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| REPORT TO EXECUTIVE | | | |
| PORTFOLIO AREA: CORPORATE RESOURCES | | | |
| Date of Meeting: | 2 SEPTEMBER 2002 | | |
| Public | | | |
| Key Decision: | Yes | Recorded in Forward Plan: | Yes |
| Inside Policy Framework | | | |

Title: **REVIEW OF LOCAL LAND CHARGES AND SEARCH FEES 2003/2004**

Report of: **CITY SOLICITOR AND SECRETARY AND CITY TREASURER**

Report reference: **TC.135/02 AND FINANCIAL MEMO FM 2002/03 NO 42**

Summary:

The Report summarises proposed increases in charges in respect of dealing with Local Searches and Enquiries.

Recommendations:

1. The Executive is recommended to approve the increase in the fees for Local Land Charges and Enquiries from 1 April 2003 as set out in this report.
2. The Executive is recommended to approve the principle of earmarking the additional surplus anticipated to be generated in 2002/03 and 2003/04 for the purposes of introducing the electronic Land Charges system in 2003/04, and which will be the subject of a further report to the Executive.

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1. INTRODUCTION

1. Each service is required to carry out an annual review of its charges.
2. This Report proposes the review of fees in respect of land charges and enquiries and has been prepared in accordance with the principles set out under the Council's current Corporate

Charging Policy and also to give effect to the intention of the Executive in its budget policy statement to achieve an additional £5,000 income from the service over and above inflation.

3. The fees which have been reviewed are addressed below.

2. CORPORATE CHARGING POLICY

2.1 The Corporate Charging Policy approved by the Council sets an income target so as to produce an overall increase in income equal to inflation plus 1%.

2. Therefore, for 2002/03 each service is required to achieve a corporate target for income generation of 3.5% (RPI of 2.5% plus 1%) and the increases proposed have been set with this requirement in mind. In addition, the policy requires Service Managers to investigate the scope for charging for services that have not been traditional charging areas in the past.

1. LOCAL LAND CHARGES AND SEARCH FEES

3.1 The fees for all searches of the Local Land Charges Register and enquiries of the Local Authority are presently as follows:-

| | |
|---|--------|
| Local Land Charges Search Fee | £5.00 |
| Standard Enquiries (CON29 - 1 parcel of land) | £77.70 |
| Standard Enquiries (CON29 - each additional parcel of land) | £12.45 |
| Optional Enquiries | £7.77 |
| Additional Enquiries | £8.49 |

3.2 The first charge on the above list - Local Land Charges Search Fee - is determined by the Home Office and at the last review on 1 June 1998, the charge was raised to £5.00. The Council has no control over this fee as it is fixed by Central Government. The Council does, however, control the remainder of the fees on the above list. In setting these fees, the Council must have regard to the provisions of the Local Authorities (Charges for Land Searches) Regulations 1994. These regulations state that the amount of charge is at the Local Authority's discretion but in determining the charges to be made, the Authority must have regard to its costs in dealing with the enquiries.

3.3 The cost of a standard search is presently £82.70 which is based on the standard Local Land Charges Search Fee of £5.00 together with the fee for the Standard Enquiries £77.70.

3.4 A revised estimate recently prepared by the City Treasurer projects that for the current financial year, the income for dealing with searches based on the fees set out above will amount to £302,660. Budget estimates for the current year show that the costs are approximately £119,220, leaving a surplus (net income) of £183,440 against the current budget of £165,890 ie an increase of £17,550.

3.5 It should be noted that the costs element includes estimated recharges made by the County Council in dealing with Highways searches through its contractor Capita DBS. In the present budget, this was calculated at £50,070. The costs element in the budget also includes internal recharge in respect of Development Control, Building Control and Environmental Services which is currently £39,750.

3.6 On the assumption that in respect of land charges fee income the Council is to meet its target under the Corporate Charging Policy and achieve an additional sum of £5,000 in the forthcoming financial year, it will be necessary for it to receive an income of £318,250 (ie £302,660 x 3.5% plus £5,000)

3.7 Unlike previous years, there is a further factor to consider. Under the drive by central government to provide services electronically in central and local government, all local authorities will be required to have the capability of delivering land charges services electronically by 2003. There are presently three recognised levels of service delivery: level 1 - paper based (as in Carlisle); level 2 - search received and despatched electronically but internally processed on paper as at present; level 3 - fully automated electronic search. There will be a compulsory differential of at least 18% between the fees for a level 1 search and the fee for a level 2/3 search, the latter being the lower of the two. In order to comply with the target for moving towards electronic service delivery it will be necessary for the Council to introduce the differential with effect from 1 April 2003.

3.8 Local Authorities have been advised that they should estimate that 20% of searches will be submitted as level 2/3 searches in 2003/04. On the basis of this advice and on the basis of the target level of income set under the Corporate Charging Policy the fees have been calculated as set out below.

£

| | | |
|-----|---|-------|
| 3.9 | Local Land Charges Search Fee | 5.00 |
| | Standard Enquiries (CON29 - Level 1 - one parcel of land) | 90.30 |
| | Standard Enquiries (CON29 – Level 2/3 - one parcel of land) | 73.80 |
| | Standard Enquiries (CON29 - each additional parcel of land) | 12.88 |
| | Optional Enquiries | 8.04 |
| | Additional Enquiries | 8.80 |

3.10 These proposals would produce a gross income in the region of £318,250 and a net surplus in the region of £194,860 based upon 2002/03 costs of £119,220 inflated by 3.5% (£123,390). It should be noted that these estimates are based on search throughput in previous years (averaging around 3,500 searches pa). The actual amounts of net income will depend entirely on the actual volume of searches which are made together with any increase in costs, particularly in the costs of Capita dbs.

3.11 The Executive is therefore requested to approve the suggested fee increases set out above to form the budget proposal for Land Charges Income in the forthcoming financial year.

3.12 The Government has set very demanding targets for electronic service delivery and demands that Local Authorities deliver Land Charges Searches electronically by 2003. In some Local Authorities which have already gone down this route, the computerisation of Land Charges has been part of a much wider project to put all Councils' land and property systems onto a geographic information system. Within this Authority, this step has not yet been taken; however, when implemented, would represent a key step towards electronic service delivery and would be essential in order to prepare properly for it. The Executive are asked to approve in principle the earmarking of the additional surplus anticipated for 2002/03 and 2003/04 over and above the inflationary target of 3.5% plus £5,000 of about £17,000 per year towards the cost of meeting the electronic service delivery.

2. SUMMARY OF INCOME GENERATED

The introduction of the charges suggested above is forecast to produce the following receipts in a full year:

| Detail | Original Estimate 2002/2003 £ | Revised Estimate 2002/2003 £ | Estimate 2003/2004 £ |
|--------------------------|-------------------------------------|------------------------------------|----------------------------|
| Land Charges /Search Fee | 285,110 | 302,260 | 318,250 |

5. RECOMMENDATIONS

5.1 The Executive is recommended to approve the increase in the fees for Local Land Charges and Enquiries from 1 April 2003 as set out in this report.

5.2 The Executive is recommended to approve the principle of earmarking the additional surplus anticipated to be generated in 2002/03 and 2003/04 for the purposes of introducing the electronic Land Charges system in 2003/04, and which will be the subject of a further report to the Executive.

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