



Land Charges Fees with effect from 1 May 2007

SUMMARY

- 1.1 The setting of fees for the Local Land Charges Service from 1 May 2007 on a cost recovery basis prior to the national introduction of Home Information Packs (HIP's) from 1 June 2007.
- 1.2 Subject to any issues raised at the meeting, I support the following recommendation.

RECOMMENDATION

- 2.1 To approve the revised fee structure for the Local Land Charges Service in line with cost recovery principles from 1 May 2007, set out in Appendix 2.
- 2.2 To approve the revised revenue budget 2007/8 as set out in paragraph 1.13.



DERBY CITY COUNCIL

COUNCIL CABINET
17 APRIL 2007

Report of the Corporate Directors – Resources and
Corporate and Adult Social Services

Land Charges Fees with effect from 1 May 2007

SUPPORTING INFORMATION

- 1.1 The Local Land Charges Service provides property search information to solicitors and licensed conveyancers. It is required to operate on a cost recovery basis when setting its fees for 2007/08.
- 1.2 Guidance for registering Authorities on setting Fees for Local Land Charges Services in England, Department for Constitutional Affairs January 2007
- 1.3 The key driver of the cost recovery principle is a market study undertaken by the Office of Fair Trading (OFT) in preparation for the introduction of Home Information Packs (HIP's) from 1 June 2007, supplemented by guidance from the Department for Communities and Local Government (DCLG) and the Local Government Association(LGA).
- 1.4 Approval is sought to implement the revised fee structure with effect from 1 May 2007 and further to implement a differential pricing system for LLC1 and Con 29 enquiries allowing a 10% reduction in price if searches are submitted via the National Land Information Service (NLIS) electronic hub.
- 1.5 The price differential for electronic services via the NLIS hub is offered to:
 - promote e-service delivery to customers
 - recognise the more efficient method of transacting in this way due to reductions in processing times, consumables costs and postage
 - recognise the positive environmental impact of reducing the requirement to print out documents and enabling the service to submit search results back to the NLIS hub electronically.
- 1.6 Assumptions have been made based on the current activity levels, any change could affect the ability to achieve the income targets ...
 - Activity levels are unknown following the introduction of HIP's as this is a new system operated on a national basis.
 - There could be a rise in activity due to the price reduction of the official search.
 - Activity levels could remain the same in 2007/08, which would meet cost recovery targets.

- There is potential for an increase in the number of personal search requests which may result in a shortfall in official search income beyond that forecast in the costing model.
- 1.7 Any over or under recovery of fees within each financial year will be carried forward to the following financial year and incorporated into the fee calculations. The guidance states that the service needs to break even over a three year period.
 - 1.8 Analysis of the Local Authority search market suggests that many authorities are responding to the challenge of implementing a cost recovery based model in a similar way to this authority's approach. The main effect for most authorities appears to be a significant increase in the fee charged in respect of a search of the Local Land Charges Register (LLC1) and a reduction in the overall fee for the Official search using forms LLC1 and CON 29. Details are shown at Appendix 2.
 - 1.9 The LLC1 fee had been set previously as a statutory £6.00 charge and did not reflect the time and cost of preparing this information for the customer. Regulations now allow the authority to recover the cost of providing this service.
 - 1.10 The net budget for the service for 2006/07 resulted in surplus income of £192,000.
 - 1.11 A review of the work undertaken by the Land Charges and searches teams and analysis of activity levels has been carried out to establish a basis for cost recovery for each type of search. A thorough review of the basis of allocation of support service charges has also been carried out.
 - 1.12 The budget process identified an estimated pressure of £140,000 as a result of implementing the cost recovery approach which was built into the approved budget. The final calculations have confirmed this estimated shortfall.
 - 1.13 Following a review of the total costs attributable to the Land Charges function, the revised budget is as follows:

Revised Land Searches / Charges Budget 2007/8		
	2006/7	2007/8
	£	£
Employee Costs	215,467	227,227
Other Costs	88,278	87,785
Support Services	86,126	136,413
Income	(581,400)	(451,425)
Total Net Budget	(191,529)	0

- 1.14 This review of attributable costs has identified a reduced charge required from Regeneration and Community Department for technical support given to the Land Charges Service. A permanent revenue budget transfer is therefore required from Corporate and Adult Social Services to Regeneration and Community department of £13,379 to compensate for the reduction in income.

1.15 A schedule of the current and proposed charges for the Land Charges service is shown at Appendix 2.

IMPLICATIONS**Financial**

1. As set out in the report.

Legal

2. In January 2007 the Department for Constitutional Affairs published guidance for registering authorities on setting fees for Local Land Charges Services in England. The Guidance was issued by the Lord Chancellor under S13A of the Local Land Charges Act 1975. Power to set the CON 29 fee enquiries is given by Statutory Instrument 1994 No 1885.

Personnel

3. None.

Equalities impact

4. None.

Corporate priorities

5. These recommendations, where relevant, are in line with approved budgets which accord with the Council's corporate priorities.

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Background papers: Appendix 1 – Implications
List of appendices: Appendix 2 – Revised fee structure 2007/8

Land Searches Charges				
	Postal Search 1 April 2006	Electronic Search via NLIS 1 April 2006	Postal Search Proposed 1 May 2007	Electronic Search via NLIS Proposed 1 May 2007
<i>CON 29</i>	89.50	76.00	44.00	40.00
<i>LLC1</i>	6.00	4.00	31.00	28.00
<i>TOTAL CON 29 & LLC1</i>	95.50	80.00	75.00	68.00
<i>Personal Search</i>	11.00	N/A	11.00	N/A
<i>Commons Search</i>	14.00	14.00	4.00	4.00
<i>Non Standard Searches</i>				
Additional enquiry - own questions only	12.50	N/A	11.00	N/A
Extra parcel of land	12.50	N/A	12.50	N/A
Optional enquiries - CON 29	11.00	N/A	9.00	N/A