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D - Fiona.

10 June 2016

Thank you for your letter of 18 May, on behalf of a constituent about the potential privatisation of the Land Registry.

Your constituent comments on having a second consultation on this subject so soon after the previous consultation in 2014. The Government continually reviews all its assets to ensure that public services operate efficiently and effectively for the tax payer. Following the 2014 consultation, the Government committed to continuing to develop policy in this area and engage with stakeholders. The current consultation provides a different case for change and set of objectives to previously meriting further consultation with stakeholders.

██████████ expresses concerns about public confidence in the land register and the high level of service currently delivered to homebuyers. The Government acknowledges the valuable role that Land Registry plays in land and property ownership in England and Wales. It undertakes a range of functions and responsibilities, which support an effective and functioning property market. Those functions remain critical, and the requirement to maintain service levels for customers and for the wider property market is crucial. One of the clear pre-conditions to a transaction set out in the consultation is that a changed Land Registry would need to ensure continuity of an appropriate level of service to support the property market. In order to support this requirement, Government believes there are a number of critical safeguards and protections that need to be included.

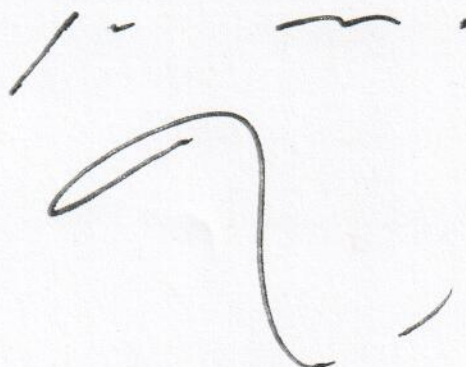
The consultation sets out a number of areas where we believe these safeguards and protections are critical, including keeping the statutory registers and data under Crown ownership, and retaining the state-backed guarantee in the case of a fault in the register. In addition, it is expected that Government would continue to set the required service quality and retain a mechanism to audit and monitor performance under all the proposals put

forward. This would ensure the private sector operator is delivering to agreed standards and key performance indicators. Government believes that Land Registry could have more freedom in the private sector to continue to evolve into a high performing, innovative business, delivering for customers and the wider market in a 21st century, digital economy.

Your constituent queries the need for privatisation when the Land Registry brings in a surplus for the Treasury of £100 million per year. Land Registry is a trading fund and as a result is subject to government rules set out in Managing Public Money (the Treasury-issued document). These rules stipulate that fees must be set at a level that recovers the cost of the services to government including a small amount paid through a dividend to HM Treasury to reflect the cost of capital to central government. Land Registry is supposed to ensure that its income from fees covers its expenditure under normal operating conditions. It is not currently permitted to generate a profit from core statutory functions, because fees must not be used to generate revenue for the Government to spend elsewhere. Any surplus additional income is a result of Land Registry experiencing higher than forecast volumes of transactions, and this must be returned to the Exchequer as a special one-off payment.

With regards to the timing of the consultation, Government has allowed for a nine week consultation. This followed the announcement by the Chancellor of the intention to consult on moving Land Registry operations into the private sector in the Autumn Statement in 2015, a position he reiterated in the recent Budget in March of this year.

I hope this is helpful in responding to your constituent.

A handwritten signature in black ink, appearing to read 'SAJID JAVID', with a large, sweeping flourish at the end.

SAJID JAVID

The Rt Hon Sajid Javid MP

Secretary of State for Business, Innovation and Skills and President of the Board of Trade