

Recent Developments in Land Administration in the UK

Richard Grover

Cadastral

- UK still does not have a cadastre and has no plans to introduce one
- Uses “general boundaries” system in land registration
- Ordnance Survey (UK mapping agency) maps physical features but has no power to determine private boundaries
- “Land Registry is unable to tell you precisely where a property boundary is located” (HM Land Registry website)
- Property rights in UK are not derived from the state
- One thing to notify the state as in land registration; quite another to require the permission of the state to alter boundaries
- Historically (and today) strong resistance to supplying the state with information about property
- Land market is active and efficient and property rights protected in spite of absence of cadastre
- UK has fiscal and rural land cadastres

Fiscal cadastres

- Approximately 8% of UK tax revenues come from annual taxes on real estate
- Non-domestic National Business Rate levied on market rent of non-domestic properties – hypothecated national tax to support budgets of local authorities
- Multiplier is set by government (devolved governments in Wales, Scotland and Northern Ireland). England 2009/10 48.5%.
- Revaluation every five years to market value by Valuation Office Agency (government valuers). Antecedent date (valuation date) two years before list comes into operation.
- October 2009 publication of draft list based on 1 April 2008 value, to come in 1 April 2010. Appeals process underway.
- No plans for revaluation of domestic properties. Use of 1991 values in banding system. Revaluation planned for 2007 cancelled for political reasons

Example of valuation under 2008 revaluation: WICKES BUILDING SUPPLIES LTD, BOTLEY ROAD, OXFORD, OX2 0HW


Source:

www.voa.gov.uk

Description:		RETAIL WAREHOUSE AND PREMISES			
Billing authority reference:		11057521902			
Special category code:		235			
Basis of measurement:		NIA			
Valuation scheme reference:		133782			
Unadjusted £ m ² /unit:		£220.00/m ²			
Valuation					View print friendly
Ref.	Floor	Description	Area m ² /unit	£ m ² /unit	Value
1	Ground	Ground Floor Sales	2351.70	£220.00	£517,374.00
2	Ground	Office	15.50	£220.00	£3,410.00
3	Ground	Reception / Entrance	21.70	£220.00	£4,774.00
4	Ground	Exit Lobby	45.90	£220.00	£10,098.00
5	Ground	Staff Toilets	N/A	£220.00	£0.00
6	Ground	Internal Storage	36.40	£220.00	£8,008.00
7	First	Mess/Staff Room	28.20	£220.00	£6,204.00
8	First	Office	11.30	£220.00	£2,486.00
9	First	Internal Storage	2.10	£220.00	£462.00
10	First	Staff Toilets	N/A	£220.00	£0.00
11	First	Office	21.10	£220.00	£4,642.00
12	Ground	Outdoor Display Garden Centre	540.00	£33.00	£17,820.00
Total area:			3073.9	Subtotal:	£575,278.00

Address of property: OXFORD BROOKES UNIVERSITY, GIPSY LANE, HEADINGTON, OXFORD, OX3 0BP

Valuation history

 View print friendly

Current valuation (2010 rating list)

Billing authority reference	Address of property	Description	Composite property	Appeals	With effect from	Rateable value
11230525004	OXFORD BROOKES UNIVERSITY, GIPSY LANE, HEADINGTON, OXFORD, OX3 0BP	UNIVERSITY AND PREMISES	Y	0	01 Apr 2010	£ 1,500,000

[Appeal](#)

Current valuation (2005 rating list)

Billing authority reference	Address of property	Description	Composite property	Appeals	With effect from	Rateable value
11230525004	OXFORD BROOKES UNIVERSITY, GIPSY LANE, HEADINGTON, OXFORD, OX3 0BP	UNIVERSITY AND PREMISES	Y	0	01 Apr 2009	£ 1,250,000

[Appeal](#)

Rural Land Agency

- Cadastre of agricultural land needed for payment of subsidies under the EU's Common Agriculture Policy
- 2005 reform of CAP to introduce area payments rather than price support so need for accurate mapping of farm areas – UK adopted dynamic hybrid model based on historic payments and flat rate ones
- Rural Land Agency responsible for paying grants to farmers.
- Updating maps in 2009 for 2010 payments – improved positional accuracy following 2006 Ordnance Survey revisions; updating for Real World Changes eg roads, housing development; identification of permanently ineligible features; more accurate computation of land parcel areas
- Review of the Rural Land Agency by sponsoring department (Department for Environment, Farming and Rural Affairs) following criticism by National Audit Office and House of Commons Select Committee after substantial delays in payments to farmers in 2005/06 due to mapping problems

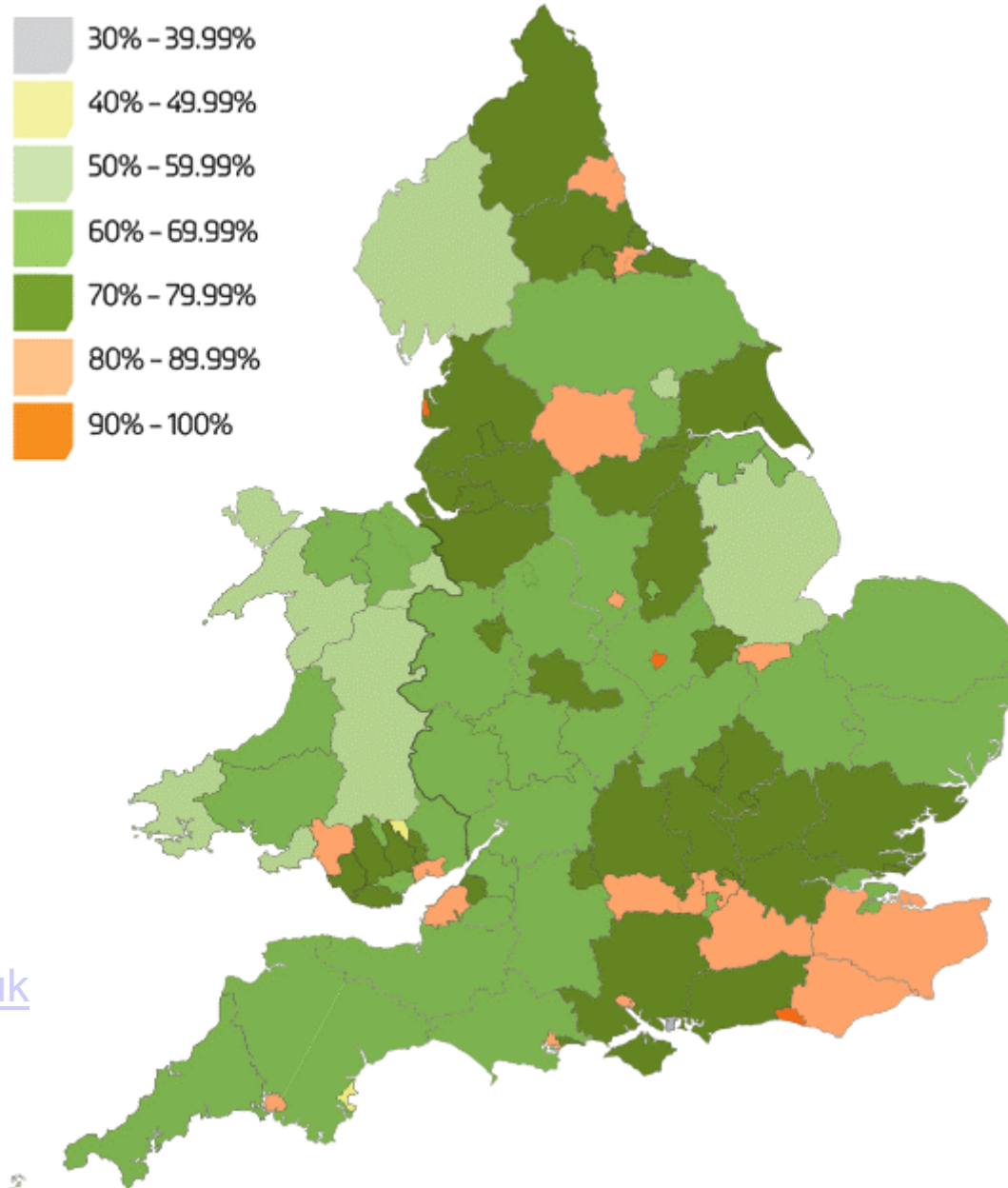
Home Information Packs

- Became mandatory for those selling houses from 2007 but with extension of information required from April 2009
- Aim to speed up process of selling houses by requiring seller to assemble all the key documents before marketing the property – successful pilot studies in Bristol and Coventry 2000 & 2001
- Must be compiled by a registered Home Inspector – usually arranged by estate agent or solicitor
- Contains information about the property, evidence of title, services, planning consents, lease conditions (if leasehold), any damage to property, any guarantees of work done on property, flooding risk, taxes, easements, energy rating (by licensed assessor).
- No survey of boundaries so not a cadastral record
- Mixed objectives with introduction of energy rating
- Banks refused to accept surveys and valuations done by seller so these were dropped from original plans
- No central record of these so each new seller has to start afresh

Land registration

- Compulsory land registration in England & Wales since 1926
- Sporadic registration triggered by a transfer of ownership or creation of a lease of more than 7 years or a mortgage
- 69.4% of England & Wales now registered, but 85% of titles (over 22 million)
- Coverage varies between areas from 44% to 96%, -highest in the most populated areas
- Target for complete registration 2012 – discounted fees for non-mandatory first registrations
- Most unregistered land in hands of public bodies – very irresponsible as registered land is protected from adverse possession claims

Land Registration in England & Wales



Source: Land Registry
www.landregistry.gov.uk

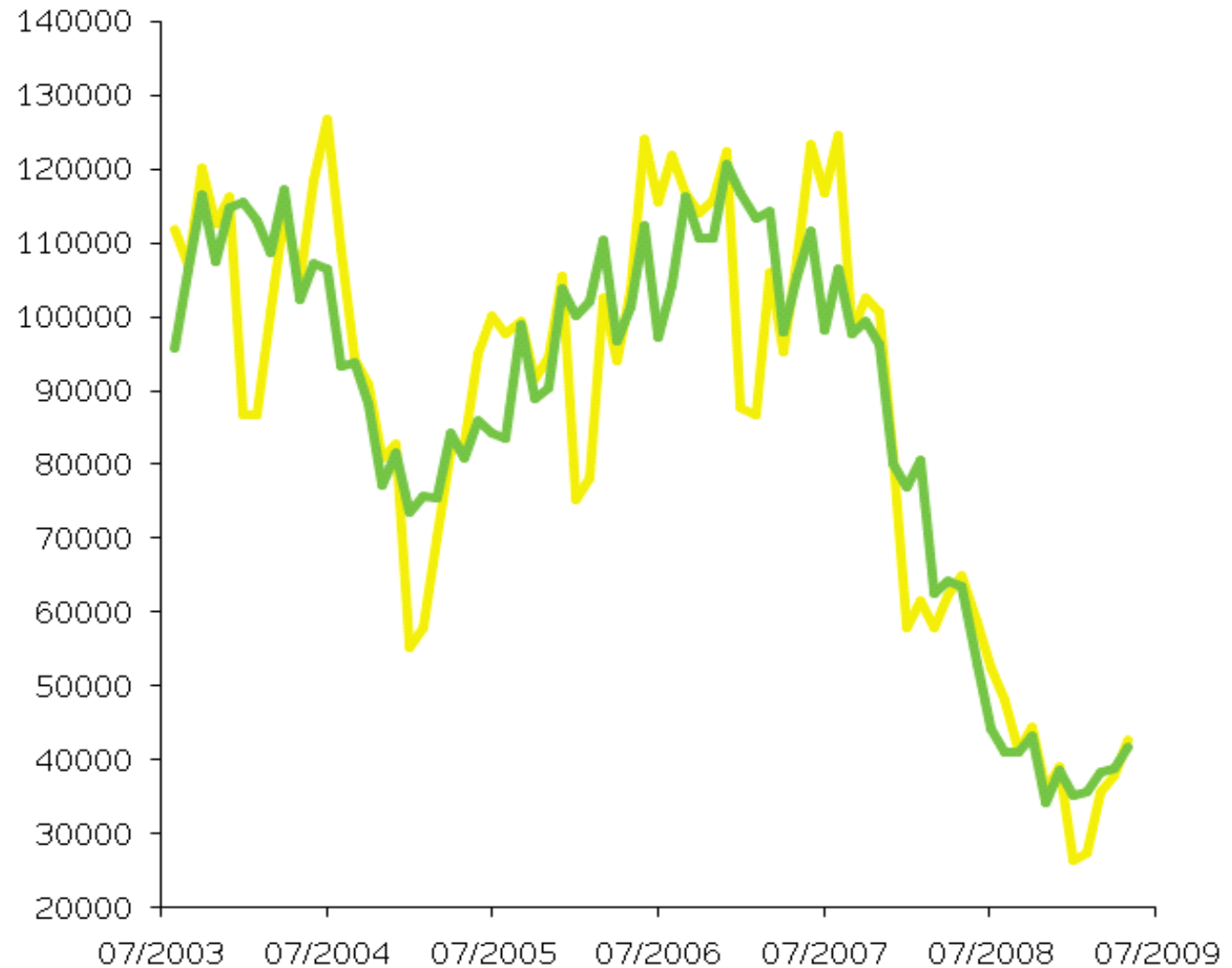
Impact of recession on land registration

- Recession has adverse impact on cost recovery model of land registration
- UK model of government forcing efficiency gains by requiring higher standards and keeping price increases below rate of inflation
- Recession reduces property sales and mortgage applications
- 2008/09 Land Registry core business fallen by 75%.
- “To put it bluntly, our workload and income have fallen off a cliff. It’s probably the most difficult period in our long history.” (Chief Registrar)
- Income in 2008/09 fell 36%.. Operating loss of £73m compared with operating surplus of £71.5m the previous year.
- Result: cut backs in spending, the closure of offices, redundancies, and increases in fees – now costs £4 to access information about a property, an increase of 33%!

Recorded monthly house sales in England & Wales

Dept. of Real Estate & Construction

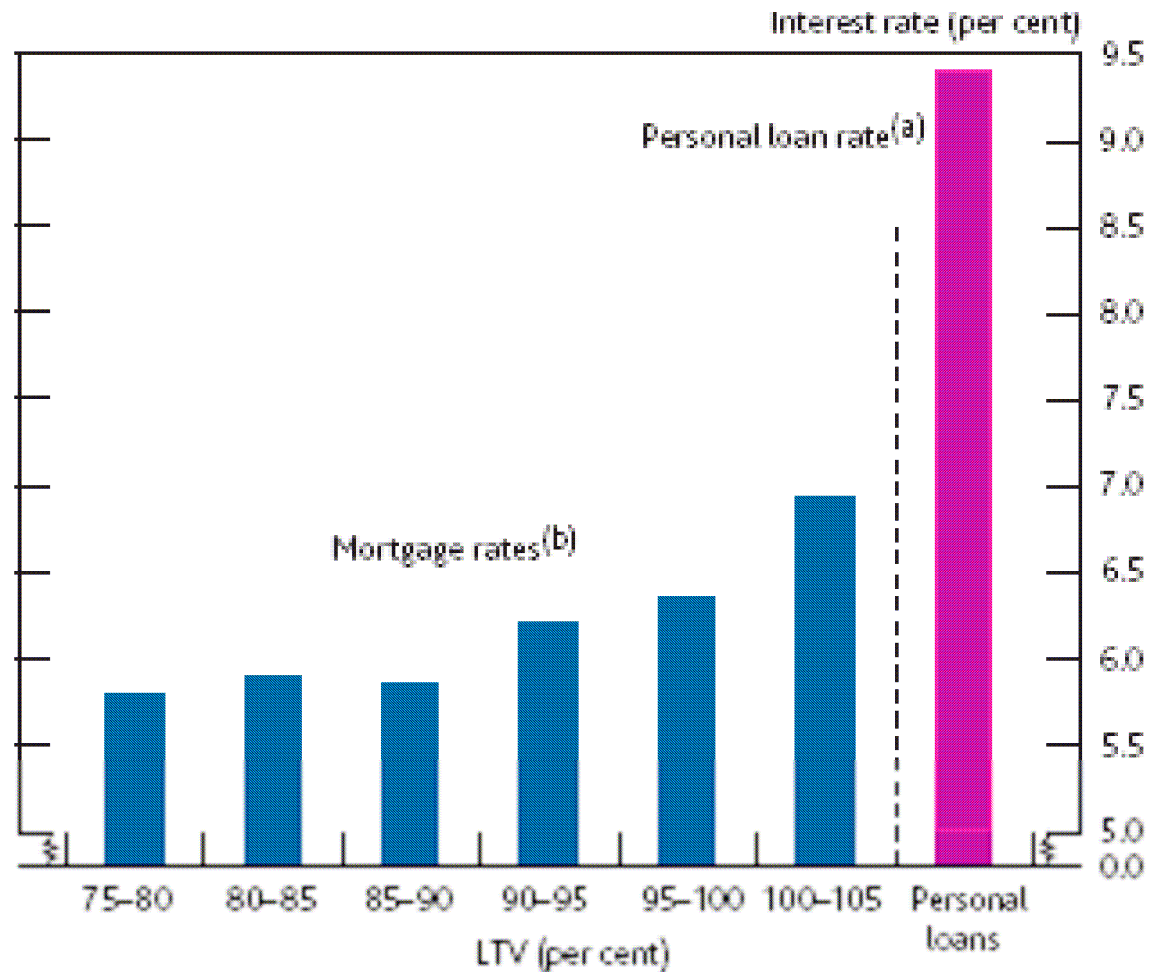
Source: HM Land Registry
House Price Index
Aug 2009
Green = seasonally
adjusted; yellow =
non-seasonally
adjusted



Mortgage fraud

- Mortgage and registration fraud discovered in recession although perpetrated during boom eg fraudsters default on mortgages
- Land Registry indemnity fund paid £5m on 62 claims in 2008/09 compared with £3.9m the previous year on 60 claims – half claims due to fraud
- Association of Chief Police Officers estimate mortgage fraud amounts to over £700m pa – Bradford & Bingley £100m loss, Chelsea Building Society £41m
- Major frauds require solicitor and valuer - often on blocks on new flats – valuer overvalues property
- Example: first flat in block sold to gang for £250k - overvalued by £50k – sets precedent for comparable valuation – gang secures mortgages on 20 flats = £1m more than value
- RICS and Council for Mortgage Lenders guidance on valuing developer incentives
- Oct 2008 creation of National Fraud Strategic Authority – targeting of mortgage fraud

Interest rates June 2008 according to purchaser's equity



Source: Hellebrandt T & Waldron M (2009) The economics and estimation of negative equity, *Bank of England Quarterly Bulletin*, Q2

Registration fraud

- Registration fraud sometimes used to secure fraudulent mortgage eg tenant of absentee landlord secures registration as owner
- *Barclays Bank v Guy* (2008) - bank can rely on register even when result of fraud . Third party fraudulently secured transfer of Mr Guy's property and took out mortgage from Barclays Bank. Court ruled that register could be altered to show Mr Guy as proprietor but mortgage could not be cancelled. Mr Guy's redress is against HM Land Registry indemnity fund not Barclays Bank.
- Land Registry campaign to get absentee owners to keep details up to date so it can check suspicious transactions
- Land Registry removal of certain documents (scanned mortgage deeds and leases) from on-line register – can be obtained only by application, and requiring evidence of identity when a party not legally represented applies for change to register

Land & Property Services

- Executive agency within the Department of Finance & Personnel for Northern Ireland
- Northern Ireland has devolved government under the Good Friday Agreement and Northern Ireland Act 1998 that brought about peace and a power-sharing executive,
- Created April 2007 from merger of Rate Collection Agency and Valuation & Lands Agency. April 2008 Land Registers of Northern Ireland and Ordnance Survey of Northern Ireland also merged with LPS – tackling of “silo” mentality, uncoordinated databases and low level of partnership with private sector
- Brings together mapping, land registration, valuation, collection of property tax, government estate management advice, and certain social security benefits relating to housing into a single agency – adoption of Australian and New Zealand model
- Faced with issues not found in rest of UK eg high level of arrears in collection of annual property taxes – legacy of the Troubles

Implementation of INSPIRE Directive

- Implementation of EU's INSPIRE Directive but also Aarhus Convention on Environmental Data and UK's Freedom of Information Act
- No new obligations from INSPIRE to collect data
- INSPIRE estimated to bring £70 - £130m of benefits to the UK pa and cost £55-60m pa
- Benefits from metadata from existing data sets, the services that derive from these and sharing of data.
- INSPIRE fits in with UK Location Strategy
- Consultation period on Directive ended May 2009
- Government has had digital mapping initiative for local authorities to make available data sets in spatial form and many have interactive search facilities available to the public
- Principle that data should be there to be searched rather than public need to request it but Freedom of Information Act allows that to happen. INSPIRE has similar reasons for withholding data as FOI Act

UK Location Strategy

- Location Programme under the control of a Location Council led by DEFRA with members from across government
- Conceptual design began January 2009:
 - Blueprint - Business and operating model of how value will be created and delivered by the UK Location Information Infrastructure
 - Roadmap to define how, when, where and by whom the UK Location Information Infrastructure will be delivered
 - Benefits Model for linking delivery of physical infrastructure to derived benefits and outcomes
- Aim to improve analysis of data to improve service efficiency – doing more with less whilst creating new innovative services
- Information-rich areas growing faster than rest of the economy – public sector data a large untapped resource – 60-80% of all public data is spatial data
- General principle of free access to data but charges for downloading

The future of the Ordnance Survey

- Ordnance Survey has been identified as a public asset from which the government could extract more commercial value as part of 2009 Operational Efficiency Programme in response to current economic crisis and growing government debt.
- One of 28 businesses where government shareholding is managed by the Shareholder Executive
- Strategy of OS being self-funding and earning revenue from licensing its data confirmed in new business strategy April 2009 but
 - Need to promote innovation by others using its data
 - Need for simpler licensing structure
 - Need to support sharing of data across government
 - Target to reduce costs by 5% pa for next 5 years
- A new trading body has been set up that could be forerunner of public private partnership or part privatisation
- OS has monopoly of spatial data so pricing must be regulated