Land Registry

LAND REGISTRY
ACCELERATED TRANSFORMATION PROGRAMME

Decisions Report

v1-0 17/03/2010

Issued

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1. EXECUTIVE SUMMARY

October Announcements and Business Case

On 22 October 2009 the LR Board announced the following proposals for the Accelerated Transformation Programme (ATP):

- A 1500 reduction in Land Registry staff (in FTE terms) to 4500 by 2011;
- The closure of five offices (Croydon, Portsmouth, Peterborough, Stevenage and Tunbridge Wells) and the selling of those offices owned by Land Registry;
- A reduction in the number of RO and RA grade staff in operations to about 125;
- The outsourcing of a number of support services by late 2011 and the establishment of a partnership arrangement with the private sector for New Business Development;
- The sale of the Lincoln's Inn Fields site;
- Further reviews into: a) the long-term location for Head Office; b) the board-level governance of Land Registry; and c) the office accommodation in Plymouth; and
- A review to be undertaken in 2011 into any further changes but with a working assumption that staff numbers would be further reduced to 3750 by 2014 with the closure of two further offices.

The ATP Business Case identified a programme of activity to address the issues facing Land Registry. The programme planned to deliver cost savings of £93m pa through the office closures, compulsory redundancies and estates rationalisation. It produced a positive net present value over ten years of £493m, and was deliverable with manageable risk.

Consultation

Two consultation processes have been undertaken:

a) an external process based on the ATP Consultation Document and focussed on the office closure proposals; and
b) an internal process with staff and DTUS covering all the proposals outlined above.

Both these processes ran from 22 October 2009 to 29 January 2010.

The external consultation was based on a Consultation Document published on the Land Registry website. All Land Registry's regular customers, local MPs and other interested bodies (e.g. the Law Society, local authorities etc) were informed of the consultation by letter – a total of 36,000 letters were sent.

In total 359 responses to the external consultation have been received, 36 from members of the public, 106 from business customers of Land Registry, 177 from staff, 4 from trade unions and branches, and 36 from other interested bodies. In addition a further 362 "postcard" responses were received. These were printed cards expressing opposition to enforced redundancies, office closures and privatisation. A further 589 members of the public and businesses took part in questionnaire surveys aimed at assessing the impact of the proposed office closures, and of those 123 were engaged in follow up telephone surveys and 36 business customers in focus groups.

The internal process comprised a comprehensive communications exercise to all staff following the announcements, a series of directors visits to all offices, a formal consultation process with DTUS involving 15 meetings, availability of the business case and consultation document on the Land Registry intranet site, a set of e-mail boxes (ATP Communications and Email Us) for staff queries regarding the proposals, and a mechanism for recording alternative proposals and suggestions.

The main points raised during consultation include:

- alternative proposals for staff reduction involving voluntary rather than compulsory redundancy;
- concerns over the future of staff currently in the RO and RA grades;
- opposition to the proposal to recruit staff whilst existing staff are made redundant;
- concerns over the lack of any local office in the south east if the proposals go ahead and the impact on counter services;
- general opposition to the outsourcing proposals and some specific alternative suggestions; and
- suggestions that optimistic productivity assumptions and pessimistic forecasts of future intakes had been used.

The detail on the responses received through consultation is provided in Section 3 of this report with alternatives discussed in Section 3 and in Section 4.

Overall very few of the responses proposed that Land Registry did not have to change and respond to the position in which it finds itself. Responses from those most opposed to the proposals focussed primarily on the degree of change and on how the change might be implemented.

Additional Material

In parallel to the consultation, further work has been undertaken by the ATP programme and additional inputs received from government. These additional inputs have included:

- A review into the long-term location for Land Registry Head Office;
- A review of the Land Registry governance and Board structures and capabilities;
- A review of the Plymouth estate;
- An investigation into data integrity needs;
- A more detailed workforce plan;
- A contingency plan in the event of volumes exceeding anticipated levels;
- An Equality Impact Assessment of the proposals;
- The changes to and clarification of the Civil Service Compensation Scheme;
- The publication of *Putting the frontline first: smarter government*;
- Decision on relevant HR policies;
- Research into counter services and other aspects of the customer strategy;
- The testing of a number of assumptions used in the business case including:
    - current staffing levels and anticipated retirements and other attrition
    - volume forecasts
    - the state of the commercial property markets
- Further planning work on the six projects set up for ATP following the October 2009 announcements.

These additional inputs are set out in more detail in Section 5.

Conclusions and Recommendations

The critical concerns and issues arising from the consultation and from additional work have been discussed at length by the ATP Programme Board and by the Land Registry Board. These key points and the balance of arguments are presented in Section 6. From these discussions the LR Board has made alterations to the proposals which address the views expressed during consultation, reduce the operational risks for the organisation, and provide a sound basis to move forward. The changes to the October 2009 proposals, and the outcomes of the reviews are set out below.

Area	Business Case proposals	ATP decisions
Forecasts of future staff numbers	4500 staff (FTE) by end 2011/12 3750 staff (FTE) by end 2014/15	4600 staff (FTE) by end 2011/12 3800 staff (FTE) by end 2014/15
Office closures in Phase 1	Five offices closed (Croydon and Portsmouth by February 2011 and Peterborough, Stevenage, and Tunbridge Wells by September 2011)	Croydon and Peterborough offices to remain open Three offices closed (Portsmouth by February 2011 and Stevenage, and Tunbridge Wells by June 2011) A Portsmouth sub-office for up to 50 staff to remain to March 2013
Office closures in Phase 2	On current forecasts of intakes, productivity and staff numbers two further offices likely to close	On current forecasts of intakes and productivity, staff numbers would be reduced through voluntary redundancy rather than through the closure of two offices Excess space to be optimised through sub-letting
RO / RA grade staff	RO and RA graded staff to be reduced to about 125	RO and RA graded staff to be reduced to about 220
Recruitment	Recruitment during the ATP plan period with 150 in 2011	There will be little recruitment (other than to specialised roles which cannot be developed in-house) in the period to 2012
Lincoln’s Inn Fields	Head Office to vacate Lincoln’s Inn Fields and sell the building	Unchanged - Head Office to vacate Lincoln’s Inn Fields and sell the building
Head Office location	Review to be undertaken of the future location for Head Office and Satellite staff	Head Office to move to the Croydon office by March 2011 Locations for Head Office and IS satellite staff to be streamlined
Plymouth estate	Review to be undertaken of the Plymouth estate	Staff in Plumer House to be accommodated in Seaton Court and Plumer House to be sold
Outsourcing	Five areas to be outsourced (Facilities management, Desktop management, Regional file stores, Central print and Reprographics), and partnership arrangement set up for new business development	Unchanged - Five areas to be outsourced (Facilities management, Desktop management, Regional file stores, Central print and Reprographics), and partnership arrangements to be set up for new business development
Land Registry governance	Review to be undertaken into Land Registry governance	Proposals made for non-executive chair and more non-executive directors

Financial implications

The ATP business case remains extremely robust with these changes. The Net Present Value to 2019/20 is £498m compared to £493m in the original business case. The profile of expenditure results in a significant improvement in the forecast position on cash reserves.

The lowest figure is £51.9m at the end of 2014/15 compared to the £9.3m figure in the October business case. The profile of expenditure also indicates that the call on reserves in 20010/11 is no greater than that in the October business case.

The amended plans are significantly more financially resilient should the market recovery be slower than we have assumed.

Implications for staff

The amendments agreed also make a considerable difference to the implications for Land Registry staff. The table below sets out the key changes for Phase 1 of ATP.

	Original October 2009 business case proposals	**Amended March 2010 ATP decisions**
Maximum number of staff at risk of compulsorily redundancy	1300	860*
Anticipated number of staff taking voluntary redundancy	None	180
Options available to staff made compulsorily redundant in Phase 1	Limited redeployment (and no offices near those closing)	150 redeployment opportunities assumed (with Tunbridge Wells commutable to Croydon and Stevenage to Peterborough)
	Opportunities to be explored with Other Government Departments	Opportunities to be explored with Other Government Departments

Note: * Includes assumption of redundancies arising from relocation of Head Office to Croydon

The amended ATP decisions therefore reduce by a third the number of staff at risk of compulsory redundancy (from 1300 to 860). The decisions also offer more practical redeployment opportunities for staff in Stevenage and Tunbridge Wells through the retention of the Croydon and Peterborough offices.

Land Registry will continue its practice of providing extensive support for staff placed in a redundancy situation including Job Centre Plus assistance, financial advice, further education and outplacement support. These measures will assist staff to make the best of their transferable skills.

In the light of the changes made, both PCS and FDA have agreed to recommend the amended Accelerated Transformation Programme to their members and work constructively with Land Registry to facilitate the actions required.

2. INTRODUCTION

2.1 October announcements

The ATP Business Case set out the following case for change.

- We cannot continue the current LR financial position;
- We currently have 1500 too many staff (FTEs) for current intakes and by 2014 we may well need still fewer staff;
- The skills that we need are changing;
- We currently have far too much surplus estate - about double what we need;
- Our costs are almost all "fixed" with little ability to respond to changes in demand (particularly downward changes);
- We need to increase our understanding of our customers in order to respond to their needs;
- We face a real problem with the "sustainability" of Land Registry's staff profile with an average age over 45;
- We need to develop and market our add value products and services;
- We need to increase the pace of change and our responsiveness; and
- We need to adapt our culture to a new environment.

The Business Case went on to explore a number of options to address the case for change:

1. Do Nothing
2. Swift rationalisation - reducing staff and offices by 2011
3. Transformation - going further in efficiencies and introducing change

The comparison came to a firm conclusion: Option 3: Transformation was the option to pursue. This option substantially addresses the issues in the case for change, delivers the greatest savings (£93m pa) and highest net present value (£493m), and can be delivered with manageable risk.

As a result of these conclusions the Board announced, on 22 October 2009, the following proposals:

- A 1500 reduction in Land Registry staff (in FTE terms) to 4500 by 2011;
- The closure of five offices (Croydon and Portsmouth by February 2011, and Peterborough, Stevenage and Tunbridge Wells by September 2011) and the selling of those offices owned by Land Registry;
- A reduction in the number of RO and RA grade staff in operations to about 125;
- The outsourcing of a number of support services by late 2011 (Facilities Management, Desktop Support, National Reprographics, Central Print, Regional File Stores) and the establishment of a partnership arrangement with the private sector for New Business Development;
- The sale of the Lincoln's Inn Fields site;
- Further reviews into: a) the long-term location for Head Office; b) the board-level governance of Land Registry; and c) the office accommodation in Plymouth; and
- A review to be undertaken in 2011 into any further changes.

2.2 Consultation process

Two consultation processes have been undertaken: an external process based on the ATP Consultation Document and focussed on the office closure proposals; and an internal process with staff and DTUS covering all the proposals outlined above.

The Consultation Document was published on the Land Registry website and the proposals advertised through letters to all Land Registry's regular customers, local MPs and other interested bodies (e.g. the Law Society, local authorities etc). In addition the ATP Business Case was available for download on the Land Registry internet site. A number of meetings have been held and specific additional market research and customer focus groups arranged to better understand the impact of the office closures. The external consultation process was built around six questions covering:

- alternative approaches;
- the criteria used for assessing offices for closure / retention;
- the way the assessments using the criteria were undertaken;
- the way in which the equality and socio-economic impacts have been assessed;
- any missing impacts; and
- the way in which impacts on members of the public and businesses have been assessed.

The internal process comprised:

- a comprehensive communications exercise to all staff following the announcements and the regular update of the Q & A documents dealing with all frequently asked questions;
- a series of directors visits to all offices immediately after the announcements;
- a formal consultation process with DTUS involving 15 meetings since the announcements on 22 October 2009 including responses to questions, further explanations of the proposals and initial discussions on policy issues;
- the business case and consultation document were available for download on the Land Registry intranet site;
- a set of e-mail boxes (ATP Communications and Email Us) for staff queries regarding the proposals; and
- a mechanism for recording alternative proposals and suggestions.

Both of these consultation processes ran from 22 October 2009 to 29 January 2010.

3. CONSULTATION SUMMARY

3.1 Key Statistics

All of Land Registry's recent customers (some 36,000) were informed by letter that the proposals were being made and that a consultation process was underway. In total 3776 copies of the Consultation Document were downloaded from the Land Registry website (internal and external) and 1987 copies of the ATP Business Case.

Seven meetings with MPs were requested and arranged, and more than 20 visits by MPs to local offices. An additional five meetings were held with other key stakeholder groups (e.g. local authorities and others). To date 3002 signatures have been placed on the No. 10 website petition against the ATP proposals.

In total 351 responses to the external consultation were received, 36 from members of the public, 99 from business customers of Land Registry, 177 from staff, 4 from trade unions and branches, and 35 from other interested bodies. In addition a further 362 "postcard" responses were received. These were printed cards expressing opposition to enforced redundancies, office closures and privatisation. The areas of concern and nature of these responses are explored below. In addition, 589 members of the public and businesses took part in questionnaire surveys aimed at assessing the impact of the proposed office closures and, of those, 123 were engaged in follow up telephone surveys and 34 business customers in focus groups.

Internally, 525 queries were answered through the ATP communication channels (though some of these individual queries comprised multiple questions). Some 56 individual Q & A questions were distributed to all staff during the consultation process.

The table below summarises the key areas of concern expressed through the consultation process. As respondents often covered a number of issues, the totals sum to more than the number of responses. A more comprehensive analysis of the responses is included in the Consultation Responses Report.

Area	Key points and concerns	No. of responses mentioning this issue		
		Internal	External	Total
General	Objection (using standard union "postcard") to compulsory redundancies, office closures, and privatisation	Split unclear		360
Office closures	Alternative proposals involving voluntary redundancy offered across all Land Registry offices	55	6	61
	Alternative proposals for the Land Registry estate involving retaining the estate and renting out surplus space / moving to smaller sites	62	18	80
	Some questioning of the criteria used	29	17	46
	Some questioning of the application of the criteria in the cases of individual offices	15	3	18
	General support for suggestions of others' suggestions	93	12	105
	Perception that service will suffer due to closure	16	25	41

Area	Key points and concerns	No. of responses mentioning this issue		
		Internal	External	Total
Outsourcing proposals	Opposition to outsourcing on general grounds	5	6	11
	Requests for market testing to precede any outsourcing	3	1	4
	Alternative suggestions for in-house improvement to some services	7		7
Proposals for RO/RA grade operations staff	RO/ RA graded staff should be given the chance to progress to RE2L roles	1		1
	ROs are capable of undertaking roles that are , under ATP proposals, delivered by RE2L staff	4		4
	Alternatives for RO staff	3		3
Lincoln's Inn Fields	Suggestion not to leave Lincoln's Inn Fields and rent out space	8	5	13
	Head Office should not be used as mitigation for closure of south-east customer information centres	7	1	8
Recruitment	Significant questioning of the need, cost and fairness of planning to recruit new staff in the same time period as making staff compulsorily redundant	47	6	53
Move from South-East	Limitations on the ability of staff readily to redeploy to other offices	11		11
	Difficulties in being able to service parts of the south east (e.g. Operational Surveyors / Register Development)	10	9	19
	Concerns on impact on customers visiting the offices and general lack of South East presence	21	23	44
Customer Service and Public Counters	Implications for customers currently visiting the offices	17	30	47
	Specific references to identity checks	9	10	19
Customer Teams	The benefits of customer teams are not yet proven	7	2	9
Forecasts and Assumptions	Questioning the forecasts used in the business case	11	5	16
	Questions regarding the starting numbers for staff	2		2
	Concerns over what might happen if volumes did increase at a significantly greater rate than anticipated - is there contingency?	17	8	25

Each of these is covered in more detail in the sections below.

Overall there were very few responses that proposed that Land Registry did not have to change and respond to the position in which it finds itself. Responses, even from those most opposed to the proposals, focussed primarily on the degree of change and on how the change might be implemented.

3.2 Office Closures

The Consultation Document asked for responses to six specific questions. Although many of the responses did not address the questions directly we have attempted to assess all the responses against the original questions. The inputs received as part of the consultation process and our responses to these inputs is set out for each question below.

Consultation Question 1: Given the recent events and our financial position (set out in Section 2 of the Consultation Document) and the need to reduce costs, staffing and surplus estate (explored in Section 3), do you consider that any other broad approaches should be explored? What would be the comparative advantages and disadvantages of any such approaches?	
Main inputs:	**Responses:**
Land Registry should use a voluntary redundancy scheme across all offices rather than close offices and force staff into compulsory redundancy	The suggestion of using general voluntary redundancy rather than focussed compulsory redundancy is a cornerstone of the alternative models which are discussed in more detail in Sections 4.2 and Section 6
On the estate aspects, two main general suggestions were made: 1) Land Registry should move out of its existing premises where these are too large and where opportunities exist. It should then sell the properties and rent smaller premises in the same location or 2) Land Registry should retain all existing property and rent out all surplus space	Each of these two suggestions was modelled to see which might deliver the best value to Land Registry over the ten year period of the business case. The better value option varied between renting out surplus space and moving to smaller premises depending on a variety of factors. The outcome of this modelling has been included in the assessment of alternatives in Section 4.2. Guidance sought from OGC suggested that the option to take on additional property assets (albeit as part of downsizing the overall estate) might be subject to challenge. In the analysis the opportunity to move to other premises was limited to those locations where a move to other government property could be confidently predicted. The original business case did not include the possible additional income from renting out surplus space. Our best estimates are that about £2.5m per year over and above the business case estates savings could be generated in this way.
There is little evidence to show that fewer, larger offices are cheaper than more, smaller offices	Having, for example, two offices of 150 staff instead of one of 300 doubles the management teams and associated support, significantly increases facilities management and IS support costs and increases the number of separate teams and management overheads (e.g. doubling up of senior casework teams, customer service managers). For the example of offices of 2 x 150 staff this is estimated to represent an additional cost in the order of £900k per year with 17.2% of all staff costs being, by this definition, overheads compared to 11.4% in the larger office. Additional costs would be the lack of economies of scale in the use of space (reception areas, public counters etc). Further, the central estates team and associated costs

	will need to be higher if the Land Registry estate comprises more, smaller offices compared to fewer, larger ones.
Land Registry should be part of a broader change to land use in England and Wales, part of which would be compulsory registration of land by Land Registry and the use of Land Registry systems and resources to help allocate land use	The proposals for compulsory registration of land and changes to the Land Registry remit would require primary legislation and are unlikely to be of sufficient priority to be introduced in the near future. In addition a number of issues (apart from the need for primary legislation) would need to be overcome before a system of compulsory registration could be introduced, 1. It would be difficult to devise an adequate and proportionate sanction for not registering 2. It is unclear how the additional work could be funded from fee income (e.g. could applicants be forced to pay for something they didn't want to do and what sanctions would be put in place in the case of non-payment?) 3. Any proposal to introduce compulsion would be controversial, expensive to establish and run and could give rise to issues of compatibility with the European Convention on Human Rights. 4. Addressing a failure to register by, say, statutory vesting of the land in a designated trust corporation after a certain date would only achieve an artificial register. See also Section 4.4.
The difficulties associated with running a disparate estate have been exaggerated	Running Land Registry's estate would be considerably more simple and less costly if the number of offices was reduced. The alternative proposals to rent out or move offices to smaller premises on a rented basis (See Section 4.2 and Annex C) would further increase the complexity of managing the estate.
Staff not required on mainstream business should work on updating the register (e.g. vectorisation, scale changes)	We have considered vectorising our title plans. An evaluation in 2006 indicated that it would probably take about six years and cost at least £150m. We have, instead, invested in the index map rather than the title plan. As a result we do not need to vectorise the title plans.

Consultation Question 2: Do the criteria for closure and retention (in Tables 3 and 4) address the factors that should be taken into account when assessing offices for closure? Are any factors missing – and why? Should any be removed – and why?	
Main inputs:	**Responses:**
The most common point raised by respondents on this question was that performance of individual offices ought to have been a criteria for the retention of offices	All our local offices meet their KPIs and operate within a narrow range of performance. Performance was not therefore regarded as a suitable retention / closure criterion to distinguish between offices. Further, there is not a direct correlation between the performance of an office against KPIs and the cost of running that office.

Others suggested that skills and knowledge ought to have been included	All our local offices have skilled and trained staff and this could not be used to distinguish between offices.
The Lyons criteria should not have been included	Land Registry has a good position in respect of Lyons with 77% of all staff located outside London and the greater South East (compared to a civil service average of 68%). Nevertheless it is still government intention (reinforced recently in the *Smarter Government* report) to locate civil servants outside London and the South East. Further, the Lyons criterion was included under the Retention criteria and not under the Closure criteria. The latter were the more critical in determining offices to propose for closure (See the response to Question 3 below).

Consultation Question 3: Have the criteria set out in Tables 3 and 4 been applied correctly in the assessments given in Annex G?	
Main inputs:	**Responses:**
The application of the Lyons Compliance criterion to Peterborough was questioned	Peterborough <u>does</u> fall within the Lyons definition of the South East. But locations in the East of England do have some slightly different rules and guidelines which obviate the need to gain approval to stay in the town if already there. The recent *Smarter Government* paper reinforced the move from the South East with no special reference to the East of England. However, acknowledging the East of England position, it is agreed that the marking for Peterborough should be Amber rather than Red for this criterion
The “Green” marking given for Portsmouth on Lyons Compliance was questioned	The Green marking for Lyons Compliance for Portsmouth was incorrect. It should be a Red marking. This change does not alter the conclusions.
The “Green” assessment for Gloucester in respect of “Confidence in ability to sell” was questioned	The Green marking for Gloucester on “Confidence in ability to sell” should have been a Blank. This change does not alter any of the analysis
A small number proposed that Head Office ought to be moved out of London to one of the offices proposed for closure and that this would alter the results	Head Office being moved to one of the offices proposed for closure was specifically included in the Head Office accommodation review which is discussed at more length in Section 5.1 and Section 6. See also the actions agreed in Sections 6.6 and 7.
It was suggested that the closure costs of Peterborough were incorrectly marked	The additional closure costs thought to be not included in the assessment for Peterborough (including two years rent and dilapidations) <u>are</u> included in the financial model. The closure costs comparison focussed primarily on IT related costs. Peterborough is therefore not different from the majority of other offices.
The conclusions drawn in respect of Peterborough were questioned with a suggestion that the total retention +	The alternative assessment for the Peterborough office proposed adding together the markings for closure and retention given in Annex G of the Consultation

closure scores for Leicester or Nottingham meant that one of these offices should close instead	Document. This alternative marking concluded that Leicester or Nottingham should be closed ahead of Peterborough. This method of assessment is flawed in that it is largely dependent upon the number of factors that appear under the headings of closure or retention. The reason why this alternative approach ranks Peterborough less at risk than Leicester or Nottingham is because its "Retention" markings are lower and there are more such markings than there are "Closure" markings. Peterborough's Closure marking is higher than either Leicester or Nottingham. The method used in the business case was to assess the offices against the Closure criteria and then use the Retention criteria to determine whether any changes to the list derived from the Closure criteria should be made. In comparison to Peterborough's Closure marking, Leicester's was considerably lower and therefore the Retention marking was not used. In comparison to Nottingham, Peterborough's Closure marking was slightly lower. We therefore examined the Retention marking. On this (even with an Amber rating for Lyons – see above) the markings were similar. There was therefore no reason to overturn the assessment based on the Closure criteria.

Consultation Question 4:

Given the material presented on equality impact in Annex F and the input from CLG (in Section 4.2), have the equality and socio-economic impacts of the proposals been properly assessed?

Main inputs:	Responses:
The method for determining equality impacts has been questioned	The methods we have used are entirely in line with best practice established by other government departments.
The statements in the business case for the impact of the proposals on those with ethnic minority status is incorrect	The more detailed assessments undertaken during the consultation phase (See Section 5.7) show that the proportion of Land Registry staff declaring themselves as "BME" in terms of diversity remains unchanged as a result of the office closures proposed.
Some respondents considered that comparative areas of deprivation in or near offices proposed for closure had been given insufficient weighting	CLG's Regeneration Framework has been used in order to get the broadest possible view on comparable impacts - rather than use isolated statistics. The framework uses what are termed "functional economic geographies" which are similar to "travel to work areas". It is entirely recognised by the framework that within a particular area there will be some pockets of deprivation. However, the crucial factor is the individual's ability to find alternative employment and for this purpose the functional economic geographies are a better tool. There will be some indicators that indicate relative levels of deprivation but the approach taken is that recommended

Consultation Question 5: Are there any additional impacts (over and above those set out in Section 5 and Annexes F and G) that should be taken into account in Land Registry's decision-making? If so, what are the nature and quantity of these impacts?	
Main inputs:	**Responses:**
Some general concerns expressed on the impact on members of the public (particularly elderly customers) and local businesses. Other points related to fear of general service deterioration, loss of skills, need for tasks to be done locally (e.g. surveyors)	Respondents, and those involved in the focus groups, did not identify any impacts over and above those identified in the Consultation Document, other than the perceived loss of local knowledge and the possible reduction in local training for customers. Land Registry is making arrangements for those activities that need to be undertaken locally (e.g. operational surveyors).

Consultation Question 6: Have we correctly assessed the impact of our proposals on members of the public and businesses? Have we missed or under-estimated any substantive impacts? If so, what are these impacts?	
Main inputs:	**Responses:**
The main comments related to the increased difficulties / cost in obtaining the required identity checks e.g. travel affordability, lack of some online functions. Other input was on the ease of dealing with complex issues face-to-face	The additional research undertaken on this as part of the consultation period is set out in Section 3.8 Closure of the public counters in the south-east could result in increased difficulties/cost of obtaining identity verification though the Land Registry. This service can be obtained through alternate local services (e.g. Conveyancers and Solicitors) and we are examining how this could be made available through other shared government facilities or via alternative sources for ID checks. Land Registry is committed to making dealing with us as simple as possible for both citizens and business customers. This includes an assessment of access to services and our ability to provide this. Where complex issues remain that are judged to require a face-to-face meeting, an appointment service is proposed for exceptional service needs.

3.3 Outsourcing

The outsourcing proposals covered Facilities Management, Desktop Support, National Reprographics, Central Print, Regional File Stores and, in terms of a new partnership agreement, New Business Development. The main inputs received and our responses are set out below.

Main inputs:	**Responses:**
A number of respondents considered that all Land Registry services should be provided by civil servants	Land Registry is obliged, under its legislation and position within the civil service, to deliver its services at the best value that it can. This means that Land Registry should constantly assess how it can achieve best value and precludes an automatic assumption that all services should be provided by civil servants.

A number also felt that in-house teams ought to have had the opportunity that would have been provided by market testing the functions prior to any decision to outsource	There was strong evidence (from independent advisors – Gartner, and from the market place) that market testing would not help Land Registry achieve best value as many potential suppliers would not take part in the procurement process if set up on a market testing basis due to costs and the likely return on investment in the bidding process. It would also require considerable internal resources to mount such an exercise. However it is acknowledged that the public sector comparator, against which supplier bids should be evaluated, should be based on the best alternative in-house arrangements. The proposals made as part of the consultation process are very welcome and have provided helpful alternative suggestions which will be used to help determine the benchmark to be used.
Evidence was requested on the value that would be obtained from outsourcing. Comments on this were particularly numerous regarding the Desktop Support function	Work has recently been completed that assesses the likely overall value to Land Registry of the outsourcing proposals. This points to a likely financial benefit in the order of £5m per year. Commitments have been given that Land Registry would not proceed with an outsourcing solution if this did not prove to provide value to the organisation
An alternative, in-house proposal for Regional File Stores was received from Durham RFS. This suggested moving all file store activity to Durham and closing the other sites	The suggestion was a positive proposal. It would, however, require additional property in Durham and fitting out of this property with racking etc. Further, it would require recruitment of additional staff there while, at the same time, making all other RFS staff redundant. We have examined a variant of this approach: rationalising the file stores and concentrating activity on the larger buildings. This gets round the problems of obtaining additional space and recruitment. But the unit costs remain high in this variant and there is significant potential benefit for Land Registry in pursuing the outsourcing project. The suggestion, and the variant discussed here, will help provide a challenging benchmark against which to judge the outsource bids.
An alternative proposal for Desktop Support was submitted by the DITI team. This identified the need to reduce headcount and provided a route by which this could be achieved via re-organisation and redundancy, with a limited outsource of additional work to Steria.	The alternative proposal was welcome and we have reviewed and costed it. It provides savings for Land Registry but is not viable as a stand alone option as it has not accounted for redundancy costs, LR re-organisation costs, outsource Project costs and TUPE implications. The proposal will provide input to the calculation of the public sector comparator against which supplier bids will be evaluated.
An alternative, in-house change programme was proposed for Facilities Management. This suggested a general reduction in manning the facilities management function	In analysing the alternative we found that it would still require the bundling of the great majority of facilities services under an external contract, whilst retaining two in-house premises managers (at RE2L grade) at each office and having an in-house National Facilities

	Helpdesk. These staff would be managed centrally. Under this model, the in-house staff would carry out some of the functions that the contractor would have done e.g., health & safety, risk and DSE assessments, Incident Control Officer, business continuity, on-site contract monitoring, sustainability, and minor project management functions. The option requires a more sizeable Land Registry staff complement to manage the contractor and deliver the services to be retained. Communication and responsibility lines would be less clear and the scope for supplier-led innovation and change would be reduced. The alternative delivered less savings and fewer intangible benefits than the model being considered under the outsourcing project. But it does help us prepare a benchmark against which the contractors' bids can be judged.
An alternative proposal was received which advocated increasing the scanning of files. This suggested that files be scanned to avoid the need for filing	The scanning suggestion had been investigated in 2007 and shown then to be too expensive to set up. We hold 120m files each holding many potential images to be captured. Many files are never requested therefore unnecessary spend would be very high A "scan on return" process by which files, when requested, are weeded and then scanned to avoid subsequent filing is already in place and is part of the proposals currently being considered

3.4 RO and RA Grades

The RO / RA proposals envisaged that the number of RO and RA graded staff in LR Operations would be significantly reduced (from about 600 to about 125) due to the changing nature of the work. The main inputs received and our responses are set out below.

Main inputs:	**Responses:**
RO and RA graded staff in Operations should be given the opportunity to apply for progression to RE2L with training	An RE2L progression scheme is being set up. Section 5.5 sets out the further analysis done on future RO and RA requirements.
RO grade staff can undertake some of the RE2L tasks that are, under ATP proposals, allocated to RE2L staff	The flexibility and additional productivity provided by casework teams (comprising skilled RE2U and RE2L staff) are of considerable benefit to Land Registry. This emphasis on flexibility and adaptability is likely to grow in the future. See Section 5.5 and, particularly, Annex A for more detailed discussion of this point

3.5 Head Office and Lincoln's Inn Fields

The ATP plans proposed that Land Registry should move from its offices in Lincoln's Inn Fields and sell the building. The main inputs received and our responses are set out below.

Main inputs:	Responses:
A proposal was made to stay in Lincoln's Inn Fields to retain its links (both with the past and with key stakeholders) and either to rent out the (majority) surplus space or to move the work of one of the offices proposed for closure into the Lincoln's Inn Fields office	Given the high market value of the Lincoln's Inn Fields site there is a very strong cost benefit in moving from these offices, particularly given the financial position of Land Registry. The contacts with outside bodies do not require an office to be located in Lincoln's Inn Fields and there is little evidence of the essential need for a London Head Office location for the great majority of Head Office staff (See Section 5.1). Bringing operational work back into central London would increase costs and would not comply with Lyons - reinforced through the *Smarter Government* report.
If Head Office is to move from Lincoln's Inn Fields there should be only one move	This possibility is explored in more detail in consideration of the move from Head Office (See Section 5.1) and in the decisions made (Section 7.1).
Head Office should be considered at the same time as the local office closures	The timetables announced in October were altered to ensure that Head Office and office closures were considered together.
Proposals were made to move Head Office to one of the offices proposed for closure	This suggestion was explicitly included in the Head Office Accommodation review (See Section 5.1 for details and Section 6.5) and has resulted in changes to the proposals (Sections 6.6 and 7.1).

3.6 Recruitment

The business case set out recruitment assumptions (in Annex E) in future years. These assumptions were for recruitment of 150 in 2011 and a further 344 in the following three years. These assumptions have generated significant comment. The main inputs received and our responses are set out below.

Main inputs:	Responses:
A number of respondents have questioned the fairness of recruiting new staff over the same period that existing staff are being made compulsorily redundant	The concerns regarding recruitment of non-specialist staff whilst a redundancy programme is undertaken are acknowledged. See the resulting actions in Sections 6.1 and 7.1.
Comments were made as to the costs of redundancies and training new staff The ability of recruitment to correct the age profile of the organisation (a significant, though not the only, reason for introducing recruitment into the business case) was questioned along with the assessment in the business case that the measures in the preferred Option 3 can be said to have 'Met' the sustainable workforce aspect of the Case for Change	Any proposed recruitment would be undertaken under fair and open competition and therefore could not be used to change the workforce profile. It might be expected to make some improvement, given the current average age of 45, but it was always recognised that this would not be a full solution to the issue – therefore it is agreed the assessment of Option 3 for 'Sustainable Workforce' ought to be reduced to 'Part Met'. However, some limited recruitment will be needed to bring in specialist skills and if, with static or reducing staff numbers, the organisation is not to stultify, with limited opportunities available for enterprising and

	ambitious members of staff. The cost of training new staff is acknowledged. See the actions presented in Section 6.1.

3.7 The "South-East" Issue

The five offices proposed for closure, as determined by use of the decision criteria set out in the Consultation Document, are all located in the South-East. The main inputs received and our responses are set out below.

Main inputs:	Responses:
The closure of all the operational offices in the south east limits the reasonable opportunities for staff to redeploy to other offices	The circumstances now facing Land Registry are very different from those pertaining in the closure of the Harrow and York offices (where staff who wished to were redeployed elsewhere within Land Registry, irrespective of whether there were vacancies at that location). The aim of ATP is to reduce staff numbers, not just reduce the estate. Nevertheless, it is recognised that we should not lose the skills and experience of staff – built up over many years – if the detailed workforce plan allows some redeployment opportunities whilst maintaining the staff number targets. See Sections 5.5, 6.5 and 6.6 for revised proposals.
The proposed closures would make it difficult to undertake activities which, by their nature, have to be carried out in the south east (for example the services provided by operational surveyors)	Proposals are being examined for all activities, such as surveyors, that require a location in the south east. There are sufficient alternatives available. Keeping offices open in the south east just to undertake these roles is not economic. However, see Section 6. 5 for further discussion.
The proposal to close all the local office "public counters" in the south east would exacerbate the difficulties or inconvenience caused to customers by the closure of an individual office	It is acknowledged that the proposed closure of all the south east offices would exacerbate the impact of closure of any individual office. In practice, many customers living in towns in the south east that are not the location of a Land Registry office would find it easier to travel to greater London than to the next nearest office (as an example, customers in Essex might find it easier to go to central London or Croydon than to Peterborough or Tunbridge Wells – customers in Suffolk, Surrey and Kent might provide similar examples).
It is 'disingenuous' to propose the London office as a mitigation to the south east issue whilst a review is being undertaken into the future location of Head Office	It is acknowledged that mitigation actions need to take account of the decision on the future location of Head Office. See Section 6.5 for a further discussion of this point.

3.8 Customer Services

One of the main "public" impacts of the proposals would be the closure of the public counters at the offices to be closed. These five public counters currently receive in excess of 55,800 visits per year. The main inputs received and our responses are set out below.

Main inputs:	Responses:
There is a valuable relationship between the local offices and the areas they serve. The location encourages cooperative liaison with professional institutions and other authorities	Much of the population of England and Wales cannot be said, for the purposes meant here, to be served by a local office. The conurbations of Manchester, Leeds, Birmingham and much of the Thames Valley do not have what could be regarded as a local office. Many whole counties and other areas (Somerset, Mid Wales, Norfolk) are in a similar position. Local offices have been processing business for conveyancers not in their immediate vicinity for some time. Yet close ties have been maintained with customers through regular contact, surgeries, training sessions and visits. The introduction of customer teams will, in fact, strengthen the ties between offices and the customers they serve even if these are not co-located.
Register development depends on local contacts	The existing network of register development managers has been very successful in increasing the area of England and Wales now registered. In the south east the percentage of land now registered is very high and this is not an area on which we will be concentrating effort to increase registration in the future. Where we have particular register development projects in the south east we will aim to complete as many of these as possible before office closure by allocating work as appropriate. Experience has shown that, when needed, projects can be dealt with by any office - albeit with perhaps not the same level of direct customer contact.
Identity checks, which Land Registry have introduced, would be more costly and less convenient if the local offices proposed for closure were not available to undertake these checks for free	Identity checks are available through alternate local services (e.g. Conveyancers and Solicitors). We are also investigating alternative ways to undertake ID checks. However, it is acknowledged that closure of the public counters in the south east could result in increased difficulties/cost of obtaining identify verification. 14% of the visits to the public counters of offices proposed for closure were for this purpose.
Concerns expressed on the loss of local knowledge that customers value	The majority of services offered by Land Registry are not dependent upon local knowledge. However, in order to maintain quality of service, we recognise that where local knowledge is relevant it should be captured and made available across the whole of Land Registry through knowledge management systems.
Face-to-face is an easier way of dealing with complex issues	Land Registry is committed to making dealing with us as simple as possible for both citizens and business customers. This includes clarifying what services we can and cannot offer. Where complex issues remain that are judged to require a face-to-face meeting, an appointments service is proposed for these exceptional needs.

3.9 Forecasts and Assumptions

A number of respondents commented on the forecasts and assumptions used in the business case. The main inputs received and our responses are set out below.

Main inputs:	Responses:
The volume of transactions that need to be dealt with manually by staff in local offices will increase faster than the forecasts set out in the business case – the most common response has been an increase of 20%, many forecasting this from 2010/11	The responses contain no supporting evidence that volumes will increase more sharply than assumed in the business case. A number of responses simply assume that volumes will increase on the basis that "what goes down will come back up". The general economic picture remains for a slow emergence from recession with significant government spending constraints, continued restriction on funds for mortgage lending and, in the medium term, increases in interest rates. All these factors mitigate against a swift return to the levels of Land Registry activity seen before the credit crisis and economic recession, The current evidence therefore continues to point to the business case forecasts being a reasonable assumption on which to base future planning. In fact, in the light of some predictions for the economy, we have also been modelling the impact of volumes <u>not</u> increasing as set out in the business case. See Section 6.6.
There is a risk to levels of service if Land Registry goes ahead with the closure of five offices <u>and</u> volumes increase by significantly more than the 5% per year predicted	The risk, if volumes <u>did</u> increase more swiftly than predicted, was acknowledged in the business case (Section 7.3 of the business case). Contingency planning for such an eventuality has identified measures (such as slowing or stopping - for a time - voluntary first registrations and data integrity, and the use of weekend and weekday overtime and other possible initiatives) which could provide contingency for volumes some 15% to 21% higher than those predicted. See Section 5.6 below. It is acknowledged that the risk exists but the potential measures are thought to provide sufficient mitigation.
Almost all the possible productivity gains have already been made through the computerisation of processes in the last ten to fifteen years	Much productivity improvement was derived from the computerisation of processes - and other initiatives - in the recent past. However, there is still significant improvement available. 38% of our business is now undertaken electronically but the 'take-up' of our e-services for discharges, transfers and charges is currently low. Increasing take-up of these services would make a very significant difference to the number of staff required. We are also able to deliver further significant cost improvements in the support services (HR, Finance, IS) The indications are that the potential savings identified in Annex C of the business case are achievable. See Section 6.2 and Annex D for more details. Few of these potential savings are necessary by 2011 to achieve the staff numbers set out in the business case for Phase 1.

The current staffing levels are lower than those stated in the business case	There has been change in staff numbers over the period in which the business case was put together and over the subsequent consultation period. Part of this was due to the tail-end of the previous voluntary redundancy exercise, part to the on-going changes associated with the closures of Harrow and York and part due to retirements and other attrition. The workforce planning exercise undertaken during the consultation period (and discussed at more length in Section 5.5) has produced an up-to-date view of the numbers and the forecasts for 2011.

3.10 Customer Teams

Some respondents queried the benefits of setting up customer teams as envisaged in the business case. The main inputs received and our responses are set out below.

Main inputs:	**Responses:**
Insufficient work has been done to determine the value of customer teams	The pilot started on 1 June 2009 at both Gloucester and Hull offices and has therefore been running for nearly nine months. The outcomes of the pilots are being regularly reviewed and the views of customers researched.
Benefits are not available from customer teams	The concentration of applications from the pilot customers within a single team highlights common errors which otherwise would be distributed amongst many offices and teams. These are then discussed with contacts at the pilot customers and progress monitored at quarterly face-to-face review meetings. The following are examples of the issues that have been resolved (detailed monitoring will be part of the further roll-out of customer teams): • Reduction in common errors on the application forms, including statements about identity checks. • Reduction in errors on RX3 applications - new process and IT changes introduced • Reduced requisitions for correct fees on Transfers of Equity. This also highlighted lost income due to under charging on some charge applications. • Clarification and so reduction in correspondence on applications for change of address and change of name applications. This resulted in updates on national practice. • Inclusion of the full Land Registry reference on correspondence. All pilot customers commented that they are very pleased with the consistent processing of their work. As a result they can lodge applications in a consistent manner knowing that this would not result in requisitions. Customer applications are delivered directly to the customer team, by-passing the post opening/sorting

	stages. Completed applications are also returned to the customer in bulk. This saves processing time for both Land Registry and the customer. Further, the pilot promotes the use of Variable Direct Debit for payment on substantive applications which has reduced processing time in the customer team and in Finance.

3.11 Financial risk

Respondents queried the current financial position and the risks in running reserves to too low a level. The main inputs received and our responses are set out below.

Main inputs:	Responses:
Some respondents challenged whether Land Registry's financial position is as dire as set out in the business case	Land Registry experienced an unprecedented fall in volumes of work during 2008/09 as a consequence of the severe reduction in lending availability. Property market activity has continued to reduce during 2009/10. The position in the Business Case reflects this reality, together with the expectation of a slow recovery in the property market.
There were concerns that the cash reserves position in Table 7 of the business case present too high a risk	The contingencies described in the business case (deferral of fee reduction, deferral of dividend, sale and leaseback and deferral of other investment) are available. The changes to the proposals as a result of consultation set out in Section 6 and 7 show that the position on cash reserves has been significantly improved. The table in Section 6.6 provides details.

4. KEY STAKEHOLDER RESPONSES AND ALTERNATIVES PROPOSED

4.1 Inputs from key external stakeholders

Land Registry's key stakeholders for this consultation fall into two broad groups, one being those most closely impacted by the office closure decisions (such as the local authorities for offices proposed for closure or the local MPs), and the second being the main representative bodies of Land Registry's customers (such as the Law Society, RICS, Council for Mortgage Lenders, Society for Licensed Conveyancers and the Independent Complaints Reviewers).

Local stakeholders

This group understood the need for Land Registry to make changes and were keen, in the case of a number of local authorities, to offer accommodation to assist retention of the office in the area. The primary concerns were:

- Accessibility to services if the customer information centres are closed;
- The perceived loss of skills which were valued;
- The impact of the closure on the local economy; and
- The intention to recruit new staff whilst making existing staff redundant.

This group also questioned whether performance ought to have been included in the criteria used to assess closure (See Section 3.2 Question 2) and were concerned, more generally, with the impact of closures in the south-east.

Representative stakeholders

This group recognised the need to reduce costs and were supportive of Land Registry tackling the problems it faces. The general feeling was that a local presence is not essential and that it is not necessary to maintain offices in all parts of England and Wales. Having said that, the key concerns of this group were:

- The need to maintain quality of service through the transition period and not to jeopardise business as usual;
- The difficulties of maintaining the commitment of staff during a period of change;
- The value of the skills built up by staff in the local offices;
- The contingency available should volumes rise faster than anticipated in the business case (though none suggested that they would);
- The loss of accessibility to services from the closure of the customer information centres; and
- The perceived loss of local knowledge.

4.2 Alternative models proposed by PCS and FDA

A number of respondents, including both PCS and the FDA, proposed alternative approaches to address some of the issues set out in the Case for Change. There were a wide number of suggestions but each proposed, to varying degrees:

- the use of a voluntary redundancy scheme across a large part of the organisation rather than the closure of offices resulting in compulsory redundancies;
- planning for fewer reductions in the number of staff;
- subletting more office space and/or moving to smaller premises; and
- undertaking little or no outsourcing.

Following discussions with PCS and FDA it was agreed that two further assessments should be undertaken, based on assumptions provided by PCS and FDA. The assumptions used can be found in Annex C.

Assessment summary

The table below shows a comparison between Option 3 from the business case and the results of the alternatives proposed by PCS and FDA.

	PCS Alternative	FDA Alternative	ATP Option 3
Programme costs	***£56.8m***	***£65.1m***	***£58.4m***
Redundancy costs etc	***£12.0m***	***£78.6m***	***£127.7m***
Total costs	***£68.8m***	***£143.7m***	***£186.1m***
Staff reduction by 2014	***860***	***1950***	***2350***
Staff cost reductions by 2014	***£22.9m pa***	***£66.0m pa***	***£77.0m pa***
Estate cost reductions 2014	***£9.6m pa***	***£9.5m pa***	***£12.6m pa***
Receipts from estate disposal	***£34.8m***	***£48.8m***	***£73.3m***
Annual financial benefits 2014	***£35.7m pa***	***£78.6m pa***	***£93.0m pa***
NPV (benefit) to 2019/20	***£238.6 m***	***£450.6 m***	***£493.5m***
Impact on Surplus & Loss	Within cash reserves	Within cash reserves	Within cash reserves
Impact on Fees	Reduction deferred to after 2014/15	5% pa reduction available from 2011/12	5% pa reduction from 2011/12
Other key benefits	Retention of staff	Many	Many
Measurement against success criteria			
Financial position	***Not Met***	***Met***	***Met***
Staffing levels	***Not Met***	***Met***	***Met***
Skills	***Met***	***Met***	***Met***
Surplus estate	***Not Met***	***Not Met***	***Part Met***
Flexibility and variable costs	***Not Met***	***Part Met***	***Part Met***
Customer orientation	***Met***	***Met***	***Met***
Sustainable workforce	***Not Met***	***Not Met***	***Part Met***
Growth in add value	***Met***	***Met***	***Met***
Pace and responsiveness	***Not Met***	***Met***	***Met***
Adaptive new culture	***Not Met***	***Not Met***	***Met***
Key Risks			
	Financial position	***Stagnation***	***Sharp upturn***
	Stagnation		***Capacity***
			Disruption

This comparison shows key differences between the PCS and FDA alternative solutions and from the business case solution. In comparing the ***PCS alternative*** with the business case:

- Programme costs: lower costs for running the programme (with higher costs for alterations to the estate offset by there being no costs of running redundancy exercises);
- Redundancy costs: These are much lower as the great majority of the staff reduction is through retirement and natural wastage from 2010 to 2019. The exceptions are the Performance and Innovation initiatives to improve efficiency;
- Staff costs: Staff costs are higher throughout the plan period, particularly in the early years. In total these are £368m higher than the business case over the 10 year period;
- Ongoing estate costs: The estate running costs are similar. There are some increased running costs (from retaining all locations and paying rent for offices where the current office has been downsized) but these are partly offset by renting out more of the surplus space – though these should be added to the October business case if a true like-for-like comparison is to be made;
- Receipts: receipts from disposal of estate are lower than the business case with Lincoln's Inn Fields and a number of other offices with high market values being retained. The receipts in the PCS model arise where offices are moved to smaller rented premises in the same location. The vacated office is then sold;
- NPV: The NPV to 2019/20 is significantly lower;
- Reserves: Cash reserves would be severely impacted especially in 2013/14 to £0.9m and in 2014/15 to £0.3m;
- Fees: Any fee reduction would need to be deferred until after 2014/15;
- Measurement against success criteria: probably better against the business case in terms of the 'Skills' criterion but deterioration against financial position, staffing; surplus estate, flexibility, responsiveness and new culture.

The PCS alternative therefore has £260m less benefit than the business case, requires Land Registry to spend over £360m in staff that it considers not necessary and reduces reserves to a low level. Fees would not be reduced until 2014/15 at the earliest. Further, there would be no recruitment into the organisation for the next ten years. The PCS alternative is therefore considered financially unattractive and not a sustainable option.

The ***FDA approach*** is closer to that in the business case, the main differences being the use of voluntary redundancy (where possible), higher initial volumes and retaining all locations whilst seeking to optimise the estate through moving to smaller offices or renting out surplus space. The key differences for the financial model are:

- Programme costs: The programme costs are increased compared to the business case (due to increased activity on the estate);
- Redundancy costs: Lower redundancy costs due to fewer staff leaving and the use of voluntary rather than compulsory redundancy;
- Staff costs: Additional staffing costs due to the higher volumes forecast in the early years;
- Ongoing Estate costs: The estate running costs are similar. There are some increased running costs (from retaining all locations and paying rent for offices where the current office has been downsized) but these are partly offset by renting out more of the surplus space – though these should be added to the business case model if a true like-for-like comparison is to be made;
- Receipts: Slightly lower receipts from the sale of offices;

- NPV: A lower overall NPV;
- Reserves: Less impact on reserves compared to the original business case due to lower redundancy payments
- Measurement against success criteria: Many are similar to the business case but the surplus estate position is worse (as we would retain an office in almost all the current locations), workforce problems would be exacerbated as there would be no recruitment until 2018, and there would be greater difficulty in introducing a new adaptive culture – as very little has changed over the ATP plan period.

The FDA alternative is financially viable and is discussed at greater length in Section 6.3.

There are, of course, variations that can be made to these alternatives. The key influence on the overall net present value figure is the number of staff. Any alternative that uses voluntary redundancy rather than compulsory redundancy in order to reduce staff numbers, or uses lower overall productivity assumptions (and hence higher staff numbers) will lead to a higher number of staff in the long term compared to the ATP Option 3.

4.3 Other alternatives proposed

Most of the other alternatives proposed were based on the use of voluntary rather than compulsory redundancy. Some presented higher forecasts for volumes (some rising more steeply in the early years and others reaching a higher level in the long term). No empirical evidence was given to support the rises in the early years.

Others suggested that offices be merged rather than closed and a number proposed that a more vigorous approach should be adopted towards renting out surplus space within existing offices.

A number proposed using natural wastage and retirements to reduce staff and employ staff on data integrity tasks in the meantime, and to use reserves for this purpose.

The other alternatives proposed were all, to a large degree, variants of the PCS and FDA alternatives modelled in Section 4.2. No additional comparisons are therefore required.

4.4 PCS Alternative Vision for Land Registry

As input to the consultation process, PCS has produced “An Alternative Vision for the Land Registry”. This document, produced by Professors Roger Seifert and Mike Ironside, focused on the potential role for Land Registry in an environment where government is deemed responsible for the comprehensive regulation of land use through planning, taxation and controls.

The main proposals contained in the vision are that government should:

- review the tax and other state mechanisms for regulating land use and abuse; and
- introduce a planned approach to land use with more council housing, more controls over misuse and non-use, and a more even distribution based on social priorities.

The Land Registry’s contribution to this vision would as part of a “state system of planning and controlling the use of land” and specifically would include:

- Keeping the Land Registry public and continuing to provide a state guarantee of title;
- An increased role for civil servants in carrying out policy;

- Compulsory registration of land assets;
- Change to be through negotiated agreement with the trade unions; and
- Investment in staff retention and training.

The ATP Business Case is aligned with a number of these arguments. The Treasury's Operational Efficiency Programme (OEP) report issued with the Budget in April 2009 "recognised the need to retain responsibility for the creation, recording and guaranteeing of title to land within Government". This position was re-affirmed in the OEP Asset Portfolio report published on 7 December 2009.

On the Land Registry's role in controls of land use, this is not a Land Registry matter but rather a matter for Ministers. Land Registry implements Government policy and has not been asked to take up the wider role set out in the alternative vision document.

With respect to the compulsory registration of land, a number of issues (apart from the need for primary legislation) would need to be overcome before a system of compulsory registration could be introduced:

1. It would be difficult to devise an adequate and proportionate sanction for not registering;
2. It is unclear how the additional work could be funded from fee income (e.g. could applicants be forced to pay for something they didn't want to do and what sanctions would be put in place in the case of non-payment?);
3. Any proposal to introduce compulsion would be controversial, expensive to establish and run and could give rise to issues of compatibility with the European Convention on Human Rights.
4. Addressing a failure to register by, say, statutory vesting of the land in a designated trust corporation after a certain date would only achieve an artificial register.

It is unclear how these issues could be addressed.

For these reasons the alternative vision is not a workable solution to the current position and to the issues set out in the Case for Change in the business case.

5. FURTHER WORK UNDERTAKEN AND ADDITIONAL INPUTS

5.1 Head Office Accommodation Review

The ATP business case was based on an assumption that Land Registry Head Office would move from Lincoln's Inn Fields (which would then be sold) and that other, rented accommodation would be found in central London. The Board, alongside this decision with regard to Lincoln's Inn Fields, announced in October that a review would be undertaken to determine whether Head Office should remain in or move out of London.

DTZ were engaged as consultants in a project with David Rigney (Land Registry non-executive director) as an independent SRO. The project has examined the relative costs and benefits of London and non-London locations, the risks involved in any move out of London, the potential location of a Head Office outside London (using existing LR office space), and the implication for 'satellite' Head Office staff.

The key findings from the DTZ study are:

- There are no critical business reasons why Land Registry Head Office needs to be located in London (though some individual functions would need ready access to customers and stakeholders in London and the South East);
- The primary risks of a move out of London are the loss of experienced staff and the instability this might cause (though alternative locations have sufficient labour markets to meet Land Registry needs);
- The prime alternatives to a central London location examined (using an initial assessment of space, accessibility, labour markets and costs) were: an existing office in a relatively central location (Coventry, Gloucester, Nottingham), an existing office closer to central London (Croydon), and Plymouth;
- Transition costs (predominantly redundancy and relocation) of a move out of central London would be in the range £11m to £16m;
- Such costs are not included in the current business case and might place additional burdens on reserves;
- OGC have indicated that the imminent refreshing of the "Lyons" agenda will focus on moving civil servants from central London. The current constraints on the remainder of London and the South East may be relaxed. This potentially places a degree of uncertainty on the ability of Land Registry to sustain a central London location in the longer term. OGC also indicated that there would be a presumption against acquiring any new property assets;
- The ten year net present values of the main options are broadly comparable with the central locations and Plymouth having a higher initial cost but lower running costs compared to remaining in central London. Croydon's transition and running costs lie between these two. Over fifteen years the benefits of a move from central London increase.

The work on Head Office satellite staff concluded that:

- Head Office, for the purposes of this review, should include those staff currently in Lincoln's Inn Fields (not subject to outsourcing proposals) and IS in Seaton Court should be regarded as part of Head Office;
- The current concentrations of HR Operations staff in Nottingham and Marketing and Sales staff in Coventry should remain;
- Policy and change staff should be located in Head Office;

- Functions using satellite staff should have no more than two locations (usually Head Office and one other);
- When these two locations have been determined, any changes to posts, when advertised, should only cite one of these locations; and
- Functions with satellite staff should review their functions, determine whether posts are needed, and re-organise using the above principles and appropriate pragmatism.

The outcomes of the review are dependent on the balance between the drivers that the Board consider most critical:

1. If long-term costs are the key driver and short-term affordability not an issue - then the central England locations are preferred;
2. If accessibility criteria are critical - then central London and Croydon are better;
3. If minimising disruption during the ATP transition period is paramount - then central London followed by Croydon are preferred to either Plymouth or the central England group; and
4. If certainty is required - then Croydon is preferred to the other locations.

The prime conclusion of the review was that the decision regarding Head Office location could not be taken in isolation of other aspects of the ATP programme in general and the outcomes of the consultation in particular. See Section 6.5 for a detailed discussion.

5.2 Governance Review

The Board announced in October that a review would be undertaken into Land Registry Board governance including the structure, roles and capabilities required for the Land Registry Board (LRB) and its associated bodies. Egon Zehnder International (EZI) were engaged as consultants in a project with Dr Catherine Raines (Land Registry non-executive director) as an independent SRO. The key findings and recommendations of the review are:

1. to separate the roles of Non-Executive Chair and Chief Executive (the Chief Executive to remain as Chief Land Registrar and Accounting Officer);
2. to clearly define and communicate the mandates of and relationship between the LRB and EXB:
    - the mandate of LRB should be to set strategy, review performance, provide constructive challenge, support and hold the EXB to account;
    - the mandate of the EXB should be to execute strategy;
3. to restructure the LR Board with more Non-Executive Directors (NEDs) and likely fewer Executive Directors;
4. to strengthen the engagement between the LR Board and various stakeholders, such as the Shareholder Executive;
5. to increase the NED term of appointment to at least 3 years and to conduct regular reviews of NED compensation to ensure it is fit for purpose;
6. to strengthen the governance processes used in the appointments of the Chief Land Registrar and other Executive Directors;
7. to conduct regular, independent board effectiveness reviews; and
8. to rationalise the existing sub-board and committee structures.

5.3 Plymouth Review

Following the announcements on 22 October, a review has been undertaken of the estate in Plymouth, with a view to releasing one of the current office buildings (Seaton Court and Plumer House). The review has been managed internally with a director-led steering group.

The review has found that:

- Forecast numbers for Plymouth-based staff allow for the release of one of the two main offices;
- The cost-benefit analysis favours a solution in which Seaton Court is retained and Plumer House is sold;
- Additional value may be obtained by seeking planning permission for residential development for the Plumer House site;
- In comparison with the ATP Business Case this solution would require additional costs of over £0.6m but this is offset by additional capital receipts of £2m. It would reduce operating costs by £0.7m per year;
- There is not a need for Land Registry to continue with two data centre sites in Plymouth. However, any rationalisation of the data centres requires additional analysis.

The key conclusions and recommendations of the review are therefore:

1. The main office accommodation in Plymouth should be Seaton Court and plans put in place to make the necessary moves in 2011;
2. Plumer House should be vacated and sold – and planning permission for residential use applied for;
3. A review of the data centre requirements, with a view to rationalisation, should be undertaken.

5.4 Data Integrity

The Land Register is our key asset and public accessibility and availability of its content is continually increasing. We will ensure that we continue to take appropriate measures to protect its integrity and therefore the image and reputation of Land Registry. In addition, the increasing range of add value data and services will rely on the integrity of our data.

An ongoing commitment to Data Integrity will ensure that we maximise the geographical coverage of the current quality programme (QIF) within appropriate timescales to address increased exposure of the Index Map through European legislation. We will also continue the resolution of overlaps through the Putting Mapping Right process and additions to other key aspects of data such as Property Price Index and address data. The Quality and Compliance Teams currently being launched will maintain our focus on improving internal standards of quality, which will also protect the integrity of the register. Staff will also be needed to discharge independent data management and quality responsibilities.

The core data integrity effort in the local offices, which includes staff employed on quality and compliance activities in addition to data integrity and is resourced from the local casework teams as set out in the workforce plan (See Section 5.5 below and Annex B), amounts to 156 staff. To reflect the importance of the integrity of the register whilst the changes envisaged by ATP are being implemented, it is proposed to increase the resource applied to data integrity beyond this figure of 156 staff. From 2010 to 2013 an additional 100 staff will be applied to data integrity, and from 2014 this figure will be 50 staff.

5.5 Workforce Plan

A comprehensive data collection and workforce planning exercise has been undertaken during the consultation period. This has included verification from all Area Managers and Heads of Group within Head Office and IS, of the staff in their teams: their roles (particularly where more than one role is undertaken); their skills; and their working patterns.

This exercise has found that the current number of staff (as at 2 February 2010) is 5763 FTE and 6378 staff in post (SIP). Using the best estimates for retirements and attrition, and accounting for those imminently leaving the Harrow and York offices due to closure, would give FTE staff numbers of about 5423 in late 2011. These figures are some 100 lower than assumed in the business case. The estimate for attrition (excluding retirements) is based on a figure of 1.5% pa. This is slightly higher than that used in the business case (which used 1%) and is drawn from a detailed analysis of the attrition between April 2008 and September 2009 (where the figure excluding dismissals was 1.2% pa, and with dismissals 1.5% pa).

In addition, as part of the workforce planning activity, two more detailed analyses have been done: one into requirements for RO and RA graded staff; the other into the future model for local offices.

RO / RA graded staff in Operations

The ATP Business Case proposed a figure of about 125 FTE for the future number of RO and RA graded staff required in Operations in the future. This comprised 40 in Land Charges, 55 in Filestores and 30 in general administrative roles in the local offices.

The more detailed analysis of the future needs in line with the business case assumptions has identified the future need for 211 FTE in these grades comprising: 44 in Land Charges, 75 in Filestores (subject to outsourcing proposals), 39 in general administration roles, 42 in facilities management (subject to outsourcing proposals) and 11 in business development fulfilment and scanning. Annex A provides an initial breakdown of these requirements.

The workforce plan has also examined the position of RO grade staff in respect of caseworking. The key points are explored in Annex A. The conclusions drawn are that the flexibility and adaptability of the skills of RE2L staff provide Land Registry with greater overall productivity and the flexible workforce required for the future.

Local office requirements

A study has also been done into the staffing levels, and associated skills, required across all operations to process the volumes of business forecast between now and 2011 whilst retaining sufficient contingency to adequately handle larger volumes should they arise.

This assessment has been based on assumptions set out in Annex B which excludes the impact of any outsourcing activity. This assessment identifies the need for 3716 FTE to process anticipated volumes in 2011 plus a further 100 data integrity staff to 2013 (See Section 5.4 above), bringing the total to 3816.

These numbers in local offices include on-going quality control and core data integrity (156 FTE), 120 staff on voluntary first registrations, and the 100 additional data integrity staff discussed above. These, together with the potential use of overtime and other contingency measure (see Section 5.6 below), provide sufficient resilience to the core operational capability of Land Registry through this period of change. The number of RE2L and RE2U grade staff in core operations in 2011 under these assumptions is 3208 FTE. This compares to the assumption used in the business case (Annex C) of 3070 - this being the figure of

3240 minus RE2L and U staff in local offices not on casework. The number of caseworkers is therefore greater than that assumed in the business case. Section 6.2 and Annex D of this document discuss the productivity assumptions in more detail.

The analysis also indicates that there will be sufficient scope within the workforce plan for RO and RA graded staff who successfully complete progression to RE2L to be offered roles within the organisation and for some redeployment opportunities for staff in closing offices.

Head Office and IS staff numbers
The figure for Operations in 2011 of 3816 FTE leads to a staff number of 784 for Head Office and IS staff - to bring total staffing to the 4500 in the business case plus the 100 additional data integrity staff. This Head Office / IS number compares to a current figure of in-post staff (not including vacancies or budgeted posts) of 909 and an anticipated number (after anticipated retirements and attrition) of 849 in 2011. A figure of 784 HO/IS staff would represent a reduction of 15%, building on recent reductions (e.g. 8% in the last two years in IS).

This reduction by 2011 will be achieved through the Performance and Innovation project within ATP which will develop a robust approach to improving processes and productivity, focussing on the support areas within Land Registry. These improvements will be a step towards targets for support services, reinforced in the *Smarter Government* paper (see Section 5.9 below). Application of these targets (1:77 staff ratio for HR and < 1% of operating cost for Finance), together with rigorous control of IS expenditure delivers a planned reduction in support area staff of approximately 240 (25%) by end 2014.

Conclusions
The detailed workforce planning undertaken during the consultation period has confirmed the indicative numbers in the business case. Operations have proposed staffing numbers which corroborate the feasibility of office closures whilst retaining sufficient contingency and enabling some RE2L progression and redeployment from closing offices. These numbers do require some improvement in productivity, by 2011, over the figures achieved in 2007/8. The requirement for additional staff reduction in Head Office and IS staff is considered achievable.

The workforce numbers for 2011 in the ATP Business Case therefore appear robust.

5.6 Contingency Planning

Contingency measures were set out in Section 7.3 of the ATP Business Case. The Board asked that these be examined further during the consultation period to ensure that the measures identified were reliably available, robust, and could provide sufficient contingency in the event of volumes being significantly higher than anticipated, particularly in the period to 2011. Operations managers have carried out a detailed assessment of the nature and degree of contingency available.

Four different types of contingency were identified:

1. Measures that would be managed within Operations (as part of Business as Usual) as volumes increased (e.g. moving some staff from data integrity or voluntary first registrations on to mainline casework);
2. Measures and improvements that could be introduced as a way of improving productivity generally over the period to 2011 (including, for example, revision of the classification guide and other changes in working practices);

3. Measures that could be introduced if the previous measures proved incapable of stemming a rise in backlogs to an unacceptable level (such as weekend and weekday overtime, extending the hours of part/time staff and withdrawal from the arrangement with Job Centre Plus); and
4. Further, more extreme measures that might have to be considered if volumes continued to rise.

The amount of contingency has been estimated for each of these sets of measures. This analysis shows that the measures in the first and third sets above could be relied upon to provide between at least 380 and 536 FTE of contingency, which is equivalent to 15% to 21% of the “normal” casework capacity expected in 2011 (i.e. 11m units). These figures are based on the number of operations staff set out in the revised workforce plan. The conclusion drawn from this work is that Land Registry has, over the period to 2011, approaching 20% operational contingency even without reviewing its practices or introducing more stringent measures.

5.7 Equality Impact Assessment

Following the initial equality impact assessment (EIA) undertaken prior to the ATP announcement in October 2009, a full EIA exercise has been undertaken. Due to the variety and complexity of the ATP proposals the EIA report will only focus on the issues emerging from Phase 1 namely the reduction in staff numbers , the closure of local offices, the reduction in the number of staff within the RO and RA grades, and the outsourcing of a number of functions.

Along with data analyses taken from Land Registry’s HR information, independent and external consultants were engaged to consult with staff to provide an opportunity to express how these proposals could impact on them. Staff consultation workshops were held at four of the proposed closing offices and three offices which have the highest numbers of staff within RO and RA grades. In addition all affected staff were given the opportunity to contribute to the EIA via email or postal responses to the consultants. The EIA has considered in detail the potential impact of the proposals in terms of race, age, disability, gender, sexual orientation, religion and transgender and summarises the actual impact and outcomes in diversity terms.

The main concerns identified through the assessment were the employability of the staff impacted and the transferability of their skills. For the offices proposed for closure disproportionate impacts have been identified in terms of age and ethnicity although, across all of Land Registry, the resulting position is actually neutral. For example the proportion of staff across Land Registry declaring themselves as BME is 5% now and would be 5% after implementation of the proposals.

The mitigation actions will include a full support package for those impacted, onsite HR support, close working with Job Centre Plus, outplacement support, additional specific support provided by a third party and redeployment opportunities.

We will be looking at specific mitigation in relation to disability, for example enabling staff to retain Land Registry provided wheelchairs or adaptations to motor vehicles etc. In addition we are aware that we have a number of staff at the RO/RA grade who joined Land Registry via supported employees programmes. We will work with these staff on a one to one basis to minimise the specific issues they may face.

It has been difficult to assess the full impact of the proposed RO and RA grades reductions and outsourcing as the actual number of staff affected has yet to be determined. It is proposed to review this along with any other additional ATP proposals e.g. Head Office review, in May 2010. A full copy of the EIA report will be published following the announcement of the ATP decisions.

5.8 Compensation Scheme Changes

The business case was prepared whilst the Cabinet Office were still consulting over its proposed changes to the Civil Service Compensation Scheme. The working assumption taken (See Section 5.8 of the business case) was that Land Registry could complete the redundancies in Phase 1 of the ATP programme using the current compensation scheme rules.

On 3 December 2009 Cabinet Office announced changes to its proposals arising from the consultation process. The main changes were a revised starting date for the changes (1 April 2010 as opposed to 1 January), and revised rules that enabled the current ‘3 times salary limit’ to be retained up to a cap of £50k. The end date for transition arrangements remained at 31 March 2011.

Legal advice and subsequent discussions with Cabinet Office have determined that, should the decisions on ATP following consultation confirm the need for redundancies, then the staff impacted would need to leave the organisation (following application of the Cabinet Office protocols and a notice period) before 31 March 2011 if they are to receive compensation under the current compensation scheme.

ATP could therefore continue with its assumed closure programme timetable ending in September 2011 and with its assumption of using the current compensation scheme, but anyone wishing to leave under the current compensation scheme would need to do so before 31 March 2011.

On 3 February 2010, Cabinet Office announced a further set of changes to the scheme. These have the effect of increasing compensation payments for compulsory redundancy under the new arrangements (e.g. increasing the “cap” to £60k) , but do not materially impact the implications set out in the previous two paragraphs.

The implications of this are fivefold:

- The office closures programme will need to ensure that work is allocated from closing offices before March 2011;
- The bulk of the total costings for Phase 1 remain unaltered;
- But more redundancy costs will fall in 2010/11 than previously modelled;
- The costs of any compulsory redundancy in Phase 2 will be higher than assumed in the business case (in the order of £10m); and
- Any redundancies arising from outsourcing and made by a new employer after March 2011 would need specific contractual clauses if staff were to receive the same terms as those leaving before March 2011. This will be considered as a value for money issue as part of the procurement.

5.9 Publication of Smarter Government

In advance of the 2009 Pre-Budget Report, the government issued, on 7 December, a paper entitled *Putting the frontline first: smarter government*. An annex to the paper (*OEP Asset Portfolio*) covered government assets with specific reference to Land Registry.

The key elements of the paper that support, and are supported by, the ATP Business Case are:

- Recognition of the need to change (p 12)
- Need to reflect the impact of, and to exploit, "e" communications and opportunities (p 12 and Section 1.2 on p 22)
- Working in an open and transparent manner (p 12 and p 27)
- Cutting costs (p 11)
- Disposing of underutilised assets and publishing of benchmarks of estate use (p 60)
- Moving from the South-East (p 58)
- Tackling "back office" costs through benchmarking (p 43 and p 50/51)
- Using comparative data to drive performance (p 42/44)
- Making use of framework agreements and collaborative procurement (p 57/58)
- Review of governance and management structures (p 53/54)
- Greater role for non-executive directors (p 51)
- An overall message: continued uncertainty, tougher environment

The *Smarter Government* paper also introduced specific targets (p 56) that need to be incorporated into the ATP plans:

- Ratio of HR staff to total staff to be no more than 1 in 77
- Finance costs to be no more than 1% of operating costs
- Reduction in IT project costs of 10%.

There are also a number of other areas identified in *Smarter Government* which might have an impact on Land Registry:

- Making data more available (p 27)
- Rationalisation of Arms Length Bodies (p 53/54)
- Some comments in the OEP Asset Portfolio paper on further exploration of private sector involvement in Land Registry – but an acknowledgement that, if introduced, the timing of these would be after the completion of ATP and that they would, most likely, need changes to primary legislation
- A "presumption" that shared services will be used (p 55)
- Head Office functions to be retained in Whitehall "only where they require Ministerial support or personal intervention" (p 59)
- Reductions in external spend: 50% less on consultants, 25% less on marketing and communications, 10% less on IT projects (p 56)

5.10 HR Policies

A number of HR policies have been considered and discussed with DTUS during the consultation period. These policies are aimed at implementing the ATP changes in an equitable fashion. The key policy decisions are:

- There will be a scheme run to allow those RO and RA grade staff who wish to progress to do operational casework at RE2L grade to do so assuming that they pass the initial screening, successfully complete the training and that there is a vacancy for such a role at the office they wish to apply for;
- New redundancy and mobility policies;
- Protected pay for those redeployed will be for a period of three years - followed by mark time; and
- The support package will include assistance in finding alternative employment, outplacement support and further education and is budgeted at approximately £1000 per member of staff impacted.

5.11 Detailed Customer Strategy and Research into Counter Services

A high-level Customer Strategy has been agreed by the Land Registry Board, based upon customer, market, stakeholder and employee research, including:

- Customer & Market dynamics
- Brand
- Channels
- Products and Services
- Communications

Within the Customer and Channel elements the migration of customers from ‘counter services’ to alternate channels (including web and telephone) was identified as a key opportunity to provide a more equitable, appropriate and cost efficient service for both Land Registry and its customers.

The counter services of the offices proposed for closure would cease from the time of the office closure. The number of visits to all offices has been declining in recent years (from 89k in 2003/4 to 56k in 2008/9). Nevertheless, the proposed closures would clearly have an impact on those seeking to use these services in the future. Some initial estimates were made in the Consultation Document as to the nature and scale of these impacts, concluding that members of the public and businesses might incur net additional costs of about £160k per year. These additional costs were mainly for identity checks (involving travel to another Land Registry office where a free identity check could be performed or paying a solicitor to undertake an identity check).

During the consultation period additional information has been collected to verify the scale of the issue, and follow up telephone surveys (involving more than 100 members of the public) and six focus groups of business customers have been used to provide a rounded picture of the impact of closure.

The key findings from the research identified:

- Land Registry do not currently have a consistent physical distribution model for counter services in England and Wales;
- The great majority of users of the counter services are members of the public (circa 85%), who are predominantly one off users of the service;
- 90% of visitors travel less than 1 hour to access the service;
- Customers who live more than 1 hour from a Land Registry office, have a higher tendency to use alternate channels to resolve the queries (e.g. website, telephone or post);

- The majority of visits to a public counter could be handled through alternate channels (subject to enhancement to those services); and
- A minority of enquiries may require customers to either visit a Land Registry office, or use other local services (e.g. Conveyancer or Solicitor).

The detail from the surveys and focus groups enables us to conclude:

- The majority of customers queries (business and citizens) could be migrated from counter services to alternate channels, subject to these channels being enhanced;
- In exceptional circumstances, where face-to-face contact is still required, a Land Registry office, or alternative facility shared with another government agency, could provide this service; and
- The closure of public counters in the south-east is feasible - subject to alternative provisions being available for exceptional cases.

However, it is acknowledged that a small number of our customers will feel inconvenienced by the proposals and alternative approaches are required. These detailed alternatives to counter services are not yet in place and are due to be developed during 2010/11. Investment funds to support this channel migration are included in the ATP business case and work needs to commence in 2010/11 (See 5.13 below). Migration to other channels will require adequate time, investment, resource, training, planning, and staff and customer communication. This will need an anticipated minimum of 12 months to ensure a smooth migration.

5.12 Assumptions Tested

A number of the assumptions used in the business case have been monitored and tested during the consultation period.

The forecast level of intake for 2009/10 used as the starting point in the business case was 10.0m units. The forecast based on the latest actual figures for 2009/10 is 9.8m units.

The general economic picture remains for a slow emergence from recession with significant government spending constraints, continued restriction on funds for mortgage lending and, in the medium term, increases in interest rates. All these factors suggest that a swift return to the levels of Land Registry activity seen before the credit crisis and economic recession is unlikely. There is therefore no reason to alter the current forecasts for a slow growth (5% per year) in activity over the coming years.

Conservative assumptions were used in the business case for potential receipts from disposal of surplus estate. This was done through applying a discount to the market value of the properties (as valued in mid 2009). Despite some upturn in the commercial property market, and interest in Land Registry properties following the October announcement, there is insufficient evidence to change the conservative assumptions of the business case.

The business case assumptions for retirements appear to be borne out by recent data. There is therefore no need to change the assumptions in the business case though, with the removal of “age 60” retirement and the increase of partial retirement, this will be increasingly difficult to predict with absolute precision.

The starting staff figures, the latest workforce planning information and the attrition assumptions have been discussed in Section 5.5 above.

On this basis there is no need to alter any of the underlying assumptions used in the business case for volumes or receipts from estates. A small adjustment to the attrition assumptions is required together with a reduction, in the financial model, of the starting numbers of staff.

5.13 Setting Up ATP Projects

The business case was based on preliminary assessment of the costs and timescales of a variety of activities that make up the Accelerated Transformation Programme. Estimates were developed by the programme team working closely with a group of senior managers. Since the October announcements teams for each of the six projects under ATP, together with a programme office, have been established. These teams have begun working on the detailed planning and resourcing of the projects whilst acknowledging that changes could occur as a result of the consultation process.

Specifically:

- The Customer project team has been established and the project board has met to examine the initiation document for the project and the further work commissioned on the detailed customer strategy (See Section 5.11 above);
- The Sourcing project team has also been set up with individual workstreams for each of the potential procurements. Procurement strategies have been drafted and further work undertaken to clarify the scope of the outsourcing and the potential value to Land Registry. Alternative, in-house, proposals have been examined;
- The Office Closure project is continuing the work of the previous closure and mergers project and has determined the approach to allocating work from offices that close;
- The People project has been running the internal consultation process with DTUS, planning for the support that will be needed for staff impacted by the proposals and running the workforce planning and equality impact assessment work;
- The Performance and Innovation project has been set up with the appointment of an internal team and external support;
- The Structures and Change project has run the Governance review (See Section 5.2 above) and prepared the change management, values and behaviours activities taking place later in 2010; and
- The Programme Office has run the Plymouth and Head Office Accommodation reviews and the external consultation.

This activity has enabled further testing of a number of the planning and resourcing assumptions made in the business case. The key findings to date have been:

- The high-level customer strategy, incorporated into the business case, has proven robust and does not need to change following work on the detailed customer strategy;
- There is a need, however, to bring forward the work on channel migration - both because of its importance to customers and due to the increased overall productivity that it would bring. This work would support the migration of customers from public counters and accelerate the development and take-up of e-services The proposal is to reschedule some of the £9m expenditure for this in the business case as below;

	2010/11	2011/12	2012/13	2013/14
Business Case expenditure profile		1.0	4.0	4.0
Revised expenditure profile	1.4	3.0	3.0	1.6

- More detailed planning (from Operations and HR) for the introduction of customer teams has shown that the allocation of work from closing offices to the remaining offices is feasible within the timescales envisaged given the changes in the compensation scheme timetable (See 5.8 above). Further support tools (e.g. knowledge management through operational Customer Relationship Management) will be developed during 2010/11 to ensure customer facing staff are provided with tools to streamline the customer experience further (this is partly covered within the amended investment profile above and partly within the customer relationship management budget);

- More detailed planning on the outsourcing workstreams has further combined some of the activities (e.g. central print has been combined with desktop management, thereby simplifying the procurement activity), and has determined the desired procurement strategy for facilities management, desktop management and reprographics;
- Examination of alternatives to the outsourcing proposals for facilities, desktop and filestores has reinforced the potential benefits of outsourcing these functions whilst also providing a strong internal comparison which will be used to ensure best value decisions;
- The potential savings from the outsourcing projects are now estimated at about £5m per year. This compares to an estimated saving of £3.1m per year in the business case;
- The workforce planning (See Section 5.5 above) has confirmed the feasibility of the staff numbers in the business case whilst confirming contingency arrangements;
- More detailed preparation of possible redundancy costs (comparing the business case modelled numbers with actuals produced by Land Registry's pension administrator) has confirmed the numbers used in the business case;
- The latest Gateway Review of the programme has rated delivery confidence of the programme at Amber / Green;
- None of the more detailed planning has identified substantive additional external project costs. The sourcing project has identified additional internal costs of less than £500k and requires the costs to be brought forward to reflect the revised timescales,
- The Phase 2 compulsory redundancy costs in the business case have increased due to the changes in the compensation scheme announced in December and February. It is estimated that this would add about £10m to ATP Business Case costs in 2012/13;
- Skills and capacity shortfalls in change management and procurement have been confirmed. Funding is available in the business case to address this.

The changes indicated above are reflected in the revised ATP Option 3 in Section 6.6.

6. DISCUSSION – THE KEY POINTS

6.1 Summary of consultation outcomes and findings from further work

From Sections 3, 4 and 5 we conclude that:

- The forecasts of future volumes should remain as stated in the business case;
- The investment in productivity improvement and channel migration should be maintained, and in the case of channel migration the schedule of expenditure should be brought forward;
- The current outsource proposals should continue – with the in-house alternatives developed in the consultation process used to inform the benchmark / public sector comparator;
- Head Office should move from Lincoln's Inn Fields;
- A strong support package and swift information should be provided to all impacted staff;
- The progression scheme for RO and RA grade staff to RE2L grade should proceed;
- The Head Office "satellite" locations in Plymouth, Nottingham and Coventry should be retained;
- The principles for other Head Office satellite staff (see Section 5.1) should be adopted;
- The single large office in Plymouth should be Seaton Court whilst Plumer House should be sold;
- There should be only limited recruitment up to 2012, focused on bringing in specialist skills which cannot be developed internally.

However, there are clearly a number of areas that either require more detailed consideration or need to be addressed in the context of other decisions. From the arguments and evidence presented in previous sections, these are taken to be:

- Productivity (past and future);
- Alternative approaches, focused on the use of voluntary redundancy; and
- The question of the "south-east", access for face-to-face services and Head Office location.

An additional crucial question, and one that has emerged from managers and staff during the consultation process, is how Land Registry can move on from the organisational disruption introduced by the proposals announced in October. The critical issue here is the continuing level of uncertainty in the business after the outcomes of the consultation process are announced.

Conclusions are drawn regarding these issues in Sections 6.2 to 6.5. Section 6.6 summarises the position and revises the workforce plan, business case and financial risks in the light of these conclusions.

6.2 Productivity - past and present

Productivity assumptions to 2011

A number of submissions to the ATP consultation contend that the use, in Annex C of the business case, of 8.8 upppd (units per person per day) to calculate future staff numbers is overly optimistic and is based on an anomalous year for intakes (2007/8) which included an unusually high proportion of bulk transfers which do not need manual intervention - and which therefore should not be included in calculating staff numbers. An alternative planning assumption of 7.7 upppd (a figure achieved in 2006/7) has been proposed by PCS.

There are a number of responses to this point:

- The use of 7.7 upppd for staff numbers in 2011/12 implies that Land Registry will have made no productivity improvements for the five years from 2006/7. Improvements to date are set out in Annex D to this paper;
- Annex C of the business case used three varying approaches to help determine a reasonable staffing figure for 2011. The use of the 8.8 upppd productivity figure was the most simple of them and simply a starting point. The other approaches, however, confirmed the conclusions;
- Even if the 2006/7 intake figures are used (i.e. 14.6m units rather than 16.1m) then there appear to be sufficient caseworkers in the ATP proposals to process the forecast 11m intakes in 2011/12 - with at least 15% contingency. See Annex D for a detailed explanation of this.
- The more detailed workforce planning undertaken by Operations has confirmed the staffing requirements for 2011 (See Section 5.5).

Conclusion:	The calculations for the 2011 staff numbers are robust whilst recognising that achievement, particularly whilst closing offices, remains a challenge. The figure of 4500 is therefore achievable

Productivity assumptions from 2012 to 2014

A number of inputs to consultation have questioned the scale of productivity opportunities available to Land Registry over the ATP planning period to 2014/15. Some state that the great majority of opportunities have already been taken.

Of course, looking five years into the future introduces a certain amount of assumption and judgement into any calculations of future staffing requirements. Annex C of the business case proposes opportunities for additional savings equivalent to 1200 staff over the full five year period of ATP. There remain strong reasons for holding, as a working assumption, that these significant productivity improvements are available:

- The key operational opportunities identified in the business case from mid 2009 remain feasible (reducing error rates, moving from local telephone service centres (TSCs) to customer call centres (CCCs), optimising CCCs, and reducing in line with volumes the staffing on register development and Land Charges);
- Additional opportunities, not given in the business case, have been identified during the consideration of possible operational contingencies. These include reviewing the classification guide, rejecting incorrect applications, stopping amalgamations, reviewing our policy on serving notices, electronic delivery of add-value products, reviewing requisition discretion and a number of others;
- The assumptions for take-up of “e” services are conservative given the strong customer demand for such services, the increased investment in channel migration proposed in the business case, and the fact that no additional services have been included in the assumptions beyond the delivery of e-transfers;
- The government benchmarks set out in *Smarter Government* have given an additional impetus to reducing staffing in Head Office and IS in line with the assumptions in Annex C of the business case;
- The ATP assumptions for productivity (of the equivalent of 1200 staff) amount to an historically low 5% per year improvement over the plan period.

Conclusion:	The productivity assumptions to 2014 set out in the business case have a firm foundation - but will clearly require the further, targeted work proposed in the ATP plans

6.3 Alternative approaches - voluntary redundancy

Of the alternative approaches presented in Section 4 it is that of the FDA that comes closest to addressing the key ATP concerns as expressed in the Case for Change. The FDA alternative follows very closely the ATP business case future staff numbers. It identifies an approach that is financially viable whilst limiting recourse to compulsory redundancies. The main differences from the business case are set out in Section 4.2 and are:

- It utilises voluntary rather than compulsory redundancy (except for RO/RA staff reductions where compulsory redundancy is used);
- It has higher volumes for 2010/11 (11.2m rather 10.5) then maintains the rate of increase in the business case until 14m units is reached;
- It includes additional efforts to rent out surplus space; and
- It includes sale of some properties and the acquisition of smaller premises in the same locations.

N.B These latter two changes are not in the ATP Business Case but could be if so desired. They were not in the original ATP scope.

An indicative modelling of this alternative has been done (See Section 4.2). The key features of this modelling are:

a) Programme costs are increased by about £7m (due to increased activity on estates);
b) Redundancy costs are significantly lower by about £50m (due to VR and fewer leavers);
c) The net position is £42m less programme cost than the business case;
d) The higher staff numbers between 2010 and 2017 build in £38m more costs than the business case;
e) Capital receipts are £24m lower (due to fewer overall office sales);
f) Estates running costs increase due to keeping all the offices but this is, to an extent offset by renting out of surplus space. The net position is estimated as £3m pa more expensive than the business case;
g) The positive Net Present Value (NPV) is modelled at £451m compared to the business case of £493m though for a like for like comparison the additional rentals on surplus space should be added to the ATP business case, making that approximately £510m.

The difference in the NPV figures is primarily due to the higher forecasts of intakes assumed by the FDA in the first five or six years of the period, necessitating higher staffing numbers than in the business case. If the volume figures used are those in the business case then the NPV increases by about £7m with the lower staffing costs partially offset by the need for voluntary redundancy costs rather than letting natural wastage and retirements reduce staff numbers over a longer time period.

The FDA alternative is, therefore, financially viable and is capable of addressing many of the points raised in the Case for Change. However, it does present a number of problems:

- We would continue to hold significant surplus estate under the FDA proposals. We would have estate sufficient for about 10,000 staff whilst needing estate for 4000 (being the "staff in post" equivalent of 3600 FTE). We will therefore have two and a half times the estate we need;

- The market for MOTO agreements to rent out surplus space to other government organisations is not very buoyant now and can be anticipated to deteriorate as restraints on public expenditure are applied and as the government estate as a whole has in excess of 30% surplus space;
- Land Registry would be operating, in 2014, with fewer than 4000 staff spread between 18 offices;
- Twelve offices would be operating with fewer than 200 staff by 2018, with nine having less that 150 of which two would have less than 100. Such arrangements would increase costs and significantly limit flexibility of operations;
- There are significant overheads involved in maintaining such an estate (area management teams, the support staff involved in operating separate buildings, overheads for running the estate of this size and complexity, given the various rental arrangements etc. These factors are estimated to increase local office costs by approximately about 7% per year - for no benefit to customers (See Section 3.2 Question 1); and
- There would be no recruitment until probably 2018. This would mean an effective recruitment freeze for about ten years and result in stagnation, lack of career opportunities and disengagement.

Conclusion:	The FDA alternative, whilst financially viable, is not operationally feasible

6.4 Uncertainty and staff engagement

The announcements made in October introduced a significant element of uncertainty for all Land Registry. All members of staff were impacted in one way or another by the proposals announced or by the reviews to be undertaken. Over time uncertainty becomes debilitating.

In addition, the downturn in the housing market and the ATP proposals have had a significant adverse impact on levels of employee engagement. The results of a Civil Service-wide engagement survey published in February 2010 showed that engagement levels were amongst the lowest across all departments and agencies taking part. This confirms the feedback from our own monthly Pulse staff opinion surveys conducted since mid 2009.

The Board recognises that successful delivery of ATP and realisation of its vision and strategy is dependent on re-building engagement and creating greater certainty for staff about what the future might hold and the choices available to them.

The key area of uncertainty beyond March is the proposal for a review in 2011. This review has been planned to consider the then position on volumes and productivity, whether further offices should close in the second phase of ATP, and which those offices might be. This is currently creating uncertainty for all in the retained local offices - about 4100 staff - and alternatives have been explored. The options are:

a) Continue with the current plans to review the position in 2011;
b) Announce the two offices at risk from closure now, based on the current criteria, thus taking ten offices out of contention; or
c) Make the staff reductions (if, as under current planning assumptions, they are required in Phase 2) through voluntary redundancy and retain the number of offices at the 2011 level – with the caveat that if volumes are lower than planned then this would have to be reviewed.

The second of the options above (to announce now the two offices potentially at risk of closure in Phase 2) is rejected as it would introduce intense "planning blight" for these two offices, the criteria for any closure may be different in 2011, and it would adversely impact business as usual and our ability to re-allocate work from closing offices.

The third option (to meet any staff reductions needed in Phase 2 through voluntary redundancy) creates greater certainty for the retained offices, reduces the risks to business as usual and helps our ability to re-allocate work from closing offices. It does, however, introduce some additional costs into the business case with less saving on estate running costs and less receipts from the sale of offices - although this is partially offset by lower redundancy costs from using voluntary rather than compulsory redundancy.

This option would also not directly tackle the issue of continuing surplus estate and would reinforce the need to optimise use of the estate through sub-letting of space either on MOTO terms (to other public sector organisations) or on commercial terms. There would be no formal review in 2011. Rather, staffing and estates requirements will be kept under continual review, recognising that the overall direction will continue to be towards fewer staff and a diminishing estates requirement.

Conclusion:	We should plan to achieve reductions in staff numbers in Phase 2 of the magnitude envisaged in the business case (to 3800 FTE) through voluntary redundancy rather than through the closure of further offices – assuming volumes are at least as high as forecast

6.5 The South-East, Face-to-Face Services and Head Office location

There has been consistent comment through the consultation process regarding the lack of a presence in the south east of England should the ATP proposals proceed as announced. The three main arguments put forward are a) that Land Registry should have a presence in all parts of England and Wales, b) that the proposals would inconvenience those customers who visit the local offices and that alternative arrangements are not in place for the full range of services, and c) that the proposals do not allow sufficiently for the retention of skills. The ATP position that customers could visit the London office has also been described as "disingenuous" given the review into the future location of Head Office.

Coverage

The argument that Land Registry should retain an office in all parts of England and Wales is not compelling. The conurbations of Manchester, Leeds, Birmingham and much of the Thames Valley do not have what could be regarded as a "local" office. Many whole counties and other areas (Somerset, Mid Wales, Norfolk) are in a similar position.

Local offices have been processing business for conveyancers not in their immediate vicinity for some time, yet close ties have been maintained with customers through regular contact, surgeries, training sessions and visits. The introduction of customer teams will, in fact, strengthen the ties between offices and the customers they serve even if these are not co-located.

Face to Face Services

It is acknowledged, however, that members of the public and business who use the current counter services in local offices proposed for closure will suffer an inconvenience. The assessment in the Consultation Document was that the proposals will a) increase costs to our customers by about £160k per year, b) will impact customers making between 10,000 and 15,000 visits per year and c) primarily impact those obtaining identity checks (about 15% of visits). This has been confirmed by the analyses done in the last few months.

The customer research shows that alternative channels are available for the majority of visits to counter services and that, in the longer term, Land Registry will wish to close these services and provide alternative appointment services for specialist cases. But it is also clear that a number of the functions currently carried out by the customer information centres in local offices will not be replaced in the near future and that adequate provision should be made for customers until alternative arrangements are in place.

Lack of opportunity to retain skills

Internal and external respondents to the consultation were concerned that losing all the local offices in the south east would also mean losing all the specific knowledge and skills built up in each of the offices as there would be limited opportunities for staff to redeploy to another office. This impact is largely short-term as staff in the retained offices will acquire the same knowledge as they familiarise themselves with the work.

Nevertheless, the consultation process and the additional work undertaken on the customer strategy does suggest that changes should be made to the proposals.

Interdependency with Head Office decision

This conclusion is supported by another key point from consultation concerning the future location for Head Office, and whether the mitigations in the Consultation Document could be used if a decision was taken to move Head Office away from London or the South East. This is a pertinent point and it is necessary at this stage to consider the future Head Office location before any conclusions are drawn.

Head Office options

The Head Office review, the key findings of which are set out in Section 5.1, identified three options for the future location of Land Registry Head Office:

a) Central London – moving from Lincoln’s Inn Fields to rented accommodation in central London under a MOTO agreement;
b) Croydon – moving Head Office to Croydon and keeping open the local office and a facility for face-to-face services in Croydon;
c) Outside London and the South East - moving Head Office to either a “central England” location (currently conceived as one of Coventry, Gloucester or Nottingham) or to Plymouth.

The review concluded that the decision depended critically on the weighting given to the various decision making drivers: cost, accessibility, disruption and uncertainty (See Section 5.1 for more details). To this list, arising from the consultation, should be added the impact on the provision of face-to-face appointment services in the south east and the opportunities for staff to redeploy to another office and for Land Registry to retain some of the knowledge and skills otherwise lost. These additional factors lead to new conclusions.

Option c) above, to move Head Office out of London and the South East, exacerbates the issues of access by the public to our services in the south east and staff opportunities for redeployment. It also increases the level of uncertainty and disruption. This option is therefore rejected.

The Croydon option:

- retains an office in the south east and access for the public to services that require face-to-face communication;
- provides opportunities for staff to relocate from other closing offices in the south east;
- reduces the uncertainty for Head Office staff regarding their future location;
- is sustainable in an environment of strong pressure to move civil servants from central London;
- is affordable in the short term;
- is more manageable in terms of disruption than a more distant move (with 66% of staff estimated to live within a 90 minutes travel time of the Croydon office – compared to 79% within the same travel time to Lincoln's Inn Fields); and
- makes use of a modern, recently acquired building.

Conclusion: Head Office should be moved to Croydon and the Croydon local office remain open

Whilst the Croydon change addresses the public access issue in London and its environs, it does not do so for customers currently using Stevenage, Peterborough or Portsmouth. In particular, until the alternative arrangements for certain face-to-face services are in place, there is limited mitigation available for the impact on customers. The Croydon option also only partially addresses the redeployment issues highlighted above.

As noted in Section 6.4, successful delivery of ATP is dependent on re-building engagement with the workforce and this, in turn, would be greatly facilitated by having constructive relationships with our trade unions. Land Registry needs a sound platform for engaging with staff on the realities of our position and the need for change, and for jointly developing the future direction and ethos of the Land Registry in the economic and financial climate that prevails.

Negotiations with the Departmental trade unions raised the possibility that an agreement could be reached on the ATP proposals if additional changes were made beyond the retention of Croydon and the move the voluntary redundancies to reduce staff numbers in Phase 2. The Board therefore took the view that if an agreement could be reached that still delivered the key success criteria and maintained the integrity of the business case, this would significantly reduce a number of key risks – both operational and to delivery of the programme.

Taking into account the need to respond both to customer concerns in relation to impact on services in the South East and to trade unions concerns in relation to mitigating the impact of ATP on staff, it is proposed to make two further changes. The first is that the Peterborough office should remain open - moving to smaller office accommodation when the existing lease ends in 2013. This would enable staff to redeploy from Stevenage. A voluntary redundancy scheme for about 275 staff will be run in order to meet the overall reduction in staff numbers required. In addition, it is proposed to retain, until March 2013, a small sub-office in Portsmouth for up to 50 staff, working potentially from council premises.

These additional changes do increase future costs by retaining more estate and meeting the costs of redeployment. However, these are offset by not requiring compulsory redundancy for staff in Peterborough. The changes would improve the cash reserves position and, specifically, the call on reserves in 2010/11.

These changes therefore would:

- reduce operational risk;
- further address issues raised in consultation;
- reduce programme risks;
- secure agreement by DTUS to recommend the amended ATP to their members and work constructively with Land Registry to facilitate the actions required; and
- provide a good platform for engagement with staff.

Conclusion:	The Peterborough office should remain open, whilst moving to smaller premises upon expiry of the current lease. A sub-office should remain in the Portsmouth area until March 2013

6.6 Conclusions

From the above we conclude:

- The productivity assumptions of the business case should be retained and should be continually tested to ensure that they remain achievable. The increase in staffing on data integrity (discussed in Section 5.4 above), combined with the confirmed volume forecasts and the Portsmouth sub-office until March 2013, therefore result in staffing targets of 4600 FTE in 2011 and 3800 in 2014;
- The FDA proposal (involving the use, from the outset, of voluntary rather than compulsory redundancy whilst retaining all the current local offices) is financially viable but cannot provide a workable solution;
- Head Office should move to Croydon and the local office in Croydon remain open;
- In order to ensure continuing services to customers, increased opportunities for staff redeployment, and to provide a firm basis for engagement with staff by securing agreement from DTUS to recommend acceptance of these amended proposals, the Peterborough office should remain open (whilst moving to smaller premises) and a small sub-office until March 2013 in Portsmouth; and
- Further staff reductions of the scale estimated for Phase 2 of ATP (after the required structural changes have been made in Phase 1 and assuming the market improves in line with the business case projections) should be achieved using voluntary redundancy and not through the closure of two more offices.

Update to the workforce plan

These conclusions clearly impact the workforce plan. A summary is included below.

This shows the starting position for staff numbers, the impact of closing three offices and the RO/RA reductions planned. It sets out our assumptions for the outcomes of the RE2L progression scheme and for redeployment. The table also indicates the efficiency improvements in Head Office and IS.

The plan shows that the resulting number of staff in local offices matches the requirements set out by Operations for processing 11m units and meets the headcount target of 4600. Clearly there are a number of assumptions and variables in determining the workforce plan. The table does indicate, however, that the staff numbers are achievable.

Workforce Plan to end 2011/12

Staff numbers In FTE

		Local Offices	Head Office and IS	Total
A	LR Staff FTE as at 2 February 2010	4854	909	5763
B	Exclude staff in Stevenage and Tunbridge Wells plus Harrow / York and all except 50 in Portsmouth	-636		-636
C	Anticipated retirements / attrition on A - B to March 2102	-220	-60	-280
D	Sub-total for end 2011	3998	849	4847
E	Net RO/RA grade reductions planned	-150		-150
F	Assumptions for further HO and IS efficiencies		-65	-65
G	Resulting FTE numbers	3848	784	4632
H	Anticipated redeployment from closing offices	150		150
I	VR Scheme for Croydon and Peterborough and targeted elsewhere	-182		-182
J	Resulting FTE numbers	3816	784	4600
K	Workforce plan: Operations assumptions for local offices for 11m units and additional 100 on data integrity	3816		

Notes:

Line A: The HO / IS figure is for FTE of staff in post and does not include vacancies or budget figures
Line E: This assumes a 33% pass rate for the RE2L progression scheme (as per the previous exercise)
Line H: Redeployment opportunities are anticipated for the closing offices
Line K: This includes the Operations workforce plan numbers, plus the 100 addition DI staff

Update to the business case

The key numbers from the updated business case are given below.

Programme costs, benefits and net present value - Revised business case following consultation
In £000

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total
Programme costs (internal)	611	4106	2632	931	231	231	231	231	231	231	231	
Programme costs (external)	520	7615	8684	7100	6690	0	0	0	0	0	0	
Sub-total	1131	11721	11316	8031	6921	231	231	231	231	231	231	
Programme Costs (with 30% contingency)	1470	15237	14711	10440	8997	300	300	300	300	300	300	52655
Redundancy costs	0	27306	28877	24824	2403	1854	1355	966	740	531	302	
Redundancy costs (with 10% contingency)	0	30036	31765	27307	2643	2040	1491	1063	814	584	332	98073
Total Costs (with contingency)	**1470**	**45274**	**46475**	**37747**	**11640**	**2340**	**1791**	**1363**	**1114**	**884**	**632**	150729
Staff numbers (FTE)	6000	5285	4600	4000	3800	3750	3700	3650	3650	3650	3650	
Estates benefits	0	0	1484	3984	7059	8307	9691	9691	9691	9691	9691	69291
Savings in staff costs	0	12500	47000	59400	70600	72200	73700	75300	75300	75300	75300	636600
Savings from sourcing	0	100	1600	1600	3100	3100	3100	3100	3100	3100	3100	25000
Receipts from sale of estate	0	0	28800	15200	0	10000	0	0	0	0	0	54000
Total financial benefits	**0**	**12600**	**78884**	**80184**	**80759**	**93607**	**86491**	**88091**	**88091**	**88091**	**88091**	784891
Net benefits	**-1470**	**-32674**	**32408**	**42437**	**69119**	**91267**	**84700**	**86729**	**86978**	**87208**	**87459**	
10 year Net Present Value	**497552**											

A comparison between this revised business case and that approved in October 2009 is shown below.

	Business Case Option 3	ATP Decisions version	Comment
Programme costs	***£58.4m***	***£52.7m***	*Less estates change costs*
People costs (redundancy etc)	***£127.7m***	***£98.1m***	*Fewer offices closing and more voluntary redundancy and redeployment*
Total costs	***£186.1m***	***£150.8m***	
Staff reduction by 2014	***2350***	***2300***	*Additional DI staff*
Staff cost reductions by 2014	***£77.0m pa***	***£75.3m pa***	
Estate cost reductions by 2014	***£12.6m pa***	***£9.7m pa***	*Fewer offices closed*
Receipts from estate disposal	***£73.3m***	***£54.0m***	*Fewer offices sold*
Annual financial benefits 2014	***£93.0m pa***	***£83.6m pa***	
Positive NPV (benefit) to 2019/20	***£493.5m***	***£497.6m***	*Higher estates costs offset by lower redundancy costs and earlier benefits*
Impact on Surplus & Loss	Within cash reserves	Comfortably within cash reserves	*Revised business case is significantly better. See below*
Impact on Fees	5% pa cut from 11/12	5% pa cut from 11/12	
Other key benefits	Many	Many	
Measurement against success criteria			
Financial position	***Met***	***Met***	
Staffing levels	***Met***	***Met***	
Skills	***Met***	***Met***	
Surplus estate	***Part Met***	***Part Met***	
Flexibility and variable costs	***Part Met***	***Part Met***	
Customer orientation	***Met***	***Met***	
Sustainable workforce	***Met***	***Part Met***	*Recognition that ATP will not impact this greatly*
Growth in add value	***Met***	***Met***	
Pace and responsiveness	***Met***	***Met***	
Adaptive new culture	***Met***	***Met***	
Key Risks			
	Sharp upturn	***Capacity***	*Contingencies are available and union agreement to ATP has reduced the likelihood of disruption*
	Capacity	***Capability***	
	Disruption		

The overall Net Present Values (NPVs) are very similar (the revised case is £4m higher) despite a number of movements on some of the constituent costs and benefits. Broadly the additional estates costs (from retaining more offices) are offset by the reduction in redundancy costs. The earlier delivery of staff savings results in an increase for the revised NPV.

Implications for Cash Reserves and financial position

The combination of changes set out above has an impact on the cash reserves position forecast in the business case (Section 7.3). The revised position is given below:

£m	Position as at 31 March in each year											
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Cash Reserves in business case	**249.4**	**188.2**	**120.1**	**42.8**	**9.8**	**9.3**	**24.2**	**55.3**	**90.0**	**128.3**	**166.7**	**205.5**
Revised Cash Reserves forecast	**249.4**	**188.2**	**119.7**	**85.4**	**53.0**	**54.1**	**51.9**	**71.0**	**95.4**	**123.4**	**151.3**	**179.2**

The table indicates a significantly improved position compared to the October business case. The financial contingencies outlined in the business case (deferral of fee reductions, deferral of dividend payments, sale and leaseback of freehold properties and deferral of other capital expenditure) are still available.

Further, the revised plan is equivalent to the October 2009 business case in terms of its impact on reserves (and hence national debt) in 2010/11.

Annex E shows the effect of these changes on the Land Registry Income and Expenditure Account, Cash Flow and Balance Sheet. Annex F sets out details of the projected movement on reserves.

Sensitivity analysis

Sensitivity analyses were done on a number of the critical assumptions in the business case.

If we were unable to achieve the required take up of voluntary redundancies (about 180 in Phase 1 and 450 in Phase 2) this would impact the business case. However, given the interest in voluntary redundancy when offices were merged in early 2009, and even allowing for the fact that the terms will be less generous, we are confident that these figures can be met. The business case would remain very robust even if this proved difficult to achieve.

The principal sensitivity addressed by the Board following consultation was that of the forecast growth in volumes. The business case was based on growth of 0.5m units per year until 2017, an initial growth rate of 5% per year. The prospect of future volumes being greater than these forecasts is adequately covered by the contingencies discussed in Section 5.6. Of more concern to the Board was a scenario where intakes did not grow from the current levels, or grew more slowly than assumed in the business case.

The sensitivity analyses showed that under conditions of very slow growth (starting at just 1% and growing year on year to 5% per year) the original ATP business case, with its front-loaded redundancy costs, was very difficult to afford in terms of cash reserves. Similarly, however, a “do-nothing” option also left Land Registry in a very difficult financial position. The revised ATP plan set out above is manageable under the more pessimistic growth scenario, particularly if the planned reduction in fees (5% per year from 2011/12) were consolidated into a 15% reduction in 2013/14. Even in a scenario of no growth for four years (and then a gradual recovery), the financial position under the revised plan is manageable as long as a reduction in fees is deferred.

These analyses have shown that the revised ATP plan and business case have greater financial resilience, than other options, in the face of a market recovery slower than that which we have assumed.

Implications for staff

The amendments agreed make a considerable difference to the implications for Land Registry staff. The table below sets out the key changes for Phase 1 of ATP.

	Original October 2009 business case proposals	**Amended March 2010 ATP decisions**
Maximum number of staff at risk of compulsorily redundancy	1300	860*
Anticipated number of staff taking voluntary redundancy	None	180
Options available to staff made compulsorily redundant in Phase 1	Limited redeployment (and no offices near those closing)	150 redeployment opportunities assumed (with Tunbridge Wells commutable to Croydon and Stevenage to Peterborough)
	Opportunities to be explored with Other Government Departments	Opportunities to be explored with Other Government Departments

Note: * Includes assumption of redundancies arising from relocation of Head Office to Croydon

The amended ATP decisions therefore reduce by a third the number of staff at risk of compulsory redundancy (from 1300 to 860). The decisions also offer more practical redeployment opportunities for staff in Stevenage and Tunbridge Wells through the retention of the Croydon and Peterborough offices.

Land Registry will continue its practice of providing extensive support for staff placed in a redundancy situation including Job Centre Plus assistance, financial advice, further education and outplacement support. These measures will assist staff to make the best of their transferable skills.

7. DECISIONS FOR ATP FROM THE CONSULTATION PROCESS

7.1 ATP Decisions

The proposals announced in October 2009 are altered by the conclusions drawn in Section 6 as a result of the consultation process and the further work undertaken since October.

The table below summarises the decisions and changes from the ATP business case proposals.

Area	Business Case proposals	ATP decisions
Forecasts of future staff numbers	4500 staff (FTE) by end 2011/12 3750 staff (FTE) by end 2014/15	4600 staff (FTE) by end 2011/12 3800 staff (FTE) by end 2014/15
Office closures in Phase 1	Five offices closed (Croydon and Portsmouth by February 2011 and Peterborough, Stevenage, and Tunbridge Wells by September 2011)	Croydon and Peterborough offices to remain open Three offices closed (Portsmouth by February 2011 and Stevenage, and Tunbridge Wells by June 2011) A Portsmouth sub-office for up to 50 staff to remain to March 2013
Office closures in Phase 2	On current forecasts of intakes, productivity and staff numbers two further offices likely to close	On current forecasts of intakes and productivity, staff numbers would be reduced through voluntary redundancy rather than through the closure of two offices Excess space to be optimised through sub-letting
RO / RA grade staff	RO and RA graded staff to be reduced to about 125	RO and RA graded staff to be reduced to about 220
Recruitment	Recruitment during the ATP plan period with 150 in 2011	There will be little recruitment (other than to specialised roles which cannot be developed in-house) in the period to 2012
Lincoln’s Inn Fields	Head Office to vacate Lincoln’s Inn Fields and sell the building	Unchanged - Head Office to vacate Lincoln’s Inn Fields and sell the building
Head Office location	Review to be undertaken of the future location for Head Office and Satellite staff	Head Office to move to the Croydon office by March 2011 Locations for Head Office and IS satellite staff to be streamlined
Plymouth estate	Review to be undertaken of the Plymouth estate	Staff in Plumer House to be accommodated in Seaton Court and Plumer House to be sold
Outsourcing	Five areas to be outsourced (Facilities management, Desktop management, Regional file stores, Central print and Reprographics), and partnership arrangement set up for new business development	Unchanged - Five areas to be outsourced (Facilities management, Desktop management, Regional file stores, Central print and Reprographics), and partnership arrangements to be set up for new business development
Land Registry governance	Review to be undertaken into Land Registry governance	Proposals made for non-executive chair and more non-executive directors

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ANNEXES

Annex A: Assumptions for RO / RA graded staff in Operations

Productivity derived from flexibility within teams

RO grade staff can undertake straightforward dealings and limited types of preliminary services work (such as searches and provision of office copies). However, this is the work that is being automated and as we obtain higher levels of take up of "e" services so will this work reduce further.

Much of the office copy work requiring files, and formerly undertaken in teams, is now undertaken at, and despatched from, regional files stores. This was an initiative to speed up turn around for customers – and to avoid missing the speed of service KPI.

Because of absence, fluctuating daily intakes and mix of work, a District/Customer team can be most productive if its members have sufficient flexibility to undertake all the differing types of work (see the examples below). RE2U and RE2L staff can cover all types of work including preliminary services but RO grade staff cannot. This flexibility has been achieved through a robust training programme ("Training Paths"), and has ensured that demarcation lines have been broken down and that there are no backlogs of work at each grade.

Lower level work can be "absorbed" by higher grades without impacting on delivery of more complex work (again see examples below). So, as a simplistic example, if one RO is given 20 basic dealings to do, this is likely to take a whole man-day to process. If 10 RE2Ls are each given 2 basic dealings, they will "absorb" these without reducing the amount of other work that they do. The dealings are effectively done "for free", and the team's productivity is enhanced.

From this, therefore, a District/Customer team with 15 RE2U/Ls is more flexible and productive than one with 13 and RE2U/Ls and 2 ROs. The overall costs to the organisation are lower. Additionally, productivity gains are obtained from not having to vet and organise work according to grade.

Two further points need to be borne in mind: first, after previous and planned "RE2L progression" exercises many of the remaining ROs are likely to be the least flexible we have in the grade, and secondly, all the trends point to Land Registry requiring greater skills, flexibility and adaptability into the future.

Having said that, it is recognised that RO grade staff do have a potential role, as at present, in certain specific aspects of Data Integrity which is likely to be necessary for a number of years.

Examples

In 1989, when the Portsmouth office was opened as a sub office, the staff were employed exclusively on casework imported from other offices. When it became a full office, taking work directly from customers, the convention would have been to set up a "Preliminary Services Group", employing perhaps 20 ROs/RAs. The decision was taken instead to spread this preliminary services (PS) work over all caseworkers, each person taking a small amount. Casework production stayed at the same levels; the PS work was done, effectively, for no additional cost.
.
In 1998 a "Grading and Pay" review was undertaken, which greatly increased the numbers of RE2Us and RE2Ls at the expense of ROs on the basis that increased flexibility would offset increased salary costs. This led to combined operations and one stop processes which reduced the involvement in the processing of new titles from about 10 people and 10 separate stages down to one in most cases (in other words, more senior staff were "absorbing" the work of more junior ones). Productivity and cost per unit improved dramatically and completion times were significantly reduced.

Until 2001, "Despatch" was undertaken within District Teams as a separate function by 2 RAs. There were regular backlogs in despatch which proved to be an intractable problem (if one or both RAs were absent, the despatch didn't get done). The RAs were then removed from the teams, and remaining staff were asked to undertake their own despatch. Casework output was unaffected, the despatch was done "for free", and team productivity improved accordingly. The delays in despatch were resolved at a stroke.

Conclusions for RO and RA grade staff in Operations

The arguments and examples set out above lead us to specific conclusions regarding the need and roles for RO and RA grade staff in Operations:

1. There will continue to be no RA/RO resource in casework teams. Total flexibility will be achieved through RE2L being the base grade. Manual PS work is small in amount now and will reduce further; more simple dealings will move to the portal channel as new services are introduced and take up increases.
2. In the future state, there will be no RA/RO resource in the core Integrity teams. Fully trained casework staff at RE2 will carry out all roles and be interchangeable with casework team staff. The additional data integrity work (see Section 5.4) will have some RO input.
    a. Single integrity teams with full capacity at RE2 level will be established in each office by 31/3/2011.
    b. Current staff at RA/RO will have the opportunity to be tested and trained as RE2L.
    c. Those unsuccessful will be able to compete for remaining administration RA/RO roles in their office.
    d. RA/RO posts in the additional Data Integrity resource will be determined by June 2010.
3. In the future state, there will be no RA/RO resource in Customer Call Centres (CCCs). With local office Telephone Service Centre (TSC) calls reducing further, and work being done to migrate as much of this channel to portal, all CCC RE2Ls will be trained to take these service calls as part of their total job. Handling of email queries from all channels will also be routed to CCC staff to handle alongside telephone work.
    a. Capacity to take these TSC calls and emails will be increased through training and necessary technical changes.
    b. Current TSC staff at RA/RO will have the opportunity to be tested and trained as RE2L.
    c. Those unsuccessful will be able to compete for remaining administration RA/RO roles in their office.
    d. RA/RO posts in TSCs/CCCs will be removed by 30/6/2011 or at the date an office closes if that office does close.
4. Each office will have a small team of ROs to carry out a number of administration tasks at this level. There will be a single role with the team ensuring that all tasks can be completed each day. Tasks include switchboard, outgoing post, larger reprographics work, till reconciliation, room booking and general administration.
    a. In most offices the team will be 3 strong to ensure full cover.
    b. In larger offices (over 400 staff) the team will be 4 strong.
5. At Coventry there will be a small team of ROs (5) to check scanning quality
6. At Birkenhead there will be 6 ROs in the Business Development Fulfilment Team (BDFT).
7. Subject to the outcome of the outsourcing projects there will be RA/RO resource in Facilities teams (FM) and Regional File Stores (RFS) as at present.
8. There are 44 RO posts in Land Charges not affected by current proposals.

Annex B: Workforce planning assumptions for local offices

The local office assumptions which underpin the workforce plan are set out below. It should be noted that these assumptions are made against current information and do not anticipate any outcomes of the management structure review which will follow on from the LR Governance review.

- We will decide on a minimum and maximum size for each location – based on the capacity of the building, opportunities for sublet of space, and any local factors.
- Offices will normally be >200 FTE and <500 FTE. Equivalent to offices of 225-550 staff.
- In addition there may be some Head Office staff based at local offices (See Section 5.1 on satellite office staff).
- All RE2 staff will be fully trained in all technical work and able to move between any teams within the office – giving complete flexibility and business continuity assurance.
- Area Manager (AM) – each office will have an Area Manager at SRA1 level.
- Land Registrar (LR) – each office will have a Land Registrar at SCS level.
- SMT – will be made up of AM, LR, Regional Team Leaders (RLs), Senior Casework Team (SCT) Manager
    - Operational staff in teams (except those in Senior Casework Teams and Integrity Teams) will be managed through Regional Leaders at SRE level. RLs will be responsible for between 100 and 150 staff.
    - There will be one Senior Casework Team in each office led by a SLRE manager who will also be responsible for staff technical training and development.
    - SMT will be advised by Customer Service Managers, HR Business Partners, Integrity Team Leader, Facilities Manager or advisor.
    - The Area Manager and SMT should have appropriate, minimal RE2L support.
- Senior Casework Team – this will comprise lawyers, SLRE technicians, RE1s and RE2L support
    - SLRE – in addition to the SCT manager there should be approximately 1 SLRE per 200 casework and integrity staff.
    - Lawyer – there should be lawyers in SCTs at the ratio of 1 to between 35 to 50 casework and integrity staff.
    - RE1 – ratio of RE1 technicians to casework and integrity staff should be one to between 25 and 35 casework and integrity staff.
    - The SCT should have appropriate minimal RE2L support.
- Administrative Support – Office admin support should be carried out by a team of three (four in offices over 400 staff) ROs who will cover a range of duties.
- Casework Teams.
    - Based on current types of work, all staff in casework teams will be RE2U and RE2L in the overall proportion of 30-40% RE2U to 70-60% RE2L.
    - Teams will complete the work of specific customers by agreement, or a range of customers from a defined geographic region.
    - Voluntary First Registrations (VFRs) will be distributed to teams to supplement statutory applications, or specific teams will be formed for individual VFR projects. A minimum of 10 posts will be allocated in each office to continue towards comprehensive registration.
    - Teams will be led by a Team Leader at RE2U level with the Team Leader allowance.
- Integrity Teams

- o Each office will have a single Integrity Team responsible for all quality, governance and integrity work
  - o The team will be led by an RE1 who will be report directly through the Area Manager to the SMT.
  - o All staff in the core Integrity Team will be RE2U and RE2L in the same proportions as casework teams. The team should be between 12 and 16 dependant on office size.
  - o Disposition of the additional 100 data integrity staff (see Section 5.4) will be determined by end June 2010.

- Facilities Management Team – This will normally comprise RE2U, RE2L and RO relative to the building/IT size – though this is subject to outsourcing proposals

- Filestores – where an office has a regional file store (RFS), these will be managed through an RE2L and staffed with appropriate RA and RO resource - though this is subject to outsourcing proposals.

- Customer Service Teams – Customer Service Teams will be phased out with remaining personal callers being handled from casework teams. The current Customer Service Manager (CSM) role will be retained for the present because of the need for second line support for customers on service delivery issues; the handling of more strategic contact with our customers who have a customer team; and the requirement for independent complaint handling and resolution - but it is likely this will need to be aligned to customers rather than offices. Over time the CSM role is therefore unlikely to continue in its current form in every office with a regional or customer aligned approach succeeding it.

- Other Teams – Some offices will have additional teams
  - o Customer Call Centre (CCC)
    - ▪ The virtual CCC will be staffed by teams of RE2L in Durham, Wales and Gloucester. Teams will work through a Team Leader (TL) at RE2U level without the TL allowance), reporting to a RL.
    - ▪ Ratio of staff to CCC to TL will be 15-20 to 1.
    - ▪ Technical referrals from CCC will go to local SCT staff.
    - ▪ TSC – the previous work of the TSC will be combined into the single CCC role.
    - ▪ Email support –all national email support will be carried out within CCCs
  - o Fraud Unit – this will operate from one office.
  - o Business Development Fulfilment Team (BDFT) – teams will be set up to process this work as necessary. At present a single BDFT is envisaged.
  - o Register Development (RD) marketing – There will be 6 RD marketing teams to support the continuing need to source Voluntary Registrations. These will be in Durham, Fylde, Telford, Plymouth, Wales and Weymouth and will comprise one RE1, one RE2U and one RE2L in each location.
  - o Scanning support – clerical support is needed at the Coventry scanning centre to assure image quality.
  - o Bankruptcy Unit. The Bankruptcy unit will be within the Plymouth Office to facilitate communication with Land Charges staff. Staffing is included within casework team provision.

Annex C: PCS and FDA assumptions for financial modelling

PCS model assumptions

The PCS assumptions set out below represent what their alternative solution, for modelling purposes, comprises:

- The **forecasts** of future volumes to increase as per the ATP business case;
- A **productivity assumption** (7.7 upppd in 2011/12) that results in needing 5694 FTE in 2011/12;
- We expect **retirements / attrition** to result in approximately 220 staff (FTE) leaving Land Registry by late 2011. No other method of staff number reduction would therefore be needed to achieve the figure of between 5650 and 5700 FTE in 2011/12;
- An assumption that, irrespective of the method of obtaining the savings (outsourcing or in-house changes), **on-going savings of £3.1m pa** are obtained from desktop management, facilities management and regional filestores and the costs of achieving this are as per the ATP business case;
- An assumption, in line with the business case, that investment in “e” take up and **other productivity improvements** result in an equivalent saving of 1000 staff between 2011 and 2017 (as 200 required from 2009 to 2011) – but with this taking effect over a longer timeframe than assumed in the business case;
- The resulting reduction would be met by **natural attrition and retirements** and **no recruitment;**
- An assumption that there will be **future efficiencies** in Land Registry that would enable the organisation to approach the productivity levels set out in the business case by 2019/20 but with staff numbers constrained by the requirement to reduce staff only through retirements and attrition;
- The assumed FTE staff number profile is therefore as set out below:

2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
5700	5750	5475	5305	5140	4980	4825	4675	4525	4375

- On **estates** (including Lincoln’s Inn Fields) we would retain all offices and take the best of a) moving to smaller premises / selling off the existing office (where this was possible) and b) subletting surplus office space in existing offices (again where this is considered possible).

FDA model assumptions

The FDA assumptions set out below represent what their alternative solution, for modelling purposes, comprises:

- The **forecasts** of future volumes to increase to a figure of 11.2m units in 2010/11 and then increase in 0.5m steps to 14m units by 2016/17;
- A **productivity assumption** that mirrors that in the ATP business case and therefore requires (with a little rounding) 4800 FTE in 2011/12 for the 11.7m units in that year;
- As a last resort and for the purposes of this modelling exercise, a **compulsory redundancy scheme for RO/RA graded staff** resulting in 350 such staff leaving the organisation;
- A **voluntary redundancy scheme** (using the VR terms applicable from 1 April 2010 and available initially to those in grades and offices where a surplus to requirements is currently envisaged) to be open to a wide spectrum of Land Registry employees. We expect retirements / attrition to result in approximately 220 staff (FTE) leaving Land Registry by late 2011. The assumption made has been that some 430 staff (FTE) leave on VR terms between September 2010 and June 2011 in order to reach the 4800 staff number required;
- An assumption for these modelling purpose that, irrespective of the method of obtaining the savings (outsourcing or in-house changes), **on-going savings of £3.1m pa** are obtained from

desktop management, facilities management and regional filestores and the costs of achieving this are as per the ATP business case;

- An assumption, in line with the business case, that investment in "e" take up and **other productivity improvements** results in an equivalent saving of 1000 staff between 2011 and 2017 (as some of the 1200 productivity assumption in the business case has been taken in the period to 2010);
- The resulting reduction, between 2011 and 2014, would be met by **natural attrition and retirements** with any material mismatch between the resulting actual numbers of staff and the staff required using these assumptions being met by voluntary redundancy;
- An assumption that there will be some future efficiencies in Land Registry and that these would enable a **3.5% per year improvement in overall productivity from 2015/16** on, as per the business case;
- The assumed FTE staff number profile is therefore as set out below:

2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
5800	4800	4300	4200	4050	3900	3750	3600	3600	3600

- On estates: Lincoln's Inn Fields would be sold and Head Office moved to another existing office. All locations would be retained with the best of a) moving to smaller premises / selling off the existing office (where this was possible) and b) subletting surplus office space in existing offices (again, where this is a possible solution).

Annex D: Details of productivity calculations

This annex covers three aspects of the calculation of future staffing levels:

- Calculations using UPPPD as the basis for calculation;
- Calculations focusing on the number of RE2L and RE2U staff; and
- Improvements implemented from 2006 to 2009.

UPPPD calculations

Calculations from Operations show a upppd figure (after removing all intakes that are automatically processed and thus removing the anomaly of the bulk intakes) of 6.58 in 2007-08, and 5.92 upppd so far in 2009/10. This indicates we were operating around 11% more efficiently when intakes were higher and accords with senior management expectations. This is based on all Operations staff excluding those on Data Integrity.

Applying the same criteria and calculation to the workforce plan figures for total Operations staff in local offices indicates that we would need to achieve 7.62 upppd to cover an 11 million unit intake (making the same assumptions as to the proportion of this that would need handling by staff).

This implies an improvement of 15.8% on that achieved in 2007-08 i.e. over a four year period.

Casework staff calculations

The primary calculation in Annex C of the business case was based on the number of RE2L and RE2U staff available to process the business volumes. The pertinent extract is:

> "This analysis starts with the 2007/8 and current figures. It then models the expected retirements and attrition of this group to 2011 and further, it presents the number remaining in the organisation if we were to close a number of offices by end 2011.
>
> Table C3: Analysis of changes to numbers of RE2 (U & L) under different assumptions

	Without recruitment	
	RE2 (U & L)	% of 2007/8 figure
2007/8 number	4622	100%
Current	4052	87.7%
2011 – No. after retirements	3847	83.2%
2011 – Closing 3 local offices	3509	76.0%
2011 – Closing 4 local offices	3313	71.7%
2011 – Closing 5 local offices	3090	67.0%

> This analysis shows that in all the cases modelled the number of local office RE2 (U & L) staff, compared to the volume of business, is higher than in 2007/8".

The business case went on to compare the volumes in 2007/8 (16.1m units) with the forecast volumes for 2009/10 and 2011/12 (10m and 11m units respectively). The 10m figure is 62% of the 16.1m 2007/8 figure whilst 11m is 68%.

There are two adjustments that might now be made to this analysis. The first is to use a more typical year than 2007/8 which was unduly impacted by bulk transfers. 2006/7 with 14.6m units is more typical. The second is to identify the RE2L and RE2U staff actually in local offices and working on casework – as opposed to the figures in the business case which included all RE2L and U in local offices even if they were part of satellite Head Office functions. There are currently 170 such staff.
The analysis would then be:

	Without recruitment	
	RE2 (U & L)	% of 2007/8 figure
2007/8 number	4622	
Reduction of satellite staff	(170)	
Casework RE2L and U	4452	100%
RE2L and U in workforce plan	3196	71.7%

10m units represents 68% of the 14.6m in 2006/8 whilst 11m represents 75%. Comparing the latter figure to the 71.7% in the table above implies that, in order to process 11m units in 2011, some improvement in productivity (in the order of 5%) would be required by 2011/12 over that achieved in 2007.

Improvements implemented between 2006 and 2009
The following have been implemented in Operations in this period:

2006
Scanning of leases/charges
Introduction of prescribed clause leases
The new developer system (ESRS/DEVS)
Register Integrity system
The BRU system

2007
The archive correspondence system
Review of File stores
New Non-developer system (NDEVS)

2008
Decommissioning of OLD system
Introduction of electronic year files
New error recording system
Voice recognition software

2009
The OC @ RFS system for issuing deeds
Early completion
eFees – auto refunds
Introduction of Customer Teams
Telephone enquiries to CCC

Conclusions
By taking different perspectives, slightly different conclusions can be drawn. The UPPPD analysis indicates a challenging improvement in productivity required, whilst the RE2L/U analysis shows a more manageable position. There are a number of additional productivity improvement anticipated to 2011 which would aid achievement of the staffing figures.

We conclude that the ATP target figure of 4500 is challenging but achievable. It includes within it a contingency of 15% to 21%.

Annex E: Income & Expenditure and Cash Flow and Balance Sheet to 2020

LAND REGISTRY											
BALANCE SHEET											
As at 31 March	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
TANGIBLE FIXED ASSETS											
Land and Buildings	168,368	165,318	138,016	118,414	118,412	105,110	105,108	105,106	105,104	105,102	105,100
Computer	22,848	24,825	26,956	29,087	31,218	33,349	35,480	37,611	39,742	41,873	44,004
Furniture Fixture and Fittings	8,479	8,120	7,897	7,674	7,451	7,230	7,009	6,788	6,567	6,346	6,125
e-Conveyancing	6,224	4,865	4,136	1,967	921	374	(0)	(0)	(0)	(0)	(0)
INTANGIBLE FIXED ASSETS											
e-Conveyancing Development Costs	43,299	40,590	34,242	23,219	11,725	0	0	0	0	0	0
TOTAL FIXED ASSETS	249,218	243,718	211,247	180,361	169,727	146,063	147,597	149,505	151,413	153,321	155,229
CURRENT ASSETS											
Stocks	1,387	1,272	1,157	1,157	1,157	1,157	1,157	1,157	1,157	1,157	1,157
Debtors	13,262	13,972	14,537	15,145	15,781	16,463	17,326	18,246	19,267	20,350	21,501
Cash	218,918	162,640	162,651	162,235	176,027	200,705	222,584	249,995	281,762	313,658	345,801
TOTAL CURRENT ASSETS	233,567	177,884	178,345	178,537	192,965	218,325	241,067	269,398	302,186	335,165	368,459
CURRENT LIABILITIES											
Creditors - Amounts falling due within one year	(46,626)	(53,879)	(52,883)	(51,200)	(50,629)	(51,142)	(53,018)	(55,447)	(58,839)	(62,501)	(66,483)
NET CURRENT ASSETS	186,941	124,005	125,462	127,337	142,336	167,183	188,049	213,951	243,347	272,664	301,976
CREDITORS											
Creditors - Amounts falling due after more than one year	(50,376)	(50,376)	(50,376)	(50,377)	(50,376)	(50,373)	(50,372)	(50,373)	(50,374)	(50,374)	(50,373)
TOTAL ASSETS LESS TOTAL LIABILITIES	385,783	317,347	286,333	257,321	261,687	262,873	285,274	313,083	344,386	375,611	406,832
FINANCED BY:											
Provision for Indemnity Fund	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000	23,000
CAPITAL AND RESERVES											
Public Dividend Capital	61,545	61,545	61,545	61,545	61,545	61,545	61,545	61,545	61,545	61,545	61,545
Government Grant Reserve	6,718	6,718	6,718	6,718	6,718	6,718	6,718	6,718	6,718	6,718	6,718
Revaluation Reserve	62,005	62,007	65,345	68,683	72,021	75,360	78,699	82,038	85,377	88,716	92,055
Retained Surplus	232,515	164,077	129,725	97,375	98,403	96,250	115,312	139,782	167,746	195,632	223,514
TOTAL CAPITAL AND RESERVES	362,783	294,347	263,333	234,321	238,687	239,873	262,274	290,083	321,386	352,611	383,832
TOTAL CAPITAL EMPLOYED	385,783	317,347	286,333	257,321	261,687	262,873	285,274	313,083	344,386	375,611	406,832

INCOME AND EXPENDITURE ACCOUNT	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-2020
INCOME	326,000	367,500	366,280	363,063	359,332	355,896	364,635	373,762	387,099	400,803	414,908
E-Conveyancing Public Subsidy	0	(6,210)	(6,210)	(6,210)	(4,140)	(4,140)	(3,090)	0	0	0	0
NET INCOME	326,000	361,290	360,070	356,853	355,192	351,756	361,545	373,762	387,099	400,803	414,908
EXPENDITURE WITHIN COST PER UNIT											
Operating Costs	(318,670)	(321,099)	(300,270)	(307,121)	(303,991)	(311,219)	(317,779)	(326,509)	(337,849)	(349,749)	(361,929)
E-conveyancing Operating Costs	(5,665)	(24,714)	(25,929)	(24,999)	(24,929)	(25,031)	(25,031)	(25,031)	(25,031)	(25,031)	(25,031)
EXPENDITURE OUTSIDE COST PER UNIT											
Indemnity Costs	(9,507)	(15,285)	(16,113)	(17,002)	(17,958)	(18,500)	(19,100)	(19,600)	(20,100)	(20,600)	(21,100)
SURPLUS/(DEFICIT)	(7,842)	192	17,758	7,731	8,314	(2,994)	(365)	2,622	4,119	5,423	6,848
Interest Received	500	1,141	966	959	993	1,103	1,235	1,375	1,544	1,725	1,906
Commercial Sales Income	5,000	10,802	16,700	24,086	25,088	27,555	30,269	33,254	36,538	36,538	36,538
PDC Dividend Payments	(15,700)	(12,504)	(11,140)	(10,433)	(10,331)	(10,761)	(11,523)	(12,781)	(14,237)	(15,800)	(17,410)
RETAINED SURPLUS/(DEFICIT) BEFORE BUSINESS CHANGE, E-CONVEYANCIN	(18,042)	(369)	24,284	22,343	24,064	14,903	19,616	24,470	27,964	27,886	27,882
Business Change Costs	(27,907)	(19,269)	(12,238)	(16,530)	(9,936)	(4,424)	0	0	0	0	0
E-conveyancing Capital Depreciation	(2,049)	(2,222)	(2,596)	(2,169)	(1,046)	(547)	(374)	0	0	0	0
E-conveyancing Development Amortisation	(3,080)	(7,410)	(10,967)	(11,023)	(11,494)	(11,725)	0	0	0	0	0
Redundancy/AER Costs	(10,145)	(39,168)	(32,835)	(24,971)	(560)	(360)	(180)	0	0	0	0
RETAINED SURPLUS/(DEFICIT)	(61,223)	(68,438)	(34,352)	(32,350)	1,028	(2,153)	19,062	24,470	27,964	27,886	27,882
The e-conveyancing figures included within the model agree with the business case.											
Workload (including e-conveyancing) ('000)	10,000	10,500	11,000	11,500	12,000	12,500	13,000	13,500	14,000	14,000	14,000
The dividend is calculated at 3.5% on the average opening and closing net assets for each year											

CASH FLOW STATEMENT	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
INCOME	337,680	367,346	366,308	363,088	359,373	355,936	364,541	373,664	386,956	400,656	414,756
E-Conveyancing Public Subsidy	0	(6,210)	(6,210)	(6,210)	(4,140)	(4,140)	(3,090)	0	0	0	0
NET INCOME	337,680	361,136	360,098	356,878	355,233	351,796	361,451	373,664	386,956	400,656	414,756
Current Expenditure	(312,699)	(320,690)	(300,688)	(308,545)	(306,371)	(314,141)	(321,301)	(330,531)	(342,371)	(354,771)	(367,451)
E-Conveyancing Operating Expenditure	(5,665)	(24,714)	(25,929)	(24,999)	(24,929)	(25,031)	(25,031)	(25,031)	(25,031)	(25,031)	(25,031)
Redundancy/AER Costs	(10,145)	(30,036)	(33,878)	(27,453)	(2,642)	(2,004)	(908)	(798)	(169)	(151)	(35)
Business Change Costs	(31,455)	(19,269)	(13,738)	(12,130)	(9,936)	(1,124)	0	0	0	0	0
Capital Expenditure	(8,651)	(13,434)	(13,434)	(13,434)	(13,434)	(13,434)	(13,434)	(13,434)	(13,434)	(13,434)	(13,434)
E-Conveyancing Development Expenditure	(7,113)	(4,701)	(4,619)	0	0	0	0	0	0	0	0
E-Conveyancing Capital Expenditure	(2,497)	(863)	(1,867)	0	0	0	0	0	0	0	0
Change in Working Capital	(13,780)	50	104	162	223	289	359	435	515	601	694
NET CASHFLOW	(54,325)	(52,521)	(33,951)	(29,521)	(1,856)	(3,649)	1,136	4,305	6,466	7,870	9,499
Business Change Income	0	0	0	0	0	0	0	0	0	0	0
Fixed Asset Disposals	5,986	0	28,800	15,200	0	10,000	0	0	0	0	0
Interest Received	500	1,141	966	959	993	1,103	1,235	1,375	1,544	1,725	1,906
Commercial Sales Income	5,000	10,802	16,700	24,086	25,088	27,555	30,269	33,254	36,538	36,538	36,538
NET CASHFLOW	(42,839)	(40,578)	12,515	10,724	24,225	35,009	32,640	38,934	44,548	46,133	47,943
PDC Dividends	(18,572)	(15,700)	(12,504)	(11,140)	(10,433)	(10,331)	(10,761)	(11,523)	(12,781)	(14,237)	(15,800)
NET CASHFLOW/(OUTFLOW)											
AFTER DIVIDENDS AND PUBLIC SUBSIDY	(61,411)	(56,278)	11	(416)	13,792	24,678	21,879	27,411	31,767	31,896	32,143

Annex F: Impact on Land Registry cash reserves 2008/9 to 2019/20

	£'000	£'000	£'000
Retained Reserves as at 31st March 2009			293,737
Cash held as at 31st March 2009		280,329	
Difference represents repayment of originating debt and deposits held for Monthly Accounts		13,408	
		293,737	293,737
Start with Cash position		280,329	
Debtors	17,836		
Creditors - amount falling due in next 12 months	(48,773)		
	(30,937)	(30,937)	
		249,392	

		Estimated Amounts to be provided for in 2009/10	Balance Remaining as at 31st March 2010	Per Projection 2010/11	Balance Remaining as at 31st March 2011
	£'000	£'000	£'000	£'000	£'000
Elements of the Reserves already allocated for:-					
Redundancies arising from					
-IS and HR Transformation and)					
closure and merger of offices)	24,198	-21,115	3,083	-3,083	0
- RA/RO Voluntary Redundancy and Retirement and AER	10,145	-10,145	0	0	0
Other elements of Business Change	22,426	-6,873	15,553	-15,553	0
Possible Public Subsidy for Fee Order	30,000	0	30,000	-6,210	23,790
Development Costs (E-conveyancing) until 2014/15	66,621	-5,048	61,573	-9,632	51,941
	153,390	-43,181	110,209	-34,478	75,731
Balance Available	96,002		77,960		83,801
Profit/(Loss)		-18,042		5,841	
Redundancy costs (ATP)				-39,168	-39,168
Other elements of ATP				-633	-633
	249,392	-61,223	188,169	-68,438	119,731

	Balance Remaining as at 31st March 20	Per Projection 2011/12	Balance Remaining as at 31st March 2012	Per Projection 2012/13	Balance Remaining as at 31st March 2013
	£'000	£'000	£'000	£'000	£'000
Elements of the Reserves already allocated for:-					
Redundancies arising from					
-IS and HR Transformation and)					
closure and merger of offices)	0	0	0	0	0
- RA/RO Voluntary Redundancy and Retirement and AER	0	0	0	0	0
Redundancy Costs (ATP)	0	0	0	0	0
Other elements of ATP	0	0	0	0	0
Possible Public Subsidy for Fee Order	23,790	-6,210	17,580	-6,210	11,370
Development Costs (E-conveyancing) until 2014/15	51,941	-13,563	38,378	-13,192	25,186
	75,731	-19,773	55,958	-19,402	36,556
Balance Available	83,801		114,295		142,848
Profit		30,494		28,553	
Redundancy Costs (ATP)	-39,168	-32,835	-72,003	-24,971	-96,974
Other Elements of ATP	-633	-12,238	-12,871	-16,530	-29,401
	119,731	-34,352	85,379	-32,350	53,029

	Balance Remaining as at 31st March 20	Per Projection 2013/14	Balance Remaining as at 31st March 2014	Per Projection 2014/15	Balance Remaining as at 31st March 2015
	£'000	£'000	£'000	£'000	£'000
Elements of the Reserves already allocated for:-					
Redundancies arising from					
-IS and HR Transformation and)					
closure and merger of offices)	0	0	0	0	0
- RA/RO Voluntary Redundancy and Retirement and AER	0	0	0	0	0
Redundancy Costs (ATP)	0	0	0	0	0
Other elements of ATP	0	0	0	0	0
Possible Public Subsidy for Fee Order	11,370	-4,140	7,230	-4,140	3,090
Development Costs (E-conveyancing) until 2014/15	25,186	-12,540	12,646	-12,272	374
	36,556	-16,680	19,876	-16,412	3,464
Balance Available	142,848		171,052		190,095
Profit		28,204		19,043	
Redundancy Costs (ATP)	-96,974	-560	-97,534	-360	-97,894
Other Elements of ATP	-29,401	-9,936	-39,337	-4,424	-43,761
	53,029	1,028	54,057	-2,153	51,904

	Balance Remaining as at 31st March 20	Per Projection 2015/16	Balance Remaining as at 31st March 2016	Per Projection 2016/17	Balance Remaining as at 31st March 2017
	£'000	£'000	£'000	£'000	£'000
Elements of the Reserves already allocated for:-					
Redundancies arising from					
-IS and HR Transformation and)					
closure and merger of offices)	0	0	0	0	0
- RA/RO Voluntary Redundancy and Retirement and AER	0	0	0	0	0
Redundancy Costs (ATP)	0	0	0	0	0
Other elements of ATP	0	0	0	0	0
Possible Public Subsidy for Fee Order	3,090	-3,090	0	0	0
Development Costs (E-conveyancing) until 2014/15	3,732	-374	0	0	0
	3,464	-3,464	0	0	0
Balance Available	190,095		212,801		237,271
Profit		22,706		24,470	
Redundancy Costs (ATP)	-97,894	-180	-98,074	0	-98,074
Other Elements of ATP	-43,761	0	-43,761	0	-43,761
	51,904	19,062	70,966	24,470	95,436

	Balance Remaining as at 31st March 20	Per Projection 2017/18	Balance Remaining as at 31st March 2018	Per Projection 2018/19	Balance Remaining as at 31st March 2019
	£'000	£'000	£'000	£'000	£'000
Elements of the Reserves already allocated for:-					
Redundancies arising from					
-IS and HR Transformation and)					
closure and merger of offices)	0	0	0	0	0
- RA/RO Voluntary Redundancy and Retirement and AER	0	0	0	0	0
Redundancy Costs (ATP)	0	0	0	0	0
Other elements of ATP	0	0	0	0	0
Possible Public Subsidy for Fee Order	0	0	0	0	0
Development Costs (E-conveyancing) until 2014/15	0	0	0	0	0
	0	0	0	0	0
Balance Available	237,271		265,235		293,121
Profit		27,964		27,886	
Redundancy Costs (ATP)	-98,074	0	-98,074	0	-98,074
Other Elements of ATP	-43,761	0	-43,761	0	-43,761
	95,436	27,964	123,400	27,886	151,286

	Balance Remaining as at 31st March 20	Per projection 2019/20	Balance Remaining as at 31st March 2020
	£'000	£'000	£'000
Elements of the Reserves already allocated for:-			
Redundancies arising from			
-IS and HR Transformation and			
closure and merger of offices	0	0	0
- RA/RO Voluntary Redundancy and Retirement and AER	0	0	0
Redundancy Costs (ATP)	0	0	0
Other elements of ATP	0	0	0
Possible Public Subsidy for Fee Order	0	0	0
Development Costs (E-conveyancing) until 2014/15	0	0	0
	0	0	0
Balance Available	293,121		321,003
Profit		27,882	
Redundancy Costs (ATP)	-98,074	0	-98,074
Other Elements of ATP	-43,761	0	-43,761
	151,286	27,882	179,168

Annex G: Cross-reference for PCS submission

The following table enables the responses to the points made in the PCS submission to be located in this Decisions Report.

Key points from PCS Submission	Responses in the Decisions Report
Offices should not be closed and opportunities should be explored for leasing out the current estate	The PCS alternative has been modelled and the results discussed in Section 4.2
No staff should be made compulsorily redundant given the prospect of an upturn in the market and the data integrity work to be done	This is discussed in Section 4.2 and again in Sections 6.3 and 6.5. See the actions proposed from the consultation process in Section 6.6 which concludes that a mixed approach using compulsory and voluntary redundancies should be used For conclusions regarding data integrity see Section 5.4 and the resulting workforce plans in Section 6.6
More credit should be given for register development work	See the comments in Section 3.8
Land Registry's Trading Fund status should be reviewed	This is not within the scope of the ATP consultation exercise
An alternative approach should be considered	The alternative proposed by PCS has been explored in Sections 4.2 and 4.4 with the detailed assumptions used in modelling set out in Annex C
The costings model should be reviewed	During consultation the financial model used in the business case was discussed with DTUS and a version used to model the PCS alternative assumptions. See Annex C
Recruitment whilst the ATP changes are being made is inappropriate	The recruitment issue is acknowledged. It is discussed in Section 3.6 and revised actions set out in Sections 6.1 and 7.1
The future staff numbers should be based on a lower level of productivity (7.7 upppd) than that assumed in the business case	The productivity assumptions are discussed in Section 6.2 and the detailed calculations presented in Annex D
The contingencies in the business case should be reviewed	Contingencies have been reviewed and the conclusions presented in Section 5.6
The future productivity assumed in the business case should be reviewed	The assumptions for future productivity were set out in Annex C of the business case and further reviewed in Section 6.2 of this document with further details in Annex D
Advice should be taken on the likely state of the property market in two years time	Land Registry keeps its forecasts for future intakes under regular review. These reviews include external advice from experts in the property market
The outsourcing proposals should be abandoned and staff given the opportunity to prove their effectiveness and efficiency	The further work on the outsourcing proposals has shown that they continue to be robust (See the discussion and the response to the alternatives proposed in Section 3.3 and the outcomes of further work in Section 5.13) The alternatives submitted as part of the consultation have provided valuable information. These are being used to construct challenging "public sector comparators" which will enable any supplier bids to be fully tested to ensure Land Registry obtains best value
Land Registry should revisit its assessment of the socio-economic impacts of the office closures and redundancies	The method used to assess the socio-economic impacts of the ATP proposals (use of CLG's Regeneration Framework) is best practice.

	It is recognised that this presents a "relative" view of impacts (e.g. A is less bad than B) rather than an absolute measure of impact . The impact on staff is recognised. See the discussion in Sections 6.4 and 6.5 and the resulting changes to the ATP proposals described in Sections 6.6 and 7.1
Approval of the ATP changes should be made at ministerial level	Land Registry is seeking approval for the revised proposals from both the Minister of State for Ministry of Justice and Chief Secretary to the Treasury

Annex H: Cross-reference on FDA submission

The following table enables the responses to the points made in the FDA submission to be located in this Decisions Report.

Key points from FDA Submission	Responses in the Decisions Report
The proposals put at risk Land Registry's ability to deliver customer service and maintain confidence in the Register as the property market recovers	Land Registry will have sufficient staff and has sufficient contingency should the market recover more quickly than anticipated For staffing levels see Section 6.2 and Annex D For contingency in the event of higher volumes of intakes see Section 5.6
The proposed job cuts do nothing the prevent "privatisation" of Land Registry	The Government made clear in Budget 2009 and the Pre-Budget Report 2009 that the guarantee of title to land in England and Wales would remain in the public sector
The proposed staff numbers have no evidence base and fail to take account of the "inevitability" of an improvement in the property market	Section 6.2 and Annex D address the evidence base Forecasts for future volumes are discussed in Sections 3.9 and 5.12 with the sensitivity to forecasts lower than those in the business case discussed briefly in Section 6.6
The proposed means of cutting staff is indiscriminate and will lead to loss of needed skills and experience	The methods proposed provide the control necessary to ensure that the structure of the organisation is that required to meet future demands See the discussion in Section 4.2, Section 6.3 and Annexes A and B for exposition of how the proposals are required to meet the organisation's needs
The proposals enforce redundancy whilst recruiting and training inexperienced new staff	This is acknowledged (Section 3.6) See revised approach and actions in Sections 6.1 and 7.1
Loss of skilled, experienced staff will damage the level of service	Land Registry will have sufficient staff and has sufficient contingency should the market recover more quickly than anticipated For staffing levels see Section 6.2 and Annex D
The proposals will do nothing to tackle the perceived "age profile" problem	This is acknowledged. See Section 3.6 for discussion and change to the assessment of the outcomes of the business case
The productivity improvements are not supported by the evidence	Annex C of the business case set out a number of potential productivity improvements. Section 3.10 provides additional information on one example - customer teams. Further examples are set out in Annex D The productivity assumptions cannot be guaranteed hence the actions and changes set out in Section 6.4 and 7.1 in respect of office closures and staff reductions in Phase 2 of ATP
Irreparable harm will be caused to staff morale and to confidence in the Land Registry Board	The anxiety caused by these proposals is acknowledged but the necessity is explored in Section 4.2. The approach to Phase 2 is changed to reduce uncertainty for the great majority of staff. See Section 6.4
The proposals do not maximise the potential to generate capital receipts	ATP does not have an objective to maximise receipts, rather to fund the transformation of Land Registry. The method proposed by FDA (sale and leaseback) provides poor value to Land Registry, increases running costs and reducing future flexibility

Surplus accommodation exists across Land Registry but the ATP proposals do not address the entire estate	This is acknowledged. The proposals to increase income by renting surplus space or, if of better value and feasible, moving to smaller offices can be added to the ATP proposals
There is no evidence that fewer, larger offices would be cheaper than or more efficient than more, smaller offices	This point, together with evidence and calculations, is addressed in Section 3.1 - Question 1
The socio-economic impact of office closures has not been sufficiently taken into account	Land Registry has used the approach required of government organisations in undertaking this analysis (use of CLG's Regeneration Framework). See Section 3.1 - Question 4
The benefits from the regional network and local contacts will be lost	See Sections 3.7 and 3.8 for a response to this point. See also the discussion in Section 6.5 and the conclusions drawn and revised actions taken in Sections 6.6 and 7.1
Public accessibility will be lost for vulnerable members of society	See the responses in Sections 3.7 and 3.8 together with the analysis in Section 5.11. Sections 6.6 and 7.1 set out the revised actions in response to this point
Land Registry's cash reserves will be drastically reduced, putting it at financial risk	Land Registry will be financially at risk if it does not respond effectively to the current position. See Section 3.11 for a discussion of the issue and the contingencies available and Section 6.6 for the latest position on forecast cash reserves
Land Registry is not trading at a loss	The trading loss includes the payment of a dividend of 3.5 per cent of average capital employed each year. There are no indications that the volume of work would be sufficient to generate a trading profit in 2009/10.
New arguments are being proposed that were not part of the business case	The consultation process has identified a number of points that we will wish to incorporate into our thinking. This ATP Decisions Report document reflects these changes but is still based on, and can be traced back to, the business case issued in October 2009
There is an alternative approach that reduces costs, is cost-effective and is less damaging to levels of service	The FDA alternative, as discussed with FDA in the consultation process, is set out in Section 4.2 (and Annex C) and considered at length in Section 6.3

Annex I: Glossary of terms and abbreviations used

Add value	Services and products that provide an additional income above Land Registry's statutory business.
AMs	Area Managers – each local officer is managed by an Area Manager.
Casework unit	Measure of effort to complete transactions and casework
CCC	Customer Contact Centre
Channel	A means by which customers can access and use the central service. Examples are telephone, post, e-mail, face to face
Charge	The most common example of a charge is a legal mortgage. The charge is registered against the borrower's property until the loan is repaid.
CIC	Customer Information Centre
Combined operations	Whereby the legal and plans aspects of an application are processed by a single individual i.e. the application is dealt with by one member of staff from start to finish.
Consolidated Fund	The government's current account, operated by the Treasury, through which pass most government payments and receipts.
CSCS	Civil Service Compensation Scheme
Dealings	Dealing is a term used to describe all transactions affecting a registered piece of land ie: a mortgage or transfer of ownership.
Discharge	An application to remove the charge when the loan has been repaid
DITI	Distributed Information Technology Infrastructure – the contract to maintain LR's non-central computer components connected by the wide area network.
DTC	A common application that registers a change of owner - to discharge the current charge, register a transfer (to the new owner) and register a new charge.
DTUS	Departmental Trade Unions
e	Electronic, for example e services, e business
FTE	Full Time Equivalent (refers to staff numbers)
Gateway	Business Gateway is the Land Registry system that provides direct access to Land Registry services from case management systems
HMT	Her Majesty's Treasury
ICT	Information Communication Technology.
IS	Information Systems – Land Registry's IT Department, located in Plymouth.
Land Registry portal	A common interface (i.e. a Web page), which provides a personalized, single point of access to Web-based applications and information.
Lincoln's Inn Fields	LR Head Office (in London)
LR	Land Registry
LRs	Land Registrars – most senior lawyer at the local office.
MOTO	Memorandum of Terms of Occupancy – this is the rent agreement made between government departments.
OJEU	Official Journal of the European Union – mechanism for advertising large procurements
Operations	That part of LR that processes the statutory business.
PS	Preliminary Services
RA	Registration Assistant. Junior clerical grade.
RE2L and RE2U	Grades of staff working on casework
RO	Registration Officer. Junior clerical grade.
Statutory business	The business of maintaining a register of title to land in England and Wales. To guarantee title to registered estates and interests in land.
SRO	Senior Responsible Owner
TSC	Telephone Service Centre
TUPE	Transfer of Undertaking Protection of Employees
Unit	A standard measure of effort in casework