



Supplementary Estimate 2020-21

HM Land Registry



1 Overview

1.1 Objectives

HMLR's ambition is to become the world's leading land registry for speed, simplicity and an open approach to data. Further details can be found in HMLR's Business Strategy 2017-2022 [here](#).

HMLR's primary role is to provide:

- a record of information about the ownership of and interests affecting land and property (such as a mortgage, lease or right of way)
- land and property owners with a title which is guaranteed by the state; and
- the financial sector with the capability to secure lending against property.

Prior to 1 April 2020 HMLR was a trading fund and covered its operational costs through fee income. On 1 April 2020 its trading fund status was revoked in law and HMLR joined other central government departments in having its annual expenditure control totals delegated directly by HM Treasury. HMLR is required to surrender all its income to the consolidated fund and account for it using a Trust Statement. HMLR is now classified as a non-ministerial government department with BEIS as its sponsoring department. This is the first year HMLR has participated in the Estimates process.

1.2 Spending controls

HMLR's net spending is broken down into several spending totals, for which Parliament's approval is sought.

The spending totals which Parliament votes are:

- Resource Departmental Expenditure Limit ("Resource DEL")- a net limit comprising day-to-day running costs;
- Capital Departmental Expenditure Limit ("Capital DEL") - investment in internally generated software, estates and IT equipment;
- Annually Managed Expenditure ("AME") - items that may be unpredictable or not easily controlled. For HMLR, the most significant element of AME is the movement in the Indemnity provision which is used to underwrite the accuracy of the land register and act as an indemnity against fraud or error. It also covers other non-cash items such as impairments.

1.3 Comparison of net spending totals sought

The table below shows how the net spending totals sought for HMLR compared with the original budget for the 2020-21 Main Estimate:



Net Spending total amounts sought this year (Supplementary Estimate 2020-21)		Difference (+/-) compared to original budget this year (Main Estimate 2020-21)		Difference (+/-) compared to final outturn last year (Outturn (2019-20))*	
		£ m	%	£m	%
Resource DEL	£346.4m	£15m	-4.2%	n/a	n/a
Capital DEL	£40.2m	£0m	0%	n/a	n/a
Resource AME	£22m	£10m	83.3%	n/a	n/a

*Please note that figures have only been entered for 2020-21. As a result of the change in classification of HM Land Registry, estimates are now required, but in 2019-20 HMLR was classified as a Trading Fund and did not report against control totals.

A breakdown of spending within the net total is shown in section 2.1.

1.4 Key Drivers of spending changes since original budget this year

Forecast RDEL is reduced by £15m due to the surrender of forecast underspend relating to recruitment and other activity delayed by the impact of Covid-19.

Resource AME has been increased by £10m to cover any potential impairments relating to the planned transfer of properties to the Government Property Agency (GPA).

Within the Capital DEL total £55.7m has been added to both income and expenditure for the planned transfer of HMLR properties to the Government Property Agency. This transfer will have a net nil overall impact on capital budgets. A token £1k has been added to the capital budget to enable these changes to be voted on.

1.5 New policies and programmes; ambit changes

The ambit has been updated to allow cost recoveries, interest receivable, receipt of VAT refunds, and, income and expenditure relating to the transfer of properties to the GPA.

There are no significant new policies or programmes for HMLR in 2020-21.



1.6 Spending trends

The table below shows the funding sought for this year and the current future spending plans based on the 2020 Spending Review, which includes provision for the acceleration of the Local Land Charges programme. Data from prior years has not been included as this is the first year HMLR has reported against control totals, in 2019-20 HMLR was classified as a trading fund.

Control total	2020-21 Supplementary Estimate	2021-22 Spending plans
Resource DEL	£346.4m	£375.7m
o/w excluding depreciation	£335.0m	£364.3m
o/w depreciation ringfence	£11.4m	£11.4m
Capital DEL	£40.2m	£57.7m
Resource AME	£22m	£12m

1.7 Administration costs and efficiency plans

Given the operational nature of HMLR's services, its resource (RDEL) budget is categorised as entirely programme spend.

HMLR's investment strategy includes plans to upgrade and modernise data and technology infrastructure, which will assist in creating operational efficiencies over the medium to long-term. This will be achieved through the creation of modern digital services that provide an excellent customer experience, supported by an efficient, value for money case working operation based on improved technology, greater automation and efficient management approaches.

1.8 Funding: Spending Review and Budgets

HMLR's first settlement was agreed and announced at Budget on 11 March 2020. This was a one-year settlement for the period 1 April 2020 to 31 March 2021.

The 2020 Spending Review provided an additional one-year settlement for the period 1 April 2021 to 31 March 2022. The funding agreed is set out below:

2021-22 funding announced in the 2020 Spending Review	
Resource DEL	£375.7m
o/w excluding depreciation	£364.3m
o/w depreciation ringfence	£11.4m
Capital DEL	£57.7m



1.9 Other funding announcements

There have been no additional funding announcements.

2 Spending and income detail

2.1 Explanations of changes in spending and income

Resource DEL

The table below compares HMLR's Resource DEL for 2020-21 between the Main Estimate and the Supplementary Estimate as follows:

		Resource DEL		Variance		Is variance significant? See explanation, note number
		2020-21 Supplementary Estimates budget sought	2020-21 Main Estimates budget approved			
Resource DEL		£million		%		
A	BAU	304.3	319.3	15	4.7	1
	Change	30.7	30.7	0	0	N
	Depreciation	11.4	11.4	0	0	N
	Net expenditure	346.4	361.4	15	4.2	

- Forecast RDEL is reduced by £15m due to the surrender of forecast underspend relating to recruitment and other activity delayed by the impact of Covid-19. We are currently forecasting activity and spend to return to normal levels in 2021-22

Capital DEL

		Capital DEL		Variance		Is variance significant? See explanation, note number
		2020-21 Supplementary Estimates budget sought	2020-21 Main Estimates budget approved			
Capital DEL		£million		%		
A	Core Expenditure	40.2	40.2	0	0	2



Net expenditure	40.2	40.2	0	0
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2. Within the Capital DEL total £55.7m has been added to both income and expenditure for the planned transfer of HMLR properties to the Government Property Agency. This transfer will have a net nil overall impact on capital budgets. A token £1k has been added to the Capital budget to enable these changes to be voted on.

Resource AME

		Resource AME				Is variance significant? See explanation, note number
		2020-21 Supplementary Estimates budget sought	2020-21 Main Estimates budget approved	Variance		
Resource AME		£million			%	
A	Indemnity	12	12	0	0	N
	Impairment	10	0	10	N/A	3
	Net expenditure	22	12	10	83.3	

3. The AME budget has been increased by £10m to cover any potential impairments related to the planned transfer of HMLR properties to the GPA. In line with the HMLR accounting policies the properties will be assessed at fair value before transfer.

2.3 Ring fenced budgets

Within the totals, the following elements are ring fenced i.e. savings in these budgets may not be used to fund pressures on other budgets.

Resource DEL

Ring fenced budgets Amounts sought for this year (Supplementary Estimate 2020-21)		Difference (+/-) compared to original budget this year (Main Estimate 2020-21)	
		£m	%
Depreciation	£11.4m	£0m	0%



2.4 Changes to contingent liabilities

The Land Registration Act 2002 places a legal liability on HMLR to indemnify for losses resulting from errors or omissions on the register of title. This includes errors resulting from frauds perpetrated by third parties. HMLR provides for these claims within its Indemnity Fund, both for known claims and claims incurred but not reported.

The estimates and underlying assumptions supporting the valuation of the Indemnity Fund are reviewed regularly by HMLR, supported by the Government Actuary's Department. The latest review based on data up to the end of November 2020 showed no material change.

3. Priorities and performance

3.1 Measures of performance against each priority

HMLR has transitioned to a new corporate performance framework during this financial year. This is designed to support the organisational outcomes as set out in section 1.1. The framework contains 8 KPIs and 18 Business Plan deliverables which outline the key activities to support the KPIs. Performance against these will be set out in detail in the Annual Report and Accounts for 2020-21.

3.2 Commentary on steps being taken to address performance issue

Following feedback from customers, HMLR introduced a series of measures to decrease the number of uncompleted non-developer applications. These measures were beginning to demonstrate considerable efficacy in the lead up to HMG's response to COVID-19, at which time HMLR enacted compulsory homeworking and was temporarily unable to process these applications. A continued emphasis on managing the impact of change (planned or as a result of COVID-19) on customers has continued in this financial year.

HMLR has introduced a new approach to monitoring and reporting performance for 2020-21, which strengthens the link between KPIs and organisational outcomes and establishes a hierarchy between metrics. Performance against this will be set out in detail in the Annual Report and Accounts for 2020-21.

3.3 Major projects

HMLR currently has 1 project which is classified on the Government Major Project Portfolio (GMPP); the Local Land Charges (LLC) Programme. The LLC programme is run, in partnership with local authorities, in England to standardise and migrate local land charges register information to one accessible place. (Further details can be found [here](https://www.gov.uk/government/publications/hm-land-registry-local-land-charges-programme/local-land-charges-programme))¹

¹ <https://www.gov.uk/government/publications/hm-land-registry-local-land-charges-programme/local-land-charges-programme>



The Accounting Officer Major Project Assessment for the Local Land Charges Programme can be found [here](#).²

4. Other Information

4.1 Additional specific information required by the select committee

No additional information has been requested by the Business, Energy and Industrial Strategy Committee.

Accounting Officer Approval

This memorandum has been prepared according to the requirements and guidance set out by HM Treasury and the House of Commons Scrutiny Unit, available on the Scrutiny Unit website.

The information in this Estimates Memorandum has been approved by me as Departmental Accounting Officer.

A handwritten signature in black ink that reads "Simon Hayes".

Simon Hayes
Accounting Officer
HM Land Registry
10 February 2021

² <https://www.gov.uk/government/publications/hm-land-registry-local-land-charges-programme/accounting-officer-memorandum-local-land-charges-programme>