, particularly in areas of high housing need.

Graham Farrant
Chief Executive and Chief Land Registrar
29 June 2018

Glossary

Term	Definition
Agile	A method of project management that uses collaborative efforts to evolve solutions which achieve its goals.
Application enquiries	Where HM Land Registry has to make enquiries to the applicant on an application because information or evidence is missing or incorrect and so cannot be processed.
Applications	Applying for the registration of unregistered land, updating registered land or property titles, or applying for information from HM Land Registry.
Artificial intelligence (AI)	Intelligence and learning demonstrated by machines.
Chatbot	A computer program that uses artificial intelligence (AI) to conduct a conversation with a user.
Continuous improvement	An ongoing effort to improve products, systems, services and knowledge.
Copy register	Copy of the register maintained by HM Land Registry showing details about a specific registered title.
Core registration services	The registration of ownership, interests and mortgages against land and property.
Dividend	The sum we pay to HM Treasury annually out of our surplus.
Easements	A right enjoyed by an owner of land over someone else's to provide access (such as a driveway) or for essential services (such as water and electricity).
Geographic Information Systems (GIS)	A system designed to capture, store, analyse and manage spatial and geographic data.
Geospatial	Data and information that is associated with a particular location.
Guaranteed query services	Services that provide information and results which come with a state guarantee.
INSPIRE Index Polygons Data	Data that contains the locations of freehold registered properties and shows their position and extent.
Machine learning	A field of computer science that gives computers the ability to learn.
Machine-readable	Presenting data or information in such a way that it can be read and processed by a computer.
Operating surplus	The surplus generated from business operations (gross surplus minus administrative expenses).
Productivity uplift	An increase in the amount of cases processed.
Protected characteristics	The characteristics protected by equalities law to prevent discrimination in the workplace: age, disability, gender reassignment, race, religion or belief, sex, sexual orientation, marriage and civil partnership and pregnancy and maternity.
Referral	An HM Land Registry process of referring an application (or a part of an application) to an experienced HM Land Registry staff member for their advice or a decision.
Register create applications	Applications that require new entries to be created in the Land Register.
Requisition	See 'Application enquiries'.
Restriction	An entry that limits HM Land Registry from updating the register unless specified conditions are met.
Restrictive covenant	An agreement, usually contained in a deed, creating an obligation on the owner of land affected, such as limiting the uses of the land.
Robotic process automation	An emerging form of business process automation technology.
Smart contract	A computer protocol intended to digitally facilitate, verify or enforce the negotiation or performance of a contract.
Sustainable Procurement Flexible Framework	A self-assessment mechanism that allows organisations to measure and monitor their progress on sustainable procurement over time.
Title	The evidence of a person's right to property.
Title plan	A plan showing the area of a registered property on a map – usually Ordnance Survey.
Triage	A decision-making framework for prioritising and directing work to those most capable to complete it.
Upheld complaints	Complaints that have been investigated and found to be justified.

Accountability report

Corporate governance report

Directors' report

Land Registry Board

The remit of the Land Registry Board (LRB) is to support, advise, challenge and provide guidance. The LRB ensures good governance and public accountability, endorses the HM Land Registry strategy and assists the Chief Executive and Chief Land Registrar in his ultimate responsibility as Accounting Officer for the governance of HM Land Registry.

The LRB terms of reference which were first approved in 2012 were revised during 2015/16. They remained relevant during 2017/18.

The LRB met eight times in 2017/18.

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

LRB membership	
Michael Mire (Chair)	Non-Executive Chair
Diana Breeze	Non-Executive Board Member (from 8 January 2018)
Tony Buffin	Non-Executive Board Member (from 8 January 2018 to 31 March 2018)
Kirsty Cooper	Non-Executive Board Member (from 8 January 2018)
Chris Morson	Non-Executive Board Member (from 8 January 2018)
Doug Gurr	Non-Executive Board Member (from 9 February 2018)
Angela Morrison	Non-Executive Board Member (from 20 March 2018)
Claire Wren	Non-Executive Board Member, UK Government Investments (UKGI)
Tim Franklin	Non-Executive Board Member (to 31 January 2018)
Catrina Holme	Non-Executive Board Member (to 7 July 2017)
Gerard Connell	Non-Executive Board Member (to 29 August 2017)
Graham Farrant	Chief Executive and Chief Land Registrar
Catherine Vaughan	Director of Finance and Business Services (to 3 September 2017)
Ruth Curry	Acting Director of Finance and Business Services (from 1 September 2017)
John Peadar	Director of Operations (to 30 June 2017)
Chris Pope	Chief Operations Officer (from 25 October 2017)
Attendees	
Mike Westcott Rudd	Board Legal Adviser
Mike Harlow	General Counsel and Deputy Chief Land Registrar (from 1 February 2018)

Land Registry Board



Michael Mire



Doug Gurr



Angela Morrison



Chris Morson



Diana Breeze



Kirsty Cooper



Claire Wren

Executive Board



Graham Farrant



Karina Singh



Caroline Anderson



Chris Pope



John Abbott



Mike Harlow



Ruth Curry



Mike Westcott Rudd

Executive Board

The Executive Board (EXB) is chaired by the Chief Executive and Chief Land Registrar and its members are HM Land Registry's executive directors. The EXB is responsible for the delivery of HM Land

Registry's Annual Management Plan and for the day-to-day operational management of the organisation. The EXB met 12 times in 2017/18.

Executive Board membership

Graham Farrant (Chair)	Chief Executive and Chief Land Registrar
John Abbott	Director of Digital, Data and Technology
Caroline Anderson	Director of Human Resources and Organisation Development
Catherine Vaughan	Director of Finance and Business Services (to 3 September 2017)
Ruth Curry	Acting Director of Finance and Business Services (from 1 September 2017)
Alasdair Lewis	Director of Legal Services and Deputy Chief Land Registrar (to 31 October 2017)
Mike Harlow	General Counsel and Deputy Chief Land Registrar (from 1 February 2018)
John Peaden	Director of Operations (to 30 June 2017)
Chris Pope	Chief Operations Officer (from 25 October 2017)
Karina Singh	Director of Transformation (from 1 November 2017)
Mike Westcott Rudd	Board Legal Adviser

Attendees

Cathy Jenkins	Chief of Staff (from 24 July 2017)
Nicky Heathcote	Head of the Chief Land Registrar's Office (to 30 June 2017)

Audit Committee

The committee supports the LRB and the Accounting Officer by seeking assurance on the risk management framework, the control framework, governance

and compliance with policies, procedures and external standards and statutory requirements.

Audit Committee membership

Chris Morson (Interim Chair from 10 March 2018)	Non-Executive Board Member (from 8 January 2018)
Tony Buffin (Chair from 31 January 2018 to 10 March 2018)	Non-Executive Board Member (from 8 January 2018 to 31 March 2018)
Tim Franklin (Chair to 31 January 2018)	Non-Executive Board Member (to 31 January 2018)
Angela Morrison	Non-Executive Board Member (from 20 March 2018)
Gerard Connell	Non-Executive Board Member (to 29 August 2017)
Derrick Palmer	Independent member of the Audit Committee

Attendees

Graham Farrant	Chief Executive and Chief Land Registrar
Catherine Vaughan	Director of Finance and Business Services (to 3 September 2017)
Ruth Curry	Acting Director of Finance and Business Services (from 1 September 2017)
Brian Anderson	Risk Manager
Grahame Hughes	Head of Internal Audit (to 30 June 2017)
Stuart Brown	Internal Audit
Darren Hall	Head of Internal Audit, Government Internal Audit Agency (from 1 July 2017)
Mike Westcott Rudd	Board Legal Adviser
Representative of National Audit Office	National Audit Office
Representative of UKGI	UKGI

Remuneration and Nomination Committee

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

Remuneration and Nomination Committee membership	
Gerard Connell	Non-Executive Board Member (to 29 August 2017)
Graham Farrant	Chief Executive and Chief Land Registrar
Tim Franklin (Chair from 8 November 2017 to 8 January 2018)	Non-Executive Board Member (to 31 January 2018)
Catrina Holme (Chair to 8 November 2017)	Non-Executive Board Member (to 7 July 2017)
Diana Breeze (Chair from 8 January 2018)	Non-Executive Board Member (from 8 January 2018)
Chris Morson	Non-Executive Board Member (from 8 January 2018)
Attendees	
Caroline Anderson	Director of Human Resources and Organisation Development

Register of interests

A register of interests is maintained at HM Land Registry Head Office. See note 21 to the accounts for related party disclosures.

Personal data-related incidents

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

Other accountabilities

Health and safety

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

The system has enabled us to maintain a good standard of compliance despite our facilities management provider, who delivered health and safety services on our behalf, going into administration in January.

There has been a focus on awareness and improvement in display screen equipment assessment processes this year, with a complete review undertaken and a programme of training for internal assessors implemented to promote best practice and support our commitment to preventative health and safety strategies. We have continued to develop our material, online training and awareness campaigns on road safety to further reduce the risk for our drivers.

The total number of accidents reported by HM Land Registry staff at work was 168, none of which were required to be reported to the Health and Safety Executive under the Reporting of Injuries Diseases and Dangerous Occurrences Regulations.

We were successfully recertified to OHSAS18001, the British Standard for health and safety management, following a full recertification audit by external assessors. The audit is wide-ranging, covering all aspects of health and safety, and is undertaken every three years as part of the accreditation process, followed up by six-monthly surveillance audits. The recertification provides further assurance of the maturity of our health and safety management system and demonstrates continual improvement and alignment with best practice.

Service standards

Details of the service that customers can expect from us can be found on our website: <https://www.gov.uk/government/publications/hm-land-registry-service-standards>.

Welsh language service

Information about our Welsh language service can be found on our website: <https://www.gov.uk/government/publications/hm-land-registry-welsh-language-scheme>.

Complaints

We recorded 2,712 complaints in 2017/18 compared with 2,464 in 2016/17.

This increase is partly accounted for by greater consistency in the recognition and recording of customer feedback. Because of feedback from our Independent Complaints Reviewer about issues with consistency in the recognition and handling of some complaints, we carried out new training for key staff at all our offices. Work to make further improvements will continue in 2018/19.

An increase in cancellations and application enquiries from incomplete or incorrect applications has also resulted in more complaints relating to our decisions to cancel, raise enquiries and the speed, clarity and reliability of our communications in these areas.

The overall proportion of upheld complaints was 42% out of 2,712. Customer feedback about the cancellation of registration applications was the most common area of upheld complaint, comprising 21% of the upheld total. As a result of this feedback, reminders have been issued about how cancellations should be handled and in 2018/19 more work will be done to develop systems aimed at standardising our approach.

The use of our Customer Relationship Management software for complaint recording, reporting and insight/analysis has created further opportunities to learn from and act on customer feedback and improve our overall service. Examples of this included enhancements to our:

- Business e-services to allow users who submit registration applications electronically to choose an individual or collective email address for managing the receipt of correspondence from us, for example, our enquiries and cancellation letters. This minimises the manual inputting of contact information by the customer and HM Land Registry, helping to ensure that our correspondence reaches the appropriate address;
- guidance for staff and customers has been improved to make our requirements clearer on commonly submitted registration applications, helping to avoid the need for us to raise an enquiry and improving our consistency when enquiries are required;
- service giving customers improved information and functionality to track the progress and status of registration applications pending with us and to contact us electronically about them, if needed;
- Business e-services to further increase the number of application results, notifications and documentation received and delivered electronically; and
- range of standard wording used when we raise an enquiry on registration applications which are not in order, improving the quality and consistency of the information provided to customers.

Security incidents

Physical security is overseen by the Physical and Personnel Security Panel. There were 50 incidents during the year including four significant (Class 1) incidents.

Statement of Accounting Officer's responsibilities

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

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

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

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

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

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

Governance statement

Scope of responsibility

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

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

The main duties relating to maintaining the register of title to freehold and leasehold land and mortgages are defined in the Land Registration Act 2002 and those relating to Land Charges and Agricultural Credits are defined in the Land Charges Act 1975 and the Agricultural Credits Act 1928 (see the Performance report overview).

The Infrastructure Act 2015 widened the scope of HM Land Registry's powers enabling us to build on the property services we already provide. The legislation provides that HM Land Registry will become the registering authority for the statutory Local Land Charges Register in place of individual local authorities and will hold those records in a single digital register. Private beta testing has commenced and will continue over the next three to six months where we will work closely with the first phase of local authorities to transfer the service. This will provide us with invaluable data about migrating local authority data to our new digital Local Land Charges Register and how local authorities will maintain the register once their data has been migrated.

Purpose of the governance framework

The governance framework is designed to give assurance that HM Land Registry carries out its duties in a manner that fulfils the appropriate standards of effective internal control and risk management. It is based on processes designed to identify and prioritise the opportunities and risks to the delivery of HM Land Registry's strategy, the strategic objectives and performance targets. The governance framework is designed to help the organisation achieve its objectives.

The governance framework is also designed to align with the strategic aims of BEIS and our statutory duties as set out in our *Framework Document 2012*. This document is being revised to reflect HM Land Registry's role changes and to take account of the views of stakeholders. This framework has been in place throughout 2017/18 and up to the date of approval of the accounts. In all important respects, the framework already complies with the new *Partnerships between departments and arm's-length*

bodies: Code of Good Practice 2017. It remains fully compliant with the code published by HM Treasury and the Cabinet Office, *Corporate governance in central government departments: Code of good practice 2011*. The new *Framework Document* will comply with the new *Partnerships between departments and arm's-length bodies: Code of Good Practice 2017*.

Key elements of the governance framework

The governance framework includes:

- HM Treasury letter appointing the Accounting Officer;
- *Framework Document 2012* (currently under review);
- LRB terms of reference, agendas and minutes;
- Audit Committee terms of reference, agendas and minutes;
- Remuneration and Nomination Committee terms of reference, agendas and minutes;
- EXB member-led committees, terms of reference, agendas and minutes;
- ministerial endorsement of the direction of travel articulated in the Business Strategy;
- delegations of budget;
- non-financial delegation letters to members of the EXB;
- delegations of financial authorities designed to reflect the external framework set and revised by the Cabinet Office, BEIS and UK Government Investments (UKGI); and
- LRB and EXB member-led committees.

An ambitious Business Strategy 2017-2022 was launched on 29 November 2017 and sets out five-year objectives which take account of the Government's commitments for HM Land Registry to transform in the public sector and to identify the public holding of land that could be used for housing which is referred to in the Housing White Paper *Fixing our broken housing market*.

This new strategy brings together six different dimensions to provide a comprehensive guide to how we will achieve our ambition to be the world's leading land registry. They are: Brilliant at the Basics; Comprehensive Register; Digital Street; Opening our Data; Expert People; Financially Strong. They all challenge HM Land Registry to contribute effectively to improving the conveyancing process and the availability of housing alongside other Government policy initiatives.

We agreed 11 key performance indicators with the Minister and BEIS for 2017/18 and have met our targets in all but one area relating to the speed of service for dealing with complex registration cases where a new title is created. While good progress has been made during 2017/18 on reducing the average age of cases to 24.9 days, we did fall short of the challenging target set on eliminating delays on the more complex applications received. However other casework related targets, including the speed of service targets for our information services and register update services, were met; the quality target for processing of substantive applications,

unit cost, the availability of external services, and customer satisfaction ratings, were all achieved. We have completed a list of the unregistered public estate, an important part of our work to assist with Government housing commitments, and produced workable prototypes for the 'Digital Street'. A strategy to reduce requisition rates has also been agreed.

We are continuing to make significant inroads into our backlog of complex registration work. Our caseworkers process around 20,000 applications to change the Land Register each day with 18,000 being mostly 'straightforward updates' (such as transfers of ownership) and 2,000 being more complex register creation processes such as first registrations, new leases and splitting titles. In addition, we process 100,000 register query requests and searches every day, many of which are already automated.

Colleague engagement has improved with a 40% increase to 60% in this year's annual Civil Service People Survey. This has been achieved by embedding more frequent office visits by EXB members, weekly blogs and more active engagement with the departmental trade unions and the Leadership Group. Other encouraging figures showed that colleagues felt the Board had a clear vision for the future (up 18% to 52%) and that senior managers demonstrate our core values (up 13% to 46%). However, there is still work to be done, as although our overall leadership score was up 8% to 41% it is not where I want it to be or where any organisation like ours should aspire to be, which is why we have set even more stretching targets over the next four years.

Land Registry Board

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

Membership of LRB changed significantly during the year, largely due to the natural expiration of terms of appointment. LRB currently consists of a Non-Executive Chair, Michael Mire, seven other non-executive members, including a representative from UKGI, and three EXB members, being myself as Chief Executive and Chief Land Registrar, the Acting Director of Finance and Business Services and the Chief Operations Officer. The Board Legal Adviser also attends the meetings and acts as secretary to the Board.

Catrina Holme's appointment ended on 7 July 2017 and Gerard Connell's appointment ended on 28 August 2017. Tim Franklin, the Senior Independent Director, left the organisation on 31 January 2018. Kirsty Cooper has replaced him as Senior Independent Board Member and was joined on the Board by Tony Buffin (who resigned with effect from 31 March 2018), Chris Morson and Diana Breeze. Those four appointments took effect on 8 January 2018. Doug Gurr joined on 9 February 2018 and Angela Morrison on 20 March 2018. LRB members have been appointed to bring the range of skills and experience needed to help HM Land Registry to deliver.

The LRB's main role is to support, advise, constructively challenge and provide guidance to the Chief Executive and the EXB. It should also ensure that HM Land

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

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

Land Registry Board purpose

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

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

During 2017/18 the LRB evaluated and agreed:

- the plans for backlog reduction;
- the plans for comprehensive registration;
- progress against the Transformation Programme;
- formal change programmes including Local Land Charges;
- the Programme Business Case for digital mortgage;
- the strategic approach to other digital innovations;
- the revised Local Land Charges Business Case;
- the development of an initial view of the Digital Street concept; and
- the approach to test out new ideas within a model office.

In this financial year, LRB also agreed:

- the Business Strategy 2017-2022;
- the approach to major strategic issues affecting the delivery of the Business Strategy; and
- the approach to the revision of land registration fees.

Committees of the LRB

Audit Committee

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

- the strategic framework and process for risk management, control and governance and this governance statement;
- the accounting policies, the accounts and the annual report of the organisation, including levels of error identified, and management's letter of representation to the external auditors;
- the risk-based planned activity and results of both Internal Audit and External Audit;
- assurances relating to corporate governance requirements for the organisation:
 - assurance that value for money principles were being adopted in procurement processes and validated against in-house options when appropriate;
 - counter-fraud policies, whistleblowing processes and the arrangements for special investigations; and
 - cyber-security measures and actions arising from external and internal assessment exercises; and
- ongoing compliance with the International Standards for the Professional Practice of Internal Auditing and the Public Sector Internal Audit Standards (PSIAS).

Membership of the Audit Committee comprised Tim Franklin, non-executive member as Chair until his departure in January 2018, when he was replaced by Tony Buffin until March 2018 and then on an interim basis by Chris Morson. Non-executive members Gerard Connell (until 29 August 2017), Angela Morrison (from 20 March 2018) and Derrick Palmer (Independent Member of the Audit Committee) also attended. The Acting Director of Finance and Business Services, Ruth Curry, the Board Legal Adviser and I also attend these meetings. The Head of Internal Audit is also present and other officers attend as necessary to support the committee's programme and agenda.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee ensures that remuneration and nomination arrangements, including senior pay strategy, support HM Land Registry aims and enable the recruitment, retention and performance of the executive team. At the start of the year, Catrina Holme chaired the Remuneration Committee. Following her departure, Tim Franklin was appointed as Chair of this Committee temporarily from 8 November 2017 to 8 January 2018 in order to endorse the senior pay strategy. Membership of the Remuneration Committee now comprises myself and two non-executives, Diana Breeze (Chair) and Chris Morson, advised by Director of Human Resources and Organisation Development Caroline Anderson. It has met three times during the financial year.

Executive Board

The EXB assists me to lead and manage HM Land Registry to ensure the delivery of the objectives and business targets, the successful implementation of an approved Business Strategy, annual plans and compliance with the *Framework Document*.

Through the mechanism of individual letters of delegation, members of the EXB handle the day-to-day running of HM Land Registry, including:

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

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

Transformation Board

The Transformation Board is chaired by me and made up of the EXB directors, with representatives from Corporate Communications and our project management teams. During the year the board has prioritised resource allocation to critical change. It has also improved controls over resource planning and allocation by integrated financial and clearer governance around change activities. The introduction of a prioritisation model has helped the Transformation Board confirm the change priorities against the organisation's strategic aims. Project, programme and portfolio reporting has been further enhanced to provide better analysis of the impact of changes and highlight key issues and emerging risks. An Assurance Strategy continues to provide a framework for assurance across the portfolio. All Transformation Board risks are now held on the Corporate Risk Register. The Transformation Board has benefited from the appointment of new board members who have brought their knowledge and experience, which has provided greater challenge and assurance.

Towards the end of this financial year the Transformation Board approved, using external support, to help the organisation set up a new governance structure to support delivery of the Business Strategy through the creation of fewer programmes clearly linked to the strategy and with clearer accountability at director level.

Commercial Governance Panel

The Commercial Governance Panel is chaired by the Acting Director of Finance and Business Services and includes the Head of Commercial Group, the Head of Strategic Finance and a corporate lawyer. It provides an additional layer of internal governance for expenditure on external goods and services over £100,000. The panel supports HM Land Registry's delegations of authority, providing assurance to the Director of Finance and Business Services and the Accounting Officer for all spending falling within their expenditure limits, overseeing significant contract awards and contract extensions and other changes. It ensures all expenditure is aligned to HM Land Registry's Business Strategy

and the proposed procurement route will deliver the best value for money and is compliant with public procurement legislation and Cabinet Office controls.

The success of this body is that it has brought clarity to the procurement process, ensuring a range of options have been considered and an appropriate strategy has been agreed before the procurement commences. The need for panel approval has increased early collaboration between stakeholders and the commercial team, to ensure proposals put to the panel can be approved on first submission. However, I am still dissatisfied with certain aspects of the procurement process as HM Land Registry has been let down by contracts on a major project known as 'Fusion' during 2017/18.

Committee structures revised

The committees of the EXB are supported by a range of panels which are chaired by senior managers. An annual review of internal governance undertaken in the final quarter of this year has confirmed the effective working of the current structure and the committees and panels within that structure. Changes to membership and terms of reference of some committees and panels have been required during the course of the year to reflect the changes in the wider organisation and continue to provide robust oversight and assurance. For several of them, this originated from the process made with the work on the Local Land Charges Register, which is moving towards business as usual rather than change activity.

The Cyber Panel has become formally embedded within the organisation, supporting the work of the Information Management Committee, to oversee our education and training activities as well as cyber security improvements. It is also supporting the steps we need to take to strengthen our own and wider government cyber, physical and people security through the Transforming Security in Government agenda. A Digital Panel has recently been created to ensure we look holistically at how we approach the application of electronic signatures to documents within the conveyancing process, looking at our potential status as a trusted provider and the role we would play for other parts of government in that space. A Public Appointments team has also been set up to look more holistically at our senior appointments. A Data Panel considers the terms and conditions on licensing our data and the form in which our data can be produced.

Business Strategy

The Chancellor's 2016 Autumn Statement confirmed that HM Land Registry would focus on becoming a data-driven registration organisation in the public sector. This direction has been embedded into the organisation since then and our new Business Strategy 2017-2022 was formally launched by our Minister on 29 November 2017. It sets out the programme of work towards innovation and transformation and looks forward to a digital future. We are seizing the opportunities provided by this ambition and our public sector status to set out a strategy that reaches throughout the organisation to transform and modernise the services we provide and how we provide them.

This Business Strategy explains how land registration applications, register queries and other services will become quicker and simpler by digitising and updating them. It sets out how we will give our colleagues better systems, modern working environments and improved development opportunities. It explains how we will publish more of our data and explore opportunities to extract more value from it through innovation and by working creatively with other organisations.

The strategy is based on the rationale that any transformation should only be about change for the better, with strategic risks managed, clear governance, financial controls in place and core service standards maintained or improved at all times.

Attendance schedule for LRB, Audit Committee and Remuneration Committee

Non-executive	Title	Period (appointment relates to whole of the reporting year unless otherwise specified)	Board LRB	Committee	
				Audit	Remuneration
Diana Breeze	Non-Executive Member	Appointment commenced 8.1.18	3/3	–	1/1
Tony Buffin	Non-Executive Member	Appointment commenced 8.1.18 and ended 31.3.18	2/3	0/0	–
Gerard Connell	Non-Executive Member	Appointment ended 28.8.17	3/3	1/1	1/1
Kirsty Cooper	Non-Executive Member	Appointment commenced 8.1.18	3/3	–	–
Tim Franklin	Non-Executive Member (and Senior Independent Director)	Appointment ended 31.1.18	6/6	2/3	1/1
Catrina Holme	Non-Executive Member	Appointment ended 7.7.17	1/2	–	1/1
Michael Mire	Non-Executive Chair		8/8	–	–
Chris Morson	Non-Executive Member	Appointment commenced 8.1.18	3/3	0/0	1/1
Derrick Palmer	Non-Executive Member (Audit Committee)		–	3/3	–
Claire Wren	Non-Executive Member UK Government Investments		7/8 ¹	–	–
Angela Morrison	Non-Executive Member	Appointment commenced 20.3.18	1/1	0/0	–
Doug Gurr	Non-Executive Member	Appointment commenced 9.2.18	1/1	–	–
Executive					
Ruth Curry	Acting Director of Finance and Business Services	In position since 1.9.17	5/5	2/2	–
Graham Farrant	Chief Executive and Chief Land Registrar		8/8	3/3	3/3
Mike Harlow	General Counsel and Deputy Chief Land Registrar	Appointment commenced 1.2.18	2/2	–	–
John Peadar	Director of Operations	Appointment ended 30.6.17	1/1	–	–
Chris Pope	Chief Operations Officer	Appointment commenced 25.10.17	4/4	–	–
Catherine Vaughan	Director of Finance and Business Services	Appointment ended 3.9.17	3/3	1/1	–
Caroline Anderson	Director of Human Resources and Organisation Development		–	–	2/3
Mike Westcott Rudd ²	Board Legal Adviser		8/8	3/3	–

1. UK Government Investments was represented at the February meeting by Ceri Smith in place of Claire Wren.
2. Mike Westcott Rudd attends as Legal Adviser to the Board.

Local Land Charges – statement on governance

The Infrastructure Act 2015 provides the basis on which HM Land Registry can become the registering authority and hold the statutory Local Land Charges Register in place of local authorities. Twenty-six have been identified to participate in our approved Phase 1 approach. I am satisfied that the governance and risk management arrangements for the programme are appropriate and proportionate. I base this conclusion on the Infrastructure and Project Authority's (IPA) (formerly the Major Project Authority) reports which gave the programme an amber Delivery Confidence Assessment rating in November 2016 and made 11 recommendations to assist HM Land Registry with preparing for actual delivery. HM Land Registry has addressed those recommendations and received assurance from across government in January 2017, including the Ministry for Housing, Communities and Local Government (MHCLG), HM Treasury (HMT) and the IPA, that our Phase 1 approach is appropriate. I also receive progress reports and assurances from the programme senior responsible owner. This involves monthly reporting to the Local Land Charges Programme Board and complete review of all risks, including the associated strategic risk, on a quarterly basis. Risks are also reported to BEIS on a monthly basis, including presenting an update to their Performance, Finance and Risk Committee.

Information about quality of data

A Performance Panel of senior managers meets monthly to review, in detail, the performance and management information available to managers. The summary outputs of these discussions are then reported to EXB monthly and LRB quarterly. We have continuously improved our management information this year, introducing a more streamlined weekly pack of operational data for EXB and consolidating financial, performance and operational data within our Monthly Management Information Pack.

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

HM Land Registry operates a number of models critical to its core business. These include models to forecast intakes and fee income; an operational forecast model for workload, resources and backlog; models to support standard management and financial reporting. These models are subject to challenge and forecasts and are reported monthly to EXB and quarterly to LRB. We have specific financial models for our major programmes, including both the Digital Programme and Local Land Charges, which are used to inform the business cases for these programmes and to provide detailed financial planning.

During the year we have embedded an Operational Forecasting Model for establishment control intended to improve planning for the allocation of resources to workload and better evaluation of resource requirement linked to our forecast intakes and people budgets and made significant improvements within it to improve the accuracy of our forecasting. One of the main benefits of this has been a more granular understanding of why variances to our central forecast occur.

Whistleblowing – statement of arrangements and results

The sponsoring EXB member is the General Counsel and Deputy Chief Land Registrar. No new whistleblowing cases were reported in year. During 2017/18 the whistleblowing process was the subject of an Internal Audit report and the recommendations from that audit have been fully implemented. The audit found that although the whistleblowing policy and procedure is compliant with government policy and best practice, more was required to ensure staff and line managers were aware of the policy and actions have now been taken to ensure this.

Risk

Framework for risk management

In 2017 HM Land Registry introduced a new Risk Management policy based on the principles of the Management of Risk publication by HM Treasury (The Orange Book) and the Cabinet Office's framework model for risk management: Management of risk in government. The policy embeds the principles and guidelines on risk management as contained in ISO31000 and sets out the framework for managing risk as business as usual. It also establishes an Enterprise Risk Management approach to managing risk within HM Land Registry.

These principles are designed to protect our ability to achieve our organisational objectives. These range from the formal objectives set out in our Business Strategy, our Annual Plan and directorate annual plans, right down to the delivery of business as usual, and includes our change programme.

We also adopt the three lines of defence approach to identifying and managing risk. This ensures our managers (1st line) are supported in identifying and managing risks by the Risk Management function (2nd line) with Internal Audit (3rd line) providing independent and objective assurance on the effectiveness of the risk management arrangements.

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

Key strategic and programme risks

All of our strategic risks have been reviewed in line with the Enterprise Risk Management approach and aligned to the strategic objectives contained in the

Business Strategy. There are currently 14 strategic risks with all directors owning at least one. Aligning the strategic risks to the strategic objectives ensures the emphasis is focused on achieving our ambitions as set out in the Business Strategy. There is one strategic risk that has a RAG (red/amber/green) status of “red”. This is the Fusion Project, which merges two of our key systems into one fully integrated Enterprise Resource Planning system. It has moved to red as the initial target date of May 2018 will be missed. However it is on track for completion during the next financial year.

Framework for control and risk management

The use of the single risk register across all directorates, except our Digital, Data and Technology Directorate who hold their own register, enables improved monitoring of the managing of risks across the organisation. We are in the process of procuring a new system where all directorates will be on the same system. Strategic risks are reviewed and considered quarterly by the EXB and reported quarterly to the Audit Committee.

All senior managers, and those who potentially may be responsible for identifying and managing risk, have received risk management training provided by the Risk Management Team with remaining colleagues receiving risk management awareness training via an e-learning package.

Information and cyber risk

Information risk is managed through the Information Management Committee led by the Senior Information Risk Owner (SIRO) and Board Legal Adviser. The SIRO is assured by information risk returns carried out by our Information Asset Owners (IAOs) and fully documented asset descriptions. Our Digital, Data and Technology Risk Management Process and Policy have been independently audited, validated and accredited through CMMI, ISO20000 and ISO27001 and the Cabinet Office Cyber Defence Capability Assessment Tool (CDCAT).

Protecting information

All staff are required to complete the appropriate levels of information management training and undertake an online training activity every year. This year we created our own online training module so that staff could learn about our particular concerns about the cyber threats we face and their role in protecting against them. This was launched on 6 November 2017 as part of a Cyber Security Awareness Campaign on which we will build over the rest of 2018.

We are continuing to work within the ISO27001 framework, the international standard for information security management, which we have done now for almost 14 years. The standard works on a three-yearly recertification cycle and we are due to be recertified in 2020.

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

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

HM Land Registry continues to proactively monitor the systems and procedures relating to off-payroll contractors to comply with changing requirements to provide assurance that all contractors engaged by HM Land Registry are complying with appropriate tax and NIC regulations. I am assured that our processes assume all off-payroll staff are subject to IR35.

The majority of our off-payroll staff are employed through the Capita CL1 framework, and a requirement within this framework is that staff are employees of the introducing agency with tax/NI deducted at source. For those coming to us through another route, we ensure in advance that they understand the IR35 requirements and the need to demonstrate compliance – this is normally provided by way of a copy of their first payslip.

Human Resources leads on this process, checking with the Director of Finance and Business Services that the evidence provided is sufficient to show compliance and seeking support where required in using the HMRC tool.

Working with the Macpherson Review on Quality Assurance of Government Models

This forms part of our annual review of *Managing Public Money* which falls under the remit of our Audit Committee. Last year they identified that all business critical models should have a Senior Responsible Owner. We have strengthened controls in this area with the appointment of a Deputy Director of Strategic Planning and Performance, whose responsibilities include ensuring appropriate assurance of business critical models, including that the recommendations of the Macpherson Review are appropriately implemented. A modelling framework has been developed which sets out the level of assurance required dependent on the criticality of the model in decision making.

Action taken to improve service speeds

To meet growing demands, evening and weekend overtime has been offered to staff and 411 frontline staff have been recruited. In addition, 163 fixed-term appointments (recruited in 2016/17) were converted to permanent staff (with another eight due to be considered before the end of the year), and 140 apprentices were taken on (60 in May and 80 in July in tranches 3 and 4 of our ongoing commitment to apprenticeship schemes). Tranche 3 apprentices are currently being considered for permanent positions while Tranche 4 apprentices will follow a similar process early in the new financial year.

Early Retirement Provision

Through the unwinding of the Early Retirement Provision in respect of colleagues who left HM Land Registry some years ago, it came to light that there is a possibility HM Land Registry had made overpayments to myCSP, who administer the Principal Civil Service Pension Scheme on behalf of Cabinet Office, in 2016/17 and 2017/18. Tighter controls have been introduced to ensure any potential overpayment is captured early and in advance of automatic direct debits being taken, enabling these payments to be challenged and stopped. More information can be found in the Financial Statements in Note 19.2.

Litigation (tribunal cases)

There have been no cases in 2017/18.

Sources of assurance

Infrastructure and Project Authority

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

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

Cyber defence

Building on the significant improvements made during the previous financial year, HM Land Registry completed its Cyber Security Project in June 2017 with an externally assessed level 4 achievement in CDCAT. Our cyber maturity level was assessed at level 5 in all but one of the areas tested in respect of the critical national infrastructure data we hold. That data comprises the Land Register, the Bankruptcy and Land Charges registers and the Agricultural Credits Act registers but not yet the register of Local Land Charges.

The Cyber Panel, accountable to the Information Management Committee, has taken over responsibility for the holistic oversight of our continuing improvement initiatives and the steps we need to take to maintain our cyber security maturity levels as we pursue our ambitious programme of work to digitise our services and products. The Cyber Panel now oversees our plans to improve our understanding of cyber threats within all levels of our procedures, processes and across our work through our permanent and temporary staff, contractors, suppliers and partners so we can ensure account is taken of the cyber threat landscape across all levels and types of decision-making. This includes investment in tailored cyber training and education programmes in addition to the use of central government guidance, educational resources and networks and further internal CDCAT and other assessment activities.

HM Land Registry officials are already taking an active role within the Transforming Security in Government Programme to strengthen our adoption of best practice in cyber defences and establish strong communications networks with the National Cyber Security Centre and the growing specialist security community within government. This will help us review the effectiveness of current measures such as CDCAT and ensure the suite of activities, which include ISO27000 and ISO27001, meets our evolving needs.

Central controls

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

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

Financial management reporting

I am informed on HM Land Registry performance through the monthly financial reports from the Director of Finance and Business Services, which includes analysis of forecast workload intakes and the likely impact on revenues needed to finance the operational activities. During the year the Director of Finance and Business Services has continued to lead the response to the CIPFA Financial Management Model report, leading to enhancements in the quality of management reporting, enhanced support and ensuring the skills within the directorate are more appropriate to the demands of the organisation.

Procurement assurance

I am assured by the Acting Director of Finance and Business Services, regarding specific procurements, that procurement activities are conducted in line with Cabinet Office and HM Treasury guidance and that senior managers have complied with these and HM Land Registry-specific procurement guidelines.

Performance reporting

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

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

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

Internal Audit and opinion

The annual opinion of the Head of Internal Audit is: "Based on the work completed by Internal Audit during 2017/18, I am able to provide moderate assurance that the HM Land Registry framework of risk, control and governance has enabled the satisfactory achievement of its business objectives, and that key risks are generally being effectively managed".

Graham Farrant

Accounting Officer

Chief Executive and Chief Land Registrar
29 June 2018

Remuneration and staff report

Policy for senior civil servants

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

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

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

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

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

Both base pay and non-consolidated performance related awards are dependent on performance, which is assessed through an annual appraisal system for senior civil servants. More details can be found on GOV.UK (search 'senior civil service performance management').

During the year Non-Executive Board Members Catrina Holme and Tim Franklin both chaired the Remuneration Committee before being replaced by Diana Breeze (Chair) and Chris Morson.

The current members of the Remuneration Committee are Non-Executive Board members Diana Breeze (Chair) and Chris Morson, Chief Executive and Chief Land Registrar Graham Farrant and Director of Human Resources and Organisation Development Caroline Anderson.

Policy for other civil servants

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

Service contracts

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

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

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

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

Off-payroll disclosure

Off-payroll engagements as at 31 March 2018, for more than £245 per day and that last for longer than six months.

	2017/18	2016/17
Existing engagements as of 31 March 2018	21	13
Of which existing:		
— for less than one year at time of reporting	20	10
— for between one and two years at time of reporting	1	2
— for between two and three years at time of reporting	–	1
— for between three and four years at time of reporting	–	–
— for four or more years at time of reporting	–	–
New off-payroll engagements, or those that reached six months in duration, between 1 April 2017 and 31 March 2018, for more than £245 per day and that last for longer than six months.		
New engagements, or those that reached six months in duration, between 1 April 2017 and 31 March 2018	23	12
Of which:		
— have been assessed as caught by IR35	19	
— have been assessed as not caught by IR35	4	
Number engaged directly (via PSC contracted to department) and are on the departmental payroll.	1	
Number of engagements reassessed for consistency / assurance purposes during the year.	23	
Number of engagements that saw a change to IR35 status following the consistency review.	–	
Off-payroll engagements of board members and/or senior officials with significant financial responsibility between 1 April 2017 and 31 March 2018		
Number of off-payroll engagements of board members, and/or, senior officials with significant financial responsibility, during the financial year.	–	–
Total number of individuals on payroll and off payroll that have been deemed “board members, and/or, senior officials with significant financial responsibility”, during the financial year. This figure should include both on-payroll and off-payroll engagements.	12	10

Expenditure on Consultancy

	2017/18	2016/17
	£'000	£'000
Cost of Consultancy	676	834
Total	676	834

Salary and performance pay – executive directors¹ 2017/18

	Salary £'000	Performance pay £'000	Benefits in kind To nearest £100	Pension benefits ² £	Total £'000
Graham Farrant Chief Executive and Chief Land Registrar	195 – 200	–	–	–	195 – 200
Catherine Vaughan ³ Director of Finance and Business Services	45 – 50	10 – 15	–	19,000	75 – 80
Annual equivalent	(125 – 130)	–	–	–	(125 – 130)
John Abbott Director of Digital, Data and Technology	115 – 120	10 – 15	–	45,000	170 – 175
Caroline Anderson Director of Human Resources and Organisation Development	95 – 100	–	–	37,000	130 – 135
Alasdair Lewis ⁴ Director of Legal Services	55 – 60	–	–	(4,000)	55 – 60
Annual equivalent	(95 – 100)	–	–	–	(95 – 100)
John Peadar ⁵ Director of Operations	25 – 30	–	–	(3,000)	20 – 25
Annual equivalent	(100 – 105)	–	–	–	(100 – 105)
Ruth Curry ⁹ Acting Director of Finance and Business Services	50 – 55	–	–	91,000	145 – 150
Annual equivalent	(90 – 95)	–	–	–	(90 – 95)
Chris Pope ⁶ Chief Operations Officer	55 – 60	–	–	21,000	75 – 80
Annual equivalent	(130 – 135)	–	–	–	(130 – 135)
Karina Singh ⁷ Director of Transformation	45 – 50	–	–	119,000	160 – 165
Annual equivalent	(105 – 110)	–	–	–	(105 – 110)
Mike Harlow ⁸ General Counsel and Deputy Chief Land Registrar	20 – 25	–	–	7,000	25 – 30
Annual equivalent	(120 – 125)	–	–	–	(120 – 125)
Mike Westcott Rudd ¹⁰ Board Legal Adviser	85 – 90	–	–	15,000	100 – 105

- 1 Audited.
- 2 The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.
- 3 Catherine Vaughan's appointment ended on 3 September 2017.
- 4 Alasdair Lewis's appointment ended on 31 October 2017.
- 5 John Peadar's appointment ended on 30 June 2017.
- 6 Chris Pope joined on 25 October 2017.
- 7 Karina Singh joined on 1 November 2017.
- 8 Mike Harlow joined on 1 February 2018.
- 9 Ruth Curry was placed on temporary promotion on 1 September 2017. The disclosed amounts above relate to her appointment as Acting Director of Finance and Business Services.
- 10 This includes a period from 1 November 2017 to 31 January 2018 where Mike Westcott Rudd was acting Director of Legal Services.

Salary and performance pay – executive directors¹ 2016/17

	Salary £'000	Performance pay £'000	Benefits in kind To nearest £100	Pension benefits ² £	Total £'000
Graham Farrant Chief Executive and Chief Land Registrar	190 – 195	–	–	–	190 – 195
Craig Lester ³ Assistant Chief Executive Annual equivalent	45 – 50 (90 – 95)	–	–	43,000	90 – 95 (90 – 95)
John Peadar Director of Operations	95 – 100	10 – 15	–	33,000	140 – 145
Alasdair Lewis Director of Legal Services and Deputy Chief Land Registrar	95 – 100	–	–	21,000	115 – 120
Catherine Vaughan Director of Finance and Business Services	125 – 130	10 – 15	–	49,000	185 – 190
Caroline Anderson Director of Human Resources and Organisation Development	90 – 95	5 – 10	–	36,000	135 – 140
John Abbott Director of Digital, Data and Technology	115 – 120	–	–	64,000	180 – 185
Mike Westcott Rudd ⁴ Board Legal Adviser	80 – 85	–	–	11,000	90 – 95

1. Audited.
2. The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.
3. Craig Lester's appointment ended on 31 October 2016.
4. Mike Westcott Rudd was appointed to the Board as Legal Adviser on 1 April 2016.
5. None of the directors paid into a stakeholder pension.

Salary – Non-Executive Board Members¹

	2017/18 ⁷ £'000	2016/17 £'000
Michael Mire Non-Executive Chair Annual Equivalent	55 – 60	35 – 40 (55 – 60)
Tim Franklin Non-Executive Chair Non-Executive Board Member ² Annual Equivalent	15 – 20 (20 – 25)	30 – 35
Catrina Holme ³ Non-Executive Board Member Annual Equivalent	5 – 10 (20 – 25)	20 – 25
Gerard Connell ⁴ Non-Executive Board Member Annual Equivalent	5 – 10 (20 – 25)	20 – 25
Claire Wren ⁵ Non-Executive Board Member	–	–
Diana Breeze ⁶ Non-Executive Board Member Annual Equivalent	0 – 5 (20 – 25)	–
Kirsty Cooper ⁷ Non-Executive Board Member Annual Equivalent	0 – 5 (20 – 25)	–
Chris Morson ⁸ Non-Executive Board Member Annual Equivalent	0 – 5 (20 – 25)	–
Tony Buffin ⁹ Non-Executive Board Member Annual Equivalent	0 – 5 (20 – 25)	–
Doug Gurr ¹⁰ Non-Executive Board Member Annual Equivalent	–	–
Angela Morrison ¹¹ Non-Executive Board Member Annual Equivalent	0 – 5 (20 – 25)	–

1. Audited.
2. Tim Franklin's appointment ended on 9 January 2018.
3. Catrina Holme's appointment ended on 7 July 2017.
4. Gerard Connell's appointment ended on 28 August 2017.
5. Claire Wren represents the interests of UK Government Investments (UKGI) and does not receive any remuneration from HM Land Registry.
6. Diana Breeze's appointment started on 8 January 2018.
7. Kirsty Cooper's appointment started on 8 January 2018.
8. Chris Morson's appointment started on 8 January 2018.
9. Tony Buffin's appointment started on 8 January 2018 and ended on 31 March 2018.
10. Dr Doug Gurr's appointment started on 9 February 2018.
11. Angela Morrison's appointment started on 20 March 2018.

Salary

'Salary' includes gross salary, reserved rights to London weighting or London allowances, recruitment and retention allowances and any other allowance to the extent that it is subject to UK taxation. The tables on pages 80 to 82 are based on accrued payments made by HM Land Registry and thus recorded in these accounts.

Benefits in kind

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

Performance awards

Awards are based on performance levels attained and are made as part of the performance review process. The awards reported relate to the performance in the year in which they were paid to the individual. Therefore the awards reported in 2017/18 relate to performance in 2016/17 and the comparative awards reported for 2016/17 relate to performance in 2015/16.

Pension benefits¹

	Real increase in pension and lump sum at 60		Total accrued at March 2018		Cash equivalent transfer value (CETV) at 31 March		Real increase in CETV after adjustment for inflation and changes in investment factors
	Pension £'000	Lump sum £'000	Pension £'000	Lump sum £'000	2018 £'000	2017 £'000	
Graham Farrant ² Chief Executive and Chief Land Registrar	–	–	–	–	–	–	–
Catherine Vaughan Director of Finance and Business Services	0 – 2.5	–	5 – 10	–	70	60	6
John Abbott Director of Digital, Data and Technology	2.5 – 5.0	–	10 – 15	–	109	82	14
Caroline Anderson Director of Human Resources and Organisation Development	0 – 2.5	–	5 – 10	–	130	96	23
Alasdair Lewis Director of Legal Services and Deputy Chief Land Registrar	0 – 2.5	0 – 2.5	40 – 45	120 – 125	949	907	(4)
John Peadar Director of Operations	0	0	50 – 55	150 – 155	1,153	1,161	(3)
Ruth Curry Acting Director of Finance and Business Services	2.5 – 5.0	7.5 – 10	25 – 30	65 – 70	459	371	61
Chris Pope Chief Operations Officer	0 – 2.5	–	5 – 10	–	120	103	13
Karina Singh Director of Transformation	5 – 7.5	5 – 7.5	30 – 35	35 – 40	511	405	85
Mike Harlow General Counsel and Deputy Chief Land Registrar	0 – 2.5	–	15 – 20	–	265	252	3
Mike Westcott Rudd Board Legal Adviser	0 – 2.5	2.5 – 5.0	30 – 35	95 – 100	725	696	15

1. Audited.
2. Graham Farrant chose not to be covered by the Civil Service pension arrangements during the reporting year.
3. No director paid into a stakeholder pension.

Civil Service pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

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

Cash equivalent transfer values

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

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

Real increase in CETV

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

Reporting of Civil Service and other compensation schemes – exit packages¹

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17
£0–£10,000	–	–	4	–	4	–
£10,001–£25,000	–	–	–	–	–	–
£25,001–£50,000	–	–	1	–	1	–
£50,001–£100,000	–	–	4	2	4	2
£100,001–£150,000	–	–	2	–	2	–
£150,001–£200,000	–	–	–	–	–	–
>£200,000	–	–	–	–	–	–
Total number of exit packages	–	–	11	2	11	2
Total cost	–	–	£587,258	£154,035	£587,258	£154,035

1. Audited.

There were no ex-gratia payments in 2017/18 (2016/17: none).

Compensation for loss of office

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

Pay multiples¹

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

Total remuneration includes salary, non-consolidated performance-related payments and benefits in kind. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

	2017/18	2016/17
Band of highest paid director's total remuneration (£'000)	195 – 200	190 – 195
Median total (£)	25,378	25,797
Remuneration ratio	7.8	7.5

1. Audited.

In 2017/18 no employees received remuneration in excess of the highest paid permanent director. Remuneration ranged from £195,000 – £200,000 to £15,000 – £20,000 (2016/17: £190,000 – £195,000 to £15,000 – £20,000).

Staff report as at 31 March 2018

	2017/18	2016/17
Number of employees (including fixed-term appointments)	5,216	4,862
Permanent full-time equivalents	4,719	4,148
Number of apprentices	321	277
Number of temporary/contract staff	27	32
Average sickness days per employee	7.5	6.4
Average number of training days per employee	5.2	5.9
Training days per apprentice	25	31.3
Training spend as percentage of salary bill	0.4%	0.4% ¹
Female employees	60.1%	60%
Employees working part-time	32.6%	35%
Employees from ethnic minorities	4.8%	4%
Employees who report they have a disability	8.6%	9%

1. The 2016/17 comparative figure for training as a percentage of the salary bill has been recalculated using the same basis as 2017/18 for consistency.

Staff costs for 2017/18

	Permanent staff £'000	Apprentices £'000	Others £'000	Total £'000
Salaries	135,511	7,551	7,579	150,641
Social security costs	13,431	188	618	14,237
Other pension costs	24,528	1,317	1,237	27,082
Total staff costs	173,470	9,056	9,434	191,960

Gender analysis at 31 March 2018

	Male	Female	Total
Non-executive board members	4	3	7
Executive directors*	5	3	8
Senior Civil Service – band 2*	4	4	8
Senior Civil Service – band 1*	9	2	11
Permanent employees (not including SCS)	1,771	2,698	4,469
Apprentices	136	185	321

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

Average full-time equivalent in year



Recruitment

HM Land Registry is governed by the Civil Service Commission Recruitment Principles which requires the selection of people for appointment to be on merit and on the basis of fair and open competition.

In addition, all our job opportunities are subject to the Guaranteed Interview Scheme which ensures disabled people will progress to the next stage of the selection process if their application meets the minimum criteria. It is our policy to ensure that any tests used do not discriminate against disabled candidates.

Recruitment activity has addressed a number of requirements including:

- addressing front-line needs to meet and maintain service delivery standards and to address future workforce sustainability;
- enhancing specific capability areas, particularly in digital transformation and agile development skills; and
- establishing a new senior management structure with clear accountabilities to provide greater support and drive resilience and succession planning.

We have supplemented our digital transformation and agile development capabilities through the engagement of delivery partners through the Government's Digital Services Framework.

Our apprenticeship schemes were expanded to provide the opportunity for people to gain a qualification in business administration, information technology or cyber-security. These entry routes allow them to learn the technical skills that could lead to future permanent employment with HM Land Registry, so creating the basis of a sustainable workforce.

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

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

Health and wellbeing

We are committed to maintaining the health and wellbeing of our colleagues and this year we have rolled out an attendance, health and wellbeing framework and associated delivery plan.

The framework focuses on four key areas, which are:

- culture – we will create the right environment to support attendance, health and wellbeing;
- prevention – we will help ourselves and others to stay healthier and stay in work;
- intervention – we will ensure the right support is provided at the right time; and
- return to work – we will support our people back to work in a timely way.

The framework helps us to focus on certain types of conditions as a matter of priority such as mental health.

We have delivered a variety of initiatives to support our colleagues and the organisation, including:

- retendering of our Occupational Health and Employee Assistance Programme contracts and subsequent relaunch and promotion of the services offered;
- cross-HM Land Registry promotion and participation in health campaigns, including menopause, breast cancer and mental health awareness;
- delivery of a range of formal and informal training initiatives providing line managers with guidance and advice on sickness absence procedures and supporting staff dealing with mental health issues; and
- appointment of a new health and wellbeing EXB champion.

We have also been reviewing and developing a different approach to mental health, together with the departmental trade unions. Through our attendance, health and wellbeing delivery plan (PDF) we are:

- acting to reduce mental health stigma;
- reviewing manager support and capability in dealing with mental health;
- reviewing the wording of the sickness absence and stress management procedures; and
- continually promoting the Employee Assistance Programme.

Later in the year we launched a mental health action plan aligned to the four priority areas of our Attendance, Health and Wellbeing Framework, as well as the Civil Service Strategic Priorities for Health and Wellbeing in respect of mental health, and the recent Thriving at work: the Stevenson/Farmer review of mental health and employers.

We want the action plan to make a real difference in the way we view, talk and act on mental health in HM Land Registry; an organisation where mental health issues are widely understood and destigmatised, where our people feel confident to talk about their mental ill health and where our managers are able to identify and understand the range of mental health issues and support those affected.

Capability

We have continued to expand our apprenticeship programme in our Operations, Digital, Data and Technology, Human Resources and Organisation Development and Legal directorates. A new internal programme has been established for paralegal and senior paralegal apprenticeships which establishes a career path from Operations casework to legal services.

A total of 179 people have started an apprenticeship with us this year. This includes 21 current colleagues. Approximately 70% of apprentices remain with us following successful completion of their apprenticeship.

We have focused on developing our caseworker skills and are piloting a new caseworker assessment process to identify current skill levels and areas for development.

Leadership and management training have been a high priority, we have invested in our executive director development programme and a series of masterclasses for our senior leaders that will continue into 2018/19.

A new line manager training path has been piloted as part of our Model Office project involving 23 new managers promoted from within HM Land Registry. A further 270 training days were dedicated to new line manager training across the rest of the organisation this year.

During 2017/18 we spent £577,608 on external training across a wide range of professions and work areas. An average of 5.2 training days per employee was provided to all colleagues, including casework/technical training, digital skills training, soft skills and personal development.

Employee involvement

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

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

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

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

Informal six-weekly dialogue between the Chief Executive and trade union leads has continued during the year. Day-to-day operation of employment relations is managed through fortnightly engagement and consultation meetings between senior management and departmental trade union representatives and through fortnightly Model Office meetings.

During the year we have again seen positive improvements in our engagement scores in the Civil Service People Survey and regular internal surveys held during the year have shown these improvements have been maintained. We continue to be committed to further improvements in engagement and an executive lead has responsibility for an engagement key performance indicator and action plan to create an environment where everyone feels valued and connected.

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

Diversity

We have a long and successful history of engagement with equality and diversity issues through a successful network of staff affinity groups, diversity champions across the organisation, and EXB sponsors for all protected characteristics. Staff surveys and other statistics show significantly low rates of bullying, harassment and victimisation claims and there have been no tribunals related to equalities discrimination.

We have just completed a strategic review of our overall approach to diversity and inclusion to ensure it is aligned with our future ambitions under our Business Strategy and People Strategy and reflects the wider Civil Service ambition of being the most inclusive UK employer by 2020. As a result, we have created new networks and redefined roles to move towards a more inclusive approach to diversity and inclusion including developing an ambitious action plan for 2018 to 2022 which will focus on the key areas of culture, recruitment, talent and accountability and assurance.

As new policies are being developed we undertake analysis of the potential impacts on equality to ensure they are articulated, understood and addressed appropriately. Equality analysis outcomes are recorded and refreshed throughout the development of a policy or change and considered as part of the decision-making process. After implementation, policies are reviewed and monitored to ensure there are no unexpected impacts.

We undertake periodic equal pay audits and in 2017 published a gender pay gap report. This showed a mean pay gap of 9%. We pay women the same rate as men for doing the same job. The gap relates to women being more highly represented in junior grades; in addition, the majority of our part-time staff are women. In conjunction with our Women's Network an action plan has been put in place which includes a programme to develop women for leadership roles and ensuring that part-time opportunities are the norm for all our roles.

Parliamentary accountability and audit report

Fees and charges¹

	2017/18			2016/17		
	Income £'000	Total costs £'000	Surplus £'000	Income £'000	Total costs £'000	Surplus £'000
Registration of title	304,550	253,924	50,626	299,591	237,240	62,351
Land Charges and Agricultural Credits	6,875	897	5,979	6,267	1,429	4,838
Commercial	5,760	2,603	3,157	5,567	3,326	2,241
	317,185	257,424	59,762	311,425	241,995	69,430

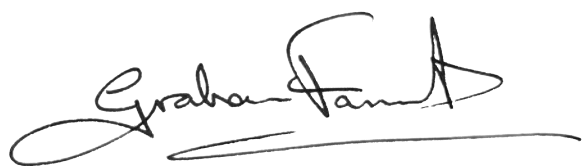
1 Audited.

HM Land Registry applied cost allocation and charging requirements as set out in HM Treasury guidance. However, due to the demand for our services exceeding our expectations, the recommended rate of return has been exceeded.

Losses and special payments²

	2017/18		2016/17	
	Number of cases	Value of payment £'000	Number of cases	Value of payment £'000
Losses over £300,000	–	–	–	–
Special payments over £300,000	–	–	–	–

2 Audited.



Graham Farrant
Chief Executive and Chief Land Registrar
29 June 2018

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of HM Land Registry for the year ended 31 March 2018 under the Government Trading Funds Act 1973. The financial statements comprise: the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Reserves, Cash Flow Statement; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of HM Land Registry's affairs as at 31 March 2018 and of its retained surplus for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Trading Funds Act 1973 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of HM Land Registry in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Chief Executive for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Executive as Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Trading Funds Act 1973.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of HM Land Registry's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on HM Land Registry's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

Other Information

The Chief Executive as Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Trading Funds Act 1973;
- in the light of the knowledge and understanding of the entity and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse

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

11 July 2018

Financial statements

Statement of comprehensive income for the year ended 31 March 2018

		2017/18	2016/17
	Notes	£'000	£'000
Income – continuing operations	2	317,185	311,425
Cost of service	2	(232,147)	(226,959)
Gross surplus		85,038	84,466
Administrative expenses	2	(25,276)	(15,036)
Operating surplus	2	59,762	69,430
Loss on disposal of non-current assets		(22)	(4)
Investment income – interest receivable	5	1,462	1,336
Finance costs	6	(658)	(682)
Amortisation and depreciation of e-service systems	9.1	–	(3,427)
Restructure and reorganisation costs	3.2	(5,701)	(425)
Local Land Charges revenue costs	3.3	(1,298)	(1,592)
Surplus for the financial year		53,545	64,636
Dividend payable	7	(28,706)	(18,896)
Retained surplus/(loss) for the financial year		24,839	45,740
Gain/(Loss) on revaluation of property, plant and equipment		(726)	2,965
Comprehensive surplus/(loss) for the financial year		24,113	48,705

The notes on pages 97 to 118 are an integral part of these accounts.

Statement of financial position as at 31 March 2018

		2017/18	2016/17
	Notes	£'000	£'000
Non-current assets			
Property, plant and equipment	8.1	55,742	53,593
Investment property	8.4	2,750	4,920
Intangible assets	9	17,032	8,607
Other receivables	12.2	2,219	1,341
Total non-current assets		77,743	68,461
Current assets			
Inventories	11	6,648	4,049
Trade and other receivables	12.1	9,365	9,597
Held-to-maturity investments	10	230,335	–
Cash and cash equivalents	13	308,739	489,926
Total current assets		555,087	503,572
Non-current assets classified as held for sale	8.3	2,100	6,982
Total assets		634,930	579,015
Current liabilities			
Trade and other payables	14.1	85,264	56,016
Obligations under finance leases	14.1, 15.1	213	194
Short-term provisions	17.1	5,426	6,393
		90,903	62,603
Indemnity Fund	17.2	91,000	85,100
Total current liabilities		181,903	147,703
Non-current assets plus net current assets		453,027	431,312
Non-current liabilities			
Obligations under finance leases	14.2, 15.1	4,523	4,736
Long-term provisions	17.1	2,124	4,309
Total non-current liabilities		6,647	9,045
Net assets		446,380	422,267
Capital and reserves			
Public Dividend Capital		61,545	61,545
Revaluation reserve		18,096	19,200
Income and expenditure account		366,739	341,522
		446,380	422,267

The notes on pages 97 to 118 are an integral part of these accounts.

Graham Farrant
Chief Executive and Chief Land Registrar
29 June 2018

Statement of changes in reserves for the year ended 31 March 2018

	Public Dividend Capital	Revaluation reserve	I&E reserve	Total reserves
	£'000	£'000	£'000	£'000
Balance at 31 March 2016	61,545	16,268	295,749	373,562
Changes in reserves 2016/17				
Revaluation reserve				
Transfer to retained earnings	–	(33)	33	–
Revaluation of non-current assets	–	–	–	–
Comprehensive surplus/(loss)	–	2,965	45,740	48,705
Balance at 31 March 2017	61,545	19,200	341,522	422,267
Changes in reserves 2017/18				
Revaluation reserve				
Transfer to retained earnings	–	(378)	378	–
Revaluation of non-current assets	–	–	–	–
Comprehensive surplus/(loss)	–	(726)	24,839	24,113
Balance at 31 March 2018	61,545	18,096	366,739	466,380

The notes on pages 97 to 118 are an integral part of these accounts.

Cash flow statement for the year ended 31 March 2018

		2017/18	2016/17
	Notes	£'000	£'000
Net cash inflow from operating activities	20.1	65,632	71,066
Investing activities			
Purchase of tangible assets		(4,519)	(2,595)
Purchase of intangible assets		(8,646)	(8,202)
Proceeds on disposal of tangible assets		3,479	–
Interest received		953	1,729
Increase in investments in National Loans Fund	10	(230,335)	–
Net cash inflow from investing activities		(239,068)	(9,068)
Financing activities			
Dividends paid		(6,899)	(14,977)
Repayments of capital element of obligations under finance leases		(194)	(284)
Interest elements of obligations under finance leases		(658)	(682)
Net cash outflow from financing activities		(7,751)	(15,943)
Net increase/(decrease) in cash and cash equivalents	20.2	(181,187)	46,055
Cash and cash equivalents at beginning of year	20.2	489,926	443,871
Cash and cash equivalents at end of year	13	308,739	489,926

The notes on pages 97 to 118 are an integral part of these accounts.

Notes to the financial statements

1 Statement of accounting policies

1.1 Basis of preparation

These financial statements have been prepared in accordance with the Government Financial Reporting Manual (FReM) 2017/18 and comply with the Accounts Direction given by HM Treasury in accordance with section 4 (6) (a) of the Government Trading Funds Act 1973. The accounting policies contained in the FReM follow International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy that has been judged to be the most appropriate to the particular circumstances of HM Land Registry for the purposes of giving a true and fair view has been selected. HM Land Registry's accounting policies have been applied consistently in dealing with items considered material in relation to the financial statements.

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

Accounting standards issued but not yet effective

IFRS 9 Financial Instruments and IFRS 15 Revenue from contracts with customers are effective from 2018/19. These accounting standards are not expected to have a material impact on HM Land Registry.

IFRS 16 Leases has been issued but is not effective until periods commencing 1 January 2019. This is currently expected to affect a small number of property leases, although the actual effect will depend on HM Treasury's interpretation of the standard for the public sector context.

1.2 Accounting convention

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

1.3 Estimation techniques

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

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

Note 8 – impairment of non-current assets;

Note 9 – impairment of intangibles;

Note 11 – inventories;

Note 14 – deferred income – fees received in advance;

Note 17.1 – early retirement, early severance and other provisions; and

Note 17.2 – estimated provision for indemnity claims.

1.4 Fee income

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

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

1.5 Operating segments

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

Local Land Charges

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

1.6 Employee benefits

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

1.7 Pensions

HM Land Registry employees are civil servants who are entitled to be members of the Principal Civil Service Pension Scheme (PCSPS) or the Civil Servant and Other Pension Scheme (CSOPS) – known as 'Alpha'. These are unfunded multi-employer defined benefit schemes, but HM Land Registry is unable to identify its share of the underlying assets and liabilities on a reasonable and consistent basis. HM Land Registry has

therefore accounted for contributions and payments to these schemes under International Accounting Standards (IAS) 19 as if they were defined contribution schemes. Liability for the payment of future benefits is a charge on the PCSPS or Alpha scheme.

1.8 Property, plant and equipment

Freehold and leasehold land and buildings are professionally valued by external, independent property valuers having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. Cushman & Wakefield, RICS registered valuers, carried out a desktop valuation in February 2018.

HM Land Registry is required by the FReM to disclose non-current assets in the statement of financial position at fair value. For assets in use the FReM requires valuation at existing use as an asset's fair value, rather than market value required by IFRS 13. Details of FReM adaptations which continue to apply for 2017/18 can be found on GOV.UK (search 'Financial Reporting Manual 2017/18').

For short life non-property assets historical cost is used as an approximation to the fair value of the asset. Freehold land and buildings and leasehold buildings are included at revaluation less accumulated depreciation and impairment losses. All other tangible non-current assets are included at historical cost less accumulated depreciation and impairment losses.

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

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

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

The following asset depreciation rates are used.

Freehold land	nil
Freehold buildings	Estimated useful life
Leasehold buildings	Period of the lease or estimated useful life
Telecommunications equipment	5 years
Office equipment	5 years
Computers: mainframe	5 years
Computers: PCs	5 years
Structured cabling	10 years
Plant and heavy machinery	10 years

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

1.9 Impairment of non-current assets

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

1.10 Intangible assets

Software licences

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

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

Mainframe	5 years
PCs	5 years

Software development costs

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

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

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are

recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

All research expenditure is written off as incurred.

Local Land Charges

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

1.11 Investment property

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

1.12 Inventories

Work-in-progress is stated at the lower of cost and net realisable value. Cost includes internal costs of staff and directly attributable overheads in preparing completion of registration for the customer. Net realisable value is based on the fee that is charged to the customer less further costs expected to be incurred in completing the services. The costs associated with work-in-progress are derived from estimates and assumptions based on historical experience and other factors which are considered to be relevant. These estimates and underlying assumptions are reviewed on a regular basis.

1.13 Trade receivables

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

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

1.14 Financial Instruments

National Loans Fund deposits over three months are classified as investments and measured at fair value.

1.15 Cash and cash equivalents

Cash represents cash-in-hand, cash held with the Government Banking Service (GBS), cash on deposit with the National Loans Fund for up to three months and in commercial bank accounts. The commercial bank and GBS deposits are immediately available funds. National Loans Fund deposits are either short-term investments of three months or less, or investments of six months. Only

short-term deposits are recognised as cash and cannot be repaid until maturity of the loan.

1.16 Trade payables

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

1.17 Provisions

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

1.18 Indemnity Fund

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

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

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

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

against the Indemnity Fund. Further details of the Indemnity Fund are shown in note 17.2 of this report.

1.19 Contingent liabilities

Where appropriate, liabilities that have only a possible chance of crystallising and do not meet the provisions criteria have been classified as contingent liabilities. This includes, but is not limited to, claims for losses arising from errors, or fraud in relation to HM Land Registry's statutory responsibility as insurer of titles in England and Wales (see note 19).

1.20 Finance leases

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

1.21 VAT

HM Land Registry accounts for VAT on its statutory activities under HM Treasury's Taxing and Contracting Out of Services Directions. For non-statutory activity, which is business activity, VAT is charged and recovered according to commercial VAT rules. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase costs of non-current assets. Where output tax is charged or input tax is recoverable the amounts are stated net of VAT.

1.22 Treasury dividend

HM Land Registry is required to pay the Treasury an annual dividend being 3.5% of the average capital employed during the financial year plus the latest inflation estimate for the year, provided by ONS. HM Land Registry considers it sufficient to calculate this figure using an annual average. There is no material impact of calculating this figure using an alternative method, eg monthly average.

1.23 Prior period re-statements

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

There have been no prior period re-statements in 2017/18.

2 Business segments

International Financial Reporting Standard 8 (IFRS 8) – Operating segments reporting requires analysis of income and expenditure by principal business activities and is evaluated regularly by the Chief Executive.

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

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

Detailed in the table below is the income from statutory fees and commercial charges, the cost of service and the net surplus for each of the business segments. The cost of service and administrative expenses are allocated and apportioned on an appropriate basis for the service.

	Statutory		Non-statutory	2017/18	Statutory		Non-statutory	2016/17
	Registration of title	Land Charges and Agricultural Credits	Commercial income	Total	Registration of title	Land Charges and Agricultural Credits	Commercial income	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income	304,550	6,875	5,760	317,185	299,591	6,267	5,567	311,425
Cost of service	(228,944)	(867)	(2,336)	(232,147)	(222,578)	(1,398)	(2,983)	(226,959)
Administrative expenses	(24,980)	(29)	(267)	(25,276)	(14,662)	(31)	(343)	(15,036)
Operating surplus	50,626	5,979	3,157	59,762	62,351	4,838	2,241	69,430

The surplus for registration of title has decreased by £11.7m compared with the prior year. This is due in part to a growth in our staff numbers, greater overtime costs associated with our focus on reducing backlog and an increase in the indemnity provision

The surplus for the year on commercial income was £3.2m.

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

The policy for operating segments is contained within note 1.5.

3 Operating surplus

3.1 Operating surplus is stated after charging

	2017/18	2016/17
	£'000	£'000
Staff costs (see note 4.1)	190,510	179,485
Provision for indemnity costs (see note 17.2)	5,900	300
IT services	14,703	14,460
Hire of machinery	5,328	4,948
Auditor's remuneration – audit fee	65	65
Depreciation of tangible non-current assets – owned	3,801	4,048
Depreciation of tangible non-current assets – leased	361	299
Amortisation of intangible assets	610	349
Impairment in value of non-current assets	264	(584)
Charge for operating leases – buildings	1,669	1,021
Miscellaneous income	(2,752)	(2,708)

3.2 Restructure and reorganisation costs

	2017/18				2016/17			
	Early retirement	Early severance	ATP ¹	Total	Early retirement	Early severance	ATP	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Costs incurred in year	5,242	459	–	5,701	270	154	1	425
	5,242	459	–	5,701	270	154	1	425

1 Accelerated Transformation Programme.

3.3 Local Land Charges

	2017/18	2016/17
	£'000	£'000
Revenue costs incurred in year	1,298	1,592
	1,298	1,592

The Infrastructure Act 2015 passed to HM Land Registry the responsibility for maintaining a register of Local Land Charges and we are in the process of developing this statutory service. Approval was given for a phased delivery of Local Land Charges. The anticipated go-live date for Phase 1 of the service is July 2018. When Local Land Charges is run as a live service it will be shown as a separate operating segment in note 2.

Revenue costs related to the development of this service are recorded separately and shown in the table above.

Capital costs are shown in note 9 under Assets under development.

4 Employee information

4.1 Staff costs

	2017/18				2016/17			
	Permanent staff	Apprentices	Others	Total	Permanent staff	Apprentices	Others	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Salaries	134,260	7,481	7,579	149,320	130,386	5,433	4,312	140,131
Social security costs	13,304	186	618	14,108	13,401	109	223	13,733
Other pension costs	24,528	1,317	1,237	27,082	24,285	949	387	25,621
Total staff costs	172,092	8,984	9,434	190,510	168,072	6,491	4,922	179,485

4.2 Staff numbers

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

	2017/18				2016/17			
	Permanent staff	Apprentices	Others	Total	Permanent staff	Apprentices	Others	Total
Senior management	6	–	1	7	7	–	–	7
Operational	3,001	336	267	3,604	3,239	256	83	3,578
Administration	514	5	11	530	257	6	12	275
IT	398	15	6	419	385	4	31	420
	3,919	356	285	4,560	3,888	266	126	4,280

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

4.4 Pensions

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

For 2017/18, employers’ contributions of £26.9m were payable to the PCSPS (2016/17 £25.7m) at one of four rates in the range 20.0% to 24.5% of Pensionable earnings, based on salary bands.

The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2017/18 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers’ contributions of £220,307 were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and ranged from 8% to 14.75%.

Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions of £5,221, 0.5% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service or ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £20,202. Contributions prepaid at that date were £0.

Nine individuals retired early on ill-health grounds; the total additional accrued pension liabilities in the year amounted to £30,575 (2016/17: £13,875).

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

5 Investment income

	2017/18	2016/17
	£'000	£'000
Interest on bank deposits	1,462	1,336

6 Finance costs

	2017/18	2016/17
	£'000	£'000
Interest on obligations under finance leases	658	682

7 Dividend payable

	2017/18	2016/17
	£'000	£'000
Dividend payable	28,706	18,896

See note 1.22 for the accounting policy relating to dividend payments.

8 Property, plant and equipment

8.1 Cost or valuation

	Property Freehold		Leasehold	Plant and equipment		Other plant and equipment	Total
	Land	Buildings	Buildings	Assets under construction	IT-related assets		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2017	8,705	47,805	12,463	–	71,066	4,413	144,452
Additions	–	–	–	979	2,468	691	4,138
Assets brought into use	–	–	–	(242)	242	–	–
Revaluation in year	320	2,071	558	–	–	–	2,949
Reclassification of assets	–	–	–	–	(389)	–	(389)
Impairment	–	(233)	–	–	–	–	(233)
Disposals	–	(250)	–	–	(7,465)	(137)	(7,852)
Tfr to asset held for sale	–	250	–	–	–	–	250
At 31 March 2018	9,025	49,643	13,021	737	65,922	4,967	143,315

Accumulated depreciation

At 1 April 2017	–	17,280	5,453	–	64,617	3,509	90,859
Provided during the year	–	1,450	637	–	2,778	167	5,032
Current cost revaluation	–	(594)	(389)	–	–	–	(983)
Reclassification of assets	–	–	–	–	112	–	112
Disposals	–	–	–	–	(7,374)	(73)	(7,447)
Tfr to asset held for sale	–	–	–	–	–	–	–
At 31 March 2018	–	18,136	5,701	–	60,133	3,602	87,573
Carrying amount at 31 March 2018	9,025	31,507	7,320	737	5,789	1,365	55,742

8.2 Cost or valuation

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

Accumulated depreciation

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

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

See note 1.9 for details of the impairment accounting policy.

See note 8.4 for details of investment property.

The carrying amount of land and buildings including investment property at market value is £39.6m.

The net amount of finance leases at the end of the year was £0.0m (2016/17: £0.0m).

8.3 Non-current assets classified as held for sale

	2017/18	2016/17
	£'000	£'000
At 1 April	6,982	–
Transfers from non-current assets	(250)	2,351
Impairment on assets sold	(31)	–
Revaluation Reserve Movement	(3,439)	3,629
Reversal of impairment	–	1,002
Disposals	(1,162)	–
At 31 March	2,100	6,982

Leicester Nursery and Chalfont Drive southern plot, Nottingham, which were held for sale at the start of the year, have been sold within the year.

We are actively marketing Parkside Court, Telford, with HM Land Registry relocating its offices to an alternative location in the Telford area. Under IFRS 8, none of these assets held for sale represents a closure of an operating segment.

8.4 Investment property

	2017/18	2016/17
	£'000	£'000
At 1 April	4,920	6,800
Revaluation in year	(70)	–
Reclassification of assets	–	(1,880)
Disposals	(2,100)	–
At 31 March	2,750	4,920

Investment property comprises a number of properties that are leased to third parties either in part or whole. The leases have different non-cancellable periods with current break option points ranging from six months to eight years. One lease has an annual rent review period, two are five yearly and one has none. Increases are linked to market rent based on comparables. None have an automatic right of renewal. Further information about these leases is included in note 15.2.

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

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

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

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

During the year, one of the investment properties, Old Market House, Birkenhead was sold.

9 Intangible assets

9.1 Cost or valuation

	E-security	Portal	Business Gateway	Assets under development	Software licences	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2017	9,691	15,967	1,766	6,834	43,659	77,917
Additions	–	–	–	8,175	471	8,646
Assets brought into use	–	–	–	(14)	14	–
Reclassification	–	–	–	–	390	390
Disposals	–	–	–	–	(1,484)	(1,484)
At 31 March 2018	9,691	15,967	1,766	14,995	43,049	85,468
Amortisation						
At 1 April 2017	9,691	15,967	1,766	–	41,886	69,310
Charge for the year	–	–	–	–	722	722
Reclassification of assets	–	–	–	–	(112)	(112)
Disposals	–	–	–	–	(1,484)	(1,484)
At 31 March 2018	9,691	15,967	1,766	–	41,012	68,436
Carrying amount at 31 March 2018	–	–	–	14,995	2,037	17,032

9.2 Cost or valuation

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

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

The E-security, Portal and Business Gateway assets had all been fully depreciated by the start of the financial year, but are included in the accounts as they are still in use. Assets under development relate to the capitalisation of Local Land Charges costs during the year of £8.2m with the remainder relating to Case Management improvements, Mainframe to Cloud based migration and Digital Mortgage. More details about Digital Mortgage can be found on GOV.UK (search 'HM Land Registry Digital Mortgage Service Contingent Liability').

10 Financial instruments

	2017/18	2016/17
	£'000	£'000
Held-to-maturity investments	230,335	–

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

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

As of 31 March 2018, HM Land Registry had £230m deposited within National Loans Fund for six month terms. As these balances are no longer readily available to the organisation, they are not recognised as cash equivalents and are instead recognised as investments. These held-to-maturity investments are not exposed to credit, liquidity and market risk.

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

11 Inventories

	2017/18	2016/17
	£'000	£'000
Work-in-progress	6,648	4,049
	6,648	4,049

12 Trade and other receivables

12.1 Current

	2017/18	2016/17
	£'000	£'000
Trade receivables	1,994	2,096
Other receivables	1,170	3,946
Prepayments and accrued income	6,201	3,555
	9,365	9,597

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

12.2 Non-current

	2017/18	2016/17
	£'000	£'000
Other receivables	222	281
Prepayments	1,997	1,060
	2,219	1,341

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

13 Cash at bank and in hand

	2017/18	2016/17
	£'000	£'000
Government Banking Service	100,098	63,526
Commercial banks and cash-in-hand	18,588	16,488
National Loans Fund	190,053	409,912
	308,739	489,926

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

14 Trade and other payables

14.1 Current

	2017/18	2016/17
	£'000	£'000
Trade payables	2,343	757
Taxation and social security	4,498	3,462
Other payables	3,329	2,891
Accruals	22,122	19,772
Net obligations under finance leases – buildings	213	188
Net obligations under finance leases – computer equipment	–	7
Deferred income – fees received in advance	24,266	22,234
Dividend payable	28,706	6,899
	85,477	56,210

The average credit period taken for trade purchases is seven days. The carrying amount of trade payables is deemed to be an approximation of their fair value.

14.2 Non-current

	2017/18	2016/17
	£'000	£'000
Net obligations under finance leases – buildings	4,523	4,736
Net obligations under finance leases – computer equipment	–	–
	4,523	4,736

15 Obligations under leases

15.1 Finance leases

	Minimum lease payments		Present value of minimum lease payments	
	2017/18 £'000	2016/17 £'000	2017/18 £'000	2016/17 £'000
Amounts payable under finance leases				
Within one year	846	853	213	194
In the second to fifth years inclusive	3,384	3,384	1,176	1,037
After five years	5,076	5,922	3,347	3,699
	9,306	10,159	4,736	4,930
Less future finance charges	(4,570)	(5,228)		
Present value of lease obligations	4,736	4,931		
Less amount due for settlement within 12 months (shown under current liabilities)			(213)	(194)
Amount due for settlement after 12 months			4,523	4,736

15.2 Operating leases

Leases as lessee

	2017/18 £'000	2016/17 £'000
Minimum lease payments under operating leases recognised in the year	1,669	1,021
Income from tenants	–	–
	1,669	1,021

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

	2017/18 £'000	2016/17 £'000
Within one year	85	6
In the second to fifth years inclusive	1,076	283
After five years	409	1,380
Income due from tenants	–	–
	1,570	1,669

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

Leases as lessor

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

At 31 March 2018 the future minimum lease payments under non-cancellable leases are receivable as follows:

	2017/18	2016/17
	£'000	£'000
Within one year	29	–
In the second to fifth years inclusive	–	28
After five years	348	353
	377	381

During the year investment property rental income of £0.38m was included within miscellaneous income (see note 3.1). This follows the treatment of previous years when the properties were let under memorandum of terms of occupation (MOTO) to other public sector organisations. The investment properties are now let on commercial terms. As this is not part of HM Land Registry's core business, and the values are immaterial, the rental income continues to be treated as miscellaneous income and netted off expenditure.

16 Loans

HM Land Registry had no loans during the financial year ending 31 March 2018.

17 Provisions for liabilities and charges

17.1 Early release schemes and other

	Early retirement	Other	Total	Early retirement	Other	Total
	2017/18			2016/17		
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April	9,987	715	10,702	13,683	1,849	15,532
Provided in year	1,864	–	1,864	–	–	–
Revaluation of provision	(351)	13	(338)	270	200	470
Provision utilised in the year	(4,279)	(217)	(4,496)	(3,966)	(607)	(4,573)
Provision written back unused	(116)	(66)	(182)	–	(727)	(727)
At 31 March	7,105	445	7,550	9,987	715	10,702
Included in current liabilities	4,981	445	5,426	5,678	715	6,393
Included in non-current liabilities	2,124	–	2,124	4,309	–	4,309
			7,550			10,702

The early retirement provision (ERP) gives retirement benefits to certain employees. These benefits conform to the rules of the Principal Civil Service Pension Scheme (PCSPS). HM Land Registry bears the cost of these benefits until the normal retirement age of the employees retired under the scheme. Total payments in the year amounted to £4.3m in 2017/18, of which £4.3m had been provided for within the ERP provision in the 2017/18 accounts. The total pension liability up to normal retiring age in respect of each employee is charged to the statement of comprehensive income in the year in which the employee takes early retirement and a provision for future pension payments is created. Pension and related benefit payments to the retired employee until normal retiring age are then charged annually against the provision.

IAS 37 Provisions, contingent liabilities and contingent assets requires that: "Where the time value of money is material, the amount of a provision should be the present value of the expenditures expected to be required to settle the obligation". The discount factor applied to the early retirement provision is 2 per cent. The impact of unwinding of the discount in 2017/18 was less than £0.1m (2016/17: £0.2m).

17.2 Indemnity Fund

The Land Registration Act 2002 places a legal liability on HM Land Registry to indemnify for losses resulting from errors or omissions on the register of title. This includes errors resulting from frauds perpetrated by third parties. As a statutory insurer of titles in England and Wales, indemnity payments are not confined to mistakes made by HM Land Registry. HM Land Registry provides for these claims under its Indemnity Fund, both for known claims and claims incurred but not reported (IBNR).

	Outstanding provision	IBNR provision	2017/18 Total	Outstanding provision	IBNR provision	2016/17 Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April	8,000	77,100	85,100	10,500	74,300	84,800
Provided in the year	5,025	–	5,025	6,738	–	6,738
Provisions utilised in the year	(5,025)	–	(5,025)	(6,738)	–	(6,738)
Claims revaluation	2,800	–	2,800	(2,500)	–	(2,500)
IBNR revaluation	–	3,100	3,100	–	2,800	2,800
At 31 March	10,800	80,200	91,000	8,000	77,100	85,100

Following the actuarial review by Lane Clark & Peacock LLP (LCP), the fund in respect of reported but not settled claims (Outstanding provision) has increased in 2017/18 by £2.8m (2016/17: £2.5m decrease). The provision for claims incurred but not reported (IBNR provision) has increased in 2017/18 by £3.1m (2016/17: £2.8m increase).

The reason for the £2.8m increase in the outstanding claims provision was due to a movement in case estimates.

The main reasons for the £3.1m IBNR provision movement were: changes to underlying projection assumptions (£1.2m decrease) and changes to inflation and discount rates (£4.2m increase).

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

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

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

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

- the number of unreported errors currently within the Register is unknown;
- at what point in the future these errors will be discovered and claims made; and
- how much the cost of the corresponding claims will be.

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

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

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

Uncertainty in the provisions - sensitivity analysis

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

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

These scenarios have been considered in isolation and combination as shown in the tables on page 116.

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

- it is reasonably foreseeable that the value of liabilities could be about £0.8m (outstanding provision) or £9.2m (IBNR provision) greater than expected; and
- it is unlikely, but possible, that the value of liabilities could be about £3.2m (outstanding provision) or £16.5m (IBNR provision) greater than expected.

In respect of the favourable scenarios:

- it is reasonably foreseeable that the true value of liabilities could be about £8m (IBNR provision) lower than expected.

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

We have also considered extreme scenarios, where the value of liabilities is as much as £4.0m (outstanding provision) or £59m (IBNR provision) greater than expected. The long-term open-ended nature of statutory indemnity means that these figures do not represent the maximum possible liability. However, we believe the likelihood of such scenarios to be small.

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

At future accounting dates, it should be expected that:

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

The Indemnity Fund provision of £91m is our best estimate. However, the value of the Indemnity Fund provisions are subject to future uncertainty.

Sensitivity analysis

	Outstanding provision	2017/18 Percentage movement increase
	£m	%
Provided in these accounts	10.8	35.0
Impact of scenarios		
Adverse but foreseeable scenarios		
(1) Large claims assumed payment percentage increased from 60% to 70%	11.6	7.5
(2) Attritional future paid as a percentage of outstanding case estimates is 5% greater than expected	11.5	6.4
(3) Treasury prescribed real discount rate reduces further by 0.5% pa	10.9	0.7
Possible but unlikely scenarios		
(2) + (3)	11.6	7.2
(4) Large claims assumed payment increased from 60% to 100%	14.0	30.0
Extreme scenarios		
(2) + (3) + (4)	14.8	37.4

	IBNR provision	Percentage movement increase
	£m	%
Provided in these accounts	80.2	4.0
Impact of scenarios		
Favourable but foreseeable scenarios		
(1) Decrease in projected number of attritional IBNR claims (-10%)	75.7	- 5.5
(2) Decrease in assumed attritional average claim size (-10%)	75.7	- 5.5
(3) Decrease in assumed large average claim size (from £680k to £580k)	74.7	- 6.8
(4) Decrease in projected number of large claims (from 7.5 to 6.5 per incident year)	75.4	-5.9
(5) Decrease in assumed future claims inflation (-1% pa)	72.5	- 9.5
(6) Prescribed real discount rate on cashflows beyond 10 years increased by 1% pa	74.2	- 7.4
Adverse but foreseeable scenarios		
(1) Increase in projected number of attritional IBNR claims (+10%)	84.6	5.5
(2) Increase in assumed attritional average claim size (+10%)	84.6	5.5
(3) Increase in assumed large average claim size (from £650k to £750k)	85.6	6.8
(4) Increase in projected number of large claims (from 7.5 to 8.5 per incident year)	84.9	5.9
(5) Increase in assumed future claims inflation (+1%)	89.3	11.4
(6) Prescribed real discount rate on cash flows beyond 10 years reduced by a 1% pa	87.9	9.6
Possible but unlikely scenarios		
(1) + (2)	89.5	11.6
(1) + (5)	94.3	17.7
(7) Increase in assumed large average claim size (from £650k to £950k)	96.6	20.5
Extreme scenarios		
(1) + (2) + (4) + (5) + (6) + (7)	139.5	74.1

18 Capital commitments

	2017/18 £'000	2016/17 £'000
Capital expenditure*	1,518	2,670
Contracted for but not provided in these accounts	1,518	2,670

* £1.1m relates to commitments for Local Land Charges for HM Land Registry

19 Contingent liabilities

19.1 Indemnity

The Land Registration Act 2002 places a legal liability on HM Land Registry to indemnify for losses resulting from errors or omissions in the register of title. This includes errors resulting from frauds perpetrated by third parties. As a statutory insurer of titles in England and Wales, indemnity payments are not confined to mistakes made by HM Land Registry. HM Land Registry provides for these claims under its Indemnity Fund both for known claims and claims incurred but not reported (IBNR) (see note 17.2) based upon the assumed likelihood that claims will be successful.

As at 31 March 2018, the value of pending indemnity claims made to HM Land Registry is shown below. The estimated settlement value of these claims included within the Indemnity Fund provision is £10.8m (see note 17.2).

Errors or omissions

	2017/18 £'000	2016/17 £'000
Mistakes	8,240	7,290
Fraud and forgery	13,825	9,387
	22,065	16,677

19.2 Other contingent liabilities

HM Land Registry has a contingent liability as defined by IAS 37, which relates to costs for early retirement schemes taken in 2009 and 2010. HM Land Registry is disputing the validity of these costs and is challenging the amounts charged by MyCSP. The liability will become clearer as scheme participants reach retirement age in the next few years. The maximum liability is £7.0m as at 31 March 2018.

Note 3.2 of the accounts includes £3.8m in respect of costs for early retirement charged by MyCSP and paid by HM Land Registry during 2017/18. The validity of those payments is currently in dispute, and HM Land Registry is pursuing reimbursement of these costs.

20 Notes to the cash flow statement

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

	2017/18	2016/17
	£'000	£'000
Operating surplus	59,762	69,430
Restructure and reorganisation costs	(5,701)	(425)
Local Land Charges revenue costs	(1,298)	(1,592)
Depreciation of property, plant and equipment	4,161	4,347
Amortisation of intangible assets	610	349
Impairment in value of non-current assets	264	(584)
Increase/(decrease) in provisions	(3,153)	(4,831)
(Increase)/decrease in inventories	(2,598)	696
(Increase)/decrease in receivables	(137)	2,652
Increase in payables	7,822	724
Increase in Indemnity Fund	5,900	300
Net cash inflow from operating activities	65,632	71,066

20.2 Reconciliation of net cash flow to movement in net cash

	2017/18	2016/17
	£'000	£'000
Net cash at start of period	489,926	443,871
Increase/(decrease) in cash in the period	(181,187)	46,055
Net cash at end of period	308,739	489,926

21 Related party disclosures

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

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

None of the board members, or members of the key management staff or other related parties, have had any influence over any material transactions undertaken by HM Land Registry.

Non-adjusting event after the reporting period

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

22 Events after the reporting period

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

The appendices are not subject to audit.

Appendix A

Volumes and workloads 2017/18 and 2016/17

Application intake by type and method of receipt

	2017/18			2016/17		
	Total applications/ products received	Applications/ products received through online services	% of applications/ products received through online services	Total applications/ products received	Applications/ products received through online services	% of applications/ products received through online services
Bulk register updates (BRUs)	1,212,252	–	–	591,774	–	–
Total applications excluding BRUs	32,490,169	30,815,010	94.84	31,244,256	29,605,434	94.75
Total applications/products	33,702,421	30,815,010	91.43	31,836,030	29,605,434	92.99
Substantive applications excluding BRUs	4,991,157	4,404,442	88.24	4,905,545	4,255,148	86.74
Preliminary services products	18,759,977	18,614,357	99.22	17,794,584	17,633,247	99.09
Enquiry services applications	8,739,035	7,796,211	89.21	8,544,127	7,717,039	90.32
Total	32,490,169	30,815,010	94.84	31,244,256	29,605,434	94.75
Substantive applications excluding BRUs						
First registrations	103,751	–	–	109,030	–	–
Dispositional first leases	215,432	196,439	91.18	230,564	199,239	86.41
Transfers of part of registered land	190,580	169,918	89.16	181,295	151,216	83.41
Dealings of whole with registered land	4,481,394	4,038,085	90.11	4,384,656	3,904,693	89.05
Total	4,991,157	4,404,442	88.24	4,905,545	4,255,148	86.74
Preliminary services products						
Official copies ¹	15,463,882	15,356,323	99.30	14,641,653	14,533,418	99.26
Official searches	2,528,060	2,522,514	99.78	2,381,867	2,371,719	99.57
Official searches of the index map ¹	768,035	735,520	95.77	771,064	726,699	94.25
Total	18,759,977	18,614,357	99.22	17,794,584	17,631,836	99.09
Enquiry services applications						
Register views	5,431,016	5,431,016	100.00	5,413,795	5,413,795	100.00
Title plan views	955,381	955,381	100.00	951,324	951,324	100.00
Document views	58,730	58,730	100.00	67,415	67,415	100.00
Correspondence	276,050	182,985	66.29	304,556	192,978	63.36
Telephone enquiries	849,759	–	–	715,510	–	–
MapSearch downloads	1,168,099	1,168,099	100.00	1,091,527	1,091,527	100.00
Total	8,739,035	7,796,211	89.21	8,544,127	7,717,039	90.32

For accompanying text see overleaf.

The table above sets out the transactional activities for the year, along with comparatives for the previous year. In this financial year we serviced more than 33 million applications, fulfilling the requirements of the 2002 Land Registration Act. These form the core of our activities and the revenues associated with them. The table also details our progress towards electronic delivery, in relation to the various types of application we receive. Excluding bulk register updates (BRUs), the proportion of applications received electronically rose from 94.75% to 94.84.%.

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

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

Appendix B

Land Charges and Agricultural Credits volumes and workloads 2017/18 and 2016/17

The Land Charges Department

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

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

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

Type of application	Number of applications or names in 2017/18	Percentage variation compared with 2016/17
New registrations, rectifications and renewals	23,689	-4.26
Cancellations	7,186	-13.10
Official searches		
– Full searches	145,457	-1.66
– Searches limited to insolvency	1,629,190	+8.81
Office copies	24,647	-11.31
Total	1,830,169	+3.80

The Agricultural Credits Department

The Agricultural Credits Department is responsible for maintaining a register of short-term loans by banks under Part II of the Agricultural Credits Act 1928. These charges are secured on farming stock and other agricultural assets of the farmer.

Year	New registrations	Cancellations and rectifications	Searches	Total
2016/17	562	675	2,293	3,530
2017/18	568	721	2,416	3,705

Appendix C

Treasury Minute

HM Land Registry Trading Fund

HM Treasury Minute dated 24 April 2012

1. Section 4(1) of the Government Trading Funds Act 1973 ("the 1973 Act") provides that a Trading Fund established under that Act shall be under the control and management of the responsible Minister (or, where a Trading Fund is established for operations carried on by a person appointed in pursuance of any enactment, that person, if the Order establishing the Trading Fund in accordance with section 1(6) (a) of the 1973 Act) and in the discharge of his functions in relation to the fund it shall be his duty:

- (a) To manage the funded operations so that the revenue of the fund:
 - (i) Consists principally of receipts in respect of goods and services provided in the course of the funded operations, and
 - (ii) is not less than sufficient, taking one year with another, to meet outgoings which are properly chargeable to revenue account; and
- (b) To achieve such further financial objectives as the Treasury may from time to time, by minute laid before the House of Commons, indicate as having been determined by the responsible Minister (with Treasury concurrence) to be desirable of achievement.

2. The Trading Fund for HM Land Registry was established on 1 April 1993 under the Land Registry Trading Fund Order 1993 (SI 1993 No.938). Article 3 (2) of that Order provides that the Trading Fund shall be under the control and management of the Chief Land Registrar. Additional assets were appropriated to the Trading Fund on 11 March 1996 under the Land Registry Trading Fund (Additional Assets) Order 1996 (SI 1996 No. 750). On 13 October 2003, the Trading Fund was extended and amended under the Land Registry Trading Fund (Extension and Amendment) Order 2003 (SI 2003 No. 2094).

3. The Secretary of State for the Department of Business, Innovation and Skills, being the responsible Minister for the purposes of section 4(1)(b) of the 1973 Act, has determined (with Treasury concurrence) that a further financial objective desirable of achievement by HM Land Registry to achieve, over the period from 1 April 2012 to 31 March 2017, a return, averaged over the period as a whole, of at least 3.5 per cent real¹ in accordance with *Managing Public Money*. This will take the form of an operating surplus on ordinary activities post exceptional items and interest (payable and receivable), but before dividends, expressed as a percentage of average capital employed. Capital employed shall equate to the total assets from which shall be deducted the total liabilities.

4. This Minute supersedes that dated 15 December 2003.

5. Let a copy of this Minute be laid before the House of Commons pursuant to section 4(1)(b) of the Government Trading Funds Act 1973.

- 1 3.5 per cent real will be calculated annually as 3.5 per cent plus the latest inflation estimate for that year, provided by ONS. By way of a worked example, for the fiscal year 2012/13 the financial target will be 6.29 per cent. This has been calculated as $(1+3.5 \text{ per cent}) \times (1+2.7 \text{ per cent})$, where 2.7 per cent is the ONS 2012/13 inflation estimate (National Accounts figures from the ONS, http://www.hm-treasury.gov.uk/data_gdp_fig.htm, 22 December 2011).

HM Treasury
24 April 2012

Appendix D

Sustainability historical data

Carbon data (tonnes)

Year	Year-on-year greenhouse gas (GHG) target	Forecast GHG (including initiatives)	Actual GHG	Actual percentage reduction (cumulative)
2009/10 (baseline)	14,326	14,326	14,326	0%
2010/11	13,610	14,326	13,099	-9%
2011/12	12,893	14,326	11,211	-22%
2012/13	12,177	14,326	11,340	-21%
2013/14	11,461	14,326	9,128	-36%
2014/15	10,745	13,176	8,656	-41%
2015/16	9,885	9,885	8,392	-41%
2016/17	8,596	8,596	7,328	-49%
2017/18	8,596	8,596	7,361	-49%

The greenhouse gas draft target is to reduce emissions by 31% by March 2020 over the baseline data for 2009/10.

Gross emissions have reduced by 49% over the baseline.

Waste arising (tonnes)

Year	Year-on-year waste target	Forecast waste (including initiatives)	Actual waste	Actual percentage reduction (cumulative)
2009/10 (baseline)	1,979	1,979	1,979	0%
2010/11	1,880	1,979	1,443	-27%
2011/12	1,781	1,979	1,689	-15%
2012/13	1,682	1,979	1,421	-28%
2013/14	1,583	1,979	959	-51%
2014/15	1,484	1,979	907	-54%
2015/16	1,484	1,484	1,106	-44%
2016/17	1,484	1,484	1,048	-47%
2017/18	1,484	1,484	1,041	-47%

The table shows the trend for waste arising against the Greening Government Commitments reduction target of 25% by March 2020. A 47% reduction was achieved. Of the waste arising 741 tonnes is paper sent for processing through the paper recycling contract. This paper equates to 71% of our total waste arising.

Water reduction (cubic metres)

Year	Year-on-year water target	Forecast water (including initiatives)	Actual water	Actual percentage reduction (cumulative)
2009/10 (baseline)	57,214	57,214	57,214	0%
2010/11	54,353	57,214	54,644	-4%
2011/12	51,493	57,214	37,413	-35%
2012/13	48,631	57,214	31,230	-45%
2013/14	45,771	56,984	36,037	-37%
2014/15	42,910	56,984	38,153	-33%
2015/16	45,772	45,772	36,395	-36%
2016/17	42,911	42,911	34,967	-39%
2017/18	42,911	42,911	41,130	-28%

A 28% reduction in water consumption has been achieved against a target of 25%. Consumption per full-time equivalent, including staff on HM Land Registry sites from other government departments, is 6m³.

Appendix E

Indemnity Fund

In 2017/18, we paid £5,445,825 for 852 claims, compared with £6,957,904 for 995 claims in 2016/17. The largest claim paid this year was for a register entry error where we had omitted a restrictive covenant entry, the payment being for £930,248. Fraud (usually by way of forgery) still remains the single most significant cause of indemnity payments and this reflects the general trend over the past decade or so, although this year the percentage of fraud payment was 48.4% compared with 71% last year.

The original maximum value of the substantive claims paid was £10,351,639 but these were settled for £4,230,021 saving £6,121,618. During the year a further 185 claims valued at £2,587,146 were settled for no value. Of these nine were for fraud and were valued at £1,781,375. During the year 1,068 new claims were received totalling £17,627,003, including 55 fraud claims valued at £11,552,775.

We recovered £554,766 under our statutory rights of recourse, compared with £308,388 last year. Recourse figures tend to vary considerably from year to year, reflecting the unpredictable interplay of legal and factual elements which will determine the viability of achieving any recovery.

Nature of claim	Number of claims	Substantive loss (£)	Costs (£)	Percentage of total
Extent of registered titles	133	440,099	350,902	14.52
Errors in/omissions from register entries	72	1,400,011	181,695	29.04
Sundry plans errors	12	166,800	59,287	4.15
Fraud and forgery	26	2,157,467	478,466	48.40
Official inspections of title plans	11	27,614	7,473	0.64
Bankruptcy errors	1	482	0	0.01
Official searches	7	3,685	5,068	0.16
Official copies	0	0	0	0
Errors in searches of the index map (SIMs)	4	1,050	3,684	0.09
Errors in filed extracts	283	1,702	55,541	1.05
Lost documents/administrative errors	303	31,111	73,687	1.92
Land Charges errors	0	0	0	0
Total	852	4,230,021	1,215,804	100
Gross payment				£5,445,825
Less sums recovered under our statutory right of recourse				£554,776
Net indemnity				£4,891,049

